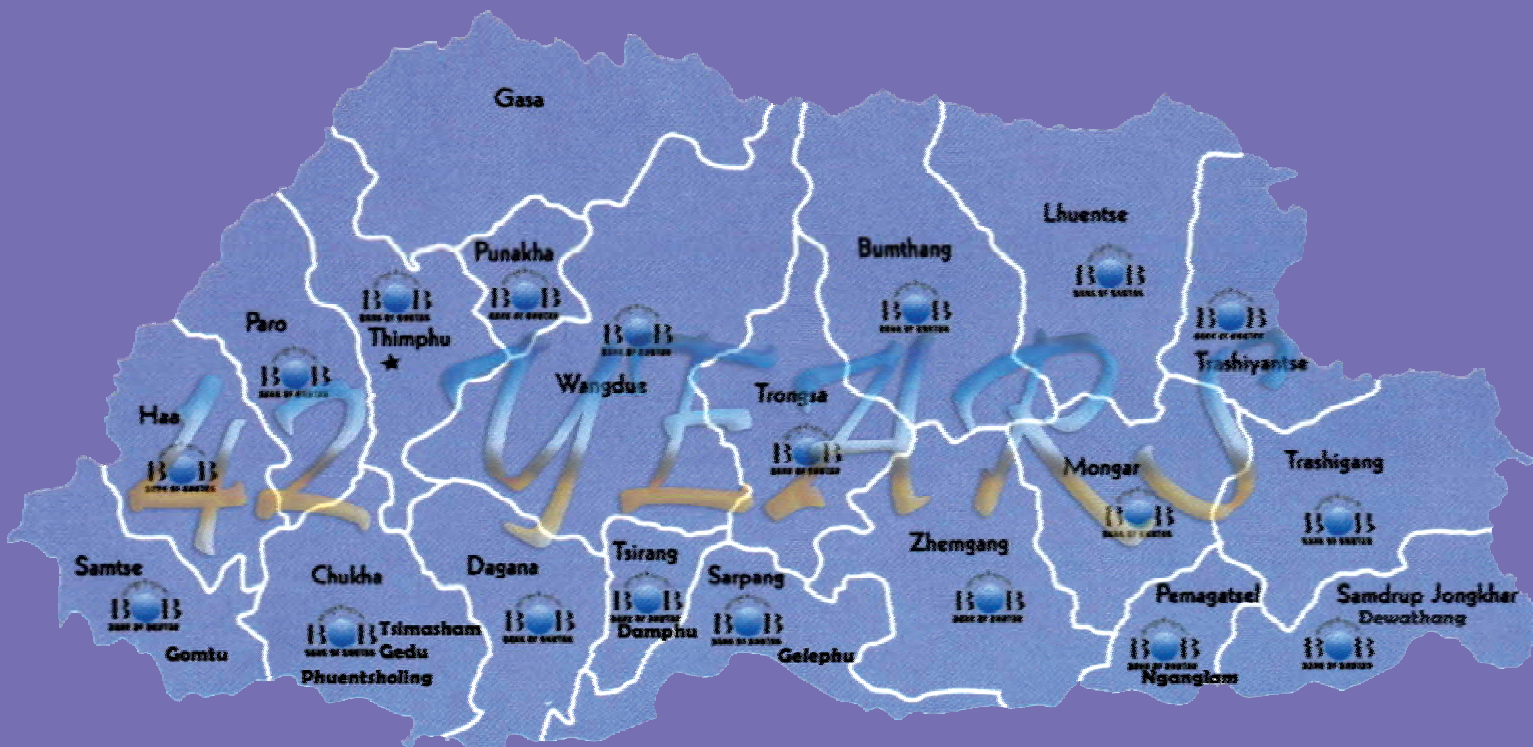


We felicitate the Heads of States and Government of SAARC countries on the auspicious occasion of 16th SAARC Summit. BOB welcomes all the Honorable Heads of States and the Delegates to the Kingdom of Bhutan.





First in the Nation....established since 1968
 First in Innovative Services...Internet , SMS & Sunday Banking
 First in Reach...Branches in every Dzongkhag
 First in Alliance...with State Bank of India since 1972
 First in our strategy...Customer Service
 Your.....Bank of Bhutan



BOB PRODUCTS

- Animal Husbandry Loan
- Bank guarantee
- Consumer Loan
- Housing Loan
- Transport Loan
- Vehicle Loan
- Education Loan
- Pension Loan
- Trade & Commerce Loan
- Manufacturing & Industry Loan
- Service & Tourism Loan

- EDP Loan
- Gold Loan
- Letter of Credit
- Shared Loan
- Credit Guarantee Scheme

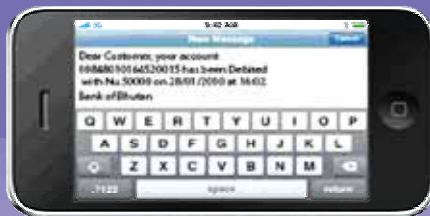
BOB SERVICE

- Internet Banking
- SMS Banking (Only in few branches)
- Sunday Ban
- ATM
- Drafts

- Telephonic Transfer
- Swift
- Saving Deposit
- Recurring Deposit
- Current Deposit
- Fixed Deposit

ATM SERVICES AT

- Thimphu
- Phuentsholing
- Paro
- Wangdue



“We have been banker to the Bhutanese for over 40 years....why go anywhere else!”

BANK OF BHUTAN

INTRODUCTION

From just 20 accounts to over 200,000 account holders, from tikchung to online and SMS banking, from one branch office to 27 branches, from Manual Banking to Core Banking Solution and from 18 employees to over 600 employees in 2010, Bank of Bhutan Ltd. a joint venture with State Bank of India, and the largest bank in the Kingdom of Bhutan, is a perfect example of growth and transformation. Incorporated by Royal Charter in 1968, Bank of Bhutan is now incorporated under the Companies Act of Kingdom of Bhutan 2000 and the Financial Institution Act of Kingdom of Bhutan, 1992.

Financially, Bank of Bhutan was the best performing financial institution in the country in 2009 with the increase in its net profit after tax by almost 180%. This is a proud moment for all the BOB employees across the country having harvested a record making profit in the year.

While we are basically business and profit driven, Bank of Bhutan is also committed to make its impacts felt by the society. As a part of its social responsibility, under its need-based scholarship scheme, BOB has

committed sponsoring 5 female students every year to continue their higher secondary school studies in private schools in the country. This is in line with the government's concerted efforts to uplift the welfare of womenfolk in the country. The bank has also donated old PCs to schools and Monasteries and contributed to His Majesty's Kidu Fund for the earthquake relief measures in 2009. And likewise, we have contributed in our little ways to so many noble causes, which we would continue to do so.

Customer Service has always been our topmost priority. And in fact in 2010, the bank has adopted "Customer CARE" as the year's theme. In this regard, the employees have agreed on 10-point-customer-care pledge, endorsed by the BOBL Board. Thus, the bank will continue to focus on continuously improving its customer services and delighting our customers as always.

KINGA TSHERING
Chief Executive Officer

HEAD OFFICE:

Post Box No. 75, Samdrup Lam, Phuentsholing, Bhutan

SWIFT: bhbbtbt

Fax: (00975-5) 252641, 254323, 254838

PABX: (00975-5): 252402, 252127, 252225, 252280

Website: www.bob.bt

VISION

To be the preferred financial institution in the region, enabling the nation's economic growth by providing customer friendly, efficient and comprehensive financial services



The Bank has demonstrated remarkable improvements in its financial structure and employee productivity in 2009 as is evident from the key performance highlights mentioned below.

	Amount in Million		
	2009	2008	% change
Total Income	1,400.59	951.74	47.16
Total Expenditure	721.45	709.82	1.64
Profit Before Tax	679.14	241.92	180.73
Net Profit after Tax	471.60	167.62	181.35
Earnings per Share (Nu.)	1,179.01	838.10	40.68
Return on Equity (%)	23.08	11.06	108.68
Capital & Reserves	2,043.42	1,515.82	34.81
Deposits	22,178.98	18,436.80	20.30
Advances	9,444.85	8,108.77	16.48
Total Assets / Liabilities	26,248.41	20,980.16	25.11
No. of Branches	26.00	26.00	-
No. of Employees	588.00	594.00	(1.01)
Business Per Employee	53.78	44.69	20.34
Net NPA (%)	2.74	3.67	(21.80)

Table: Financial highlights 2009

NGANGLAM BRANCH OPENING

February 21, 2010

On February 21, 2010 when the nation celebrated His Majesty's Birthday, Bank of Bhutan opened its 27th branch in Nganglam, Pemagatshel much to the appreciation of the people of Nanglam Dungkhag and the Dungsom Cement Project Authority (DCPL).



CORPORATE SOCIAL RESPONSIBILITY

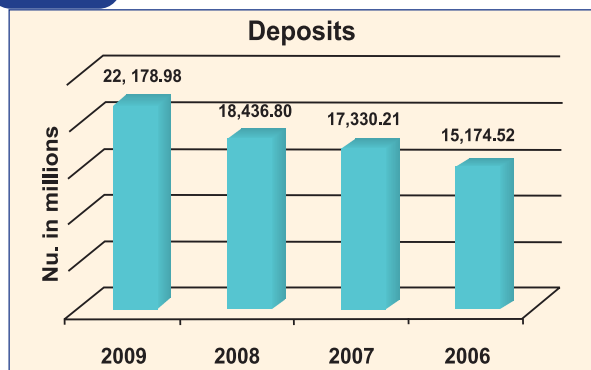
BOB has taken a lead role in these important areas to increase the general welfare of the society and public at large. To mention few initiatives, the bank has contributed Nu.2 million towards His majesty's kidu fund for earth quake relief measures in eastern Bhutan. Currently, 10 girls student are studying in various Private schools in Bhutan

under "BoB Need Based scholarship". Bank also donated computers to various Shedras/ Dratshangs and schools in the country. Bank has also introduced laptop schemes to teachers for empowering teachers at a highly subsidized rate in collaboration with Ministry of education.

DEPOSITS

The total deposits registered a growth of 20.30% from Nu.18,436.80 million in 2008 to Nu.22,178.98 million in 2009 of which demand deposits and term deposits increased by 60.14% and 4.06% respectively. Under demand deposits, current account accounted for 77% increase and savings account accounted only 23% growth thereby keeping the cost of fund at minimal and managing comfortable interest margin.

GRAPH 1: Deposits in million Nu.



ADVANCES

Loans and Advances of the bank was up by 16.48% with an increase in loan portfolio by Nu.1,336 million from Nu.8,108.77 million in 2008 to Nu.9,444.85 million in 2009. The bank has adopted prudent lending policies to ensure quality loans instead of rapid increase in loan portfolio.

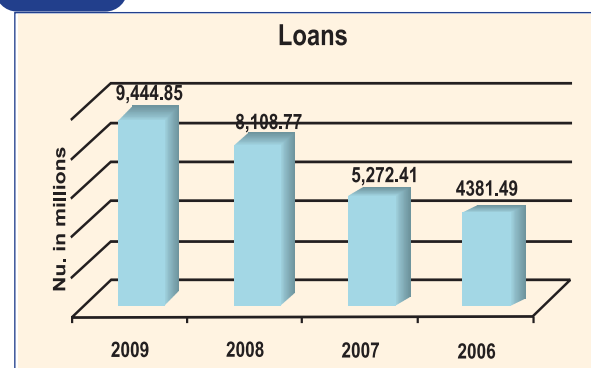
Product diversification through increasing clientele base was emphasized to avoid "all eggs in one basket". In this line, new products – education loan, mortgage loan and Sherig laptop loan schemes were introduced targeted to different and many new clients. Regular Credit Committee/Management Committee meetings were held to monitor and evaluate the quality of loans and to ensure minimal loan losses.

A strong new Recovery unit has been established for close monitoring and loan recovery. Of the total loan portfolio of the bank, Personal Sector accounted the highest with 25% followed by Manufacturing/ Industry sector with 21%. Housing sector and Service/Tourism shared 19% and 18% respectively showing almost evenly distribution of the loans to different sector to avoid credit concentration in one sector or few areas for mitigation of losses. The details are shown in GRAPH 3:

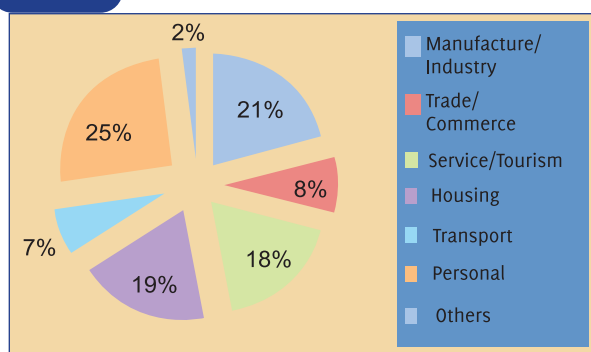
TECHNOLOGY

The Bank launched the Core Banking Solutions (CBS) with installation of a TIER-III Data Center, the first of its kind in Bhutan through HP solutions. Bhutan Telecom, is our partner in providing the network connectivity to all the branches in the country. With the need to align the operation of the bank with

GRAPH 2: Loans and Advances in million Nu.



GRAPH 3: Sector-wise classification of loans & advances



the other commercial banks both within the country and in the region, CBS will be rolled out in all 26 branches by 2010. With the branch connectivity in place, the bank proposes to offer single window service counters, anywhere banking facility and introduce Mobile and internet banking facilities.

CUSTOMER CARE

In today's banking environment, high-quality customer service can make the difference between a growing customer base and a shrinking one. In recognition of the fact that customers are demanding more choice in how they interact with the bank, the following initiatives are in place:

- 4 Customer Care Executives were placed in BOB Thimphu and Phuentsholing Main Branch to assist and guide the customer at the branch.
- 2 Customer Helpline Mobile Numbers were introduced to assist the customer even after the regular banking hours.
- Various brochures were designed and circulated to the customers for proper information on various products, services and transaction charges.
- "Customer Complaint Handling Manual 2009" has been prepared for handling customer complaints and issues more efficiently, timely and professionally.
- Facilities like Air Condition have been installed in all the BOB Branch Offices which are located in extreme summer climatic area.
- Customer Satisfaction Survey in 2009 was conducted to monitor record and understand the Customer Feedback and their changing behavior to help them better.
- As the theme adopted by BOB for 2010 is Customer

Service, BOB has come up with Customer Care Pledge consisting of 10 simple ways serve the customer better.

FUTURE PROSPECTS AND PLANS

Bank of Bhutan plans to issue Debit and Credit Cards for the convenience of Bhutanese traveling abroad and foreigners visiting Bhutan. The bank is also in the process of establishing a Data Recovery Centre as a risk management measure. Although the branches in the remote places incur losses to the bank, Bank of Bhutan is committed to opening more domestic branches in order to bring financial services closer to the people. In the coming years, the bank would continue to increase the number of ATM outlets in the country with its plan to connect all the branches with the CBS technology.

In order to provide BOB employees with housing facilities, the bank has plans to build staff quarter at Chang Gedaphu, Thimphu. And finally, in increase and expand its human resources, BOB Board has approved the bank's proposal to send six employees on scholarship fully funded by BOB.

Bank of Bhutan is committed to opening more domestic branches in order to bring financial services closer to the people.

EMPLOYEES ATTENDING CUSTOMER SERVICE TRAINING





Branch Managers on a Study tour to Bangkok, Thailand (February 27th to March 4th, 2010)



BOB CEO & the Staffs welcome the Honourable Finance Minister, Lyonpo Wangdi Norbu as the Chief guest.



On the occasion of its 41st anniversary BOB Chairman Mr. Karma Penjor honoured BOB staff with a memento for completing 25 years of their service in the Bank



To cherish the past and to welcome the present... a museum was set up to display 4 decade old items from BOB's.



Honourable Finance Minister, Lyonpo Wangdi Norbu inaugurates BOB Internet Banking.



Branch Managers on a Study tour to Bangkok, Thailand (February 27th to March 4th, 2010)



BOB's First Computer displayed at the Museum.



BOB employees enjoying their lunch after a hard day's work during the CBS Roll out.



Finally the ceremony ends with a Traditional Bhutanese dance.