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ROYAL MONETARY AUTHORITY OF BHUTAN

RMA/FISD/13-2002/ 6637

March 19, 2008

The Company Secretary  
Bhutan National Bank  
Thimphu  
Bhutan

Sir,

**Sub: Prohibition of Interlocking Directorships**

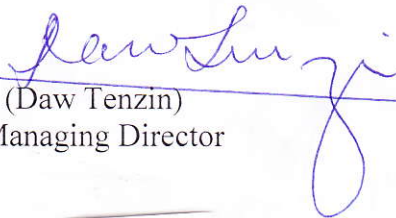
Please refer your letter No.BNB/CS/MMVIII-1999 dated 17 March 2008 requesting RMA's clearance and advice on the appointment of Directors to the BNB Board.

In this regard, we would like to inform you that interlocking directorships in the financial industry is prohibited to avoid conflict of interest. Thus:-

- (i) a Director/an employee of one financial institution is not permitted to serve as a Director on the board of another financial institution.
- (ii) any person who directly or indirectly holds more than 5 percent of the paid-up capital of a financial institution shall not be eligible for appointment as a Director on the board of another financial institution.

To this end, please assess the eligibility of the proposed Director Nominees based on the above criteria and forward the list along with the assessment sheet to be endorsed from our end.

Yours sincerely

  
(Daw Tenzin)  
Managing Director