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ROYAL MONETARY AUTHORITY OF BHUTAN

RMA-BD/CRR/2008-09/ 1015

August 8, 2008

Managing Director
Bank of Bhutan
Phuntsholing

Managing Director
Bhutan National Bank
Thimphu

Sub: Notification on Cash Reserve Ratio

This is to inform the two banks that in the light of the current macroeconomic, monetary and anticipated liquidity conditions, and with a view to containing inflation expectations, the RMA has decided to increase the Cash Reserve Ratio (CRR) from the existing 15 percent of total liabilities to 17 percent. This will be effective from September 1, 2008 (i.e. starting from maintenance of CRR for the month of September). The method of CRR calculation will be same as before.

Except for the above mentioned revision, all other terms and conditions of the earlier circular on CRR shall continue to remain in force.

Issued for necessary compliance by the commercial banks.

With regards,

Yours Sincerely,

Daw Tenzin
Managing Director