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**ROYAL MONETARY AUTHORITY OF BHUTAN**

RMA/FISD/3-2008/ 6394

March 10, 2008

The Managing Director  
Bank of Bhutan Ltd.  
Phuntsholing

The Managing Director  
Bhutan National Bank Ltd.  
Thimphu

The Managing Director,  
Bhutan Development Finance Corporation Ltd.  
Thimphu

The Managing Director,  
Royal Insurance Corporation of Bhutan Ltd.  
Phuentsholing

The Director,  
National Pension and Provident Fund,  
Thimphu

Dear Sir(s),

**Sub: RMA Directives for Strict Compliance.**

Please refer the final minutes of the 4<sup>th</sup> RMA Annual Meeting with the Financial Institutions send to you vide letter no. RMA/FISD/4-2007/4279 dated December 11, 2007. In this regard, we would like to inform you that necessary changes have been made on the following issues and will come to effect from 1<sup>st</sup> April 2008.

1. Section 1 (Guidelines on Directors and Chief Executives in the Financial Institutions) and Section 3 (Guidelines on the Code of Ethics for Directors and employees of the Financial Institutions) of the Prudential Regulations 2002 is now converted to regulations as agreed during the meeting.
2. The additional 10% increase in the specific provision for substandard (from 20% to 30%) and doubtful (from 50% to 60%) category for housing sector has been changed to the sector with the highest exposure.
3. All Financial Institutions will comply strictly with Section 19.4 and Section 19.5 of the Prudential Regulations 2002 pertaining to acknowledgement and resolutions of the Board of Directors on the RMA on-site inspection report as agreed during the meeting.
4. All Financial Institutions will establish a Customer Service Unit to facilitate effective and efficient delivery of financial services to the public as agreed during the meeting.

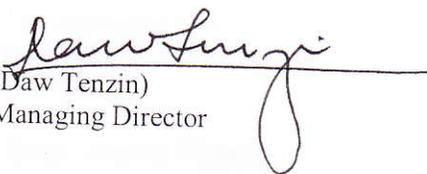


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**ROYAL MONETARY AUTHORITY OF BHUTAN**

Please acknowledge receipt of this letter to the Financial Institutions Supervision Division of Royal Monetary Authority of Bhutan and ensure compliance accordingly.

Thanking you.

Yours sincerely

  
(Daw Tenzin)  
Managing Director