

**Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka.**

BRPD Circular No. 03

04 March, 2007
Date: -----
20 Falgun, 1413

The Chief Executives
All Banking Companies/Financial Institutions functioning in Bangladesh.

Dear Sirs:

**Guidelines for Merger/Amalgamation
of Banks/Financial Institutions.**

With the opening of the economies, the business environment is undergoing a change and is becoming competitive. The financial sector cannot remain aloof to these changes. Corporate restructuring is a means to adapt to the changes so as to meet the demand of increasing competition. The benefits may include savings on overheads, strong capital base, improved network of branches, introduction of new operational skills, better use of modern technologies and creation of synergy. As it is for banks and financial institutions to restructure their business based on their commercial-wisdom, Bangladesh Bank does not intend to intervene in this matter. However, as the Central Bank of the country, it has a statutory duty to be satisfied that such restructuring does not adversely affect the interest of the depositors/clients and is also not detrimental to the financial discipline or to the interest of the country. These **guidelines** issued by Bangladesh Bank should be followed uniformly with a view to structure and discipline the process of merger/amalgamation of banking companies/financial institutions.

Please acknowledge receipt.

Yours faithfully,

(Naba Gopal Banik)
General Manager
Phone- 7117825