

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka.

BRPD Circular No. 08

Date: 12 May, 2009
29 Boishakh 1416

Chairman, Board of Directors/Chief Executive Officer
All Private Banks in Bangladesh.

Dear Sirs,

**Restrictions in respect of Responsibilities and Accountabilities
of the Board Of Directors and the CEOs of Private Bank.**

Please refer to the BRPD Circular No. 16 dated July 24, 2003 on the aforementioned subject. In that circular the specific segregation of responsibilities and authorities among the Board of Directors, Chairman and Chief Executive Officer (CEO) of the private banks in respect of its overall financial, operational and administrative policy making and executive affairs including overall business activities, internal control, human resources management and development thereof, income and expenditure etc. along with lending and risk management issues were outlined.

Recently it has been observed that, Chairman and Directors of the Board of Directors of some banks are participating and interfering into routine affairs of banks including loan sanctioning and administrative activities violating the instructions mentioned on the above of the circular. Many of them are making themselves available on full time basis at office like regular officials of the bank in addition to participating the meeting of the Board of Directors or the Committee formed by it. It has been also observed that Directors of some banks are enjoying vehicles, telephone and chamber facilities and are engaging staffs/officials with them, violating the instructions of the circular. The information of other formal or informal committees formed by the Board of Directors of many banks has been observed beyond the supporting committees mentioned in the circular. Moreover, the CEOs of many banks are not ensuring compliance of the Banking Companies Act, 1991 and/or other relevant laws and regulations and also are not reporting the information of such violation to Bangladesh Bank properly. Many banks have not yet formulated the policy regarding lending and risk management, human resources development management and staff rule, financial management including purchase and procurement activities.

The irregularities mentioned above are matter of disappointment and are in contravention to good governance in banks. You are advised to follow the instructions of BRPD Circular No. 16 dated July 24, 2003. Moreover, while presenting the memorandum by the management at the meeting of the Board of Directors or any Committee formed by it, specific information regarding violation of the Banking Companies Act, 1991 and/or other relevant laws and regulations should be incorporated in the memorandum signed by the CEO.

This circular should be presented to the next meeting of the Board of Directors.

Please acknowledge receipt.

Yours faithfully
Sd/-
(Abu Hena Mohd. Razee Hassan)
General Manager