

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

BRPD Circular Letter No. 18

27 October, 2013  
Date: -----  
12 Kartik, 1420

All bank companies working in Bangladesh  
Except specialised banks

Dear Sir,

**Appointment and Responsibilities of Chief Executive of a Bank-Company**

The issue of good governance is very important in bank management. In order to strengthen the financial base of the bank and obtain confidence of the depositors, appointing honest, efficient, experienced and suitable chief executive is one of the responsibilities of the Board of Directors. In order to ensure good governance, bank should follow the guidelines enumerated below while appointing the CEO and in devising the role-responsibilities and authorities of the CEO:

**A. Rules and regulations for appointing CEO:-**

**1. Moral Integrity:** In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,-

- a) He has not been convicted by any Criminal Court of Law;
- b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority;
- c) He was not associated with any such company/organization, registration or licence of which has been cancelled.

**2. Experience and Suitability:**

- a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank.
- b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.
- c) In respect of service, the concerned person should have excellent record of performance.
- d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company;
- e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.

**3. Transparency and Financial Integrity:** Before appointment as chief executive, satisfaction should be ensured to the effects that:

- a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;
- b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;
- c) He is not a tax defaulter;
- d) He has never been adjudicated an insolvent.

**4. Age limit:** No person crossing the age of 65 years shall hold the post of CEO of a bank.

**5. Tenure:** The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.

**6. Guidelines in fixing the salary and allowances:** Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:-

- a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.
- b) Total salary shall be comprised of direct salary covering 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.
- c) Without improving the bank's major economic indicator like- CAMELS annual salary increment will not be payable.
- d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.
- e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.
- f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.

**7. Incentive Bonus:** Subject to the payment of incentive bonuses to all staffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.

**8. Honorarium for Board Meeting:** As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.

**9. Evaluation Report:** While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.

**10. Prior approval from Bangladesh Bank:** Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.

**11.** Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.

**B. Duties and Responsibilities of CEO:**

The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:

- a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.
- c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.
- d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.
- e) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board.
- f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved

service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.

This Circular is issued with immediate effect. After this circular becomes effective, BRPD Circular Letter No.15 dated: 03 September 2002, BRPD Circular Letter No.17 dated: 14 October 2002, BRPD Circular Letter No.06 dated: 16 March 2003, BRPD Circular Letter No.03 dated: 01 February 2006, BRPD Circular Letter No.03 dated: 02 March 2008 and BRPD Circular Letter No.06 dated: 20 April 2010 will be treated as void.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Saiful Islam', is written over a faint circular stamp.

(Saiful Islam)  
Deputy General Manager  
Phone: 9530155

**Letter of Declaration**

I do hereby declare that I am eligible to become a Chief Executive/Managing Director of Bank Company as per fit and proper test criteria of section 15(6) and other sections of the Bank Company Act, 1991 (Amended upto 2013) as well as BRPD Circular Letter No.18 dated 27 October 2013. I further state that-

- a) I have management or business or professional experience for at least 15 (fifteen) years;
- b) I have not been convicted by any court in any criminal offence or was never been or not involved in any fraud/forgery, financial crime or other illegal activities.
- c) There is no adverse observations/comments against me in verdict of the court of any Civil/Criminal case.
- d) I have not been convicted in regard to contravention of rules, regulations or discipline of the regulatory authorities of financial sector.
- e) I was not involved with any Company/firm whose registration/license has been cancelled.
- f) There are no loans taken by me or my allied concern from any bank or financial institution that have become defaulted.
- g) I have not been adjudicated a bankrupt by a court.
- h) I am not a director of any bank company, financial institution.
- i) I have never been removed from any company, specially from any bank or financial institution as Chief Executive, Chairman or Director.
- j) I am not a defaulter of tax for myself or sole proprietorship or partnership.

Signature :  
Date :  
Name :

Counter Signature:  
( )  
Chairman Board of Directors  
-----Bank Ltd

**DECLARATION OF SECRECY**

I, undersigned, do hereby declare that if I am appointed as Chief Executive Officer/Managing Director of .....Bank Ltd, any case or documents presented for my consideration or any kind of information come to my knowledge in the course of my duties I will not disclose it directly or indirectly to any person. Unless for performing my duties or instructed by the rules & regulation of the country or authorised by the Board to do so.

Signature :  
Date :  
Name :

Witness:

1.

Signature :  
Date :  
Name :

2.

Signature :  
Date :  
Name :