

Department of Off-Site Supervision
Bangladesh Bank
Head Office
Dhaka

DOS Circular No. 04

Date: 8 October, 2018

23 Ashwin , 1425

Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Risk Management Guidelines for banks

Please refer to DOS circular no.02 dated February 15, 2012 and DOS circular letter no.13 dated September 9, 2015 on the captioned subject.

Bangladesh Bank (BB) has continued its effort for upgrading the initiatives taken to manage various risks of banks in a prudent manner. Meanwhile, core risk management guidelines and other risk related guidelines have been revised. Moreover, modification of the prudential regulations is done on regular basis. As part of this endeavor, the previous guideline has been revised for ensuring sound risk management culture effectively in the banks and all scheduled banks are hereby instructed to follow the attached 'Risk Management Guidelines for Banks'. Each bank shall prepare a comprehensive risk management guideline following this latest one and considering its nature, size and complexities of business activities, get it approved by the board and shall submit a copy to the Department of Off-site Supervision (DOS) for information. The bank shall review the guideline at least once a year for adapting with the changing environment. Besides, banks shall reconstruct its risk management organogram and appoint Chief Risk Officer (CRO) as the head of Risk Management Department (RMD) following the instructions of the revised risk management guidelines issued by BB. For ensuring proper identification, measurement, timely treatment of risks and implementation of the said guideline, the banks are also instructed to submit the following reports to DOS of BB within the stipulated time frame :-

1. Soft copies of risk management reports (CRMR prepared for June & December and MRMR for all other months) for successive months of each quarter along with the minutes of monthly Executive Risk Management Committee (ERMC) meeting within the next month of the reporting quarter;
2. Board Risk Management Committee(BRMC) meeting minutes within 7 days of the meeting held;
3. Board approved Risk Appetite Statement (RAS) on yearly basis within first two months of the year;
4. A soft copy of Stress Test report on half yearly basis along with CRMR;
5. A review report of Risk Management Policies and effectiveness of risk management functions with the approval of the board of directors by the end of 2nd month following the end of each year.

Instructions of DOS circular No.02 dated February 15, 2012 and DOS circular letter no.13 dated September 9, 2015 hereby stand superseded by this circular.

This circular along with the guidelines are available on the website of Bangladesh Bank and shall come into force with immediate effect.

Yours sincerely,

Enclosure: As above

Sd./-

(Md. Sirajul Islam)
General Manager (Current charge)
Phone: 9530081