



**Terms of Reference for Chief Executive Officer
Bhutan Development Bank Limited**

(BDB)

Terms of Reference for Chief Executive Officer (CEO), Bhutan Development Bank Ltd.

1. Overview

Employer	:	Bhutan Development Bank Limited (BDB)
Location	:	Chubachu, Thimphu, Bhutan
Position	:	Chief Executive Officer (CEO)
Employment Type	:	Contract for (3) Three Years

2. Introduction

Bhutan Development Bank Limited (BDB) was established through a Royal Charter, in January 1988, with assistance of the Asian Development Bank (ADB) to function as a Development Finance Institution (DFI). BDB is registered as a company under the Companies Act 2000 and licensed under the Financial Institutions Act 1992. BDB now functions as a domestic development bank with saving and credit facilities after obtaining a banking license in March, 2010 with the following mandates:

- a) Enhance the coverage of financial literacy and financial inclusion through FOB, GGLS, and similar programs;
- b) Provide financial services for the development and modernization of agricultural, commercial and industrial enterprises in the country;
- c) Enhance income of the people thereby improve standard of living through provisions of financial services;
- d) Provide financial services for private sector development;
- e) Alleviate poverty;
- f) Provide technical and advisory services to the enterprises; and
- g) Mobilize external and internal funds for investments.

BDB has the largest banking network in Bhutan with 35 Branch Offices and 27 Gewog Field Offices. BDB provides a wide range of financial products and services both for loans and deposits by using technology to facilitate financial transactions. In order to enhance access to financial services, and serve the under-banked and unbanked population, BDB launched the “Group Guarantee Lending

Scheme (GGLS)” for people without collaterals. The Farmers Outreach Banking (FoB), a form of door to door banking service was also introduced to inculcate financial literacy, promote savings, visit projects, facilitate loan approvals, repayment collection, withdrawal etc. on a monthly basis with minimal or no costs to the clients. BDB also installed Finacle Core Banking Solution (CBS) in 2017 to automate banking operations seamlessly from any part of the country and facilitate financial transaction with ATMs, Internet Banking, POS and ePay - Mobile App.

BDB is a state-owned enterprise (SOE) under the purview of the Ministry of Finance. The Royal Government of Bhutan (RGoB) owns 96.61% of BDB’s paid up share capital. The remaining 3.39% are owned by RICB – 0.85%, BNB – 0.42% and BOB – 2.12%.

3. Summary

The Chief Executive Officer (CEO) is the senior most executive officer of the Bank. The CEO reports to the Board of Directors, who are appointed by the Ministry of Finance. The Cabinet on the recommendation of the Ministry of Finance appoints the CEO after the Board of Directors have completed the preliminary recruitment process and submits a list of potential candidates. The Board of Directors evaluates the performance of the CEO and can recommend to the MoF to remove or replace the CEO anytime based on performance.

The primary responsibilities of the CEO are to:

- a. Provide overall leadership and management of the Bank’s affairs under the guidance of the Board;
- b. Formulate and implement strategic plans to realize and fulfill the mandates of the Bank;
- c. Lead and manage the Bank within the parameters established by the shareholders, Board and relevant Board committees;
- d. Plan, monitor and evaluate the performance of the Bank and executive teams in realizing the mandates of the company; and
- e. Create sustainable long-term shareholders’ value.

4. Responsibilities

With reference to the Companies Act of Bhutan 2016, the Corporate Governance Guidelines for State Enterprises (CG Guidelines) 2019 – MoF and Corporate Governance Rules and Regulations 2020 - RMA, following are the specific roles and responsibilities of the CEO.

4.1 General Management

The CEO shall report to the Board of Directors of BDB. His/her primary responsibilities shall include the following:

- a. Manage and oversee the operations of the Bank within the guidelines, rules, policies and directives issued by the Board and regulatory agencies;
- b. Lead and assist the executive management team in the execution of the tasks delegated by the Board;
- c. Promote leadership development and proper succession planning for key positions in the Bank;
- d. Implement all plans, policies and performance targets approved by the Board;
- e. Manage the overall business to ensure strategic plans and business plans are effectively implemented within the authority delegated by the Board,
- f. Manage and oversee that the performances of the Bank are monitored and reported to the Board to ensure that the financial and operational objectives are attained;
- g. Ensure that the authorities delegated by the Board are exercised in the manner and within intent of such delegation and referring all matters outside his delegations to the Board for approval;
- h. Propose to the Board such as re-organization of the Bank as and when required based in the changing times and needs of the Customers;
- i. Apprise the Board Chairman and Board Directors on all matters of significance. Further, keep the Board Chairman informed of all matters of significance that occur between the board meetings;
- j. Provide the Board with accurate, relevant, timely and complete information on operational aspects and also report on the associated risks of the Bank;
- k. Ensure effective identification and communication of all material risks to the Board, along with mitigation plans and procedures; and

- l. Other responsibilities as may be assigned by the Board.

4.2 Strategic Management

- a. Develop and recommend long term vision and strategy for the Bank based on the evolving time; and
- b. Successfully execute the corresponding business and operational plans. Review and report regularly to the Board on the overall progress and results against operating and financial objectives and initiate courses of action for improvement. This includes identification of future opportunities and threats.

4.3 Operational Management

- a. Develop annual forecasts of revenue, expenditure, growth pattern and other financial performances and seek timely approval from the Board;
- b. Develop annual Credit target growth with focus on CSI and Group Loans;
- c. Develop optimal mix of deposit products;
- d. Identify new credit and deposit product services, promote Farmers Outreach Banking (FoB) services and Financial Literacy program;
- e. Comply with Audit & Accounting Standard Board of Bhutan (AASBB) and other oversight agencies' accounting standards;
- f. Maintain CAR & NPL as per the Prudential Regulations and other requirements of the Regulatory Agencies;
- g. Develop innovative business models to improve service efficiency to attain the broader objectives of the Bank;
- h. Develop and secure approval of the board, the annual budgets, both current and capital investments;
- i. Propose the Annual Performance Compact (APC) of the Bank to the Board for discussion and decision;
- j. Enter into agreements, contracts, leases, etc. in the ordinary course of business in order to support and pursue the approved strategies, business plans, and objectives of the Bank. The major commitments, exposures, and risks arising from these activities will be reported to the Board on a regular and timely basis;

- k. Ensure that the members of the board receive accurate, timely and clear information, in particular about the company's performance, significant financial arrangements, the development of rationale investments and others areas of significance to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Bank;
- l. Delegate proper responsibility, enforce accountability and ensure transparency in the organization; and
- m. Keep the Board fully informed on all aspects of the Bank's operational and financial affairs, and on all matters of significant relevance to the Company including those items emanating from government and regulators on issues such as fiscal, monetary and environmental policies and legislation affecting operations and regulatory oversight, etc.

4.4 Human Resource Management and Development

- a. Take a lead role in developing a robust organizational structure supported by appropriate manpower plans to ensure that the business objectives are realized;
- b. Promote leadership development and proper succession planning for key position in the Bank;
- c. Inculcate performance culture in the Bank by implementing Performance Management Systems and policies issued by relevant agencies;
- d. Undertake Training Need Assessments to determine what training needs to be provided to help individuals and the organization accomplish their goals and objectives; and develop and implement HR Master Plan to identify and prioritize actions for continued and efficient delivery of core operational services. This shall also include the manpower planning and sizing for optimum utilization of human resources;
- e. Undertake Employee Engagement Survey to understand the motivation level of employees for efficient operation of the company and OD Exercise to prioritize the emerging needs of the Bank;
- f. Foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility; and
Ensure reviewing and timely evaluation of the APC.

4.5 Relationship Management

- a. Ensure effective communication, appropriate and constructive relationships are maintained with the shareholder and relevant stakeholders;
- b. Protect and enhance the image and reputation of the Bank;
- c. Represent Bank as and when required including in important national and international events, business meetings and public forums; and
- d. Act as the Bank's interface with its operating environment, the business community, customers, statutory bodies and government agencies and also act as the principal spokesperson for the Bank.

4.6 Compliances, Risk Management and Corporate Governance

- a. Authorize and ensure that effective control and co-ordination mechanisms for all operations and activities are in place including the establishment and development of effective internal controls over financial reporting;
- b. Ensure the Bank's assets are adequately safeguarded and optimized in the best interests of the Bank;
- c. Maintain a high level of integrity, work ethics and Corporate Governance standards;
- d. Have in place Risk Management Framework and ensure that it is being implemented, monitored and results evaluated;
- e. Resolve past audit issues and design appropriate checks and balances to ensure that such lapses do not recur; and
- f. Strengthen the functions of Internal Audit Department, Risk Division and Compliance Division to ensure internal checks and balances and compliance with any legal and regulatory obligations.

4.7 Technology/Digitalization

- a. Explore and introduce new and appropriate fintech solutions to improve efficiency, outreach, reliability and gaining trust of the clients;
- b. Ensure that CBS generates prompt, up to date and accurate MIS reporting system to facilitate the Management in decision making; and
- c. Ensure Core Banking System (CBS) is stabilized.

4.8 Qualification & Experience

- a. Minimum of Bachelor's Degree (full time) from a recognized University. Candidates having Master's degree in Finance, Economics, Business Administration or other relevant fields shall be given preference;
- b. Minimum of 15 (fifteen) years of work experience in Government Agencies/Public or Private Companies.
Up to 18 months of study period shall be treated as active service for considering years of work experience required. Candidates having relevant work experience will be given preference;
- c. Minimum active service of 5 years at senior managerial level (P1 A and above in the Civil Service and General Manager and above or equivalent position in the Corporate/Private Sector); and
- d. Should not have crossed 55 years of age at the time of deadline of application submission.

4.9 Skills, knowledge and Attributes Required

- a. Excellent leadership and management skills;
- b. Excellent analytical, problem solving and decision-making skills;
- c. Strong strategic orientation and competence in translating the board strategic decision into well-thought-out actions;
- d. Strong negotiation and client management skills;
- e. Strong oral and written communication skills in English and Dzongkha;
- f. Impeccable integrity and business ethics;
- g. Strong inter-personal skills and ability to develop and foster meaningful relationship with relevant stakeholders; and
- h. Be a team player.

4.10 Employment Type and Tenure

The selected candidate for the post of CEO shall be recruited for contract term of three (3) years, which may be renewed based on performance, and up to a maximum of two terms in line with the Corporate Governance Rules and Regulations 2020 - RMA

4.11 Salary & Others Benefits

Basic pay: Nu. 85,500 per month in the pay scale of 85,500 - 2,140 - 98,340;

Contract Allowance: 70% of the Basic Pay;

Fixed Communication: Nu. 5,000 per month; and

PBVI: Minimum of 15% of the annual basic pay subject to fulfillment of Performance Annual Compact signed between MoF and BDB.

Other benefits shall be as per the Bank's Service Rules and Regulations.

4.12 Mandatory documents (required to submit along with application)

- a. Job Application;
- b. Curriculum Vitae;
- c. Copy of Degree/Master certificates and Academic transcripts;
- d. Copy of valid Citizenship ID Card;
- e. Valid Security Clearance Certificate (approved online);
- f. Valid Audit Clearance, if applicable;
- g. A valid document proof/evidence from the concerned agency to show 15 years of work experience;
- h. Letter of appointment/promotion to P1 A/GM level or higher position held from the last employer; and
- i. Names and contact details of two non-family related referees including one from the current/latest employer.

Non-submission of any of the above documents or incomplete submission shall lead

to rejection of application.

Additionally, the following documents shall be produced by the candidate selected as CEO, prior to his/her appointment:

- a. No objection certificate letter from the employer, if currently employed; and
- b. A valid medical certificate.