বাংলাদেশ ব্যাংক

প্রধান কার্যালয়
মতিঝিল, ঢাকা-১০০০
বাংলাদেশ
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ব্যাংকিং প্রবিধি ও নীতি বিভাগ-২

বিআরপিডি-২ সার্কুলার নং-০৫

তারিখ: ২৯ ভাদ্র ১৪৩৩
১৩ সেপ্টেম্বর ২০২৬

চেয়ারম্যান, পরিচালনা পর্ষদ
ও ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী কর্মকর্তা
বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক।

প্রিয় মহোদয়,

ব্যাংক-কোম্পানীর ব্যবস্থাপনা পরিচালক বা প্রধান নির্বাহী কর্মকর্তার দায়িত্ব/কর্মমূল্যায়নের লক্ষ্যে "Key Performance Indicators (KPIs) Framework" সম্পর্কিত নীতিমালা প্রসঙ্গে।

ব্যাংক-কোম্পানী আইন, ১৯৯১ এর ধারা ১৫(৪), ১৫(৫) ও ১৫ক এবং অন্যান্য প্রযোজ্য আইন ও বিধি-বিধান অনুসারে বিআরপিডি সার্কুলার নং-০৫, তারিখ: ২৭ ফেব্রুয়ারি ২০২৪ এর মাধ্যমে ব্যাংক-কোম্পানীর ব্যবস্থাপনা পরিচালক বা প্রধান নির্বাহী কর্মকর্তা পদে নিয়ুক্তি এবং তাঁর দায়-দায়িত্ব সম্পর্কিত বিষয়ে নির্দেশনা প্রদান করা হয়। উক্ত সার্কুলারের অনুচ্ছেদ ৬ ও ১১ এ উল্লেখ করা হয়েছে যে, ব্যবস্থাপনা পরিচালক বা প্রধান নির্বাহী কর্মকর্তার নিয়ুক্তি বা পুনঃনিয়ুক্তির সময় খেলাপী ঋণ হ্রাস এবং অবলোপনকৃত (Write-off) ঋণ পুনরুদ্ধারের জন্য নির্দিষ্ট লক্ষ্য নির্ধারণ করতে হবে। একই সঙ্গে ব্যাংকের আর্থিক ও ব্যবস্থাপনাগত উন্নয়নের জন্য সুনির্দিষ্ট লক্ষ্য এবং অন্যান্য কর্মসম্পাদন সূচক (Performance Indicators) এমডি বা সিইও এর নিয়োগ চুক্তিতে অন্তর্ভুক্ত করতে হবে। ব্যবস্থাপনা পরিচালক বা প্রধান নির্বাহী কর্মকর্তার পুনঃনিয়ুক্তির ক্ষেত্রে পরিচালনা পর্ষদ কর্তৃক অনুমোদিত এমন একটি মূল্যায়ন প্রতিবেদন বাংলাদেশ ব্যাংকে দাখিল করতে হবে, যেখানে পূর্বনির্ধারিত লক্ষ্যসমূহ অর্জনের অগ্রগতি এবং বাংলাদেশ ব্যাংক কর্তৃক সময়ে সময়ে অর্পিত দায়িত্ব ও নির্ধারিত লক্ষ্যসমূহ বাস্তবায়নের মূল্যায়ন অন্তর্ভুক্ত থাকবে। এছাড়া, আমানতকারীদের স্বার্থ, ব্যাংকের স্বার্থ অথবা জনস্বার্থে বাংলাদেশ ব্যাংক কর্তৃক সময়ে সময়ে নির্ধারিত বিশেষ দায়িত্ব বা লক্ষ্যসমূহও ব্যাংক-কোম্পানীর ব্যবস্থাপনা পরিচালক বা প্রধান নির্বাহী কর্মকর্তার কর্মসম্পাদন সূচক (Performance Indicators) এর অন্তর্ভুক্ত হবে। এক্ষণে, ব্যাংক ও আমানতকারীদের স্বার্থ সংরক্ষণ এবং ব্যাংকিং খাতে শৃঙ্খলা, সুশাসনের নিশ্চয়তা বিধানের লক্ষ্যে ব্যাংকসমূহের ব্যবস্থাপনা পরিচালক বা প্রধান নির্বাহী কর্মকর্তা এর দায়িত্ব/ কর্মমূল্যায়নের জন্য অভিন্ন (Uniform) বা Standard কর্মসম্পাদন সূচক/নির্দেশক তথা "Key Performance Indicators (KPIs) Framework for Managing Director (MD)/Chief Executive Officer (CEO) of Banks" জারি করা হলো।

২। এ নীতিমালাটি যথাযথভাবে অনুসরণ/পরিপালন করার জন্য সংশ্লিষ্ট সকলকে নির্দেশনা প্রদান করা হলো।

৩। ব্যাংক-কোম্পানী আইন, ১৯৯১ (২০২৩ পর্যন্ত সংশোধিত) এর ৪৫ ধারায় প্রদত্ত ক্ষমতাবলে এ নির্দেশনা জারি করা হলো; যা অবিলম্বে কার্যকর হবে।

আপনাদের বিশ্বস্ত,

(মোঃ বায়েজীদ সরকার)
পরিচালক (বিআরপিডি-২)
ফোন: ৯৫৩০০৯৫

Key Performance Indicators (KPIs) Framework for Managing Director (MD)/ Chief Executive Officer (CEO) of Banks

September 2026

Banking Regulation and Policy Department-2
Bangladesh Bank, Head Office

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Preamble

To ensure good governance in the banking sector, it is essential to appoint a duly qualified, professionally competent, and experienced Managing Director (MD) or Chief Executive Officer (CEO). In recent years, the management and operations of banks have become increasingly complex, requiring the effective handling of diversified risks including credit, operational, market, legal, regulatory and technological risk than ever before. Accordingly, pursuant to Sections 15(4), 15(5), and 15Ka of the Bank Companies Act, 1991, as well as the relevant provisions of other applicable laws, BRPD Circular No-05, Dated 27 February 2024 issued to provide a clear guideline regarding the appointment of the Managing Director or Chief Executive Officer of a bank, and to specify his/her responsibilities, duties, and authorities.

In section-6 and 11 of BRPD Circular No-05/2024, it has been mentioned that at the time of appointment or reappointment of the MD or CEO, the bank shall include targets for reduction of classified loans and recovery of write-off loans. Simultaneously, targets related to specific financial and managerial improvement, as well as other performance indicators, shall be incorporated into the MD or CEO's employment contract. In case of reappointment of the MD or CEO, an evaluation report approved by the Board of Directors containing the achievement of the predetermined targets, the responsibilities/targets assigned by Bangladesh Bank from time to time during the tenure of appointment must be submitted to Bangladesh Bank. Furthermore, any special responsibilities or targets determined by Bangladesh Bank from time to time in the interest of depositors, the bank, or the public shall also be included as performance indicators of the MD or CEO of bank-companies.

In this context, now, with a view to safeguarding the interests of banks and depositors, ensuring discipline, good governance, and financial stability in the banking sector, it has become necessary to issue Key Performance Indicators (KPIs) Framework for Managing Director (MD) or Chief Executive Officer (CEO) of Banks from the regulatory point of view.

This framework is intended to support consistent, proportionate, and credible implementation of the KPIs for MD/CEO in the banking sector. It focuses on vital areas necessary for effective adoption from the regulatory point of view. Besides, bank can exercise its own business KPIs for MD/CEO, keeping these KPIs as minimum, based on the focus of bank, existing laws, rules and regulations, international standards and regulatory/supervisory expectations.

KPIs Framework for MD/CEO of Banks

Working Committee

Head of the Committee

Dr. Md. Kabir Ahmed
Deputy Governor, Bangladesh Bank

Members

Mr. Md. Sarwar Hossain, Deputy Governor, Bangladesh Bank

Mr. Md. Ashraful Alam, Executive Director, Bangladesh Bank

Mr. Md. Sirajul Islam, Executive Director, Bangladesh Bank

Mr. Md. Alauddin, Director (FEPD-2), Bangladesh Bank

Mr. Md. Hafizur Rahman, Director (Barishal Office), Bangladesh Bank

Mr. Md. Bayazid Sarker, Director (BRPD-2), Bangladesh Bank

Mr. A.N.M. Moinul Kabir, Director (PSD-1), Bangladesh Bank

Mrs. Jebunnessa Karima, Director (SBRPD), Bangladesh Bank

Mrs. Syeda Rezwana Begum, Additional Director, Bangladesh Bank

Mr. Md. Azharul Islam, Joint Director, Bangladesh Bank and Member Secretary

Mrs. Shamima Nasrin, Joint Director, Bangladesh Bank

Mr. Md. Rafiul Islam, Deputy Director, Bangladesh Bank

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1. Objective and Scope

1.1 **Purpose:**

The purpose of this KPI framework is to set out clear, measurable, and precise performance indicators for the Managing Director (MD) or Chief Executive Officer (CEO) of scheduled bank-companies operating in Bangladesh.

1.2 The framework is aligned with:

i) Applicable laws, regulations, circulars and guidelines issued by Bangladesh Bank.

ii) Basel and international corporate governance and risk management principles.

1.3 The KPIs will be used for:

i) Performance evaluation of the MD/CEO.

ii) Determination of remuneration, incentive and benefits of the MD/CEO, in line with regulatory instructions.

iii) Decisions regarding appointment, reappointment, extension of tenure and succession planning of the MD/CEO.

2. Evaluation Methodology

2.1. The 'Key Performance Indicators (KPIs)' for MD or CEO of bank-companies are based on several lens that will examine whether and on what scale the MD or CEO meets the target of defined KPIs. The lens and weights (out of 100%) are as follows:

1) Bank Solvency and Liquidity Lens: 25%
2) Asset Quality Lens: 25%
3) Profitability Lens: 10%
4) Governance and Internal Control Lens: 25%
5) Inclusion, Customer and Market Conduct Lens: 15%

2.2. Every lens is incorporated by some specific KPI and its parameter. The Board of Directors of the bank will set target for every KPI considering the performance/data of the immediate previous quarter as base line. Actual performance/achievement compare to the predetermined target (proportionate of target and performance) will then be multiplied by preset weight of that KPI. The result will show the score of individual KPI under each lens.

2.3. Only in the case of achieving at least 50% of the target of individual KPI, the MD/CEO will get score on that KPI. In case of achieving less than 50% of the target, the score will be 0 (zero) for the corresponding KPI. While achieving 50% and more of the target of individual KPI, the MD/CEO will get proportionate score on that KPI. For example, under the Bank Solvency and Liquidity Lens, in the first KPI [Capital to Risk-Weighted Assets Ratio (CRAR)] if the MD/CEO achieves 90% of the set target, then he/she will get (proportionate*weight) 0.9*25=22.5. In case of achieving 100% of the target of individual KPI, the MD/CEO will get full score on that KPI.

2.4. In every lens, weight/score for prescribed KPIs has been determined out of 100%. Upon accumulation of the score of all individual KPIs, total score achieved from the KPIs by the MD/CEO in every lens will be converted to the weight of that lens. For example, in the Bank Solvency and Liquidity Lens, if the MD/CEO achieves total 85% score out of 100%, then it will be converted to the weight of that lens (25) and the final weight/score of this lens will be (85%/100%)*25=21.25. Finally, sum of the score of all lenses will generate grand score.

2.5. **Overall Performance Summary of MD/CEO**

i) The overall performance rating of MD/CEO will be computed based on score achieved across all KPIs. A qualitative assessment of judgment, conduct, stakeholder management, and strategic leadership may also be considered during the evaluation of the overall performance of MD/CEO.

Sl. No.	**Lens/Area**	**Weights (%)**	**Score**
1)	Bank Solvency and Liquidity Lens	25	
2)	Asset Quality Lens	25	
3)	Profitability Lens	10	
4)	Governance and Internal Control Lens	25	
5)	Inclusion, Customer and Market Conduct Lens	15	
	Total	**100**	**__/100**

ii) If the MD/CEO achieves less than 50% of the pre set target or gets 0 (zero) score in the following 6 (six) KPI individually, then 25% of the sum of maximum achievable weighted score of the KPI(s) will be deducted from the total score:

a. Advance to Deposit Ratio (ADR)

b. NPL ratio (Gross)
c. NPL ratio (Net)
d. Large loan and Top-borrower concentration
e. Recovery against classified and write-off loan
f. CMSME, Agriculture, Green finance and Financial inclusion outreach

For example, sum of the score of all lens or total score of the MD/CEO is 75.50. If the MD/CEO achieves less than 50% of the pre set target or gets 0 (zero) score in the KPI named, NPL ratio (Gross), then 25% of the sum of maximum achievable weighted score of the KPI [(KPI weight*Lens weight) *0.25]=25*0.25*0.25=1.5625 will be deducted from the total score (75.50). Then, the final score will be 73.9375 or 73.94.

If the MD/CEO achieves less than 50% of the pre set target or gets 0 (zero) score in the KPIs named, NPL ratio (Gross) and Recovery against classified & write-off loan, then 25% of the sum of maximum achievable weighted score of the KPIs [(KPI weight*Lens weight) *0.25]=25*0.25*0.25 +20*0.25*0.25 =1.5625+1.25=2.8125 will be deducted from the total score (75.50). Then, the final score will be 72.6875 or 72.69.

If the MD/CEO achieves less than 50% of the pre set target or gets 0 (zero) score in the KPIs named, NPL ratio (Gross), Recovery against classified & write-off loan and CMSME, Agriculture, Green finance and Financial inclusion outreach, then 25% of the sum of maximum achievable weighted score of the KPIs [(KPI weight*Lens weight) *0.25]=25*0.25*0.25+20*0.25*0.25+40*0.15*0.25=1.5625+1.25+1.5=4.3125 will be deducted from the total score (75.50). Then, the final score will be 71.1875 or 71.19.

Again, If the MD/CEO achieves less than 50% of the pre set target or gets 0 (zero) score in all the 6 KPIs mentioned above, then 25% of the sum of maximum achievable weighted score of all the 6 KPIs [(KPI weight*Lens weight) *0.25] = 27.25*0.25=6.8125 will be deducted from the total score (75.50). Then, the final score will be 68.6875 or 68.69.

Overall Performance:

Sum of the score of the Lens-1 to 5:	
(Minus) if any, according to Paragraph 2.5. ii)	
Final Score:	

2.6. **Regulatory Interpretation Guide**

Score	Regulatory View
75 and above	Above Average
65–Below 75	Average
<65	Below Average

Note: "Above Average" refers to a 'standard performance' of the Managing Director or Chief Executive Officer of the bank-company, while "Average" refers to an 'average performance' and needs improvement in performance level and " Below Average" refers to a 'substandard performance' and needs immediate improvement in performance level.

3. Tasks for Bank's Board of Directors

i) Bangladesh Bank will provide an *Excel Template* of "KPIs Framework for MD/CEO of Banks" to every bank within 15 days after the issuance of this circular (sample of the template: Annexure A). Bank-companies will use this template to evaluate the performance of MD/CEO.

ii) Based on this KPIs framework, the Board of Directors will set target (in progressive trend for performance) for every KPI in excel template provided by Bangladesh Bank considering the data (performance levels of the bank) of the immediate previous quarter as base line. In addition, the Board of Directors will consider the regulatory expectations (mentioned in the tables below), risk profile, business strategy, and international best practice while setting target for every KPI and as a whole. For example, In case of the KPI like Capital to Risk-Weighted Assets Ratio (CRAR), the regulatory expectation is [≥regulatory minimum + buffer (10.00%+2.5%)]. Now, if the CRAR of immediate previous quarter is less than 12.5%, then the target needs to set more than the CRAR of immediate previous quarter. If the CRAR of immediate previous quarter is more than 12.5%, like 14.5%, then the target can be more, equal or less than 14.5%, but cannot be less than 12.5%.

iii) The Board of Directors will set these targets at the beginning of the tenure for newly appointed/re-appointed MD/CEO or within one month from the date of issuance of the circular associated with this framework for existing MD/CEO.

iv) The targets will be set for three years or remaining tenure of the MD/CEO. The Board of Directors will set target for every 6 months on a rolling-forward approach**.** The timeframe will be generally January to June or April to September or July to December or October to March. For current MD/CEO, the first target timeline in the KPIs framework will be 01 October 2026 to 31 March 2027.

v) For the current MD/CEO, the final semi-annual target shall be set as described above. However, where the date of completion of an MD’s tenure falls in an intervening or non-quarter-end month/date, the assessment shall be aligned with the nearest preceding quarter-end date. For example: if the tenure of an MD/CEO ends on 30 May, the final target timeframe shall be set up to the quarter ending 31 March of that year.

vi) For newly appointed MD/CEO, the commencement of the first assessment period shall be aligned with the nearest applicable quarter-end date, considering the period immediately succeeding the date of appointment. The final assessment period shall be determined in line with the approach applicable to the current MD/CEO as described above. For instance, if an MD/CEO is appointed on 01 December 2026 with a tenure ending on 30 November 2029**,** the first assessment period shall commence from 01 January 2027**,** and the final assessment period shall end on 30 September 2029**.** Further, if an MD/CEO is appointed on 14 October 2026 with a tenure ending on 13 October 2029**,** the first assessment period shall also commence from 01 January 2027**,** and the final assessment period shall end on 30 September 2029**.**

vii) The Board of Directors will set target for the full tenure of MD/CEO altogether while the base line will be same [as of the base line of first 6 months (mentioned in section 3.i)]. After finalizing the targets for every assigned KPIs and as a whole for the full tenure, the Board of Directors will approve all the KPIs framework for MD/CEO and will then send it to the Banking Regulation and Policy Department-2 (BRPD-2) of Bangladesh Bank with necessary explanation/justification of setting targets within 07 (seven) working days of Board’s approval.

viii) After considering every aspect, BRPD-2 of Bangladesh Bank will provide approval of that KPIs framework of the MD/CEO of that particular bank, for the full tenure, with necessary changes/rectification, if needed.

ix) Based on the approved KPIs framework, the Board of Directors will review the performance of the MD/CEO after every set timeframe (usually in every six months) and will send the review report along with the approved excel template to BRPD-2 of Bangladesh Bank within 15 days after the set timeframe.

x) After reviewing the performance of the MD/CEO for every set timeframe, Bangladesh Bank shall issue directive or mention further course of action for the MD/CEO.

xi) In case foreign banks operating in Bangladesh, the competent authority will do the necessary tasks mentioned above including setting target in KPI framework for the head of Bangladesh operation (by whatever name it may be called) and correspondence with Bangladesh Bank.

4. Details of the Performance Measurement Lens

4.1. Bank Solvency and Liquidity Lens (Weight: 25%)

This lens evaluates the bank's capital strength, solvency, stability and resilience to shocks.

Table 1: Bank Solvency and Liquidity related KPIs

Sl. No.	KPI	What it means	Regulatory expectation	Weight/score (out of 100%)
a.	Capital to Risk-Weighted Assets Ratio (CRAR)	-Available capital against risk-weighted credit exposures. -Credit buffer against unexpected losses. **Parameter:** -CRAR	≥regulatory minimum + buffer (10.00%+2.5%)	25%
b.	Common Equity Tier 1 (CET1) Ratio	-Regulatory metric of measuring bank's core capital against its risk-weighted assets. -Indication of bank's ability to survive in a financial crisis.	≥ regulatory minimum	15%

		Parameter: -CET1 Ratio		
c.	Adjusted CRAR or CRAR with deferral	Capital adequacy after full recognition of NPLs, provisioning and BB instructions related to deferral (if any). **Parameter:** -Adjusted CRAR or CRAR with deferral	≥ regulatory minimum	15%
d.	Liquidity Coverage Ratio (LCR)	Ability to withstand liquidity shocks over short- and medium-term. **Parameter:** -LCR	≥ regulatory threshold	15%
e.	Net Stable Funding Ratio (NSFR)	It ensures that a bank maintains a stable funding profile relative to its assets and off-balance sheet exposures over a 1-year horizon. **Parameter:** -NSFR	Sustainable funding profile	15%
f.	Advance to Deposit Ratio (ADR)	It determines the proportion of deposits that have been lent out as advances or loans. It ensures that banks maintain a balance between their deposits and advances to avoid liquidity crises. **Parameter:** -ADR	Compliance with regulatory limits	15%

4.2. Asset Quality Lens (Weight: 25%)

This lens assesses the quality of a bank's assets and bank's loan portfolio quality, concentration, and recovery performance.

Table 2: Asset Quality related KPIs

Sl. No.	KPI	What it means	Regulatory expectation	Weight/Score (out of 100%)
a.	NPL ratio (Gross)	Share of gross classified loans in total loans. **Parameter:** - NPL ratio (Gross)	-Below industry and peer* group average -Declining trend	25%
b.	NPL ratio (Net)	Share of net classified loans in total loans. **Parameter:** NPL ratio (Net)	-Below industry and peer* group average -Declining trend	10%
c.	Stressed assets (NPL, restructured and rescheduled loan)	Volume of risky but not yet fully impaired assets. **Parameter:** -Sum of Non Performing (SS, DF, BL), restructured and rescheduled loan	-Below industry and peer* group average -Declining trend	15%
d.	Provision coverage	(Maintained provision\ Required provision)x100 **Parameter:** - Maintained provision/ Required provision	-Fully compliant with Bangladesh Bank's guidelines	15%
e.	Large loan and Top-borrower concentration	Level of exposure or concentration to top 20 borrowers and large loan segments. **Parameter:** - Total exposure of large loan/ Total	- Declining trend	15%

		loan - Total exposure of top 20 borrowers/ Total loan		
f.	Recovery against classified and write-off loan	Amount of classified and write-off loan that has been recovered within specific time. **Parameter:** - Recovery against classified loan in last 6 months (amount in crore) - Recovery against write-off loan in last 6 months (amount in crore)	-Increasing trend -Above industry and peer group average	20%

4.3. Profitability Lens (Weight: 10%)

This lens assesses a bank's profitability in line with its operations, risk appetite and resources.

Table 3: Profitability related KPIs

Sl. No.	KPI	What it means	Regulatory expectation	Weight/Score (out of 100%)
a.	Return on Assets (ROA)	Efficiency of asset utilization to generate profit. **Parameter:** -ROA	-Increasing trend -Above industry and peer group average	20%
b.	Return on Equity (ROE)	Efficiency of use of shareholders' equity to generate net income. **Parameter:** -ROE	-Above industry and peer group average -Increasing trend	20%
c.	Net Interest Margin (NIM)	Efficiency of earning interest income relative to its interest expenses. **Parameter:** -NIM	-Increasing trend -Above industry and peer group average	20%
d.	Operating expenses to Operating profit	Measures the proportion of operating expenses relative to operating income. It	-Above industry and peer group average	15%

Sl. No.	KPI	What it means	Regulatory expectation	Weight/Score (out of 100%)
	ratio	evaluates operational efficiency and cost management. **Parameter:** -Operating expenses/ Operating income	-Decreasing trend	
e.	Non-interest income to Total income	Measures the proportion of a bank's revenue derived from activities not related to their core lending operations. **Parameter:** - Non-interest income/Total income	-Decreasing trend - 20% of total income	10%
f.	Deposit mix	Combination of low, high and non-interest bearing deposit to total deposit **Parameter:** - Percentage of High, Low and no cost deposit	High cost deposit up to 45%, Low cost deposit up to 40%, and No cost deposit up to 15%	15%

4.4. Governance and Internal Control Lens (Weight: 25%)

This lens evaluates the effectiveness of governance, internal control mechanism, compliance and risk-management frameworks of a bank. It examines how a bank operates and manages risks, ensures compliance, and delivers value to its stakeholders.

Table 4: Governance and Internal Control related KPIs

Sl. No.	KPI	What it means	Regulatory expectation	Weight/Score (out of 100%)
a.	Regulatory compliance	Compliance issues from BB inspections and internal/external audits. Compliance with BB circulars, directions and reporting requirements. **Parameter:** - Total number of	No serious non-compliance or violations.	15%

		irregularities remain unsettled (based on BB inspections and internal/external audits) - Number of “High Risk” observation in BB’s RBS/ Comprehensive inspection report - Penalty if imposed by the regulatory body in last 6 months (amount in crore)		
b.	AML/CFT compliance	Adherence to AML/CFT and e-KYC guidelines. **Parameter:** - Overall AML and CFT rating of the bank (Strong=1, Satisfactory=2, Fair=3, Marginal= 4, Unsatisfactory=5) Or, [Low (L)=1, Moderate (M)=2, Above Average (AA)=3, High (H)=4] (after available rating under RBS framework)	-Compliance with AML/CFT and e-KYC guidelines. -Strong or Satisfactory -Low or Moderate	15%
c.	Composite risk rating (CRR)	Overall supervisory risk rating of the bank. **Parameter:** - Composite risk rating (CRR) of the bank [Low (L)=1, Moderate (M)=2, Above Average (AA)=3, High (H)=4]	Improvement during the target timeline -Low or Moderate	30%
d.	Regulatory reporting	Accuracy and integrity of financial statements and disclosures. **Parameter:** - Percentage of timely submission (submitted within the prescribed deadline) of regulatory reports - Total number of errors and resubmission required - Number of supervisory	-Improving trend	15%

		observations related to regulatory reporting in BB's RBS or Comprehensive inspection report. - Percentage of reports generated through automated systems		
e.	ICT and Technology Risk mitigation	Digital and process transformation Innovation culture Resilience of ICT Infrastructure and information security. **Parameter:** Rating on ICT Security (Strong=1, Satisfactory=2, Fair=3, Marginal=4, Unsatisfactory=5,) Or, [Low (L)=1, Moderate (M)=2, Above Average (AA)=3, High (H)=4] (after available rating under RBS framework)	-Alignment with BB ICT and Cyber security guidelines -Strong or Satisfactory - Low or Moderate	10%
f.	Leadership	**Parameter:** -Weighted average scores of all others KPIs	- Score: 75% and above	15%

5.5. Inclusion, Customer and Market Conduct Lens (Weight: 15%)

This lens assesses how well the bank is integrating and addressing issues related to financial inclusion, service quality, and fair treatment to its customers.

Table 5: Inclusion, Customer and Market Conduct related KPIs

Sl. No.	KPI	What it means	Regulatory expectation	Weight/Score (out of 100%)
a.	Digital services adoption	Transformation of traditional mode of customers' transactions to digital channels (other than over the counter) **Parameter:** - Digital transactions through	-Increasing trend Made notable improvement during the target period	20%

		Alternative Delivery Channel (including Bangla QR and Apps)/Total transaction		
b.	Service quality and innovation	Customer experience and new product or process innovation. **Parameter:** - Customers complains (from customers and through Bangladesh Bank) settlement rate - Total number of new product and process execution in last 6 months	-Increasing trend	10%
c.	CMSME, Agriculture, Green finance and Financial inclusion outreach	**Parameter:** **-** Lending to CMSME Sector/Total loan - Lending to agriculture sector/Total loan - Green and sustainable finance/Total loan - Number of new accounts in last 6 months - Number of female accounts/Total accounts	-alignment with Bangladesh Bank's Green and sustainable finance, CMSME and agricultural finance policy	40%
d.	Geographical distribution loans to total loans	Level of exposure or distribution to rural geographical segments. **Parameter:** - Total amount of rural loan/Total loan	-Increasing trend -Above industry and peer group average	10%
e.	Fraud and Forgery related risk mitigation	Mitigation of Fraud and Forgery related risk/ Reputational risk **Parameter:** - Identification of Fraud and Forgery related cases in last 6 months - Percentage of reduction of Fraud and Forgery related cases	-Decreasing trend **-** Increasing trend	10%
f.	Legal risk mitigation	Mitigation of Legal risk of the bank **Parameter:** - Total outstanding amount against lawsuits (in crore)	- Outstanding amount against lawsuits: decreasing trend	10%

		- Amount recovered in last 12 months from the settlement of lawsuits (in crore)	Higher settlement rate compared to the pre target period	

*Peer group refers to the group of similar banks in terms of categories (i.g. State owned commercial bank, Private commercial bank (Conventional/Islamic), foreign commercial bank), portfolio size of bank, number of branches. In this case, consideration will be chronologically down staring from categories, portfolio size and number of branches of banks.

Annexure-A

Key Performance Indicators (KPIs) Framework for Managing Director (MD)/ Chief Executive Officer (CEO) of Banks

Bank's Name: …… Bank PLC.

Lens 1: Bank Solvency and Liquidity related KPIs (25%)

Sl. No.	KPI	Parameter of Target	Base line (Data of the immediate previous quarter)	Target	Actual Performance	Difference Between Actual Performance & Base line	Difference Between Target & Base line	Proportionate of Target & Performance	Weight of the KPI	Score (%)

Total score of the KPIs:
Score of the Lens-1:

Lens 2 to 5: ………………………………

(Table format same as Lens-1)

Total score of the KPIs:
Score of the Lens:

:

Overall Performance:

Sum of the score of the Lens-1 to 5:	
(Minus) if any, according to Paragraph 2.5. ii)	
Final Score:	
Interpretation	