Bangladesh Bank
Head Office
Motijheel, Dhaka-1000
Bangladesh
www.bb.org.bd

Supervisory Policy and
Coordination Department

SPCD Circular No. 03

Date: 09 Poush 1432 / 24 December 2025

Managing Directors/Chief Executive Officers
All Scheduled Banks in Bangladesh

Dear Sirs,

Implementation of Risk Based Supervision (RBS): Framework, Organogram, Operational Arrangements, Supervisory Engagement, and Regulatory Reporting Requirements

Please refer to SPCD Circular No. 02 dated 23 October 2025, in terms of which Bangladesh Bank (BB) communicated the supervisory expectations and preparatory measures required of all scheduled banks to ensure readiness for the transition to Risk Based Supervision (RBS) from January 2026. With a view to ensuring a smooth and effective transition to the RBS framework, this circular sets out the operational, supervisory, and reporting arrangements applicable from the commencement of RBS.

02. In view of the increasing globalization of financial services, rapid technological advancement, product innovation, and heightened interconnectedness of financial institutions, the complexity of banking operations and the overall risk profile of banks have significantly increased. Traditional compliance-based supervision, which primarily emphasizes rule-checking and reliance on historical data, is considered no longer sufficient to proactively address these evolving challenges and risks. In this context, BB has decided to implement RBS, which is expected to strengthen forward-looking assessment of risks and the effectiveness of risk governance, promote enhanced risk awareness, accountability and prudent risk culture across banks, and support sustainable innovation while safeguarding overall financial stability. Accordingly, RBS shall be implemented with effect from 01 January 2026. Under this framework, all banks are required to operate, maintain and strengthen their systems, internal controls, and governance structure in conformity with the supervisory expectations mentioned in SPCD Circular No. 02 dated 23 October 2025.

03. This circular shall be applied to all scheduled banks operating in Bangladesh and shall cover all business lines, functions, and activities that have a material impact on a bank's overall risk profile. The scope of RBS shall extend to all scheduled banks, both on a solo and consolidated basis, within the purview of the Bank Company Act, 1991.

04. Under the RBS framework, supervisory assessment shall be grounded in a structured evaluation of a bank's inherent risks, inter alia, credit, market, operational, legal and regulatory, strategic, ML/TF, technology, and other emerging risks relevant to the bank's operation and risk exposures; the effectiveness of the bank's risk governance arrangements, including Board and senior management oversight; adequacy and effectiveness of internal control and risk management systems including risk culture; and implementation of risk mitigation measures. The overall assessment shall culminate in the determination of a bank's Composite Risk Rating and the corresponding calibration of intensity, frequency, and depth of supervisory engagement based on the materiality of identified risks and weaknesses in the quality of risk management. Supervision under RBS shall be forward-looking, with emphasis on early identification and evaluation of emerging risks; continuous in nature through a combination of off-site monitoring and targeted on-site reviews; and proportionate to the bank's size, complexity, and systemic importance.

05. In order to support effective implementation of RBS, BB has undertaken a comprehensive restructuring of its supervisory organogram. The objectives of this restructuring are to establish a clear single-point supervisory interface for each bank, eliminate duplication and fragmentation in supervisory data submission, and promote a more coordinated, risk-focused, and forward-looking supervisory approach. Under the restructured framework, supervisory responsibilities have been realigned to ensure holistic bank-specific supervision through dedicated Bank Supervision Departments, while enabling specialized and cross-cutting oversight in critical areas such as supervisory policy coordination, data management and analytics, technology risk and digital banking supervision, money laundering and terrorist financing risks, and payment system oversight. This structure is intended to enhance supervisory consistency, strengthen risk identification and escalation, improve data quality and analytical capability, and support timely supervisory intervention. Accordingly, Bangladesh Bank has established a total of seventeen supervisory departments comprising twelve Bank Supervision Departments (BSD-1 to BSD-12) and five specialized supervisory departments. As part of this transition, the existing inspection and function-based supervisory departments have been streamlined and integrated into the new RBS-aligned structure, to be effective from 01 January 2026. The list of dissolved and new supervisor departments is provided in **Annexure-1.** Out of the seventeen departments listed in the annexure, the SPCD was established earlier, and the banks were duly informed through SPCD Circular No. 01 dated 03 August 2025.

06. Under the RBS framework, each BSD shall carry out full supervision of its designated banks through a single dedicated supervisory team for each bank. The team will conduct continuous supervision (off-site and on-site) and cover all key supervisory areas, including foreign exchange operations and complaint management, while maintaining the bank's risk profile and ensuring timely supervisory intervention and follow-up. The distribution of banks among BSDs is provided in **Annexure-2**. Among the five specialized supervisory departments, the Supervisory Data Management and Analytics Department (SDAD) will serve as the central hub for supervisory data collection, validation, data quality assurance, and sectoral risk analysis to support timely, evidence-based supervision. The Technology Risk and Digital Banking Supervision Department (TRDS) will oversee risks emerged from technology and digital banking under RBS. The Money Laundering and Terrorist Financing Prevention Department (AMLD) will carry dedicated supervisory responsibility for ML/TF risk while the Payment Systems Supervision Department (PSSD) will oversee the risk associated with payment and settlement systems of the banks. Each department is designed to strengthen supervisory consistency, depth, and responsiveness in its specialized domain. Detailed Terms of Reference (ToR) of all supervision departments will be available in Bangladesh Bank Website.

07. RBS framework shall adopt an integrated approach to ensure proactive identification of risks, enforcement of corrective measures, and enhanced resilience of supervised entities. Bank Supervisors shall be in continuous contact with banks through both off-site and on-site engagement to conduct risk assessments and communicate expectations, findings, and risk mitigation measures. Formal supervisory engagement shall be primarily carried out via Supervisory Letters, regulatory circulars/guidelines, enforcement notices, and Supervisory Reports. Supervisory Letters shall convey observations, concerns, and corrective actions to banks while Supervisory Reports shall provide insights into a bank's risk profile, governance, control effectiveness, financial resilience, and supervisory measures. Supervisors shall also hold structured meetings and dialogues with Boards of Directors, Chief Executive Officers, Senior Management and other stakeholders of banks. Onsite engagement shall include full-scope or targeted inspections covering credit, market, operational, legal and regulatory, and strategic risks, as well as governance and internal control practices, while thematic reviews shall be conducted with emphasis on high-risk areas such as credit concentration, ML/TF, and cyber security. Off-site engagement shall involve reviewing regulatory returns and reports, seeking clarifications through official correspondence, and analyzing data to identify vulnerabilities. Additionally, supervisors shall also be engaged in follow-up and remedial activities, monitoring the implementation progress of action plan and validating effectiveness through compliance testing.

08. Under the RBS framework, each bank shall be assigned a Lead Bank Supervisor who shall serve the bank as the primary supervisory point of contact. The Lead Bank Supervisor shall coordinate supervisory activities relating to the bank, facilitate continuous supervisory dialogue and communicate Supervisory Letter as well as monitor and follow up on supervisory interventions. Banks are expected to ensure effective, transparent, and timely engagement with the assigned Lead Bank Supervisor at all times. All banks shall designate a Focal Point official for RBS, following criteria specified in SPCD Circular No. 02 dated 23 October 2025, who shall act as the primary point of contact to liaison with the Lead Bank Supervisor and the supervisory team for supporting the supervisory process as well as addressing the supervisory concerns and ensuring timely compliance of the supervisory observations, action points and concerns mentioned, *inter alia,* in the Risk Assessment Report, Supervisory Letter and the Risk Mitigation Plan. Besides, Lead Bank Supervisors shall communicate letters any time whenever any material issues identified for addressing and resolving those issues.

09. For effective transition to RBS, Bangladesh Bank has adopted a phased approach to supervisory data consolidation where all supervisory data shall be brought gradually under a single platform to avoid redundancy and duplication of data submission. In this regard, with the implementation of RBS from 01 January 2026, the following directives shall be applied to all banks with respect to data reporting requirements:

A. Centralized submission portal

All regulatory returns, reports and documents that were previously submitted to the dissolved supervision departments as mentioned in **annexure-1** — and which were not already collected via web portal— shall be submitted to SDAD following the same channel and frequency specified in applicable circulars or guidelines until further instruction.

B. Existing web-portal submissions

Data already submitted to any of the dissolved departments via web portal shall be continued through the same portal and with the same frequency as mentioned in the applicable circulars or guidelines until further instruction.

C. RITs for Structured Data

Without prejudice to other reporting requirements, banks are required to submit structured data using the prescribed RITs through the designated web portal:

https://ereturns.bb.org.bd/ strictly in accordance with the submission frequency and deadline applicable to each template as follows.

SL	Name of RITs	Submission Frequency	Submission Deadline
1.	T_M_RBS_MAIN	Monthly basis	By the 15th of the following month
2.	T_M_RBS_DEPOSIT_CONCENTRATION	Monthly basis	By the 10th of the following month
3.	T_M_RBS_IB_TRANS_MATRIX	Monthly basis	By the 15th of the following month
4.	T_Q_RBS_ALL_CLAIMS	Quarterly basis	By the last day of the following month
5.	T_Q_RBS_PAST_DUE	Quarterly basis	By the 20th of the following month
6.	T_Q_RBS_ECAIS	Quarterly basis	By the last day of the following month
7.	T_Q_RBS_BORROWERS_CONCENTRATION	Quarterly basis	By the last day of the following month
8.	T_Q_RBS_DEFAULTERS_CONCENTRATION	Quarterly basis	By the 20th of the following month
9.	T_Q_RBS_SUBSIDIARY_INFORMATION	Quarterly basis	By the last day of the following month
10.	T_Q_RBS_LIST_OF_SHAREHOLDERS	Quarterly basis	By the 12th of the following month
11.	T_Q_RBS_INVESTMENT_AGAINST_BOND_CP	Quarterly basis	By the 10th of the following month
12.	T_Q_RBS_MAIN	Quarterly basis	By the last day of the following month
13.	T_Q_RBS_SUMMARY	Quarterly basis	By the 20th of the following month

D. Unstructured data

1. Banks are required to upload all unstructured data/reports as listed in **annexure-3** to the designated web portal https://ereturns.bb.org.bd/ .

2. From data/reports listed in **annexure-3**, where a specific timeline is prescribed under any relevant regulatory instruction through circulars/guidelines/any other ways, those shall be submitted to the above-mentioned portal strictly in accordance with such applicable timeline and frequency. The remaining data/reports shall be submitted as or when updated.

E. Data Quality

Banks shall ensure the accuracy, completeness, consistency and timeliness of all structured and unstructured data to be submitted under the RBS framework. Persistent data quality deficiencies or material misreporting etc. may be viewed as a reflection of failure of the governance and internal controls of the bank, leading to punitive measures.

10. It is mentionable here that the supervisory expectations outlined in SPCD Circular No. 02 dated 23 October 2025 remain fully applicable and continue to form the foundation of supervisory assessment under the RBS framework. In line with these expectations, banks are required to establish and operationalize effective risk governance frameworks, while strengthening oversight by the Board of Directors and Senior Management. It is essential to ensure the independence and effectiveness of key control functions, including risk management, compliance, and internal audit, supported by robust management information systems (MIS) and comprehensive risk data aggregation capabilities. Moreover, the principles of RBS should be fully embedded into the banks' day-to-day decision-making processes. Progress in meeting these supervisory expectations shall have a direct impact on risk rating, intensity of supervisory oversight, frequency of supervisory engagement, and the potential application of supervisory measures.

11. Banks are required to fully comply with all aspects of the RBS framework, including the timely submission of data, proactive engagement with supervisory processes, and prompt implementation of corrective actions. Any failure to meet these obligations shall attract enhanced supervisory scrutiny and may lead to the issuance of regulatory directives or other measures considered appropriate by Bangladesh Bank.

12. This circular is issued in exercise of the powers conferred under Section 45 of the Bank Company Act, 1991.

Annexure: 4 Pages

Yours faithfully,

(Mohammad Abdur Rab)
Director (SPCD)
Phone: 9530173

Annexure-1

List of Dissolved and New Supervision Departments

Dissolved Supervision Departments	New Supervision Departments
1. Department of Banking Inspection-1	1. Bank Supervision Department (BSD)-1
2. Department of Banking Inspection-2	2. Bank Supervision Department (BSD)-2
3. Department of Banking Inspection-3	3. Bank Supervision Department (BSD)-3
4. Department of Banking Inspection-4	4. Bank Supervision Department (BSD)-4
5. Department of Banking Inspection-5	5. Bank Supervision Department (BSD)-5
6. Department of Banking Inspection-6	6. Bank Supervision Department (BSD)-6
7. Department of Banking Inspection-7	7. Bank Supervision Department (BSD)-7
8. Department of Banking Inspection-8	8. Bank Supervision Department (BSD)-8
9. Department of Banking Inspection-9	9. Bank Supervision Department (BSD)-9
10. Department of Foreign Exchange Inspection	10. Bank Supervision Department (BSD)-10
11. Department of Off-site Supervision (Division-1, 2)	11. Bank Supervision Department (BSD)-11
12. Integrated Supervision Management Department	12. Bank Supervision Department (BSD)-12
13. Financial Integrity and Customer Services Department (Division-1, 2)	13. Technology Risks and Digital Banking Supervision Department (TRDS)
	14. Supervisory Data management and Analytics Department (SDAD)
	15. Supervisory Policy and Coordination Department (SPCD)
	16. Money Laundering and Terrorist Financing Prevention Department (AMLD)
	17. Payment Systems Supervision Department (PSSD)*

*Payment Systems Department (Division-3) has been renamed as Payment Systems Supervision Department and brought under supervisory framework.

Annexure-2

Banks under Bank Supervision Departments

Bank Supervision Department-1 Sonali Bank PLC One Bank PLC Habib Bank Limited Karmasangsthan Bank*	**Bank Supervision Department-2** Janata Bank PLC Mercantile Bank PLC Commercial Bank of Ceylon PLC Palli Sanchay Bank*
Bank Supervision Department-3 Agrani Bank PLC Jamuna Bank PLC Rajshahi Krishi Unnayan Bank BASIC Bank PLC	**Bank Supervision Department-4** Rupali Bank PLC National Credit and Commerce Bank PLC Woori Bank Bangladesh Krishi Bank
Bank Supervision Department-5 Pubali Bank PLC United Commercial Bank PLC Midland Bank PLC Citizens Bank PLC SBAC Bank PLC Standard Chartered Bank Ansar VDP Unnayan Bank*	**Bank Supervision Department-6** BRAC Bank PLC AB Bank PLC Modhumoti Bank PLC NRBC Bank PLC HSBC Limited Probashi Kallyan Bank
Bank Supervision Department-7 Dutch-Bangla Bank PLC The City Bank PLC National Bank PLC Bengal Commercial Bank PLC Bank Alfalah Grameen Bank*	**Bank Supervision Department-8** Dhaka Bank PLC Mutual Trust Bank PLC Shimanto Bank PLC Meghna Bank PLC State Bank of India Bangladesh Development Bank PLC Jubilee Bank*
Bank Supervision Department-9 Southeast Bank PLC Eastern Bank PLC The Premier Bank PLC Community Bank Bangladesh PLC Bangladesh Commerce Bank Limited National Bank of Pakistan	**Bank Supervision Department-10** Uttara Bank PLC IFIC Bank PLC Trust Bank PLC Padma Bank PLC NRB Bank PLC Citibank N.A. Investment Corporation of Bangladesh*
Bank Supervision Department-11 Islami Bank Bangladesh PLC Shahjalal Islami Bank PLC Prime Bank PLC ICB Islamic Bank Limited	**Bank Supervision Department-12** Al-Arafah Islami Bank PLC Standard Bank PLC Bank Asia PLC Sammilito Islami Bank PLC (EXIM Bank PLC, Social Islami Bank PLC, First Security Islami Bank PLC, Global Islami Bank PLC, Union Bank PLC.)

* Relevant Bank Supervision Departments will oversee the non-scheduled banks/institutions

Annexure-3

List of Unstructured Data/Reports

SL	Particulars
1.	**Reports and Statements** 1. Latest internal audit report on a) Largest branches accounting for at least 60% of the bank's assets b) Corporate Division c) SME Division d) Consumer-credit/Retail-credit related division e) Credit Risk Management Division f) Credit Administration Division g) Treasury Division h) International Division i) Centralized Trade Processing Unit j) Risk Management Division k) Reconciliation department l) Financial Administration Division m) IT Division n) ICT-related internal audit report for the divisions/branches as mentioned above 2. Management Report 3. Report on credit ratings of banks 4. Statement of Willful Defaulters 5. Annual Health report 6. Audited Financial Statements (excel copy & pdf) 7. Detailed statement of affairs (GL) 8. ICAAP Report 9. Report on Interest Rate Risk in Banking Book (IRRBB) 10. Stress test report 11. ALCO Report 12. Risk Appetite Statement of Bank 13. Comprehensive Risk Management Report 14. Report on effectiveness of Internal Control & Compliance 15. Report on effectiveness of Risk Management Function 16. Self-assessment of anti-fraud internal control report 17. Statement of fraud and forgeries detected and unsettled upto previous reporting period since inception of the bank 18. Statement of fraud and forgeries detected during reporting period 19. Statement regarding penalties imposed by regulatory authority. 20. Review reports of Quarterly Operations Report (QOR) and Loan Documentation Check list (LDCL)
2.	**Internal policies/manual and plans** 1. Operational risk and fraud management policy 2. Internal policies on six core risk (CRM, FX, ALM, ICC, ICT and AML/CFT) 3. Whistle-blowing policy, if any 4. Succession plans of BoD Chairman, CEO and the functional heads 5. 5-year strategic plan 6. Detailed annual budget plan 7. Capital management plan

3.	**Meeting Agenda:** 1. Board of Director Meeting 2. Executive Committee Meeting 3. Audit Committee Meeting 4. Risk Management Committee Meeting
4.	**Meeting Minutes** 1. Board of Director meeting minutes 2. Board Audit Committee meeting minutes 3. Board Risk Management committee meeting minutes 4. Senior Management meeting minutes 5. ALCO meeting minutes 6. Credit Committee meeting minutes 7. Executive/Management Level Risk Management Committee meeting minutes
5.	**Sanctioned Advice/Letter of Top 20 Borrowers**
6.	**ML/TF related documents** 1. Report on CTR & STR (total number & value) 2. Information regarding ongoing investigations against its officials or clients by any statutory bodies (BB, ACC, NBR, Custom Authority etc.) 3. Internal ML/TF Risk Assessment Report 4. Information regarding penalty imposed by BB regarding ML/TF issues 5. Special findings from Bangladesh Bank regarding ML/TF 6. Observation and compliances thereof regarding Core Risk Inspection (ML/TF) 7. Observations from external and internal audit related with ML/TF 8. Significant ML/TF related event 9. ML/TF training statistics 10. CEO message regarding ML/TF 11. Future plan on ML/TF prevention framework development
7.	**Internal Audit related documents** 1. Details of Internal Auditors including IS audit and shariah audit (if any) [Name, Qualification, Service tenure in audit, Training received including time and duration, Latest 3 working station's (divisions/branch) name & service tenure in that division/branch] 2. Annual Audit Plan & Implementation status
8.	**Legal issues related documents** 1. Policies and procedures relating to legal and regulatory risk 2. List of employees in Legal division with qualification and experience 3. List of training on legal and regulatory matters for BoD (Name of the training programs, Number of respective trainings organized during the year, no of board member attended) 4. List of training programs tailored to legal and regulatory compliance for Senior Management (name of the training programs, number of respective trainings organized during the year, No of members of Senior Management attended) 5. List of regular trainings to staff members on legal risks and regulatory compliance (Name of the training programs, number of respective trainings organized during the year along with number of staff attended) 6. List of in-house legal counsel e.g. panel lawyer with qualification and experience 7. Reports on the bank's legal and regulatory risk profile and compliance activities (presented to the Board)
9.	**Other Documents/Information:** 1. Detailed organogram (organizational structures including branch/division and reporting lines with manpower allocation) 2. Delegation of power for loan sanction and investment 3. Details on staff of different divisions: Consumer Credit, SME, Corporate, CRM, CAD, Treasury, FAD & IT (to be submitted in separate tables for each division) including information on name, designation, qualification, service tenure in current division, work experience in previous division including name of that division, titles of the training received etc.