

The Link between CEO Compensation and Bank Performance

Internship Organization Name:

Lifestyle

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Submitted in Partial Fulfillment of the Requirements for the Degree

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Internship/Project Report Approval Form

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Letter of Transmittal

December, 2025

Kazi MD Tarique, PhD,

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Subject: Submission of Project report on “The Link Between CEO Compensation and Bank Performance”

Dear Sir,

With due respect, I would like to inform you that I have completed my internship report on my experience at Lifestyle and created a project titled “The Link Between CEO Compensation and Bank Performance” to fulfill the partial requirements of my undergraduate program Bachelor of Business Administration (BBA) in University of Liberal Arts Bangladesh (ULAB). In this report, I have made every effort to gather the ideas which I have learned in my Bachelor of Business Administration along with some experience gathered from my internship experience at Lifestyle. I hope that you will acknowledge it. I look forward to your insightful feedback.

Sincerely,

Ania Salim Farabi

ID: 212011082

Bachelor of Business Administration (BBA); Concentration: Finance

ULAB School of Business (USB)

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PLAGIARISM DECLARATION

1. I know that plagiarism means taking and using the ideas, writings, works or inventions of another as if they were one's own. I know that plagiarism not only includes verbatim copying, but also the extensive use of another person's ideas without proper acknowledgement (which includes the proper use of quotation marks). I know that plagiarism covers this sort of use of material found in textual sources and from the Internet.
2. I acknowledge and understand that plagiarism is wrong.
3. I understand that my research must be accurately referenced.
4. This assignment is my own work, or my group's own unique group assignment. I acknowledge that copying someone else's assignment, or part of it, is wrong, and that submitting identical work to others constitutes a form of plagiarism.
5. I have not allowed, nor will I in the future allow, anyone to copy my work with the intention of passing it off as their own work.

Name: ANIA SALIM FARABI

_____ (BLOCK LETTERS)

ULAB ID # 212011082_____

Signature: **Ania**_____

Date 14.12.2025 _____

Acknowledgement

There are some individuals on whom I would like to pay due honor and respect and who helped me not just to not only to solve the challenge and be able to complete my project report but also to familiarize me with this new situation, without any trouble. Consequently, I would like to thank them. I am grateful to Allah that he gave us patience and strength to accomplish this difficult task, withing its Deadline.

I would like to thank my supervisor, Kazi Md Tarique Sir (Assistant Professor) for his advice and encouragement. He had given very helpful suggestions, inspiration and so on in a patient manner. conscientious support during my submission of reports. Without his support and hard work, I could not have been able to complete my successful study. I am pleased with the fact that the internet has made it possible to share knowledge and achieve success in all domain to compile the information needed to write this report.

I would also like to give thanks to our esteemed Professor Sarwar Uddin Ahmed, PhD, ULAB, Dean. School of Business, to help me out, inspire and encourage me to continue this term and project. Lastly, I owe huge debt of gratitude to my family and friends who have been very loving, supportive, and. encouragement. Their trust that they had in me especially the encouragement that my husband gave me all along the undergraduate years of my life at ULAB has been like a light. I have limited experience, although not none tried to come up with a project report that was salient and equally interesting and full of authenticity understanding. Their nonstop support has actually been my stepping stone and achievements.

Table of Contents

Letter of Transmittal	3
PLAGIARISM DECLARATION	4
Acknowledgement	5
Part A	7
Chapter 1: Internship Preparation	7
Chapter 2: About the Internship.....	12
Chapter 3: Self-Reflection	16
Chapter 4: Personal Development Plan	19
4.1 Technical Skills.....	19
4.2 Interpersonal Skills	19
4.3 Short- and Long-Term Goals	20
Part B	21
The Link between CEO Compensation and Bank Performance.....	21
Executive Summary	21
Chapter 1: Introduction	22
1.1 Background of the Study	22
1.2 Objectives of the Study	23
Chapter 2: Literature Review	25
Chapter 3: Methodology	28
Independent Variable:	28
Dependent Variable:	28
Data Source:	28
Chapter 4: Findings and Discussions	31
Recommendations	38
Conclusion	40
References	41
Appendix.....	43

Part A

Chapter 1: Internship Preparation

1.1 Motivation and What I Expected to Learn

Being a student majoring in Finance and minoring in Economics, University of Liberal Arts Bangladesh (ULAB), I always understood that textbooks, lectures and examinations are not the complete picture of the real life in the profession. As time went on, I have started to realize that to be career ready indeed, I have to place myself in a scenario where the theoretical knowledge would be challenged with the real business issues and everyday choices. This was my main inspiration to engage in the internship. I had a curiosity to find out how the formulas, models and frameworks that I had studied in the classroom were applied to operate real organizations, to make financial decisions, to develop marketing campaigns and to retain customers.

Prior to the onset of the internship, I already accumulated a certain amount of experience as a Social Media Executive and subsequently in an unofficial CRM and content creation capacity. Those experiences gave me an opportunity to develop my communication skills and themed how brands communicate with their audience, how they react on feedback and how they place themselves in a competitive market. But the part of them in the picture was only a part. Being a Finance major, I was craving to be exposed to the basic financial processes like following cash flow, creating expense sheets, aiding in budgeting, helping in forecasting and acquiring insights on the occurrence of procurement decisions with regards to profit and loss. I was interested to know what goes on behind the scenes when a customer buys a product, how such a transaction is transacted into the books of accounts, and how the business uses it to make strategic decisions.

Out of this internship, I was hoping to acquire multiple levels of learning. At the level of technical skills, I wanted to become better at using Microsoft Excel and data analysis in general. I wished that I could handle sales records, statements of expense and mere financial overviews with confidence. I was also interested to know how to safely keep organized datasets, how to identify errors, and how to draw valuable conclusions about them. At another level, I was anticipating to improve my professional communication skills with various stakeholders including customers, colleagues, supervisors and suppliers. I was aware that I would need a more formal tone, discipline in writing and clarity of thought especially when engaging in email or messaging services when working in a corporate setting.

Other than learning technical matters, I also viewed the internship as a character and professional growth opportunity. I had a desire to be more disciplined in the way I use my time, I wanted to be more

organized in the way I keep records of things and I wanted to be more responsible in the way I treat confidential and sensitive information. I knew I would have a difficult time and episodes of being lost, but I also hoped that I would learn that I could endure, be flexible and find solutions. In a word, I was not solely motivated to make this internship a part of my resume but rather develop into a more confident, competent, and self-aware person who will be able to take the first serious steps to finance and business career.

1.2 Internship Search Process

The internship search process was also a great learning experience in terms of patience, persistence and strategy. I went into the search knowing that Bangladesh job market, especially among the students is rather competitive. Most organizations get a lot of applications whenever they advertise internship opportunities, and in most cases, companies favor those applications that already have an intern with a working experience. With this information, I attempted to be considerate and intentional with how I was presenting myself and where I applied.

My initial move was to have a structured resume that emphasized on my academic background, part-time experience, skills and achievements. I also focused on highlighting my major in Finance and minor in Economics and my social media, CRM and content creation experience. I also thought about what kind of working place would be more appropriate to me. I also felt that I needed a workplace that was dynamic and active, where I would not be restricted to one monotonous activity on a daily basis. I needed a chance to assume duties that would subject me to various facets of business processes.

It is on this basis that I was able to start applying to various companies. I visited the online sites like LinkedIn and BDJobs and I frequently visited ULAB Career Services page and other social media job groups related to students. I went to interviews where I could and worked out every interview experience to narrow down on how I articulated how I was strong, how I was motivated and my expectations. Meanwhile, I continued to reflect on the type of work environment that I had been the most engaged and productive in historically.

Lifestyle experience was also significant in this reflection. My experience as a Social Media Executive and later on in an informal setting as part of CRM at the company made me witness the way the company operated in its day-to-day operations. I was aware of the communication within the team, positioning of the brand, and the importance of the good relationship maintenance with the customers. I had also witnessed the integration of various functions including marketing, sales, finance and customer service. My reaction towards this was greatly positive, and the organizational culture, the support that colleagues

extended to one another during that time, as well as the pragmatic exposure I obtained, impressed me heavily.

This knowledge and understanding of the culture of Lifestyle is what made me seek an internship with the company. I felt that the continuity I am going to get by coming back as an intern would enable me to see the company in a more organized and cross functional manner. I would no longer be confined to the social media, or CRM, but I would have an opportunity to enter into the financial and operational sphere. Having this conviction, I placed my application hoping that Lifestyle would become a platform through which I would get to develop professionally again.

1.3 Internship Interview Experience

I did not have to wait long after I sent my application to Lifestyle. After a week or so I was called on to be interviewed. This was even a positive indicator of a call because it meant that the organization had an interest in my resume and motivations. I thoroughly prepared and trained the interview by updating my knowledge about the company, analyzing the past experience I had with the company and contemplated how my academic knowledge would apply to the duties of the internship.

The interview had been a good and enriching experience. It was more of an intentionally guided conversation than a hard and frightening one. The interviewer was also familiar with my previous experience with Lifestyle because he had already reviewed my academic profile. They did not ask general questions but instead they were concerned with knowing my reason of coming back as an intern and what I hoped to achieve this time since I had already advanced in my degree level. This enabled me to express my real interest in engaging in financial proceedings, coordination of purchases and making decisions based on data, other than the social media duties I used to have.

The interviewer asked a few realistic situations rather than theoretical or trick questions during the discussion. To illustrate, I was asked how I would cope in an instance where a supplier failed to deliver on time and customers were awaiting delivery of a particular product or how I would manage my time in case I needed to prepare multiple financial sheets and at the same time sustaining a marketing campaign. They also questioned how I would react to a customer complaint which consisted of service and billing problems. These questions were intended to not only know my level of technical knowledge but also how well I would behave and think clearly during a crisis, how I can prioritize and be a professional.

The part that I liked the most was the transparency of the interviewer in describing the internship role. They said that as an Executive Intern, I would be engaged in various activities: updating the financial records, working on the procurement, watching the stock level, helping the digital communication and helping to analyze the performance of a campaign. They were clear that the position will be cross functional and that I will get an opportunity to closely interact with various departments. It was this sincere and comprehensive description that made me conclude that this was the type of internship I desired.

At the conclusion of the interview, I believed that I could have represented myself in a genuine manner. I addressed my strength points including my commitment, my communication abilities and my readiness to learn but I also shared the areas I would want to improve including in higher levels of data analysis and financial modelling. I had a good impression of the interview as it was respectful and conversational, and I got out of the office confidently and optimistically. I felt like I just entered a new phase of a journey I had already started with Lifestyle with a confirmation of my selection to the position feeling like a continuation of the same.

1.4 About the Organization

Lifestyle is an emerging retail and beauty product in Bangladesh which currently specializes in fashion, accessories and other related lifestyle products of women. The brand aims at providing customers with what it calls one roof shopping experience, whether in its brick and mortar shops or online. Its mission is to transform the ordinary lives of women to be livelier and more convenient through trendy, comfortable and affordable products that suit the various personal styles and budgets. Besides clothing, Lifestyle also sells beauty products, accessories and other lifestyle products that form a full, edited experience to its customer.

Lifestyle has a well-coordinated organizational structure which is multi-departmental. The core of it is the Finance and Accounting division, which is in charge of budgeting, monitoring cash flow, tracking expenses and reporting financial statements. This department makes sure that the all transactions are properly documented, the expenses are not exceeded beyond what was planned and the management is provided with sound information on the business financial strength.

The other essential department is the Procurement and Inventory. This group collaborates with suppliers to obtain products, negotiate prices, order and monitor deliveries. They make sure that correct products are supplied at the correct time, and in the correct quantity and standard acceptable quality. Their actions have a direct effect on the stock, the price determination and eventually the satisfaction of the customers.

The Marketing and Customer relations department deals with the image and communication of the brand. This involves creating and carrying out social media campaigns, promotions, answering customer questions on the internet, and creating a unified voice of the brand on different platforms. They labor to make sure that the customers would not just buy goods but they also would identify themselves with the brand image and ethics.

And lastly is the Sales and Operations team that manages the daily operations of the stores and customer service. This team tracks the sales performance, liaises with the other departments in terms of stock or promotions, and makes sure that the customer shopping experience is a good and easy one.

The Lifestyle business model is based on the integration of the departments. Finance cannot operate without proper input regarding sales and procurement, marketing cannot operate without updates on inventory and new product launching, operations cannot operate without finance and marketing planning and performing activities. This integrated design allows Lifestyle to serve as a perfect working environment to students studying finance and business because they can have a practical example of how various functions contribute to the overall business performance.

Chapter 2: About the Internship

2.1 Activities of the Department

My work as an Executive Intern provided me with an environment in which the role I was doing naturally defied departmental boundaries. I was not working directly under either of the functions of finance, procurement or marketing but was shifting between these functions based on the needs of the project and even the daily priorities. This cross-functional location proved to be one of the most beneficial parts of my internship as it enabled me to observe how every department was relevant to the company achievement and how interdependent the contributions of these departments were.

Financially, I had a lot of work which consisted of recording and reviewing sales transactions. The sales data must have been analyzed at the end of every working day and compared with receipts and inputted into spreadsheets. I helped to update these records and ensure that entries were in accordance with real cash or electronic payments and arranged it in a manner that would enable the finance team to analyze the trends later. This made me value the role of accuracy as well as the requirement of logical organization of financial data.

In the purchasing and stocking processes, I assisted in monitoring the goods delivery, comparing supplier records and making stock lists. As an example, when some new items were received, it had to be matched with purchase orders, checked in terms of quantity and quality and entered to the inventory system. My participation in this process gave me insight into the fact that stock disparities may become a reality in the case when the documents are not managed properly, or the relationships between the procurement and the warehouse teams are poor.

The external visibility was more in the marketing types of activities. To support the social media activity of Lifestyle, I helped draft captions, posts, and answer their queries or comments posted by customers. I also noticed the way the engagement metrics in the form of likes, shares, and comments were followed and how they were used to make decisions about future content. This helped me to understand that marketing does not only involve creativity, but also reading and analyzing information and identifying trends and connecting messages to customer expectations.

In general, the department I was working in was not the atmosphere of a single unit, but rather a hub that was in constant contact with various other units. This made me view the business as a system of co-ordinated activities and not as distinct tasks.

2.2 Work Environment

They had a flexible structure and a flexible work environment at Lifestyle. On the very first day, I observed that there existed clear sense of order in terms of assigning duties and conducting meetings and communication. Meanwhile, the openness to new ideas was sufficiently high so that we could talk about new ideas and that interns such as myself could ask all questions they had without any form of hesitation.

Workers were friendly yet with professionalism. Not only did my supervisor explain to me what to do, but why a particular job was important and how that job was connected to a larger picture of the operations of the company. This situation turned even daily activities into something meaningful. When I met troubles, such as when I needed to comprehend a financial sheet or deal with customers request or a stock report, I never had a hesitation to seek advice. My questions were not seen as hindrances by team members; team members regarded them as part of the learning process.

The other thing in the environment that helped me to learn was team meetings. They could be formal or informal and acted as a checkpoint whereby the progress of each person and the challenges and tasks awaiting them were discussed. These discussions helped me to know how personal duties were synchronized with group objectives. As an example, I would understand how the marketing department campaign plan relied on the ability of the procurement department to procure enough stock, and how finance required the sales to have accurate information so it could know the budget it has to promote the product.

Punctuality and accountability was another positive aspect of the working environment. All of them were supposed to do what they had to do within the agreed time and be open to the challenges. This culture motivated me to be more conscious of my time, plan and eliminate procrastination. Eventually, I came to understand that such habits are crucial as the technical abilities to achieve success within the workplace.

In general, the atmosphere at Lifestyle made the process of becoming an adult and moving out of student life and into a more strict corporate beat a lot easier without overwhelming or alienating me.

2.3 Duties and Responsibilities

The role of my work increased over time during my internship. Initially, I was assigned to the rather easy duties in order to get used to the systems and expectations. The more confident I became and the more reliable I proved to be, the more responsibilities were bestowed on me and I could make independent decisions and be more attentive to the responsibilities.

I was also assigned duties in financial procedures where I would compile daily sales, compare them with physical and electronic payment records, and input them into Excel sheets with several sheets that are properly arranged and without errors. I needed to check numbers and find inaccuracies in them too frequently, which is why this situation made me become more responsible and attentive to details. I was also involved in keeping expense logs where I keep various kinds of cost and categorized them into types of expenses like marketing, procurement, logistics and operations. This helped me to understand the importance of having organised cost tracking in the analysis later.

My role in procurement and inventory was to check supplier receipts to reviewing stock lists and checking on untraced products. Other times, I had to take part in the process of organizing interactions with suppliers, in particular, explaining the dates of delivery or the specifications of the products. This made me realize the crux of the matter on negotiation and I realized the importance of effective communication in avoiding misunderstandings and time wastages.

At the marketing level, I was engaged in the day-to-day operations of the social media of the company. These involved content scheduling support, writing product descriptions as well as responding to customer enquiries regarding product descriptions, prices or availability. The experience provided me with the insight into how the online presence of a brand can impact the choice of customers and the significance of sticking to the same tone and responding in a timely manner.

Such variety of responsibilities helped me to change between figures, people and processes with ease which is an important skill in any workplace.

2.4 Application of Educational Learning

Among the greatest gains during this internship was the fact that I also discovered that the majority of the things that I had learned in my courses at ULAB were simply relevant in the working environment. As an illustration, my finance subjects had taught me the financial reporting, the working capital management and the fundamentals of accounting. In the cases of my work on the daily sales logs and expense sheets I had the opportunity to observe the application of the principles of revenues, costs, cash

flows and profit margins beyond the exam questions. I also saw the importance of precision and how a few mistakes could over time add and change the financial outlook of the business.

My minor in Economics was also put to practice. The concept of elasticity of demand, consumer preferences and sensitivity to price, and others made me understand the sales patterns and customer feedback during promotions and campaigns. As an example, I observed that some types of products were very sensitive to price discounts, whereas others relied more on branding or exposure on social media.

Also, marketing- and management-related courses were also helpful during communication with customers and peers. Knowing the rudiments of customer relationship management became simpler as I started responding to questions with patience and compassion, whereas organizational behaviour subjects enabled me to address team relationships and workplace requirements more comfortably.

On the whole, the internship helped to make my academic knowledge more practical and alive. I stopped regarding theories as abstract concepts but, instead, I started perceiving them as instruments that could be implemented in actual life situations where they could help solve problems and enhance processes.

Chapter 3: Self-Reflection

3.1 Feedback on Internship

Going back to my experience with my internship at Lifestyle, I can tell it was a very instructive experience that has altered the way I perceive myself and the business environment. My pre- and post-conception of how businesses work was somewhat idealistic; however, at the end of it, I was able to see the situation with greater realism and finer detail. I understood that not only do all the seemingly simple transactions have a chain of well-coordinated actions of other people and systems.

The internship indicated to me the real-life importance of financial discipline. Looking at the attention paid to the sales numbers, the way the costs were classified and budgets were followed, I realized that profitability does not only depend on the high sales, but also on the restraint of costs and the effective work. This awareness made me have an increased appreciation of the efforts of the finance and accounts teams who are usually behind the scenes and yet in the limelight in keeping the business going.

At a personal scale, the internship helped me to gain confidence. Initially, I was at times skeptical about whether I would be in a position to cope with the corporate duties or not and whether my theoretical education would be sufficient. The more tasks I slowly undertook and managed to complete successfully, the more I believed in myself in terms of adaptation, learning and contribution. This confidence was reinforced by the positive response given by supervisors and colleagues.

I also learned humility in the experience. I had the experience of having mistakes or misinterpreting instructions and I had to live with it, learn how to be right and learn not to repeat it. This process enabled me to be more receptive to criticism and less hesitant to ask questions.

In general, I consider the internship as a transition stage between the life of a student and a professional, as it assisted me in the process of abandoning the abstract learning and entering the world of the concrete application.

3.2 How I Could Do Better and How the Organization Could Utilize Me Better

Considering my personal performance, I understand that I could have performed more in several aspects. My technical skill in high-level functions on the Excel and data graphic programs is one definite area. Although I managed to do simple things and keep right organization sheets, I tended to believe that, with better knowledge of pivot tables, complex formulas or dashboards, I would have been a more

productive member of the society and created more out of the data I was working with. I intend to dedicate time into learning and practising such tools in the future to help me contribute more analytical value.

The other strength I have to work on is multitasking when under pressure. Some days there were times that two or more tasks in the dissimilar departments would come into conflict like updating of financial entries, answering references arranged through the social media, checking stock entries etc. There were times in life when I was overwhelmed on such days and needed to make a greater effort in prioritizing. I always have more room to improve my time management strategies, and with more practice, I think I will be more efficient in managing such hectic periods.

On the part of ways the organization might have used me better, I perceive that there was some room to get interns such as me involved in more analytical projects in use of the organization. As an example, allocating a minor, time-constrained project in terms of budgeting of a particular campaign, profitability of a particular product line and how customers purchase within a given month would not only be beneficial to the company but also provide interns with much more comprehensive learning experience. It would have been highly enriching to participate in any meeting where such issues were to be discussed.

Nevertheless, I also realize that the more complicated duties need trust and time of supervisors and organizations need to strike a balance between the possibility to learn and efficiency in the organization. Nevertheless, I think that more opportunities can be formalized in subsequent internship cycles.

3.3 Recommendations

Due to the experience, I would recommend some additional changes that may be made to make the internship program at Lifestyle even more successful. To begin with, the first few weeks could be more fruitful with a brief orientation session in the first place where the interns could be introduced to the key processes conducted by the company, their software and reporting styles. This may be limited to a mere workshop training on how to work out the daily sales reports, how to keep the inventory sheets and how the contact with suppliers will be recorded.

Second, meetings between interns and supervisors during the week or once every two weeks would offer a formal feedback and clarification setting where goals should be planned. With the help of such meetings, it is possible to discuss what the interns have learnt, their challenges, and establish certain goals for the coming week. This network can also assist supervisors to monitor the progress of the interns and reassign them in a better way.

Third, it would be good to allow interns to experience a short time working in various departments so that they have a more holistic view of the business. As an example, an intern might spend two weeks on details of finance, one on procurement, another working closely with or shadowing of activities of marketing and a few days with operations team. This exposure would not only make interns figure out their areas of interest, but also equip them to work in a functions where cooperation in cross functions is necessary.

Lastly, in the case of students studying finance and business, it would be beneficial to give at least some small-scale analytical project, e.g. basic sales trend analysis, cost comparison or customer segment research, which could make the learning impact of the internship even more pronounced and provide the company with tangible outputs that could have practical use.

Chapter 4: Personal Development Plan

4.1 Technical Skills

The internship has taught me to recognise the technical skills that I have to work on in order to become viable in the professional world. Among my primary objectives is to go further with Excel than the simple functionality. I would wish to be at ease with pivot tables, advanced formulas and simple macros to enable me to process large amounts of data in an easier way. Another area I am going to study is data visualisation tools that could assist me to transform raw numbers into easy-to-read charts and dashboards that are increasingly becoming significant in decision making in contemporary organisations

.

I would also tend to enhance my financial analysis skills in areas such as ratio analysis, variance analysis and simple forecasting. Although I studied about these things in my courses, I am now eager to apply them with real or simulated business information so that these should become second hand. Additionally, I might consider using special software that is usually applied in accounting or ERP system in the long term, to expand my technical profile.

4.2 Interpersonal Skills

The internship also strengthened the relevance of interpersonal knowledge on top of technical knowledge. The way one behaves with their colleagues, superiors, suppliers and customers is very important in a workplace as it may affect their performance and their image. I am also looking forward to enhancing my communication capabilities especially when it comes to writing professional emails, concisely providing information during a meeting and speaking confidently.

My negotiating and collaborating skills are also areas that I want to improve. The way of how the supervisors dealt with the suppliers, how conflicts were resolved or arrangements were made between the departments helped me to understand that diplomacy, patience and clarity are the important aspects of good working. I intend to get involved in group projects, workshops and possibly student leadership positions that will present me with an additional chance to practise these competencies in a variety of backgrounds.

4.3 Short- and Long-Term Goals

On a short term, within a period of one year or two, my ultimate plan is to summarise the knowledge and experience I will have acquired during this internship and gain firm ground in the areas of financial management, marketing analysis, and business operations. The positions that I aspire to reach, be it as an intern or as an employee in a relatively low rank, would enable me to work on financial data, analyse, put data into perspective and make decisions on its analysis.

Over the next three or five years in the long term, I hope to develop in a position like that of a Business Analyst or a Marketing Analyst where I am able to utilise the knowledge that I have acquired in finance, economics and consumer behaviour. My aspiration is to be employed in the places where I can effectively help the organisations to make strategic decisions that would assist them to know about the drivers of their performance and when they could have the opportunity to grow. In the long run, I would like to be a professional able to bridge subjective and objective worlds- a person able to read and interpret numbers as to what they reveal about actual people and actual markets and then apply the knowledge to make improved business decisions.

The internship at Lifestyle has helped me feel more in control of my direction, where I should work on and provide me with a firsthand experience of how the type of work I would like to be related to in the future. This experience has made me think that I am now ready to make the next steps of my academic and professional path.

Part B

The Link between CEO Compensation and Bank Performance

Executive Summary

This report investigates the relationship between CEO pay and bank performance in Bangladesh in terms of the relationship degree of executive pay with financial results in the times, when the asset quality and the spread of non-performing-loan increases. The research uses secondary information in the form of annual reports of sampled commercial banks that are private. The study compares CEO pay and performance indicators such as Return on Assets (ROA) and Return on Equity (ROE) and net profit margin and CEO Compensation as a percentage of total operating costs. A comparative and descriptive model is used in order to trace the tendencies and determine the correspondence of the executive compensation and the performance of the bank. The results show that compensation to CEOs was on the upward or flat trend across the majority of banks despite the signs of reducing profitability and efficiency levels. The ROA, ROE, and net profit margins were also in a downward trend with the executive pay still increasing in a number of the cases. This implies that the compensation of the CEOs and their actual performance in the banks are weakly connected and this casts doubt on the sensitivity of pay to performance and performance efficacy.

The research concludes that the executive compensation practices at Bangladesh banks are not highly performance based and could lead to agency problem and low accountability. To help resolve this problem, the report suggests enhancing performance-based pay framework, disclosure levels, introduce long-term and risk-adjusted performance metrics, and increasing regulation. In general, the report offers evidence that the compensation of CEOs in the banking industry of Bangladesh is only loosely tied to the financial performance. The results can provide useful information to the regulators, policymakers, and bank boards interested in enhancing governance and ensuring that executive incentives are aligned with sustainable financial performance.

Chapter 1: Introduction

1.1 Background of the Study

Banking industry is an important aspect in ensuring financial stability, economic growth and investor confidence. At the highest level, especially the Chief Executive Officer (CEO), effective leadership plays the key role of deciding the strategic path of the bank, the amount of risk that bank undertakes and the general performance of the bank. Due to this level of influence that CEOs may have over the results of their organizations, the compensation of the CEO has been a popular topic of financial investigation. The theoretical prediction is that performance of the CEOs should determine their pay to motivate the CEOs to ensure that they enhance profitability, efficiency and sustainability in the long term. Empirical evidence testifies to this assumption, as *Ahamed (2022)* discovered that the relationship between CEO compensation and bank performance in Bangladesh is positive and statistically significant. Equally, *Matousek and Tzeremes (2016)* have also reported that the compensation of CEOs correlates with the level of efficiency in the U.S. banks, indicating that performance-based pay can help enhance operational behaviour.

The present situation in the Bangladeshi banking industry creates a significant inconsistency in these expectations, however. In the recent years we have seen increasing financial pressures in most of the banks of Bangladesh. *The Daily Star (2024)* hence documents the country as having the highest non-performing loan (NPL) ratio in Asia, where the defaulting loans amounted to about 20.2% of the overall outstanding loans. A report by *bdnews24.com (2025)* also pointed on another level to the fact that NPLs reached an estimated Tk 3.46 trillion and reached that point by the end of 2024. The academic literature also outlines NPLs as one of the biggest obstacles to the financial stability, health, and profitability of the banking industry (*Rahman, 2020*). These are the findings which show a sector that is facing decreasing asset quality, diminishing governance and declining performance in key indicators.

This scenario is more alarming when compared to the fact that the compensation of CEOs in some banks is ever growing in the face of persistent challenges in performance. The question this discrepancy presents is highly critical: Are the CEO compensation in Bangladeshi banks really based on performance or is the CEOs compensation being based on the performance of their respective banks? International research also makes the problem. According to a recent study in the *Journal of Risk and Financial Management*, CEO compensation has a significant effect on performance across the developing market, where above all the incentives can support or prompt an excessive risk-taking based on the institutional circumstances (*JRFM, 2024*). Besides that, in some Asian banking systems, *Hassan and Mostafa (2023)* have discovered that the practices of CEO compensation and performance severely do not correlate, indicating disconnection between compensation systems and reality.

All these aspects put forward the reason why this study is needed. As many banks in Bangladesh and NPLs in great quantities were experiencing reduced performance, the study intends to add some insight into the connection between compensation practices and actual performance of banks in a time when the sector is experiencing instability.

1.2 Objectives of the Study

The aim of the research is to investigate the existence of a relationship between CEO compensation and bank performance, with the recent banks performance issues on dwindling performance of Bangladeshi banks.

Primary Objective

- To determine whether there is a positive, negative, or insignificant relationship between the compensation of CEO and bank performance.

Specific Objectives

- To derive trends of CEO compensation in the banks, and compare these with the key performance measures which include profitability, efficiency and quality of assets.
- To assess the issue of whether increased CEO pay has increased financial performance or it is raised independent of performance.

All these objectives are very clear in directing the research to the main question: Does the extent of the compensation of a CEO have any quantifiable effect on the performance of a bank?

1.2 Scope of the Study & Research Question

This paper aims specifically at knowing the relationship between bank performance and CEO compensation, and especially in relation to the problems currently being experienced in the Bangladeshi banking industry. It also does not enter into the wider fields like governance systems, board membership, shareholder relations, or executive decision-making processes unless so directly connected with compensation-performance relations.

The scope includes:

- Trend analysis of the pay of CEOs in the banking industry.
- The evaluation of the relationship between compensation and the following performance indicators: Return on Assets (ROA), Return on Equity (ROE), net profit, asset quality, and stability at large.
- Concentrating on the scenario of the Bangladeshi banks with most of them declining in their performances over the past few years.
- Examining secondary data, scholarly results, and applicable reports to know whether compensation affects or determines performance outcomes.

With this breadth established, this paper will be very narrow in its research: The Link between CEO Compensation and Bank Performances.

Chapter 2: Literature Review

The compensation and performance of CEOs in relation to overall bank performance is a topic that has long been a critical concern in the research of corporate finance and executive incentives. The underlying reason is agency theory which implies that compensation arrangements are created to bring Managerial incentives into line with the shareholder interests (*Jensen and Meckling, 1976*). Classical literature by *Jensen and Murphy (1990)* reveals that the wealth of CEOs is responsive to the performance of the firms, which implies that the pay-for-performance is a focal point of executive pay. Their research established that despite the comparatively minor size of the dollar-for-dollar sensitivity a compensation is still designed to indicate the outcomes of performance in a quantifiable manner. *Hall and Liebman (1998)* echo this view by providing evidence that wealth of CEOs reacts significantly to stock returns, which supports the view that performance measures determined by the market are incorporated into the compensation mechanisms.

Nevertheless, compensation performance relations get more complicated when banking sector is taken into account. The financial institutions are highly regulated, highly leveraged and exposed to the systemic risk factor which is not similar to the industrial firm. *Akhigbe, Madura and Ryan (1997)* posit that such circumstances can lead to the compensation performance linkage in banks being different. Their analysis of commercial banks reveals that total CEO compensation positively relates to accounting as well as market-based performance measures which indicates that performance is rewarded in the banking industry, although it also shows that human capital of the CEO and the bank size also play a key role in the pay levels of the CEO. This emphasizes the fact that the compensation cannot be explained alone by performance but it is influenced by the characteristics of the organization too.

The monitoring and risk are also seen to play a pivotal role in comprehending the way CEO compensation operates in banks. As it is demonstrated by *John, Mehran, and Qian (2010)*, the CEO compensation contracts in banks need to strike a balance between two agency issues: agency shareholders-manager and agency shareholders-debt holders issues. They show that the sensitivity associated with pay-for-performance is more likely to decrease in high leverage banks and more likely to increase when the outside monitoring is effective-mostly in terms of the number of bad loans, the bank rating of the regulatory examination and the presence of sub-ordinated debt signal. This implies that the sensitivity of performance is not fixed, but relative and highly determined by risk and supervision.

The phenomenon of compensation affecting the behaviours of risk-taking can also be demonstrated with the help of research in the banking area. The post-financial-crisis studies also discover that the problem of higher incentive-based compensation goes together with risk exposure, excessive leverages, and risk of stock price crash in some instances (*DeYoung, Peng, and Yan, 2013; Fahlenbrach and Stulz, 2011*). Newer indications of the same phenomenon in emerging markets indicate that compensation systems based on high-level of short-term incentives can encourage some business leaders to adopt behaviors that will artificially increase short-term performance metrics but increase long-term risk (*JRFM, 2024*). Moreover, behavioral studies point to the fact that three main attributes of CEOs (personal background, overconfidence, and social signaling) interact with compensation to contribute to the outcome of firms. The 2024 and 2025 papers by emerald demonstrate the fact that the moral positioning of the CEO, political connections, and structure of personal identity traits may be potentially applied in the corporate policies, ESG performance, and even vulnerability to a crash risk (e.g., "CEO Moral Names", 2024; "CEO Hometown Political Influences", 2025). Even though these studies are not purely on compensation, they support the general finding that the variables that pertain to CEOs are significant in determining the performance in firms.

The developing economies evidence is a little more mixed. Other studies in markets like India, Pakistan and South Africa reveal that the compensation of CEOs in these markets is tend to be loosely tied to the performance because of governance constraints, share concentration or market discipline (*Khan et al., 2017; Crumley, 2008*). Such results indicate that agreement contracts are not necessarily a reasonable performance but rather may be influenced by internalised power relations or the institution of weaknesses. One of the strongest empirical studies on the connection between compensation and performance of CEOs in Bangladeshi situation offers *Ahamed (2022)*, which finds a positive yet: not always consistent connection. His findings indicate that although there are certain banks whose actions clearly indicate the relationship between compensation and performance; there are also others who are known to increase their compensation even when their financial results are deteriorating.

This contradiction is even more pertinent in the context of the situation in the Bangladeshi banking sphere. According to the recent reports, Bangladesh has one of the worst loan ratios in Asia. *The Daily Star (2024)* states that NPLs are now about 20.2 percent of the total loan default, and *bdnews24.com (2025)* reports that the amount of defaulting loans has already increased to almost Tk 3.46 trillion. Studies by *Rahman (2020)* and others claim that a large level of NPL defeats the profitability, liquidity, and sustainability levels upon long-term. This poses a significant query as to whether revenues of CEO and total compensation have kept pace with performance or compensation has increased irrespective of financial well being.

Comprehensively, the literature implies that the pay of CEO and the performance of the bank are interrelated in a theoretically intuitive and empirically inconsistent manner. Although there are numerous studies that confirm the link between compensation and performance is positive, some also emphasize weak relationships, risk-taking, or compensation schemes determined more by power and identity, or institutional factors rather than actual financial performance. With regard to Bangladesh where the performance of the bank has gone down yet the compensation practices have maintained an upward trend, what the literature points to is that there is indeed a need of conducting additional research. The present research paper fits into this gulf by analyzing the extent to which the levels of CEO compensation in Bangladeshi banks significantly correspond to their performance at a time when there is the increased level of defaults and a financial strain.

Chapter 3: Methodology

3.1 Type of Research

This study is quantitative and descriptive, relying on secondary data drawn from banks' annual reports for the year 2020 to 2024.

The objective is to analyze **CEO compensation link** across Bangladeshi scheduled banks using informations

The research is **descriptive** because it summarizes and compares remuneration disclosures among banks, and **quantitative** because the extracted financial values (salary, allowances, total compensation) are numerically analyzed and tabulated.

3.2 Research Design

The study focuses on CEO compensation disclosure practices in Bangladeshi banks and uses **content analysis**, where specific compensation-related variables are identified, extracted, coded, and compared across banks.

The key components include:

Independent Variable:

- **ROE, ROA, NET PROFIT MARGIN, CEO SALARY & FEES, TOTAL OPERATING EXPENSES**
(Measured through the CEO as a percentage of total expenses)

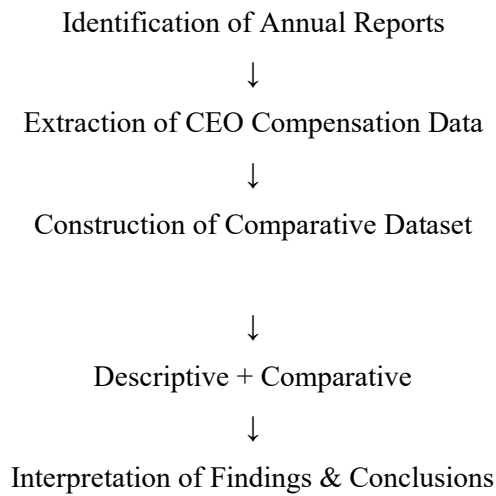
Dependent Variable:

- **CEO/MD Compensation Data**
(Salary, Allowances, Bonuses, Total Remuneration)

Data Source:

- A collection of **Annual Reports (FY 2020 to 2024)** from major private banks in Bangladesh.
- These reports were manually gathered, uploaded, and analyzed.

Research Model:
“The Link between CEO Compensation and Bank Performance”



3.3 Data Collection and Analysis

In this section, the researcher will carry out the data collection and analysis process. The research will purely be based on the secondary data presented by the officially released Annual Reports of target banks operating in Bangladesh between the year 2020 and 2024. The choice of these reports is due to the fact that they are the most credible, standardized and available sources of information about executive remuneration, and financial statements. Several major sections of each report (Directors Report, Notes to the Financial Statements, Remuneration Policy sections) were analyzed to get the data. These sources provided the research with detailed information regarding the compensation of the CEO, including their salary, different allowances, bonuses, provident fund contribution, and overall remuneration.

In conjunction with this, key performance indicators of the bank such as Return on Assets (ROA), Return on Equity (ROE), Net Profit and Total Expenses were systematically gathered in an attempt to gauge the financial performance. All the extracted information was entered into a manual spreadsheet and cross tabulated into structured spreadsheets and checked against other sources. After having collected data, the study did a structured analysis via the use of descriptive and comparative procedures. To summarize the trends of compensation and performance measures of CEOs in banks, descriptive analysis was used to describe the numerical trends. Cross-bank, comparative analysis was done to assess the difference between high, medium, or low remuneration of the CEO in the banks and to study the

trends among banks. Qualitative content analysis was also applied in the study to categorize banks according to the degree of their remuneration disclosure which was full numeric disclosure, partial disclosure, policy-only disclosure, or no disclosure. The study sought to determine with reference to these patterns whether the relationship between higher CEO compensation and the financial outcomes was related to greater financial performance, though some data limitations including non-disclosure of the compensation aspect in some banks made the advanced statistical modeling impossible to achieve, the integrated descriptive, comparative, and interpretative research method yielded valuable results in respect to the association between bank performance and executive compensation.

3.4 Expected Outcome

The anticipated performance of the methodology is a complete comprehension basis of the relationship between CEO pay and financial performance of Bangladeshi banks. With the review of both numerical compensation data and performance indicators, the study would be able to highlight whether there would be improved performance of banks which have higher compensation of the CEO in terms of ROA, ROE and profitability. Moreover, it is expected that as a result of the analysis, the difference between disclosure transparency will be evident, with the demonstration of which banks present full data regarding the remuneration and which only provide policy statements. It is assumed that the findings will be useful in the debate on whether the executive compensation policies in Bangladesh are merit-based performance-based or structural inconsistency. Finally, the research is expected to generate evidence-based and clear interpretation of compensation-performance relationship that can be useful to policy makers, regulators, banking practitioners and the future researcher.

Chapter 4: Findings and Discussions

This chapter covers the findings from the main source of data , annual reports of last five years. In addition, the following section contains thorough analyses of individual banks performance comparing to the compensation they are being offered.

4.1 Descriptive Statistics

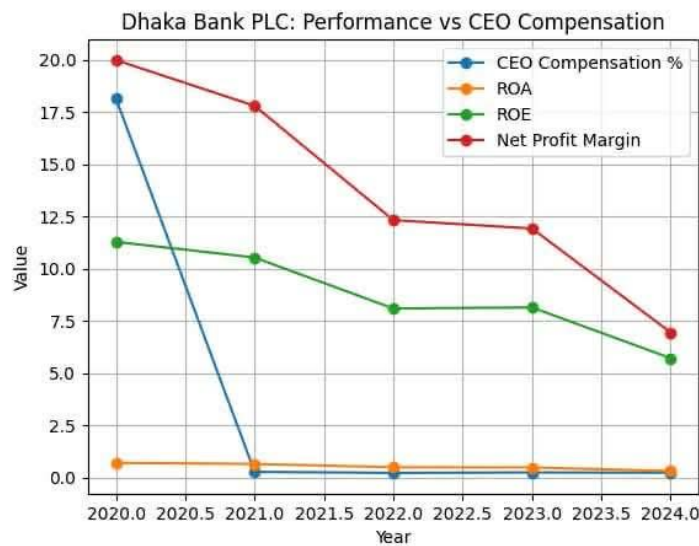
According to our research the datas are collected from five Bangladesh's owned banks.

1. Dhaka Bank PLC
2. Eastern Bank PLC
3. Bank Asia PLC
4. One Bank PLC
5. Mercantile Bank PLC

The table below illustrates the Return on Assets (ROA), Return on Equity (ROE) , Profit Margin and CEO as a percentage of Total Expenses.

Bank 1: Dhaka Bank PLC

Year	2020	2021	2022	2023	2024
ROA	0.70%	0.65%	0.49%	0.48%	0.31%
ROE	11.28%	10.53%	8.09%	8.14%	5.71%
Net Profit Margin	19.98%	17.79%	12.32%	11.92%	6.94%
CEO Total Compensation	89,99,999	1,31,45,000	1,43,84,000	1,56,02,400	1,72,16,400
Total Operating	4,95,83,61,254	4,93,06,16,274	6,57,62,05,416	6,37,40,63,695	7,42,55,40,848
CEO Compensation as % of Total Expenses	18.15%	0.27	0.22	0.24	0.23



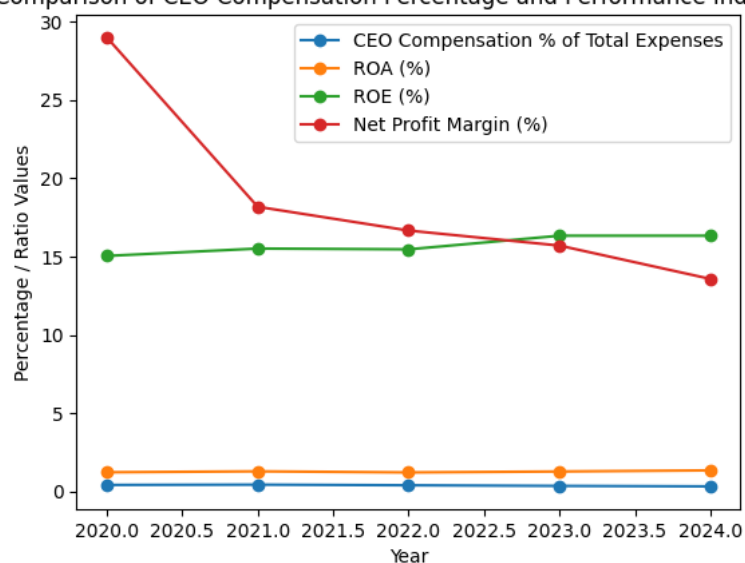
The comparison of the data provided by the Dhaka Bank PLC in 2020-2024 demonstrates that there is evident non-correlation between the compensation of the CEO and the performance of the bank. The compensation of a CEO has grown over the five-year span, and during this time, it almost doubled even though the profitability indicators of the bank had trended down. There is a continuous declining pattern in ROA, ROE, and Net Profit Margin which can be regarded as a decline in the operational efficiency and earning capacity. Meanwhile, the overall operating costs were on the increase and this further strained the financial situation of the bank. This imbalance is easily visible in the graph as the CEO compensation line steadily increases every year when the performance indicators are low and are usually declining. This trend implies that there is poor correlation between executive compensation and performance performance presenting issues of pay-performance sensitivity and competence of compensation governance systems in the bank. In general, it can be concluded that the compensation decisions of CEOs did not depend largely on the financial performance of the bank over this time, which can be indicative of agency issues and poor incentive packages.

Bank 2: Eastern Bank PLC

Year	2020	2021	2022	2023	2024
ROA (%)	122.00%	1.28	1.21	1.27	1.34
ROE (%)	15.04	15.51	15.46	16.33	16.33

Net Profit Margin	29%	18.18%	16.66%	15.70%	13.57%
CEO total compensation	26328372	28441208	30470876	31987131	34094366
Total Operating Expenses	6,44,14,76,412	6,69,00,00,000	7,74,40,00,000	9,07,70,00,000	10,68,70,00,000
CEO Compensation as a % of Total Expenses	0.41	0.43	0.39	0.35	0.32

Comparison of CEO Compensation Percentage and Performance Indicators

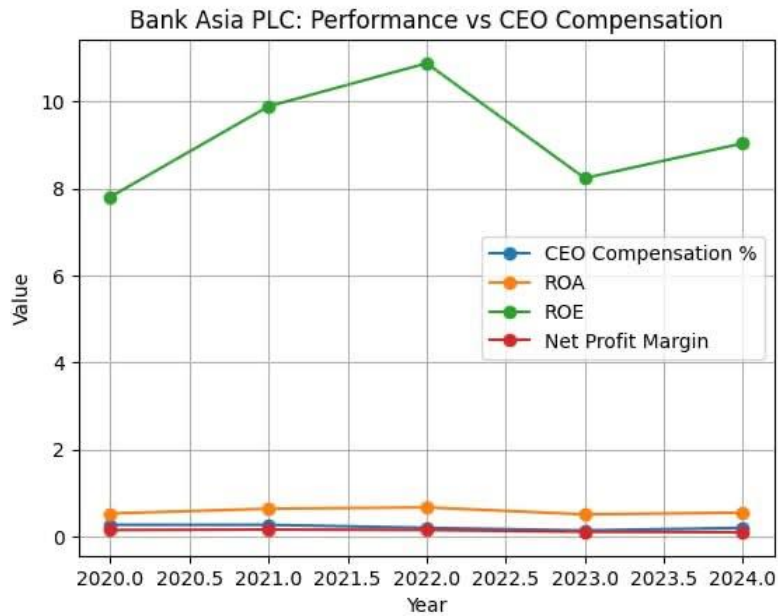


Eastern Bank PLC graph indicates that CEO compensation is showing a definite upward trend between the years 2020 and 2024 with increasingly higher compensation granted each year. Conversely, the performance measures of the bank, ROA, ROE, and Net Profit Margin, are relatively low in nature and are largely steady, except that Net Profit Margin has a slight decreasing trend. ROA is experiencing a strange spike in 2020 but it stabilizes after 2021. Although the company has been recording a stagnant to falling profitability levels, executive compensation remains appended, which implies that there is no firm resemblance between executive pay and key performance results. This implies low sensitivity of

pay-performance and creates doubts on the effectiveness of compensation governance. On balance, the Figure 4 shows an increasing disparity between the increasing CEO compensation and the comparatively flat financial performance of the bank.

Bank 3: Bank Asia PLC

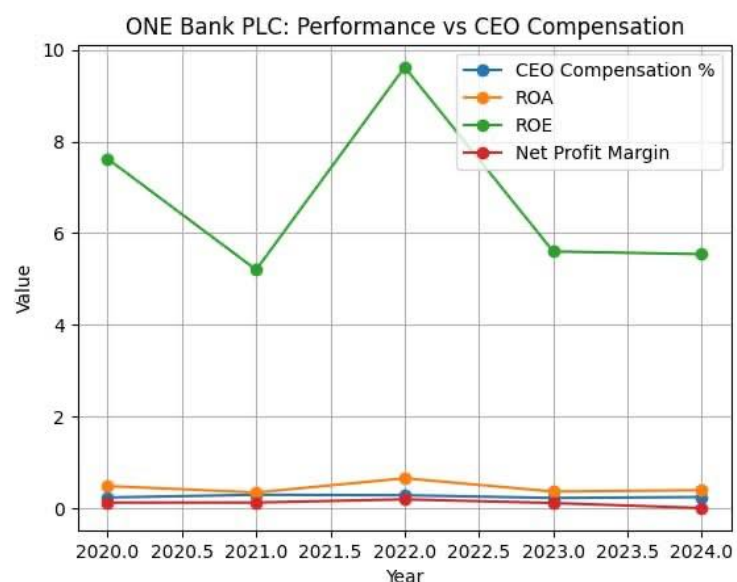
Year	2020	2021	2022	2023	2024
ROA (%)	0.53	0.64	0.67	0.51	0.55
ROE (%)	7.81	9.89	10.88	8.24	9.04
Net Profit Margin	0.15	0.16	0.15	0.11	0.10
CEO total compensation	19262968	20401265	18854125	13510000	19935301
Total Operating Expenses	7,108,051,625	7,500,876,750	9,537,555,584	9,442,768,443	9,801,696,816
CEO Compensation as a % of Total Expenses	0.27	0.27	0.20	0.14	0.20



The graph of bank Asia PLC shows an uneven trend in compensation of the CEO, as it went high in 2021 and 2022, and fell drastically in 2023 and then again in 2024. Nevertheless, the financial performance indicators are comparatively the same over the period. ROA and ROE stay the same with some fluctuations whereas Net Profit Margin has progressive decline. In comparison with Eastern Bank, the compensation of the CEO is more volatile than the performance at Bank Asia, nevertheless, does not coincide with the indicators of profitability. The drop in the Net Profit Margin and the mid-year slide in ROE are not paralleled by comparable pay cuts to CEO. It means that compensation-performance incompatibility is moderate, which is an indicator of possible inefficiency in the organization of the performance-based executive compensation.

Bank 4: One Bank PLC

Year	2020	2021	2022	2023	2024
ROA (%)	0.48	0.34	0.65	0.36	0.39
ROE (%)	7.62	5.20	9.62	5.60	5.54
Net Profit Margin	0.12	0.12	0.19	0.11	0
CEO total compensation	12000000	14400000	17002498	15040000	16540000
Total Operating Expenses	5,074,263,233	4,931,273,008	5,948,921,153	6,719,587,332	6,802,836,066
CEO Compensation as a % of Total Expenses	0.23	0.29	0.28	0.22	0.24



The line chart is used to show the dynamic of the compensation of CEOs as a share of the total operating expenses between 2020 and 2024. The ratio is noted to change moderately during the five-year period

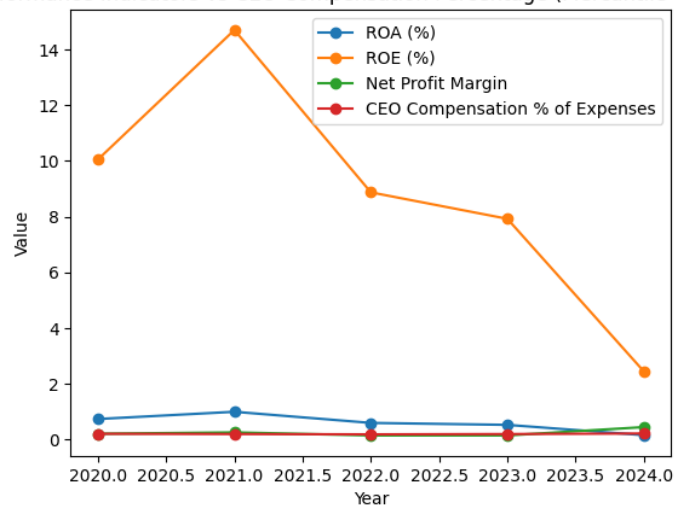
as in 2020 the ratio is 0.23, whereas in 2021 the ratio rose sharply to 0.29, which means that a larger share of total expenses was devoted to the executive remuneration. The ratio dropped slightly to 0.28 in 2022, but, nevertheless, it was higher than the starting point, indicating that executive compensation remains on a high priority. The ratio decreased significantly in 2023 to 0.22 and, perhaps, this change could be attributed to internal cost modifications or performance-related factors. Nonetheless, it reversed once again to 0.24 in 2024 which has shown that there was a resurgence to a comparatively stable compensation structure. In general, the trend suggests that although the compensation share of the CEO had small increases and decreases, it did not exceed very many variants, which suggests that the compensation system is stable, but not commitment-sensitive. The variability is not pronouncedly consistent with the changes in performance, which is an indication that optimizing the pay of CEOs can be moderately inclined by internal policy or contractual framework than the annual financial performance.

Bank 4: Mercantile Bank PLC

Year	2020	2021	2022	2023	2024
ROA (%)	0.73	0.99	0.59	0.52	0.15
ROE (%)	10.05	14.7	8.87	7.92	2.44
Net Profit Margin	0.20	0.25	0.14	0.14	0.44
CEO total compensation	13087517	13994383	14806113	16015715	17902232
Total Operating Expenses	6,595,830,359	7,266,088,068	8,218,747,514	8,338,885,913	8,472,943,731
CEO Compensation as a % of Total Expenses	0.20	0.19	0.18	0.19	0.21
					0.0447

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Performance Indicators vs CEO Compensation Percentage (Mercantile Bank PLC)



As per the line graph, the best financial performance of Mercantile Bank PLC is observed in 2021 due to the highest ROA and ROE, but the performance decreased continuously since 2022 till 2024, suggesting declining profitability in the utilization of assets and decreasing returns to shareholders; however, the percentage change in the pay of CEOs was relatively stable across the period and even grew a little in 2024, despite the lowest ROA and ROE being registered in the same year. Even though the net profit margin has certain fluctuation and an improvement in 2024, the same factor does not translate to its better performance as a whole, which indicates the structure or efficiency problems. On balance, the evaluation shows that there is a low correlation between the payment of the CEO and the level of the company performance, so it is not possible to state that the interest to the amount paid to executives directly depends on the variation in the financial results of the bank.

Recommendations

According to the results of this research, the positive correlation between CEO compensation and the performance of banks in Bangladesh is not strong and stable. In order to enhance alignment, accountability and long term sustainability in the banking sector, it is proposed that:

First, banks are to increase the performance-based compensation systems. The pay of CEOs must be more evident and directly linked to quantifiable parameters, including ROA, ROE, quality of their assets, and the shares of bad loans (non- performing) (NP) ratios. Raised wages are supposed to be based upon the enhancement of these pointers instead of the tenure or scale of a bank or internal strategy.

Second, the regulators (especially the Bangladesh Bank) are supposed to implement more explicit recommendations on the disclosure of executive remuneration. Even some of the banks continue to deliver limited or policy only disclosures which lowers efficiency in transparency and hinders external monitoring. Compliant disclosure policies would increase comparability among the banks, as well as enable the concerned parties in a better evaluation of whether compensation reflects performance.

Third, banks are to use long-term performance measures as a part of compensation packages of CEOs. Too much emphasis on inflexible pay and short term incentives will water down efforts and promote complacency. The risk-taking behavior would be decreased by introducing deferred bonuses or performance-related awards in terms of long-term financial stability to encourage sustainable growth.

Fourth, boards of directors must be more involved in the governance of compensation. When choosing pay to the CEOs, independent directors and remuneration committees have to make certain that their decisions are free of bias and that they are based on facts and shareholder and depositor interests are also taken into account. Compensation policy reviews against the actual performance of the bank should be made regular.

Lastly, the compensation systems in the future must take into account risk-adjusted performance indicators. Since the NPLs are high in the Bangladeshi banking industry, promoting CEOs without punishing the poor quality of assets compromises financial discipline. The use of paying compensation based on outcome of risk management would enhance accountability and elimination of agency problems.

Conclusion

This paper aimed at analyzing the correlation between the pay of the CEOs and the performance of the banks in Bangladesh based on secondary data in the annual reports of the past years that fall between 2020 and 2024. The important performance indicators analyzed included ROA, ROE, net profit margin, and CEO compensation as a ratio of overall operating expenses.

The results show that, in the banks sampled, the compensation of CEOs improved or was stable regardless of deteriorating or level financial performances. Profitability measures in the vast majority of cases were decreasing and the executive compensation was not adjusted accordingly. The trend can be explained as low sensitivity to pay-performance, as well as indicate the possibility of governance and incentive misalignment in the banking sector.

Although there were some variabilities in pay treatments, it was not always aligned with the fluctuation in financial performance. This shows that in Bangladesh, the compensation decision of CEOs in banks is rather determined by presumably structural or contractual architecture as opposed to actual performance. This kind of disconnect brings about issues of agency problems, responsibility, and efficiency of the current compensation models.

Finally, the research concludes that there is a weak and inconsistent evidence between compensation and performance of CEO in a bank in Bangladesh. Enhancing the performance-based pay systems, disclosure practices and regulatory checks are critical steps towards restoring the proper relationship between the executive rewards and financial performance. The results pertain to the current discourse on executive remuneration in the emerging banking economies and are a basis to conduct further empirical studies with more sophisticated econometric research methods.

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Appendix:

Summary table of studies cited in the Literature Review:

Title	Author & Year	Compensation	Performance	Result
CEO compensation and bank efficiency: An application of conditional nonparametric frontiers	Matousek, R. & Tzeremes, N. G. (2016)	CEO salary and bonus (cash-based compensation) collected from Compustat Execucomp for 37 U.S. bank holding companies (2003–2012).	Bank performance measured through technical efficiency, technological change, and technological catch-up using time-dependent conditional DEA (nonparametric frontier analysis). Inputs: capital, deposits, employees; Outputs: securities, loans.	The study finds a non-linear relationship between CEO pay and bank efficiency. Higher salaries (beyond a threshold) positively affect banks' technological change and efficiency, while higher bonuses have a negative effect , likely due to risk-taking behaviors . Thus, higher CEO compensation does not always improve efficiency .
CEO attributes and bank performance: does CEO compensation moderate?	Md. Mamunur Rashid & Md. Safiuddin (2025)	Moderating variable (CEO compensation)	ROA, Tobin's Q	Education and experience positively affect ROA; education negatively affects Tobin's Q; compensation weakens the effect.

Incentive Features in CEO Compensation in the Banking Industry	Kose John & Yiming Qian (2003)	Direct Compensation (W_1) and Firm-Related Wealth Change (W_2)	Change in Shareholder Value (Market Value $\times$ Stock Return)	Banks show lower pay-performance sensitivity ($\sim \$4.7$ per \$1,000 shareholder gain). Leverage and regulation reduce sensitivity. Option repricing (1999) temporarily lowered sensitivity. Findings support theory that banks' CEO contracts are less incentive-driven due to risk and regulatory factors.
CEO Compensation and Performance of Banks	Faruque Ahamed (2022)	Salary, Bonus, Housing Facilities, Housing Allowance, Foreign Trips	Return on Equity (ROE), Return on Assets (ROA)	Salary, bonus, and housing benefits positively and significantly impact profitability; foreign trips negative and insignificant; overall, compensation enhances performance and reduces agency problems.
Outside Monitoring and CEO Compensation in the	Kose John, Hamid Mehran, Yiming Qian (2010)	Pay-for-performance sensitivity (Salary, Bonus, Stock Options)	Change in shareholder value; Bank leverage; Monitoring index (subordinated debt	Pay-performance sensitivity decreases with leverage. Pay-performance sensitivity increases with outside

Banking Industry			rating, NPL ratio, exam rating)	monitoring. CEO pay in banks balances shareholder and debtholder agency problems.
CEO Compensation and Performance of Commercial Banks	Aigbe Akhigbe, Jeff Madura, Huldah Ryan (1997)	Total CEO compensation (salary, bonus, stock options)	Accounting: ROA, ROE; Market: Stock return	Positive and significant link between CEO compensation and both accounting and market performance; compensation increases with bank size and CEO experience.
CEO Compensation and the Transformation of Banking	Susan M. F. Houston & James W. James Jr. (2003)	Salary, bonus, equity-based incentive pay (stock & options) for CEO of bank holding companies	Tied to growth options (market-to-book ratio), risk (leverage, volatility), entry into investment banking, variability of returns	compensation strategies shifted with banking transformation; stronger link of pay to growth options; incentive components increased when BHCs entered investment banking; certain risk measures positively related to compensation; sensitivity of pay to performance tended to drop when performance variability was high

Pay, Performance, and Turnover of Bank CEOs	J. R. Barro & R. J. Barro (1990)	CEO compensation in large commercial banks (1982-1987)	Measured by accounting returns and stock returns of the bank; turnover of CEOs also analysed	For new CEOs the elasticity of pay with respect to assets is about one-third; for continuing CEOs, pay change depends on performance; sensitivity of pay to performance diminishes with experience
CEO compensation and bank risk: Is compensation in banking structured to promote risk taking?	Joel F. Houston & Christopher M. James, 1995, <i>Journal of Monetary Economics</i>	Compares bank CEOs' pay mix (cash salary/bonus, stock, stock options) to non-financial firms; within banks they focus on how much of total pay is equity-based (stock + options).	Bank risk and "charter value" (franchise value) – essentially how valuable and safe the bank's charter is.	Bank CEOs get less high-powered, equity-based pay than CEOs in other industries (less options, lower equity share). Within banking, higher charter value is associated with <i>more</i> equity-based incentives, which is inconsistent with the idea that pay is set to encourage excessive risk-taking ; instead it looks like equity pay is used more where the charter is more valuable.
CEO Compensation and the	Maretno A. Harjoto & Donald J.	CEO total pay and its components (salary, bonus,	Growth options, risk measures and the impact of BHC	They find stronger links between CEO pay and growth

Transformation of Banking	Mullineaux, 2003, <i>Journal of Financial Research</i>	stock and options) for US bank holding companies (BHCs) 1992–2000, with emphasis on how strongly pay is tied to growth options (market-to-book) and risk, and on changes in pay structure when banks enter investment banking.	entry into investment banking (a proxy for a riskier, more option-like business model).	options/risk than earlier research suggested , and evidence that compensation becomes more option-like as banks move into investment banking – consistent with compensation policies being adjusted to the new, more option-rich, riskier environment , not just blindly promoting risk.
The Relation between CEO Compensation and Past Performance	Rajiv D. Banker, Masako N. Darrough, Rong Huang & Jose M. Plehn-Dujowich, 2013, <i>The Accounting Review</i> (Vol. 88, pp. 1–30)	Decomposes cash pay into salary vs bonus and models how each responds to current and past accounting and market performance (panel of US firms, 1993–2006)	Past and current performance measures (e.g. ROA, stock returns) used as signals of CEO ability in a two-period principal–agent model.	Salary is less sensitive to past performance , while bonus is quite sensitive to both current and (positively) past performance . Poor past performance leads to downward adjustment, especially in bonus, consistent with boards using past performance to update beliefs about CEO ability rather

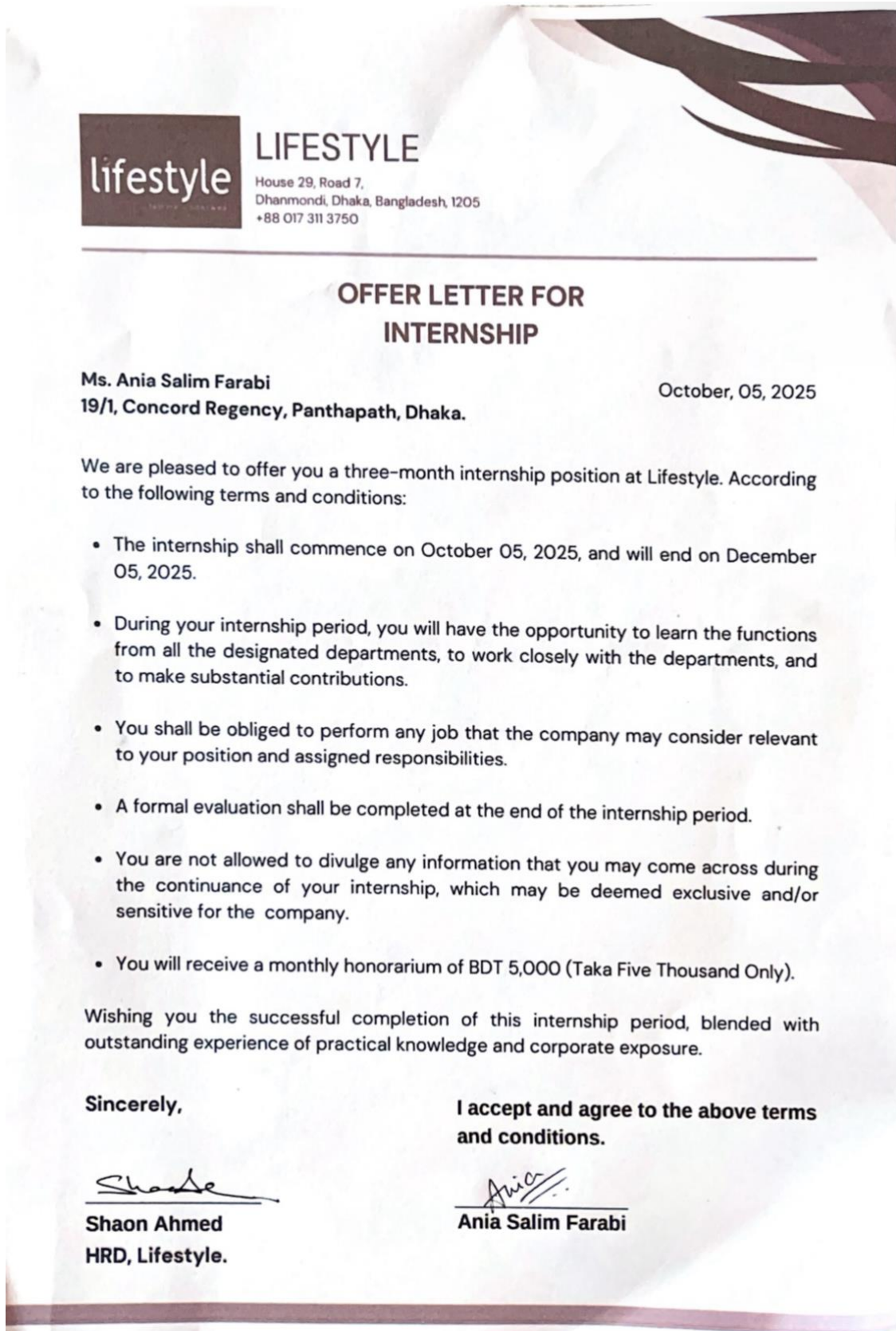
				than focusing only on current results.
Bank executive compensation structure, risk taking and the financial crisis	Lin Guo, Abu Jalal & Shahriar Khaksari, 2015, <i>Review of Quantitative Finance and Accounting</i> (Vol. 45, pp. 609–639)	Focus on the composition of executive pay – especially the shares of short-term and long-term incentive compensation (bonuses, stock, options) relative to total pay – across banks, including too-big-to-fail (TBTf) institutions, before and during the financial crisis.	Bank risk measured by Z-score, stock-return volatility , and whether a bank becomes a “problem” or failed institution around the crisis.	They find that higher shares of both short-term and long-term incentive pay are associated with higher risk (lower Z-scores, higher volatility) . Surprisingly, a greater proportion of incentive pay is also linked to a lower probability of becoming a problem/failed bank , suggesting that high-powered incentives can increase risk but may also be part of more disciplined, better-monitored banks, especially outside the worst cases.
Investor overconfidence and stock price crash risk	Hasibul Chowdhury, Khoa Hoang, Ronghong Huang, Xiaowen Peng & Suichen Xu,	No CEO compensation variable – the key “incentive” here is investor overconfidence , measured via an	Stock price crash risk (NSKEW, DUVOL, etc.), breaks in strings of earnings increases, and real/earnings-management	Firms with more overconfident investors have higher crash risk : managers, trying to cater to unrealistic expectations, withho

	2025, <i>Journal of Accounting Literature</i>	overconfidence index for fund managers holding the stock.	measures, for US firms 1988–2018.	Id bad news and overinvest , and such firms show more earnings-string breaks and more earnings management . The effect is stronger in overvalued firms and is mitigated by strong corporate governance.
CEO moral names and ESG performance: the “inverted U-shaped” moderating effect	Authors not clearly listed in open sources; 2024/2025 early-view article in <i>Chinese Management Studies</i> (CMS-12-2024-0944)	Main focus is CEO personal characteristic (a “moral-name” index based on meanings of Chinese given names), not pay. Compensation per se is not central; at most, CEO shareholding or incentives may enter as controls (details not visible in the public abstract).	ESG performance of Chinese firms (environmental, social and governance ratings).	The paper is designed to test whether CEO “moral names” have a non-linear (inverted-U) effect on the ESG–performance link – i.e., ESG performance initially improves as the CEO’s moral-name score rises, then eventually declines when the “moral” signalling is too strong. The precise coefficients are inside the paywalled article, but the advertised contribution is this inverted-U

				moderating pattern.
CEO hometown political influences and corporate investment	Andrew Joseph Schwartz, 2025, <i>International Journal of Managerial Finance</i>	No explicit CEO compensation measure – the central variable is Hometown Political Support Index (HPSI) , based on the political leanings of the CEO's birthplace relative to national vote shares. Compensation appears as controls (e.g., CEO ownership) rather than a main construct.	Corporate investment , especially investment–cash-flow sensitivity (CapEx scaled by assets vs cash flow), under different political environments.	High HPSI (CEO from a hometown politically aligned with the sitting president) is associated with higher investment–cash-flow sensitivity , particularly for CEOs who grew up in periods of strong economic growth. Interpretation: CEOs internalise optimistic beliefs from their hometown political environment, which shapes how aggressively they invest when internal cash is available.
Disciplinary effect of short selling: evidence from mergers and acquisitions	Hai Lin & Chang Yu, 2025, <i>China Accounting and Finance Review</i>	CEO incentive pay , especially equity-based compensation , enters as a key moderating variable: the disciplinary effect of short selling is stronger when CEOs have higher equity-based pay	Quality and value impact of M&A activity (value-destroying vs value-enhancing deals) and firm behaviour around the lifting of short-selling constraints (Regulation SHO pilot).	When short-selling constraints are relaxed, firms reduce value-destroying M&A , especially those with higher agency problems and higher CEO incentive pay . Interpretation: the threat of short selling disciplines

		(they are more sensitive to market valuation).		managers (who are equity-incentivised) and curbs empire-building acquisitions, even though the main instrument is market discipline rather than direct regulation of pay.
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