Banking Sector Update

March, 2026

Introduction

The banking sector of Bangladesh plays a pivotal role in driving the country's economic growth, financial inclusion, and industrial development. As the primary source of financing for businesses and individuals, banks remain the backbone of the financial system, accounting for major portion of total financial assets in the economy.

Over the past decade, Bangladesh's banking industry has expanded in terms of both assets and services. The sector now consists of 6 (six) state-owned commercial banks, 3 (three) specialized development banks, 33 (thirty three) private commercial banks including 10 (ten) full fledge Islamic banks, and 9 (nine) foreign commercial banks. Among these, private banks dominate in terms of deposits, lending, and profitability, while state-owned banks continue to serve large-scale government and public-sector enterprises.

After independence in December 1971, the banking system was in disarray: many branches were closed, professionals fled, and capital was scarce. To stabilize the system, the newly formed government nationalized all banks in 1972. Recognizing the limitations of state-owned banking, the government initiated financial reforms with support from the World Bank and IMF. The Financial Sector Reform Program (FSRP) in the 1980s introduced privatization, deregulation, and modernization. Several private commercial banks were established. This era also saw the entry of foreign banks and greater competition. The sector expanded rapidly with the rise of private banks, Islamic banking, and foreign bank branches. Technological innovation transformed the sector with the introduction of ATMs, online banking, mobile banking, agent banking, mobile financial services etc. Banking has become more inclusive, serving millions of rural households and SMEs.

For analytical purposes, private banks in Bangladesh are often categorized into five groups based on their year of establishment, referred to as generation-wise classification**.**

- First Generation: Includes 10 private banks established between 1972 and 1987.
- Second Generation: Covers 8 banks founded during 1992–1998.
- Third Generation: Refers to 12 banks established between 1999 and 2001.
- Fourth Generation: Consists of 9 commercial banks set up in 2013.
- Fifth Generation: Encompasses all remaining banks established after 2013.

The report is organized into two main sections. After a brief discussion of background issues, the first section examines the development and characteristics of deposits, analyzing trends by bank group, deposit type, sectoral composition, deposit size, and real interest rate movements. The second section focuses on the scenario of advances, covering key dimensions such as bank group distribution, economic purpose, non-performing loans (NPLs), gender classification, advance-to-deposit ratio, and interest rate structure.

I. Deposit Trends

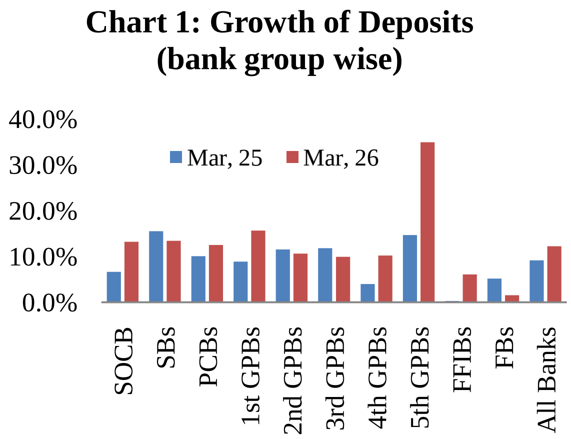
I.A Overall Scenario

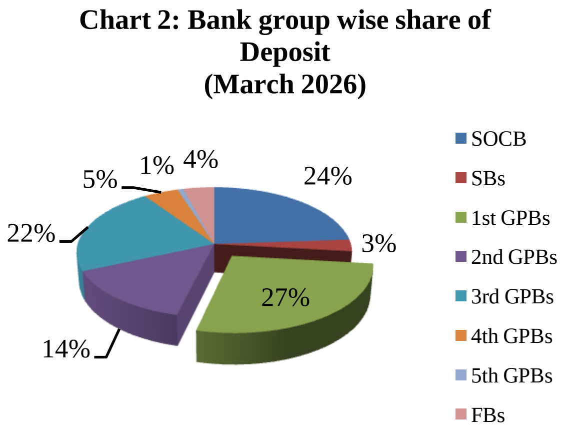
Deposits form the foundation of Bangladesh's banking system, serving as the primary source of funds for credit creation, investment, and overall financial intermediation. Over the past decade, Bangladesh has witnessed a consistent rise in bank deposits, driven by expanding financial inclusion, digital banking initiatives, and growing participation of both urban and rural savers. In continuation of this, the banking sector demonstrated strong deposit performance, with total outstanding deposits reaching Tk. 2,158.0 thousand crore at the end of March 2026, against 1,923.5 thousand crore in March 2025 reflecting sustained growth amid economic and policy challenges. This upward trend indicates that banks continued to attract new funds even under negative real interest rate conditions, as households increasingly preferred financial security and formal savings channels. Moreover, the steady increase was supported by stable financial intermediation, higher household savings, and consistent remittance inflows. Notably, first-generation private commercial banks and state-owned commercial banks played a leading role in driving this overall deposit growth. Together, these developments highlight the banking sector's resilience and its continued ability to mobilize deposits despite a moderately tightening macroeconomic environment.

Table 1: Bank group wise Outstanding Deposits

(Amount in thousand crore Tk.)

Type Of Banks	2025 Mar	2025 Dec	2026 Mar	% Changes	
1	2	3	4	4 over 2	4 over 3
State Owned Commercial Banks	455.9	495.2	516.1	13.2%	4.2%
Specialized Banks	54.7	57.5	62.0	13.4%	7.8%
Private Commercial Banks	1325.3	1460.2	1491.0	12.5%	2.1%
First Generation Banks (1972-1987)	504.8	567.0	583.9	15.7%	3.0%
Second Generation Banks (1992-1998)	283.3	309.2	313.3	10.6%	1.3%
Third Generation Banks (1999-2001)	434.3	469.1	477.3	9.9%	1.7%
Fourth Generation Banks (2013)	90.7	99.7	99.9	10.2%	0.2%
Fifth Generation Banks (2016-2021)	12.3	15.2	16.6	34.9%	9.0%
Full-Fledged Islamic Banks	376.2	398.9	399.0	6.1%	0.0%
Foreign Banks	87.6	87.6	88.9	1.5%	1.5%
All Banks	**1923.5**	**2100.5**	**2158.0**	**12.2%**	**2.7%**

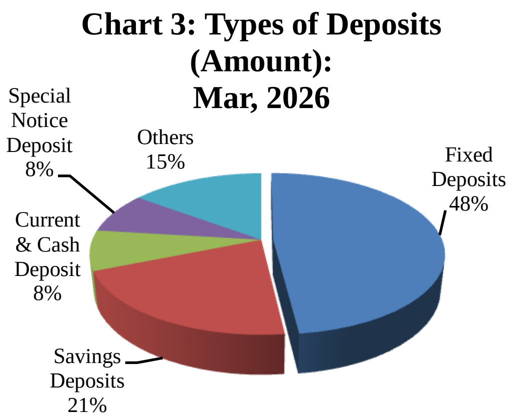


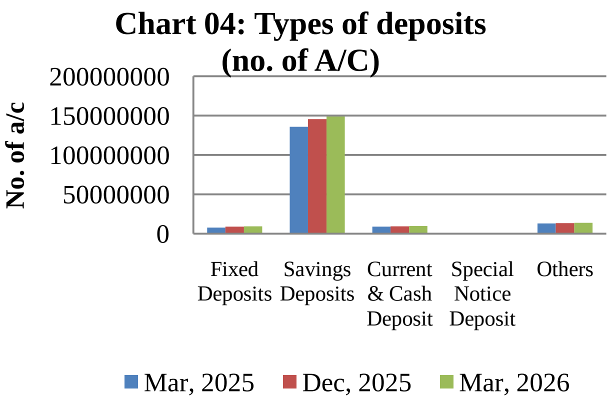


Within the private commercial banking segment, deposit growth patterns in March 2026 revealed contrasting dynamics between established and emerging institutions. First-generation private commercial banks recorded a notably strong growth rate of 15.7 percent in Mar 2026 compare to same period of previous year, accompanied by the highest market share of 27 percent, indicating that well-established institutions continue to consolidate and expand their deposit bases. In contrast, fifth-generation banks, despite holding the smallest market share of only 1 percent, achieved the highest growth rate of 34.9 percent, reflecting the rapid expansion and growing competitiveness of newer entrants in the banking sector. These divergent performances highlight a dual trend in the sector where mature banks sustain stability and scale, while newer banks drive momentum through aggressive deposit mobilization and market expansion.

I.B Deposits by Types of Accounts

In March 2026, the composition of bank deposits in Bangladesh reflected a strong preference for long-term savings instruments, indicating both depositor confidence and evolving portfolio behavior within the banking sector. The deposit was dominated by fixed deposits (48 percent), followed by savings deposits (21 percent). The structure indicates depositor confidence in the long-term banking system but highlights a potential liquidity challenge due to a relatively small share of current and SND deposits (Chart 3 & 4). The data shows that, fixed deposits remain the backbone of the banking system, showing depositor preference for long-term, stable investment. Savings deposits also hold a significant portion, reflecting





broad household participation in banking. Current/cash and SND deposits are relatively low, suggesting limited short-term liquidity accounts. The number of accounts data shows that saving deposit accounts dominate numerically, although fixed deposits carry the largest monetary value. This illustrates a classic feature of retail banking: a large pool of small savers supplying liquidity, while a smaller number of high-value depositors contribute disproportionately to total deposit volume. From a financial inclusion perspective, the large number of savings accounts indicates wide participation in formal banking services. However, reliance on a small segment of high-value depositors for volume introduces concentration risk, making liability management sensitive to the withdrawal behavior of a limited group.

I.C Sector wise Deposits

At the end of March 2026, the deposit base of Bangladesh's banking sector remained predominantly concentrated in the private sector, reflecting the central role of households and private institutions in sustaining financial intermediation. Private sector deposits accounted for 83 percent of the total, of which household deposits alone constituted 56 percent - underscoring the dominance of individual savings in the banking system. Other private entities, including private corporations, financial auxiliaries, and non-profit institutions, contributed 27 percent. In contrast, the public sector, comprising both government and other public entities, held the remaining 17 percent (5 percent and 12 percent, respectively). The number of household deposit accounts increased significantly from 15.5 crore in March 2025 to 17.1 crore in March 2026, marking an 10.3 percent rise, while the total household deposit volume grew from Tk. 1,061.8 thousand crore to Tk. 1,216.6 thousand crore. This expansion demonstrates both quantitative and qualitative growth

Chart 5: Deposits Distributed by Sectors

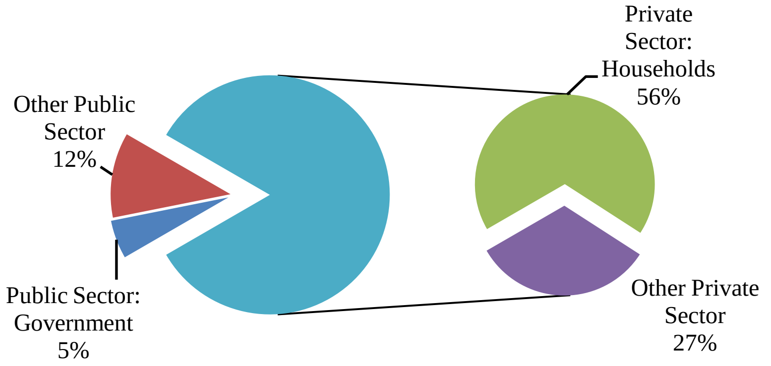


Chart 6: Deposits Distributed by Size (account number) Mar, 2026

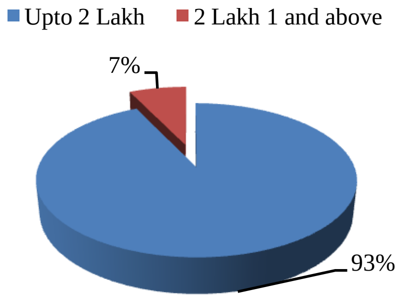
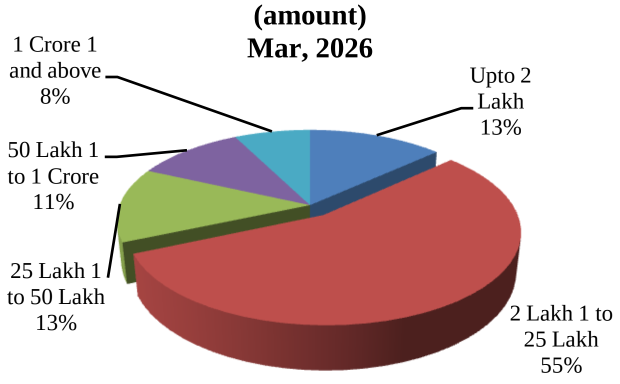


Chart 7: Deposits Distributed by Size (amount) Mar, 2026



in the household banking base. The data also reveal that deposits are heavily concentrated in small value accounts, signifying broad-based financial inclusion. Accounts up to Tk. 2 lakh rose from 14.9 crore to 16.2 crore, while deposits between Tk. 2 lakh and Tk. 25 lakh increased from Tk. 574.9 thousand crore to Tk. 673.5 thousand crore: indicating a rising middle class saving capacity. The number of very large accounts (above Tk. 25 crore) rised, suggesting a redistribution of deposits toward larger holders and greater diversification of the overall base. Taken together, these trends highlight that Bangladesh's deposit structure is increasingly driven by retail and middle tier savers, reflecting the success of inclusive and digital banking initiatives while emphasizing the need for sustained depositor confidence and prudent interest rate management.

Table 2: Households (Individual Customers) Deposits Distributed by Size of Amounts

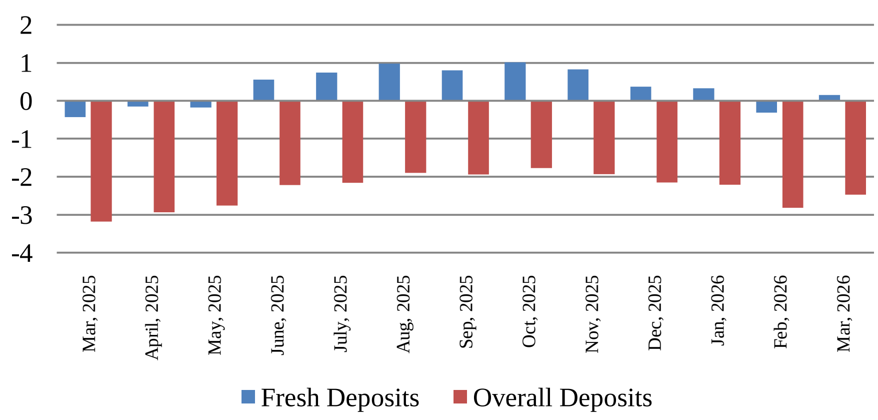
(amount in thousand crore Tk.)

Account Size Range Name	2025 Mar		2025 Dec		2026 Mar	
	No. of Accounts	Deposit amount	No. of Accounts	Deposit amount	No. of Accounts	Deposit amount
Upto 2 Lakh	144,846,316	149.2	154,827,057	156.7	158,873,406	161.6
2 Lakh 1 to 25 Lakh	9,785,608	574.9	11,146,478	652.2	11,512,815	673.5
25 Lakh 1 to 50 Lakh	388,689	140.4	434,627	157.3	447,255	161.6
50 Lakh 1 to 1 Crore	165,480	114.8	181,767	126.3	184,834	128.6
1 Crore 1 to 25 Crore	35,005	77.8	38,316	83.1	40,527	86.2
25 Crore 1 to 50 Crore	76	2.6	107	3.9	103	3.7
50 Crore 1 and above	22	2.2	13	1.2	15	1.5
Total	**155,221,196**	**1,061.8**	**166,628,365**	**1,180.6**	**171,058,955**	**1,216.6**

I.D Real Interest Rate for Deposits

The real interest rate on deposits reflects the actual return on savings after adjusting for inflation. As shown in Chart 8, the real interest rate on deposits remained negative, although the rate on fresh deposits turned positive in June 2025 and neared zero by the end of March 2026. Despite these low or near-zero real returns, overall deposit growth continued to rise, suggesting that savers prioritized financial safety, accessibility, and remittance-related inflows over purely return-driven motivations. This resilience in deposit behavior indicates strong confidence in the formal

Chart 8: Real Interest Rate for Deposits



banking system even amid limited real gains. Overall, the persistence of deposit growth amid negative real returns underscores the public's enduring confidence in the formal banking system and highlights the role of non-return factors in shaping saving behavior.

II. Advance Trends

II.A Overall Scenario

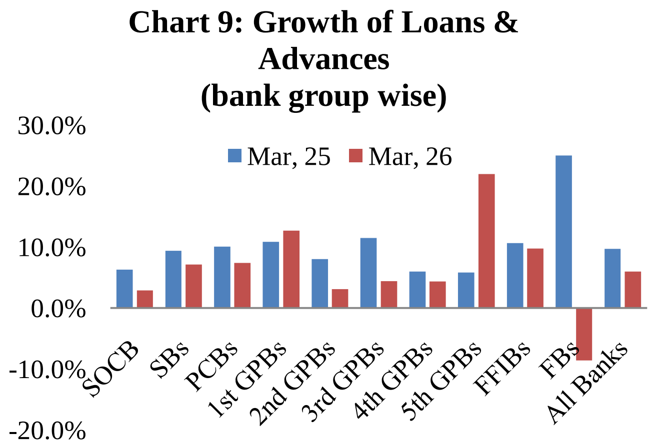
The advance scenario of Bangladesh's banking sector reflects the overall credit dynamics that underpin the country's economic performance. Advances, comprising loans and other credit facilities extended by banks, play a pivotal role in financing productive sectors such as industry, trade, construction, and agriculture. The banking sector also has witnessed a consistent upward trend in total outstanding loan as like as deposits. At the end of March 2026, bank loans and advances had reached to Tk. 1,783.9 thousand crore against 1,712.6 thousand crore at the end of March 2025. While the overall growth rate slightly decelerated, a rapid deterioration in asset quality has shown, signaling aggressive lending and insufficient borrower assessment in the past.

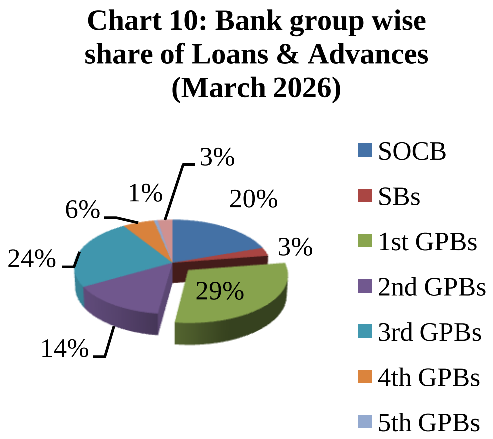
Table 3: Bank group-wise Outstanding Loans & Advances

(Amount in thousand crore Tk.)

Type Of Banks	2025 March	2025 Dec	2026 Mar	% Changes	
1	2	3	4	4 over 2	4 over 3
State Owned Commercial Banks	342.7	353.4	351.6	2.6%	-0.5%
Specialized Banks	47.6	50.4	51.1	7.4%	1.5%
Private Commercial Banks	1269.0	1327.5	1333.7	5.1%	0.5%
First Generation Banks (1972-1987)	493.4	521.0	528.3	7.1%	1.4%
Second Generation Banks (1992-1998)	253.3	261.7	260.5	2.9%	-0.4%
Third Generation Banks (1999-2001)	414.3	431.9	431.6	4.2%	-0.1%
Fourth Generation Banks (2013)	98.3	101.8	101.4	3.2%	-0.3%
Fifth Generation Banks (2016-2021)	9.7	11.0	11.8	21.4%	7.3%
Full-Fledged Islamic Banks	459.2	478.4	480.0	4.5%	0.3%
Foreign Banks	53.3	46.1	47.5	-10.9%	3.0%
All Banks	**1712.6**	**1777.3**	**1783.9**	4.2%	0.4%

At the end of March 2026, the first-generation private commercial banks exhibited a notable 7.1 percent growth in their loan portfolios, maintaining a dominant market share of 29 percent reflecting their continued capacity to disburse credit efficiently. Second and third generation private commercial banks recorded modest growth rates of 2.9 percent and 4.2 percent respectively, suggesting a more conservative lending stance. In contrast, state-owned

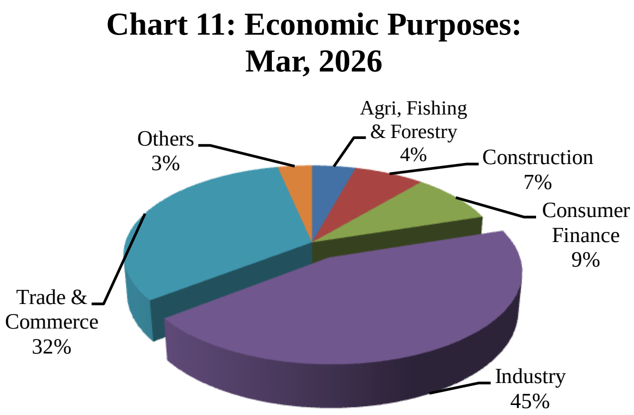


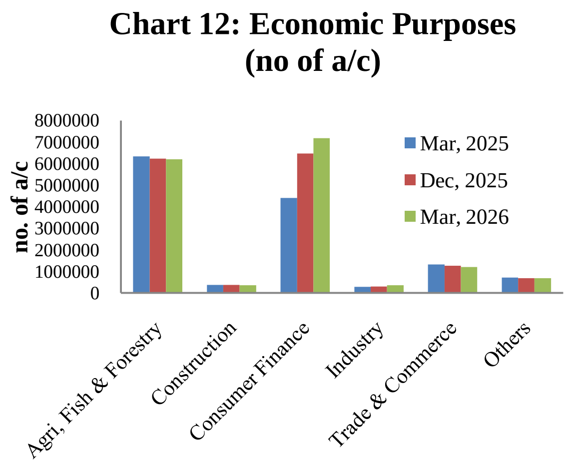


commercial banks traced more conservative growth rates of 2.6 percent. Meanwhile, foreign banks, despite their insignificant 3% market share**,** contracted their loan portfolios by 10.9 percent relative to March 2025. This contraction indicates the prevalence of tighter credit conditions and heightened risk aversion, as these institutions adopt more cautious lending strategies amid evolving market uncertainties.

II.B Economic purpose-wise loans and advances

The economic purpose-wise distribution of bank credit in Bangladesh reveals a strong concentration in industry and trade, reflecting the economy's production and commerce driven growth pattern. Chart 11 illustrates that industry (45 percent) and trade & commerce (32 percent) dominate the allocation of bank credit, jointly accounting for 77 percent of total loans**.** Consumer finance (9 percent) and construction (7 percent) follow as secondary sectors, while agriculture, forestry, and fishing comprise a marginal 4 percent share**.** This composition





underscores the industrial and commercial orientation of Bangladesh's credit portfolio, with limited diversification toward primary sectors.

The number of loan accounts is overwhelmingly concentrated in small-ticket retail segments such as agriculture, rural trading, household enterprises, and consumer finance loans. This dichotomy shows that many small accounts but high concentration of loan value in industry reflects a dual-structured credit system, where corporate lending drives the monetary size, but household/SME segments drive the volume.

II.C Trends of Non-Performing Loans (NPLs)

NPLs indicate deterioration in asset quality and represent credit risk exposure for banks. A high NPL ratio reflects weaknesses in loan management, borrower repayment capacity, or overall economic conditions, while effective control of NPLs is essential for maintaining financial stability and banking sector soundness. The rising NPL ratio in banking sector is alarming: from 24.6 percent in March 2025 to 31.2 percent in December 2025 and 32.7 percent in March 2026 (Table 4). Islamic banks and state-owned banks are particularly vulnerable, signaling weak credit discipline and possible governance issues. Foreign banks, in contrast, maintain very low default levels, reflecting stricter risk management. In case of private commercial generation-wise, first and fourth generation banks show the highest descent, second generation banks show lower; while fifth generation banks and foreign banks maintain stable, low NPL ratios. On the other hand, second-generation banks moved against the overall market trend by growing their NPL ratio from 18.2 percent in December 2025 to 19.2 percent in March 2026.

Table 4: Bank group wise as percent of Classified Loans & Advances to Outstanding

Type Of Banks	2025 March	2025 Dec	2026 March
1	2	3	4
State Owned Commercial Banks	41.4%	41.9%	42.0%
Specialized Banks	13.5%	36.8%	37.5%
Private Commercial Banks	21.3%	29.1%	31.0%
First Generation Banks (1972-1987)	27.6%	31.5%	34.4%
Second Generation Banks (1992-1998)	14.1%	18.2%	19.2%
Third Generation Banks (1999-2001)	13.0%	28.2%	29.8%
Fourth Generation Banks (2013)	44.4%	51.1%	52.2%
Fifth Generation Banks (2016-2021)	5.0%	2.5%	5.1%
Full-Fledged Islamic Banks	29.2%	56.5%	58.4%
Foreign Banks	5.8%	5.9%	6.3%
All Banks	**24.6%**	**31.2%**	**32.7%**

Classified loan ratios increased across all industries, with trade, agriculture, and industry facing the highest risks. 44.5 percent of total loans are accumulated in industry (term loan and working capital) sector with 31.9 percent classified loans whereas 32.0 percent of total loans are distributed in trade & commerce sector with 43.8 percent classified loans. This indicates deep-rooted stress in the real economy, possibly due to global economic challenges, and weak financial discipline.

Table 5: Major Industry-wise Classified Loans & Advances

Major Industry Group	2025		2025		2025	
	Mar		Dec		Mar	
	% of total loan	% of classified Loan	% of total loan	% of classified Loan	% of total loan	% of classified Loan
Agriculture, Fishing and Forestry	4.2%	13.3%	4.4%	28.2%	4.3%	29.9%
Construction	7.2%	22.5%	7.0%	26.7%	6.9%	29.9%
Consumer Finance	8.6%	5.5%	8.5%	3.0%	8.9%	7.1%
Industry	42.4%	27.4%	43.0%	30.8%	44.5%	31.9%
Miscellaneous	1.0%	7.0%	0.9%	9.2%	0.9%	9.9%
Other Institutional Loan	2.0%	9.1%	2.0%	9.7%	2.0%	15.3%
Trade & Commerce	33.9%	29.3%	33.5%	42.5%	32.0%	43.8%
Transport	0.6%	18.1%	0.6%	23.2%	0.5%	25.7%
Total	**100.0%**	**24.6%**	**100.0%**	**31.2%**	**100.0%**	**32.7%**

The classification ratio of loans has increased significantly across all lending ranges from March 2025 to March 2026, reflecting a growing stress in loan portfolios, particularly for large exposures. Loans above 50 crore experienced a sharp increase in classification from 35.2 percent to 42.5 percent, while the 40–50 crore range also saw a surge from 27.5 percent to 44.7 percent. Even smaller ranges showed notable deterioration, with the up to 1 crore category rising from 11.6 percent to 15.0 percent.

Table 6a: Total Loans & Classified Loans Disbursed by Size of Loan (amount)

(Amount in thousand crore Tk.)

Range of Amount	Mar, 2025		Dec, 2025		Mar, 2026	
	Total Loan	% of CL	Total Loan	% of CL	Total Loan	% of CL
Up to 1 crore	401.9	11.6%	414.6	13.9%	409.9	15.0%
1 crore 1 to 10 crore	372.6	21.8%	364	24.4%	360.5	26.6%
10 crore 1 to 20 crore	170.5	25.9%	175.8	43.6%	175.6	45.1%
20 crore 1 to 30 crore	103.9	27.0%	107.3	35.4%	109.1	35.7%
30 Crore 1 and 40 Crore	79.0	26.4%	83.6	38.7%	85.1	38.9%
40 Crore 1 to 50 Crore	64.3	27.5%	70.1	43.0%	67.9	44.7%
50 Crore 1 and above	520.4	35.2%	562.0	41.3%	575.6	42.5%
Grand total	**1712.6**	**24.6%**	**1777.4**	**31.2%**	**1783.7**	**32.7%**

The trend across ranges indicates that credit quality issues are widespread but disproportionately higher for large corporate loans. The banking crisis is primarily driven by "willful defaulters" and large corporate groups rather than small individual borrowers. This pattern may suggest weaknesses in credit appraisal and monitoring systems for high-value loans or the impact of sectoral and macroeconomic shocks affecting large borrowers.

Table 6b: Classified Loan Distributed by Size of Loan (no. of A/C)

Range of Amount	No. of classified loan account	
	Mar, 2025	Mar, 2026
Up to 1 crore	2,163,323	4,543,485
1 crore 1 to 10 crore	25,477	28,501
10 crore 1 to 20 crore	3,336	6,186
20 crore 1 to 30 crore	1,125	1,574
30 Crore 1 and 40 Crore	605	952
40 Crore 1 to 50 Crore	392	669
50 Crore 1 and above	1,478	2,035
Grand total	**2,195,736**	**4,583,402**

Classified loan accounts more than doubled from 2.2 million to 4.6 million between March 2025 and March 2026. The increase was most dramatic in the up to 1 crore segment. This indicates a mass retail-level deterioration, which can stem from rising cost of living and household indebtedness, slowdown in SME activity and weak repayment capacity in agricultural and small-trading segments. Although high-value defaults create larger monetary shocks, the explosion in small-account defaults is a warning sign of widespread financial stress.

Based on Table 7, the distribution of classified loans across industry scales reveals persistent asset quality challenges within the banking sector, with notable concentration risks in large enterprises and elevated delinquency rates among CMSME segments.

Table 7: Major Industry scale-wise Classified Loans & Advances

Types of Industries	2025		2026	
	Dec		Mar	
	% of total loan	% classified loan	% of total loan	% classified loan
Informal/ Non Institutional/ Marginal	0.0%	8.3%	0.0%	9.1%
Cottage	0.2%	47.8%	0.2%	52.8%
Micro	1.8%	14.7%	1.8%	18.4%
Small	12.9%	32.8%	12.1%	34.0%
Medium	7.2%	38.1%	7.3%	37.8%
Large	57.8%	38.0%	58.7%	39.1%
Others	20.0%	9.5%	19.9%	12.4%
Total	**100.0%**	**31.2%**	**100.0%**	**32.7%**
of which CMSME and informal	*22.1%*	*33.1%*	*21.4%*	*34.2%*

The Large Industry segment remains the dominant source of credit risk, accounting for 58.7% of total loans and 39.1% classified loan ratio, making it the largest contributor to banking sector NPLs. Cottage industries continue to exhibit the highest vulnerability with a classified loan ratio of 52.8%, reflecting severe repayment stress among the smallest business entities. The combined CMSME and Informal sectors represent 21.4% of total loans but account for 34.2% classified loans, indicating disproportionate credit quality concerns in these segments.

II.D Trends of Advance Deposit Ratio

The advance-deposit ratio (ADR) measures how much of deposits are being used for lending, reflecting credit risk and liquidity balance. At the end of March 2026, the overall Advance-to-Deposit Ratio (ADR) of Bangladesh's banking sector declined compare to March 2025, indicating a shift towards liquidity accumulation and tightening regulatory requirements and heightened credit risk. Islamic banks continued to exhibit overexposure, with ADRs more than 120 percent, raising concerns about potential liquidity stress and over-lending tendencies.

Similarly, several fourth-generation banks maintained ADRs above 100 percent, reflecting their aggressive credit expansion strategies aimed at rapid portfolio growth. In contrast, foreign banks adopted a more cautious approach, keeping their ADRs relatively low and thereby sustaining adequate liquidity buffers and risk resilience. Overall, declining ADR across the banking system signals the improvement of liquidity buffers, possibly at the cost of declining credit momentum.

Table 8: Bank Group wise Advance Deposit Ratio (ADR)

Type Of Banks	2025	2025	2026
	Mar	**Dec**	**Mar**
1	2	3	4
State Owned Commercial Banks	75.2	71.4	68.1
Specialized Banks	87.0	87.6	82.4
Private Commercial Banks	95.8	90.9	89.5
First Generation Banks (1972-1987)	97.7	91.9	90.5
Second Generation Banks (1992-1998)	89.4	84.6	83.2
Third Generation Banks (1999-2001)	95.4	92.1	90.4
Fourth Generation Banks (2013)	108.4	102.1	101.6
Fifth Generation Banks (2016-2021)	78.9	72.2	71.1
Full-Fledged Islamic Banks	122.1	119.9	120.3
Foreign Banks	60.9	52.7	53.4
All Banks	**89.0**	**84.6**	**82.7**

II.E Classification by Gender

Bangladesh, having an inspirational trajectory towards women's empowerment, has set a precedent for women to become economically independent, reduce gender gap and make substantial contributions to the prosperity of the country. It enables the opportunity for financial services, advances financial literacy, and encourages women to start their businesses. It has been made significant strides in promoting women's financial inclusion through scheduled banks: more than one third of deposit portion of market is contributed by women.

Table 9: Gender Statistics: at a Glance

(Account no. in thousand & figure in thousand crore Tk.)

Particulars	**Mar, 2025**	**Dec, 2025**	**Mar, 2026**
Number of deposit accounts (household)	155,221	166,628	171,059
% of women account	37.8%	*38.5%*	*38.6%*
Outstanding deposits	1,062	1,181	1,217
% of women account	32.8%	*33.9%*	*33.5%*
Number of loan accounts (household)	11,575	13,475	14,166
% of women account	20.0%	*18.6%*	*18.4%*
Outstanding loans and advances	244	246	252
% of women account	20.4%	*20.7%*	*20.5%*

On the other hand, lending case is lower but a momentous contribution of women for number of loans accounts and outstanding loan amount with 18.4 percent and 20.5 percent respectively.

II. F Interest Rate Spread

At the end of March 2026, overall deposit rate, advance rate and overall spread stable (Chart 13). Fresh deposit rate shows higher rate than overall inflation (point to point basis) while fresh spread (using fresh deposits and fresh loans) shows much lower than overall spread. While the stable spread supports banking sector earnings, low deposit rates compared to inflation discourage savings, and high lending rates create pressure on businesses and households, especially SMEs.

Overall spread shows that banks remain profitable, but higher fresh deposit returns risk with high lending costs may suppress the profit in near future. Also higher rate of lending rate will gradual reduce private sector growth. Balancing profitability with financial inclusion remains a key policy challenge.

Chart 13a: Interest Rate and Inflation

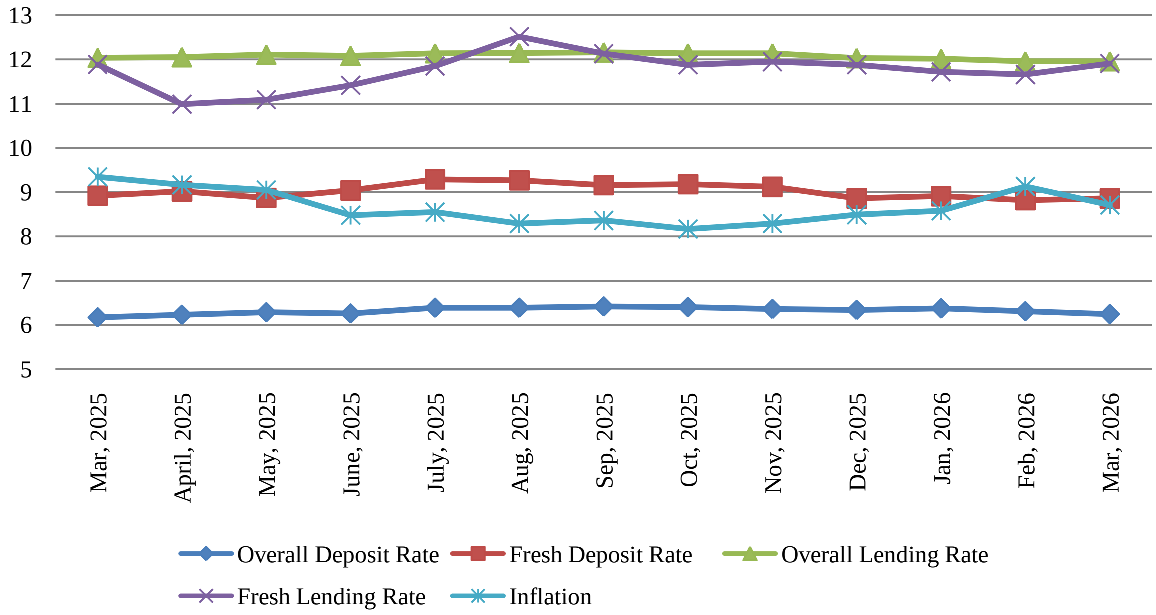
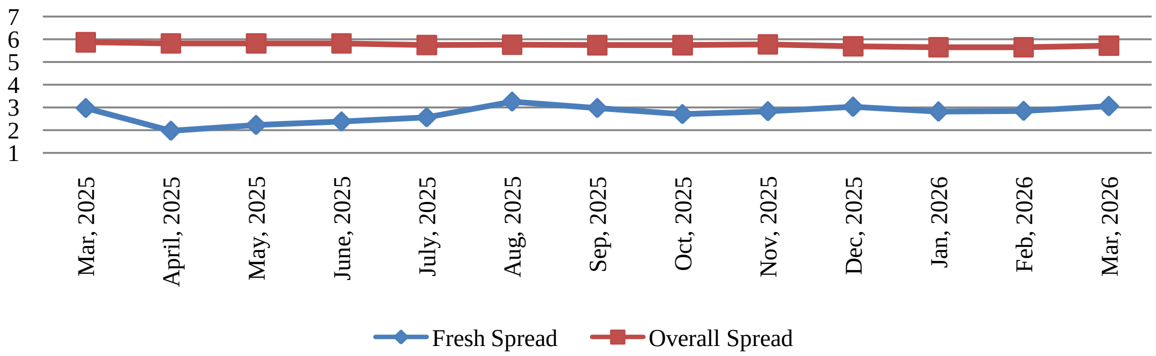


Chart 13b: Fresh and Overall Spread



Conclusion

The Bangladesh banking sector in March 2026 shows a dual picture**:**

- **Strengths:** Consistent growth in deposits, robust participation from household savers, a gradual decline in the overall Advance–Deposit Ratio (ADR), and sustained profitability supported by interest spreads.
- **Weaknesses:** Rapidly rising classified loans; signs of over-lending are evident in Islamic banks and fourth-generation private commercial banks; and depositors continue to experience near to zero real returns.

To sustain stability and growth, the sector must urgently address NPLs, enforce ADR discipline, and balance interest rates to protect depositors while promoting affordable credit. Without these corrective measures, current vulnerabilities could evolve into systemic risks, undermining financial stability and economic development.

The report is prepared by Banking Statistics Division, Statistics Department, Bangladesh Bank. Comments and suggestions may be sent to: Director, Statistics Department (e-mail: directorbanking.statistics@bb.org.bd); Shehan Uddin Khan, Additional Director (e-mail: shehan.khan@bb.org.bd).