

Quarterly Financial Stability Assessment Report

**Issue: 33, 2025 (III)
July-September 2025**



Bangladesh Bank

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- *The report is based on data and information available as of end-September 2025, unless stated otherwise.*
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Financial Stability Department
Bangladesh Bank

Quarterly

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Acronyms

ADR	Advance-to-Deposit Ratio
BB	Bangladesh Bank
BDT	Bangladeshi Taka
BRICS	Brazil, Russia, India, China and South Africa
BRPD	Banking Regulation and Policy Department
CAR	Capital Adequacy Ratio
CASPI	CSE All Share Price Index
CCB	Capital Conservation Buffer
CPI	Consumer Price Index
CRAR	Capital to Risk-weighted Asset Ratio
CRR	Cash Reserve Ratio
CSE	Chittagong Stock Exchange
CSE30	CSE 30 Index
CSI	CSE Shari'ah Index
CY	Calendar Year
DAX	Deutscher Aktienindex (German stock index)
DF	Doubtful
DFIM	Department of Financial Institutions and Markets
DOS	Department of Off-site Supervision
DSE	Dhaka Stock Exchange
DSES	DSEX Shari'ah Index
DS30	DSE 30 Index
DSEX	DSE Broad Index
DJIA	Dow Jones Industrial Average
FE	Foreign Exchange
FCBs	Foreign Commercial Banks
FCs	Financial Companies
FoB	Free on Board
FSD	Financial Stability Department
FSV	Forced Sale Value
FTSE	Financial Times Stock Exchange
FY	Fiscal Year
GDP	Gross Domestic Product
IBs	Islami Banks
IMF	International Monetary Fund
LCR	Liquidity Coverage Ratio
MSCI	Morgan Stanley Capital International
NASDAQ	Monetary Policy Department
NPL	Non-performing Loan
NSFR	Net Stable Funding Ratio
OECD	Organization for Economic Co-operation and Development
PCBs	Private Commercial Banks
P/E Ratio	Price-Earnings Ratio
ROA	Return on Assets
ROE	Return on Equity
RWA	Risk Weighted Assets
SOCBs	State-owned Commercial Banks

SDBs	Specialized Development Banks
SLR	Statutory Liquidity Requirement
SS	Sub-Standard
USA	United States of America
USD	US Dollar
UK	United Kingdom

Executive Summary

This report presents Bangladesh Bank's assessment of the resilience of country's financial system to various risks and vulnerabilities during the July-September quarter of 2025. It also covers a range of factors influencing the stability of the domestic financial system.

The global economy remained stable in Q3 2025 despite ongoing geopolitical tensions across the world, with robust growth in emerging Asian economies compensating for weaker performance in advanced economies. Lower energy prices contributed to lower inflation, and several central banks cut policy rates, spurring gains in equity markets.

Bangladesh's economic recovery gained further traction amid continued fiscal and external challenges. Real GDP grew to 4.50 percent during the quarter, up from 2.47 percent in the previous quarter, supported by strong remittances inflows and export performance. Headline inflation eased to 8.36 percent, while gross reserves reached USD 31.43 billion, covering around 5.3 months of imports. The trade deficit widened as imports growth outpaced exports. Monetary policy remained tight, government borrowing increased significantly, and the BDT appreciated modestly compared to the previous quarter.

The banking sector's performance was mixed. Total assets increased slightly by 1.22 percent to BDT 28,099.18 billion, but asset quality weakened further. The Non-Performing Loan (NPL) ratio climbed to 35.73 percent from 34.40 percent in June 2025. The provision maintenance ratio rose to 27.24 percent from 12.79 percent. Profitability improved somewhat, but Return on Assets (ROA) and Return on Equity (ROE) remained negative at -0.54 percent and -15.10 percent, respectively. In terms of liquidity, both the Liquidity Coverage Ratio and Net Stable Funding Ratio stayed above regulatory thresholds.

Stress test revealed that the banking sector remained highly vulnerable to potential shocks as of September 2025. The pre-shock Capital Adequacy Ratio (CAR) stood at 1.56 percent, and it further declined under all tested credit and market shock scenarios. The default of the two largest borrowers posed the greatest threat to capital adequacy, followed by increase in the NPL ratio and collateral erosion. In a combined scenario aggregating all credit and market shocks, the sector's CRAR would fall to -1.18 percent. Liquidity stress tests showed that 18 banks would not withstand a five-day consecutive excess deposit withdrawal scenario.

Finance companies (FCs) saw modest asset growth but continued to struggle with losses and deteriorating loan quality. Their total assets grew to BDT 1,052.41 billion, a 0.66 percent increase from end-June 2025. Profitability remained weak, with aggregate ROA at -2.54 percent, a slight improvement over the prior quarter. Asset quality worsened, with the NPL ratio rising to 37.11 percent. The core capital ratio fell to -24.40 percent, down 0.50 percentage points from the previous quarter, and the CAR declined further. FCs continued to face a shortfall in their Cash Reserve Ratio (CRR), though the Statutory Liquidity Ratio (SLR) remained well above requirements.

Capital markets globally and in Bangladesh performed positively. The Dhaka Stock Exchange (DSE) saw substantial increase in market capitalization and turnover, while the Chittagong Stock Exchange (CSE) also experienced higher turnover. Despite these gains, short-term risks to banking sector stability remain limited as banks' exposure to the capital market is well below regulatory limits. Nevertheless, banks should closely monitor market volatility and its potential impact on banking income.

Bangladesh Bank (BB) has introduced several measures to promote financial stability. These include circulars on offering policy support to distressed borrowers for business restructuring. Shariah Supervisory Committees, internal credit risk rating systems, and guidelines for bank boards. Additional directives were issued regarding the retention of export proceeds, and financing for startups to further bolster the financial system's stability.

CHAPTER 1: MACROECONOMIC DEVELOPMENTS

1.1 GLOBAL MACROECONOMIC SITUATION

The global economy held steady in the third quarter of 2025, despite persistent geopolitical tensions and policy uncertainty, especially from US tariff shocks. Regional growth varied. Advanced economies generally saw modest, uneven progress, while emerging Asian economies remained robust and supported the global economy. Energy and commodity prices fell, easing inflation. Several major central banks loosened monetary policy, supporting growth. Nevertheless, protectionism, geopolitical risks, and continued uncertainties posed significant downside risks to global output, trade, and financial stability.

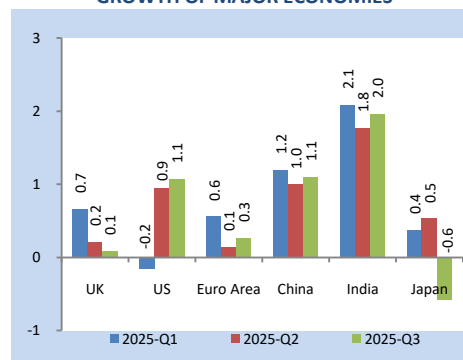
1.1.1 Global GDP Growth

Global output in the third quarter of 2025 continued to display significant regional divergences. Advanced economies showed mixed performance, with the United Kingdom recording growth of only 0.1 percent, while Japan experienced negative growth. Besides, the Euro Area showed signs of modest improvement, expanding from 0.1 percent to 0.3 percent (Chart 1.1).

In contrast, the United States maintained strong momentum with

growth of 1.1 percent, building on the 0.9 percent expansion in Q2. Major emerging Asian economies remained resilient: India's GDP grew robustly by 2.0 percent, supported by sustained domestic demand and investment. China's economy accelerated to 1.1 percent growth, benefiting from continued trade acceleration.

CHART 1.1: QUARTERLY GDP GROWTH OF MAJOR ECONOMIES

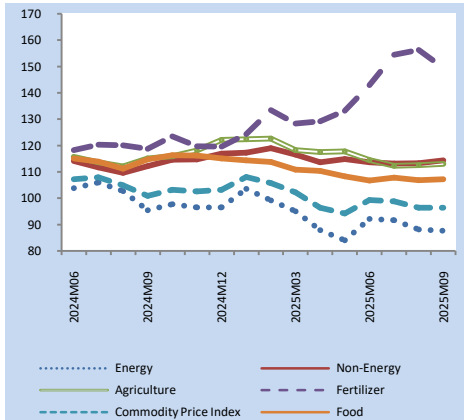


Source: OECD.

1.1.2 Global Inflation

Commodity markets continued to exhibit divergent trends in Q3 2025. Energy prices maintained their downward trend, while non-energy prices edged up marginally. Food prices increased modestly, while agricultural commodity prices continued to decline. Fertilizer prices ended higher at 149.46. Overall, the composite commodity price index declined moderately during the review quarter, from 99.27 to 96.42 (Chart 1.2).

CHART 1.2: COMMODITY PRICE INDEX



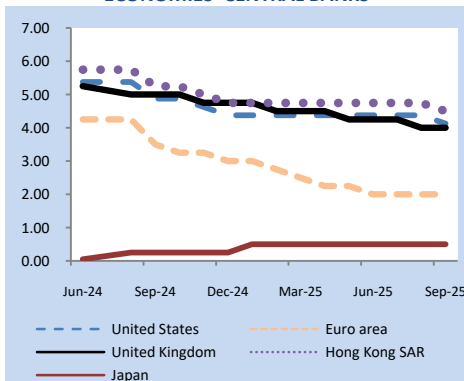
Note: Index base was 100 in the year 2010.
Source: World Bank.

1.1.3 Global Financial Condition

1.1.3.1 Global Monetary Policy Response

Monetary policy in advanced economies continued to ease during the third quarter of 2025. The United States, the United Kingdom, and Hong Kong SAR each lowered their policy rates by 25 basis points, while the Euro Area and Japan maintained their policy rates unchanged throughout the period (Chart 1.3).

CHART 1.3: POLICY RATES OF ADVANCED ECONOMIES' CENTRAL BANKS



Source: BIS.

Among the BRICS economies, policy rate movements showed heterogeneity during the review period. Russia executed a substantial easing, cutting its policy rate by 300 basis points, while South Africa implemented a 25-basis-point reduction. Brazil, India, and China kept their benchmark rates unchanged during the quarter (Chart 1.4).

CHART 1.4: POLICY RATES OF BRICS' CENTRAL BANKS

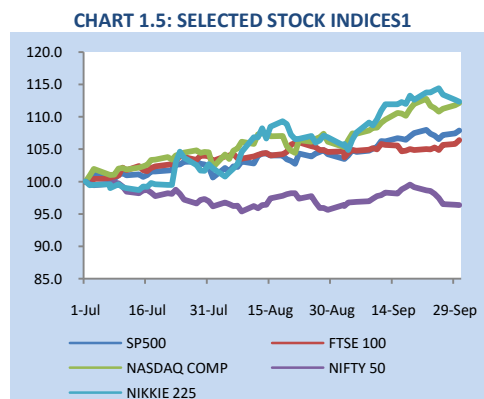


Source: BIS.

1.1.3.2 Global Equity Market

Equity markets in the third quarter of 2025 displayed a mixed but generally positive performance amid moderating inflation and continued monetary policy easing in several advanced economies. While major indices experienced early-quarter volatility, including a mid-August dip, the market recovered strongly in September.

Notably, the Nikkei 225 and NASDAQ Composite led the gains, both reaching new highs by late September, whereas the S&P 500 posted steady upward momentum. In contrast, the FTSE 100 remained relatively stable, with modest gains, and India’s Nifty 50 showed limited upside, ending the quarter slightly lower (Chart 1.5). Overall, thanks to improved investor sentiment and reduced trade-related uncertainty, global equities posted solid quarterly gains across most major indices.

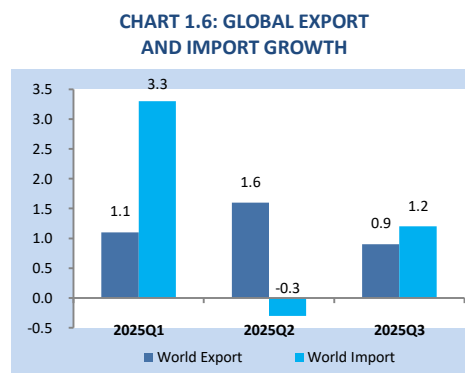


Note: Index base was 100 as on 01 July 2025.
Source: The Wall Street Journal, FSD Calculation.

1.1.4 Global Trade and Production

World exports grew by 0.9 percent in Q3 2025, marking a further slowdown from the previous

quarters, while imports increased by 1.2 percent, continuing their modest recovery. This emerging pattern of imports outpacing exports points to strengthening domestic demand in major economies amid lingering inventory adjustments and shifting trade dynamics (Chart 1.6).

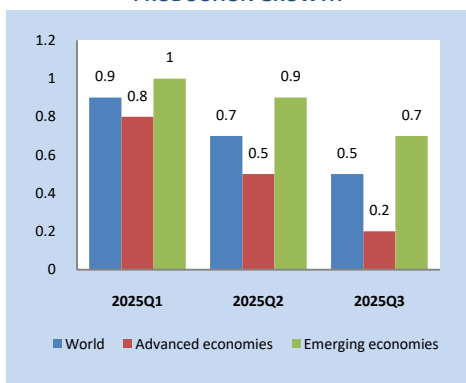


Note: Volumes (s.a.); Merchandise Trade.
Source: CPB World Trade Monitor.

Global industrial production grew by 0.5 percent in Q3 2025, decelerating from the 0.7 percent recorded in Q2. Advanced economies maintained growth at 0.2 percent, a sharp 0.3 percentage point reduction from the previous quarter. Besides, emerging economies slowed to 0.7 percent from 0.9 percent. This continued deceleration reflects subdued global demand for manufacturing and industrial activity (Chart 1.7).

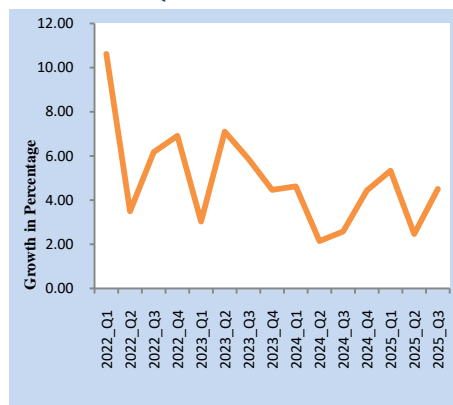
¹S&P 500, NASDAQ Composite, FTSE 100, Nikkei 225, Nifty 50 are stock indices listed on major stock exchanges of the US, UK, Japan and India respectively.

CHART 1.7: GLOBAL INDUSTRIAL PRODUCTION GROWTH



Source: CPB World Trade Monitor, September-2025.

CHART 1.8: QUARTERLY REAL GDP GROWTH



Source: BBS; Calculation: FSD, BB.

1.2 DOMESTIC MACROECONOMIC SITUATION

Bangladesh’s economy faced several macroeconomic challenges. These included moderating but elevated inflation, financial sector vulnerabilities, weak tax revenue, tariff shocks, geopolitical tensions, and the government’s heavy reliance on bank borrowing. However, robust year-on-year remittance growth and strong exports helped. A manageable current account also sustained comfortable foreign exchange reserves, despite a quarterly widening of the trade deficit.

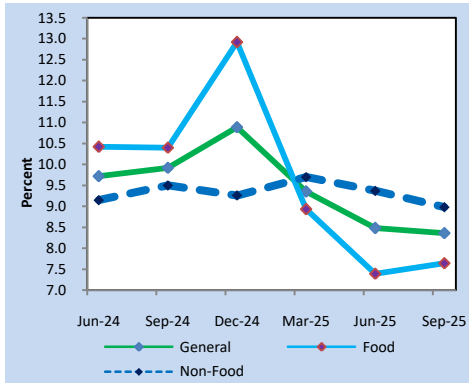
1.2.1 Gross Domestic Product (GDP)

Bangladesh’s real GDP grew to 4.50 percent in Q3 2025, increased from 2.47 percent in the previous quarter (Chart 1.8).

1.2.2 Inflation

Inflation continued to ease for several consecutive quarters, reflecting the sustained impact of Bangladesh Bank’s policy measures. Headline inflation (point-to-point, base year 2021–2022) declined to 8.36 percent, a reduction of 12 basis points from end-June 2025. Food inflation rose by 25 basis points to 7.64 percent, while non-food inflation fell by 39 basis points to 8.98 percent. Compared to September 2024, headline inflation decreased by 156 basis points, mainly due to a 276 basis point decline in food inflation (Chart 1.9).

CHART 1.9: QUARTERLY INFLATION

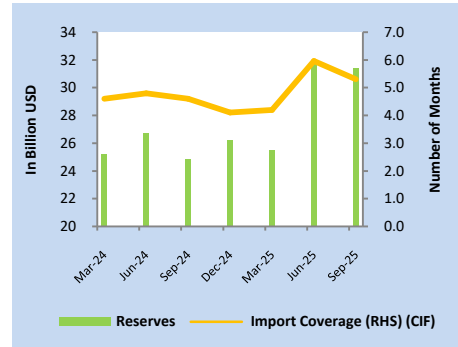


Source: Major Economic Indicators, BB.

1.2.3 Foreign Exchange Reserves and Import Coverage

Both gross reserves and import coverage declined during the review period. Gross foreign exchange reserves decreased slightly by 1.08 percent to USD 31.43 billion (USD 26.60² billion under BPM6), yet remained sufficient to cover approximately 5.3 months of prospective imports, down from 6.0 months in June 2025 (Chart 1.10). However, gross reserves increased by USD 6.57 billion compared to end-September 2024.

CHART 1.10: FOREIGN EXCHANGE RESERVES

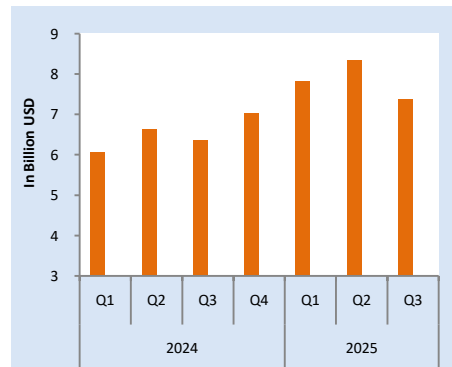


Source: Statistics Department, BB.

1.2.4 Wage Earners' Remittance

Remittance inflows moderated during the review period, declining to USD 7.59 billion from USD 8.54 billion in Q2 2025. Year-on-year, however, remittances increased by 15.95 percent, continuing to benefit from higher migrant worker outflows and increased use of formal remittance channels (Chart 1.11).

CHART 1.11: WAGE EARNERS' REMITTANCE



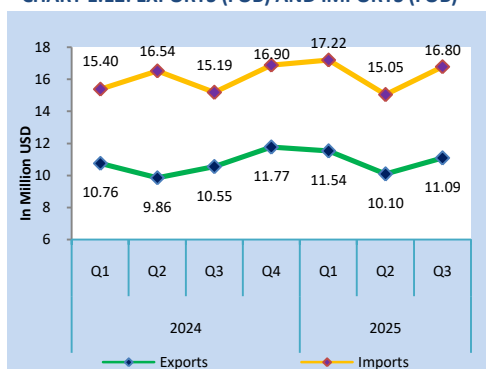
Source: Monthly Economic Trends, BB (various issues).

²Monthly Economic Trends, November 2025 issue

1.2.5 Exports (FOB) and Imports (FOB)

The external trade deficit widened during the review period as imports rose more sharply than exports. Total imports increased by 11.67 percent to USD 16.80 billion, while exports grew by 9.78 percent to USD 11.09 billion compared to the previous quarter (Chart 1.12).

CHART 1.12: EXPORTS (FOB) AND IMPORTS (FOB)

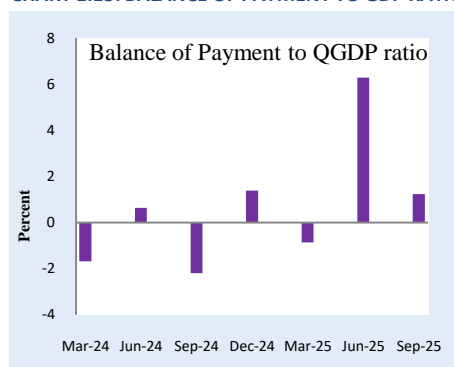


Source: Statistics Department, BB and Bangladesh Bank Quarterly.

1.2.6 Balance of Payments

The Balance of Payments recorded a surplus in Q3 2025. Although this surplus was smaller than in the previous quarter, it was largely supported by a strong financial account. As a result, the ratio of the overall balance to quarterly GDP reached 1.23 percent (Chart 1.13).

CHART 1.13: BALANCE OF PAYMENT TO GDP RATIO



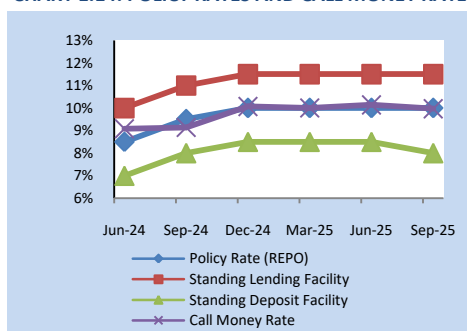
Source: Statistics Department, BB and Bangladesh Bank Quarterly.

1.2.7 Interest Rates and Monetary Policy Transmission

Bangladesh Bank has continued its tight monetary policy stance to contain inflation and safeguard macroeconomic stability. As of the end of September 2025, the policy (repo) rate remained unchanged at 10.00 percent for the third consecutive quarter. This rate was 50 basis points higher than at the end of September 2024. By the end of December 2024, the Standing Lending Facility (SLF) rate had risen to 11.50 percent and stayed at that level throughout the reviewed quarter. Meanwhile, the Standing Deposit Facility (SDF) rate eased, falling from 8.50 percent at the end of June 2025 to 8.00 percent. The weighted average call money rate declined slightly to 9.97 percent at the end of September 2025 from 10.14 percent at the end of June 2025.

This reflected moderate easing, yet the rate remained elevated due to sustained high policy rates and ongoing monetary tightening. The call money rate remained closely aligned with the repo rate. This indicated effective monetary policy transmission, supported the anchoring of inflation expectations, and reflected the absence of any acute liquidity stress in the banking system during the review quarter.

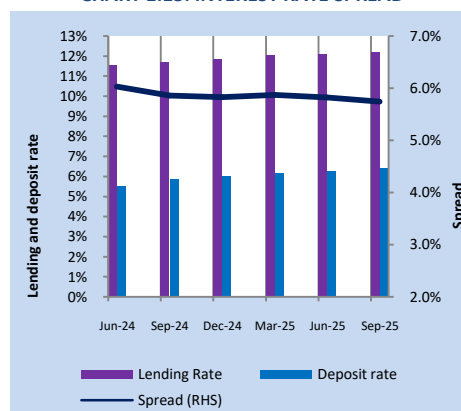
CHART 1.14: POLICY RATES AND CALL MONEY RATE



Source: Monthly Economic Trends, BB (various issues).

Both lending and deposit rates in the banking sector continued their upward trajectory. The weighted average lending rate rose by 8 basis points from the previous quarter to 12.16 percent, while the weighted average deposit rate increased by 16 basis points to 6.42 percent. As a result, the interest rate spread narrowed slightly by 8 basis points, reaching 5.74 percent in the review quarter (Chart 1.15). Compared to the same period in 2024, the spread declined by 12 basis points, reflecting a continued gradual convergence between lending and deposit rates.

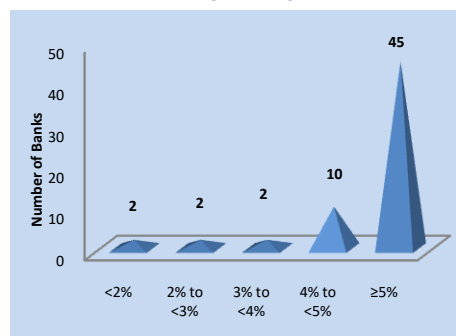
CHART 1.15: INTEREST RATE SPREAD



Source: Statistics Department, BB.

Among the 61 scheduled banks, 45 maintained a spread of 5 percent or higher, while only 4 operated with a spread below 3 percent (Chart 1.16).

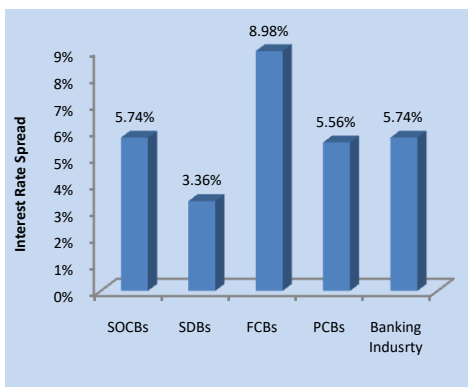
CHART 1.16: NUMBER OF BANKS BY INTEREST RATE SPREAD



Source: Statistics Department, BB

By category, Specialized Development Banks (SDBs) posted the lowest spread (3.36 percent), while Foreign Commercial Banks (FCBs) registered the highest (8.98 percent) at end-September 2025 (Chart 1.17).

CHART 1.17: CLUSTER-WISE INTEREST RATE SPREAD

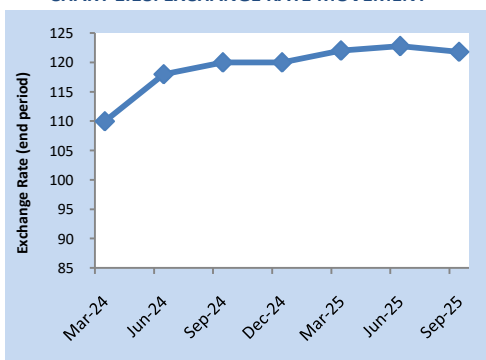


Source: Statistics Department, BB.

1.2.8 Exchange Rate

Compared to the preceding quarter, the BDT had appreciated by 0.79 percent against the USD³, reaching a bilateral exchange rate of 121.80 during the review period, down from 122.77. However, on a year-on-year (September 2024 – September 2025) basis, the currency weakened by 1.50 percent (Chart 1.18).

CHART 1.18: EXCHANGE RATE MOVEMENT



Source: Monthly Economic Trends, BB.

1.2.9 Credit to the Government (Gross) by the Banking System

Persistent government borrowing from the banking system threatens to crowd out private sector credit and limit investment opportunities. As of the end of September 2025, total credit extended by the banking system to the government reached BDT 6,543 billion, representing a 4.77 percent increase over the previous quarter. On a year-on-year basis, government borrowing from banks was 24.13 percent higher than that of the corresponding quarter of 2024 (Chart 1.19).

CHART 1.19: CREDIT TO THE GOVERNMENT (GROSS) BY THE BANKING SYSTEM



Source: Statistics Department, BB.

³ BDT per USD at end period basis.

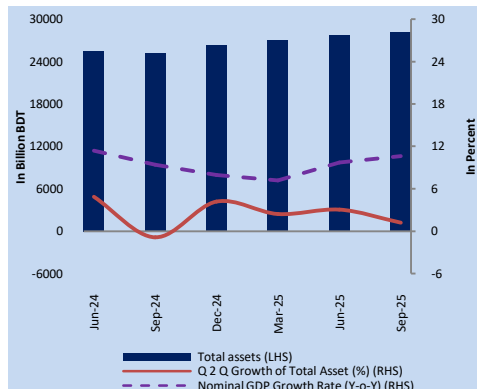
CHAPTER 2: BANKING SECTOR PERFORMANCE

At the end of September 2025, the banking sector's total assets showed a slight increase, while profitability indicators, including Return on Assets (ROA) and Return on Equity (ROE), continued to worsen.

2.1 Assets Structure

In the quarter under review, total assets of the banking sector stood at BDT 28,099.18 billion, up 1.22 percent from the preceding quarter (27,761.35) (Chart 2.1).

CHART 2.1: ASSET SIZE OF THE BANKING INDUSTRY



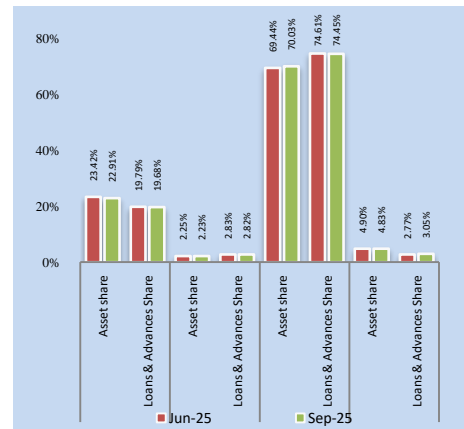
Source: DOS, BB, and BBS; Compilation: FSD, BB.

Growth in investments, loans and advances was the main driver of the banking sector's total asset expansion. By the close of September 2025, banking sector assets amounted to 49.87 percent of GDP⁴, reflecting a decrease of 0.70 percentage points from end-June 2025. Among the various

⁴ GDP at current market price for the financial year 2024-25 is taken into account, with 2015-16 as the base year.

bank clusters, Private Commercial Banks (PCBs) held the largest share of the sector's total assets and loans and advances, accounting for 70.03 percent and 74.45 percent, respectively, during the review period. This was followed by State Owned Commercial Banks (SOCBs) with 22.91 percent and 19.68 percent, respectively. While the asset shares of Foreign Commercial Banks (FCBs) and SOCBs declined, those of PCBs improved marginally. In contrast, the share of loans and advances for SOCBs decreased marginally, whereas it increased for FCBs (Chart 2.2).

CHART 2.2: CLUSTER-WISE SHARE OF BANKING SECTOR ASSETS, AND LOANS AND ADVANCES



Source: DOS, BB; Compilation: FSD, BB.

Loans and advances were the predominant asset class at end-September 2025, comprising 62.18 percent of total industry assets, followed by investments, which accounted for 20.87 percent (Table 2.1).

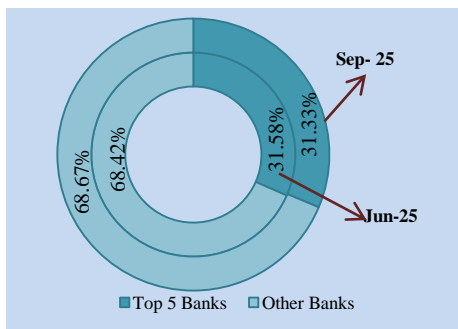
TABLE 2.1 : ASSET STRUCTURE OF THE BANKING INDUSTRY

Component of Assets	% of Total Asset (End Jun'25)	% of Total Asset (End Sep'25)	Change (PP) (%)
Cash in hand	1.09	0.99	-0.10
Balance with Bangladesh Bank and Sonali Bank	4.39	3.99	-0.40
Balance with other banks and financial Institutions	3.11	2.88	-0.23
Money at call and short notice	0.56	0.61	0.05
Investment at cost	20.14	20.87	0.73
Loans and Advances	62.47	62.18	-0.29
Bill discounted and purchased	2.49	2.49	0.00
Fixed Assets	1.09	1.08	-0.01
Other Assets	4.60	4.80	0.20
Non-banking assets	0.08	0.10	0.03

Source: DOS, BB; Compilation: FSD, BB.

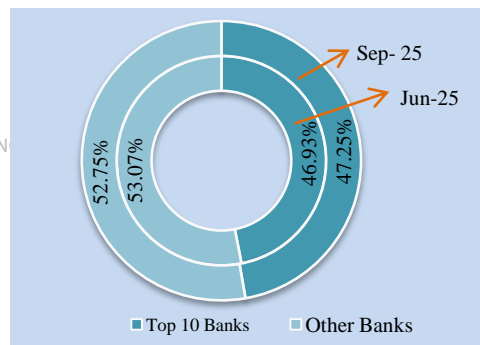
In the review quarter, the asset concentration ratio⁵ of the top 5 banks declined, while that of the top 10 banks increased slightly. The top 5 banks held 31.33 percent of the banking sector's total assets, down 0.24 percentage points from end-June 2025. For the top 10 banks, the ratio stood at 47.25 percent at end-September 2025, up 0.31 percentage points compared to the previous quarter (Charts 2.3 and 2.4).

CHART 2.3: ASSET CONCENTRATION OF TOP 5 BANKS



Source: DOS, BB; Compilation: FSD, BB.

CHART 2.4: ASSET CONCENTRATION OF TOP 10 BANKS

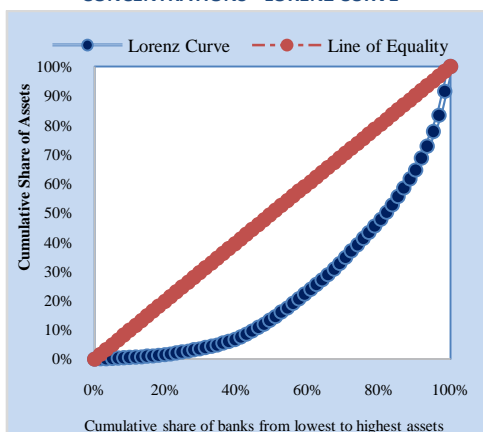


Source: DOS, BB; Compilation: FSD, BB.

To assess asset concentration, the Gini Coefficient based on the Lorenz Curve reveals moderate unevenness in the banking sector's asset distribution. The Lorenz Curve indicates that roughly the top 20 percent of banks held 52.17 percent of total sector assets (Chart 2.5). As of end-September 2025, the computed Gini Coefficient was 0.518, consistent with a moderate concentration of assets among banks.

⁵Asset concentration ratio of top 5 or 10 banks (based on their asset size) is defined as the ratio of total assets of top 5 or 10 banks respectively over the total assets of the banking industry.

CHART 2.5: BANKING SECTOR ASSET CONCENTRATIONS - LORENZ CURVE

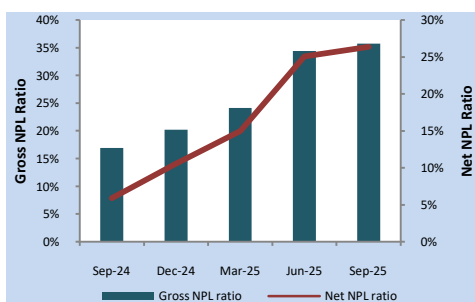


Source: DOS, BB; Compilation: FSD, BB.

2.2 Asset Quality

Over several quarters, the Non-Performing Loan (NPL) ratio of the banking sector continued its rising trajectory. At the end of September 2025, the gross NPL ratio stood at 35.73 percent, reflecting an increase. Furthermore, the net Non-Performing Loan (NPL) ratio reached 26.40 percent at end-September 2025, which was to 25.08 percent in the previous quarter. The surge is largely attributable to a substantial increase in classified loans. To mitigate this trend, stronger supervisory monitoring of credit portfolios and more aggressive loan recovery initiatives should be pursued.

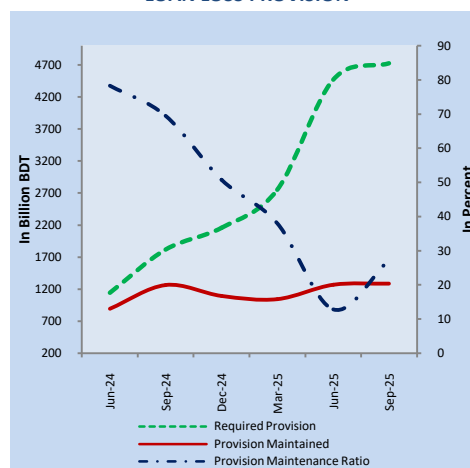
CHART 2.6: NPL RATIOS OF THE BANKING SECTOR



Source: BRPD, BB.

The required loan loss provision rose by 5.79 percent to BDT 4,725.35 billion during the review quarter, while the actual provision maintained amounted to just BDT 1,287.16 billion. Consequently, the banking sector recorded a provision shortfall of BDT 3,438.19 billion, with the provision maintenance ratio standing at 27.24 percent of the required provision (Chart 2.7).

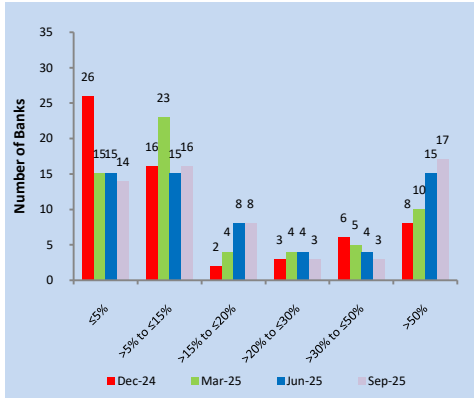
CHART 2.7: BANKING SECTOR LOAN LOSS PROVISION



Source: BRPD, BB; Compilation: FSD, BB.

The distribution of banks by gross NPL ratio in the review quarter showed a reduction in number in the low-risk category: banks with NPL ratios up to 5 percent declined from 15 to 14. Meanwhile, the number of banks in the >5 percent to ≤15 percent range rose to 16 (from 15), and those with NPL ratios over 50 percent increased from 15 to 17 as of end-September 2025(Chart 2.8).

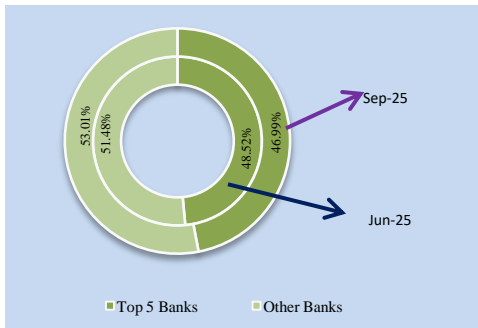
CHART 2.8: DISTRIBUTION OF BANKS BY GROSS NPL RATIO



Source: BRPD, BB; Compilation: FSD, BB.

Compared to the preceding quarter, NPL concentration⁶ decreased by 1.52 and 0.66 percentage points among the top 5 and top 10 banks, respectively, in the review period. As of end-September 2025, these concentrations stood at 46.99 percent for the top 5 and 69.03 percent for the top 10 banks (Charts 2.9 and 2.10). The continued high concentration of NPLs in a handful of banks is a notable risk factor for the stability of the banking sector.

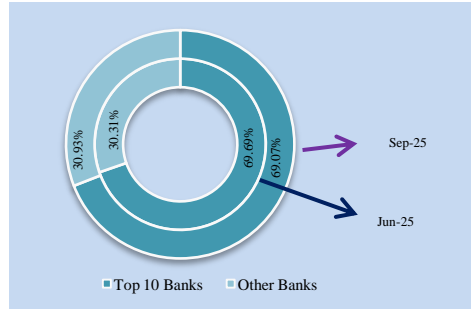
CHART 2.9: NPL CONCENTRATION IN TOP 5 BANKS



Source: BRPD, BB; Compilation: FSD, BB.

⁶NPL concentration (in percentage) for top 5 and top 10 banks is defined as the NPLs of top 5 and top 10 banks respectively to total NPLs of the banking system. Here, top 5 and top 10 banks are defined based on their size of NPLs.

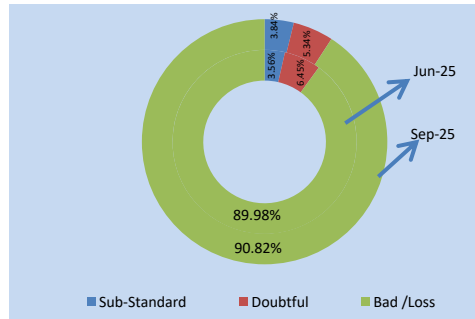
CHART 2.10: NPL CONCENTRATION IN TOP 10 BANKS



Source: BRPD, BB; Compilation: FSD, BB.

The share of Bad and Loss loans (90.81%) in total NPLs increased in the September 2025 quarter, and it remained as the largest portion of total NPLs, as usual, which was 89.98% in June 2025. In relation to total classified loans, the share of Bad and Loss category consisted of 90.81 percent while Sub-standard and Doubtful loans constituted 3.84 percent and 5.35 percent, respectively (Chart 2.11).

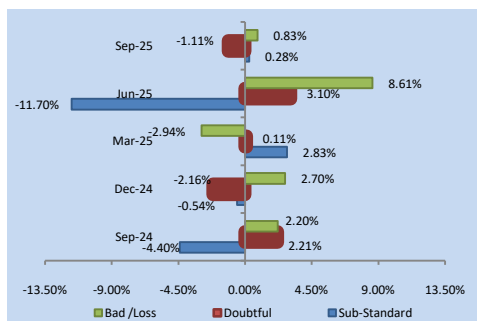
CHART 2.11: NPLS COMPOSITION



Source: BRPD, BB; Compilation: FSD, BB.

In the review quarter, the proportions of Sub-standard loans and Bad/Loss loans to total NPLs increased by 0.28 and 0.83 percentage points, respectively, whereas the proportion of Doubtful loans decreased by 1.11 percentage points compared with the preceding period (Chart 2.12).

CHART 2.12: PROPORTIONAL SHIFT OF NPLS CATEGORIES

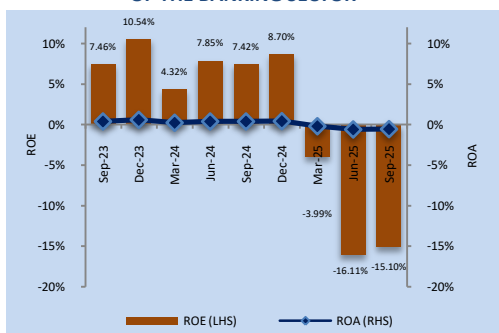


Source: BRPD, BB; Compilation: FSD, BB.

2.3 Profitability

In the review quarter, the banking sector's profitability indicators determined by annualized Return on Assets (ROA) and Return on Equity (ROE) increased by 0.04 percentage points and 1.01 percentage points, respectively, compared to the previous quarter. At end-September 2025, the banking sector's ROA and ROE stood at -0.54 percent and -15.10 percent, respectively (Chart 2.13).

CHART 2.13: ROA AND ROE OF THE BANKING SECTOR



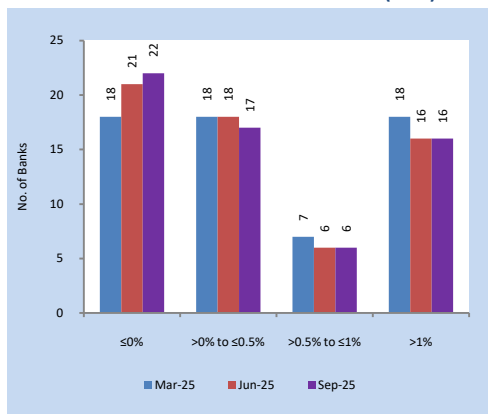
Note: Except for the December quarters, figures for the rest of the quarters are annualized.

Source: DOS, BB; calculation: FSD, BB.

At the end of September 2025, 39 banks achieved an ROA of 0.50 percent, while the remaining 22 banks exceeded this value. The corresponding numbers of

banks in the previous period were 38 and 23, respectively (Chart 2.14).

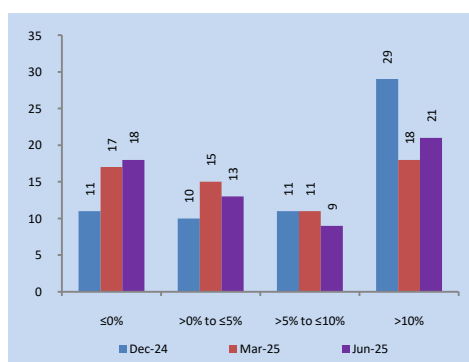
CHART 2.14: DISTRIBUTION OF BANKING SECTOR RETURN ON ASSETS (ROA)



Source: DOS, BB; Compilation: FSD, BB.

In the review quarter, 35 banks had an ROE within 5 percent, while the remaining 26 banks exceeded this value. The corresponding numbers of banks in the previous period were 31 and 30, respectively (Chart 2.15).

CHART 2.15: DISTRIBUTION OF BANKING SECTOR RETURN ON EQUITY (ROE)

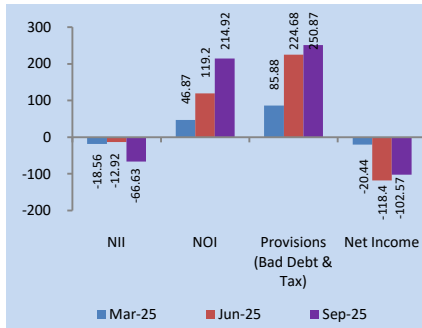


Source: DOS, BB; Compilation: FSD, BB.

In the review quarter, the banking sector's net loss was BDT 102.57 billion at end-September 2025, while the corresponding figure was BDT 118.40 billion in the previous quarter (Chart 2.16).

The net loss decreased at end-September 2025 due to maintaining a small amount of loan loss and tax provision.

CHART 2.16: DECOMPOSITION OF EARNINGS OF BANKING SECTOR



Source: DOS, BB; Compilation: FSD, BB.

CHAPTER 3: FINANCE COMPANIES' PERFORMANCE

In the September 2025 quarter, total assets of Finance Companies (FCs) increased compared to the previous quarter. Return on Assets (ROA), one of the major profitability indicators, improved slightly but still remained negative. On the other hand, asset quality continued to worsen.

3.1 Growth of Assets, Liabilities, and Shareholders' Equity

Reflecting a modest expansion, FCs' total assets rose by 0.66 percent to BDT 1,052.41 billion from the previous quarter. The growth was primarily driven by increases in cash and liquid assets⁷, and in earning assets⁸ advancing by 0.64 percent and 0.80 percent, respectively. In contrast, fixed assets and other assets contracted by 0.42 percent and 1.22 percent, respectively, during the review quarter.

This sector experienced a shift towards liability dependence, as deposits and other liabilities increased by 1.79 percent and 1.99 percent, respectively, relative to the previous quarter. Conversely, borrowings and shareholders' equity declined by 1.35 percent and 3.87 percent, with total equity deteriorating further into negative territory to BDT -149.14

⁷Cash and liquid assets consist of total cash, total balance with other banks and FCs, and money at call and short notice.

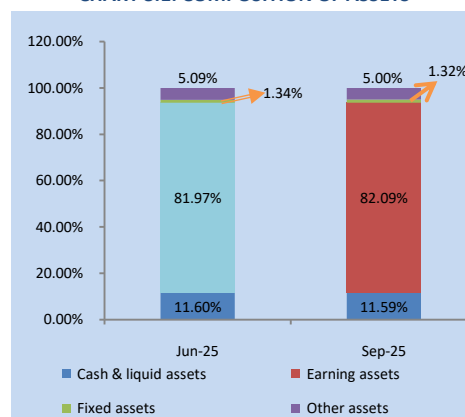
⁸Earning assets consist of total investments and total loans, advances and leases.

billion from BDT -143.59 billion at end-June 2025.

3.1.1 Assets: Composition and Contribution

FCs' asset structure remained highly skewed toward earning assets, which comprised 82.09 percent of total assets, followed by cash and liquid assets at 11.59 percent, while fixed and other assets accounted for relatively small shares of 1.32 percent and 5.00 percent, respectively (Chart 3.1).

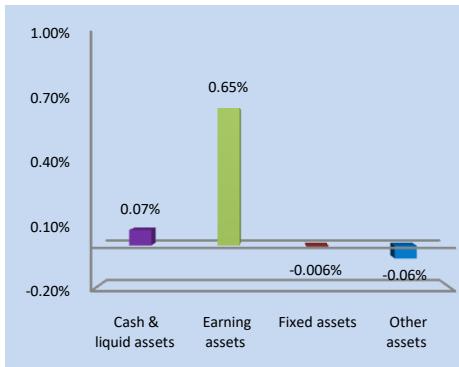
CHART 3.1: COMPOSITION OF ASSETS



Source: DFIM; Compilation: FSD, BB.

Asset growth was mainly supported by earning assets (0.65 percentage point), with a smaller positive contribution from cash and liquid assets (0.07 percentage point), while fixed assets and other assets continued to weigh negatively on growth by 0.006 and 0.06 percentage point, respectively, in Q3 (Chart 3.2).

CHART 3.2: CONTRIBUTION OF DIFFERENT COMPONENTS IN GROWTH OF TOTAL ASSETS

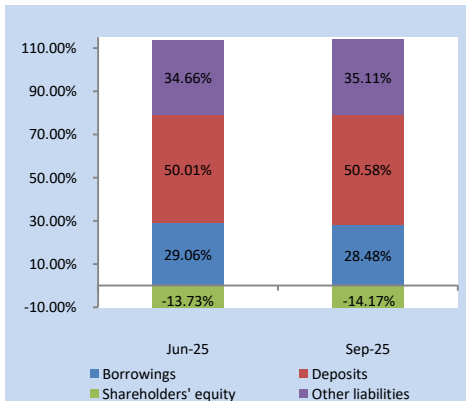


Source: DFIM; Compilation: FSD, BB.

3.1.2 Liabilities: Composition and Contribution

FCs' liability structure was led by deposits (50.58 percent), followed by borrowings (28.48 percent) and other liabilities (35.11 percent), while shareholders' equity remained negative at -14.17 percent. Compared with Q2, the shares of deposits and other liabilities increased by 0.56 and 0.46 percentage points, respectively, whereas borrowings and equity shares declined by 0.58 and 0.44 percentage points in Q3 (Chart 3.3).

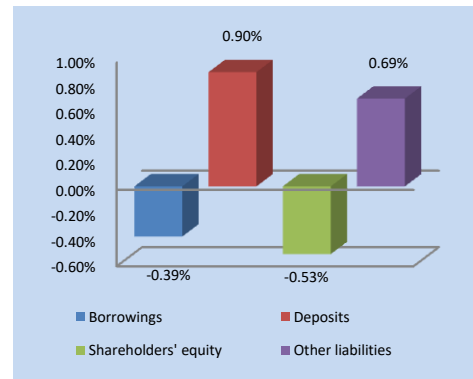
CHART 3.3: COMPOSITION OF LIABILITIES



Source: DFIM; Compilation: FSD, BB.

Deposits and other liabilities boosted the growth of FCs' total liabilities and shareholders' equity by 0.90 and 0.69 percentage points, respectively, while borrowings and shareholders' equity contributed negatively by 0.39 and 0.53 percentage points (Chart 3.4).

CHART 3.4: CONTRIBUTION OF DIFFERENT COMPONENTS IN GROWTH OF TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY AT END-SEPTEMBER 2025

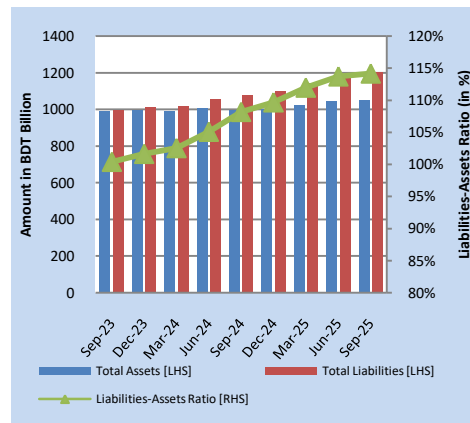


Source: DFIM; Compilation: FSD, BB.

3.1.3 Liabilities-Assets Ratio

The FCs' liabilities-to-assets ratio stood at 114.17 percent at Q3 of 2025, up by 0.44 percentage points from Q2 of 2025 (Chart 3.5).

CHART 3.5: FCS' LIABILITIES-ASSETS RATIO

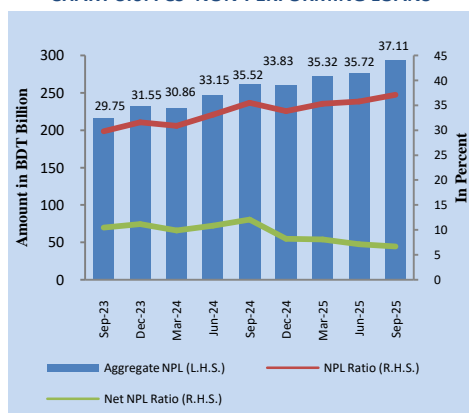


Source: DFIM; Compilation: FSD, BB.

3.2 Asset Quality

FCs' non-performing loans and leases increased by 6.78 percent to BDT 294.09 billion. Consequently, the gross NPL ratio rose by 1.39 percentage points to 37.11 percent, whereas the net NPL ratio eased to 6.67 percent, reflecting a decline of 0.41 percentage points from end-June 2025 (Chart 3.6).

CHART 3.6: FCS' NON-PERFORMING LOANS

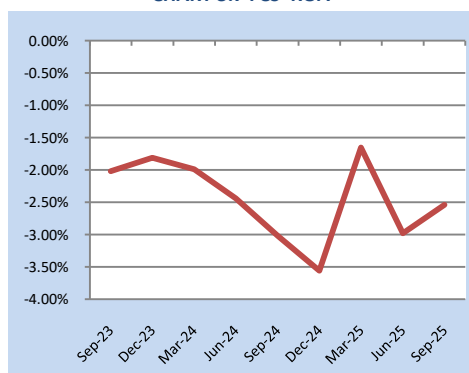


Source: DFIM; Compilation: FSD, BB.

3.3 Profitability

FCs' aggregate Return on Assets (ROA) improved slightly to -2.54 percent from -2.98 percent at end-June 2025, indicating a marginal recovery in overall asset profitability (Chart 3.7).

CHART 3.7 FCS' ROA

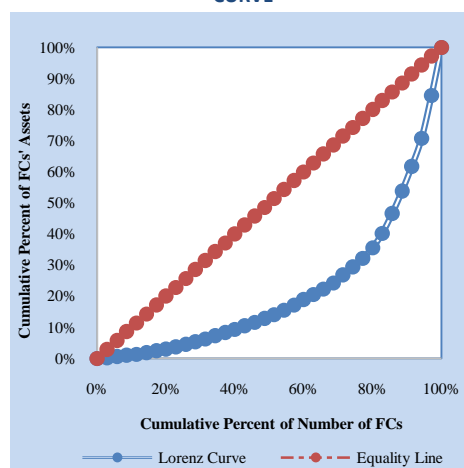


Source: DFIM; Compilation: FSD, BB.

3.4 Asset Concentration

The Lorenz curve and Gini coefficient have been used to analyze the concentration of assets in the FC sector. In Q3 of 2025, about 64.39 percent of total industry assets were held by seven (07) finance companies (the top 20 percent of FCs), indicating a moderately concentrated asset structure, up by 4.39 percent from Q2. Accordingly, the Gini coefficient increased by 0.004 to 0.569 at end-September 2025, reflecting a relatively uneven distribution of assets across the sector.

CHART 3.8 FCS' ASSET CONCENTRATION- LORENZ CURVE



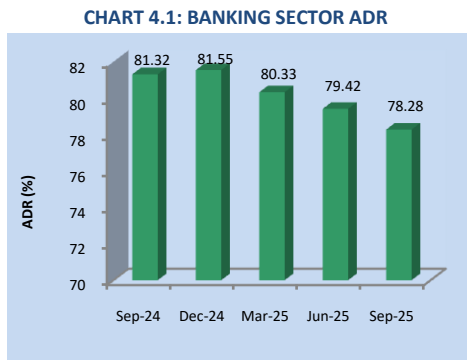
Source: DFIM; Compilation: FSD, BB.

CHAPTER 4: BANKING SECTOR LIQUIDITY

Banking Sector as a whole remained above regulatory threshold in terms of liquidity indicators. However, few banks experience liquidity pressure.

4.1 Liquidity

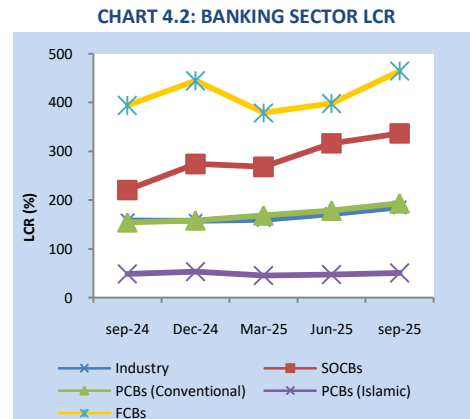
At the end of September 2025, the average daily Cash Reserve Ratio (CRR) was 4.20 percent, above the required minimum of 3.14 percent. Similarly, the Statutory Liquidity Ratio (SLR) for the banking industry was 28.89 percent, 17.98 percentage points above the minimum in this period. The Advance to Deposit Ratio (ADR) declined to 78.28 percent from the previous quarter, a decrease of 1.14 percentage points (Chart 4.1).



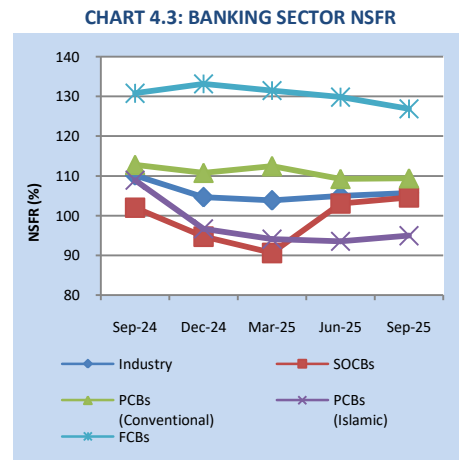
Source: DOS, Compilation: FSD, BB.

This quarter, the Net Stable Funding Ratio (NSFR) increased marginally to 105.65 percent (Chart 4.3).

Concurrently, the Liquidity Coverage Ratio (LCR) increased to 185.31 percent (Chart 4.2). Notwithstanding, in the sector-wide compliance context, several banks experienced liquidity management pressure.



Source: DOS, Compilation: FSD, BB.



Source: DOS, Compilation: FSD, BB.

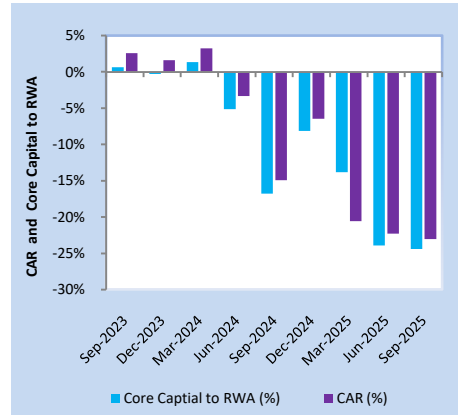
CHAPTER 5: FINANCE COMPANIES' CAPITAL ADEQUACY AND LIQUIDITY

The Capital Adequacy Ratio (CAR) and core capital (Tier-1) ratio of Finance Companies (FCs) decreased marginally by end-September 2025 compared with end-June 2025. The Statutory Liquidity Ratio (SLR) remained well above the regulatory threshold, but the Cash Reserve Ratio (CRR) continued to record a shortfall.

5.1 Capital Adequacy

At end-September 2025, the CAR and core capital ratio of FCs stood at -23.03 percent and -24.40 percent, respectively. Like the previous quarters, both indicators showed a consistent decrease during the review quarter, with the CAR declining by 0.73 percentage points and the core capital ratio falling by 0.50 percentage points (Chart 5.1). Of the 35 FCs, only 15 met the minimum regulatory requirements for both CAR and core capital. The persistently negative and below regulatory minimum capital ratios underline severe capital shortfalls and signal high risks to financial stability within the sector.

CHART 5.1: CORE CAPITAL TO RWA AND CAPITAL ADEQUACY RATIO OF FCS

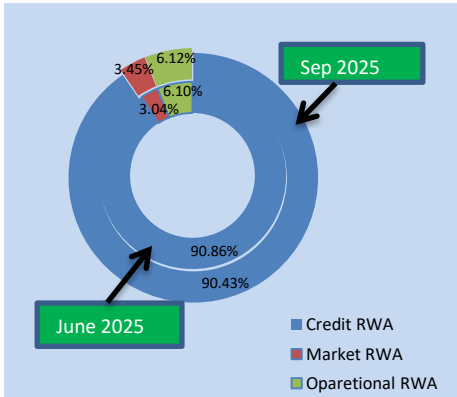


Source: DFIM, BB.

5.2 Risk-Weighted Assets (RWA)

By end-September 2025, the total Risk-Weighted Assets (RWA) of FCs stood at BDT 687.55 billion, reflecting a marginal increase from BDT 676.59 billion in the previous quarter. The composition of RWA remained heavily skewed toward credit risk (90.43 percent), followed by operational risk (6.12 percent) and market risk (3.45 percent) (Chart 5.2). During the review quarter, the shares of market risk and operational risk in total RWA rose by 0.41 and 0.02 percentage points, respectively, while credit risk declined by 0.43 percentage points compared with the preceding period.

CHART 5.2: COMPONENTS-WISE RWA OF FCS

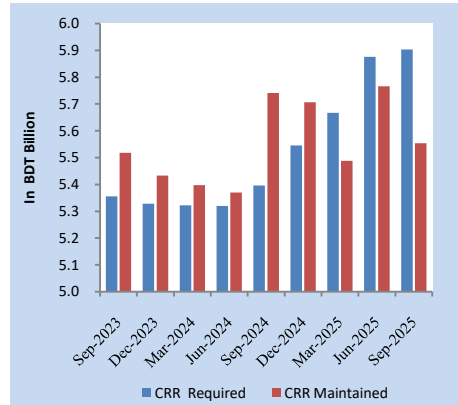


Source: DFIM, BB.

5.3 Liquidity

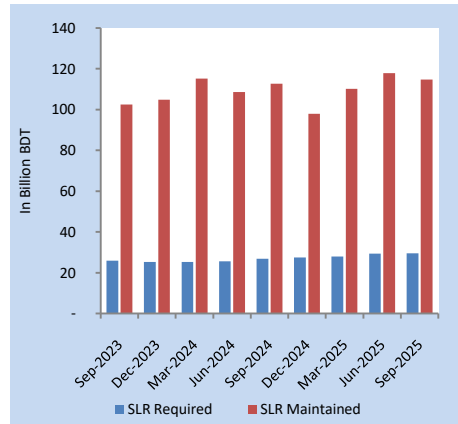
As of end-September 2025, the aggregate CRR of FCs amounted to BDT 5.55 billion, marking a 3.70 percent decline from the previous quarter. A shortfall in CRR persisted during the review period, amounting to BDT 0.35 billion, indicating ongoing liquidity stress in the sector (Chart 5.3). In contrast, SLR fell by 2.62 percent to BDT 114.80 billion, while remaining well above the minimum required level of BDT 29.56 billion (Chart 5.4). Liquidity conditions in the sector deteriorated marginally, while some FCs were unable to meet the required CRR and continued to experience short-term liquidity pressures.

CHART 5.3: CASH RESERVE RATIO (CRR) OF FCS



Source: DFIM, BB.

CHART 5.4: STATUTORY LIQUIDITY RATIO (SLR) OF FCS



Source: DFIM, BB.

CHAPTER 6: STRESS TEST AND RESILIENCE OF THE BANKING SECTOR

Financial Stability Department (FSD) conducts quarterly stress tests on scheduled banks to assess their resilience to withstand various plausible shocks⁹. In this chapter, the outcomes of the stress tests conducted at the individual bank level and for the banking industry as a whole are discussed. The results of the September 2025 stress tests based on minor shock scenarios indicate significant vulnerability in the banking sector.

6.1 Credit, Market, and Combined Shocks

Under the pre-shock situation, 21 out of 61 banks failed to meet the minimum regulatory requirement of Capital to Risk-Weighted Asset Ratio (CRAR) of 10 percent as of end-September 2025. Thus, the analysis focused on the remaining 40 banks. Chart 6.1 illustrates the number of banks unable to maintain the minimum CRAR under various minor shocks, revealing that most banks remained resilient under

adverse conditions during the review period. Table 6.1 summarizes the sector's CRAR before and after applying different minor stress scenarios. At the end of September 2025, the system-wide CRAR recorded 1.56 percent, which further declined under credit and market risk shocks.

6.1.1 Credit Shocks

- a) **Increase in NPLs:** Due to an increase in NPLs by either 3 percent or by the average of the latest five (05) quarters NPLIR, whichever is higher, three (03) banks would be unable to maintain the regulatory minimum capital requirement.
- b) **Increase in NPLs in Top 02 sectors:** A rise in NPLs, either by 3 percent or by the average of the latest five (05) quarters NPLIR, whichever is higher, would cause one bank to fail to meet the minimum required CRAR.
- c) **Increase in NPLs due to default of Top borrowers:** If the top 2 borrowers of each bank defaulted, thirteen (13) banks would fail to maintain the minimum required CRAR.
- d) **Decline in Collateral Value:** A 30 percent reduction in the Forced Sale Value (FSV) of eligible collateral would cause four (04) banks to fall

⁹Stress tests on banks are carried out through sensitivity analysis, incorporating the impacts of the shock scenarios for credit risk, market risk, and liquidity risk. Under each scenario, the after-shock Capital to Risk-weighted Assets Ratio (CRAR) is compared with the minimum regulatory requirement of 10 (ten) percent in line with the Basel III capital framework. This hypothetical test is a useful risk management tool for bank supervision to ensure preemptive measures in respect of capital maintenance and liquidity management against any probable adverse economic and financial condition.

below the minimum regulatory CRAR.

e) Negative shift in the NPLs categories: If 10 percent of existing NPLs are downgraded to the next-worst category, three (03) banks would fail to maintain the required CRAR.

f) Negative shift in rating categories: A 10 percent downgrade in credit rating categories would cause one (01) bank to breach the minimum CRAR threshold.

6.1.2 Market Shocks

g) Changes in interest rate: A 2 percent change in interest rate would render two (02) banks non-compliant with the minimum required CRAR.

a) Exchange Rate Shock: A 20 percent revaluation of a bank's

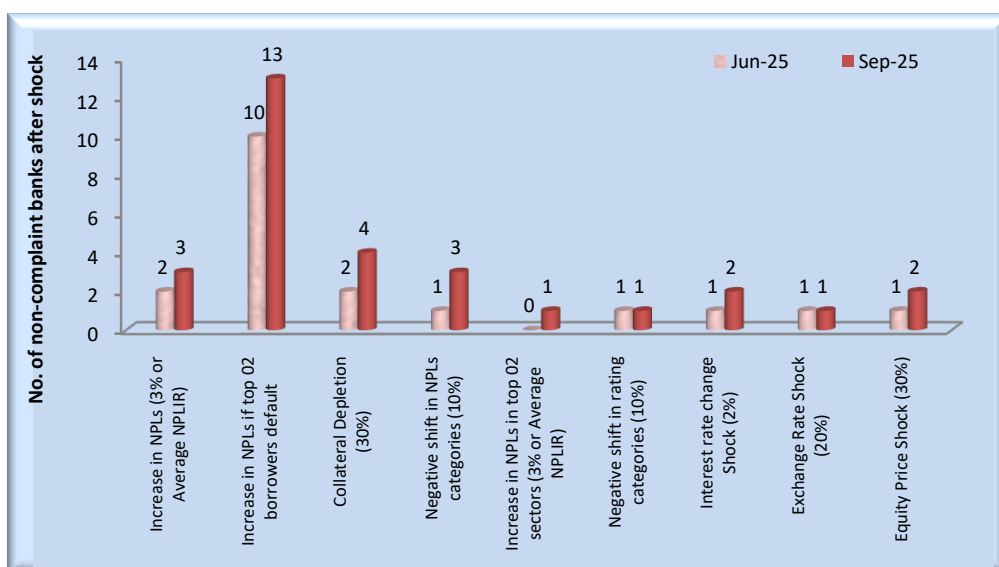
b) overall net exchange position would cause one (01) bank to descend below the minimum required CRAR.

h) Equity Price Shock: If the market value of listed securities drops by 30 percent, which would lead two (02) banks to breach the minimum CRAR threshold.

6.1.3 Combined Shock

i) When considering the combined impact of all credit and market risk shocks, with appropriate weighting, the sector-wide CRAR would decline to -1.18 percent, down from the pre-shock level of 1.56 percent (Table 6.1). Under this combined scenario, fourteen (14) banks would fail to meet the required minimum CRAR.

CHART 6.1: NUMBER OF NON-COMPLIANT BANKS UNDER DIFFERENT MINOR SHOCK SCENARIOS



Source: Data from scheduled banks, Calculation: FSD, BB.

TABLE 6.1: THE RESULTS OF DIFFERENT MINOR SHOCK SCENARIOS IN THE BANKING SECTOR.

(In Percent)

Description	Jun-25	Sep-25
Required minimum CRAR	10	10
Pre-shock CRAR	4.47	1.56
After-Shock CRAR		
<i>Credit Risks</i>		
<i>Increase in NPLs by 3% or average NPLIR</i>	2.04	-0.90
<i>Increase in NPLs in top 02 sectors by 3% or average NPLIR</i>	3.97	0.99
<i>Increase in NPLs due to default of top 02 borrowers</i>	2.42	-0.62
<i>Depletion in collateral by 30%</i>	1.70	-1.06
<i>Negative shift in the NPLs categories by 10%</i>	2.77	-0.05
<i>Negative shift in rating categories by 10%</i>	4.38	1.53
<i>Market Risks</i>		
<i>Change in interest rate by 2%</i>	3.98	1.48
<i>Change in exchange rate by 20%</i>	4.27	1.43
<i>Fall in equity prices by 30%</i>	3.96	1.05
Combined Shock*	1.28	-1.18

Source: Data collected from scheduled banks, Calculation: FSD, BB.

*Aggregate of the results of all credit and market risk shocks by applying 25%, 0%, 45%, 10%, 10%, and 10% weight for CR-1, CR-2, CR-3, CR-4, CR-5, and CR-6, respectively. 100% weight applied for each market risk-related shock.

6.2 Liquidity Shock

a) As of end-September 2025, the banking industry as a whole remained resilient under simulated liquidity stress scenarios involving deposit withdrawals of 2 percent, 3 percent, 4 percent, 5 percent, and 6 percent on days 1 through 5, respectively. However, 18 banks failed to withstand these liquidity shocks.

b) If the top 10 depositors of each bank fully withdrew their deposits, the ratio of liquid assets to total assets would drop to 21.82 percent, a decline of 6.18 percentage points from the pre-shock level.

c) With a 5 percent haircut on government securities and a 5 percent increase in net cash outflows, the liquidity coverage ratio (LCR) for the banking sector would decline to 156.37 percent from 170.69 percent of the pre-shock position. Under this condition, 4 (four) additional banks would fail to maintain the minimum LCR requirement of 100 percent.

6.3 Climate Shock

If 3 percent of climate-vulnerable loans across the banking system were downgraded directly to the bad/loss category, the sector would need to maintain additional provisions of BDT 93.49 billion.

CHAPTER 7: CAPITAL MARKET DEVELOPMENT

During the review quarter, both global and Bangladesh's capital markets performed positively. The Dhaka Stock Exchange (DSE) recorded a significant rise in market capitalization and turnover compared to the previous quarter. Similarly, the Chittagong Stock Exchange (CSE) experienced increased trading activity. Despite these developments, the market capitalization-to-GDP ratio of the DSE remained notably low compared to other Asia-Pacific economies. Meanwhile, banks' exposure to the capital markets stayed well within the prescribed regulatory thresholds, suggesting that near-term risks to banking sector stability from the capital markets remain limited.

7.1 Global Capital Market

In July-September 2025, global capital markets recorded significant gains across major economies, except Germany. The Dow Jones Industrial Average (DJIA), Japan's Nikkei 225, and the UK's FTSE 100 advanced by 5.22 percent, 10.98 percent, and 6.73 percent, respectively, whereas Germany's DAX decreased by 0.12 percent.

Likewise, the MSCI¹⁰ Emerging Markets Index gained 10.08 percent,

closing at 1,346.05 (Table 7.1). This broad-based global uptrend reflected improving investor sentiment, moderate interest-rate expectations, and resilient corporate earnings in key markets.

TABLE 7.1: QUARTERLY PERFORMANCE OF LEADING INDICES

Name of Index	Jun'25	Sep'25	Change
MSCI Emerging Markets Index	1,222.78	1,346.05	10.08%
DJIA (USA)	44,094.77	46,397.89	5.22%
Nikkei 225 (Japan)	40,487.39	44,932.63	10.98%
DAX (Germany)	23,909.61	23,880.72	-0.12%
FTSE 100 (UK)	8,760.96	9,350.43	6.73%

Source: msci.com and DSE Monthly review;
Compilation: FSD, BB.

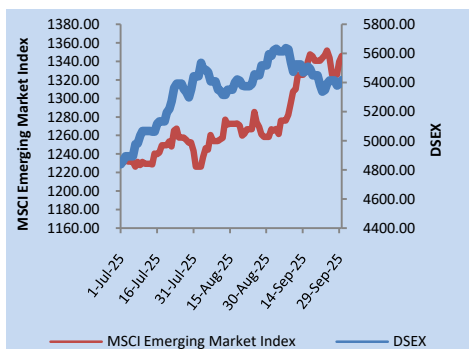
7.2. The DSEX and the MSCI Emerging Markets Index

Reflecting global performance, Bangladesh's DSEX Index moved in parallel during the July-September 2025 quarter. While the MSCI Emerging Markets Index¹¹ increased from 1222.78 to 1346.05, registering a growth of 10.08 percent, the DSEX also increased by 11.93 percent, rising from 4838.39 to 5415.79. During this period, the DSEX exhibited higher volatility, with a standard deviation of 198.89, compared to 37.90 for the MSCI Emerging Markets Index (see Chart 7.1).

¹⁰Morgan Stanley Capital International

¹¹<https://www.msci.com/end-of-day-data-search>

CHART 7.1: PERFORMANCE OF DSEX AND MSCI EMERGING MARKETS INDEX



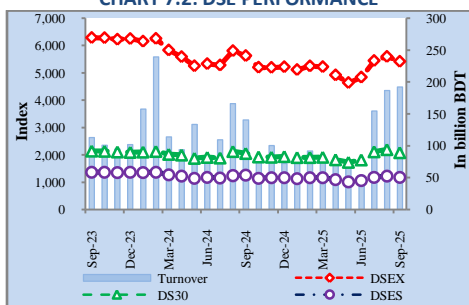
Source: msci.com and DSE Monthly review; Compilation: FSD, BB.

7.3 Dhaka Stock Exchange (DSE)

7.3.1 DSE Performance

In the review quarter, total turnover at the Dhaka Stock Exchange (DSE) was BDT 533.11 billion, recording a significant increase of BDT 172.81 billion. Additionally, the major indices of the DSE, namely DSEX, DS30, and DSES, showed an upward trend at the end of September 2025 compared to the previous quarter's end (Chart 7.2).

CHART 7.2: DSE PERFORMANCE



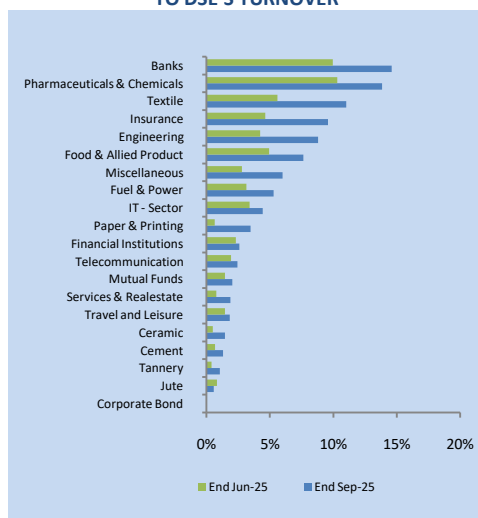
Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.2 Sectoral Turnover at DSE

The Banking sector accounted for the largest share of the total turnover on the DSE during the review quarter, at 14.59

percent, followed by the Pharmaceuticals and Chemicals sector at 13.86 percent, and the Textile sector at 11.02 percent (Chart 7.3). Furthermore, the financial sector, comprising banks, finance companies, and insurance companies, accounted for approximately 26.78 percent of the DSE's total turnover during the review quarter, up from 16.92 percent in the preceding quarter.

CHART 7.3: SECTORAL CONTRIBUTION TO DSE'S TURNOVER



Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.3 Market Capitalization

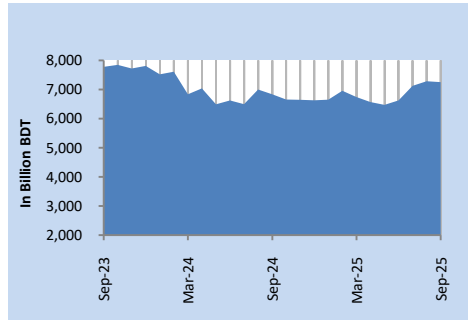
During the review quarter, DSE market capitalization increased to BDT 7,250.63 billion from BDT 6,622.71 billion, reflecting a 9.48 percent rise from the end of June 2025 (Chart 7.4).

Consequently, the market capitalization-to-GDP¹² ratio reached 12.87 percent during July-September 2025 from

¹²Represents the sum of GDP of four consecutive quarters at Current Market Prices, Base: 2015-16, Source: BBS website.

12.07¹³ percent in the previous quarter. Despite moderate progress over time, this ratio remains considerably lower than that of other economies in the Asia Pacific region¹⁴, indicating limited capital market depth relative to economic size.

CHART 7.4: MARKET CAPITALIZATION TREND OF DSE

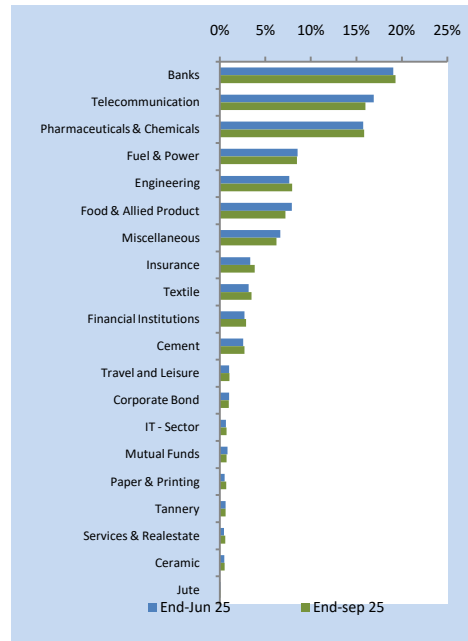


Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.4 DSE Sectoral Market Capitalization

As of end-September 2025, the Banking sector dominated with the largest share of 19.30 percent of the total market capitalization, followed by the telecommunication sector with 16.01 percent, the pharmaceuticals & chemicals sector with 15.84 percent, and the fuel & power sector with 8.46 percent. In the previous quarter, the respective market shares of those sectors were 19.06 percent, 16.92 percent, 15.74 percent, and 8.54 percent (chart 7.5). The composition indicates sustained dominance of a few key sectors in the overall market structure.

CHART 7.5: DSE SECTORAL MARKET CAPITALIZATION

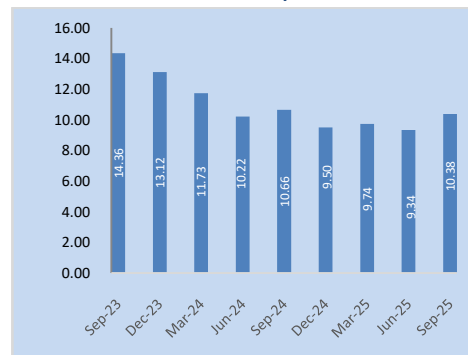


Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.5 Price/Earnings (P/E) Ratio

Despite a downward trend in the weighted-average market P/E ratio of the DSE's listed companies over the past few quarters, the ratio rose to 10.38 at the end of September 2025 from 9.34 at the end of June 2025 (Chart 7.6).

CHART 7.6: DSE P/E RATIO



Source: DSE Monthly Review; Compilation: FSD, BB.

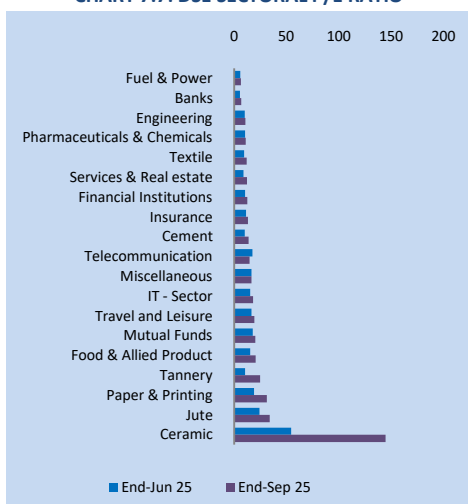
¹³ Revised.

¹⁴ Monthly Review, September 2025, Dhaka Stock Exchange PLC website.

7.3.6 Sectoral P/E Ratio

The Ceramic sector recorded the highest P/E ratio of 144.60 at the end of September 2025. Next in line were the Jute sector, with a P/E ratio of 33.81, and the paper & printing sector, with 31.15. By contrast, as of June 2025, these sectors had P/E ratios of 54.34, 24.03, and 19.06, respectively. On the other hand, the Fuel & Power sector registered the lowest P/E ratio of 6.30, followed by the Banking sector with 6.82 and the Engineering sector with 10.70, which were 5.72, 5.62, and 10.20, respectively, in the previous quarter(Chart 7.7). The rising P/E ratios across several sectors indicate strengthening market expectations and improved earnings sentiment.

CHART 7.7: DSE SECTORAL P/E RATIO



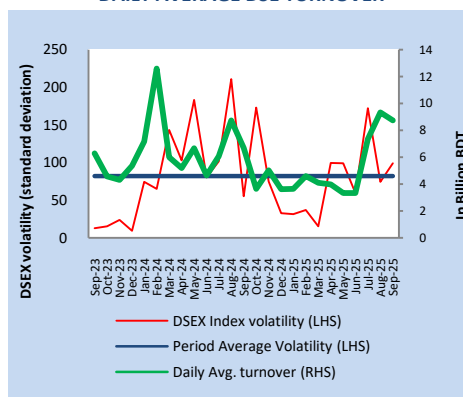
Source: DSE Monthly Review, Compilation: FSD, BB.

7.3.7 Index Volatility and Market Liquidity

Chart 7.8 delineates the month-on-month daily average turnover, daily

average index volatility, and the period's average volatility. From September 2023 to September 2025, market volatility and turnover, as a measure of liquidity, exhibited a 26.59 percent positive correlation, implying that trading volumes tended to rise during more volatile periods.

CHART 7.8: DSEX VOLATILITY AND MONTH-WISE DAILY AVERAGE DSE TURNOVER



Source: DSE Monthly Review; Computation: FSD, BB.

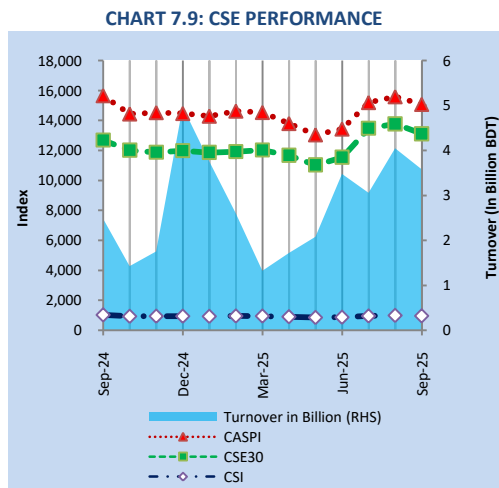
The highest level of DSEX volatility was recorded in August 2024, with a standard deviation of 210.86, while the lowest volatility was observed in December 2023, at 9.54. The average volatility over this period stood at 81.99, indicating intermittent fluctuations in investor activity and market liquidity.

7.4 Chittagong Stock Exchange (CSE)

7.4.1 CSE Performance

Chart 7.9 presents the performance of the CSE indices from September 2024 to September 2025. By end-September 2025, all major CSE indices recorded

quarter-on-quarter increases. The CASPI index rose by 12.22 percent, while the CSE30 and CSI indices increased by 13.48 percent and 10.47 percent, respectively. In addition, total turnover at the CSE grew by 46.89 percent to BDT 10.70 billion during the July–September 2025 period, compared with BDT 7.28 billion in the previous quarter. Overall, these developments suggest improved market performance, accompanied by moderate trading activity.

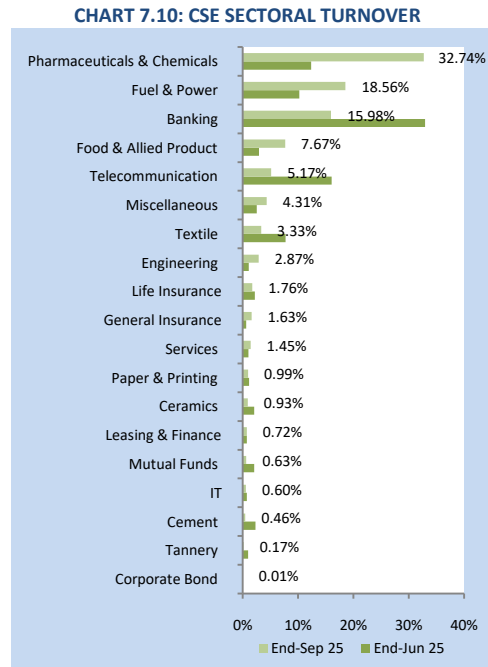


Source: CSE; Compilation: FSD, BB.

7.4.2 Sectoral Turnover at CSE

Chart 7.10 illustrates the sectoral distribution of turnover at the CSE for the quarters ended June 2025 and September 2025. During the review quarter, trading activity was predominantly concentrated in the Banking sector, which accounted for 32.74 percent of total turnover. This was followed by the Pharmaceuticals and Chemicals sector at 18.56 percent,

and the Food and Allied Products sector at 15.98 percent. The concentration of trading in a few key sectors suggests limited diversification in market participation and liquidity at the CSE.



Source: CSE; Compilation: FSD, BB.

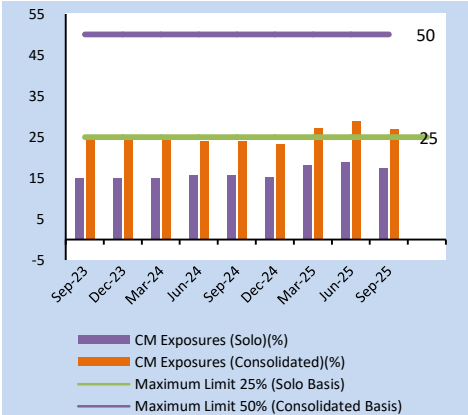
7.5 Banking Sector's Capital Market Exposures and Financial Stability

The capital market-banking sector linkage remains an important channel through which risks from both segments can propagate. Under the provisions of the Bank Company Act, 1991, banks in Bangladesh are allowed to maintain exposures to the capital market up to 25 percent of their total prescribed capital¹⁵ components on a

¹⁵ Represented by paid up capital, statutory reserve, retained earnings and balance of non-repayable share

solo basis and 50 percent on a consolidated basis. As of end-September 2025, the bank’s capital market exposures stood at 17.43 percent on a solo basis and 27.01 percent on a consolidated basis, down from 18.99 percent and 28.95 percent, respectively, in the previous quarter (Chart 7.11). Alongside this marginal change, banks’ exposures have remained well within the regulatory ceilings over the last nine quarters, indicating limited immediate risk to banking sector stability stemming from market volatility.

CHART 7.11: BANKING SECTOR'S EXPOSURE IN CAPITAL MARKET



Source: DOS, BB.

premium account, as per Department of Offsite Supervision (DOS) circular no-02, dated 16-9-2023.

CHAPTER 8: RECENT STABILITY INITIATIVES OF BANGLADESH

Bangladesh Bank initiated a set of targeted policy measures during the July-September 2025 quarter. Some of the key measures are stated below:

8.1 Policy Support for the restructuring of Financial Systems and the Business of affected borrower institutions.

Before August 2024, many institutions that create investment and employment in the country faced obstacles to conducting normal business operations due to various external factors, leading to difficulties in repaying loans or loan installments. As a result, the loans of the affected institutions were classified as adversely classified, negatively impacting the banks' loan distribution and recovery activities. This, in turn, poses a risk to Bangladesh's overall economy and the financial structure of the banking sector.

In this context, Bangladesh Bank has already taken various initiatives to restructure the affected borrower institutions, restore the desired momentum in the banking sector, and inject dynamism into the country's economic activities. In line with this, a decision has been made to provide policy support to affected but promising borrower institutions to help them restructure their businesses and financial systems, making them operational and profitable, to ensure

loan recovery by the banks. The policy supports include: a special rescheduling facility, policy support in the context of foreign exchange rate-related losses, a special restructuring facility, and a special exit facility.

The potential for recovery of losses incurred by the actual affected borrower and the institutions must be properly considered when determining the rescheduling/exit/restructuring period. The determination of the period must clearly mention the specific reasons in the memorandum presented at the bank's board meeting and in the meeting minutes. Additionally, within 90 (ninety) days from the date on which the benefits under this circular are provided, the bank and the customer will take the necessary steps to suspend the ongoing legal proceedings through a solemn agreement. If, at any point, the customer violates any of the conditions of the benefit granted, all benefits provided to the customer will be considered null and void, and the bank must take the necessary legal action to recover the loan. *[Ref: BRPD Circular No. 07, Date: 16 September 2025]*

8.2 Guidelines on Internal Credit Risk Rating System for Banks

BB made a few changes to the 2018 "Guidelines on Internal Credit Risk Rating System for Banks." To keep the

momentum of banking activities going and ensure necessary credit/investment facilities in the current economic condition, banks are now allowed to approve or renew credit/investment facilities in accordance with the prevailing Internal Credit Risk Rating System (ICRRS), even if the borrower's ICRR is classified as "Unacceptable," subject to the following conditions:

- a. Banks must conduct enhanced due diligence under their internal credit risk management policies.
- b. Proper identification, assessment, and classification of credit/investment risk must be ensured, including adequate evaluation of the borrower's cash flow, financial capacity, and the status of collateral and securities. Monitoring activities must be strengthened.
- c. Banks must ensure that conditions imposed by the bank's Board concerning such credit/investment facilities are duly complied with by the borrower.
- d. Banks must prepare and preserve their own evaluation report on the qualitative and quantitative criteria considered for approving such credit/investment facilities. A consolidated list of the approved facilities must be submitted monthly to BRPD (Division-2) and maintained for inspection. [Ref: BRPD Circular Letter No. 18, Date: 19 August 2025]

8.3 Policies relating to the formation, responsibilities, and duties of the Board of Directors and senior management of bank companies.

Previously (*BRPD Circular No. 2, Date: 11 February 2024*), BB issued directives regarding meetings of the Board of bank companies and the supporting committees of the Board. According to the relevant circular, if a *Note of Dissent* is given on any matter presented at a meeting of the Board or its supporting committees, the same must be recorded in the minutes of the meeting. However, it has been observed that in many cases, banks are not complying with this directive. Moreover, in many instances, the discussions held during meetings of the Board and supporting committees on matters/agendas placed before such meetings, as well as the opinions expressed by the directors and the observers of Bangladesh Bank, are not properly reflected in the minutes of the meetings. As a result, it is not possible to ensure the effective participation and contribution of the Board members in Board and supporting committee meetings.

In this context, with a view to ensuring the effective participation and contribution of the Board members in meetings of the Board and its supporting committees, the following guidelines are hereby issued for compliance:

(a) The discussions held in the meeting on any matter/agenda placed before the meeting of the Board and supporting committees, and any dissenting/exceptional opinions or observations of any director, must be included in the minutes of the meeting;

(b) All observations/recommendations of the Board/supporting committees discussed in the meeting must be duly recorded in the minutes of the meeting;

(c) If any director or directors provide a *Note of Dissent* on any matter/agenda presented at the meeting, the same must be recorded in detail in the minutes of the meeting;

(d) If any observer of Bangladesh Bank is present in the bank, the opinions/observations provided by such observer of Bangladesh Bank on any matter/agenda presented at the meeting must be duly recorded in the minutes of the meeting.

In addition, all other directives described in BRPD Circular No. 02, dated 11 February 2024, shall remain unchanged. [Ref: BRPD Circular No. 2, Date: 11 February 2024 and BRPD Circular Letter No. 14, Date: 04 August 2025]

8.4 Policies relating to the formation, appointment, and removal of members, and the roles and responsibilities of the Shariah Supervisory Committee (SSC) of bank companies

conducting Islamic banking operations.

Pursuant to Section 3 of the relevant circular (*BRPD Circular 15, Date: 9 November 2009*), the Board of a bank company is entrusted with the responsibility of ensuring that all deposit and investment facilities (products), as well as other banking operations, are fully compliant with Shariah principles. Accordingly, all full-fledged Islamic banks and conventional commercial banks operating Islamic banking branches or windows are required to ensure that their directors have an adequate understanding of Shariah and Islamic banking practices.

To this end, the Board may establish an independent *Shariah Supervisory Committee (SSC)* comprising qualified, competent, experienced, and impartial individuals with recognized expertise in Shariah and Islamic jurisprudence. The *principal* mandate of the SSC includes the formulation of Shariah policies necessary for the conduct of Islamic banking activities, the monitoring and review of Shariah compliance, and the performance of other related functions.

Although the circular provides general guidance on establishing the SSC, it does not set out detailed provisions for its composition, the appointment and removal of members, or the scope of their duties and responsibilities. In

addition, the circular does not clearly specify matters such as the number of SSC members, their tenure, honorarium or allowances, and related terms and conditions.

In view of the foregoing, and taking into account the prevailing circumstances, the following directives are hereby issued for full-fledged Islamic banks and conventional commercial banks operating Islamic banking branches and/or windows. These directives address, inter alia, the eligibility and suitability criteria for the appointment and reappointment of existing SSC members; the structure and composition of the SSC; number of members; tenure; honorarium; removal and resignation procedures; appointment of the Chairman and Secretary; establishment of a Shariah Secretariat; roles and responsibilities; meeting procedures, decision-making processes, and preparation of minutes; preparation of Shariah-related reports and annual Shariah compliance reports; performance evaluation of SSC members; and the safeguarding of confidentiality in respect of bank-related interest-sensitive matters. [Ref: BRPD Circular 15, Date: 9 November 2009 and IBRPD Circular 03, Date: 28 September 2025]

8.5 Term Lending in Taka to Foreign-Owned/Controlled Companies

With reference to the Guidelines for Foreign Exchange Transactions-2018,

Vol-1, foreign-owned or controlled companies engaged in manufacturing or service-sector output for at least three years in Bangladesh are permitted to obtain Taka-denominated term loans from domestic banks and financial institutions. These loans may be used for capacity expansion or for BMRE (Balancing, Modernization, Rehabilitation, and Expansion) activities, and such eligibility is not affected by the proportion of local equity participation in the company. However, these borrowings must comply with all applicable credit norms and prudential regulations imposed on lenders, which include the single borrower exposure limit and the previously applicable maximum debt-equity ratio of 50:50. To further promote investment and ease financing for these foreign enterprises, the central bank has now decided to relax the borrowing condition by revising the allowable debt-equity ratio from 50:50 to 60:40. This means that eligible foreign-owned/controlled companies will be able to borrow a larger portion of funding relative to their equity base, thereby improving their access to domestic credit for expansion and modernization projects. All other existing instructions and regulatory conditions in this context will continue to remain unchanged. Banks and financial institutions are advised to inform their relevant clients about this updated provision to ensure proper

understanding and compliance. [Ref: FE Circular No. 25, Date: 2 July 2025]

8.6 Policy on Licensing, Operations, and Renewal of Limited Money Changer Companies

Under Section 3 of the Foreign Exchange Regulation Act, 1947 (as amended up to 2015), Bangladesh Bank issues Authorized Dealer (AD) licenses. Under the existing system, AD licenses are issued to branches of scheduled banks or their central processing centers. Similarly, limited money changer licenses are issued to branches of scheduled banks, bank booths, hotels, gift shops, and other such establishments. For the purpose of obtaining a Limited Money Changer License, scheduled banks operating in Bangladesh shall submit the application along with the required documents through their head offices, and other institutions shall submit the application through an Authorized Dealer (AD) bank. [Ref: FE Circular No. 26, Date: 2 July 2025]

8.7 Access to finance against funds held in OBUs as collateral

According to Section 11, Subsections 1, 3, and 4 of the Offshore Banking Act, and D (5) of FE Circular-11/2025, Offshore Banking Units (OBUs) can accept deposits in authorized currencies from 100% foreign-owned entities and non-resident individuals/institutions (non-resident Bangladeshis, persons of Bangladeshi

origin, foreign citizens and institutions, companies established and operated abroad, foreign investors, etc.) operating in specialized zones. In this context, to facilitate financing, subject to certain guidelines, the balance of an Offshore Banking Unit (OBU) account can be used as collateral to provide loans in local currency through Domestic Banking Units (DBUs). In addition, under Section 5(1) (a) of the Foreign Exchange Regulations Act, 1947, with general approval, DBUs can provide loans in taka against OBU deposits for their NRB (Non-Resident Bangladeshi) customers. The discussed procedure also includes provisions for liquidating the collateral in case of loan default. [Ref: FE Circular No. 27, Date: 03 July 2025]

8.8 Retention of Export Proceeds in Foreign Currency by Type B and Type C Industrial Enterprises of Specialized Zones:

Type B and Type C industrial enterprises operating in specialized zones - EPZs, PEPZs, EZs, HTPs - are allowed to retain up to 80 percent (75 percent in case of the garments sector) of repatriated export proceeds in FC accounts to meet bona fide payment obligations in FC as per paragraph 30(ii), chapter 13 of GFET. In order to bring parity and facilitate operational efficiency and foreign currency liquidity management for specialized zone enterprises, it has been decided that ADs may allow Type B and Type

C industrial enterprises to retain their full repatriated export proceeds in back to back settlement pool in FC in line with the provisions as per paragraph 42(i), chapter 7 of the GFET and subsequent circulars. [Ref: FE Circular No. 32, Date: 10 August 2025]

8.9 Master Circular on Financing in the Startup Sector

In Bangladesh's current economic context, startup enterprises play an important role as drivers of economic growth, employment generation, and innovation. Startup initiatives not only build innovative infrastructure in the business sector but also create new employment opportunities, which is a core objective of the Sustainable Development Goals. If financing from the banking sector is made more readily available to start-up entrepreneurs' initiatives/projects, many promising start-up ventures can be taken forward. As in other countries around the world, in Bangladesh too, alongside conventional loan- and investment-based financing facilities provided by the banking sector and other financial institutions, equity

investment can bring about unprecedented positive changes in the development of start-up companies. Considering this, to support the proper development of the start-up ecosystem, start-up companies may be financed through equity investment facilities in addition to loan- and investment-based methods. Banks and finance companies, after disbursing loans/investments to start-up entrepreneurs from their own loanable/investable funds at the customer level, shall report such financing to Bangladesh Bank as start-up loans and shall maintain a 0.50% general provision against unclassified loans/investments. In addition, loan/investment classification shall be carried out in accordance with the applicable instructions of the Banking Regulation and Policy Department, and the required provisions shall be maintained against classified loans/investments. [Ref: SMESPD Circular Letter No. 02, Date: 9 July 2025]

APPENDICES

APPENDIX I: CPI INFLATION (POINT TO POINT)

(In Percent)

Quarter end	Inflation (General)	Inflation (Food)	Inflation (Non-Food)
Mar-24	9.81	9.87	9.64
Jun-24	9.72	10.42	9.15
Sep-24	9.92	10.4	9.50
Dec-24	10.89	12.92	9.26
Mar-25	9.35	8.93	9.70
Jun-25	8.48	7.39	9.37
Sep-25	8.36	7.64	8.98

Source: Major Economic Indicators, October 2025, BB.

Base: FY2021-2022.

APPENDIX II: FOREIGN EXCHANGE RESERVE

(Amount in Billion USD)

Quarter end	International Reserve
Mar-24	25.23 (19.91 as per BPM6)
Jun-24	26.71 (21.79 as per BPM6)
Sep-24	24.86 (19.86 as per BPM6)
Dec-24	26.21 (21.39 as per BPM6)
Mar-25	25.51 (20.39 as per BPM6)
Jun-25	31.77 (26.74 as per BPM6)
Sep-25	31.43 (26.60 as per BPM6)

Source: Statistics Department, BB and Major Economic Indicators, BB.

APPENDIX III: WAGE EARNERS' REMITTANCE

(Amount in Billion USD)

Quarter	Amount
Mar-24	6.27
Jun-24	6.84
Sep-24	6.54
Dec-24	7.23
Mar-25	8.01
Jun-25	8.54
Sep-25	7.59

Source: Monthly Economic Trends, BB.

APPENDIX IV: EXPORTS AND IMPORTS

(Amount in Billion USD)

Quarter	Aggregate Exports (F.O.B)	Aggregate Imports (F.O.B)
Mar-24	10.76	15.40
Jun-24	9.86	16.54
Sep-24	10.55	15.19
Dec-24	11.77	16.90
Mar-25	11.54	17.22
Jun-25	10.10	15.05
Sep-25	11.09	16.80

Source: Statistics Department, BB and Bangladesh Bank Quarterly.

APPENDIX V: INTEREST RATE (WEIGHTED AVERAGE) SPREAD

(In Percent)

Quarter	Lending Rate	Deposit Rate	Spread
Mar-24	10.36	5.17	5.19
Jun-24	11.52	5.49	6.03
Sep-24	11.70	5.84	5.86
Dec-24	11.84	6.01	5.83
Mar-25	12.04	6.17	5.87
Jun-25	12.08	6.26	5.82
Sep-25	12.16	6.42	5.74

Source: Statistics Department, BB.

APPENDIX VI: WEIGHTED AVERAGE EXCHANGE RATE

(BDT/USD)

Quarter	Exchange Rate
Mar-24	110.00
Jun-24	118.00
Sep-24	120.00
Dec-24	120.00
Mar-25	122.00
Jun-25	122.77
Sep-25	121.80

Source: Monthly Economic Trends, BB.

APPENDIX VII: CREDIT TO THE GOVERNMENT (GROSS) BY THE BANKING SYSTEM

(Amount in Billion BDT)

Quarter end	Amount
Mar-24	5,041.77
Jun-24	5,561.52
Sep-24	5,271.00
Dec-24	5,481.97
Mar-25	5,878.82
Jun-25	6,245.12
Sep-25	6,542.87

Source: Statistics Department, BB.

APPENDIX VIII: BANKING SECTORS TOTAL ASSETS TO GDP RATIO

(Amount in Billion BDT)

Quarter	Total Assets	Quarterly Growth of Total Assets	Quarterly Change in Total Asset	GDP (Current Market Price)	Quarterly Asset/GDP
Sep-23	23,457.74	1.36%	314.90	46,542.95	50.40%
Dec-23	23,983.97	2.24%	526.24	48,356.11	49.58%
Mar-24	24,280.84	1.24%	296.87	50,154.25	48.41%
Jun-24	25,462.60	4.87%	1,181.76	50,026.54	50.90%
Sep-24	25,240.13	-0.87%	-222.47	50,924.04	49.56%
Dec-24	26,297.74	4.19%	1,057.61	52,208.48	50.37%
Mar-25	26,937.00	2.43%	639.26	53,749.04	50.12%
Jun-25	27,761.35	3.06%	824.35	54,888.35	50.58%
Sep-25	28,099.17	1.22%	337.83	56,340.75	49.87%

Source: DOS; Compilation: FSD, BB.

APPENDIX IX: ASSET STRUCTURE OF THE BANKING INDUSTRY (END PERIOD)

(Amount in Billion BDT)

PROPERTY AND ASSETS	JUN-24	SEP-24	DEC-24	MAR-25	JUN-25	SEP-25
Cash in hand	300.81	282.82	290.74	251.46	301.81	277.60
Balance with Bangladesh Bank and its Agent Bank	1,275.15	724.80	1,095.93	990.50	1,218.12	1,121.24
Balance with other banks and finance companies (including Money at call and short notice)	997.90	919.81	979.48	1,130.08	1,018.48	980.82
Investment	4,401.66	4,491.88	4,820.82	5,089.05	5,590.08	5,864.48
Loans and Advances (including bill discounted and purchased)	17,031.30	17,139.23	17,454.08	17,772.23	18,032.17	18,172.53
Fixed Assets	302.64	302.98	301.52	306.73	302.94	303.74
Other Assets	1,132.26	1,357.39	1,334.14	1,376.00	1,276.85	1,349.51
Non-banking assets	20.88	21.23	21.04	20.95	20.88	29.2198
Total Assets	25,462.60	25,240.14	26,297.74	26,937.00	27,761.35	28,099.17

Source: DOS; Compilation: FSD, BB.

APPENDIX X: BANKING SECTOR ASSETS AND NPL CONCENTRATION (END-SEP, 2025)

(Amount in Billion BDT)

Assets	Top 5 Banks	Other Banks	Top 10 Banks	Other Banks
Amount	8,804.47	19,294.71	13,275.51	14,823.67
Share (%)	31.33%	68.67%	47.25%	52.75%
NPL	Top 5 banks	Other banks	Top 10 banks	Other banks
Amount	3,016.53	3,402.39	4,430.90	1,988.03
Share (%)	46.99%	53.01%	69.03%	30.97%

Source: DOS; Compilation: FSD, BB.

APPENDIX XI: BANKING SECTOR NPL RATIO

(Amount in Billion BDT)

Quarter	NPL	NPL Ratio (%)
Dec-23	1,456.33	9.00
Mar-24	1,822.95	11.11
Jun-24	2,113.92	12.56
Sep-24	2,849.77	16.93
Dec-24	3,457.65	20.20
Mar-25	4,203.35	24.13
Jun-25	6,083.46	34.40
Sep-25	6,418.93	35.73

Source: BRPD; Compilation: FSD, BB.

APPENDIX XII: DISTRIBUTION OF BANKS BY NPL RATIO RANGE

Range	Number of Banks							
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
≤5%	34	30	27	20	26	15	15	12
>5% to ≤15%	15	18	22	24	16	23	15	17
>15% to ≤20%	3	3	1	3	2	4	8	9
>20% to ≤30%	3	1	1	3	3	4	4	3
>30% to ≤50%	2	4	4	4	6	5	4	3
>50%	5	5	4	5	6	7	15	17
Total	61	61	61	61	61	61	61	61

Source: BRPD; Compilation: FSD, BB.

APPENDIX XIII: BANKING SECTOR LOAN LOSS PROVISIONS

(Amount in Billion BDT)

Period	Required Provision	Provision Maintained	Provision Maintenance Ratio (%)
Dec-23	989.41	796.80	80.53
Mar-24	1,114.70	848.84	76.15
Jun-24	1,141.66	893.55	78.27
Sep-24	1,815.92	1,262.13	69.50
Dec-24	2,155.08	1,093.77	50.75
Mar-25	2,751.03	1,044.48	37.97
Jun -25	4,466.61	1,269.40	12.79
Sep -25	4,725.35	1,287.20	27.24

Source: BRPD; Compilation: FSD, BB.

APPENDIX XIV: BANKING SECTOR CLASSIFIED LOANS RATIOS

(In Percent)

Quarter end	Classified Loans to Total Loan	Substandard Loans to Classified Loan	Doubtful Loans to Classified Loan	Bad Loans to Classified Loan
Sep-23	9.93%	8.02%	4.26%	87.72%
Dec-23	9.00%	9.05%	3.90%	87.06%
Mar-24	11.11%	11.44%	4.02%	84.54%
Jun-24	12.56%	17.39%	3.19%	79.42%
Sep-24	16.93%	12.98%	5.40%	81.62%
Dec-24	20.20%	12.44%	3.24%	84.32%
Mar-25	24.13%	15.27%	3.35%	81.38%
Jun-25	34.40%	3.56%	6.45%	89.98%
Sep-25	35.73%	3.84%	5.34%	90.82%

Source: BRPD; Compilation: FSD, BB.

APPENDIX XV: CLASSIFIED LOAN COMPOSITION AT END-SEPTEMBER 2025

(Amount in Billion BDT)

Particulars	Amount	Percent of total
Substandard (SS)	246.62	3.84%
Doubtful (DF)	343.13	5.35%
Bad/Loss (BL)	5,829.18	90.81%
Total Classified Loan	6,418.93	100.00%

Source: BRPD; Compilation: FSD, BB.

APPENDIX XVI: BANKING SECTOR ROA RANGE

Quarter	ROA Range			
	≤0%	> 0% to ≤0.5%	> 0.5% to ≤1%	> 1%
Sep-23	10	15	18	18
Dec-23	8	9	17	27
Mar-24	10	20	12	19
Jun-24	8	17	15	21
Sep-24	11	20	10	20
Dec-24	10	20	12	19
Mar-25	18	18	7	18
Jun-25	21	18	6	16
Sep-25	22	17	6	16

Source: DOS; Compilation: FSD, BB.

APPENDIX XVII: BANKING SECTOR ROE RANGE

Quarter	ROE Range			
	≤0%	> 0% to ≤5%	> 5% to ≤10%	> 10%
Sep-23	10	13	13	25
Dec-23	8	6	11	36
Mar-24	10	14	13	24
Jun-24	9	10	18	24
Sep-24	12	17	11	21
Dec-24	11	10	11	29
Mar-25	17	15	11	18
Jun-25	18	13	9	21
Sep-25	22	13	12	14

Source: DOS; Compilation: FSD, BB.

APPENDIX XVIII: BANKING SECTOR ROA AND ROE

Ratio	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
ROA*	0.41%	0.59%	0.23%	0.40%	0.38%	0.43%	-0.18%	-0.58%	-0.54%
ROE*	7.46%	10.54%	4.32%	7.85%	7.42%	8.70%	-3.99%	-16.11%	-15.10%

* indicates annualized figures except December.

Source: DOS; Compilation: FSD, BB.

APPENDIX XIX: CLUSTER-WISE DECOMPOSITION OF EARNINGS

(Amount in Billion BDT)

	SOCBs		PCBs (Excluding IBs)		FCBs		SBs		IBs		Industry	
	Sep-24	Sep-25	Sep-24	Sep-25	Sep-24	Sep-25	Sep-24	Sep-25	Sep-24	Sep-25	Sep-24	Sep-25
NII	-13.23	-68.03	135.10	-36.65	38.09	38.62	-0.15	-0.57	80.56	-41.05	240.37	-66.63
NOI	47.10	95.69	47.37	99.63	31.47	24.74	-4.58	-5.14	-33.37	-24.58	87.99	214.92
NI	-10.88	-25.69	46.42	-109.07	45.97	37.90	-4.94	-5.71	4.72	-94.69	81.23	-102.57

Note: NII, NOI, and NI represent net interest income, net operating income, and net income.

Source: DOS; Compilation: FSD, BB.

APPENDIX XX: FCS' ASSET COMPOSITION

(Amount in Billion BDT)

Particulars	Jun-25	Sep-25
Cash & liquid assets	121.25	122.02
Earning assets	857.04	863.88
Fixed assets	14.00	13.94
Other assets	53.22	52.57
Total	1,045.51	1,052.41

Source: DFIM; Compilation: FSD, BB.

APPENDIX XXI: FCS' LIABILITY AND SHAREHOLDERS' EQUITY COMPOSITION

(Amount in Billion BDT)

Particulars	Jun-25	Sep-25
Borrowings	303.86	299.75
Deposits	522.89	532.26
Shareholders' equity	-143.59	-149.14
Other liabilities	362.34	369.54
Total	1,045.51	1,052.41

Source: DFIM; Compilation: FSD, BB.

**APPENDIX XXII: FCS' CLASSIFIED LOANS AND LEASES
I.E. NON-PERFORMING LOANS & LEASES (NPL)**

(Amount in Billion BDT)

Quarter End	Aggregate NPL Balance	NPL Ratio (%)
Sep-23	216.58	29.75
Dec-23	232.09	31.55
Mar-24	229.61	30.86
Jun-24	247.11	33.15
Sep-24	261.63	35.52
Dec-24	260.38	33.83
Mar-25	271.90	35.32
Jun-25	275.41	35.72
Sep-25	294.09	37.11

Source: DFIM, BB.

APPENDIX XXIII: FCS' ROA

(In Percent)

Quarter	Aggregate ROA
Sep-23	-2.02%
Dec-23	-1.81%
Mar-24	-1.99%
Jun-24	-2.44%
Sep-24	-3.02%
Dec-24	-3.56%
Mar-25	-1.65%
Jun-25	-2.98%
Sep-25	-2.54%

Note: The displayed ratios are annualized figures from respective quarterly/half yearly ratios.
Source: DFIM; Compilation: FSD, BB.

APPENDIX XXIV: CRR AND SLR AT END-SEPTEMBER 2025

Bank Clusters	CRR (in percent)		SLR (in percent)	
	Required	Maintained	Required	Maintained
SOCBs	3.00%	4.28%	12.97%	33.92%
PCBs (Conventional)	3.09%	3.78%	12.42%	25.82%
FCBs	3.00%	6.04%	12.73%	47.65%
SDBs	3.00%	3.99%	-	-
PCBs (Islamic)	3.60%	2.93%	5.50%	8.18%
Industry	3.14%	4.20%	10.91%	28.89%

Note: CRR on daily basis; SDBs are exempted from maintaining SLR.
Source: DOS, BB.

APPENDIX XXV: BANKING SECTOR ADVANCE-TO-DEPOSIT RATIO (ADR)

Period	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
ADR (In percent)	81.32	81.55	80.33	79.42	78.28

Source: DOS, BB.

APPENDIX XXVI: BANK CLUSTER-WISE LCR AND NSFR

Banks	Dec-24		Mar-25		Jun-25		Sep-25	
	NSFR	LCR	LCR	NSFR	LCR	NSFR	LCR	NSFR
SOCBs	273.93	94.69	268.21	90.59	316.09	103.04	336.38	104.59
PCBs (Conventional)	158.38	110.77	168.69	112.43	178.47	109.24	193.34	109.42
PCBs (Islamic)	53.47	96.70	45.28	94.07	47.36	93.51	50.82	94.94
FCBs	444.69	133.18	378.90	131.49	398.12	129.82	464.68	126.90
Industry	157.52	104.62	159.25	103.79	171.49	104.95	185.31	105.65

Note: BDBL, BKB, PKB, RAKUB are exempted from maintaining LCR & NSFR.

Source: DOS, BB.

APPENDIX XXVII: FCs' CRR AND SLR

(Amount in Billion BDT)

Quarter End	Aggregate CRR			Aggregate SLR		
	Required	Maintained	Surplus/ Shortfall	Required	Maintained	Surplus/ Shortfall
Sep-22	5.32	5.24	(0.09)	24.67	96.39	71.72
Dec-22	5.37	5.69	0.32	25.15	92.97	67.82
Mar-23	5.24	5.88	0.64	24.91	96.46	71.55
Jun-23	5.28	5.29	0.01	25.25	99.60	74.35
Sep-23	5.36	5.52	0.16	25.85	102.44	76.59
Dec-23	5.33	5.43	0.10	25.26	104.87	79.61
Mar-24	5.32	5.40	0.08	25.22	115.21	89.99
Jun-24	5.32	5.37	0.05	25.53	108.59	83.06
Sep-24	5.40	5.74	0.34	26.81	112.69	85.88
Dec-24	5.55	5.71	0.16	27.41	97.86	70.45
Mar-25	5.67	5.49	(0.18)	27.97	110.17	82.20
Jun-25	5.88	5.77	(0.11)	29.34	117.89	88.55
Sep-25	5.90	5.55	(0.35)	29.56	114.80	85.24

Source: DFIM, BB.

APPENDIX XXVIII: FCS' CRR AND SLR

Particulars	End Sep-23	End Dec-23	End Mar-24	End Jun-24	End Sep-24	End Dec-24	End Mar-25	End Jun-25	End Sep-25
Capital Adequacy Ratio (%)	2.59	1.62	3.24	(3.31)	(14.93)	(6.46)	(20.58%)	(22.30%)	(23.03)

Source: DFIM, BB.

APPENDIX XXIX: OVERALL RISK-WEIGHTED ASSETS AND TIER-1 CAPITAL OF FCS

(Amount in Billion BDT)

Particulars	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Credit RWA	610.84	603.92	589.46	571.47	583.18	617.16	621.43	614.73	621.75
Market RWA	24.79	24.95	22.93	28.31	22.31	27.74	25.07	20.57	23.69
Operational RWA	43.84	42.43	40.61	43.35	41.99	45.28	41.83	41.29	42.11
Total RWA	679.47	671.30	653.00	643.13	647.48	690.17	688.33	676.59	687.55
Core Capital (Tier-1)	4.33	(1.81)	8.64	(33.01)	(108.54)	(56.29)	(95.19)	(161.72)	(167.77)
Supplementary Capital (Tier-2)	13.28	12.69	12.54	11.71	11.88	11.71	11.25	10.85	9.46
Eligible (Total) Capital	17.61	10.88	21.17	(21.30)	(96.66)	(44.58)	(83.93)	(150.87)	(158.31)

Source: DFIM, BB.

APPENDIX XXX: DSEX AND MSCI EMERGING MARKETS INDEX

Date	DSEX	Date	MSCI Emerging Markets Index
1-September-25	5583.79	1-September-25	1266.58
2-September-25	5620.92	2-September-25	1265.44
3-September-25	5631.62	3-September-25	1267.00
4-September-25	5614.28	4-September-25	1261.56
7-September-25	5636.15	5-September-25	1276.05
8-September-25	5627.59	8-September-25	1282.20
9-September-25	5538.25	9-September-25	1295.38
10-September-25	5473.15	10-September-25	1307.49
11-September-25	5523.78	11-September-25	1310.08
14-September-25	5468.35	12-September-25	1325.73
15-September-25	5474.72	15-September-25	1328.79
16-September-25	5509.61	16-September-25	1339.91
17-September-25	5492.34	17-September-25	1347.85
18-September-25	5449.93	18-September-25	1345.83

APPENDIX XXX : DSEX AND MSCI EMERGING MARKETS INDEX (CONTINUED)

Date	DSEX	Date	MSCI Emerging Markets Index
21-September-25	5381.85	19-September-25	1340.91
22-September-25	5337.14	22-September-25	1343.73
23-September-25	5347.47	23-September-25	1346.55
24-September-25	5392.65	24-September-25	1351.91
25-September-25	5415.13	25-September-25	1343.82
28-September-25	5380.08	26-September-25	1325.58
29-September-25	5389.78	29-September-25	1339.71
30-September-25	5415.79	30-September-25	1346.05

Source: Msci.com and DSE Monthly Review.

APPENDIX XXXI: DSE PERFORMANCE

Month	(In Billion BDT)		Index		
	Turnover	Market Capitalization	DSEX	DS30	DSES
Sep-23	113.06	7,774.76	6284.63	2140.36	1359.6
Oct-23	100.69	7,842.67	6278.66	2133.87	1362.73
Nov-23	94.98	7,718.17	6223.03	2108.32	1353.21
Dec-23	102.06	7,806.50	6246.50	2093.83	1364.13
Jan-24	157.47	7,517.34	6153.34	2103.93	1351.96
Feb-24	239.16	7,607.24	6254.54	2126.80	1359.82
Mar-24	114.03	6,833.04	5829.70	2021.30	1266.31
Apr-24	93.57	7,035.11	5584.65	1995.31	1227.51
May-24	133.56	6,489.22	5221.96	1874.84	1143.70
Jun-24	83.55	6,621.56	5328.40	1909.64	1180.01
Jul-24	109.18	6,493.87	5280.47	1886.19	1153.97
Aug-24	165.96	6,995.82	5804.42	2124.71	1241.26
Sep-24	140.50	6,834.12	5624.50	2053.36	1263.73
Oct-24	76.61	6,653.32	5199.40	1926.05	1144.90
Nov-24	100.35	6,643.56	5192.59	1916.23	1166.89
Dec-24	72.47	6,626.20	5216.44	1939.73	1168.90
Jan-25	80.26	6,648.25	5112.90	1903.85	1133.98
Feb-25	91.82	6,953.64	5247.30	1905.55	1167.00
Mar-25	77.80	6,738.66	5219.16	1914.69	1168.11
Apr-25	71.61	6,565.69	4917.92	1822.89	1094.18
May-25	70.18	6,469.85	4637.92	1729.63	1011.36
Jun-25	53.63	6,622.71	4838.39	1815.96	1060.76
Jul-25	154.30	7,122.23	5443.42	2114.35	1170.61
Aug-25	186.53	7,280.49	5594.39	2193.72	1227.71
Sep-25	192.28	7,250.63	5415.79	2081.84	1171.98

Source: DSE Monthly Review.

APPENDIX XXXII: SECTORAL TURNOVER AT DSE

Sectors	End- June, 2025	End- Sep, 2025
Corporate Bond	0.01%	0.02%
Jute	0.83%	0.59%
Tannery	0.39%	1.06%
Cement	0.69%	1.32%
Ceramic	0.51%	1.45%
Travel and Leisure	1.47%	1.84%
Services & Realestate	0.78%	1.89%
Mutual Funds	1.47%	2.05%
Telecommunication	1.93%	2.46%
Financial Institutions	2.32%	2.59%
Paper & Printing	0.65%	3.48%
IT - Sector	3.40%	4.44%
Fuel & Power	3.14%	5.31%
Miscellaneous	2.79%	6.01%
Food & Allied Product	4.94%	7.65%
Engineering	4.24%	8.79%
Insurance	4.64%	9.59%
Textile	5.60%	11.02%
Pharmaceuticals & Chemicals	10.31%	13.86%
Banks	9.96%	14.59%

Source: DSE Monthly Review.

APPENDIX XXXIII: SECTORAL MARKET CAPITALIZATION AT DSE

Sectors	End- June, 2025	End- Sep, 2025
Banks	19.06%	19.30%
Telecommunication	16.92%	16.01%
Pharmaceuticals & Chemicals	15.74%	15.84%
Fuel & Power	8.54%	8.46%
Engineering	7.65%	7.96%
Food & Allied Product	7.90%	7.21%
Miscellaneous	6.65%	6.23%
Insurance	3.34%	3.85%
Textile	3.16%	3.50%
Financial Institutions	2.70%	2.87%
Cement	2.58%	2.69%
Travel and Leisure	1.04%	1.04%

APPENDIX XXXIII : SECTORAL MARKET CAPITALIZATION AT DSE (CONTINUED)

Sectors	End- June, 2025	End- Sep, 2025
Corporate Bond	1.00%	1.00%
IT - Sector	0.68%	0.76%
Mutual Funds	0.85%	0.73%
Paper & Printing	0.54%	0.69%
Tannery	0.62%	0.64%
Services &Realestate	0.47%	0.61%
Ceramic	0.50%	0.53%
Jute	0.07%	0.09%

Source: DSE Monthly Review.

APPENDIX XXXIV: SECTORAL P/E RATIO AT DSE

Sectors	End- June, 2025	End- Sep, 2025
Fuel & Power	5.72	6.30
Banks	5.62	6.82
Engineering	10.20	10.70
Pharmaceuticals & Chemicals	10.31	10.98
Textile	9.59	12.01
Services & Real estate	8.87	12.32
Financial Institutions	10.55	12.5
Insurance	11.19	13.11
Cement	10.18	13.63
Telecommunication	17.54	14.69
Miscellaneous	16.48	16.52
IT - Sector	15.30	17.98
Travel and Leisure	16.46	19.24
Mutual Funds	17.66	20.24
Food & Allied Product	15.34	20.52
Tannery	10.55	24.69
Paper & Printing	19.06	31.15
Jute	24.03	33.81
Ceramic	54.34	144.60

Source: DSE Monthly Review.

APPENDIX XXXV: PRICE/EARNINGS RATIO OF DSE

Quarter	DSE P/E Ratio
Sep-23	14.36
Dec-23	13.12
Mar-24	11.73
Jun-24	10.22
Sep-24	10.66
Dec-24	9.50
Mar-25	9.74
Jun-25	9.34
Sep-25	10.38

Source: DSE Monthly Review.

APPENDIX XXXVI: DSE BROAD INDEX (DSEX) VOLATILITY AND DSE TURNOVER

Month	Daily Average Index Volatility ¹⁶	Daily Average DSE Turnover (In Crore BDT)
Sep-23	12.75	628.10
Oct-23	15.51	457.70
Nov-23	24.16	431.70
Dec-23	9.54	537.20
Jan-24	74.64	715.80
Feb-24	65.28	1258.70
Mar-24	143.22	600.10
Apr-24	103.18	519.80
May-24	183.46	667.80
Jun-24	80.34	464.10
Jul-24	101.84	606.50
Aug-24	210.86	873.50
Sep-24	55.42	669.00
Oct-24	172.95	364.82
Nov-24	74.93	501.74
Dec-24	33.10	362.37
Jan-25	31.70	364.81
Feb-25	36.98	459.11
Mar-25	15.42	409.45
Apr-25	99.74	397.83
May-25	99.12	334.18
Jun-25	59.64	335.16
Jul-25	172.25	734.77
Aug-25	74.61	932.66
Sep-25	99.05	874.00

Source: DSE Monthly Review; Computation: FSD, BB.

¹⁶ Measured by average of daily standard deviation of DSEX during each month.

APPENDIX XXXVII: CSE PERFORMANCE

Month	(In Billion BDT)	Index		
	Turnover	CASPI	CSE30	CSI
Sep-23	7.91	18580.58	13358.74	1167.7
Oct-23	14.44	18589.42	13378.96	1170.47
Nov-23	1.74	18479.52	13339.11	1171.02
Dec-23	2.64	18520.14	13304.52	1178.65
Jan-24	2.72	17427.99	13199.22	1131.44
Feb-24	4.45	17928.39	13346.41	1148.70
Mar-24	3.31	16628.71	12696.57	1079.79
Apr-24	3.56	15953.06	12280.93	1051.52
May-24	9.89	15072.20	11632.88	982.71
Jul-24	4.25	15093.13	11869.05	981.00
Aug-24	10.20	16520.24	13199.92	1047.74
Sep-24	2.49	15659.66	12697.19	1020.34
Oct-24	1.43	14442.01	12017.01	923.81
Nov-24	1.76	14532.31	11876.36	934.33
Dec-24	4.98	14473.35	11986.09	933.23
Jan-25	3.76	14294.08	11868.19	923.03
Feb-25	2.60	14633.01	11925.87	946.71
Mar-25	1.32	14541.35	12027.98	942.17
Apr-25	1.72	13805.32	11673.50	897.98
May-25	2.08	13051.80	11029.76	846.06
Jun-25	3.48	13438.38	11550.92	864.66
Jul-25	3.06	15202.39	13481.65	948.19
Aug-25	4.05	15589.69	13778.38	983.17
Sep-25	3.58	15079.99	13108.20	955.21

Source: CSE Bazar Parikrama.

APPENDIX XXXVIII: SECTORAL TURNOVER AT CSE

Sectors	Contribution of Sectors	
	End- June 2025	End- Sep 2025
Corporate Bond	0.01%	0.01%
Tannery	1.01%	0.17%
Cement	2.32%	0.46%
Ceramics	0.74%	0.60%
Mutual Funds	2.08%	0.63%
Paper & Printing	0.73%	0.72%
Life Insurance	2.08%	0.93%
IT	1.15%	0.99%
Services	1.04%	1.45%
Leasing & Finance	0.63%	1.63%
Telecommunication	2.22%	1.76%
General Insurance	1.11%	2.87%
Engineering	7.74%	3.33%
Textile	2.55%	4.31%
Miscellaneous	16.08%	5.17%
Fuel & Power	2.95%	7.67%
Food & Allied Product	32.93%	15.98%
Pharmaceuticals & Chemicals	10.24%	18.56%
Banking	12.39%	32.74%

Source: CSE Bazar Parikrama.

APPENDIX XXXIX: CAPITAL MARKET EXPOSURES OF BANKS

Period	Solo basis (%)	Consolidated basis (%)
Sep-23	14.91	25.13
Dec-23	15.07	25.39
Mar-24	15.12	25.05
Jun-24	15.86	24.15
Sep-24	15.90	23.96
Dec-24	15.28	23.23
Mar-25	18.15	27.15
Jun-25	18.99	28.95
Sep-25	17.43	27.01

Source: DOS, BB.

This report is prepared by Financial Stability Department, Bangladesh Bank, Head Office, Motijheel, Dhaka-1000, Bangladesh.

The report is based on data and information available as of end-September 2025, unless stated otherwise.

The report can be accessed through internet at <https://www.bb.org.bd/en/index.php/publication/publicitn/2/60>

Feedback on the report may be sent to gm.fsd@bb.org.bd.