

Quarterly Financial Stability Assessment Report

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Bangladesh Bank

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- *The report can be accessed through internet at <https://www.bb.org.bd/en/index.php/publication/publicitn/2/60>*
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Quarterly
Financial Stability Assessment Report
April-June 2025



Financial Stability Department
Bangladesh Bank

Quarterly

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Table of Contents

ACRONYMS	XI
EXECUTIVE SUMMARY	XIII
CHAPTER 1: MACROECONOMIC DEVELOPMENTS	1
1.1 GLOBAL MACROECONOMIC SITUATION	1
1.1.1 Global GDP Growth	1
1.1.2 Global Inflation	1
1.1.3 Global Financial Condition	2
1.1.3.1 Global Monetary Policy Response	2
1.1.3.2 Global Equity Market	3
1.1.4 Global Trade and Production	3
1.1.5 Impact of Global Tariff	4
1.2 DOMESTIC MACROECONOMIC SITUATION	4
1.2.1 Gross Domestic Product (GDP)	4
1.2.2 Inflation	4
1.2.3 Foreign Exchange Reserves and Import Coverage	5
1.2.4 Wage Earners' Remittance	5
1.2.5 Exports (FOB) and Imports (FOB)	5
1.2.6 Balance of Payments	6
1.2.7 Interest Rates and Monetary Policy Transmission	6
1.2.8 Exchange Rate	7
1.2.9 Credit to the Government (gross) by the Banking System	8
CHAPTER 2: BANKING SECTOR PERFORMANCE	9
2.1 ASSETS STRUCTURE	9
2.2 PROFITABILITY	11
CHAPTER 3: FINANCE COMPANIES' PERFORMANCE	13
3.1 GROWTH OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY	13
3.1.1 Assets: Composition and Contribution	13
3.1.2 Liabilities: Composition and Contribution	14
3.1.3 Liabilities-Assets Ratio	15
3.2 ASSET QUALITY	15
3.3 PROFITABILITY	15
3.4 ASSET CONCENTRATION	15
CHAPTER 4: BANKING SECTOR CAPITAL ADEQUACY AND LIQUIDITY	17
4.1 CAPITAL ADEQUACY	17
4.2 LIQUIDITY	19
4.3 LEVERAGE RATIO	19
CHAPTER 5: FINANCE COMPANIES' CAPITAL ADEQUACY AND LIQUIDITY	21
5.1 CAPITAL ADEQUACY	21
5.2 RISK-WEIGHTED ASSETS (RWA)	21
5.3 LIQUIDITY	22

CHAPTER 6: STRESS TEST AND RESILIENCE OF THE BANKING SECTOR	23
6.1 CREDIT, MARKET, AND COMBINED SHOCKS	23
6.1.1 Credit Shocks	23
6.1.2 Market Shocks	24
6.1.3 Combined Shock	24
6.2 CLIMATE SHOCK	25
6.3 LIQUIDITY SHOCK	25
CHAPTER 7: CAPITAL MARKET DEVELOPMENT	27
7.1 GLOBAL CAPITAL MARKET	27
7.2 DSEX AND MSCI EMERGING MARKETS INDEX	27
7.3 DHAKA STOCK EXCHANGE (DSE)	28
7.3.1 DSE Performance	28
7.3.2 Sectoral Turnover at DSE	28
7.3.3 Market Capitalization	28
7.3.4 DSE Sectoral Market Capitalization	29
7.3.5 Price/Earnings (P/E) Ratio	29
7.3.6 Sectoral P/E Ratio	30
7.3.7 Index Volatility and Market Liquidity	30
7.4 CHITTAGONG STOCK EXCHANGE (CSE)	31
7.4.1 CSE Performance	31
7.4.2 Sectoral Turnover at CSE	31
7.5 BANKING SECTOR'S CAPITAL MARKET EXPOSURES AND FINANCIAL STABILITY	31
CHAPTER 8: RECENT STABILITY INITIATIVES OF BANGLADESH BANK	33
8.1 TRANSACTIONS WITH BANK-RELATED PERSONS OR INSTITUTIONS	33
8.2 MASTER CIRCULAR ON REGULATIONS FOR OVERSEAS BANKING OPERATIONS	33
8.3 EXTENDING THE PURVIEW OF OFFSHORE BANKING OPERATIONS	34
8.4 EXCHANGE RATE MANAGEMENT	34
8.5 REMITTANCES AGAINST CURRENT ACCOUNT TRANSACTIONS	34
8.6 OUTWARD REMITTANCES OF PROJECT-RELATED EXPENSES	34
8.7 WOMEN'S PARTICIPATION IN AGENT BANKING OPERATIONS	35
8.8 BANK RESOLUTION ORDINANCE, 2025	35
8.9 SPECIAL FUND FOR CAPITAL MARKET AND INVESTMENT POLICY	35
APPENDICES	37

List of Charts

<i>Chart 1.1: Quarterly GDP Growth of Major Economies</i>	1
<i>Chart 1.2: Commodity Price Index</i>	2
<i>Chart 1.3: Policy Rates of Advanced Economies' Central Banks</i>	2
<i>Chart 1.4: Policy Rates of BRICS' Central Banks</i>	2
<i>Chart 1.5: Selected Stock Indices</i>	3
<i>Chart 1.6: Global Export and Import Growth</i>	3
<i>Chart 1.7: Global Industrial Production Growth</i>	3
<i>Chart 1.8: Quarterly Real GDP Growth</i>	4
<i>Chart 1.9: Quarterly Inflation</i>	5
<i>Chart 1.10: Foreign Exchange Reserves</i>	5
<i>Chart 1.11: Wage Earners' Remittance</i>	5
<i>Chart 1.12: Exports (FOB) and Imports (FOB)</i>	6
<i>Chart 1.13: Balance of Payment Position</i>	6
<i>Chart 1.14: Policy Rates and Call Money Rate</i>	6
<i>Chart 1.15: Interest Rate Spread</i>	7
<i>Chart 1.16: Number of Banks by Interest Rate Spread</i>	7
<i>Chart 1.17: Cluster-wise Interest Rate Spread</i>	7
<i>Chart 1.18: Exchange Rate Movement</i>	7
<i>Chart 1.19: Credit to the Government (gross) by the Banking System</i>	8
<i>Chart 2.1 Asset Size of the Banking Industry</i>	9
<i>Chart 2.2 Cluster-wise Share of Banking Sector Assets, and Loans and Advances</i>	9
<i>Chart 2.3: Asset Concentration of Top 10 banks</i>	10
<i>Chart 2.4: Asset Concentration of Top 10 banks</i>	10
<i>Chart 2.5: Banking Sector Asset Concentrations - Lorenz Curve</i>	11
<i>Chart 2.6: ROA and ROE of the Banking Sector</i>	11
<i>Chart 2.7: Distribution of Banking Sector Return on Assets (ROA)</i>	11
<i>Chart 2.8: Distribution of Banking Sector Return on Equity (ROE)</i>	11
<i>Chart 2.9: Decomposition of Earnings of Banking Sector</i>	12
<i>Chart 3.1: Composition of Assets</i>	13
<i>Chart 3.2: Contribution of Different Components in Growth of Total Assets at end-June 2025</i>	14
<i>Chart 3.3: Composition of Liabilities</i>	14
<i>Chart 3.4: Contribution of Different Components in Growth of Total Liabilities and Shareholders' Equity at end-June 2025</i>	14
<i>Chart 3.5: FCs' Liabilities-Assets Ratio</i>	15
<i>Chart 3.6: FCs' Non-performing Loans</i>	15
<i>Chart 3.7: FCs' ROA</i>	15
<i>Chart 3.8: FCs' Asset Concentration- Lorenz Curve</i>	16
<i>Chart 4.1: Banking Sector CRAR</i>	17
<i>Chart 4.2: Distribution of Banks based on CRAR</i>	17
<i>Chart 4.3: Banks' shares in Assets, and Liabilities based on CRAR at end-June 2025</i>	18
<i>Chart 4.4: Banking Sector's Tier-1 Capital Ratio</i>	18
<i>Chart 4.5: Banks' Cluster-wise CRAR</i>	18

<i>Chart 4.6: Distribution of RWA</i>	18
<i>Chart 4.7: Banking Sector ADR</i>	19
<i>Chart 4.8: Banking Sector LCR</i>	19
<i>Chart 4.9: Banking Sector NSFR</i>	19
<i>Chart 4.10: Leverage Ratio of Banks at end-June 2025</i>	20
<i>Chart 4.11: Leverage Ratio of Bank Clusters at end-June 2025 (Solo Basis)</i>	20
<i>Chart 5.1: Core Capital to RWA and Capital Adequacy Ratio of FCs</i>	21
<i>Chart 5.2: Components-wise RWA of FCs</i>	22
<i>Chart 5.3: Cash Reserve Ratio (CRR) of FCs</i>	22
<i>Chart 5.4: Statutory Liquidity Ratio (SLR) of FCs</i>	22
<i>Chart 6.1 Number of Non-compliant Banks in case of different Minor Shock Scenarios</i>	24
<i>Chart 7.1 Performance of DSEX and MSCI Emerging Markets Index</i>	28
<i>Chart 7.2 DSE Performance</i>	28
<i>Chart 7.3 Contribution of Sectors in DSE's Turnover</i>	28
<i>Chart 7. 4 Market Capitalization Trend of DSE</i>	29
<i>Chart 7. 5 DSE Sectoral Market Capitalization</i>	29
<i>Chart 7.6 DSE P/E Ratio</i>	29
<i>Chart 7.7 DSE Sectoral P/E Ratio</i>	30
<i>Chart 7.8 DSEX Volatility and Month-wise Daily Average DSE Turnover</i>	30
<i>Chart 7. 9 CSE Performance</i>	31
<i>Chart 7.10: CSE Sectoral Turnover</i>	31
<i>Chart 7. 11 Banking Sector's Exposure in Capital Market</i>	32
<i>Chart 7.12 Correlation between Banking Sector's Share trading and dividend income with Market index volatility</i>	32

List of Tables

<i>Table 2.1 : Asset Structure of the Banking Industry</i>	10
<i>Table 6. 1: The Results of Different Minor Shock Scenarios in the Banking Sector</i>	25
<i>Table 7.1: Quarterly Performance of Leading Indices</i>	27

List of Appendices

<i>Appendix I: CPI Inflation (Point to Point)</i>	37
<i>Appendix II: Foreign Exchange Reserves</i>	37
<i>Appendix III: Wage Earners' Remittance</i>	38
<i>Appendix IV: Exports and Imports</i>	38
<i>Appendix V: Interest Rate (Weighted Average) Spread</i>	38
<i>Appendix VI: Weighted Average Exchange Rate (End Period)</i>	39
<i>Appendix VII: Credit to the Government (Gross) by the Banking System</i>	39
<i>Appendix VIII: Banking Sectors Total Assets to GDP Ratio</i>	39
<i>Appendix IX: Asset Structure of the Banking Industry (End Period)</i>	40
<i>Appendix X: Banking Sector Assets and NPL Concentration (End-June, 2025)</i>	40
<i>Appendix XI: Banking Sector ROA Range</i>	41
<i>Appendix XII: Banking Sector ROE Range</i>	41
<i>Appendix XIII: Banking Sector ROA and ROE</i>	41
<i>Appendix XIV: Cluster-wise Decomposition of Earnings</i>	42
<i>Appendix XV: FCs' Asset Composition</i>	42
<i>Appendix XVI: FCs' Liability and Shareholders' Equity Composition</i>	42
<i>Appendix XVII: FCs' Classified Loans and Leases</i>	42
<i>Appendix XVIII: FCs' ROA & ROE</i>	43
<i>Appendix XIX: Banking Sector Regulatory Capital Position- Solo Basis</i>	43
<i>Appendix XX: Banking Sector CRAR Distribution</i>	43
<i>Appendix XXI: Tier-1 Capital Ratio and Overall CRAR of the Banking Industry</i>	43
<i>Appendix XXII: Bank Cluster-wise CRAR at end-June 2025</i>	44
<i>Appendix XXIII: Distribution of Risk Weighted Assets (RWA) of the Banking Industry</i>	44
<i>Appendix XXIV: CRR and SLR at end-June 2025</i>	44
<i>Appendix XXV: Banking Sector Advance-to-Deposit Ratio (ADR)</i>	44
<i>Appendix XXVI: Number of Banks according to Range of Leverage Ratio - Solo Basis</i>	44
<i>Appendix XXVII: Bank Cluster-wise Leverage Ratio - Solo Basis</i>	45
<i>Appendix XXVIII: Bank Cluster-wise LCR and NSFR</i>	45
<i>Appendix XXIX: FCs' CRR and SLR</i>	45
<i>Appendix XXX: Capital Adequacy Ratio (CAR) of FC</i>	46
<i>Appendix XXXI: Overall Risk-weighted Assets and Tier-1 Capital of FC</i>	46
<i>Appendix XXXII: DSEX and MSCI Emerging Markets Index</i>	47
<i>Appendix XXXIII: DSE Performance</i>	47
<i>Appendix XXXIV: Sectoral Turnover at DSE</i>	48
<i>Appendix XXXV: Sectoral Market Capitalization at DSE</i>	48
<i>Appendix XXXVI: Sectoral P/E Ratio at DSE</i>	49
<i>Appendix XXXVII: Price/Earnings Ratio of DSE</i>	49
<i>Appendix XXXVIII: DSE Broad Index (DSEX) Volatility and DSE Turnover</i>	50
<i>Appendix XXXIX: CSE Performance</i>	50
<i>Appendix XL: Sectoral Turnover at CSE</i>	51
<i>Appendix XLI: Capital Market Exposures of Banks</i>	52

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
DAX	Deutscher Aktienindex (German stock index)
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
FE	Foreign Exchange
FCBs	Foreign Commercial Banks
FCs	Finance 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
LCR	Liquidity Coverage Ratio
MSCI	Morgan Stanley Capital International
NASDAQ	National Association of Securities Dealers Automated Quotations
NPL	Non-performing Loan
NSFR	Net Stable Funding Ratio
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
USA	The United States of America
USD	US Dollar
UK	The United Kingdom

EXECUTIVE SUMMARY

This report provides Bangladesh Bank's assessment of the resilience of Bangladesh's financial system against emerging risks and vulnerabilities during the April-June 2025 quarter (CY25). It also highlights major domestic and global developments with potential implications for financial stability.

During the review quarter, the global economy exhibited uneven regional performance. While global inflation eased slightly, supported by declines in key commodity price indices, world trade slowed amid weak industrial activity and softening global demand. Persistent tariff frictions and heightened trade policy uncertainty continued to weigh on trade flows and global output prospects.

The domestic economy continued to grapple with significant macroeconomic challenges, characterized by subdued growth, elevated inflation, and a weakening currency. Headline inflation eased to 8.48 percent, down by 1.24 percentage points from a year earlier. Remittance inflows strengthened to USD 8.54 billion, up from USD 8.01 billion in the previous quarter. Gross foreign exchange reserves stood at USD 31.77 billion at end-June 2025, sufficient to cover six months of prospective imports. The exchange rate depreciated marginally by 0.64 percent, with the BDT trading at 122.78 per USD.

The banking sector displayed a mixed performance during the quarter. Total banking assets increased marginally to BDT 27,761.35 billion. However, Return on Assets (ROA) and Return on Equity (ROE) dropped significantly to -0.58 percent and -16.11 percent, respectively.

Banking sector's risk-based capital adequacy ratio decreased in the review quarter. The Capital to Risk-weighted Assets Ratio (CRAR) of the banking sector fell to 4.47 percent at end-June 2025, 2.27 percentage points lower than the previous quarter. Nevertheless, most banks remained compliant with regulatory capital requirements. The Tier-1 capital ratio also fell by 2.24 percentage points to 2.26 percent. In contrast, liquidity indicators, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remained above the regulatory thresholds.

Stress test results showed that the banking sector would remain moderately vulnerable to adverse shock scenarios. The pre-shock CRAR of the banking sector of 4.47 percent would decline further under both credit and market risk shocks. The default of the top two borrowers would have the most pronounced impact on capital adequacy, followed by increases in non-performing loans (NPLs) and collateral depreciation. Under a combined shock scenario, the aggregate CRAR would decline to 1.28 percent. Nonetheless, liquidity stress tests showed that most banks remained resilient.

Total assets of the Finance Companies (FCs) increased; however, their asset quality and profitability further deteriorated. Their total assets rose to BDT 1,045.51 billion, up 2.27 percent from the previous quarter. The NPL ratio edged up to 35.72 percent, Return on Assets (ROA) worsened to -2.98 percent from -1.65 percent. The Tier-1 capital ratio fell sharply to -23.90 percent, down 10.07 percentage points from the previous quarter, and the Capital Adequacy Ratio (CAR) also declined. Despite a higher the Cash Reserve Ratio (CRR), a shortfall persisted; however, the Statutory Liquidity Ratio (SLR) remained comfortably above the regulatory minimum requirement.

In the capital market, global indices advanced, while Bangladesh's stock markets weakened. The Dhaka Stock Exchange (DSE) experienced declines in both market capitalization and turnover, and the Chittagong Stock Exchange (CSE) reported similar downturns. The market capitalization-to-GDP ratio of the DSE remained low relative to its Asia-Pacific peers. However, as banks' capital market exposure remains well below the regulatory ceilings, short-term risks to banking sector stability appear limited. Nonetheless, banks should continue to monitor market volatility and the interlinkages between capital market performance and banking income.

Bangladesh Bank (BB) has taken several initiatives for the purpose of maintaining financial stability. A Master Circular on overseas banking operations was issued, expanding the scope of offshore banking and strengthening exchange rate management. Additional circulars were also released to reinforce financial system stability and support economic revitalization.

CHAPTER 1: MACROECONOMIC DEVELOPMENTS

1.1 Global Macroeconomic Situation

Global economic activity maintained a modest pace in early 2025; however, the second quarter was adversely affected by trade tensions. The imposition of new US tariffs and retaliatory measures by major trading partners drove global tariff levels to their highest in decades. This escalation in protectionism and policy uncertainty is expected to weigh heavily on global output and trade. Furthermore, these measures are likely to sustain upward pressure on consumer prices, potentially reigniting inflationary risks across advanced economies.

The combination of trade restrictions and resurging inflation poses a threat to the already fragile stability of the global economic environment.

1.1.1 Global GDP Growth

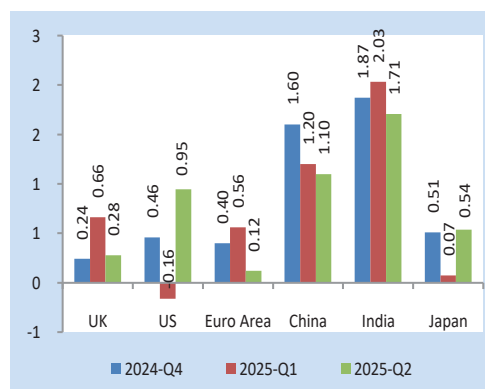
Global output in the second quarter of 2025 revealed notable regional divergences. The Euro Area experienced a pronounced slowdown, expanding by only 0.12 percent, down from 0.56 percent in the previous quarter. Similarly, the United Kingdom registered growth of 0.28 percent, compared to 0.66 percent in Q1 2025 (Chart 1.1).

In contrast, the United States rebounded strongly, growing by 0.95 percent after a contraction in the prior quarter. In Asia,

major economies sustained steady growth: India's GDP expanded by 1.71 percent, slightly below the 2.03 percent recorded in Q1, supported by robust domestic consumption and public investment. China's economy grew by 1.10 percent, reflecting effective policy interventions, while Japan showed a clear recovery with 0.54 percent in Q2 following an earlier slowdown.

Overall, advanced economies exhibited uneven growth dynamics, whereas emerging Asian economies continued to act as the main drivers of global expansion, despite a mild moderation in growth momentum.

Chart 1.1: Quarterly GDP Growth of Major Economies



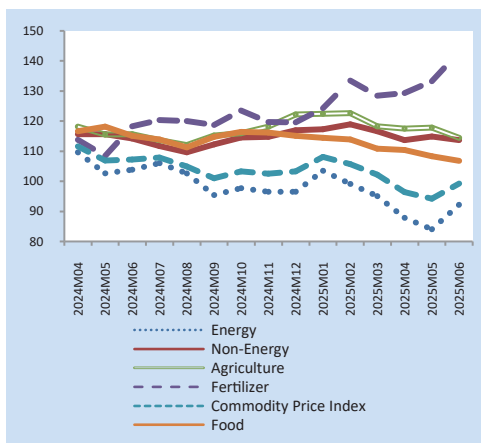
Source: OECD.

1.1.2 Global Inflation

Commodity markets exhibited mixed patterns in Q2 2025. Both energy and non-energy prices continued to decline.

Food prices fell from 110.86 to 106.74, while agricultural commodity prices eased from 118.21 to 114.44. Conversely, fertilizer prices rose sharply from 128.40 to 142.98. Overall, the composite commodity price index showed a slight decrease during the quarter (Chart 1.2).

Chart 1.2: Commodity Price Index



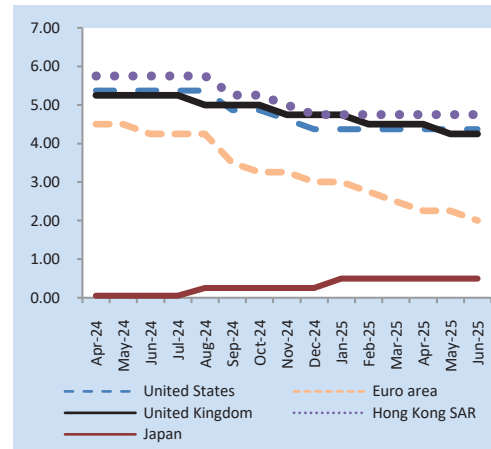
Note: Index base was 100 in the year 2010.
Source: World Bank.

1.1.3 Global Financial Condition

1.1.3.1 Global Monetary Policy Response

Monetary policy remained generally accommodative across several advanced economies during the second quarter of 2025. The Euro Area lowered policy rates by 50 basis points, while the United Kingdom reduced its rate by 25 basis points, continuing their easing cycles. By contrast, the United States, Hong Kong SAR, and Japan kept their policy rates unchanged throughout the period (Chart 1.3).

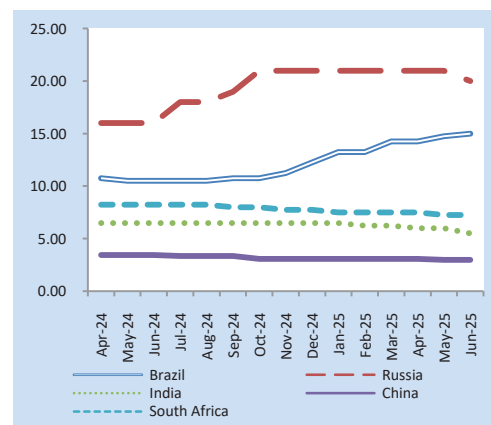
Chart 1.3: Policy Rates of Advanced Economies' Central Banks



Source: BIS.

Among the BRICS economies, policy rate movements were more diverse. Brazil's raised its benchmark rate by 75 basis points, maintaining a tightening stance. In contrast, India implemented a 75 basis point rate cut to stimulate growth, while South Africa and Russia reduced rates by 0.25 and 1.00 percentage points, respectively. China also cut its policy rate by 10 basis points to support domestic demand (Chart 1.4).

Chart 1.4: Policy Rates of BRICS' Central Banks

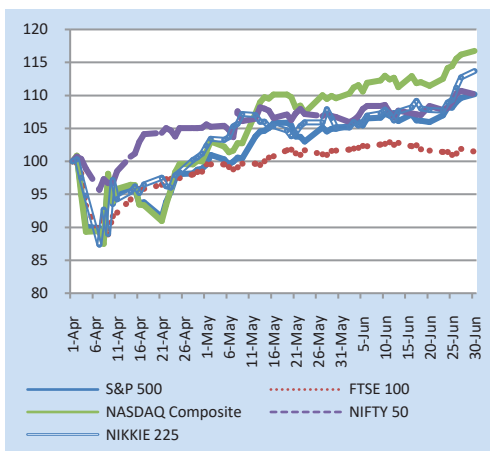


Source: BIS.

1.1.3.2 Global Equity Market

The second quarter of 2025 began with considerable volatility as new U.S. tariff announcements unsettled global markets. Major indices initially fell on trade-related uncertainty but rebound later in the quarter. The NASDAQ Composite led the recovery, followed by steady gains in the S&P 500 and Nikkei 225. India's Nifty 50 posted consistent growth; while the UK's FTSE 100 remained largely unchanged (Chart 1.5). Overall, markets absorbed the effects of tariff shocks and refocused on economic fundamentals, resulting in a late-quarter recovery.

Chart 1.5: Selected Stock Indices¹



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

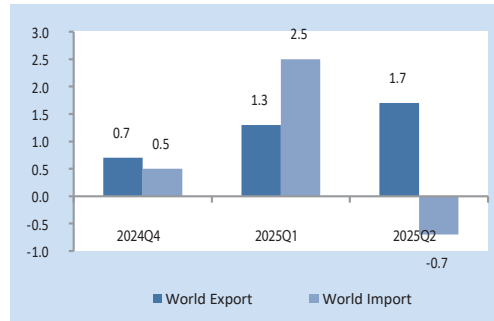
1.1.4 Global Trade and Production

World exports grew by 1.7 percent in Q2 2025, sustaining positive momentum, while imports declined by 0.7 percent, reversing the strong growth of the previous quarter. This asymmetry

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.

indicates softening global demand and inventory adjustments in major economies (Chart 1.6).

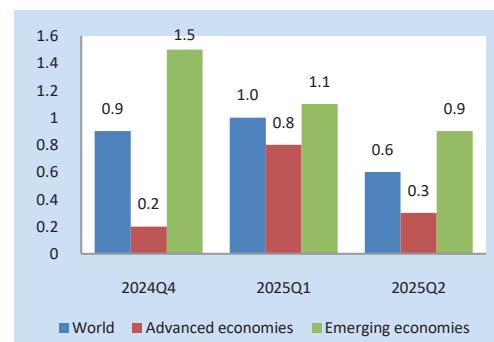
Chart 1.6: Global Export and Import Growth



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

Global industrial production expanded by 0.6 percent, slower than the 1.0 percent recorded in Q1. Advanced economies grew by only 0.3 percent, compared to 0.8 percent in the preceding quarter, while emerging economies maintained stronger momentum at 0.9 percent, slightly down from 1.1 percent (Chart 1.7). The widespread deceleration reflects the combined impact of tighter financial conditions and weakening global demand on manufacturing activity.

Chart 1.7: Global Industrial Production Growth



Source: CPB World Trade Monitor.

1.1.5 Impact of Global Tariff

According to the OECD, the recent wave of tariff hikes could intensify inflationary pressures in advanced economies, as higher import costs feed into consumer prices. However, the inflationary effects might remain contained if markets expect these measures to be temporary. While tariffs are likely to cause a lasting decline in global trade volumes, the overall impact will depend on how quickly importers can diversify and integrate alternative supply sources. The OECD further cautions that prolonged protectionism could lead to significant long-term global output losses through reduced investment, inefficient resource allocation, and persistent trade uncertainty-effects that could outweigh any short-term gains from trade reallocation.

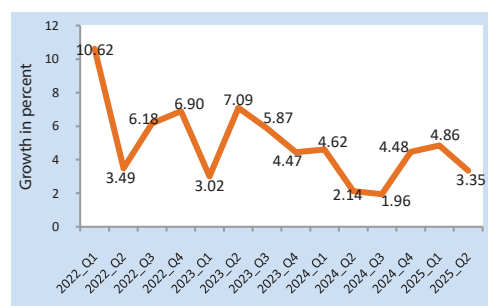
1.2 Domestic Macroeconomic Situation

Bangladesh's economy continues to grapple with key macroeconomic challenges, including persistent inflation, sluggish growth, and exchange rate pressure. Nevertheless, an increase in remittance inflows, and a narrowed trade deficit supported an improvement in foreign exchange reserves. However, the government's ongoing dependence on bank borrowing may crowd out private investment.

1.2.1 Gross Domestic Product (GDP)

Bangladesh's real GDP grew by 3.35 percent in the Q2 2025, down from 4.86 percent in the previous quarter but higher than 2.14 percent in the Q2 2024 (Chart 1.8).

Chart 1.8: Quarterly Real GDP Growth

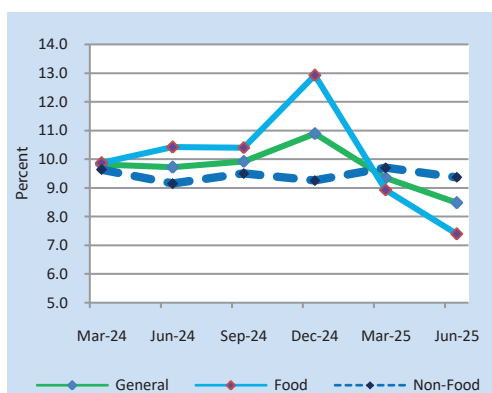


Source: BBS; Calculation: FSD, BB.

1.2.2 Inflation

Inflation eased noticeably by end-June 2025, reflecting the impact of Bangladesh Bank's policy measures. Headline inflation (point-to-point, base year 2021–2022) declined to 8.48 percent, a reduction of 87-basis points from end-March 2025. Food inflation dropped by 154 basis points to 7.39 percent, while, non-food inflation fell slightly by 33 basis points to 9.37 percent. Compared to June 2024, headline inflation was 124 basis points lower, mainly due to a 303 basis point fall in food inflation (Chart 1.9).

Chart 1.9: Quarterly Inflation

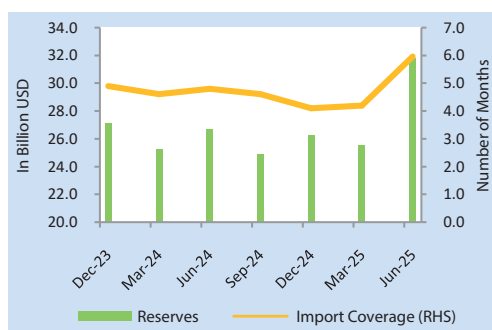


Source: Major Economic Indicators, BB.

1.2.3 Foreign Exchange Reserves and Import Coverage

Both gross reserves and import coverage improved during the review period. At end-June 2025, gross foreign exchange increased by 24.53 percent, reaching USD 31.77 billion (USD 26.74² billion under BPM6), sufficient to cover approximately six months of prospective imports, up from 4.2 months in March 2025 (Chart 1.10). Gross reserves rose by USD 5.06 billion compared to end-June 2024.

Chart 1.10: Foreign Exchange Reserves



Source: Statistics Department, BB.

1.2.4 Wage Earners' Remittance

Remittances inflows strengthened further, rising to USD 8.54 billion in Q2 2025 from USD 8.01 billion in the

²Monthly Economic Trends, September 2025 issue

previous quarter. Year-on-year remittances increased by 24.96 percent supported by higher outflows of migrant workers and the use of formal remittance channels (Chart 1.11).

Chart 1.11: Wage Earners' Remittance



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

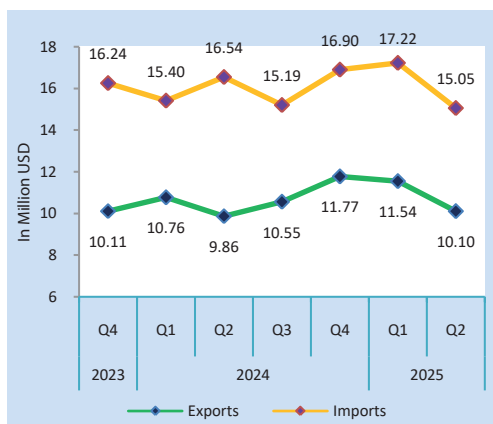
1.2.5 Exports (FOB) and Imports (FOB)

The external trade deficit narrowed slightly during the quarter as import fell more sharply than exports. Total imports³ declined by 12.62 percent to USD 15.05 billion, while exports⁴ fell by 12.46 percent to USD 10.10 billion compared to the previous quarter (Chart 1.12).

³The import (FOB) has been adjusted for freight, goods procured in ports etc.

⁴NBR revised and provided the export shipment data to Bangladesh Bank and EPB by adjusting multiple entries from October 2023 to March 2024. The export (FOB) has been adjusted for export from EPZ to Bangladesh, CMT exports etc.

Chart 1.12: Exports (FOB) and Imports (FOB)

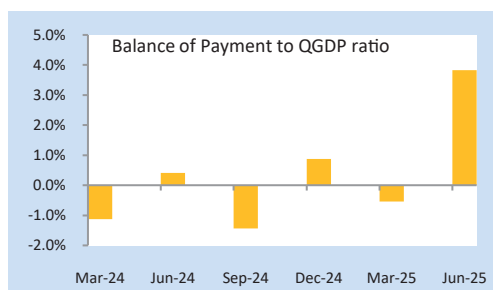


Source: Statistics Department, BB and Bangladesh Bank Quarterly.

1.2.6 Balance of Payments

The Balance of Payments turned to a surplus in Q2 2025, driven by a robust financial account and a positive current account balance. Consequently, the ratio of the overall balance-to-quarterly GDP improved to 3.83 percent, reversing the deficit recorded in the previous quarter (Chart 1.13).

Chart 1.13: Balance of Payment Position



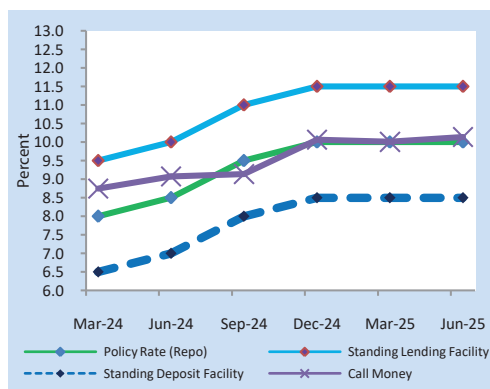
Source: Statistics Department, BB and Bangladesh Bank Quarterly.

1.2.7 Interest Rates and Monetary Policy Transmission

The Bangladesh Bank maintained its tight monetary policy stance to contain inflation and safeguard macroeconomic stability. As of end-June 2025, the policy (repo) rate remained at 10.00 percent, unchanged from end-March 2025 but 150

basis points higher than that of end-June 2024. The Standing Lending Facility (SLF) rate and Standing Deposit Facility (SDF) rate also remained unchanged at 11.50 percent and 8.50 percent, respectively. The weighted average call money rate stood at 10.14 percent at end-June 2025, reflecting that the elevated policy rates and continued monetary tightening kept upward pressure on short-term money market rates. The call money rate remained closely aligned with the repo rate, suggesting effective monetary policy transmission and helping to anchor inflation expectations (Chart 1.14). This pattern also indicates that the banking system did not experience any sudden liquidity stress during the review quarter.

Chart 1.14: Policy Rates and Call Money Rate

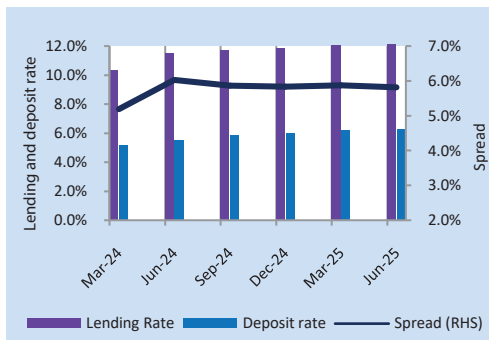


Source: Monthly Economic Trends, BB (various issues).

Both lending and deposit rates in the banking sector continued their upward trajectory in recent quarters. The weighted average lending rate rose marginally by 4 basis points from the previous quarter to 12.08 percent, while the weighted average deposit rate

increased by 9 basis points to 6.26 percent. As a result, the interest rate spread⁵ narrowed slightly by 5 basis points, reaching 5.82 percent during the review quarter (Chart 1.15). Compared to the same period in 2024, the spread declined by 21 basis points, indicating a gradual convergence between lending and deposit rates.

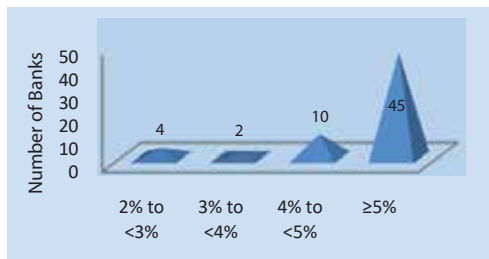
Chart 1.15: Interest Rate Spread



Source: Statistics Department, BB.

Among the 61 scheduled banks, 45 maintained a spread of 5 percent or higher, 12 operated with spreads between 3 and 5 percent, and 4 recorded spreads below 3 percent (Chart 1.16).

Chart 1.16: Number of Banks by Interest Rate Spread

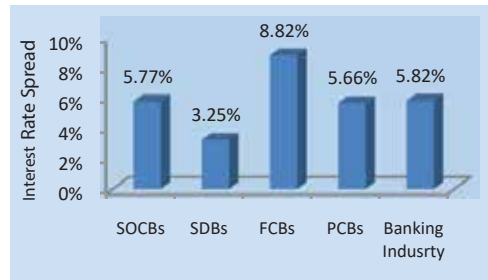


Source: Statistics Department, BB.

By category, Specialized Development Banks (SDBs) posted the lowest spread

(3.25 percent), while Foreign Commercial Banks (FCBs) registered the highest (8.82 percent) at end-June 2025 (Chart 1.17).

Chart 1.17: Cluster-wise Interest Rate Spread

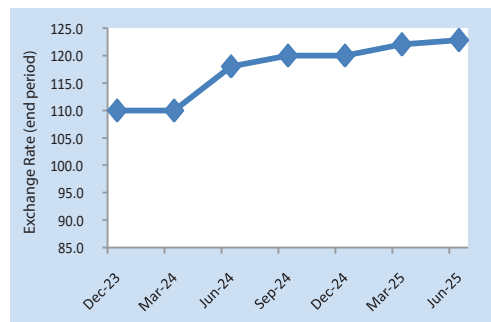


Source: Statistics Department, BB.

1.2.8 Exchange Rate

The Bangladeshi Taka (BDT) continued to weaken against the USD in recent quarters. By end-June 2025, the BDT had depreciated by 0.64 percent compared to the previous quarter, with the exchange rate reaching BDT 122.78 per USD⁶. On a year-on-year basis, the currency weakened by 4.05 percent relative to end-June 2024 (Chart 1.18).

Chart 1.18: Exchange Rate Movement



Source: Monthly Economic Trends, BB.

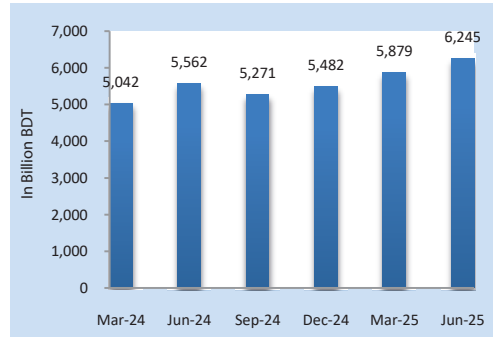
⁵ Difference between weighted average lending rate and weighted average deposit rate.

⁶ BDT per USD on period-average basis.

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

As of end-June 2025, total credit extended by the banking system to the government reached BDT 6,245 billion, representing a 6.23 percent increase over the previous quarter. On a year-on-year basis, government borrowing from banks was 12.29 percent higher than in the corresponding quarter of 2024 (Chart 1.19).

Chart 1.19: Credit to the Government (gross) by the Banking System



Source: Statistics Department, BB.

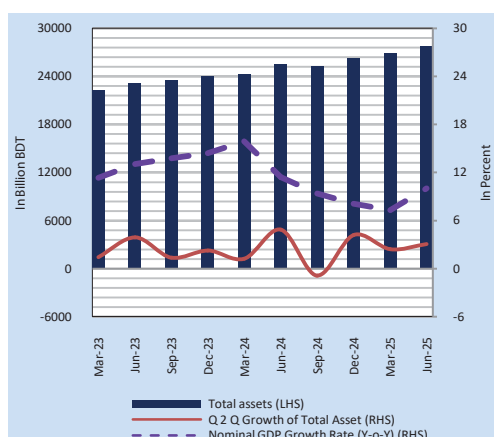
CHAPTER 2: BANKING SECTOR PERFORMANCE

At end-June 2025, total assets of the banking sector increased marginally; however, profitability indicators measured by Return on Assets (ROA) and Return on Equity (ROE) represented a declining pattern.

2.1 Assets Structure

In the review quarter, total assets of the banking industry stood at BDT 27,761.35 billion, registering an increase of 3.06 percent from the previous quarter (Chart 2.1).

Chart 2.1 Asset Size of the Banking Industry



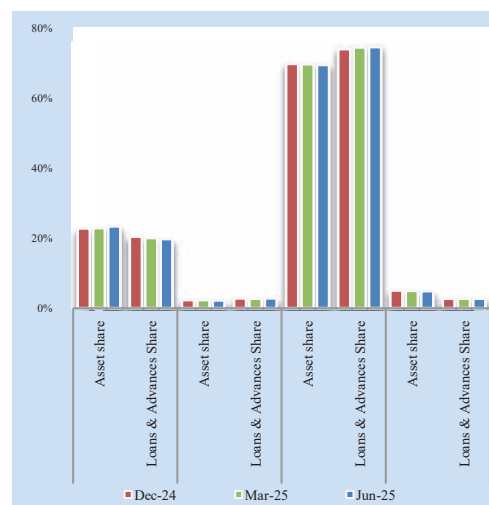
Source: DOS, BB and BBS; Compilation: FSD, BB.

The surge in several asset categories, like investment and balance with the Bangladesh Bank, played a key role in the growth of total assets. The assets-to-GDP⁷ ratio of banking sector was 50.45 percent at end-June 2025, observing a decline of 1.08 percentage points compared to end-March 2025.

⁷GDP at current market price for the financial year 2024-25 is taken into account where the base year is 2015-16.

Among the various clusters, Private Commercial Banks (PCBs) held the major portion of the sector's total assets, and loans and advances, which were 69.44 percent and 74.61 percent respectively, followed by State Owned Commercial Banks (SOCBs) with 23.42 percent and 19.79 percent respectively, in the review period. The asset shares of PCBs and Foreign Commercial Banks (FCBs) decreased while those of SOCBs improved marginally. On the contrary, shares in loans and advances of SOCBs and FCBs declined marginally (Chart 2.2).

Chart 2.2 Cluster-wise Share of Banking Sector Assets, and Loans and Advances



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

At end-June 2025, loans and advances were the dominant segment, holding 62.47 percent of industry's total assets, followed by investments (20.14 percent) (Table 2.1).

Table 2.1 : Asset Structure of the Banking Industry

Component of Assets	% of Total Asset (end Mar'25)	% of Total Asset (end Jun'25)	Change (PP)
Cash in hand	0.93%	1.09%	0.15%
Balance with BB and Sonali Bank	3.68%	4.39%	0.71%
Balance with other banks and FCs	3.59%	3.11%	-0.49%
Money at call and short notice	0.60%	0.56%	-0.04%
Investment at cost	18.89%	20.14%	1.24%
Loans and Advances	63.57%	62.47%	-1.10%
Bill discounted and purchased	2.41%	2.49%	0.08%
Fixed Assets	1.14%	1.09%	-0.05%
Other Assets	5.11%	4.60%	-0.51%
Non-banking assets	0.08%	0.08%	0.00%

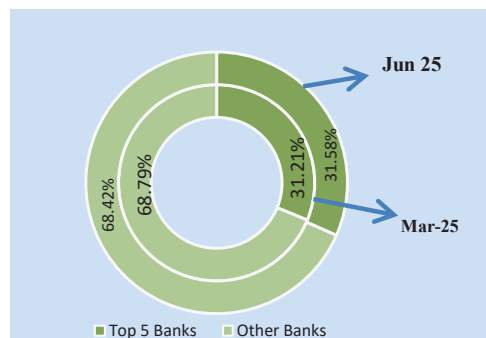
Note: PP-Percentage Point.

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

Asset concentration ratio⁸ of the top 5 and the top 10 banks increased slightly in the review quarter. The top 5 banks held 31.58 percent of the banking sector's total assets, an increase of 0.37 percentage point from that of end-March 2025. For the top 10 banks, this ratio was 46.93 percent at end-June 2025, observing a 0.50 percentage point higher than that of the previous quarter (Charts 2.3 and 2.4).

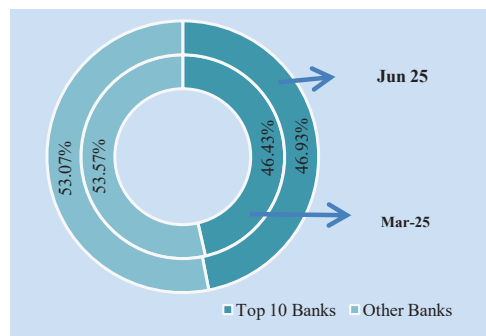
⁸ Asset concentration ratio of top 5 or 10 banks (based on their asset size) is defined as the ratio of total assets of top 5 or 10 banks respectively over the total assets of the banking industry.

Chart 2.3: Asset Concentration of Top 10 banks



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

Chart 2.4: Asset Concentration of Top 10 banks

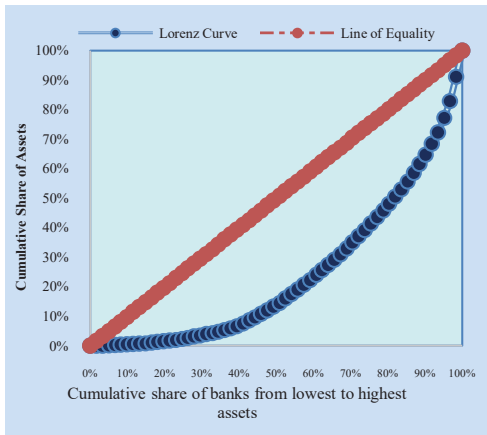


Source: DOS, BB; Compilation: FSD, BB.

The Gini Coefficient, which is determined based on the Lorenz Curve, has also been used to illustrate the existence of uneven asset concentration in the banking sector. According to the Lorenz Curve, approximately the top 20 percent of banks controlled nearly 51.18 percent of the banking sector's assets, indicating a moderate concentration in asset distribution within the sector (Chart 2.5). At the end of June 2025, the computed Gini Coefficient⁹ was 0.517, indicating a moderate level of uneven asset distribution among the banks.

⁹ A value of zero expresses perfect equality whereas a value of one refers to perfect inequality.

Chart 2.5: Banking Sector Asset Concentrations - Lorenz Curve

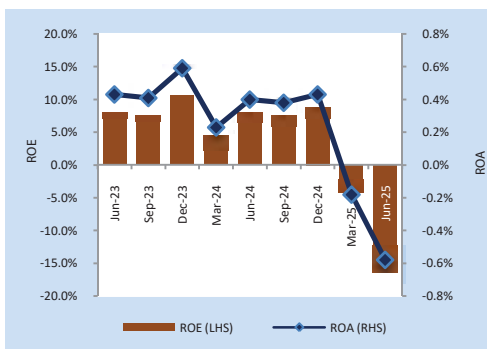


Source: DOS, BB; Compilation: FSD, BB.

2.2 Profitability

In the review quarter, the banking sector's profitability indicators, as measured by annualized Return on Assets (ROA) and Return on Equity (ROE) decreased by 0.40 percentage point and 12.12 percentage points respectively, compared to the previous quarter. At end-June 2025, the banking sector's ROA and ROE reached -0.58 percent and -16.11 percent, respectively (Chart 2.6).

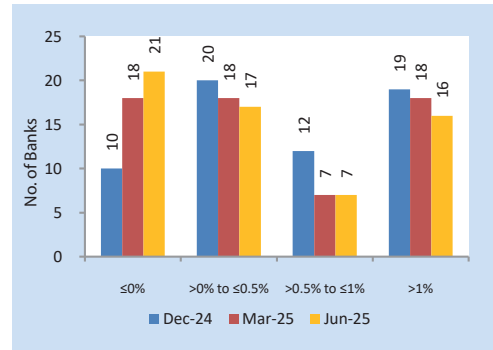
Chart 2.6: ROA and ROE of the Banking Sector



Note: Except December quarters, figures of rest of the quarters are annualized.
Source: DOS, BB; Compilation: FSD, BB.

At end-June 2025, 38 out of 61 banks obtained an ROA within 0.50 percent, while the remaining 23 banks outstripped this value. The corresponding numbers of banks in the previous period were 36 and 25, respectively (Chart 2.7).

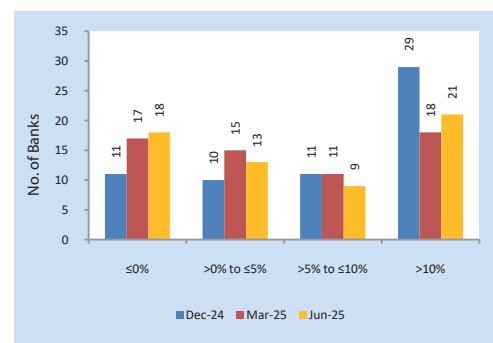
Chart 2.7: Distribution of Banking Sector Return on Assets (ROA)



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

In the review quarter, 31 banks attained an ROE within 5 percent while 32 banks registered ROE in the same range at end-March 2025. Besides, 21 banks recorded an ROE exceeding 10 percent in the review quarter (Chart 2.8).

Chart 2.8: Distribution of Banking Sector Return on Equity (ROE)

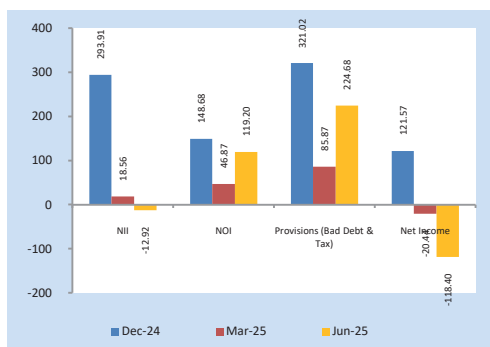


Source: DOS, BB; Compilation: FSD, BB.

The banking sector's net income was BDT -118.40 billion at end-June 2025 while the corresponding figure was BDT -20.44 billion in the previous quarter

(Chart 2.9). The net income further deteriorated due to maintain a considerable amount of loan loss and tax provision at end-June 2025.

Chart 2.9: Decomposition of Earnings of Banking Sector



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

CHAPTER 3: FINANCE COMPANIES' PERFORMANCE

In the June 2025 quarter, the total assets of Finance Companies (FCs) recorded an increase over the preceding quarter. However, asset quality deteriorated further, along with continued decline in Return on Assets (ROA).

3.1 Growth of Assets, Liabilities and Shareholders' Equity

By end-June 2025, the total assets of FCs stood at BDT 1,045.51 billion, reflecting a 2.27 percent rise compared to the previous quarter. Within the asset composition, cash and liquid assets¹⁰, earning assets¹¹, and fixed assets grew by 2.52 percent, 2.45 percent and 0.10 percent, respectively. In contrast, other assets declined by 0.55 percent in the review quarter.

On the liabilities side, borrowings¹², deposits and other liabilities of FCs increased by 5.98 percent, 1.74 percent and 5.25 percent, respectively from the previous quarter. However, the total shareholders' equity deteriorated further, dropping to BDT -143.59 billion at end-June 2025 from BDT -122.58 billion at end-March 2025.

¹⁰Cash and liquid assets consist of total cash, total balance with other banks and FCs, and money at call and short notice.

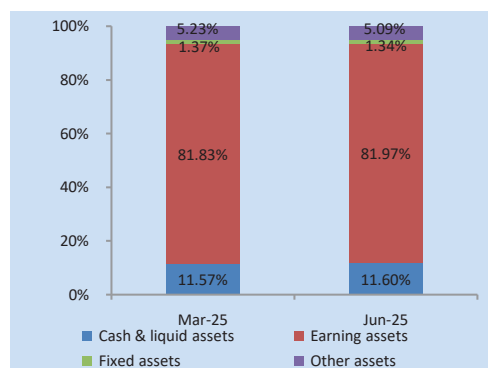
¹¹Earning assets consist of total investments and total loans, advances and leases.

¹²Borrowings from other banks, financial institutions and agents.

3.1.1 Assets: Composition and Contribution

At end-June 2025, earning assets represented the largest share of finance companies' total assets, accounting for 81.97 percent. The proportions of cash and liquid assets, fixed assets, and other assets stood at 11.60 percent, 1.34 percent and 5.09 percent, respectively (Chart 3.1).

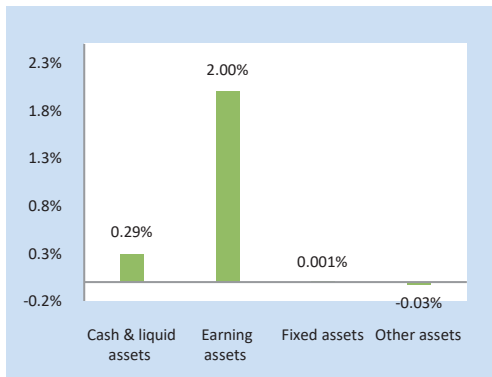
Chart 3.1: Composition of Assets



Source: DFIM; Compilation: FSD, BB.

In terms of contribution to overall asset growth, cash and liquid assets, earning assets and fixed assets made positive contributions of 0.29, 2.00, and 0.001 percentage points, respectively. In contrast, other assets had a negative contribution of -0.03 percentage points during the review quarter (Chart 3.2).

Chart 3.2: Contribution of Different Components in Growth of Total Assets at end-June 2025

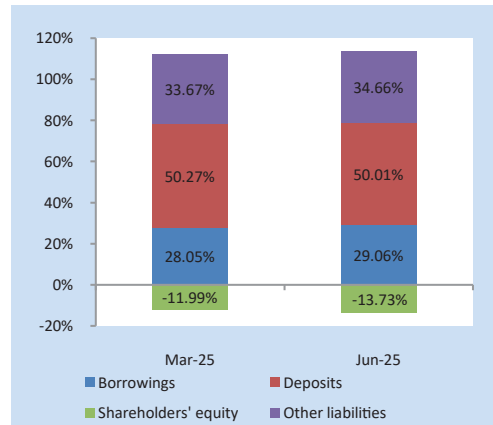


Source: DFIM; Compilation: FSD, BB.

3.1.2 Liabilities: Composition and Contribution

As of the end-June 2025, the total liabilities and equity of FCs were composed of deposits (50.01 percent), borrowings (29.06 percent), shareholders' equity (-13.73 percent) and other liabilities (34.66 percent). Compared to the previous quarter, the proportion of borrowings and other liabilities rose by 1.02 percentage points and 0.98 percentage points, respectively, while the shares of deposits and shareholders' equity declined by 0.26 percentage points and 1.74 percentage points, respectively (Chart 3.3).

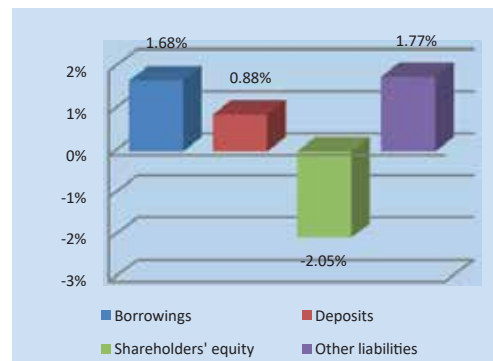
Chart 3.3: Composition of Liabilities



Source: DFIM; Compilation: FSD, BB.

During the review quarter, the overall increase in total liabilities and shareholders' equity was primarily driven by higher borrowings, deposits and other liabilities, which contributed positively by 1.68 percentage points, 0.88 percentage points and 1.77 percentage points, respectively. Conversely, shareholders' equity contributed negatively, reducing the total by 2.05 percentage points (Chart 3.4).

Chart 3.4: Contribution of Different Components in Growth of Total Liabilities and Shareholders' Equity at end-June 2025

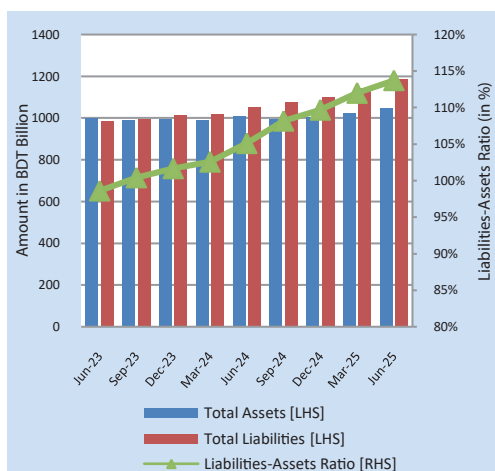


Source: DFIM; Compilation: FSD, BB.

3.1.3 Liabilities-Assets Ratio

As of end-June 2025, the liabilities-to-assets ratio stood at 113.73 percent, marking an increase of 1.74 percentage points from the level recorded at end-March 2025 (Chart 3.5). The fact that liabilities exceed assets is an emerging concern for the financial sector.

Chart 3.5: FCs' Liabilities-Assets Ratio

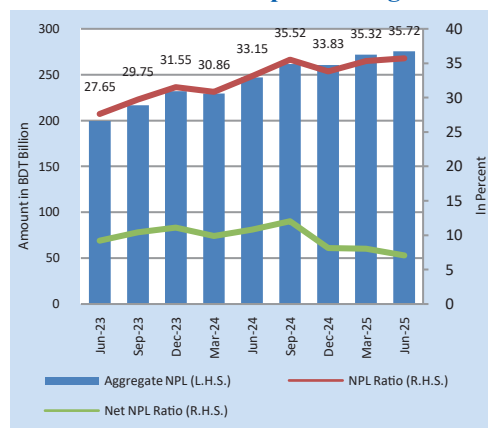


Source: DFIM; Compilation: FSD, BB.

3.2 Asset Quality

At the end of June 2025, non-performing loans and leases (NPLs) of finance companies (FCs) rose by 1.29 percent, reaching BDT 275.41 billion, up from BDT 271.90 billion at end-March 2025. The NPL ratio increased to 35.72 percent, representing a rise of 0.40 percentage points from the previous quarter. However, the net NPL ratio fell to 7.08 percent, a decrease of 1.00 percentage point compared to the prior quarter (Chart 3.6).

Chart 3.6: FCs' Non-performing Loans

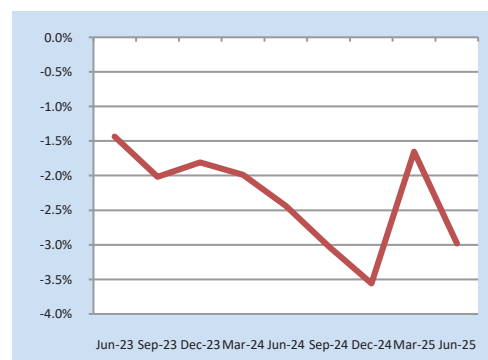


Source: DFIM; Compilation: FSD, BB.

3.3 Profitability

During the review period, FCs reported a combined Return on Assets (ROA) of -2.98 percent, down from -1.65 percent in the previous quarter (Chart 3.7). Sustained negative ROA level may lead to financial distress for these institutions.

Chart 3.7: FCs' ROA



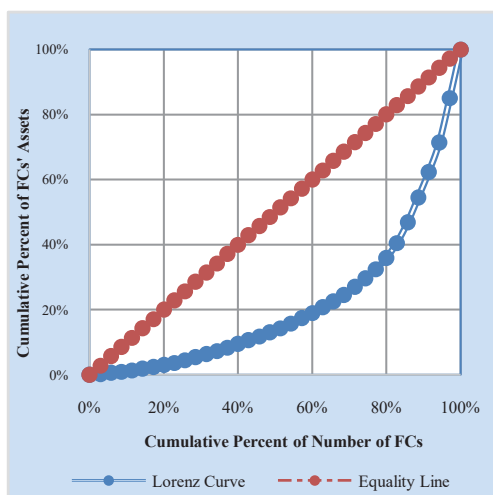
Source: DFIM; Compilation: FSD, BB.

3.4 Asset Concentration

To assess asset concentration within the FC sector, the Lorenz curve and Gini coefficient were applied. The top 20 percent of FCs (7 institutions) held around 60 percent of the sector's total

assets. This indicates a moderate level of concentration, as shown by the Lorenz curve (Chart 3.8). The Gini Coefficient was 0.565 at end-June 2025, further reflects an unequal distribution¹³ of assets across FCs.

Chart 3.8: FCs' Asset Concentration- Lorenz Curve



Source: DFIM; Compilation: FSD, BB.

¹³Gini coefficient's value of zero expresses perfect equality whereas a value of one refers to perfect inequality.

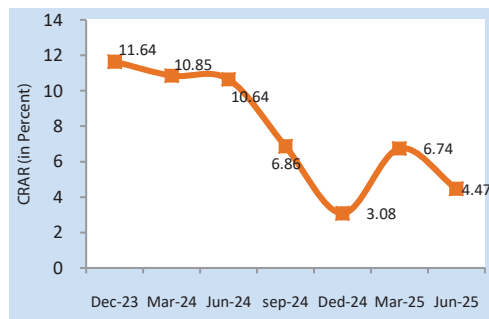
CHAPTER 4: BANKING SECTOR CAPITAL ADEQUACY AND LIQUIDITY

The capital position of the banking sector declined during the June 2025 quarter, with the majority of banks adhering to the minimum regulatory capital requirements. However, sector-wide liquidity indicators, including the Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), remained above the regulatory thresholds, indicating continued compliance with regulatory liquidity standards.

4.1 Capital Adequacy

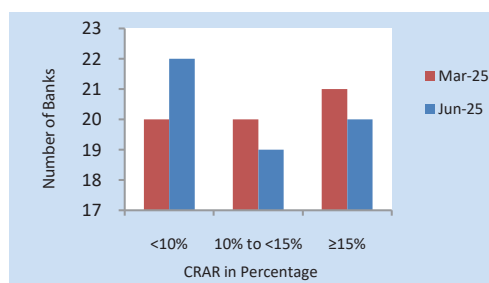
As of end-June 2025, the aggregate regulatory capital of the banking sector amounted to 839.46 billion, thereby reflecting a shortfall relative to the stipulated minimum requirement of BDT 1,917.09 billion. The sector-wide Capital to Risk-Weighted Assets Ratio (CRAR) declined to 4.47 percent as of June 2025, compared to 6.74 percent recorded at end-March 2025, indicating a deterioration in the overall capital adequacy position of the banking sector (Chart 4.1). Out of 61 banks, 39 maintained CRAR at or above 10 percent of the regulatory minimum requirement (Chart 4.2).

Chart 4.1: Banking Sector CRAR



Source: DOS; Compilation: FSD, BB.

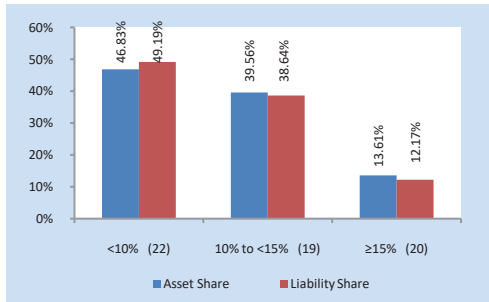
Chart 4.2: Distribution of Banks based on CRAR



Source: DOS; Compilation: FSD, BB.

At end-June 2025, 22 banks with CRAR below 10 percent held 46.38 percent of banking sector's total assets and 49.19 percent of total liabilities. Another 19 banks with CRAR between 10 to less than 15 percent held 39.56 percent of total assets and 38.64 percent of the total liabilities. In addition, 20 banks with CRAR of 15 percent or above accounted for 13.61 percent of the total assets and 12.17 percent of the total liabilities (Chart 4.3).

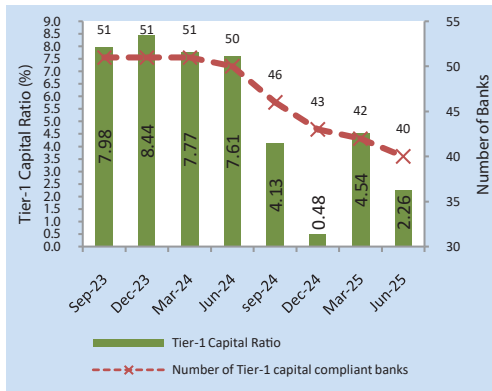
Chart 4.3: Banks' shares in Assets, and Liabilities based on CRAR at end-June 2025



Source: DOS; Compilation: FSD, BB.

The Tier-1 capital ratio decreased to 2.26 percent in end-June 2025 compared to 4.54 percent in end-March 2025 (Chart 4.4).

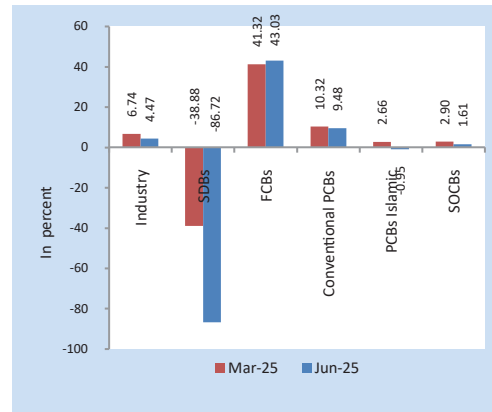
Chart 4.4: Banking Sector's Tier-1 Capital Ratio



Source: DOS, Compilation: FSD, BB.

At end-June 2025, Foreign Commercial Banks (FCBs) recorded the highest CRAR (43.03 percent), while Specialized Development Banks (SDBs) reported the lowest (-86.72 percent) (Chart 4.5). The SOCBs managed to keep CRAR positive at 1.61 percent whereas Conventional Private Commercial Banks' (PCBs) CRAR stood at 9.48 percent.

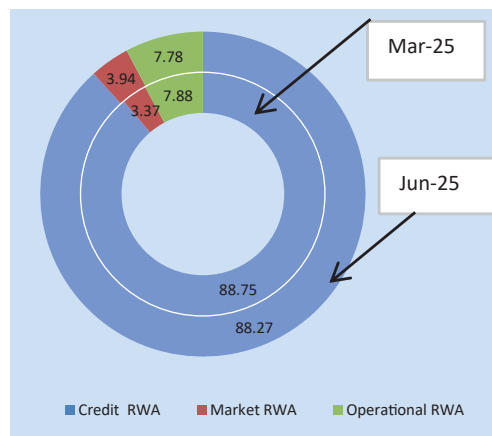
Chart 4.5: Banks' Cluster-wise CRAR



Source: DOS, Compilation: FSD, BB.

At end June-2025, banking sector's total risk-weighted assets (RWA) were comprised of credit RWA at 88.27 percent, market RWA at 3.94 percent and operational RWA at 7.78 percent. The composition of these categories showed only marginal changes in the June-2025 quarter compared to the previous quarter (Chart 4.6).

Chart 4.6: Distribution of RWA



Source: DOS, Compilation: FSD, BB.

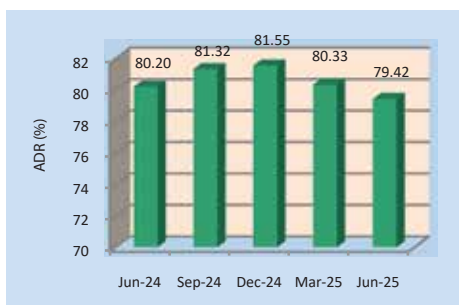
At end-June 2025, 38 out of 61 banks (solo basis) and 22 out of 40 banks (consolidated basis) met the regulatory Capital Conservation Buffer (CCB)

requirement of 2.50 percent. The sector-wide CCB, however, remained below the regulatory requirement in that period.

4.2 Liquidity

At end-June 2025, the banking sector's Statutory Liquidity Ratio (SLR) was 26.11 percent, which was 14.83 percentage points higher than the minimum requirement. Similarly average Cash Reserve Ratio (CRR) was 4.52 percent on daily basis, exceeding the minimum requirement of 3.15 percent. At end-June 2025, the Advance to Deposit Ratio (ADR) declined to 79.42 percent, down by 0.91 percentage points from 80.33 percent at end-March 2025 (Chart 4.7).

Chart 4.7: Banking Sector ADR

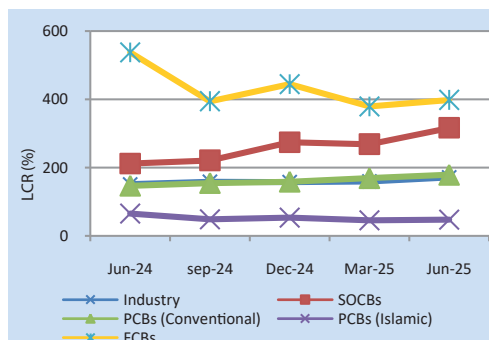


Source: DOS, Compilation: FSD, BB.

The Liquidity Coverage Ratio (LCR) rose to 171.49 percent (Chart 4.8), while the Net Stable Funding Ratio (NSFR) increased slightly to 104.95 percent (Chart 4.9) at end-June 2025 compared to the previous quarter. Despite sector-wide

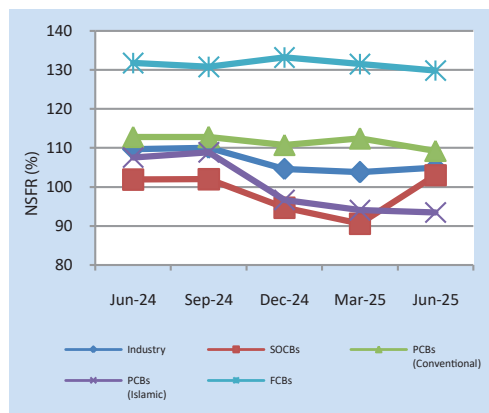
compliance, several banks faced pressure in liquidity management.

Chart 4.8: Banking Sector LCR



Source: DOS, Compilation: FSD, BB.

Chart 4.9: Banking Sector NSFR

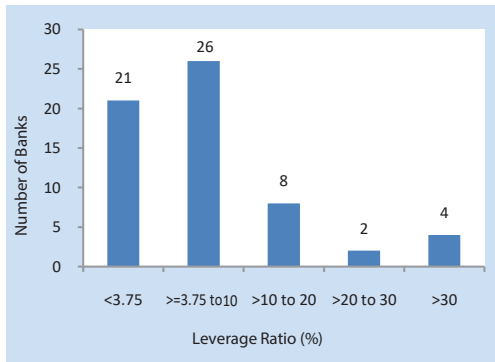


Source: DOS, Compilation: FSD, BB.

4.3 Leverage Ratio

At end-June 2025, the banking sector's leverage ratio stood at 1.48 percent (solo basis). Out of 61 banks, 40 complied with the regulatory minimum leverage ratio of 3.75 percent (Chart 4.10).

Chart 4.10: Leverage Ratio of Banks at end-June 2025

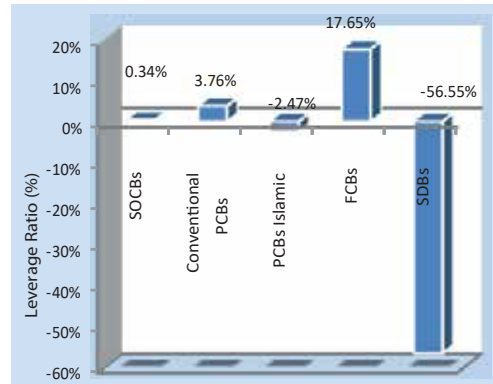


Source: DOS, Compilation: FSD, BB.

The SDBs, SOCBs and Islamic PCBs failed to meet the minimum leverage ratio. However, Conventional PCBs maintained 3.76 percent against the

minimum requirement, while FCBs operated with higher leverage ratio (17.65 percent) compared to other bank clusters (Chart 4.11).

Chart 4.11: Leverage Ratio of Bank Clusters at end-June 2025 (Solo basis)



Source: DOS, Compilation: FSD, BB.

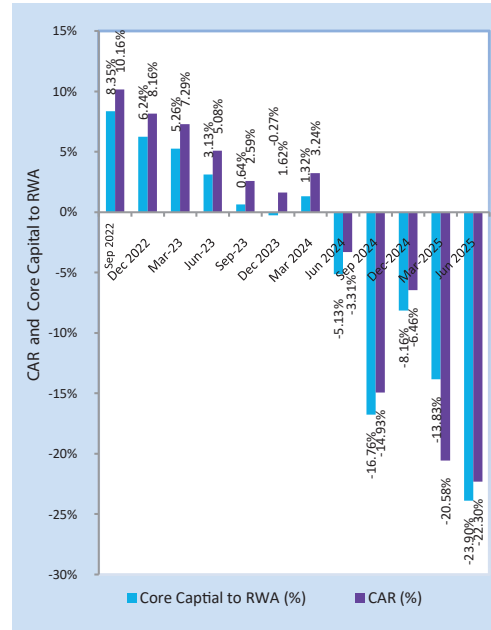
CHAPTER 5: FINANCE COMPANIES' CAPITAL ADEQUACY AND LIQUIDITY

The Capital Adequacy Ratio (CAR) and core capital (Tier-1) ratio of Finance Companies (FCs) declined significantly by end-June 2025 compared to end-March 2025. While the Statutory Liquidity Ratio (SLR) remained comfortably above the regulatory threshold, the Cash Reserve Ratio (CRR) continued to exhibit a shortfall.

5.1 Capital Adequacy

At end-June 2025, the CAR and Tier-1 capital ratio of FCs stood at -22.30 percent and -23.90 percent, respectively. Both indicators weakened further during the review quarter, with the CAR falling by 1.72 percentage points and the Tier-1 capital ratio dropping sharply by 10.07 percentage points compared to the previous quarter (Chart 5.1). Among the 35 FCs, only 14 institutions complied with the minimum regulatory requirements for both CAR and core capital. The persistently negative and below-minimum levels of aggregate capital ratios highlight severe capital shortfalls and potential risks to financial stability within the sector.

Chart 5.1: Core Capital to RWA and Capital Adequacy Ratio of FCs

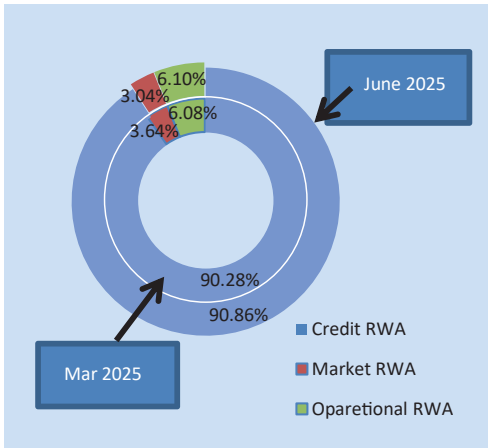


Source: DFIM, BB.

5.2 Risk-Weighted Assets (RWA)

By end-June 2025, the total risk-weighted assets (RWA) of FCs stood at BDT 676.58 billion, showing a slight decline from BDT 688.33 billion in the previous quarter. The RWA composition remained heavily concentrated in credit risk (90.86 percent), followed by operational risk (6.10 percent) and market risk (3.04 percent) (Chart 5.2). During the quarter, the shares of RWA from credit and operational risks increased by 0.58 and 0.02 percentage points, respectively, whereas market risk exposure decreased by 0.60 percentage points compared to the preceding period.

Chart 5.2: Components-wise RWA of FCs

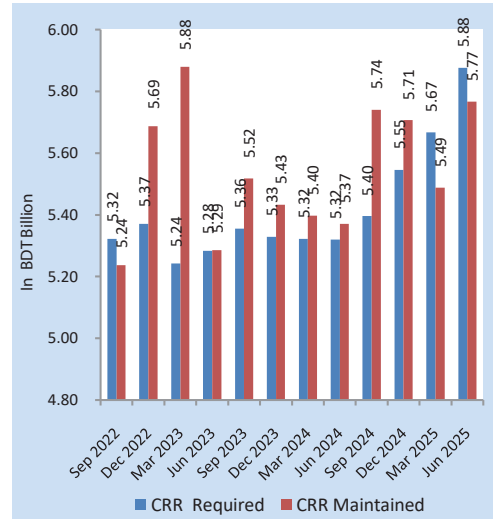


Source: DFIM, BB.

5.3 Liquidity

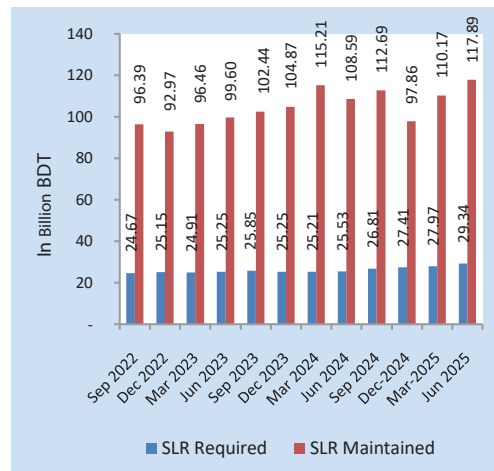
As of end-June 2025, the aggregate CRR of FCs amounted to BDT 5.77 billion, marking a 5.09 percent increase from the previous quarter. However, a shortfall of BDT 0.11 billion persisted, suggesting ongoing liquidity stress (Chart 5.3). Conversely, SLR increased by 7.01 percent to reached BDT 117.89 billion, which was well above the minimum required level of BDT 29.34 billion (Chart 5.4). Overall, while sector-wide liquidity conditions improved, a few finance companies continued to face short-term cash flow management challenges.

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 shocks¹⁴. In this chapter the outcomes of the stress tests carried out at both the individual bank level and for the banking industry as a whole. The results of the June 2025 stress tests, based on minor shock scenarios, indicate a moderate level of vulnerability in the banking sector.

6.1 Credit, Market, and Combined Shocks

Under the pre-shock scenario, 22 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-June 2025. Thus, the analysis focused on the remaining 39 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 beforehand after applying different minor stress scenarios. At end-June 2025, the system-wide CRAR recorded 4.47 percent, which further declined under credit and market risk shocks.

6.1.1 Credit Shocks

- a) **Increase in NPLs:** A 3 percent increase in non-performing loans (NPLs) would cause two (02) banks to fall below the minimum CRAR threshold of 10 percent.
- b) **Increase in NPLs in Top 02 sectors:** If 3 percent of performing loans in the top 2 sectors are downgraded directly to bad/loss category, no bank would breach the minimum CRAR requirement.
- c) **Increase in NPLs due to default of Top borrowers:** If the top 2 borrowers of each bank defaulted, ten (10) banks would fail to maintain minimum required CRAR.
- d) **Decline in Collateral Value:** A 30 percent reduction in the Forced Sale Value (FSV) of eligible collateral would cause 02 banks to fall below the minimum regulatory CRAR.
- e) **Negative shift in the NPLs categories:** If 10 percent of existing NPLs are downgraded to the next

¹⁴ Stress 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 instructing banks to ensure safety measures in respect of capital maintenance and liquidity management against any probable adverse economic and financial condition.

worse category, one (01) bank would fail to maintain the required CRAR.

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

6.1.2 Market Shocks

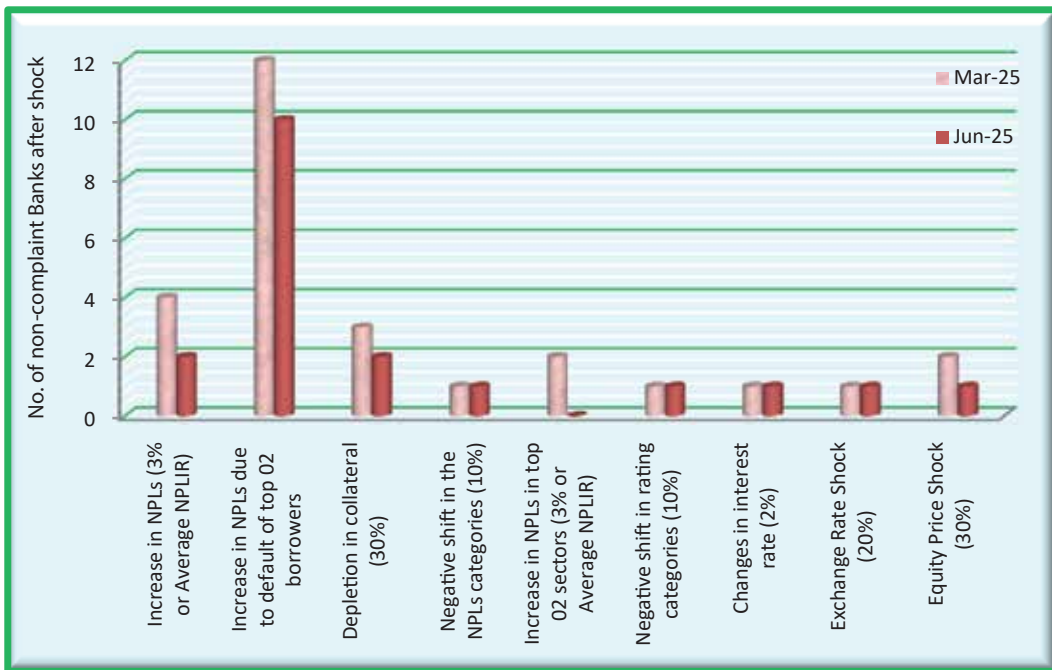
- a) **Changes in interest rate:** A 2 percent change in interest rate would render one (01) bank non-compliant with the minimum required CRAR.
- b) **Exchange Rate Shock:** A 20 percent revaluation of bank’s overall net exchange position would cause one (01) bank to fall below the minimum required CRAR.

- c) **Equity Price Shock:** If 30 percent drop in the market value of listed securities would lead one (01) bank to breach the minimum CRAR threshold.

6.1.3 Combined Shock

When considering the combined impact of all credit and market risk shocks, with appropriate weighting, the sector-wide CRAR would decline to 1.28 percent, down from the pre-stock level of 4.47 percent (Table 6.1). Under this combined scenario, twelve (12) banks would fail to meet the regulatory minimum CRAR.

Chart 6.1: Number of Non-compliant Banks in case of Different Minor Shock Scenarios



Source: Data from Banks, Calculation: FSD, BB.

Table 6. 1: The Results of Different Minor Shock Scenarios in the Banking Sector

(In Percent)

Description	March 2025	June 2025
Required minimum CRAR	10	10
Pre-shock CRAR	6.74	4.47
After-Shock CRAR		
Credit Risks		
<i>CR-1: Increase in NPLs by 3% or average NPLIR</i>	4.81	2.04
<i>CR-2: Increase in NPLs in top 02 sectors by 3% or average NPLIR</i>	6.23	3.97
<i>CR-3: Increase in NPLs due to default of top 02 borrowers</i>	3.31	2.42
<i>CR-4: Depletion in collateral by 30%</i>	4.68	1.70
<i>CR-5: Negative shift in the NPLs categories by 10%</i>	5.35	2.77
<i>CR-6: Negative shift in rating categories by 10%</i>	6.60	4.38
Market Risks		
<i>MR-1: Change in interest rate by 2%</i>	6.34	3.98
<i>MR-2: Change in exchange rate by 20%</i>	6.62	4.27
<i>MR-3: Fall in equity prices by 30%</i>	6.23	3.96
Combined Shock*	3.33	1.28

Source: Data from 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 shocks.

6.2 Climate Shock

If climate-vulnerable loans across the banking system were downgraded by 3 percent directly to the bad/loss category, the sector would need to maintain additional provisions of BDT 89.93 billion.

6.3 Liquidity Shock

a) As of end-June 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, 17 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 21.73 percent, a decline of 6.17 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 decrease to 156.37 percent from 170.69 percent in the pre-shock position. Under this condition, 5 (five) additional banks would fail to maintain the minimum LCR requirement of 100 percent.

CHAPTER 7: CAPITAL MARKET DEVELOPMENT

During the review quarter, most of the leading global capital markets exhibited an upward trend, whereas Bangladesh's capital markets underperformed relative to their international counterparts. The Dhaka Stock Exchange (DSE) recorded declines in both market capitalization and turnover, with the latter contracting significantly. Similarly, the Chittagong Stock Exchange (CSE) experienced reduced 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 market stayed well within the prescribed regulatory thresholds, suggesting that near-term risks to banking sector stability from the capital market remain limited.

7.1 Global Capital Market

In the second quarter of 2025, global equity markets witnessed notable gains across most major economies. The Dow Jones Industrial Average (DJIA), Japan's Nikkei 225, Germany's DAX and the UK's FTSE 100 advanced by 4.98 percent, 13.67 percent, 7.88 percent and 2.08 percent, respectively.

Likewise, the MSCI¹⁵ Emerging Markets Index gained 11.02 percent closing at

1222.78 (Table 7.1). This broad-based global uptrend reflected improving investor sentiment, expectations of moderate interest rates, and resilient corporate earnings in key markets.

Table 7.1: Quarterly Performance of Leading Indices

Name of Index	Mar'25	Jun'25	Change
MSCI Emerging Markets Index	1101.40	1222.78	11.02%
DJIA (USA)	42001.76	44094.77	4.98%
Nikkei 225 (Japan)	35617.56	40487.39	13.67%
DAX (Germany)	22163.49	23909.61	7.88%
FTSE 100 (UK)	8582.81	8760.96	2.08%

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

7.2. DSEX and MSCI Emerging Markets Index

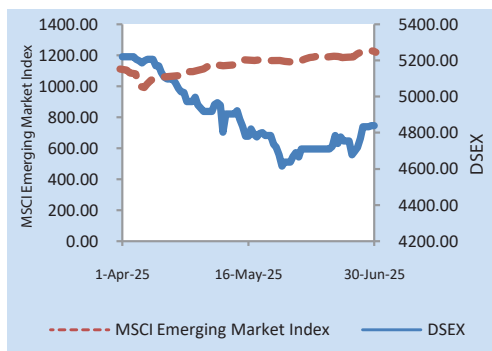
Contrary to the global performance, the Bangladesh's DSEX Index moved in the opposite direction during the April-June 2025 quarter. While the MSCI Emerging Markets Index¹⁶ increased from 1101.40 to 1222.78, registering a growth of 11.02 percent, the DSEX declined by 7.30 percent, dropping from 5219.16 to 4838.39. The DSEX also demonstrated higher volatility, with a standard deviation of 182.63 compared to 56.68 for the MSCI Index (see Chart 7.1). These contrasting trends highlight the relative weakness of the domestic equity market amid global recovery and underscore the need for sustained policy

¹⁵ Morgan Stanley Capital International

¹⁶ <https://www.msci.com/end-of-day-data-search>

and structural reforms to enhance investor confidence and market depth.

Chart 7. 1: Performance of DSEX and MSCI Emerging Markets Index



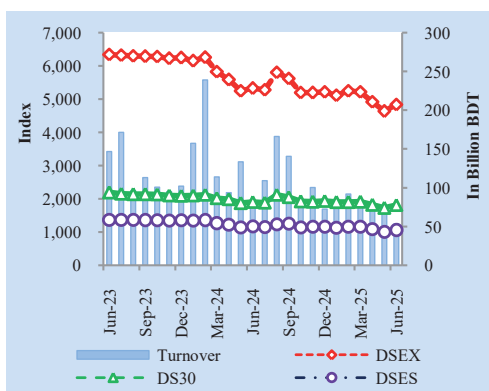
Source: msci.com and DSE Monthly review; Compilation: FSD, BB.

7.3 Dhaka Stock Exchange (DSE)

7.3.1 DSE Performance

During April-June 2025 quarter, total turnover at the Dhaka Stock Exchange (DSE) at BDT 195.41 billion, making a significant 21.8 percent decline from the previous quarter. All major indices, DSEX, DS30, and DSES, posted negative movements, reflecting subdued investor sentiment and reduced trading activity (Chart 7.2).

Chart 7. 2: DSE Performance

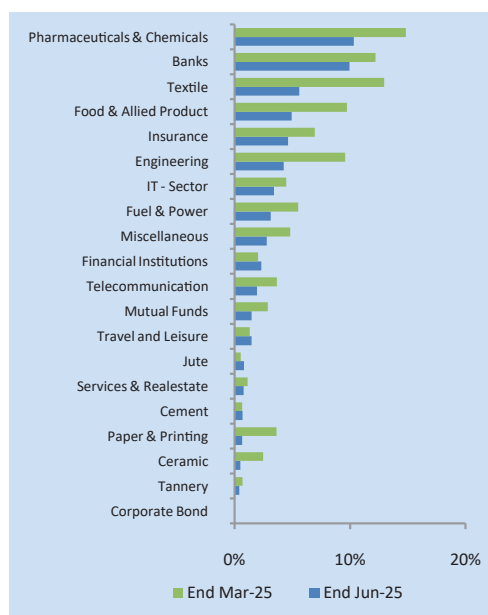


Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.2 Sectoral Turnover at DSE

In the review period, the Pharmaceuticals & Chemicals sector accounted for the largest portion of total DSE turnover, contributing 10.31 percent, followed by the Banking sector with 9.96 percent and Textiles with 5.60 percent. Collectively, financial sector, comprising banks, finance companies, and insurance companies, represented 16.92 percent of the total turnover, down from 21.16 percent in the preceding quarter (Chart 7.3). This decline suggests a slowdown in trading activity across key financial counters.

Chart 7. 3: Sectoral Contribution to DSE's Turnover



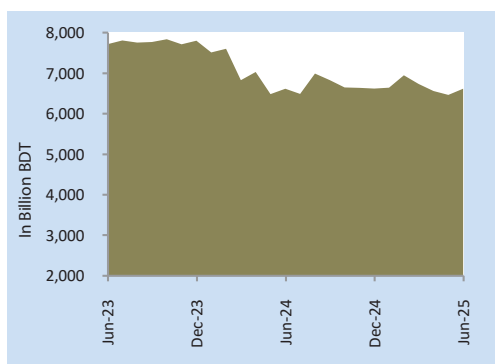
Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.3 Market Capitalization

The DSE's market capitalization contracted by 1.72 percent in Q2 2025, reaching BDT 6,622.71 billion at end-June 2025. Consequently, the market

capitalization-to-GDP¹⁷ ratio edged down to 12.04 percent, from 12.38 percent in the previous quarter (Chart 7.4). Despite moderate progress over time, this ratio remains considerably lower than that of other economies in the Asia Pacific region¹⁸, indicating limited capital market depth relative to economic size.

Chart 7.4: Market Capitalization Trend of DSE



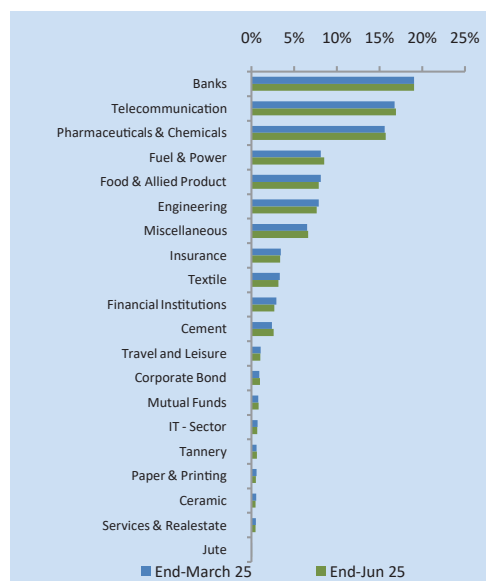
Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.4 DSE Sectoral Market Capitalization

At the end-June 2025, the Banking sector retained the largest share of total market capitalization at 19.06 percent, followed by Telecommunications (16.92 percent), Pharmaceuticals and Chemicals (15.74 percent), and Fuel & Power (8.54 percent). In comparison, at end-March, these sectors accounted for 19.05 percent, 16.76 percent, 15.60 percent, and 8.11 percent, respectively (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

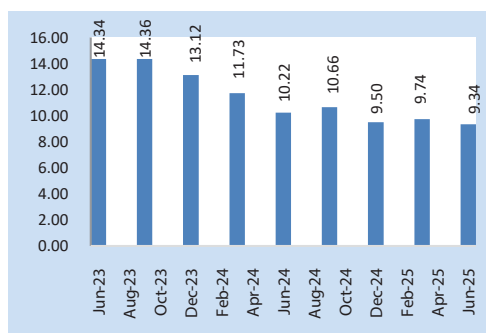


Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.5 Price/Earnings (P/E) Ratio

The weighted average market P/E ratio of all listed companies on the DSE declined to 9.34 in June 2025, from 9.74 in March 2025 (Chart 7.6). The marginal decline in valuation metrics points to cautious investor outlook and subdued price performance during the quarter.

Chart 7.6: DSE P/E Ratio



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

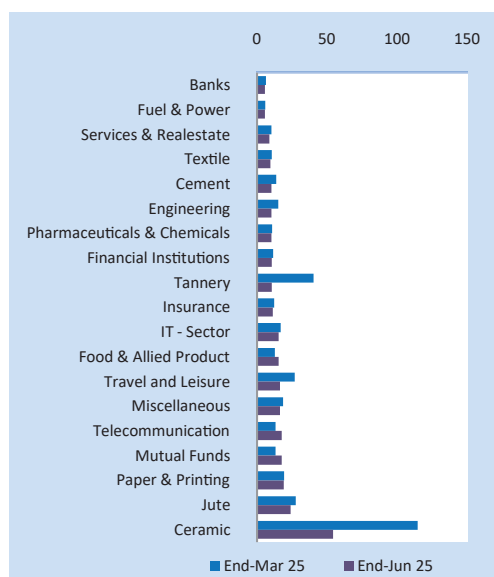
¹⁷ Represents sum of GDP of four consecutive quarters at Current Market Prices, Base: 2015-16, Source: BBS website.

¹⁸ Monthly Review, April 2025, Dhaka Stock Exchange PLC website.

7.3.6 Sectoral P/E Ratio

At the end of June 2025, the Ceramic sector recorded the highest P/E ratio of 54.34, followed by the Jute sector at 24.03 and the Paper & Printing sector at 19.06. In comparison, these sectors had considerably higher P/E ratios at the end-March 2025, 114.55, 27.68, and 19.23, respectively. On the other hand, the Banking sector registered the lowest P/E ratio of 5.62, followed by Fuel & Power (5.72) and Services & Real Estate (8.87), down from 6.26, 5.93, and 10.23 percent, respectively, in the previous quarter (Chart 7.7). The declining P/E ratios across several sectors suggest moderating market expectations and weaker earnings sentiment.

Chart 7. 7: DSE Sectoral P/E Ratio

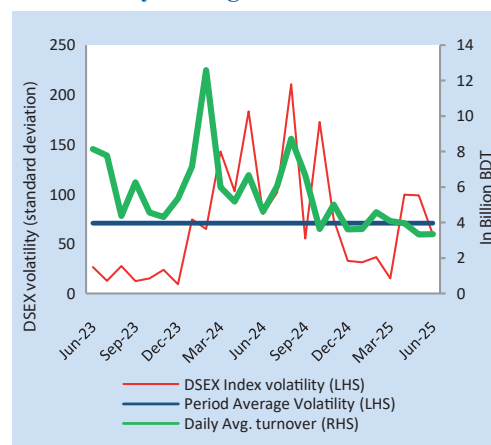


Source: DSE Monthly Review, Compilation: FSD, BB.

7.3.7 Index Volatility and Market Liquidity

Chart 7.8 illustrates the month-on-month trends of average daily turnover, daily index volatility, and period-average volatility between June 2023 and June 2025. Over this two-year period, market volatility and turnover exhibited a positive correlation of 14.25 percent, 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.

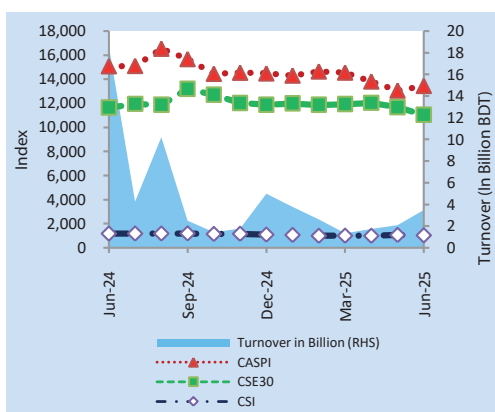
The highest level of DSEX volatility was recorded in August 2024, with a standard deviation of 210.86, while the lowest volatility was observed in December 2023, at 9.54. The average volatility over this period stood at 70.86, indicating intermittent fluctuations in investor activity and market liquidity.

7.4 Chittagong Stock Exchange (CSE)

7.4.1 CSE Performance

Chart 7.9 illustrates the movement of the CSE indices from June 2024 through June 2025. As of end-June 2025, all the major indices of the CSE registered modest declines compared to the previous quarter. The CASPI¹⁹ index fell by 7.59 percent, CSE30²⁰ declined by 3.97 percent, and the CSI²¹ dropped by 8.23 percent. Similarly, the total turnover at the CSE decreased by 5.28 percent, standing at BDT 7.28 billion in April-June 2025, down from BDT 7.69 billion in the preceding quarter. These movements reflect subdued trading activity and cautious investor participation during the review period.

Chart 7.9: CSE Performance



Source: CSE; Compilation: FSD, BB.

¹⁹ CASPI = CSE all share price index

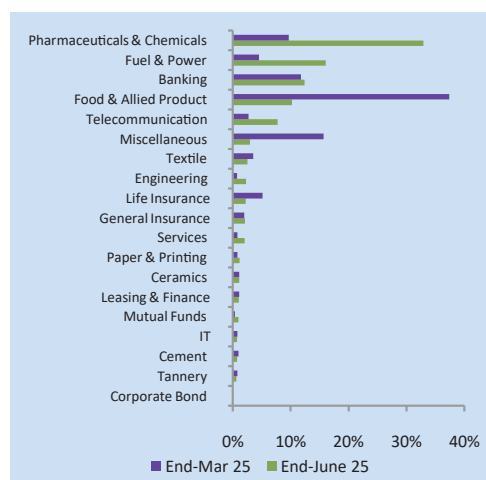
²⁰ CSE30 = CSE 30 Index

²¹ CSI = CSE Shariah Index

7.4.2 Sectoral Turnover at CSE

Chart 7.10 depicts the sectoral distribution of turnover at the CSE for the quarters ending March 2025 and June 2025. During the review quarter, the Food & Allied Products sector dominated trading activity, contributing 32.93 percent of total turnover, followed by the Banking sector with 12.39 percent and Pharmaceuticals & Chemicals with 10.24 percent. The concentration of trading in a few key sectors suggests limited diversification in market participation and liquidity at the CSE.

Chart 7.10: CSE Sectoral Turnover



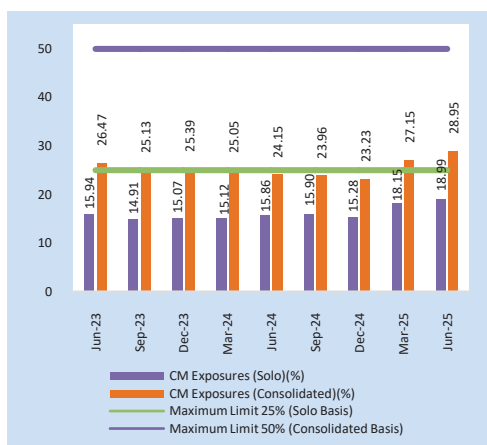
Source: CSE; Compilation: FSD, BB.

7.5 Banking Sector's Capital Market Exposures and Financial Stability

The capital market-banking sector linkage remains an important channel through which risk of two segments can propagate. Under the provisions of the Bank Company (Amendment) Act, 2023, banks in Bangladesh are allowed to maintain exposures to the capital market

up to 25 percent of their total prescribed capital²² on a solo basis and 50 percent on a consolidated basis. As of end-June 2025, the actual capital market exposures of banks stood at 18.99 percent (solo) and 28.95 percent (consolidated), an increase from 18.15 percent (solo) and 27.15 percent (consolidated) in the previous quarter (Chart 7.11). Despite this marginal rise, banks' exposures have remained well within the regulatory ceilings over the last nine quarters, indicating limited immediate risk to financial stemming from market volatility.

Chart 7.11: Banking Sector's Exposure in Capital Market

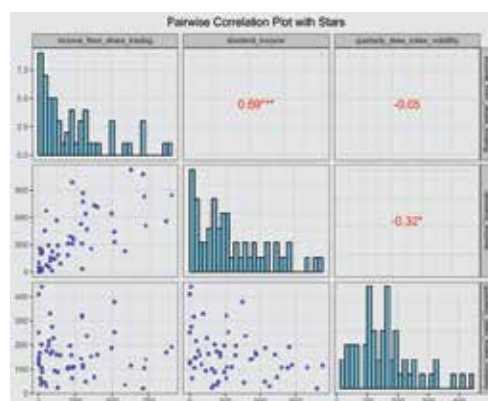


Source: DOS, BB.

Chart 7.12 highlights the correlation between capital market performance and banks' income sources, offering insights into potential stability risks. A strong positive correlation between trading income and dividend income

($r = 0.69$, $p \leq 0.001$) suggests both income streams are vulnerable to synchronized declines during market downturns, potentially amplifying systemic risk. Meanwhile, the negative correlation between dividend income and market volatility ($r = -0.32$, $p \leq 0.05$) indicates earnings sensitivity to adverse market movements. The weak negative link between trading income and volatility ($r = -0.05$) implies that speculative activities may persist even in volatile conditions. Overall, these relationships point to procyclical and concentrated income dependencies, which could heighten financial system vulnerability during market stress episodes. Thus, banks should continue to exercise heightened vigilance and closely monitor capital market developments to safeguard balance sheet resilience and maintain systemic stability.

Chart 7.12: Correlation between Banking Sector's Share trading and dividend income with Market index volatility



Source: FSD calculation .

²²Represented by paid up capital, statutory reserve, retained earnings and balance of non-repayable share premium account, as per Department of Offsite Supervision (DOS) circular no-02, dated 16-9-2023.

CHAPTER 8: RECENT STABILITY INITIATIVES OF BANGLADESH BANK

Bangladesh Bank initiated a set of targeted policy measures during the April–June 2025 quarter. Some of the key measures are stated below:

8.1 Transactions with Bank-Related Persons or Institutions

To ensure the proper utilization of bank-company funds and to uphold depositors' confidence, transactions with bank-related individuals or entities must be conducted transparently and in accordance with clearly defined policies. In line with this objective, specific provisions and necessary amendments pertaining to such transactions have been incorporated into the relevant sections of the Bank-Company (Amendment) Act, 2023. To facilitate effective implementation, Bangladesh Bank has issued a circular outlining compliance requirements. According to the circular, a bank director is prohibited from borrowing more than 50 percent of the face value of the total shares held in the director's own name in that bank. Additionally, if the cumulative amount of direct loans is at least BDT 5 million, or if the total of direct or indirect loans is at least BDT 10 million, prior approval from the central bank is required. Furthermore, a bank shall not extend credit facilities exceeding 10 percent of its Tier-1 capital to all bank-related individuals and institutions combined. To enforce these regulations, Bangladesh

Bank has discretionary authority to classify persons or entities as bank-related and issue binding instructions as necessary. [Ref: BRPD Circular No. 03, Date: 8 May 2025]

8.2 Master Circular on Regulations for Overseas Banking Operations

In the context of globalization and an open market economy, the banking sector worldwide is continually evolving with new products and services emerging daily alongside structural changes. To effectively address the diverse global challenges arising from these dynamics, it is imperative to modernize the overseas operations of scheduled banks in Bangladesh. In line with this objective, Bangladesh Bank has issued a comprehensive master circular outlining directives for the establishment of overseas branches, representative offices, and subsidiaries, as well as guidelines governing the purchase of shares in foreign banks or non-bank companies by scheduled banks of Bangladesh. The key provisions of the circular are: To establish overseas branches, representative offices, or subsidiaries, a bank must have a minimum of seven (7) years of operational experience in the banking sector. The bank must also be rated either "Strong" (Composite CAMELS Rating 1) or "Satisfactory" (Composite CAMELS Rating 2) by Bangladesh Bank and must achieve at

least a rating 3 in its Comprehensive Risk Management Rating. When acquiring shares in foreign banks or non-bank financial institutions, banks are required to prioritize management participation in addition to ownership stakes. [Ref: BRPD Circular No. 04, Date: 8 May 2025]

8.3 Extending the Purview of Offshore Banking Operations

Bangladesh Bank issued a circular aimed at expanding the scope of Offshore Banking Units (OBUs). According to the circular, OBUs may now extend services to non-resident customers maintaining accounts with them, including trade-related services, subject to a set of instructions—namely, that no exposure or financial commitment may be undertaken on behalf of respective customers. OBUs are permitted to arrange the repatriation of inward remittances for crediting customers' accounts through internationally recognized money transfer operators, online payment gateway service providers (OPGSPs), digital wallets, card schemes or other payment service providers licensed by competent authorities abroad. [Ref: FE Circular No. 24, Date: 25 June 2025]

8.4 Exchange Rate Management

To enhance flexibility in exchange rate management, Bangladesh Bank has repealed the earlier directive that allowed Authorized Dealers (ADs) to apply a maximum spread of BDT 1.00 (one

between the buying and selling rates of foreign currency. This repeal marks a significant shift toward a more market-driven approach. [Ref: FE Circular No. 18, Date: 14 May 2025]

8.5 Remittances Against Current Account Transactions

Authorized Dealers (ADs) are permitted to process outward remittances up to 1 percent of the annual sales declared in the previous year's income tax return of remitter companies or USD 100,000—whichever is higher—on behalf of industrial enterprises and service sector industries, as per the prevailing Industrial Policy. This authorization is now extended to all sectors under the Industrial Policy, excluding banks and financial institutions such as finance companies, insurance companies, capital market intermediaries, micro finance institutions, etc. [Ref: FE Circular No. 23, Date: 19 June 2025]

8.6 Outward Remittances of Project-Related Expenses

Bangladesh Bank has granted general authorization to designated Authorized Dealers (ADs) to remit consultancy fees, management fees and other relevant current service fees abroad for approved government projects, subject to compliance of instructions such as the projects must be duly approved by the competent government authorities, supported by project approval documents, invoices from the beneficiaries abroad, and a certificate

from the project authorities confirming receipt of concerned services. Designated AD branches shall, intimate it to Bangladesh Bank before execution of remittances. [Ref: FE Circular No. 22, Date: 18 June 2025]

8.7 Women's Participation in Agent Banking Operations

Agent banking is gaining increasing importance and becoming more accessible each day. Within the socio-economic context of Bangladesh, while a substantial proportion of agent banking customers are women, the representation of women as agents remains limited. To encourage increased participation of women entrepreneurs in agent banking, Bangladesh Bank has issued a circular mandating that at least 50 percent of all newly appointed agents must be women effective from the issuance of the circular. [Ref: BRPD Circular letter No. 10, Date: 8 May 2025]

8.8 Bank Resolution Ordinance, 2025

Bangladesh Bank has circulated the "Bank Resolution Ordinance, 2025" (Ordinance No. 19 of 2025). This legislation provides Bangladesh Bank

with a clear mandate and guiding principles for exercising its resolution powers, with the aim of ensuring financial system stability. It enables the timely resolution of distressed banks, thereby safeguarding depositors' interests, preserving public confidence in the banking sector, and minimizing potential disruptions to the wider economy. [Ref: BRRU Circular No. 01, Date: 15 May 2025]

8.9 Special Fund for Capital Market and Investment Policy

With reference to DOS Circular No. 01 dated 10 February 2020, a special fund amounting to BDT 2 billion was established to facilitate investment in the capital market by scheduled banks. The tenure of this fund was originally set to expire in February 2025. However, in light of the prevailing volatility in the country's capital market and after careful consideration of feedback and recommendations from relevant stakeholders, the expiration date has been extended until 31 December 2026, subject to compliance with certain specific terms and conditions. [Ref: DOS Circular Letter No. 04, Date: 8 April 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

Source: Major Economic Indicators, July 2025, BB.
Base: FY2021-2022.

Appendix II: Foreign Exchange Reserves

(Amount in Billion USD)

Quarter end	International Reserve
Sep-23	26.91 (21.06 as per BPM6)
Dec-23	27.13 (21.87 as per BPM6)
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)

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

Appendix III: Wage Earners' Remittance

(Amount in Billion USD)

Quarter	Amount
Jun-23	5.58
Sep-23	4.91
Dec-23	5.89
Mar-24	6.27
Jun-24	6.84
Sep-24	6.54
Dec-24	7.23
Mar-25	8.01
Jun-25	8.54

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)
Jun -23	10.20	15.56
Sep -23	10.08	14.75
Dec -23	10.11	16.24
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

Source: Statistics Department, BB and Bangladesh Bank Quarterly.

Appendix V: Interest Rate (Weighted Average) Spread

(In Percent)

Quarter	Lending Rate	Deposit Rate	Spread
Jun -23	7.31	4.38	2.93
Sep -23	7.83	4.52	3.31
Dec -23	9.36	4.70	4.66
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

Source: Statistics Department, BB.

Appendix VI: Weighted Average Exchange Rate (End Period)

(BDT/USD)

Quarter	Exchange Rate
Jun-23	106.00
Sep-23	110.25
Dec-23	110.00
Mar-24	110.00
Jun-24	118.00
Sep-24	120.00
Dec-24	120.00
Mar-25	122.00
Jun-25	122.78

Source: Monthly Economic Trends, BB.

Appendix VII: Credit to the Government (Gross) by the Banking System

(Amount in Billion BDT)

Quarter end	Amount
Jun-23	4,970.72
Sep-23	4,913.37
Dec-23	4,671.75
Mar-24	5,041.77
Jun-24	5,561.52
Sep-24	5,271.00
Dec-24	5481.97
Mar-25	5878.82
Jun-25	6245.12

Source: Statistics Department, BB.

Appendix VIII: Banking Sectors Total Assets to GDP Ratio

(Amount in Billion BDT)

Quarter End	Total Assets	Quarterly Growth of Total Assets	Quarterly Change in Total Assets	GDP (Current Market Price)	Asset/GDP
Mar-23	22275.20	1.42%	312.81	43278.37	51.47%
Jun-23	23142.84	3.90%	867.64	44908.35	51.53%
Sep-23	23457.74	1.36%	314.90	46542.95	50.40%
Dec-23	23983.97	2.24%	526.24	48356.11	49.60%
Mar-24	24280.84	1.24%	296.87	50154.25	48.41%
Jun-24	25462.60	4.87%	1181.76	51777.13	49.18%
Sep-24	25240.13	-0.87%	-222.47	52739.75	47.86%
Dec-24	26297.74	4.19	1057.61	55527.53	47.36%
Mar-25	26937.00	2.43	639.26	53805.22	51.53%
Jun-25	27761.35	3.06	824.35	55028.54	50.45%

Source: DOS and Monthly Economic Trends, BB; Compilation: FSD, BB.

Appendix IX: Asset Structure of the Banking Industry (End Period)

(Amount in Billion BDT)

Property and Assets	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Cash in hand	308.13	300.81	282.82	290.74	251.46	301.81
Balance with Bangladesh Bank and its Agent Bank	760.29	1,275.15	724.80	1095.93	990.50	1218.11
Balance with other banks and finance companies (including Money at call and short notice)	879.38	997.90	919.81	979.48	1130.08	862.01
Investment	4,080.26	4,401.66	4,491.88	4820.82	5089.05	5590.09
Loans and Advances (including bill discounted and purchased)	16,709.72	17,031.30	17,139.23	17,454.08	17,772.23	17342.01
Fixed Assets	299.34	302.64	302.98	301.52	306.73	302.94
Other Assets	1,225.16	1,132.26	1,357.39	1334.14	1376.00	1276.85
Non-banking assets	18.56	20.88	21.23	21.04	20.95	20.88
Total Assets	24,280.84	25,462.60	25,240.14	26,297.74	26,937.00	27761.35

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

Appendix X: Banking Sector Assets Concentration (End-June, 2025)

(Amount in Billion BDT)

Assets	Top 5 Banks	Other Banks	Top 10 Banks	Other Banks
Amount	8,765.94	18,995.41	13,028.84	14,732.51
Share (%)	31.58%	68.42%	46.93%	53.07%

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

Appendix XI: Banking Sector ROA Range and Distribution of Banks

Quarter	ROA Range			
	≤0%	> 0% to ≤0.5%	> 0.5% to ≤1%	> 1%
Jun-23	11	15	21	14
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	17	7	16

Note: ROAs have been annualized from respective quarterly ratios except the quarter of December.

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

Appendix XII: Banking Sector ROE Range and Distribution of Banks

Quarter	ROE Range			
	≤0%	> 0% to ≤5%	> 5% to ≤10%	> 10%
Jun-23	11	11	14	25
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

Note: ROEs have been annualized from respective quarterly ratios except the quarter of December.

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

Appendix XIII: Banking Sector ROA and ROE

Ratio	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
ROA*	0.43%	0.41%	0.59%	0.23%	0.40%	0.38%	0.43%	-0.18%	-0.58%
ROE*	7.88%	7.46%	10.54%	4.32%	7.85%	7.42%	8.70%	-3.99%	-16.11%

Note: *All are annualized except the quarter of December.

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

Appendix XIV: Cluster-wise Decomposition of Earnings

(Amount in Billion BDT)

	SOCBs		PCBs (Excluding IBs)		FCBs		SBs		IBs		Industry	
	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25
NII	5.79	-37.54	144.79	1.29	24.56	28.01	-0.95	-4.68	0.08	-9.83	163.47	-12.92
NOI	24.75	58.67	9.41	58.34	18.84	16.52	14.97	-14.33	20.13	-16.39	38.04	119.20
NI	11.13	-18.02	41.79	-53.32	27.18	27.58	15.02	-74.63	12.59	-47.28	42.82	-118.40

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

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

Appendix XV: FCs' Asset Composition

(Amount in Billion BDT)

Particulars	Mar -25	Jun -25
Cash & liquid assets	118.27	121.25
Earning assets	836.57	857.04
Fixed assets	13.99	14.00
Other assets	53.51	53.22
Total	1,022.33	1,045.51

Source: DFIM; Compilation: FSD, BB.

Appendix XVI: FCs' Liability and Shareholders' Equity Composition

(Amount in Billion BDT)

Particulars	Mar -25	Jun -25
Borrowings	286.73	303.86
Deposits	513.93	522.89
Shareholders' equity	-122.58	-143.59
Other liabilities	344.25	362.34
Total	1,022.33	1,045.51

Source: DFIM; Compilation: FSD, BB.

Appendix XVII: FCs' Non-Performing Loans & Leases (NPL)

(Amount in Billion BDT)

Quarter End	Aggregate NPL Balance	NPL Ratio (%)
Jun -23	199.51	27.65
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

Source: DFIM, BB.

Appendix XVIII: FCs' ROA & ROE

(In percent)

Quarter	Aggregate ROA	Aggregate ROE
Jun -23	-1.43	-20.67
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	-

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

Appendix XIX: Banking Sector Regulatory Capital Position-Solo Basis

(Amount in Billion BDT)

Capital	Jun-24	Sep-24	Dec-24	Mar-25	June-25
Minimum Capital Requirement	1,537.31	1,608.34	1,646.55	1,868.16	1,917.09
Total Regulatory Capital	1,594.58	1,075.79	506.43	1,236.72	839.46

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

Appendix XX: Banking Sector CRAR Distribution

CRAR	Number of Banks (at End Period)					
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
<10%	11	11	16	19	20	22
10% to <15%	22	22	21	14	20	19
15% and above	28	28	24	28	21	20
Compliant Banks	50	50	45	42	41	39

Source: DOS, BB.

Appendix XXI: Tier-1 Capital Ratio and Overall CRAR of the Banking Industry

Particulars	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Tier-1 Capital Ratio (%)	7.61	4.13	0.48	4.54	2.26
No. of Tier -1 capital compliant banks	50	46	43	42	40
Overall CRAR (%)	10.64	6.86	3.08	6.74	4.47
No. of CRAR compliant banks	50	45	42	41	39

Source: DOS, BB.

Appendix XXII: Bank Cluster-wise CRAR at end-June 2025

Bank Clusters	CRAR (%)
SOCBs	1.61
Conventional PCBs	9.48
Islamic PCBs	-0.95
SDBs	-86.72
FCBs	43.03

Source: DOS, BB.

Appendix XXIII: Distribution of Risk Weighted Assets (RWA) of the Banking Industry

(In Percent)

RWA	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
RWA for Credit Risk	88.17	88.31	87.93	88.75	88.27
RWA for Market Risk	3.38	3.60	3.62	3.37	3.94
RWA for Operational Risk	8.45	8.09	8.45	7.88	7.78

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

Appendix XXIV: CRR and SLR at end-June 2025

Bank Clusters	CRR		SLR	
	Required	Maintained	Required	Maintained
SOCBs	3.00%	4.32%	13.05%	35.28%
PCBs (Conventional)	3.09%	3.95%	10.59%	21.75%
FCBs	3.00%	6.06%	13.00%	45.22%
SDBs	3.00%	4.77%	-	-
PCBs (Islamic)	3.66%	3.51%	5.50%	8.16%
Industry	3.15%	4.52%	11.28%	26.11%

Note: CRR on daily basis; SDBs are exempted from maintaining SLR.

Source: DOS, BB.

Appendix XXV: Banking Sector Advance-to-Deposit Ratio (ADR)

Period	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
ADR (In percent)	80.20	81.32	81.55	80.33	79.42

Source: DOS, BB.

Appendix XXVI: Number of Banks according to Range of Leverage Ratio -Solo Basis

Leverage Ratio	Mar -25	Jun -25
<3.75%*	18	21
≥3.75% to 10%	29	26
>10% to 20%	8	8
>20% to 30%	2	2
>30%	4	4

*Indicates that minimum regulatory requirement of leverage ratio has been changed from 3.50 percent to 3.75 percent.

Source: DOS, BB.

Appendix XXVII: Bank Cluster-wise Leverage Ratio -Solo Basis

(In Percent)

Bank Clusters	Jun -24	Sep -24	Dec -24	Mar -25	Jun -25
SOCBs	1.95	-2.56	-6.30	1.12	0.34
PCBs (Both Conventional and Islamic)	4.85	N/A	N/A	N/A	N/A
Conventional PCBs	N/A	5.02	4.42	4.31	3.76
PCBs (Islamic)	N/A	0.66	-5.54	0.94	-2.47
FCBs	16.36	16.55	17.23	16.94	17.65
SDBs	-27.71	-28.23	-27.89	-27.62	-56.55

Source: DOS, BB.

Appendix XXVIII: Bank Cluster-wise LCR and NSFR

(In Percent)

Banks	Sep -24		Dec -24		Mar -25		Jun -25	
	NSFR	LCR	LCR	NSFR	LCR	NSFR	LCR	NSFR
SOCBs	102.84	211.75	273.93	94.69	268.21	90.59	316.09	103.04
PCBs (Conventional)	111.83	146.74	158.38	110.77	168.69	112.43	178.47	109.24
PCBs (Islamic)	103.83	65.03	53.47	96.70	45.28	94.07	47.36	93.51
FCBs	128.97	537.51	444.69	133.18	378.90	131.49	398.12	129.82
Industry	108.58	151.01	157.52	104.62	159.25	103.79	171.49	104.95

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

Source: DOS, BB.

Appendix XXIX: FCs' CRR and SLR

(Amount in Billion BDT)

Quarter End	Aggregate CRR			Aggregate SLR		
	Required	Maintained	Surplus/ Shortfall	Required	Maintained	Surplus/ Shortfall
Jun-22	5.30	5.80	0.50	21.77	91.40	69.63
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

Source: DFIM, BB.

Appendix XXX: Capital Adequacy Ratio (CAR) of FC

Particulars	End Sep-22	End Dec-22	End Mar-23	End Jun-23	End Sep-23	End Dec-23	End Mar-24	End Jun-24	End Sep-24	End Dec-24	End Mar-25	End Jun-25
Capital Adequacy Ratio (%)	10.16	8.16	7.29	5.08	2.59	1.62	3.24	(3.31)	(14.93)	(6.46)	(20.58)	(22.30)

Source: DFIM, BB.

Appendix XXXI: Overall Risk-weighted Assets and Tier-1 Capital of FC

(Amount in Billion BDT)

Particulars*	End Sep-22	End Dec-22	End Mar-23	End Jun-23	End Sep-23	End Dec-23	End Mar-24	End Jun-24	End Sep-24	End Dec-24	End Mar-25	End Jun-25
Credit RWA	620.4	592.06	633.11	613.36	610.84	603.92	589.46	571.47	583.18	617.16	621.43	614.73
Market RWA	40.76	25.18	24.63	25.15	24.79	24.95	22.93	28.31	22.31	27.74	25.07	20.57
Operational RWA	47.08	41.31	47.88	44.07	43.84	42.43	40.61	43.35	41.99	45.28	41.83	41.29
Total RWA	708.24	658.55	705.62	682.58	679.47	671.30	653.00	643.13	647.48	690.17	688.33	676.58
Core Capital (Tier-1)	59.11	41.08	35.72	21.34	4.33	(1.81)	8.64	(33.01)	(108.54)	(56.29)	(95.19)	(161.72)
Supplementary Capital (Tier-2)	12.85	12.63	13.74	13.33	13.28	12.69	12.54	11.71	11.88	11.71	11.25	10.85
Eligible (Total) Capital	71.96	53.71	49.46	34.67	17.61	10.88	21.17	(21.30)	(96.66)	(44.58)	(83.93)	(150.87)

Source: DFIM, BB.

Appendix XXXII: DSEX and MSCI Emerging Markets Index

Date	DSEX	Date	MSCI Emerging Markets Index
1-June-25	4668.41	2-June-25	1,153.77
2-June-25	4689.52	3-June-25	1,158.13
3-June-25	4664.79	4-June-25	1,172.45
4-June-25	4709.09	5-June-25	1,182.68
15-June-25	4724.00	6-June-25	1,182.93
16-June-25	4783.66	9-June-25	1,193.78
17-June-25	4739.69	10-June-25	1,201.13
18-June-25	4776.83	11-June-25	1,208.98
19-June-25	4754.41	12-June-25	1,202.74
22-June-25	4677.60	13-June-25	1,190.03
23-June-25	4695.03	16-June-25	1,198.18
24-June-25	4717.66	17-June-25	1,196.96
25-June-25	4767.64	18-June-25	1,193.45
26-June-25	4832.83	19-June-25	1,177.31
29-June-25	4839.78	20-June-25	1,189.85
30-June-25	4838.39	23-June-25	1,182.25
-	-	24-June-25	1,211.84
-	-	25-June-25	1,220.72
-	-	26-June-25	1,226.95
-	-	27-June-25	1,228.53
-	-	30-June-25	1,222.78

Source: Msci.com and DSE Monthly Review.

Appendix XXXIII: DSE Performance

Month	<i>(In Billion BDT)</i>		Index		
	Turnover	Market Capitalization	DSEX	DS30	DSES
Jan-24	157.47	7517.34	6153.34	2103.93	1351.96
Feb-24	239.16	7607.24	6254.54	2126.8	1359.82
Mar-24	114.03	6833.04	5829.70	2021.30	1266.31
Apr-24	93.57	7035.11	5584.65	1995.31	1227.51
May-24	133.56	6489.22	5221.96	1874.84	1143.70
Jun-24	83.55	6621.56	5328.40	1909.64	1180.01
Jul-24	109.18	6493.87	5280.47	1886.19	1153.97
Aug-24	165.96	6995.82	5804.42	2124.71	1241.26
Sep-24	140.50	6834.12	5624.50	2053.36	1263.73
Oct-24	76.61	6653.32	5199.40	1926.05	1144.90
Nov-24	100.35	6643.56	5192.59	1916.23	1166.89
Dec-24	72.47	6626.20	5216.44	1939.73	1168.90
Jan-25	80.26	6648.25	5112.90	1903.85	1133.98
Feb-25	91.82	6953.64	5247.30	1905.55	1167.00
Mar-25	77.80	6738.66	5219.16	1914.69	1168.11
Apr-25	71.61	6565.69	4917.92	1822.89	1094.18
May-25	70.18	6469.85	4637.92	1729.63	1011.36
Jun-25	53.63	6622.71	4,838.39	1,815.96	1,060.76

Source: DSE Monthly Review.

Appendix XXXIV: Sectoral Turnover at DSE

Sectors	End - March 2025	End - June 2025
Corporate Bond	0.01%	0.01%
Tannery	0.69%	0.39%
Ceramic	2.47%	0.51%
Paper & Printing	3.62%	0.65%
Cement	0.65%	0.69%
Services & Realestate	1.12%	0.78%
Jute	0.53%	0.83%
Travel and Leisure	1.30%	1.47%
Mutual Funds	2.86%	1.47%
Telecommunication	3.67%	1.93%
Financial Institutions	2.02%	2.32%
Miscellaneous	4.82%	2.79%
Fuel & Power	5.52%	3.14%
IT - Sector	4.48%	3.40%
Engineering	9.59%	4.24%
Insurance	6.94%	4.64%
Food & Allied Product	9.72%	4.94%
Textile	12.97%	5.60%
Banks	12.20%	9.96%
Pharmaceuticals & Chemicals	14.82%	10.31%

Source: DSE Monthly Review.

Appendix XXXV: Sectoral Market Capitalization at DSE

Sectors	End- March 2025	End- June 2025
Banks	19.05%	19.06%
Telecommunication	16.76%	16.92%
Pharmaceuticals & Chemicals	15.60%	15.74%
Fuel & Power	8.11%	8.54%
Food & Allied Product	8.14%	7.90%
Engineering	7.87%	7.65%
Miscellaneous	6.51%	6.65%
Insurance	3.43%	3.34%
Textile	3.33%	3.16%
Financial Institutions	2.93%	2.70%
Cement	2.39%	2.58%
Travel and Leisure	1.07%	1.04%
Corporate Bond	0.93%	1.00%
Mutual Funds	0.81%	0.85%
IT - Sector	0.73%	0.68%
Tannery	0.62%	0.62%
Paper & Printing	0.59%	0.54%
Ceramic	0.54%	0.50%
Services & Real estate	0.52%	0.47%
Jute	0.07%	0.07%

Source: DSE Monthly Review.

Appendix XXXVI: Sectoral P/E Ratio at DSE

Sectors	End- March 2025	End- June 2025
Banks	6.26	5.62
Fuel & Power	5.93	5.72
Services & Real estate	10.23	8.87
Textile	10.44	9.59
Cement	13.74	10.18
Engineering	15.03	10.20
Pharmaceuticals & Chemicals	10.65	10.31
Financial Institutions	11.57	10.55
Tannery	40.34	10.55
Insurance	12.27	11.19
IT - Sector	16.92	15.30
Food & Allied Product	12.82	15.34
Travel and Leisure	26.99	16.46
Miscellaneous	18.61	16.48
Telecommunication	13.20	17.54
Mutual Funds	13.09	17.66
Paper & Printing	19.23	19.06
Jute	27.68	24.03
Ceramic	114.55	54.34

Source: DSE Monthly Review.

Appendix XXXVII: Price/Earnings Ratio of DSE

Quarter	DSE P/E Ratio
Jun-23	14.34
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

Source: DSE Monthly Review.

Appendix XXXVIII: DSE Broad Index (DSEX) Volatility and DSE Turnover

Month	Daily Average Index Volatility ²³	Daily Average DSE Turnover (In Crore BDT)
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

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

Appendix XXXIX: CSE Performance

Month	(In Billion BDT)	Index		
	Turnover	CASPI	CSE30	CSI
Jun -23	13.81	18 702.20	13 398.21	1 176.32
Jul -23	3.27	18683.43	13357.57	1171.84
Aug -23	2.23	18633.19	13390.56	1175.13
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

²³ Measured by average of daily standard deviation of DSEX during each month.

Appendix XXXIX: CSE Performance (Contd.)

Month	(In Billion BDT)	Index		
	Turnover	CASPI	CSE30	CSI
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
Jun -24	18.62	15066.82	11943.43	990.22
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	11,673.50	897.98
May -25	2.08	13,051.80	11,029.76	846.06
Jun -25	3.48	13,438.38	11,550.92	864.66

Source: CSE Bazar Parikrama.

Appendix XL: Sectoral Turnover at CSE

Sectors	Contribution of Sectors	
	End - March 2025	End - June 2025
Corporate Bond	0.00%	0.01%
Leasing & Finance	0.79%	0.63%
Paper & Printing	1.00%	0.73%
Ceramics	0.83%	0.74%
Tannery	0.35%	1.01%
Services	1.11%	1.04%
General Insurance	1.14%	1.11%
IT	0.79%	1.15%
Mutual Funds	0.79%	2.08%
Life Insurance	1.97%	2.08%
Telecommunication	5.18%	2.22%
Cement	0.76%	2.32%
Textile	3.54%	2.55%
Fuel & Power	15.68%	2.95%
Engineering	2.72%	7.74%
Pharmaceuticals & Chemicals	37.39%	10.24%
Banking	11.77%	12.39%
Miscellaneous	4.54%	16.08%
Food & Allied Product	9.65%	32.93%

Source: CSE Bazar Parikrama.

Appendix XLI: Capital Market Exposures of Banks

Period	Solo basis (%)	Consolidated basis (%)
Jun -23	15.94	26.47
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

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-June 2025, unless stated otherwise.

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