

Annual Report

2024-2025



Bangladesh Bank

Annual Report

(July 2024-June 2025)



BANGLADESH BANK
(The central bank of Bangladesh)

Letter of Transmittal
BANGLADESH BANK

Dhaka
23 April 2026

The Secretary
Financial Institutions Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Dhaka.

Dear Secretary,

In accordance with Article 40 (2) of the Bangladesh Bank Order, 1972 (P. O Number 127) I have the honour to submit the Annual Report of Bangladesh Bank for the financial year 2024-2025 to the Government of the People's Republic of Bangladesh. Audited Accounts of the Bank for the said financial year has already been forwarded on 26 August 2025.

Yours faithfully,



(Md Mostaqur Rahman FCMA)
Governor

Board of Directors*

Dr. Ahsan H. Mansur ⁽ⁱ⁾	Chairman
Dr. Md. Khairuzzaman Mozumder	Director
Md. Abdur Rahman Khan. FCMA	Director
Nazma Mobarek ⁽ⁱⁱ⁾	Director
Mahbub Ahmed ⁽ⁱⁱⁱ⁾	Director
A. K. M Aftab ul Islam, FCA	Director
Professor Rashed Al Mahmud Titumir ^(iv)	Director
Dr. Fahmida Khatun ^(v)	Director
Dr. Md. Habibur Rahman ^(vi)	Director
Manoj Kumar Howlader	Secretary

* as on 30 June 2025

- (i) Dr. Ahsan H. Mansur was appointed as Chairman of the Board with effect from 13 August 2024.
- (ii) Nazma Mobarek was appointed as Director of the Board with effect from 6 November 2024.
- (iii) Mahbub Ahmed served on the Board until 2 September 2025, upon completion of his three-year tenure
- (iv) Professor Rashed Al Mahmud Titumir was appointed as Director of the Board for three years with effect from 29 August 2024
- (v) Dr. Fahmida Khatun was appointed as Director of the Board for three years with effect from 19 September 2024
- (vi) Dr. Md. Habibur Rahman, Deputy Governor of Bangladesh Bank, was appointed as Director of the Board for three years with effect from 1 October 2024.

Governor

Dr. Ahsan H. Mansur

Deputy Governors

Nurun Nahar

Dr. Md. Habibur Rahman

Md. Zakir Hossain Chowdhury

Dr. Md. Kabir Ahmed

Head of BFIU

A F M Shahinul Islam

Executive Directors

Dr. Md. Akhtaruzzaman ^{(i)**}	Md. Sawkatul Alam
Dr. Md. Ezazul Islam ^{(ii)**}	Husne Ara Shikha
Mansura Parvin ^{(iii)**}	Muhammad Zakir Hasan ^(iv)
Dr. Sayera Younus ⁽ⁱⁱ⁾	Debdulal Roy ^(iv)
S.M. Abdul Hakim	Md. Aminul Islam Akand
Md. Mezbaul Haque	Md. Mazibur Rahman
Md. Shakhawat Hossain Bhuiyan	Md. Osman Ghani
Kakoli Jahan Ahmed	Madhusudan Banik
Md. Saiful Islam Khan	Md. Shakhawat Hossain
Md. Amzad Hossain Khan	Bishnupada Kar
Md. Mahbubul Haque	Shaikh Jahangir Hossain
Md. Anis Ur Rahman ⁽ⁱⁱⁱ⁾	Md. Kawsar Matin
Rup Ratan Pine	Md. Shahed Ali
Md. Ashraful Alam	Md. Amir Uddin
Md. Sirajul Islam	Md. Khasru Parvez
Manoj Kumar Howlader	Md. Ali Mahmud
A.K.M. Ehsan	Md. Niamul Kabir
Md. Hanif Miah	Khaled Ahmed
Md. Rafiqul Islam	Md. Rokanuzzaman
Mohammad Jamal Uddin	Md. Mokbul Hossain
Arief Hossain Khan	Abu Md. Amimul Ehsan ^(v)

** Indicates Executive Director, Grade -1.

Note: Inter se seniority of the officials, excepting contractual basis recruitment, has been determined on the basis of Administrative Order No: 10 of HRD-1 dated 22 June 2023.

- (i) Executive Director (Research) on deputation as Director General of Bangladesh Institute of Bank Management (BIBM)
- (ii) Executive Director (Research)
- (iii) Executive Director (Statistics)
- (iv) Executive Director (ICTD)
- (v) Chief Legal Affairs Officer on Contractual Basis

Departments/Units/Cells* of the Head Office and their Heads#

Accounts & Budgeting Department	Md. Moynul Islam, Director
Agricultural Credit Department	Mohammad Nurul Alam, Director
Bangladesh Bank Training Academy	Debashish Sarkar, Director
	Abul Kalam Azad, Director
	Mohammad Mahmudul Hasan, Director
	Abdus Salam Mahmud, Director
	Md. Aminur Rahman Chowdhury, Director
	Sheikh Nasreen Sultana, Director
	Shakil Ezaz, Director
	Sharmin Rahman, Director
	A.K.M. Sayduzzaman, Director
	Muhammad Mahfuzur Rahman Khan, Director
	Muhammad Iqbal Hossen, Director
	Razia Khatun, Director
	Dr. Ujjwal Kumar Das, Director
	Md. Jasim Uddin, Director (Research)
	Nazmun Nahar Mily, Director (Research)
	Md. Motior Rahman, Director (ICT)
	Mohammad Nurul Islam, Director (Statistics)
Bangladesh Financial Intelligence Unit	Md. Mofizur Rahman Khan Chowdhury, Director
Bankers Selection Committee Secretariat	Md. Mostakur Rahman, Director
Banking Regulation & Policy Department	Mizanur Rahman Akon, Director
	Md. Bayazid Sarker, Director
	Md. Nazim Uddin, Director
	Md. Alauddin, Director
Chief Economist Unit	Mst. Nurnaher Begum, Director (Research)
	Dr. Md. Salim Al Mamun, Director (Research)
Credit Guarantee Department	Md. Shabbirul Alam Chowdhury, Director
Common Services Department-1	Swapan Kumar Goswami, Director
Common Services Department-2	Md. Tafazzal Hossain, Director (Engineer-Civil)
	Kali Sankar Karmaker, Director (Engineer-Civil)
	Sudhangshu Kumar Sarker, Director (Engineer-Electo-Mechanical)
Credit Information Bureau	Md. Shafiqul Islam, Director (Statistics)
Department of Banking Inspection-1	Asim Kumar Chowdhury, Director
Department of Banking Inspection-2	A.K.M. Amirul Alam, Director
Department of Banking Inspection-3	Muhammad Badiuzzaman Dider, Director
Department of Banking Inspection-4	A K M Golam Mahmud, Director
Department of Banking Inspection-5	Abu Hena Humayun Kabir, Director
Department of Banking Inspection-6	Md. Alauddin Hossain, Director
Department of Banking Inspection-7	Khaled Mahbub Morshed, Director
Department of Banking Inspection-8	Dr. Shah Md. Moinuddin, Director
Department of Banking Inspection-9	Md. Hafizur Rahman, Director
Department of Currency Management	K. M. Ibrahim, Director
Department of Communications and Publications	Saeda Khanam, Director (Ex-Cadre-Publications)
Department of Foreign Exchange Inspection	Mahbubul Alam, Director
Department of Financial Institutions & Market	Goutam Kumar Ghosh, Director
Deposit Insurance Department	Md. Salim Ahmed, Director

* As per alphabetical arrangement.

As of 30 June 2025.

Departments/Units/Cells* of the Head Office and their Heads# (Continued)

Debt Management Department	Istequemal Hussain, Director
Department of Off-site Supervision	Gazi Md. Mahfuzul Islam, Director
	A.N.M. Moinul Kabir, Director
Expenditure Management Department-1	Mostafa Azad Kamal, Director
Expenditure Management Department-2	Md. Faiz Ahmed, Director
Foreign Exchange Investment Department	Abu Saleh Mohammed Shahab Uddin, Director
Foreign Exchange Operation Department	Kamal Hossain, Director
	Mohammad Sazzad Hossain, Director
Foreign Exchange Policy Department	Md. Harun Ar Rashid, Director
	Monoar Uddin Ahmed, Director
Financial Integrity and Customer services Department	Munir Ahmed Chowdhury, Director
	Muhammad Mohsin Hossaini, Director
Financial Inclusion Department	Md. Iqbal Mohasin, Director
Financial Institution Inspection Department	Md. Anowar Hossain, Director
Forex Reserve & Treasury Management Department	A.K.M. Kamruzzaman, Director
	Mohammad Mahbub Alam, Director
Financial Sector Support & Strategic Planning Department	Liza Fahmida, Director
Financial Stability Department	Mohammad Shahriar Siddiqui, Director
Governor Office	Mr. Md. Sarwar Hossain, Director
Human Resources Department-1	Md. Zabdul Islam, Director
Human Resources Department-1(Attached)	Muhammad Nazmul Haque, Director
Human Resources Department-2	Nasima Sultana, Director
Internal Audit Department	Mamunur Rahman, Director
Information and Communication Technology Department	Chandan Saha, Director
	Md. Amir Hossain Pathan, Director
	Mohammad Abdur Razzaq, Director
	Pankaj Kumar Mallick, Director
Cyber Security Unit (CSU)	Md. Wahidul Islam Sarker, Chief Information Security Officer (CISO)
Integrated Supervision Management Department	Dipti Rani Hazra, Director
Islami Banking Regulation and Policy Department	Mr. Mohammad Anisur Rahman, Director
Law Department	Uttam Kumar Modak, Director
Monetary Policy Department	Mahmud Salahuddin Naser, Director (Research)
NFIS Administrative Unit	Shayema Islam, Director
Payment Systems Department	Rafeza Akhter Kanta, Director
	Md. Sharafat Ullah Khan, Director
	Mohammad Kamrul Islam, Director
Research Department	Dr. Md. Golzare Nabi, Director (Research)
	Md. Sakhawat Hossain, Director (Research)
	Dr. Imam Abu Sayed, Director (Research)
	Anwar Aftab Ahmed, Director (Research)
	Mohammad Masuduzzaman, Director (Research)
	Nurun Nahar Sultana, Director (Research)
	Md. Abdul Wahab, Director (Research)
	Md. Syedul Islam, Director (Research)
Research Department-Library	Tasnim Fatema, Director (Ex-Cadre-Library)
Secretary's Department	Nargis Sultana, Director
Statistics Department	Ashish Kumar Roy, Director (Statistics)
	Shabnam Shirin, Director (Statistics)
	Md. Nurul Islam, Director (Statistics)
	Md. Habibour Rahman, Director (Statistics)

* As per alphabetical arrangement.

As of 30 June 2025.

Departments/Units/Cells* of the Head Office and their Heads# (Continued)

Statistics Department	Dr. Nargis Hasina, Director (Statistics) Mr. Md. Masud Aktar Talukder, Director (Statistics) Mr. Probir Kumar Sarker, Director (Statistics) Mr. Munshi Mohammad Wakid, Director (Statistics) Mr. Md. Saiful Islam, Director (Statistics) Mr. Mohammad Abu Sadat, Director (Statistics) Mr. Md. Zahedul Islam, Director (Statistics) Mr. Md. Anisur Rahman, Director (Statistics)
Security Management Department	Lt. Col. (Retd) Md Shamimur Rahman, PSC, Director (Ex Cadre-Security.-Contractual)
SME & Special Programmes Department	Mr. Muhammad Nazmul Haque, Director Ms. Nawshad Mustafa, Director
Special Studies Cell	Afroza Khan, Director
Sustainable Finance Department	Chowdhury Liakat Ali, Director
Taka Museum Department	Mr. Abu Hena Mostafa Kamal Mirdha, Director

* As per alphabetical arrangement.

As of 30 June 2025.

Note: 1) Besides, Directors- Prodip Ranjan Debnath, A.K.M. Rezaul Karim, Dr. Mohammad Monirul Islam Sarker, Md. Abdul Karim; Mohammad Zahir Hussain, Md. Asaduzzaman Khan; Kazi Md. Monir Uddin; Golam Mohiuddin; A.K.M. Ramizul Islam; Ranjit Kumar Roy; Kamruzzaman; Debashis Chakravorty; Md. Motasem Billah; Yasmin Rahman Bula; Munira Islam; Kazi Tamanna Hoque; Md. Obaid Ullah, Chowdhury Mr. Shafayet Arefin, Nahid Rahman, Md. Muksduzzaman, Helen Pervin, Md. Mojibur Rahman Sheikh and Md. Nazrul Islam were on deputation with Bangladesh Institute of Bank Management, Bank Restructuring and Resolution Unit, COVID-19 Emergency and Crisis Response Facility Project, EEF Unit, Enterprise Risk Management Unit (ERM), Foreign Direct Investment Promotion Project, Grihayan Tohbil and Fund Management, Investment Promotion and Financing Facility II (IPFF II) Project Cell, Nagad, Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments Sector Project, Second Small and Medium-Sized Enterprise Development Project, Supporting Post Covid-19 Small Scale Employment Creation Project, and The Security Printing Corporation Bangladesh Ltd respectively as on 30 June 2025.

2) Mohammed Ishaque Miah, Director (ICTD) was on lien at Bangladesh Data center and Disaster Recovery Site Ltd.

Branch Offices* and Office Heads#

Barishal	Madhusudan Banik, Executive Director Mohammad Shamsuddin Ahmed, Director Md. Abul Bashar, Director Imtiaz Ahmad Masum, Director
Bogura	Md. Shakhawat Hossain, Executive Director Sarder Al Emran, Director Shabari Islam, Director Khairul Alam Chowdhury Tutul, Director
Chattogram	Md. Mokbul Hossain, Executive Director Swarup Kumar Chowdhury, Director Md. Salah Uddin, Director Md. Arifuzzaman, Director Mohammad Ashiqur Rahman, Director
Khulna	Md. Rokanuzzaman, Executive Director Md. Matiar Rahman Molla, Director Md. Mujibur Rahman, Director S.M. Kamaluzzaman Kamal, Director Md. Zakir Hossain Chowdhury, Director(Cash)
Motijheel	Md. Amzad Hossain Khan, Executive Director Md. Aminul Islam Akand, Executive Director(Currency) Md. Atiqur Rahman, Director Joydev Chandra Banik, Director Baby Rani Dey, Director Sayeda Nasima Akther, Director (Cash) Dr. Shaikh Rafiullah, Chief Medical Officer Dr. Rabeya Akther, Chief Consultant
Mymensingh	Md. Kawsar Matin, Executive Director Md. Enamul Karim Khan, Director
Rajshahi	Md. Mezbaul Haque, Executive Director Rathin Kumar Paul, Director Kaniz Fatema, Director Shamsul Arefeen, Director
Rangpur	Md. Ali Mahmud, Executive Director Masuma Sultana, Director Md. Dewan Siraj, Director Md. Emdadul Hoque, Director Md. Ali Mahmud, Director
Sadarghat	Md. Fazlar Rahman, Director
Sylhet	Khaled Ahmed, Executive Director Md. Aminul Islam, Director Md. Shahjahan Mojumder, Director Mohammad Abul Hashem, Director

* As per alphabetical arrangement.

As of 30 June 2025.

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List of Abbreviations

A2F	Access to Finance	BGMEA	Bangladesh Garment Manufacturers and Exporters Association
A&BD	Accounts & Budgeting Department	BGTBs	Bangladesh Government Treasury Bonds
A/C	Account	BHBFC	Bangladesh House Building Finance Corporation
ACC	Anti Corruption Commission	BIDA	Bangladesh Investment Development Authority
ACD	Agriculture Credit Department	BJMC	Bangladesh Jute Mills Corporation
ACU	Asian Clearing Union	BKB	Bangladesh Krishi Bank
ACUD	Asian Clearing Union Dollar	BoD	Board of Directors
ADs	Authorized Dealer	BoP	Balance of Payments
ADB	Asian Development Bank	BPSSR	Bangladesh Payment and Settlement Systems Regulations
AUD	Australian Dollar	BRAC	Bangladesh Rural Advancement Committee
ADP	Annual Development Programme	BRDB	Bangladesh Rural Development Board
ADR	Advance Deposit Ratio	BRO	Bank Resolution Ordinance
ADs	Authorised Dealers	BRPD	Banking Regulation & Policy Department
AFI	Alliance for Financial Inclusion	BRRU	Banking Restructuring and Resolution Unit
AGM	Assistant General Manager	BSEC	Bangladesh Securities and Exchange Commission
AI	Artificial Intelligence	BSRD	Bangladesh Systemic Risk Dashboard
AIR	Assumed Interest Rate	BSRR	Bangladesh Systemic Risk Report
ALM	Asset-Liability Management	BSR-TF	Banking Sector Reform Taskforce
ALS	Assured Liquidity Support	BTA	Bangladesh Tanners Associations
AMLC	Anti Money Laundering Council	BTMA	Bangladesh Textile Mills Association
AQR	Asset Quality Review	BTRC	Bangladesh Telecommunication Regulatory Commission
ARQ	Agent's Retention Quota	CAMD	Capital Adequacy and Market Discipline
ASEAN	Association of South East Asian Nations	CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk
ATDTL	Average Total Demand and Time Liabilities	CAR	Capital Adequacy Ratio
ATM	Automated Teller Machine	CBO	Chief Bancassurance Officer
BACPS	Bangladesh Automated Cheque Processing System	CBS	Core Banking Solution
BACH	Bangladesh Automated Clearing House	CAD	Canadian Dollar
B2B	Business to Business	CBS	Core Banking Solution
B2P	Business to Person	CBSP	Central Bank Strengthening Project
BB	Bangladesh Bank	CC	Cash Crop
BBLTFF	Bangladesh Bank Long Term Financial Facility	CCB	Capital Conservation Buffer
BBMIS	Bangladesh Bank Medical Information System	CCTG	Coordination Council Technical Group
BBS	Bangladesh Bureau of Statistics	CDLC	Central Database for Large Credit
BBTA	Bangladesh Bank Training Academy	CDWSP	Chattogram Division Upazila and Union Road Widening & Strengthening Project
BCBS	Basel Committee on Banking Supervision	CEO	Chief Executive Officer
BDT	Bangladesh Taka	CET1	Common Equity Tier-1
BEFTN	Bangladesh Electronic Fund Transfer Network		
BFIU	Bangladesh Financial Intelligence Unit		
BGIIB	Bangladesh Government Islamic Investment Bond		
BGIS	Bangladesh Government Investment Sukuk		

CFO	Chief Financial Officer	DFIs	Development Financial Institutions
CFSI	Composite Financial Stability Index	DFS	Digital Financial Services
CGD	Credit Guarantee Department	DIB(US)	Dollar Investment Bond
CGS	Credit Guarantee Scheme	DIS	Deposit Insurance System
CIB	Credit Information Bureau	DITF	Deposit Insurance Trust Fund
CIC	Central Intelligence Cell	DMB	Deposit Money Bank
CID	Criminal Investigation department	DMD	Debt Management Department
CIT	Cheque Imaging and Truncation	DOBB	Directives of Bangladesh Bank
CIID	Customs Intelligence and Investigation Directorate	DOS	Department of Off-site Supervision
CIF	Cost, Insurance and Freight	DPB(US)	Dollar Premium Bond
CIPC	Customers Interest Protection Centre	DPS	Deposit Premium Scheme
CIRT	Computer Incident Response Team	DSE	Dhaka Stock Exchange
CIS	Credit Information System	DSEX	Dhaka Stock Exchange Broad Index
CMMS	Corporate Memory Management System	D-SIBs	Domestic Systemically Important Banks
CMSE	Cottage, Micro and Small Enterprise	DVC	Document Verification Code
CMSMEs	Cottage, Micro, Small and Medium Enterprises	EAD	Exposure at Default
CNY	Chinese Yuan Renminbi	EC	Executive Committee
COVID-19	Corona Virus Disease of 2019	ECF	Extended Credit Facility
CPD	Centre for Policy Dialogue	ECL	Expected Credit Loss
CPF	Contributory Provident Fund	EDF	Export Development Fund
CPI	Consumer Price Index	EDP	Entrepreneurship Development Programme
CRAR	Capital to Risk-weighted Asset Ratio	EDW	Enterprise Data Warehouse
CRM	Comprehensive Risk Management	EEF	Equity and Entrepreneurship Fund
CRF	Climate Risk Fund	EFF	Extended Fund Facility
CRR	Cash Reserve Requirement	EFPF	Export Facilitation Pre-financing Fund
CSE	Chittagong Stock Exchange	EI	Expenditure-Income
CSR	Corporate Social Responsibility	EMT	Executive Management Team
CTR	Cash Transaction Report	EOI	Expression of Interest
CVC	Card Verification Code	EPB	Export Promotion Bureau
CYFI	Child and Youth Finance International	EPR	Expected Profit rate
DBIs	Department of Banking Inspection	EPZ	Export Processing Zone
DBI-1	Department of Banking Inspection-1	ERM	Enterprise Risk Management
DBI-2	Department of Banking Inspection-2	ERP	Enterprise Resource Planning
DBI-3	Department of Banking Inspection-3	ESF	Entrepreneurship Support Fund
DBI-4	Department of Banking Inspection-4	ESG	Environmental, Social and Governance
DBI-5	Department of Banking Inspection-5	ESRM	Environmental and Social Risk Management
DBI-6	Department of Banking Inspection-6	ESRR	Environmental and Social Risk Rating
DBI-7	Department of Banking Inspection-7	EU	European Union
DBI-8	Department of Banking Inspection-8	EUR	Official Currency of the European Union
DBI-9	Department of Banking Inspection-9	EXP	Export
DBH	Delta Brac Housing	EXIM	Export Import Bank of Bangladesh
DBU	Domestic Banking Units	FAO	Food and Agriculture Organisation
DFEI	Department of Foreign Exchange Inspection	FAS	Fidelity Assets & Securities
DFIM	Department of Financial Institutions & Market	FC	Foreign Currency
		FCBs	Foreign Commercial Banks
		FCDO	Foreign Commonwealth and Development Office

FCS	Financial Claims Scheme	GPF	Global Policy Forum
FCK	Fixed Chimney Kiln		General Provident Fund
FCs	Finance Companies	GRA	General Resources Account
FCA	Fellow Chartered Accountants	GNS	Gross National Savings
FCMA	Fellow of the Chartered Institute of Management Accountants	GoB	Government of Bangladesh
FDI	Foreign Direct Investment	GTF	Green Transformation Fund
FDR	Fixed Deposit Ratio	GVA	Gross Value Added
FE	Foreign Exchange	HBFC	House Building Finance Corporation
FEPD	Foreign Exchange Policy Department	HRD	Human Resource Department
FICO	Fair Isaac Corporation	HTM	Held to Maturity
FICSD	Financial Integrity and Customer Service Department	HHK	Hybrid Hoffman Kiln
FID	Financial Inclusion Department	HQLA	High Quality Liquid Asset
	Financial Institutions Department	IACCC	International Anti-Corruption Coordination Centre
FIID	Financial Institutions Inspection Department	IAD	Internal Audit Department
FIU	Financial Intelligence Unit	IADI	International Association of Deposit Insurers
FPMU	Food Planning and Monitoring Unit	IAMCL	ICB Asset Management Company Ltd
FoB	Free on Board	IAS	International Accounting Standard
FPM	Financial Projection Model	IASB	International Accounting Standards Board
FRC	Financial Reporting Council	IBF	Islamic Bond Fund
FRTB	Fixed-Rate Treasury Bond	IBFT	Internet Banking Fund Transfer
FRTD	Floating Rate Treasury Bonds	IBFS	Islamic Banking and Finance Statistics
FRTMD	Foreign Reserve and Treasury Management Department	IBLF	Islamic Banks Liquidity Facility
FSD	Financial Stability Department	IBS	Islamic Banking System
FMI	Financial Market Infrastructure	ICAAP	Internal Capital Adequacy Assessment Process
FSC	Financial Stability Committee	ICAB	Institute of Chartered Accountants of Bangladesh's
FSM	Financial Stability Map	ICAR	International Centre for Asset Recovery
FSPDSME	Financial Sector Project for the Development of SME	ICB	Investment Corporation of Bangladesh
FSSPII	Financial Sector and Support Project II	ICC	Internal Control and Compliance
FSR	Financial Stability Report	ICML	ICB Capital Management Ltd
FSSSPD	Financial Sector Support and Strategic Planning Department	ICRRS	Internal Credit Risk and Rating System
FVOCI	Fair value through Other Comprehensive Income	ICT	Information and Communication Technology
FVTPL	Fair Value through Profit or Loss	ICTD	Information and Communication Technology Department
FX	Foreign Exchange	ID	Identity Document
FY	Financial Year (July- June)	IDA	International Development Association
G2P	Government to Person	IDLC	Industrial Development Leasing Company
GBP	British Pound Sterling	IDR	Investment Deposit Ratio
GDE	Gross Domestic Expenditure	IDRA	Insurance Development and Regulatory Authority
GDP	Gross Domestic Product	IESBA	International Ethics Standards Board for Accountants
GDS	Gross Domestic Savings	IFAD	International Fund for Agricultural Development
GFET	Guidelines to Foreign Exchange Transactions		
GHG	Green House Gas		

IFC	International Finance Corporation	MLARs	Mutual Legal Assistance Requests
IFIC	International Finance Investment and Commerce	MLATs	Mutual Legal Assistance Treaties
IFRS	International Financial Reporting Standards	MLT	Medium to Long Term
IIDFC	Industrial and infrastructure Development Finance Company	MLS	Mudarabah Liquidity Support
IIFM	Islamic Inter-bank Fund Market	MM	Money Multiplier
IMF	International Monetary Fund	MoU	Memorandum of Understanding
INFE	International Network for Financial Education	MPD	Monetary Policy Department
IPO	Initial Public Offering	MPS	Monetary Policy Statement
IPDC	Industrial Promotion and development Company	MRA	Microcredit Regulatory Authority
IRC	Interest Rate Corridor	MSFSCIP	Marginal and Small Farm Systems Crop Intensification Project
IRF	Islamic Refinance Fund	MTDR	Mudarabah Term Deposit Receipt
IRM	Investment Risk Management	NAFTA	North American Free Trade Agreement
IS	Information System	NAP	National Adaptation Plan
ISAs	International Standards on Auditing	NBFIs	Non-Bank Financial Institutions
ISS	Integrated Supervision System	NBR	National Board of Revenue
ISTCL	ICB Securities Trading Company Ltd.	NCDP	Northwest Crop Diversification Project
IT	Information Technology	NCC	National Credit and Commerce
ITFC	Islamic Trade Finance Corporation	NCI	Non-Controlling Interest
ITCD	Information Technology Consulting and Development	NDA	Net Domestic Assets
ITM	Interbank Transaction Matrix	NEER	Nominal Effective Exchange Rate
JICA	Japan International Cooperation Agency	NFA	Net Foreign Assets
JITs	Joint Investment Teams	NFAs	No-Frill Accounts
JPY	Japanese Yen	NFCs	Non Financial Corporations
KSA	Kingdom of Saudi Arabia	NGOs	Non-Governmental Organisations
LC	Letter of Credit	NIBM	National Institute of Bank Management
LCR	Liquidity Coverage Ratio	NIM	Net Interest Margin
LIC	Life Insurance Company	NIS	National Integrity Strategy
LTD.	Limited	NITAs	Non-resident Investor's Taka Accounts
LTFF	Long Term Financing Facility	NPI	Non-performing Investment
LFSSP	Linking Food Security to Social Protection Programme	NPL	Non-performing Loan
M2	Broad Money	NPLs	Non-performing Loans
MCR	Minimum Capital Requirements	NPM	Net Profit Margin
MD	Managing Director	NPSB	National Payment Switch, Bangladesh
MEUR	Million Euros	NRB	Non-resident Bangladeshi
MF-CIB	Credit Information Bureau for Micro Finance Institutions	NSC	National Savings Certificates
MFIs	Microfinance Institutions	NRFC	Non Resident Foreign Currency
MFS	Mobile Financial Services	NSFR	Net Stable Funding Ratio
MI	Market Infrastructure	OBO	Off-shore Banking Operation
MIDAS	Micro Industries Development Assistance and Finance	OD	Overdraft
MLA	Mutual Legal Assistance	ODA	Official Development Assistant
		OECD	Organization for Economic Cooperation and Development
		OMOs	Open Market Operations
		OSP	Other Security Products
		P2G	Person to Government
		P2P	Person to Person
		PCA	Prompt Corrective Action

PCBs	Private Commercial Banks	SAARC	South Asian Association for Regional Cooperation
PDs	Primary Dealers	SA-ORMF	Self-Assessment and Operational Risk Management Framework
PFDS	Public Food Distribution System	SAP	Systems, Applications and Products in data processing
PFI	Participating Financial Institution	SAT	Scholastic Assessment Test
PFMI	Principles for Financial Market Infrastructures	SBs	Specialized Banks
PKSF	Palli Karma Sahayak Foundation	SBAC	South Bangla Agriculture and Commerce Bank
PI	Prepaid Instrument	SCBs	State -owned Commercial Banks
PIU	Project Implementation Unit	SCDP	Second Crop Diversification Project
PLC	Private Limited Company	SDF	Standing Deposit Facility
POL	Petroleum, Oil and Lubricants	SDGs	Sustainable Development Goals
POs	Partner Organisations	SDR	Special Drawing Rights
POS	Point of Sale	SEK	Swedish Krona
PPA	Project Preparation Advance	SGD	Singapore Dollar
PPE	Property, Plant and Equipment	SFD	Sustainable Finance Department
PPG	Product Programme Guideline	SEIP	Skills for Employment Investment Programme
PSD	Payment Systems Department	SFD	Sustainable Finance Department
PSO	Payment Systems Operator	SFIL	Strategic Finance and Investment Limited
PSP	Payment Services Providers	SICIP	Skills for Industry Competitiveness and Innovation Programme
PSR	Profit Sharing Ratio	SIBL	Social Islamic Bank
QFSAR	Quarterly Financial Stability Assessment Report	SLF	Standing Landing Facility
QR	Quick Response	SLR	Statutory Liquidity Ratio
RAC	RBS Authority Committee	SLS	Special Liquidity Support
RAKUB	Rajshahi Krishi Unnayan Bank	SMAP	Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project
RBCA	Risk Based Capital Adequacy	SMART	Six-month Moving Average Rate of Treasury Bills
RBS	Risk Based Supervision	SME	Small and Medium-sized Enterprise
RCC	RBS Coordination Committee	SMESPD	SME & Special Programmes Department
RCF	Rapid Credit Facility	SPCBL	Security Printing Corporation (Bangladesh) Ltd.
RD	Reserve Deposit Ratio	SPCD	Supervisory Policy and Coordination Department
RDIRWSP	Rajshai Division Important Upazila and Union Widening and Strengthening Project	SPM	Suspended Particulate Matter
REER	Real Effective Exchange Rate	SPTB	Special Purpose Treasury Bond
REPO	Repurchase Agreement	SPV	Special Purpose Vehicle
RFFO	Regulatory Fintech Facilitation Office	SREP	Supervisory Review Evaluation Process
RFI	Raid Financing Instrument	SWIFT	Society for Worldwide Interbank Financial Telecommunication
RIT	Rationalized Input Template	TA	Technical Assistance
RJSC	Registrar of Joint Stock Companies and Firms	TAPP	Technical Assistance Project Performa/ Proposal
RM	Reserve Money		
RMG	Ready Made Garments		
RMP	Reserve Maintenance Period		
ROA	Return on Assets		
ROE	Return on Equity		
RSF	Resilience and Sustainability Facility Risk-sharing Facilities		
RTGS	Real Time Gross Settlement		
RWA	Risk Weighted Assets		

TCFD	Task Force on Climate-Related Financial Disclosures
TDTL	Total Demand and Time Liabilities
TIN	Tax Identification Number
TNA	Training Need Assessment
TO	Technical orientation
TOEFL	Test of English as a Foreign Language
TOR	Terms of Reference
UAE	United Arab Emirates
UBSP	Urban Building Safety Project
UCB	United Commercial Bank
UK	United Kingdom
UNODC	United Nations Office on Drugs and Crime
USDOJ	U.S. Department of Justice
US	United States
USD	United States Dollar
VAT	Value Added Tax
VSBK	Vertical Shaft Brick Kiln
WAIR	Weighted Average Interest rate
WAR-WR	Weighted Average Resilience-Weighted Insolvency Ratio
WEDB	Wage Earner Development Board
WEDU	Women Entrepreneur Development Unit
WEO	World Economic Outlook
WMA	Ways and Means Advance
WG	Working Group

Macroeconomic Performance and Prospect

Global Growth, Price Situation and Outlook

1.01 According to the IMF's World Economic Outlook (WEO); October 2025 projections, the growth in global output is expected to reach 3.2 percent in 2025 and 3.1 percent in 2026, from 3.3 percent in 2024 (Table 1.01). Historically, the slow pace of global output expansion can be attributed to trade tensions, particularly. The resurgence of US tariffs and protectionist measures, which disrupted global trade flows, increased uncertainty, and dampened investment. Advanced economies are experiencing slower growth due to a combination of demographic challenges, trade uncertainties, high inflation, depressed private demand, and geopolitical tensions. However, throughout 2025 and 2026, the growth of emerging market and developing economies is projected to remain resilient, driven primarily by strong domestic demand, supportive fiscal and monetary policies, and favourable demographic trends. Recovery in global trade, coupled with easier financial conditions such as lower interest rates and a weaker US dollar, further supports investment and consumption in these economies. With advanced economies returning to their inflation targets sooner than emerging markets and developing economies, global inflation is expected to continuously decrease to 4.2 percent in 2025 and 3.7 percent in 2026 from 5.8 percent in 2024. Global inflation is expected to continue to decrease with declining headline inflation due to suppressed demand from negative demand shocks, falling energy prices, and declining global commodity prices, etc. The growth of world trade volume witnessed a historical rise from 1.0 percent in 2023 to 3.5 percent in 2024. It is anticipated that global trade growth will stay steady and was projected to be 3.6 percent in 2025 and to reverse down to 2.3 percent in 2026. Global trade growth is anticipated to

Table 1.01 World Economic Outlook Projections for 2025 and 2026

	(annual percentage change)			
	Actual		Projections	
	2023	2024	2025	2026
World Output	3.5	3.3	3.2	3.1
Advanced Economies	1.7	1.8	1.6	1.6
United States	2.9	2.8	2.0	2.1
Euro area	0.4	0.9	1.2	1.1
Germany	-0.9	-0.5	0.2	0.9
France	1.6	1.1	0.7	0.9
Italy	0.7	0.7	0.5	0.8
Spain	2.5	3.2	2.9	2.0
Japan	1.2	0.1	1.1	0.6
United Kingdom	0.4	1.1	1.3	1.3
Canada	1.5	1.6	1.2	1.5
Other Advanced Economies ¹	0.7	2.3	1.8	2.0
Emerging Market and Developing Economies	4.7	4.3	4.2	4.0
Emerging and Developing Asia	6.1	5.3	5.2	4.7
China	5.4	5.0	4.8	4.2
ASEAN-5 ²	4.1	4.6	4.2	4.1
South Asia				
Bangladesh	5.8	4.2	3.8	4.9
India ³	9.2	6.5	6.6	6.2
Pakistan ⁴	-0.2	2.5	2.7	3.6
Sri Lanka ⁵	-2.3	5.0	-	-
World Trade Volume (goods and services)	1.0	3.5	3.6	2.3
Imports				
Advanced Economies	-0.6	2.1	3.1	1.3
Emerging Market and Developing Economies	3.1	5.6	4.3	4.0
Exports				
Advanced Economies	1.1	1.8	2.1	1.7
Emerging Market and Developing Economies	1.1	6.5	5.9	3.3
Commodity Prices (U.S. dollars)				
Oil ⁶	-16.4	-1.8	-12.9	-4.5
Nonfuel (Average based on world commodity import weights)	-5.7	3.7	7.4	4.1
Consumer Prices⁷	6.6	5.8	4.2	3.7
Advanced Economies ⁸	4.6	2.6	2.5	2.2
Emerging Market and Developing Economies ⁷	8.0	7.9	5.3	4.7
South Asia				
Bangladesh	9.0	9.7	10.0	8.7
India	5.4	4.6	2.8	4.0
Pakistan	29.2	23.4	4.5	6.0
Sri Lanka ⁵	17.4	1.2	-	-

¹ It excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

² Indonesia, Malaysia, the Philippines, Singapore and Thailand.

³ Data and projections are presented on a fiscal year (FY) basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

⁴ Data and forecasts are presented on a fiscal year basis.

⁵ Data and projections for 2023–29 are excluded from publication owing to ongoing discussions on sovereign debt restructuring.

⁶ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$79.17 in 2024; the assumed price, based on futures markets, is \$68.92 in 2025 and \$65.84 in 2026.

⁷ Excludes Venezuela.

⁸ The assumed inflation rates for 2024 and 2025, respectively, are as follows: 2.1 percent and 1.9 percent for the euro area, 3.3 percent and 2.1 percent for Japan, and 2.7 percent and 2.4 percent for the United States.

Source: World Economic Outlook, October 2025, International Monetary Fund.

decrease due to escalated tariff tensions as well as heightened global trade policy uncertainties (WEO, October 2025).

1.02 Advanced economies are projected to grow modestly in 2025 at around 1.6 percent, a slight decrease from 1.8 percent in 2024, due to trade disruptions and policy uncertainty and

tight monetary policy lag effects. The growth in the euro area is projected to rise to 1.2 percent in 2025 from 0.9 percent in 2024 due to strong GDP outturn in Ireland and short time trade dynamics, rather than broad-based domestic demand recovery (WEO, October 2025).

1.03 The output growth in emerging markets and developing economies is projected to decrease slightly to 4.2 percent in 2025 and 4.0 in 2026 from 4.3 percent in 2024, primarily due to ongoing geopolitical tensions and trade policy uncertainties which continue to pose risks to global trade and investment flows. China's output is projected to grow moderately by 4.8 percent in 2025 from the actual growth of 5.0 percent in 2024, on account of a combination of demographic pressures, structural economic transformation, and exposure to global trade uncertainties. On the other hand, India's output growth is projected to increase by 0.1 percentage points to 6.6 percent in 2025 from the actual growth recorded of 6.5 percent in 2024. India will globally remain one of the fastest growing major economies driven by robust domestic consumption and a favourable external environment (WEO, October 2025).

1.04 Global inflation is expected to decline; headline inflation has also been projected to decline to 4.2 percent in 2025. In advanced economies, inflation decreased to 2.6 percent in 2024 from 4.6 percent in 2023. The inflation for advanced economies is projected to decrease to 2.5 percent in 2025. In the US, tariffs act as supply shock, gradually lifting consumer prices, while in other economies the demand shock alleviate inflationary pressure, thus creating different country-level outcomes. Inflation for advanced economies is expected to fall further to 2.2 percent in 2026. However, inflation in emerging and developing economies decreased considerably to 7.9 percent in 2024, down from 8.0 percent in 2023. It is projected to decrease gradually to 5.3 percent in 2025 and to 4.7

percent in 2026 (WEO, October 2025).

1.05 Import growth for advanced economies increased sharply to 2.1 percent in 2024 from a negative 0.6 percent in 2023. In this region it may increase to 3.1 percent in 2025 but decrease to 1.3 percent in 2026. In emerging markets and developing economies, import growth increased to 5.6 percent in 2024, up from 3.0 percent in 2023, but is projected to decrease to 4.3 percent in 2025 and 4.0 percent in 2026. Export growth in the advanced economies was 1.8 percent in 2024 up from 1.0 percent in 2023, and is projected to increase gradually to 1.7 percent in 2025 and then decrease to 2.0 percent in 2026. Export growth in emerging markets and developing economies experienced a sharp increase of 6.5 percent in 2024, higher from 1.1 percent in 2023, but is anticipated to decrease a bit to 5.9 percent in 2025 and decrease even further to 3.3 percent in 2026 (WEO, October 2025).

1.06 According to the World Economic Outlook, October 2025, despite encountering some challenges, global economic performance has been better than expected. Global inflation is expected to decline due to subdued demand and falling energy prices, while global economic growth is expected to be stabilised in 2026, with stronger economic activities expected in emerging markets and developing economies. Besides, ongoing geopolitical tensions has been disrupting supply chains, thus posing negative shocks to global economy. An increase in US term premiums, along with concerns regarding fiscal sustainability, could also make financial markets excessively volatile. Despite registering better macro-economic performance, emerging markets and developing economies may face some challenges, including tighter global financial conditions, high tariff barriers and escalated geo-political tensions etc., which could induce higher inflation and hamper achieving the desired growth targets. Trade

disruptions from tariffs remain a major concern; indeed, IMF warns that protectionist policies could damage supply chains and reduce efficiency.

1.07 The October 2025 World Economic Outlook emphasised key policy priorities to keep the global economy steady by addressing significant global economic challenges. Amid financial market volatilities and elevated financial stability risks, advanced economies require enhancing fiscal revenues, improving spending efficiency, ensuring sustainable public debt and focusing on rebuilding buffers. International co-operation across various areas, including international trade, industrial policies, and taxation can mitigate cross-country spillovers and support vulnerable economies. Besides, countries are being encouraged to pursue structural reforms in the area of labours market, educational sector, regulation and compliance and to boost productivity and meet growth targets. Furthermore, countries should improve good governance, invest in skills and education, advance in technological skills, extend access to credit for firms and agriculture, and ensure the kind of mobility in labour markets needed to create jobs and promote growth. At the same time, strengthening prudential regulations and supervision, deepening financial markets, and maintaining adequate foreign exchange reserves to shield against any external shock will be essential to build resilience in a time of global economic uncertainties.

1.08 The Global Financial Stability Report, April 2025, (published by the IMF) assess that global financial stability risks increased significantly amid tighter global financial conditions and global economic uncertainties. Because of global economic policy uncertainties, financial market volatilities have increased and investors' confidence has eroded, posing risks to stability in the global

financial system. Furthermore, high asset valuations in equities and corporate bond market have made global financial conditions tight and now require more adjustment in valuations. To mitigate financial stability risks, IMF has been stressing proper functioning of financial market, prudential supervision and regulation of financial institutions, and providing emergency liquidity and crisis resolution tools. Emerging markets and developing economies should continue their efforts to deepen financial markets and maintain adequate fiscal policy space and international reserves to cushion against adverse geopolitical shocks. Elevated economic uncertainty and financial market volatility underscore the need to strengthen prudential policy frameworks.

Developments in the Bangladesh Economy

1.09 Despite global and domestic headwinds, Bangladesh economy remained resilient in FY25, achieving moderate growth, and showing significant improvement in the BOP situation, and even introducing structural reforms to streamline the financial system. The government also adopted a prudent approach to its finances, avoiding unnecessary expenses, while raising more revenue and providing more support to agriculture, export-oriented industries, infrastructure development, etc. On the monetary side, Bangladesh Bank pursued tight monetary policy stance to restrain inflationary pressure, while continuing its support to the more productive sectors to achieve sustainable economic growth.

Growth Performance

1.10 According to the Bangladesh Bureau of Statistics (BBS) real GDP growth rate for FY25 is estimated to be 3.97 percent, down from 4.22 percent in FY24. The sectoral growth compositions are shown in Table 1.02.

1.11 The contribution of agriculture to GDP

was 10.94 percent in FY25, with slower growth from 3.30 percent in FY24 to 1.79 percent in FY25. During this period, the growth of animal farming, forest and related services, and fishing subsectors increased compared to the previous year. However, the growth of crops and the horticulture subsector edged down significantly from 4.00 percent in FY24 to -0.39 percent in FY25.

1.12 The industrial sector contributed 37.44 percent to GDP in FY25 with a growth of 4.34 percent, higher than 3.51 percent in FY24. This growth was supported by the growth in manufacturing; electricity, gas, steam, and air conditioning supply; water supply, sewerage, waste management and remediation activities; mining and quarrying. On the other hand, gas sub sector registered a negative growth in FY25 as compared to the previous year.

1.13 The services sector accounts for the largest share of GDP. This sector contributed 51.62 percent of GDP in FY25, a slight increase from 51.44 percent in FY24. The services sector grew by 4.51 percent in FY25, lower than 5.09 percent in FY24. Among the components of the services sector, administrative and support service activities; accommodation and food service activities; education; public administration defence; human health and social service activities; and arts, entertainment and recreation exhibited higher growth in FY25 than the previous year. On the contrary, transportation and storage; information and communication; financial and insurance activities; real estate activities; wholesale and retail trade, and repair of motor vehicles and motorcycles; social security; professional, scientific and technical activities; and other service activities showed lower growth in FY25 compared to FY24. The services sector grew by 4.51 percent in FY25, lower than 5.09 percent in FY24. Among the components of the services sector, administrative and support service

Table 1.02 Sectoral GDP Growth in Bangladesh

	(at FY16 constant prices)		
	FY22-FY25 (Average)	FY24	FY25 ^P
1. Agriculture	2.87	3.30	1.79
a) Crops and horticulture	2.34	4.00	-0.39
b) Animal farming	3.13	3.07	3.19
c) Forest and related services	5.06	4.99	5.04
d) Fishing	2.36	0.79	3.24
2. Industry	6.52	3.51	4.34
a) Mining and quarrying	2.87	-1.15	1.03
i) Natural gas and crude petroleum	-5.24	-5.98	-6.14
ii) Other mining and coal	4.78	-0.14	2.44
b) Manufacturing	7.28	3.16	5.68
i) Large industry	7.81	1.02	6.17
ii) Small, medium and micro industry	5.89	4.66	4.92
iii) Cottage industry	8.41	6.92	5.62
c) Electricity, gas, steam and air conditioning supply	3.59	0.98	4.79
i) Electricity	4.75	1.55	6.32
ii) Gas	-1.77	-1.78	-2.85
d) Water supply; sewerage, waste management and remediation activities	7.10	3.95	6.01
e) Construction	5.69	5.63	1.46
3. Services	5.30	5.09	4.51
a) Wholesale and retail trade, and repair of motor vehicles, motorcycles	6.24	5.77	4.35
b) Transport and storage	5.18	5.14	4.37
i) Land transport	5.57	5.29	4.81
ii) Water transport	-0.19	0.59	-0.43
iii) Air transport	5.34	6.15	3.16
iv) Warehousing and support activities	5.61	9.43	2.04
v) Postal and courier activities	2.10	2.53	0.37
c) Accommodation and food service activities	5.63	5.60	5.69
d) Information and Communication	4.53	4.06	2.91
e) Financial and Insurance Activities	2.79	1.21	1.53
i) Monetary intermediation (Banks)	2.80	1.09	1.48
ii) Insurance	1.45	1.09	0.48
iii) Other financial auxiliaries	4.31	2.91	3.48
f) Real estate activities	3.59	3.50	3.49
g) Professional, scientific and technical activities	6.73	7.64	6.23
h) Administrative and support service activities	8.00	8.86	9.62
i) Public administration and defence, compulsory social security	6.03	5.58	6.60
j) Education	6.87	6.56	7.53
k) Human health and social work activities	8.19	9.27	6.38
m) Arts, entertainment and recreation	6.37	6.42	6.68
n) Other service activities	3.19	3.14	3.20
GDP (at constant market price)	5.27	4.22	3.97

Source: Bangladesh Bureau of Statistics.

activities; accommodation and food service activities; education; public administration defence; human health and social service activities; and arts, entertainment and recreation; exhibited higher growth in FY25 than the previous year. On the contrary, transportation and storage; information and communication; financial and insurance activities; real estate activities; wholesale and retail trade, and repair of motor vehicles and motorcycles; social security; professional, scientific and technical activities; and other service activities showed lower growth in FY25 compared to FY24.

1.14 On the demand side of GDP, private consumption decreased by 4.77 percent in FY25, while public consumption lowered by 3.21 percent during the same period. As a result, total consumption spending decreased by 4.63 percent, which contributed 3.34 percentage points to GDP growth. Total investment decreased by 1.76 percent and contributed 0.56 percentage points to GDP growth. The contribution of net exports to GDP declined due to the decrease in export growth and increase in import growth.

Savings and Investment

1.15 According to provisional data of BBS, total investment as a percentage of GDP decreased slightly to 29.38 percent in FY25, which was 30.70 percent in FY24. However, the ratio of public investment to GDP increased to 6.90 percent from 6.74 percent, while private investment to GDP decreased slightly to 22.48 percent from 23.96 percent over the same period.

1.16 Gross national savings as a percentage of GDP increased to 29.01 percent in FY25 from 28.42 percent in FY24. Gross domestic savings as a percentage of GDP decreased to 23.25 percent from 23.96 percent during the same period. At current market prices, investment growth was 6.21 percent and gross domestic savings growth was 7.70 percent. Therefore, the domestic savings-investment gap as a percentage of GDP decreased to -6.13 percent in FY25 from -6.74 percent in FY24 due to lower growth in investment (Chart 1.01).

Price Developments

1.17 During FY25, the twelve-month average CPI inflation showed an upward trend, which also observed in the previous year. At the beginning of FY25 (July 2024), twelve-month average CPI inflation increased slightly to 9.90 percent from 9.73 percent in June 2024 and

Chart 1.01 Trends in Domestic Savings and Investment



Source: Bangladesh Bureau of Statistics.

reached 10.03 percent at the end of FY25 (base: 2021-22=100). Inflation was 3.53 percentage points higher than the targeted ceiling of 6.50 percent in FY25 (Chart 1.02). The higher general CPI inflation in FY25 was due to the increase in food inflation compared to the previous year. Food inflation increased to 10.70 percent in June 2025, up from 10.66 percent in June 2024. On the contrary, non-food inflation increased to 9.47 percent in June 2025, up from 8.86 percent in June 2024. One of the main reasons for the surge in food inflation was disruptions in supply chains.

Money and Credit Developments

1.18 Bangladesh's economic landscape in FY25 was shaped by persistently high inflation, global trade uncertainties and vulnerabilities in the financial sector. Against this backdrop, a cautiously tight monetary policy stance was pursued by BB for FY25 with the objectives of anchoring inflation expectations and stabilising the exchange rate while maintaining financial sector stability. In line with the revised target of real GDP growth of 5.50 percent and CPI inflation of 6.50 percent, BB has announced its money and credit programme for FY26. In view of the domestic economic circumstances and taking into account global risks, BB continued its tight monetary policy stance for FY25. In FY25, the policy rate increased by 150 basis points, up

from 8.50 percent, but remained unchanged at 10.00 percent in the second half of FY25, fixing the standing deposits facility (SDF) at 8.50 percent and the standing lending facility (SLF) at 11.50 percent, and the interest rate corridor of ± 150 basis points in order to keep inflation within government's targets.

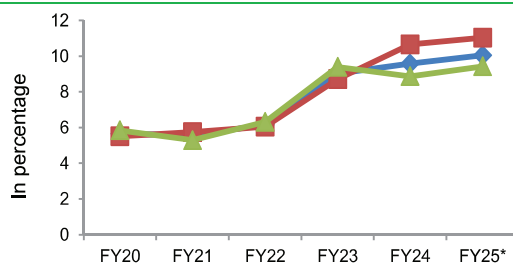
1.19 Tight monetary policy stance dampens private sector investment and thus slows down the economic growth. To partially offset these contractionary effects, BB continued refinancing schemes targeting agriculture, CMSMEs, and export-oriented industries, thereby supporting priority sectors for sustainable growth. BB undertook significant reforms in exchange rate management through implementing a crawling peg exchange rate regime, and moving towards more flexible exchange rates with a view to ensuring smoother exchange rate adjustments, minimising imported inflation as well as reducing volatility in exchange rates. Stability in the exchange rate also played a significant role to encourage stronger remittance inflows, while easing pressures on the current account.

1.20 Liquidity situation in the banking system remained tight in FY25 due to high volume of non-performing loans, withdrawals of deposits due to lack of confidence among depositors, slow credit growth, widespread scams in *Shariah*-based banks, etc. Owing to a tightening liquidity situation, weighted average lending and deposit rates followed upward trends which slowed down investment and economic growth.

1.21 However, high non-performing loans (NPLs) posed strain on financial sector stability, prompting BB to announce a series of legal and institutional reform measures for ensuring good governance and strengthening the banking sector. To strengthen the regulatory framework and improve asset quality and for establishing effective bank resolution a Banking Sector Reform Taskforce (BSR-TF) was formed. As

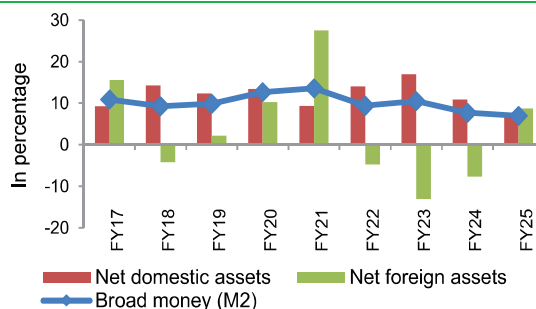
Chart 1.02 Trends in National CPI Inflation

(12 month average : base FY06=100,
base FY22=100 for April24 - June25)



Source: Bangladesh Bureau of Statistics and Bangladesh Bank.

Chart 1.03 Trends in Growth of Monetary Aggregates



Source: Statistics Department, Bangladesh Bank.

part of this move, the Bank Resolution Department and subsequently, the Bank Resolution Ordinance (BRO), 2025 was finalised to continue essential banking operation, while safeguarding the depositor's interests. To reduce NPL, a comprehensive loan classification and provisioning guidelines aligned with international best practices became effective on 1 April 2025. BB is going to implement risk based supervision for qualitative transformation in the form of monitoring and supervision of the banking sector.

1.22 Broad money (M2) registered 6.95 percent growth (y-o-y) in FY25 against the programmed ceiling of 8.40 percent and actual growth of 7.74 percent in FY24. The slower growth of broad money than its programmed path can be attributed to the subdued growth in

net domestic assets (NDA) emanating mainly from slowing down in credit to both the public and private sectors. However, net domestic assets (NDA) grew by 6.69 percent against the target growth of 8.5 percent set for FY25 and the 10.93 percent actual growth in FY24 (Chart 1.03). Net foreign assets increased by 8.51 percent in FY25 against the projected growth of 7.70 percent. Moreover, its actual growth has remained negative at 8.08 percent in FY24.

1.23 Domestic credit increased by 7.98 percent against the targeted growth of 12.0 percent set for FY25 and the actual growth of 9.80 percent of FY24. The slower growth in the private sector credit in FY25 than the programmed ceiling was due to political uncertainties, implementation of contractionary monetary policy and a tightening liquidity situation.

1.24 Private sector credit increased by 6.49 percent in FY25, lower than the targeted growth of 9.80 percent for FY25 and the actual growth of 9.84 percent in FY24. Sources of broad money are shown in Chart 1.04.

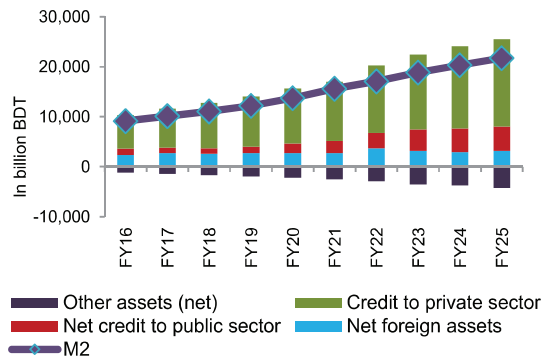
1.25 Reserve Money (RM) recorded a negative growth of 0.11 percent against the projected growth of 1.0 percent in FY25, while RM recorded a 7.84 percent growth in FY24. The negative growth of RM was attributed to negative growth of net domestic assets (NDA) because of the government’s net repayment to BB during FY25.

1.26 At the end of FY25, the weighted average interest rate on bank advances increased to 12.08 percent, up from 11.52 percent in FY24. The weighted average interest rate on bank deposits increased to 6.26 percent, up from 5.49 percent in FY24.

Public Finance

1.27 The government's budgetary strategy

Chart 1.04 Trends in Sources of Broad Money



Source: Statistics Department, Bangladesh Bank.

for FY25 aimed initially to achieve a GDP growth rate of 5.50 percent while maintaining annual inflation at approximately 6.50 percent. In the revised budget for FY25, overall deficit (including grants) was set at 4.00 percent of GDP, which was 3.90 percent in FY24. The deficit, financed from domestic sources decreased to 2.11 percent of GDP in FY25 from 2.43 percent of GDP in FY24. Government borrowing from the banking system (net) decreased to 1.78 percent of GDP in FY25, down from 2.48 percent of GDP in FY24, and borrowing from non-bank sources also increased to 0.32 percent of GDP, up from -0.05 percent over the same period (Chart 1.05 and 1.06).

1.28 The revised target for revenue collection in FY25 was 26.40 percent higher than actual revenue receipts in FY24. However, the total revenue-GDP ratio increased to 9.33 percent in FY25, higher than 8.19 percent in FY24.

1.29 Public expenditure as a percentage of GDP increased slightly to 13.40 percent in FY25 from 12.22 percent in FY24 and the volume of public expenditure grew by 21.69 percent in FY25. Recurrent expenditure in FY25 stood at 8.70 percent of GDP, which was 7.95 percent in FY24.

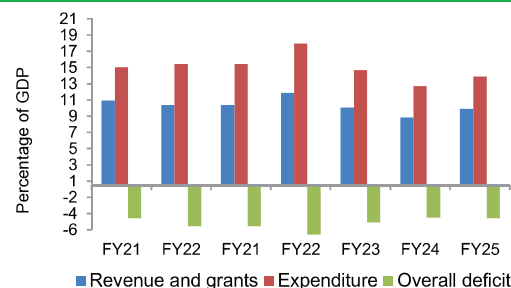
External Sector

1.30 According to BoP data, exports (f.o.b) increased by 7.7 percent while imports (f.o.b) rose by 1.8 percent in FY25. Total exports (f.o.b) in FY25 stood at USD 43965 million, which was USD 40807 million in FY24. On the other hand, total imports (f.o.b) increased to USD 64364 million in FY25, up from USD 63240 million in FY24. As a result, the trade deficit narrowed and stood at USD 20399 million in FY25, which was USD 22433 million in FY24. Workers' remittance inflows grew slightly by 26.83 percent and stood at USD 30329 million in FY25, which was USD 23912 million in FY24. Due to a drop in trade deficit and an increase in the inflow of remittances, the current account balance deficit narrowed to USD 139 million in FY25, against the deficit of USD 6602 million in FY24. Financial account remained surplus and stood at USD 3539 million in FY25, supported by inflows of FDI, other investment as well as medium and long-term loans, etc. However, the overall balance improved significantly and registered a surplus of USD 3393 million in FY25, in contrast to the deficit of USD 4300 million in FY24. (Chart 1.07, Appendix-3: Table-XVI).

1.31 According to National Board of Revenue (NBR) data, export shipments increased by 8.60 percent in FY25, higher than -4.34 percent in the previous year. Export shipments as a percentage of GDP increased slightly to 10.46 percent in FY25, down from 9.87 percent in FY24 (Chart 1.08).

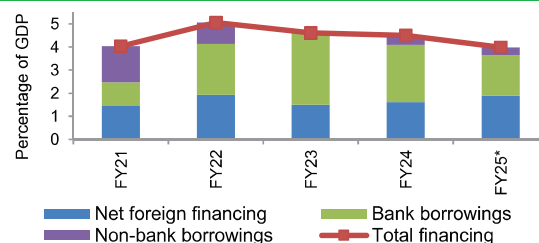
1.32 Gross international foreign exchange reserves stood at USD 31772.01 million at the end of June 2025, an amount sufficient for covering five months of prospective import payments, which was USD 26714.24 million at end June 2024. Surge in workers' remittance inflows, export earnings, coupled with inflows from FDI and loans contributed to the

Chart 1.05 Trends in Revenue, Expenditure and Overall Budget Deficit



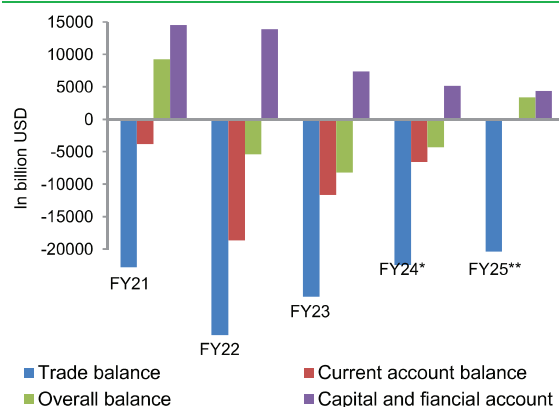
* Revised Budget.
Source: Ministry of Finance.

Chart 1.06 Trends in Deficit Financing



* Revised Budget.
Source: Ministry of Finance.

Chart 1.07 Trends in Balance of Payment



* Revised, ** Provisional
Source: Statistics Department, Bangladesh Bank.

increase in foreign exchange reserves in FY25.

1.33 Bangladesh's external sector remained broadly stable in FY25, despite global and domestic uncertainties. Moving towards a more

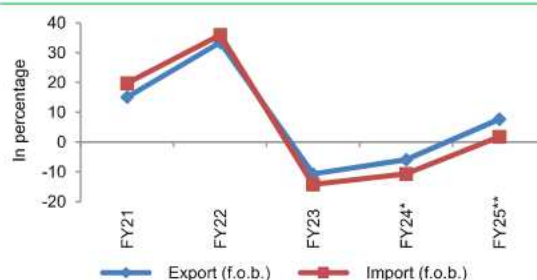
flexible and market-based exchange rate system from a crawling peg exchange rate management, helped to maintain stability in exchange rates and, thus, restored investor's confidence. Driven by flexibility in exchange rate, robust inflows of remittances, export earnings and inflows of foreign assistances, external sector improved significantly in FY25. Bangladesh Bank's limited and timely interventions, alongwith the creation of financial buffers, further widened the scope to attain exchange rate stability. However, the annual average exchange rate stood at BDT 122.84 per USD in FY25, which was BDT 117.99 per USD in FY24, indicating depreciating pressure on the nominal exchange rate. The nominal effective exchange rate (NEER) index, as calculated with a trade-weighted 18-currency basket (base: FY16 = 100), decreased by 6.43 percent in FY25. Similarly, the real effective exchange rate (REER) index decreased by 0.45 percent in the period under report (Charts 1.09 and 1.10), indicating depreciating pressure on BDT against the basket of currencies of Bangladesh's trade partners' countries.

1.34 The outstanding external debt stock of the government increased to USD 74340.74 million at end FY25, up from USD 68822.00 million at end FY24. The government's outstanding external debt to GDP ratio increased to 16.10 percent in FY25, up from 15.28 percent in FY24.

Near and Medium Term Outlook for the Bangladesh Economy

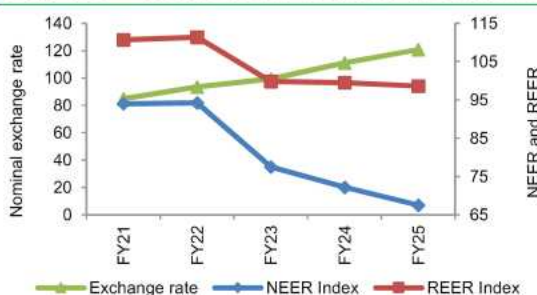
1.35 In a new political landscape, Bangladesh's economy faces significant macroeconomic challenges, including elevated inflationary pressure, sluggish private sector investments, lack of good governance, international trade policy uncertainties, etc. Due to sluggish private sector investment, alongwith supply-chain disruptions emanating from social

Chart 1.08 Trends in Export and Import Growth



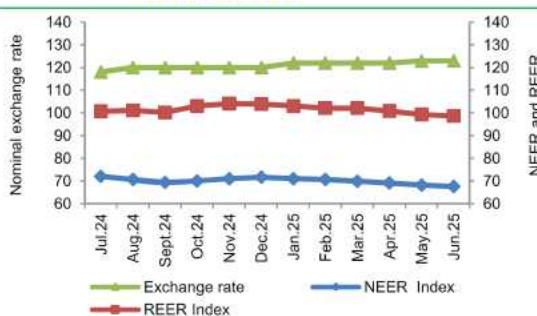
* Revised, ** Provisional
Source: Statistics Department, Bangladesh Bank.

Chart 1.09 Trends in NEER and REER Indices



Note: For NEER and REER base is FY16=100, based on 15 currency basket
Source: Monetary Policy Department, Bangladesh Bank.

Chart 1.10 Recent Movements in NEER and REER Indices



Note: For NEER and REER base is FY16=100, based on 15 currency basket
Source: Monetary Policy Department, Bangladesh Bank.

unrest and political uncertainties, domestic demand has slowed down. Resultantly, the Bangladesh economy grew by 3.97 percent in FY25, down from 4.22 percent in FY24.

However, the government has set GDP growth and inflation targets of 5.50 percent and 6.50 percent respectively, for FY26, with expectations of support from infrastructure-driven growth, easing inflationary pressures, evolving global and domestic economic developments, and better policy coordination. Based on the country's economic development and global policy uncertainties, the government's growth target, set at 5.50 percent, appears to be quite optimistic. This will require more investment in the private sector, stability in the foreign exchange market, good governance, political stability, etc. Headline inflation, which peaked at 11.66 percent in July 2024, gradually eased to 8.48 percent in June 2025, reflecting the impact of a tight monetary policy stance, declining global commodity prices, and stabilisation of BDT against USD through a crawling pegged exchange rate management system and an economy moving towards fully flexible exchange rate regime in May 2025. Upside risks may persist in the near term owing to increased import costs stemming from escalated US imposed tariffs with passing through essential commodities and thus instigating inflationary pressure further. However, adequate rain and favourable environment for agriculture, eased geo-political tensions, subsidised global prices and effective monetary policy stance may assuage inflationary pressure.

1.36 Private sector investment remained subdued in FY25, constrained by high interest rates, persistent inflation, and tighter liquidity conditions. Private sector credit growth remained at about 6.49 percent in FY25. Meanwhile, global headwinds, including tariff shocks, trade fragmentation, and intensifying geopolitical uncertainties may continue to limit the export growth prospects of Bangladesh in FY26. Prudent infrastructure development under the Governments Annual Development Program (ADP), particularly in transport,

energy, and communications, is expected to stimulate private investment and will be positive for the growth outlook.

1.37 Monetary programme for FY26 projected that the broad money (M2) growth will be 8.5 percent, with credit to the public sector growth at 18.1 percent and credit to the private sector at 8.0 percent, reflecting a continued cautiously tight monetary policy stance. Implementation of strict monetary policy stance will control the liquidity situation and, hopefully restrain inflationary pressure. Higher public sector credit is expected to finance infrastructure and priority development projects, while sluggish private sector credit growth will help keep inflation under control. Policy and market interest rates are likely to remain elevated, as BB continues to follow a strict monetary policy to curb inflationary pressure amid an evolving political landscape and global trade policy uncertainties.

1.38 On the fiscal side, budget financing relies meaningfully on domestic sources as revenue mobilisation reforms progress in FY26. While public borrowing supports priority infrastructure and social outlays, higher domestic financing can crowd-out private sector investment. Although government borrowing has been effective in sustaining public investment momentum, weak fiscal discipline may raise inflationary pressures and undermine debt sustainability over the medium-term.

1.39 Shifting towards a fully flexible exchange rate, Bangladesh's external sector showed signs of improvement in FY25, supported by better export performance, stronger remittance inflows, and inflows of external assistances. Looking ahead, exports and remittances are projected to grow by 10.0 percent and 8.0 percent, respectively, in FY26, while imports are expected to rise by 8.0 percent. Foreign exchange reserves are

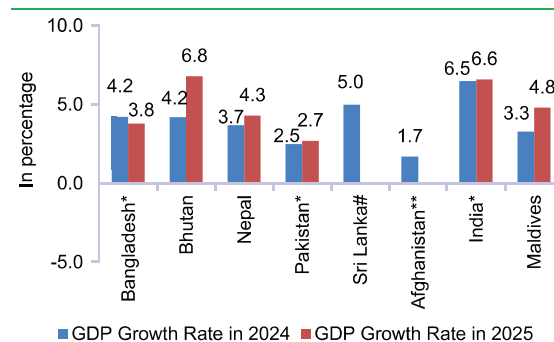
projected to reach approximately USD 34.0 billion in FY26, though the outlook remains contingent on global demand conditions, commodity price movements, and the effectiveness of domestic policy measures. Over the medium term, sustained remittance inflow, increased foreign investment, and prudent management of a flexible exchange rate are expected to alleviate pressures on balance of payments and bolster external sector resilience. Nevertheless, global trade tensions, geopolitical uncertainties, and potential tariff shocks could pose challenges to external sector performance in FY26.

Trends of the Real Sectors of Bangladesh Economy

2.01 After the political regime change the Bangladesh's economy grew at a lower rate in FY25 than the previous fiscal year due to confrontation of both domestic as well as international challenges. International trade tension, along with the lingering effect of earlier shocks emanated from political unrest, supply-chain disruptions, and slow private investment growth, hampered external demand as well as domestic economic activities. According to provisional estimates of the Bangladesh Bureau of Statistics (BBS), real GDP (base: FY16 = 100) grew by 3.97 percent in FY25, down from 4.22 percent in FY24, but higher than the IMF's World Economic Outlook projected growth of 3.8 percent for FY25 (Table 2.01).

2.02 Among other South Asian nations, Bhutan's economy is expected to grow by 6.8 percent in FY25, the highest among the nations of South Asia. This growth is largely supported by strong construction activity. India's economy is expected to expand by 6.6 percent in FY25, supported by resilient investment and robust performance in the services sector. In FY25, growth in the Maldives is expected to reach 4.8 percent, underpinned by buoyant tourism activity following the expansion of the international airport. Nepal's economy is projected to grow by 4.3 percent in FY25, benefiting from stronger agricultural production and higher hydropower exports amid solid demand from India. Pakistan's economy is anticipated to expand by 2.7 percent in FY25, driven by improved agricultural output and gradual recovery in industry and services. The economy of Sri Lanka is expected to grow by 3.5 percent in FY25 (South Asia Development Update, April 2025), supported by continued improvements in tourism, remittance inflows, and easing inflationary pressures. No statistical data is available for Afghanistan's economy

Chart 2.01 Movements of Growth in South Asian Countries in 2024 and 2025



* Growth data are on fiscal year basis.
 ** Data are omitted by IMF because of high degree of uncertainty.
 # Projection for 2025 is excluded from publication owing to ongoing discussions on sovereign debt restructuring.
 Source: World Economic Outlook, October 2025, IMF (Projection for 2025).

(World Economic Outlook, October 2025) (Chart 2.01).

2.03 The size of GDP at current market prices in Bangladesh was estimated at BDT 55,527.53 billion for FY25, up from BDT 50,026.54 billion in FY24. In FY25, per capita nominal GDP was estimated at BDT 339.21 thousand (USD 2,820), compared with BDT 304.10 thousand (USD 2,738) in FY24. GDP growth in FY25 stood at 3.97 percent, down from 4.22 percent in FY24. Sector-wise, agriculture grew by 1.79 percent, industry by 4.34 percent, and services by 4.51 percent (Chart 2.02).

Sectoral Growth Rate of GDP

2.04 The growth matrix indicates that the gradual acceleration of economic growth drive was led by the services sector, followed by the industry sector and the agriculture sector in FY25.

Agriculture Sector

2.05 Agriculture sector growth decreased to 1.79 percent in FY25 from 3.30 percent in FY24.

Because of severe floods and supply chain disruptions, the crops and horticulture subsector experienced negative growth (-0.39 percent) in FY25, which slowed down the agricultural sector's growth. However, animal farming, forest-related services and the fishing subsector exhibited moderately positive growth during the period under report.

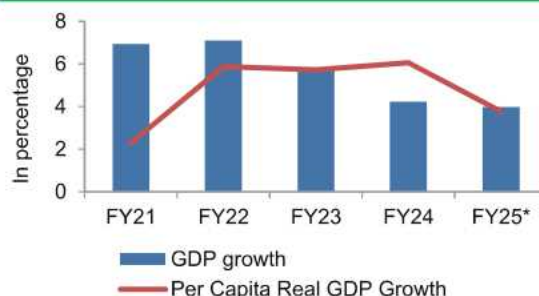
2.06 Among the subsectors, the forest and other related subsectors experienced the highest growth, of 5.04 percent in FY25, compared to 4.99 percent in FY24. The fishing subsector grew by 3.24 percent in FY25, significantly higher than the 0.79 percent growth in FY24. In contrast, growth in crops and horticulture subsector fell to -0.39 percent in FY25, down from 4.00 percent in FY24, while the animal farming subsector recorded a modest increase of 3.19 percent in FY25, up from 3.07 percent in FY24 (Table 2.01).

Industry Sector

2.07 The industrial sector is essential to domestic output and is anticipated to propel the growth of the Bangladesh economy. After a sharp slowdown in the previous year, a slight recovery was observed in FY25, supported by improved performance of some sub-sectors. Nevertheless, challenges such as a decline in foreign exchange reserves as well as global uncertainties in recent years impacted the imported supply of raw materials and capital goods, constraining the pace of expansion in some areas. However, with the help of large scale manufacturing and some export-oriented industries, the industrial sector grew by 4.34 percent in FY25, up from 3.51 percent in FY24.

2.08 Among industrial sub-sectors, the manufacturing sub-sector is the major contributor to industrial growth and grew by 5.68 percent in FY25, constituting more than 24 percent of total value addition. Among the manufacturing subsectors, the large industry

Chart 2.02 Trends in Bangladesh Real GDP Growth



* Provisional

Source: Bangladesh Bureau of Statistics (BBS)

Table 2.01 Sectoral Growth Rate of GDP

	(Base Year: FY16)		
	FY23	FY24	FY25 ^P
1. Agriculture	3.37	3.30	1.79
a) Crops and horticulture	3.15	4.00	-0.39
b) Animal farming	3.17	3.07	3.19
c) Forest and related services	5.13	4.99	5.04
d) Fishing	2.80	0.79	3.24
2. Industry	8.37	3.51	4.34
a) Mining and quarrying	12.73	-1.15	1.03
b) Manufacturing	8.89	3.16	5.68
i) Large industry	8.38	1.02	6.17
ii) Small, medium and micro industry	9.15	4.66	4.92
iii) Cottage industry	10.01	6.92	5.62
c) Electricity, gas, steam and air conditioning supply	2.46	0.98	4.79
d) Water supply, sewerage, waste management and remediation activities	8.88	3.95	6.01
e) Construction	6.98	5.63	1.46
3. Service	5.37	5.09	4.51
a) Wholesale and retail trade, repair of motor vehicles and motorcycles	6.38	5.77	4.35
b) Transport and storage	5.49	5.14	4.37
c) Accommodation and food service activities	5.84	5.60	5.69
d) Information and communication	6.35	4.06	2.91
e) Financial and insurance activities	2.55	1.21	1.53
f) Real estate activities	3.68	3.50	3.49
g) Professional, scientific and technical activities	8.80	7.64	6.23
h) Administrative and support service activities	7.51	8.86	9.62
i) Public administration and defense, compulsory social security	7.03	5.58	6.60
j) Education	5.53	6.56	7.53
k) Human health and social work activities	7.22	9.27	6.38
l) Arts, entertainment and recreation	6.34	6.42	6.68
m) Other service activities	3.24	3.14	3.20
Total GVA at constant basic price	6.25	4.29	4.14
GDP (at constant market price)	5.78	4.22	3.97

^P Provisional

Source: Bangladesh Bureau of Statistics (BBS)

growth increased the most to 6.17 percent in FY25, up from 1.02 percent in FY24. Cottage industry registered a lower growth of 5.62 percent in FY25, down from 6.92 percent in

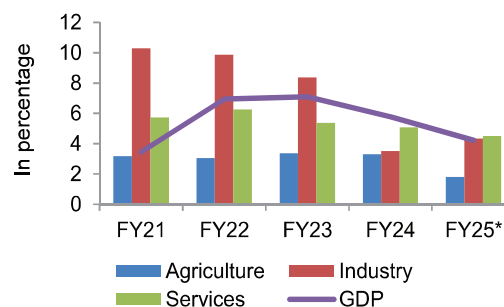
FY24, while the small, medium and micro industry growth increased to 4.92 percent in FY25, up from 4.66 percent in FY24. Among the other sub sectors, water supply, sewerage, waste management and radiation activities sub sector, and the electricity, gas, steam and air conditioning supply sub sector achieved higher growths of 6.01 percent and 4.79 percent respectively, in FY25, as compared to 3.95 percent and 0.98 percent in FY24. However, the mining and quarrying subsector grew slightly by 1.03 percent in F25, up from a negative growth of 1.15 percent in F24. But, the growth of the construction subsector dropped sharply to 1.46 percent in FY25, down from 5.63 percent in FY24 (Table 2.01).

Services Sector

2.09 The service sector is the key driver of the economy, maintaining its position as the largest contributor to gross value added (GVA). However, its growth slightly decreased to 4.51 percent in FY25, down from 5.09 percent in FY24, reflecting slower expansion in the several sub sectors.

2.10 Within the service sector, the growth impulse primarily came from professional, scientific and technical activities; administrative and support service activities; human health and social work activities; arts, entertainment and recreation activities; and education in F25. Among the various sub sectors of services, administrative and support service activities; education; arts, entertainment and recreation; public administration and defense, compulsory social security; accommodation and food service activities; other service activities; and financial and insurance activities registered growths of 9.62, 7.53, 6.68, 6.60, 5.69, 3.20, and 1.53 percent respectively in FY25, compared to 8.86, 6.56, 6.42, 5.58, 5.60, 3.14, and 1.21 percent growths, respectively, in FY24 (Table 2.01).

Chart 2.03 Trends in Sectoral Growth



* Provisional

Source: Bangladesh Bureau of Statistics (BBS).

Sectoral Share of GDP

2.11 The sectoral decomposition of the share of GDP indicates that the service sector remains the largest contributor to GDP as usual with 51.62 percent in FY25, followed by the industry sector with 37.44 percent, and the agriculture sector with 10.94 percent.

Services Sector

2.12 The services sector share in GDP stood at 51.62 percent in FY25, compared to 51.44 percent in the preceding year. Among the subsectors of services, the shares of wholesale and retail trade, repair of motor vehicles and motorcycles; transport and storage; human health and social work activities; public administration and defense; compulsory social security; and education went up marginally to 15.51, 7.36, 3.67, 3.60 and 2.82 percent respectively, in FY25, compared to 15.48, 7.35, 3.59, 3.52 and 2.73 percent respectively, in FY24. On the other hand, the shares of real estate activities; other service activities; financial and insurance activities; and information and communication slightly decreased to 7.81, 4.45, 2.91, and 1.25 percent respectively, in FY25, down from 7.86, 4.49, 2.98, and 1.26 percent, respectively, in FY24 (Table 2.02).

Industry Sector

2.13 The contribution of the industry sector to GDP increased to 37.44 percent in FY25, up from 37.37 percent in FY24. Among the subsectors of industry, the shares of manufacturing, and electricity, gas, steam and air conditioning supply sub sectors increased slightly to 24.99, and 1.16 percent in FY25 from 24.62, and 1.15 percent in FY24. On the other hand, the shares of the mining and quarrying; and construction subsectors marginally dropped to 1.72 and 9.48 percent in FY25 from 1.77 and 9.73 percent in FY24. However, the share of the water supply, sewerage, waste management and remediation activities subsector remained the same during the period under consideration (Table 2.02).

Agriculture Sector

2.14 The agriculture sector's contribution to GDP has continued its gradual decline, with the economy's increasingly shifting towards the service and industry sectors, a trend specially visible since the 1980s. The share of agriculture decreased to 10.94 percent in FY25, down from 11.19 percent in FY24. The share of all subsectors of agriculture i.e., crops and horticulture; fishing; and animal farming to GDP declined to 5.06, 2.34 and 1.81 percent, respectively, in FY25 from 5.29, 2.36 and 1.83 percent, respectively, in FY24. On the other hand, the share of the forest and related services subsector increased slightly to 1.72 percent in FY25, up from 1.71 percent in FY24 (Table 2.02).

GDP based on Expenditure

2.15 Looking at the expenditure-based GDP at current market prices, gross domestic product (GDP) surpassed gross domestic expenditure (GDE) by BDT 454.64 billion in FY25. This is reported as the statistical discrepancy which arises mainly due to the differences in the data

Table 2.02 Sectoral Share of GDP

	(Base Year: FY16)		
	FY23	FY24	FY25 ^P
1. Agriculture	11.30	11.19	10.94
a) Crops and horticulture	5.30	5.29	5.06
b) Animal farming	1.85	1.83	1.81
c) Forest and related services	1.70	1.71	1.72
d) Fishing	2.45	2.36	2.34
2. Industry	37.65	37.37	37.44
a) Mining and quarrying	1.87	1.77	1.72
b) Manufacturing	24.89	24.62	24.99
i) Large industry	13.01	12.60	12.84
ii) Small, medium and micro Industry	7.53	7.56	7.61
iii) Cottage industry	4.35	4.46	4.53
c) Electricity, gas, steam and air conditioning supply	1.19	1.15	1.16
d) Water supply, sewerage, waste management and remediation activities	0.10	0.10	0.10
e) Construction	9.60	9.73	9.48
3. Service	51.05	51.44	51.62
a) Wholesale and retail trade, repair of motor vehicles and motorcycles	15.26	15.48	15.51
b) Transport and storage	7.29	7.35	7.36
c) Accommodation and food service activities	1.07	1.09	1.10
d) Information and communication	1.26	1.26	1.25
e) Financial and insurance activities	3.07	2.98	2.91
f) Real estate activities	7.92	7.86	7.81
g) Professional, scientific and technical activities	0.17	0.18	0.18
h) Administrative and support service activities	0.73	0.76	0.80
i) Public administration and defense, compulsory social security	3.48	3.52	3.60
j) Education	2.68	2.73	2.82
k) Human health and social work activities	3.43	3.59	3.67
l) Arts, entertainment and recreation	0.14	0.14	0.15
m) Other service activities	4.54	4.49	4.45
Total GVA at constant basic price	100.00	100.00	100.00

^P Provisional

Source: Bangladesh Bureau of Statistics (BBS)

compilation technique of BBS. In FY24, the amount of statistical discrepancy was BDT -444.04 billion (Table 2.03).

2.16 Domestic demand, comprising of domestic consumption and investment, and resource balance (exports minus imports), together make gross domestic expenditure (GDE). Domestic demand was estimated at BDT 58,933.03 billion at current market prices in FY25, which was 10.36 percent higher than that of FY24. The resource balance (net exports) was estimated at BDT (-) 2,950.86 billion in FY25 (Table 2.03).

2.17 Total consumption and net exports accounted for 76.75 percent and (-) 2.62 percent of GDP, respectively, in FY25. In

nominal terms, investment and consumption increased by 6.22 and 12.03 percent respectively, during FY25.

Savings and Investment

2.18 Gross domestic savings (GDS) at current market prices decreased to 23.25 percent of GDP in FY25, down from 23.96 percent of GDP in FY24. Gross national savings (GNS) increased to 29.01 percent of GDP in FY25, up from 28.42 percent in FY24 (Table 2.04).

2.19 Investment as a percent of GDP decreased to 29.38 in FY25, down from 30.70 in FY24. Private investment to GDP ratio further declined to 22.48 percent in FY25 from 23.96 percent in FY24, due mainly to lack of confidence among the investors because of social and political unrest, and the interim administration. However, the public investment to GDP ratio increased slightly to 6.90 percent in FY25, up from 6.74 percent in FY24 (Table 2.04).

2.20 Gross domestic savings (GDS) and gross national savings (GNS) at current market prices increased by 7.70 and 13.31 percent, respectively, in FY25, as compared to FY24. Domestic savings-investment gap as percent of GDP decreased to (-) 6.13 percent in FY25, down from (-) 6.74 percent in FY24, although both the ratio of investment to GDP and the ratio of domestic savings to GDP decreased slightly during the same period (Chart 2.04).

Sectoral Growth Outlook

2.21 Despite a number of domestic and international challenges, including political unrest, persistently high inflation, rising level of non-performing loans as well as global policy uncertainties and trade tension, the Bangladesh's economy grew moderately in FY25. However, the government has set a growth target of 5.50 percent for FY26 which

Table 2.03 GDP on Expenditure Method

Particulars	(At current market price) (In Billion BDT)		
	FY23	FY24	FY25 ^P
Domestic demand(1+2)	47239.92	53399.98	58933.03
Consumption(1)	33340.23	38041.59	42619.54
Private	30796.09	35085.99	39401.21
General Government	2544.14	2955.61	3218.33
Investment(2)	13899.70	15358.39	16313.49
Private	10860.80	11984.61	11483.66
Public	3038.89	3373.79	3829.83
Resource balance (3)-(4)	-2096.61	-2929.40	-2950.86
Exports(3)	5908.67	5233.37	6309.39
Imports(4)	8005.28	8162.77	9260.25
Gross domestic expenditure	44160.69	50470.58	55982.16
Gross domestic product	44908.42	50026.54	55527.53
Statistical discrepancy	-234.89	-444.04	-454.64

^P Provisional

Source: Bangladesh Bureau of Statistics (BBS)

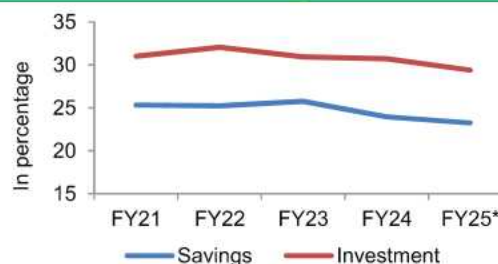
Table 2.04 Savings and Investment

Particulars	(As percent of GDP)		
	FY23	FY24	FY25 ^P
Investment	30.95	30.70	29.38
Private	24.18	23.96	22.48
Public	6.77	6.74	6.90
Domestic Savings	25.76	23.96	23.25
National Savings	29.95	28.42	29.01

^P Provisional

Source: Bangladesh Bureau of Statistics (BBS)

Chart 2.04 Trends in Savings and Investment



^{*} Provisional

Source: Bangladesh Bureau of Statistics (BBS).

appears to be cautiously optimistic. This growth outlook requires more investment in the private sector, stability in the foreign exchange market, good governance and political stability, etc. A resilient external sector supported by strong remittance inflows and solid export earnings will bolster both domestic and external demand, but will require more investment in the private sector. With flexibility in the foreign exchange

market and significant reforms aimed at restructuring in the banking sector and improving the business environment will enhance investment in the private sector. However, the downside risks are as follows: persistently higher inflation, higher interest rate and comparatively tight monetary conditions, etc., which could negatively affect investment in the private sector. External demand may be lower as slower global economic growth is forecasted. However, government spending in transportation, communication, power, and energy sectors could boost investment, leading to economic growth.

2.22 The external sector may be affected due to slower global economic growth and recent rise in tariff imposed by the US administrations. Nonetheless, signs of recovery in the external sector and a comparatively stable exchange rate can bolster external demand and help achieve desired economic growth. Initiatives to reform the banking sector with the aim of reducing NPL, and restructuring ailing banks by ensuring good governance will help restore an investor's confidence. This may also be regained after the declaration of the roadmap of the General Election and this may help private sector investment. BB pursued a tight monetary policy stance in the second half of FY25, aiming to restrain inflationary pressure. Amidst a backdrop of stable global commodity prices, a prudent and time-bound monetary policy stance with fiscal consolidation might ease inflation pressure and restore macroeconomic stability to the economy.

Price and Inflation

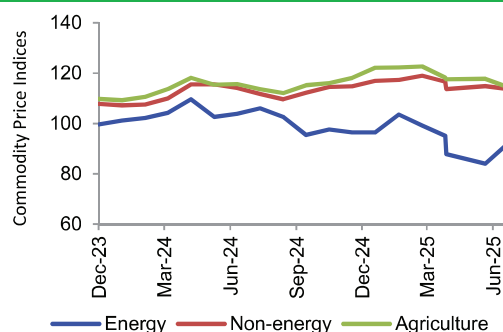
Global Inflation

3.01 The global economy has entered a critical phase in recent times. After tentative stabilisation in 2024, growth prospects deteriorated in early 2025 as the United States imposed near-universal tariffs, the highest in a century, triggering corrective measures and heightening uncertainty. These tariffs are expected to raise costs and reduce productivity in tariff-imposing countries while depressing export demand in targeted economies, with vulnerability of low-income countries due to weaker international development assistance, rising debts, and fiscal pressures. Overall, global economic activity is set to weaken, though global headline inflation is expected to decline from 5.8 percent in 2024 to 4.2 percent in 2025 and to 3.7 percent in 2026, with more muted pressures in emerging and developing Asia (World Economic Outlook, October 2025). However, the global sequential headline inflation has edged up and core inflation has eased. In United States and euro area, inflation is expected to decline in 2025 whereas inflation in United Kingdom is expected to continue rising in 2025 partly because of changes in regulated prices. Overall, global inflation is projected to keep declining, with trends of cooling demand and falling energy prices.

3.02 The global commodity market has been experiencing a sharp downturn in 2025, and prices are projected to decline significantly amid weakening demand and rising supply pressures. According to Commodity Markets Outlook, October 2025, overall commodity prices are expected to drop sharply in 2025 by 7.0 percent, driven by weaker global economic growth and reduced demand. In 2026, prices are projected to fall further by 7.0 percent, hitting their lowest level in six years. A major factor behind this downturn will be oil prices, as

Chart 3.01 International Commodity Price Indices

(Base: 2010=100)



Source: Commodity Market Outlook, The World Bank, October 2025.

slowing global consumption combines with expanding supply to weigh heavily on the overall commodity index. The energy price and agriculture indices increased to 92.18 and 114.44 in June 2025, indicating a decrease of 11.16 percent and 1.06 percent compared to June 2024. Additionally, the non-energy index stood at 113.63 in June 2025, experiencing a decrease of 0.46 percent compared to June 2024 (Chart 3.01). Notably, the price of crude oil decreased to USD 69.15 per barrel in June 2025 from USD 81.21 per barrel recorded in June 2024 (Commodity Price Data, October 2025, The World Bank). Overall broad-based decline in commodity prices is primarily driven by weakening global economic growth, exacerbated by escalating trade tensions and heightened policy uncertainty, which are dampening demand, particularly for industrial commodities. A significant slowdown in oil consumption, coupled with expanding supply, is exerting substantial downward pressure on energy prices. Additionally, the long-term decline in the oil intensity of economic output, partly due to the rising adoption of electric vehicles, is contributing to weaker demand. While agricultural prices are also expected to edge down, beverage prices such as coffee and

cocoa have surged due to weather-related supply disruptions, partially offsetting declines in other segments.

Inflation in SAARC and Other Asian Countries

3.03 Among SAARC countries, Bangladesh is anticipated to experience the highest inflation rate of 10.0 percent in 2025, followed by Pakistan (4.5 percent), Nepal (4.1 percent), Maldives (3.9 percent) and India (2.8 percent). Bhutan may be able to maintain the lowest inflation rate of 2.4 percent in 2025 in this region. Among other Asian countries, Myanmar is projected to have the highest inflation rate of 31.0 percent, while Thailand may experience the lowest, 0.2 percent inflation in 2025 (Table 3.01, Chart 3.02).

Consumer Prices in Bangladesh

3.04 The CPI based 12 month average headline inflation in Bangladesh remained persistently high throughout FY25. The first half of the fiscal year was marked by upward pressure, while the second half experienced a gradual easing. Despite the decline after March 2025, CPI based 12-month average inflation reached 10.03 percent in June 2025, compared to 9.73 percent in June 2024 (Table 3.02 and Chart 3.03). The annual average of point-to-point headline inflation rate was 10.03 percent in FY25 (Table 3.03). This average inflation rate was 1.03 percentage points higher than the revised target of 9.0 percent for FY25, while the initial budget target was 6.5 percent. The inflation drive was attributed to domestic supply constraints, and rising food prices, mostly coming from the depreciation of BDT, resulting in higher import costs.

3.05 The point-to-point headline inflation rate was about to 8.48 percent in June 2025 with fluctuations throughout FY25, which was 9.72 percent in June 2024 (Chart 3.04).

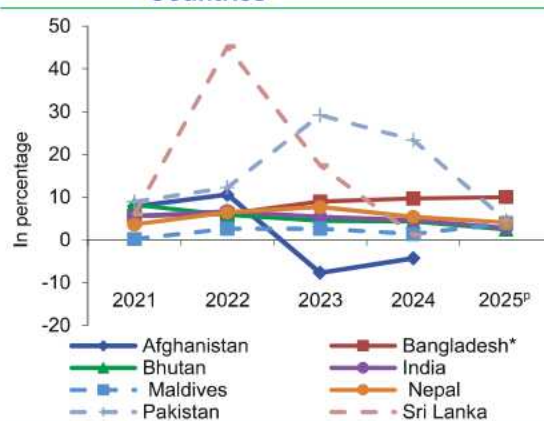
Table 3.01 Inflation in SAARC and Other Asian Countries

Countries	2021	2022	2023	2024	2025 ^P
1. Afghanistan	7.8	10.6	-7.7	-4.3	n/a
2. Bangladesh	5.6	6.1	9.0	9.7	10.0
3. Bhutan	8.2	5.9	4.5	4.3	2.4
4. India	5.5	6.7	5.4	4.6	2.8
5. Maldives	0.2	2.6	2.6	1.4	3.9
6. Nepal	3.6	6.4	7.7	5.4	4.1
7. Pakistan	8.9	12.2	29.2	23.4	4.5
8. Sri Lanka	6.0	45.2	17.4	1.2	n/a
Other Asian countries					
9. Indonesia	1.6	4.1	3.7	2.3	1.8
10. Korea	2.5	5.1	3.6	2.3	2.0
11. Malaysia	2.5	3.4	2.5	1.8	1.6
12. Myanmar	9.6	28.0	25.5	26.5	31.0
13. Singapore	2.3	6.1	4.8	2.4	0.9
14. Thailand	1.2	6.1	1.2	0.4	0.2

^P Projection, n/a Not available

Sources: International Monetary Fund, for other data on calendar year basis.

Chart 3.02 Inflation Situation in SAARC Countries



^P Provisional

Sources: World Economic Outlook, October 2025.

Table 3.02 Monthly Trends of Inflation in FY25
(12-month average: FY22=100)

Months	General	Food	Non food
Jul-24	9.90	11.02	8.88
Aug-24	9.95	10.93	9.03
Sep-24	9.97	10.76	9.17
Oct-24	10.05	10.79	9.25
Nov-24	10.22	11.06	9.35
Dec-24	10.34	11.33	9.41
Jan-25	10.34	11.42	9.40
Feb-25	10.31	11.39	9.41
Mar-25	10.26	11.29	9.41
Apr-25	10.21	11.15	9.44
May-25	10.13	10.96	9.46
Jun-25	10.03	10.70	9.47

Source: Bangladesh Bureau of Statistics.

Food and Non-food Inflation

3.06 Food inflation remained persistently high throughout FY25. The 12-month food inflation stood at 10.70 percent in June 2025, but was 10.66 percent in June 2024. The 12-month average non-food inflation experienced an upward trend throughout FY25 and reached 9.47 percent in June 2025, up from 8.86 percent in June 2024.

3.07 The point-to-point food inflation shows a downward trend, falling from a peak of 14.10 percent in July 2024 to 7.39 percent in June 2025, although it was 10.42 percent in June 2024, indicating a steady easing over FY25. Domestic supply constraints, rising food prices and political uncertainty continued to reflect point-to-point food inflation dynamics in FY25. The point-to-point non-food inflation increased from 9.15 percent in June 2024 to 9.37 percent in June 2025 with fluctuations throughout FY25. However, point-to-point non-food inflation remained above 9.0 percent during FY25 (Chart 3.04). Supply-side constraints and substantial rise in import costs continued to reflect non-food inflation.

Core Inflation

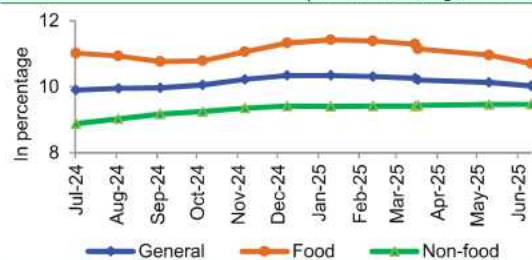
3.08 The 12-month average core inflation (non-food, non-fuel) increased by 1.41 percentage points to 8.77 percent in June 2025, up from 7.36 percent in June 2024. In the same manner, point-to-point core inflation increased by 0.85 percentage points to 8.95 percent in June 2025, up from 8.10 percent in June 2024 (Chart 3.05).

Rural and Urban Inflation

3.09 The point-to-point rural inflation rate increased to 10.20 percent in FY25 which was 0.43 percentage point higher than the 9.77 percent recorded in FY24. Point-to-point rural food inflation decreased to 10.56 percent in FY25, down from 10.68 percent in FY24. On the other hand, point-to-point rural non-food inflation

Chart 3.03 Monthly Trends of Inflation in FY25

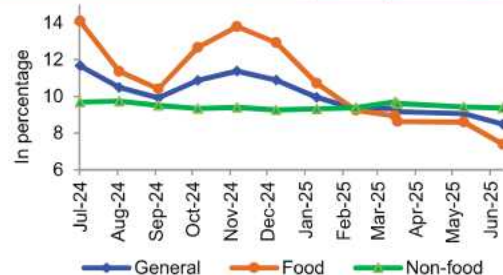
(12-month average; FY22=100)



Source: Bangladesh Bureau of Statistics.

Chart 3.04 Monthly Trends of Inflation in FY25

(Point-to-point : FY22=100)



Source: Bangladesh Bureau of Statistics.

Table 3.03 Annual Average CPI Based Inflation

(base: FY22=100)

Group	Weight	FY22*	FY23	FY24	FY25
a. National level					
General Index	100.00	306.18 (6.15)	109.02 (9.02)	119.63 (9.73)	131.62 (10.03)
Food	56.18	332.86 (6.05)	108.71 (8.71)	120.30 (10.66)	133.16 (10.70)
Non-food	43.82	271.98 (6.31)	109.39 (9.39)	119.08 (8.86)	130.37 (9.47)
b. Rural					
General Index	100.00	304.76 (6.42)	109.08 (9.08)	119.73 (9.77)	131.94 (10.20)
Food	61.41	326.34 (6.51)	108.80 (8.79)	120.41 (10.68)	133.12 (10.56)
Non-food	38.59	270.42 (6.25)	109.54 (9.54)	119.10 (8.72)	130.83 (9.85)
c. Urban					
General Index	100.00	308.81 (5.66)	108.87 (8.87)	119.30 (9.58)	131.28 (10.05)
Food	46.52	348.75 (5.02)	108.53 (8.53)	120.09 (10.66)	133.34 (11.03)
Non-food	53.48	274.07 (6.38)	109.13 (9.13)	118.81 (8.87)	130.00 (9.43)

Note: Figures in parentheses represent annual inflation

Note: *FY06=100

Source: Bangladesh Bureau of Statistics.

also increased to 9.85 percent in FY25, up from 8.72 percent in FY24 (Table 3.03). However, the 12-month average rural inflation rate increased to 10.20 percent in June 2025, up from 9.76 percent in June 2024 (Chart 3.06).

Table 3.04 Annual Average National Level CPI by Consumption Basket Sub-groups

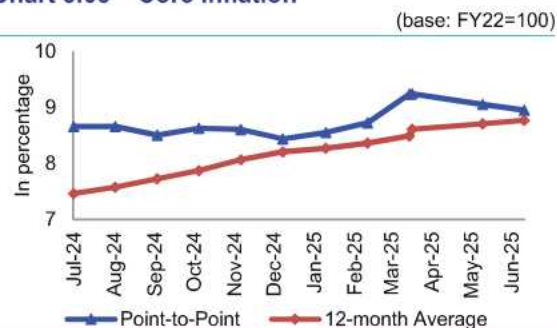
(base: FY22=100)					
Group/sub-group	Weight	FY23	FY24	FY25	% Change FY25
General index	100	109.02	119.63	131.62	10.02
1. Food and Nonalcoholic Beverages	44.86	108.71	120.30	133.06	10.61
2. Non-food of which	55.14	109.39	119.08	130.37	9.48
i) Alcoholic Beverages, Tobacco and Narcotics	2.64	-	121.23	145.05	19.65
ii) Clothing & footwear	6.11	106.71	115.73	128.78	11.28
iii) Housing, Water, Electricity, Gas, and Other Fuels	15.24	108.25	118.94	129.51	8.89
iv) Furnishings, Household Equipment, and Routine Maintenance of the House	3.84	109.68	123.81	134.07	8.29
v) Health	4.34	114.09	118.23	127.27	7.65
vi) Transport	9.37	109.67	117.62	124.95	6.23
vii) Communications	2.34	-	107.62	117.34	9.03
viii) Recreation and Culture	1.54	108.58	123.75	133.68	8.02
ix) Education	3.76	-	112.93	122.14	8.16
x) Restaurants and Hotels	2.17	-	140.32	155.37	10.73
xi) Miscellaneous goods and services	3.79	112.05	122.53	139.87	14.15

-- New sub-group added in new CPI basket of base FY22=100 from April 2023
Source: Bangladesh Bureau of Statistics.

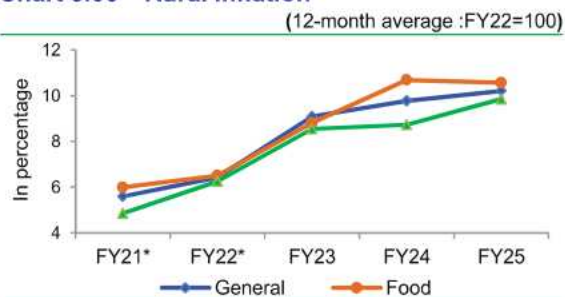
3.10 The point-to-point urban inflation rate stood at 10.05 percent in FY25, which was 0.47 percentage point higher than 9.58 percent in FY24. The 12-month average urban food inflation increased to 11.03 percent in June 2025, up from 10.66 percent in June 2024. The 12-month average urban non-food inflation also increased to 9.43 percent in June 2025 from 8.87 percent in June 2024. The 12-month average urban inflation rate increased to 10.05 percent in June 2025, up from 9.58 percent in June 2024 (Table 3.03 and Chart 3.07).

Food Grain Production

3.11 Total food grain production (rice and wheat) increased to 43.0 million metric tons in FY25, up from 41.9 million metric tons in FY24. Total government procurement of food grain increased by 0.1 million metric ton to 2.3 million metric tons in FY25, up from 2.2 million metric tons in FY24. Total imports (government and private) increased by 1.1 million metric tons to 7.7 million metric tons in FY25, from 6.6 million metric tons in FY24. The government distributed 3.3 million metric tons of food grain under its Public Food Distribution System (PFDS) in FY25, which was the same as in FY24.

Chart 3.05 Core Inflation

Source: Bangladesh Bureau of Statistics and Research Department, Bangladesh Bank.

Chart 3.06 Rural Inflation

Note: *FY06=100

Source: Bangladesh Bureau of Statistics.

However, closing stock of government food grains at the end of FY25 increased to 1.8 million metric tons, up from 1.5 million metric tons at the end of FY24 (Table 3.05).

Wage Rate Trends

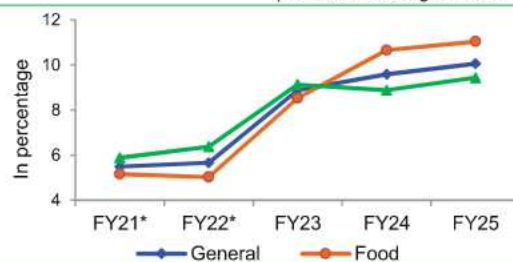
3.12 The growth of the general wage rate index stood at 8.10 percent in FY25, which was 7.74 percent in FY24. The growths of wage rate indices of three sub sectors, namely agriculture, industry, and service sectors increased to 8.35, 7.74 and 8.38 percent respectively, in FY25 from 8.08, 7.24 and 8.29 percent respectively, in FY24. Within the industry sub sector, the growth of wage rate index of production (7.94 percent) was higher than that of construction (7.71 percent) (Table 3.06 and Chart 3.08).

Near Term Inflation Outlook

3.13 The projections from the October 2025 World Economic Outlook report indicate that the recent trajectory of global inflation reflects a gradual disinflationary trend, underpinned by the dissipation of earlier supply-side shocks, the persistence of subdued demand in key economies, and the tightening of global financial conditions. Global activity is expected to weaken, while headline inflation is projected to decrease from an annual average of 5.8 percent in 2024 to 4.2 percent in 2025 and further to 3.7 percent in 2026 (Table 3.07), driven by several key factors. The impact of the unprecedented shocks of recent years is gradually fading, leading to the normalisation of price pressures. In many economies, particularly, those in emerging and developing Asia, subdued domestic demand and weaker-than-expected price growth are exerting downward pressure on inflation. Tighter financial conditions and monetary policies across both advanced and emerging economies are also restraining aggregate demand and slowing the pace of price increase. Inflation is projected to reach target levels in advanced economies from 2.6 percent in 2024 to 2.5 percent in 2025 and 2.2 percent in 2026, where strong policy credibility and softer demand momentum support the

Chart 3.07 Urban Inflation

(12-month average :FY22=100)



Note: *FY06=100
Source: Bangladesh Bureau of Statistics.

Table 3.05 Food Situation

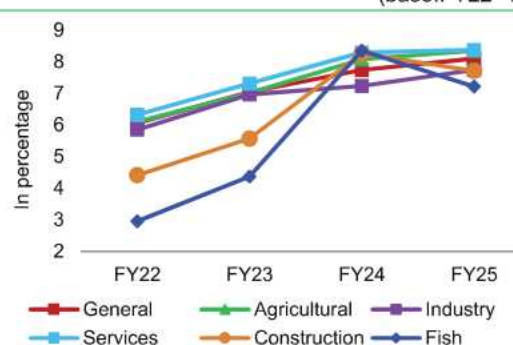
(million metric tons)

Particulars	FY22	FY23	FY24	FY25
Production Target	40.7	42.7	44.7	44.2
Actual Production ¹	39.2	40.3	41.9	43.0
Total Imports (Government and Private)	5.0	4.9	6.6	7.7
Procurement	2.0	1.9	2.2	2.3
Public Food Distribution	3.1	3.0	3.3	3.3
Closing Stock	1.6	1.8	1.5	1.8

Note: - = Data not available; 1 = Actual domestic production for Rice & Wheat
Source: Food Planning and Monitoring Unit (FPMU), Ministry of Food.

Chart 3.08 Growth rate of Wage Index

(base:FY22=100)



Source: Bangladesh Bureau of Statistics.

disinflationary process. At the same time, the decline is expected to be gradual rather than sharp, reflecting persisting upward pressures in some advanced economies due to tariffs, service sector costs, and regulated price changes. Nonetheless, the broader trend

indicates a return toward pre-pandemic patterns, albeit with risks from trade tensions, financial volatility, and policy uncertainty. Inflation in emerging market and developing economies is projected to ease gradually, reaching around 5.3 percent in 2025 and 4.7 percent by 2026 (Table 3.07), though it will remain higher there than in advanced economies. The overall trend reflects softer demand conditions in some economies, alongside tighter monetary policies, but the outlook is uneven across regions. In particular, emerging and developing Asia shows the most muted inflationary pressures. In 2025 inflation is expected to downward to 1.3 percent from 1.9 in 2024 due to weak demand and subdued price growth in China (Table 3.07).

3.14 In its biannual report on global food markets, June 2025, Food and Agriculture Organization (FAO) presents a cautiously optimistic assessment of global food commodity markets. Production of most major commodities, except sugar, is anticipated to increase. This increase is supported by record forecasts for cereals at 2911.4 million tons in 2025/26, representing a 2.1 percent rise from 2852.7 million tons in 2024/25. Coarse grains production is forecast to reach a record 1559.8 million tons in 2025/26 with an increase of 3.4 percent, compared to 1508.4 million tons in 2024/25, due to an anticipated 3.8 percent rise in global maize production. The production of rice is also expected to reach 551.5 million tons in 2025/26, up by 0.9 percent from 546.6 million ton in 2024/25, while wheat production is expected to increase to 800.1 million tons in 2025/26. International sugar production declined by 3.86 percent in 2024/25, compared to 182.7 million tons in 2023/24. Meat production is forecast to grow moderately in 2025, largely underpinned by poultry output. Global milk production will continue to expand,

Table 3.06 Trends of Wage Rate Indices

(base: FY22=100)

	FY22*	FY23	FY24	FY25
General	191.8 (6.06)	205.3 (7.04)	115.33 (7.74)	124.68 (8.10)
Agriculture	192.21 (6.10)	205.69 (7.01)	115.66 (8.08)	125.31 (8.35)
Agriculture	192.39 (6.16)	205.98 (7.06)	115.81 (8.17)	125.56 (8.41)
Fish	183.06 (2.95)	191.07 (4.37)	113.09 (8.35)	121.26 (7.22)
Industry	187.83 (5.85)	201.01 (6.97)	114.72 (7.24)	123.6 (7.74)
Construction	174.62 (4.41)	184.35 (5.57)	114.29 (8.26)	123.12 (7.71)
Production	214.87 (8.30)	234.79 (9.28)	117.69 (7.70)	127.03 (7.94)
Services	199.42 (6.32)	212.23 (7.31)	116.22 (8.29)	125.95 (8.38)

Note: Figures in parentheses are annual percentage changes.

* base: FY11=100

Source: Bangladesh Bureau of Statistics (BBS).

Table 3.07 Global Inflation Situation

(in percent)

	2023	2024	2025 ^P	2026 ^P
World	6.9	5.8	4.2	3.7
Advanced Economies	4.6	2.6	2.5	2.2
Euro Area	5.4	2.4	2.1	1.9
Emerging Market and Developing Economies	8.2	7.9	5.3	4.7
Emerging and Developing Asia	2.4	1.9	1.3	2.1
Bangladesh	9.0	9.7	10.0	8.7
China	0.2	0.2	0.0	0.7
India	5.4	4.7	2.8	4.0
Pakistan	29.2	23.4	4.5	6.0
Sri Lanka	17.4	1.2	n/a	n/a
United States	4.1	3.0	2.7	2.4

n/a Not available, ^P Projection

Source: World Economic Outlook, October 2025.

albeit at a slower pace, with dairy trade likely to experience a slight contraction. Fisheries and aquaculture output is projected to rise, led by aquaculture, despite persistent challenges from trade restrictions, rising costs, and exchange rate volatility. While the overall outlook for food production is positive, markets remain exposed to significant risks stemming from weather variability, geopolitical tensions, evolving trade policies, and broader economic uncertainties.

3.15 Bangladesh, however, has had to confront multiple macroeconomic challenges, including elevated inflation, exchange rate volatility, and pressure on foreign exchange reserves, though the exchange rate and foreign exchange reserves condition are being gradually stabilised. In response, Bangladesh Bank (BB) has pursued policy measures aimed at controlling inflation, stabilising the financial sector, managing exchange rate fluctuations, and strengthening the capital market. Maintaining its interest rate-based monetary policy framework, BB might continue its tight monetary policy stance in the first half of FY26 to contain inflation and anchor inflation expectations. The policy (repo) rate remained unchanged at 10.0 percent; while the standing lending facility (SLF) rate remained at 11.5 percent, but the standing deposit facility (SDF) rate decreased to 8.0 percent from 8.5 percent in MPS July-December 2025. These measures increased borrowing costs, helping to moderate demand-driven inflation. CPI-based inflation in Bangladesh exhibited upward pressure during the early months of FY25, driven by higher food and non-food prices, persistent global commodity price shocks, increased transport and energy costs, and currency depreciation. Nevertheless, the central bank's policy interventions contributed to stabilising the exchange rate, moving it closer to a unified and optimal level. This stabilisation eased depreciation pressures on the Bangladesh Taka (BDT) and supported the containment of inflation over FY26. Looking ahead, CPI inflation in Bangladesh is expected to gradually moderate over FY26, supported by the gradual stabilisation of the exchange rate, easing global commodity prices, and the continued effects of tight monetary policy. While supply-side pressures, including food and energy costs, may still pose short-term challenges, overall inflation is projected to decline, compared to the

peak levels of the previous fiscal year. The central bank's proactive measures are anticipated to anchor inflation expectations, maintain price stability, and support sustainable economic growth throughout FY26.

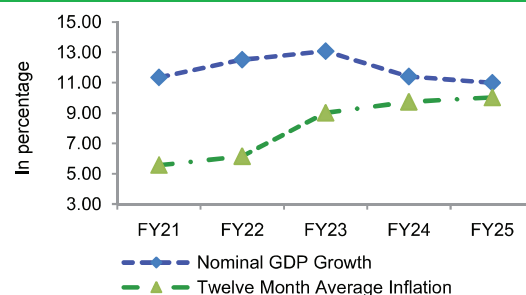
Monetary Management

Performance of Monetary Policy in FY25

4.01 Bangladesh Bank's (BB's) monetary policy during FY25 has been fundamentally focused towards attenuating inflation. Amid challenging global and domestic conditions, specially persistent inflationary pressure, Bangladesh Bank (BB) has maintained a tight monetary policy stance during the fiscal year. As the essence of the July 2024 student-mass uprising translated into policy actions emphasising good governance and institutional integrity, BB gained new momentum in advancing its reform agenda, modernising the monetary policy framework, promoting exchange rate flexibility, and reinstating ethical banking practices.

4.02 During FY25, BB continued to fine tune monetary variables through streamlining money market and foreign exchange market transactions. The Monetary Policy Committee (MPC) also streamlined and strengthened the monetary policy response to the economic catalysts to the monetary sector. BB maintained a cautiously tight monetary policy stance and changed repo policy rates thrice during the first half of FY25 (H1FY25), fixing it at 10.00 percent for the rest of the fiscal year, with a ± 150 basis points symmetric interest rate corridor (IRC) of standing lending (SLF) and standing deposit (SDF) facilities. However, to ensure adequate liquidity in the market, BB reduced the daily cash reserve requirement (CRR) by 50 basis points to 3.00 percent while keeping the bi-weekly average CRR unchanged at 4.00 percent. Additionally, BB tried to improve the efficiency of the money market by limiting repo auction to once a week for all tenors of repo (7 days, 14 days) and discontinued 28-days tenor repo. Moreover, a single unified repo rate has been applied by BB for all repo tenors to enhance consistency in monetary operations. To eliminate the the liquidity crunch on the

Chart 4.01 Nominal GDP Growth and 12 Month average Inflation



Source: Bangladesh Bureau of Statistics (BBS)

reserve maintenance period (RMP), BB introduced overnight fine tuning repo at the end of RMP to manage liquidity shocks around the CRR maintenance period. BB also reduced quasi-fiscal re/prefinance activities and enhanced effective exchange rate flexibility in the foreign exchange market through reduced intervention.

4.03 Inflationary pressure in Bangladesh exhibited signs of moderation during the second half of the fiscal year (H2FY25). The highest headline inflation rate over a decade was 11.66 percent (point-to-point). This was recorded in July 2024, but it declined steadily to 8.48 percent by June 2025. This marked the first instance in over two years that inflation fell below the 9.00 percent threshold, reflecting initial progress in the central bank's inflation containment efforts. An 11.00 percent nominal GDP growth (3.97 percent real) (provisional) was achieved in the fiscal year. Movement of the nominal GDP growth rate and twelve month average headline inflation is shown in Chart 4.01.

The Interest Rate Channel of Monetary Policy Interest Rate Corridor (IRC), Policy Rate, and Monetary Policy Committee (MPC)

4.04 Utilising the interest rate channel of

monetary policy transmission, the central bank tightened (raised) repo policy rate three times¹ in FY25 to address elevated price levels, under the interest rate targeting monetary policy regime. Since 27 October 2024 the repo policy rate has been fixed at 10.00 percent, with a ± 150 basis points symmetric interest rate corridor (IRC) of standing lending facilities (SLF) and standing deposit facilities (SDF). Table 4.01 shows the changes in Policy Rate, SLF and SDF during FY25.

4.05 The anchor variables under this monetary policy regime and the call money rates of the interbank market, had been hovering closely around the repo policy rate, contained within the interest rate corridor during the fiscal year. The secured transactions market rate and the interbank repo rate also followed the repo policy rate closely. Both rates indicated the strong transmission of monetary policy through the interest rate channel. The movement of weighted average call money rate and policy rates are shown in Chart 4.02.

Interest Rates on Deposits and Advances of Banks and Other-Market Yield Rates

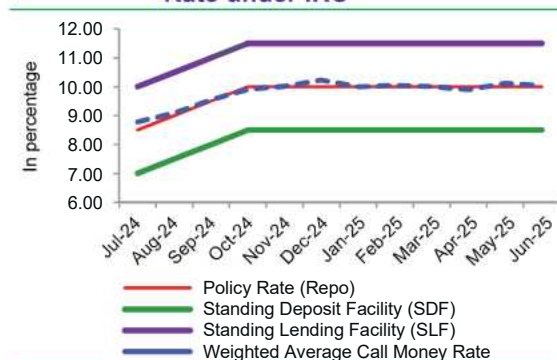
4.06 By the end of FY24, BB had removed its cap on the market lending interest rate and abolished the reference rate SMART. BB also removed restrictions on the market deposit rate—ensuring free market mechanism in operation in the financial market. Following these measures, the weighted yearly interest rate, (WAIR) on advances and deposits of all banks exhibited an upward trend in FY25, commensurate with the rise in the weighted average call money rate from 9.08 percent in June 2024 to 10.06 percent in June 2025. This upward rise, following the high repo policy rate through the interbank channel, also exhibited

Table 4.01 Change in Policy Rate, SLF and SDF during FY25

Effective Date	Policy Rate	SLF	SDF
27 August 2024	9.00	10.50	7.50
25 September 2024	9.50	11.00	8.00
27 October 2024	10.00	11.50	8.50

Source: Monetary Policy Department, Bangladesh Bank.

Chart 4.02 Weighted Average Call Money Rate under IRC



Source: Monetary Policy Department and Debt Management Department, Bangladesh Bank

Table 4.02 Weighted Average Interest Rate (WAIR) on Deposit and Advances of Scheduled Banks and their Spread

Items	As of end June (in %)		
	FY23	FY24	FY25
WAIR on Deposits			
1. Below 1 Year (FDR)	6.56	8.72	9.60
2. 1 year and above but less than 3 year (FDR)	6.71	8.39	9.97
3. 3 year and above (FDR and DPS)	7.62	8.60	9.26
4. Overall	4.38	5.49	6.26
WAIR on Advances			
1. Agriculture	7.48	11.48	11.72
2. Large Industry	7.23	11.58	12.46
3. SME	6.99	11.80	12.44
4. Overall	7.31	11.52	12.08
Spread*	2.93	6.03	5.82

* Spread is calculated by deducting WAIR on overall deposits from WAIR on overall advances.

Source: Statistics Department, Bangladesh Bank

the strong interest rate channel transmission of monetary policy. The overall weighted average interest rates (WAIR) on advances and deposits rose to 12.08 percent and 6.26 percent, respectively, in June 2025 from 11.52 percent

¹ <https://www.bb.org.bd/mediaroom/circulars/mpd/aug252024mpd03.pdf>,
<https://www.bb.org.bd/mediaroom/circulars/mpd/sep242024mpd04.pdf>,
<https://www.bb.org.bd/mediaroom/circulars/mpd/oct222024mpd05.pdf>

and 5.49 percent in June 2024. After the removal of interest rate caps, the market adjusted to the credit demand-supply dynamics; the spread between WAIR on advances and deposits also adjusted after an initial high in June 2024. It declined to 5.82 percent in June 2025, indicating increasing efficiency in banking practices. Table 4.02 and chart 4.03 represent WAIR on deposits and advances of scheduled banks and their spreads from June 2021 to June 2025.

4.07 The yield rates in other markets, i.e. treasury bills and bonds, remained high, alongside the high policy interest rate. The rates of National Savings Certificates (NSC) was also raised during FY25. The rates of five (05) years Bangladesh Sanchayapatra, 3-Month Profit based Sanchayapatra, Pensioner Sanchayapatra and Poribar Sanchayapatra were 9.30 percent, 9.00 percent, 9.75 percent and 9.50 percent, respectively, since 21 September 2021. These rates were increased to 12.37 percent, 12.25 percent, 12.37 percent, and 12.37 percent, respectively, since 01 January 2025 till the end of the fiscal year.

Exchange Rate Channel of Monetary Policy

4.08 The pressure on the external sector broadly stabilised in FY25, primarily supported by flexible exchange rates, a balanced policy-mix of tight monetary policy, a notable upswing in remittance inflows, increased foreign assistances, strong export growth, reduced intervention in the foreign exchange market by the central bank, and fiscal consolidation. These dynamics collectively contributed to notably improved balance of payments (BOP), easing depreciation pressure on BDT exchange rate against the USD. The stabilisation of the exchange rate and the gradual decline of headline inflation aided one another simultaneously-leading to greater economic stability.

Chart 4.03 Weighted average interest rate on deposits and advances of scheduled banks and spread



Source: Statistics Department, Bangladesh Bank.

Table 4.03 Monetary and Credit Programme vs. Actual Developments

Particulars*	(In billion BDT)		
	End June 2024	End June 2025	
	Actual	Projection	Actual
Net foreign assets	2911.29	3136.67	3042.56
	(-17.43)	(7.74)	(4.51)
Net domestic assets	17415.32	18903.03	18697.61
	(13.54)	(8.54)	(7.36)
Domestic Credit	21056.72	23586.02	22749.57
	(9.98)	(12.01)	(8.04)
Credit to the public sector ^{1/}	4644.43	5565.33	5272.81
	(10.51)	(19.83)	(13.53)
Credit to private sector	16412.29	18020.69	17476.76
	(9.84)	(9.80)	(6.39)
Other items (net)	-3641.40	-4682.99	-4051.96
Broad Money	20326.61	22039.70	21740.17
	(7.75)	(8.43)	(6.95)
Narrow money	5003.54	-	5095.62
	(1.86)	-	(1.84)
Currency outside banks	2904.37	-	2964.52
	(-0.51)	-	(2.07)
Demand deposits	2099.17	-	2131.10
	(5.33)	-	(1.52)
Time Deposits	15323.07	-	16644.55
	(9.82)	-	(8.62)

* As per programme definition & calculated using constant exchange rate of June 2024.

^{1/} Government lending fund is treated as deposit in calculating net credit to government.

^{2/} Demand deposits of the monetary authority are excluded.

Note: Figures in the parentheses indicate growth (y-o-y) in percent.

Source: Monetary Policy Department, Bangladesh Bank.

Monetary Aggregate Channel

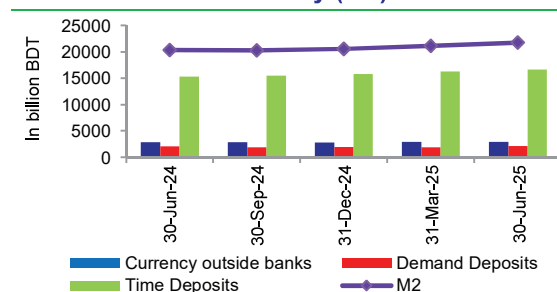
Money Supply Scenario

4.09 Broad money (M2) growth, previously the major anchor variable, and now an indicative target variable of monetary policy, was projected at 8.43 percent in FY25, which ought to be ensuring price stability. At the end of June 2025 this growth was bounded within the projected growth rate at 6.95 percent (y-o-y). Net foreign assets (NFA) and net domestic assets (NDA) of the banking system, the two components of M2, had slower growth than projected in the fiscal year (Table 4.03)-binding growth of M2 below the projected rate in June 2025. Domestic credit growth was also slow at 8.04 percent, though the projection was 12.01 percent. The government's austerity measures in a number of development projects slowed down public sector credit growth, while uncertainty in the global and domestic economic and political landscape slowed down private sector investment. Consequently, the private sector and public sector credit grew lower than the projected rate, reflecting the stunted national investment landscape. However, public sector credit growth has been higher than that of June 2024, as the government started to make high repayments in servicing previous debts. The monetary and credit projections with their actual outcome and development of the major components of broad money are presented in Table 4.03 and Chart 4.04, respectively.

Reserve Money Developments

4.10 Reserve money (RM) growth, previously the operating target, and now another indicative target variable of monetary policy, directly reflects the market liquidity situation and the level of M2 through the money multiplier effect. The central bank controls RM by establishing a target for interest rate and for managing liquidity. Therefore, it is observed rigorously in line with the objectives of liquidity

Chart 4.04 Movement in the Components of Broad Money (M2)



Source: Monetary Policy Department Bangladesh Bank.

management and price stability by the central bank. Autonomous factors that are beyond the scope of monetary policy, i.e. the auction of government treasury bills and bonds, foreign exchange transactions, etc. influence RM as well as monetary policy operation, i.e. repo and other open market operation tools. Therefore, the RM growth rate serves as a very effective check and balance mechanisms for the purpose of price stability. Among the two components of reserve money, net foreign assets (NFA) of BB experienced a significant growth of 11.48 percent in FY25, although the projection was of 6.12 percent growth; mirroring the significant growth in foreign exchange reserves during the fiscal year. Net domestic assets (NDA) of BB, on the other hand, decreased significantly by 14.90 percent during the fiscal year as the central bank put a halt on lending to the government following the tight monetary policy stance adopted to deal with the elevated price level during the period. This fall of NDA was very much aligned with the projections of lower reserve money growth that was desired for maintaining price stability. The actual and projected RM movements for FY25 are presented in Table 4.04.

Scheduled Banks' Borrowing from Bangladesh Bank

4.11 As BB refrained from creating any high powered money, and thus lending to

government directly, government borrowing from the scheduled banks' increased. This raised scheduled banks' borrowings from BB by 14.16 percent to BDT 1972.61 billion in FY25 against a corresponding 64.38 percent increase to BDT 1727.88 billion in FY24.

Money Multiplier (MM)

4.12 Money multiplier (MM) is the measure of the scale at which base money becomes money supply. In June 2025, money multiplier increased to 5.27 from 4.92 in June 2024. The dynamics among deposits in the commercial banks, commercial banks' reserves with the central bank, and currency outside banks-determine the measure of MM. Both reserve-deposit ratio (RD) and currency-deposit ratio (CD) edged down in June 2025, contributing to this incremental rise in the MM. As inflation rates started on a downward trajectory since November 2024, tendency to hold cash has decreased, resulting in the lower CD ratio in June 2025. Chart 4.05 shows the MM.

Income Velocity of Money

4.13 The income velocity of money reached 2.55 in FY25, up from 2.46 in FY24, indicating a higher nominal increase in GDP compared to the increase of Broad Money (M2); reflecting the elevated price levels during FY25. The magnitudes of income velocity of money and their changes during FY21-FY25 are shown in Chart 4.06.

Liquidity Management Scenario

4.14 Under the interest rate targeting monetary policy regime, the central bank conducted monetary policy operations with numerous open market and liquidity management instruments in FY25 i.e. standard and special repo facilities for conventional banks and finance companies, assured liquidity support (ALS), assured repo, mudarabah

Table 4.04 Actual and Programmed Growth of Reserve Money and its Components

Particulars*	(In billion BDT)		
	End June 2024	End June 2025	
	Actual	Projection	Actual
Net foreign assets	2314.41	2456.01	2580.07
	(-24.19)	(6.12)	(11.48)
Net domestic assets	1816.33	1716.04	1545.66
	(133.95)	(-5.52)	(-14.90)
Domestic Credit	2173.37	1693.37	1672.64
	(15.68)	(-22.09)	(-23.04)
Credit to the public sector ^{1/}	1396.04	896.04	829.63
	(-6.66)	(-35.82)	(-40.57)
Claims on deposit money banks ^{2/}	777.33	797.33	843.01
	(102.93)	(2.57)	(8.45)
Other items (net)	-357.04	22.66	-126.98
Reserve money	4130.74	4172.05	4125.74
	(7.88)	(1.00)	(-0.12)
Currency issued	3203.09	3375.90	3266.97
	(2.68)	(5.40)	(1.99)
Deposits of banks with BB ^{3/}	927.65	796.15	858.77
	(30.72)	(-14.18)	(-7.43)
Money multiplier	4.92		5.27

* As per programme definition & calculated using constant exchange rates of end June 2024.

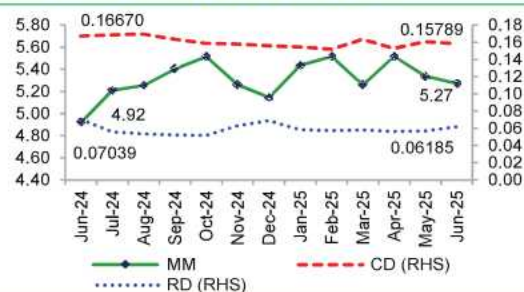
^{1/} Govt. lending fund is treated as deposit in calculating net credit to Govt. and credit to other financial institutions (public) are excluded.

^{2/} Considers only loans and advances to DMBs.

^{3/} Considering only DMB's balances of Taka A/C with BB.

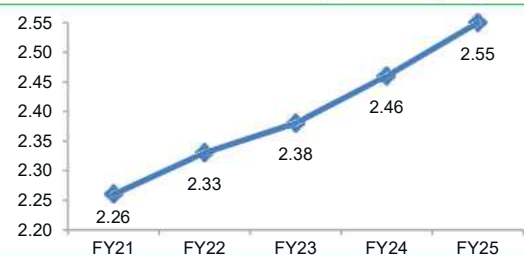
Note: Figures in the parentheses indicate growth (y-o-y) in percent.
Source: Monetary Policy Department, Bangladesh Bank.

Chart 4.05 Money Multiplier (MM)



Source: Monetary Policy Department, Bangladesh Bank.

Chart 4.06 Income Velocity of Money



Source: Monetary Policy Department, Bangladesh Bank.

liquidity support (MLS) for *Shariah*-compliant Islamic banks, Islamic banks liquidity facility (IBLF) and special liquidity support (SLS) for *Shariah*-compliant Islamic banks.

Open Market Operation (OMO)

4.15 The central bank streamlined open market operations and open market operations instruments heavily during the fiscal year. By the end of FY25, BB narrowed open market interventions to once a week² and reduced the daily cash reserves requirement (CRR) to strengthen interbank market interactions and encourage improved liquidity portfolio management by the commercial banks. In addition, an overnight fine-tuning open market operation was introduced to facilitate maintenance of biweekly average reserves at end of reserves maintenance period (RMP). The 28-days repo was discontinued in April 2025. Moreover, in its monetary policy statement for the second half of FY25, BB introduced a plan to modernise liquidity management by shifting to a single instrument in the future.

4.16 Bangladesh's banking sector endured a tight liquidity situation throughout FY25 as the economy struggled amidst alarming levels of NPLs, wide-spread scams, particularly in *Shariah*-based banks, and withdrawals of deposits as confidence in the banking sector dwindled. Under this pretext, BB ensured unrestricted access to standing facilities and granted full allotment of the repo facility for all banks and finance companies since the beginning of the fiscal year. BB provided a net liquidity support of BDT 6.28 billion during the fiscal year³; alongside it provided a credit guarantee scheme for interbank transactions worth BDT 111.00 billion to support the banks as well as special liquidity support of BDT

Table 4.05 Excess Liquid Assets of Various Bank-groups

(In billion BDT)

As On	State-owned Banks	Private Banks (Other than Islamic)	Islamic Banks	Foreign Banks	Total
Jun-24	707.72	881.86	100.73	267.94	1958.24
Sep-24	617.83	841.58	-14.26	335.76	1780.91
Dec-24	715.75	1047.95	69.11	317.22	2150.02
Mar-24	818.46	1283.72	21.15	265.13	2388.46
Jun-25	1041.13	1500.69	71.55	314.08	2927.45

Source: Department of Off-site Supervision Department, Bangladesh Bank.

330.20 billion for meeting daily operational needs, and an additional BDT 193.54 billion to address negative current account balances of some scheduled banks persisting since the previous two fiscal years.

4.17 Other than liquidity support and open market operations, the central bank has a role in the liquidity market through interventions in the local foreign exchange market. Along with experiencing liquidity struggles in the local currency market, the Bangladesh economy experienced a tight liquidity situation in the foreign exchange market as well. BB sold a net of USD 508.38 million during the fiscal year to meet fuel, electricity, and fertiliser import payment obligations of government agencies. After 15 May 2025, BB refrained from foreign exchange market interventions for the rest of the fiscal year. Table 4.05 shows the excess liquid assets of various bank groups while Chart 4.07 shows the net effects of liquidity.

Advance Deposit Ratio (ADR)

4.18 The advance deposit ratio (ADR) measures how much of a bank's deposits have been used for advances. Banks were instructed in 15 April 2020 to maintain their ADR within maximum 87.00 percent for conventional banks and 92.00 percent for Islamic *Shariah*-based banks respectively.

² <https://www.bb.org.bd/mediaroom/circulars/mpd/mar042025mpd01.pdf>

³ <https://www.bb.org.bd/mediaroom/circulars/dmd/oct212024dmdl12.pdf>

Cash Reserve Requirement (CRR)

4.19 BB reduced the daily cash reserve requirement (CRR) to 3.00 percent, with effect from 05 March 2025, while keeping the biweekly average requirement unchanged at 4.00 percent. Total excess reserve of banks (after maintaining CRR) decreased by 33.29 percent and stood at BDT 128.95 billion in FY25.

Scheduled Banks Balances with the BB and their Cash in Tills

4.20 Balances of scheduled banks with BB decreased by 7.43 percent to BDT 858.77 billion at end June 2025 against the increase of 30.72 percent to BDT 927.65 billion at end June 2024. Cash in tills of scheduled banks increased by 1.25 percent to BDT 302.45 billion at end June 2025 against the increase of 49.11 percent to BDT 298.72 billion at end June 2024.

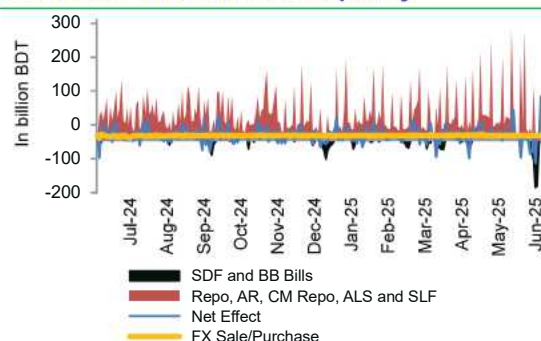
Bank Rate

4.21 If and when a scheduled bank fails to maintain the CRR, the bank rate serves as the benchmark rate for the penalty rate on commercial banks. In addition, the bank rate also serves as the benchmark for several re/prefinance schemes of BB. In response to the changing market interest rate scenario, the bank rate was reduced from 5.00 percent to 4.00 percent on 29 July 2020, and has remained unchanged since.

Statutory Liquidity Ratio (SLR)

4.22 According to the amendment of sub section (2) under section 33 of the Bank Company Act, 1991, banks must maintain SLR separately. Since 01 February 2014, conventional banks were required to maintain 13.0 percent of their total demand and time liabilities (TDTL) as SLR, while the requirement for *Shariah*-based Islami banks is 5.5 percent. Banks can maintain SLR in the form of cash in tills, balances with Sonali Bank, and excess

Chart 4.07 Net Effect on liquidity



Source: Forex Reserve and Treasury Management Department, and Motijheel Office, Bangladesh Bank.

Table 4.06 Quarterly Positions of Bank Credit*
(In billion BDT)

Outstanding as of	Advances	Bills	Total
30 Jun 24	16211.82 (97.64)	391.31 (2.36)	16603.13
30 Sep 24	16431.60 (98.42)	264.32 (1.58)	16695.92
31 Dec 24	16737.26 (98.29)	291.15 (1.71)	17028.41
31 Mar 25	17065.86 (98.25)	303.28 (1.75)	17369.14
30 Jun 25	17355.82 (98.38)	285.31 (2.62)	17641.14

* Import and Inland bills purchased and discounted. Excluding inter bank credit; includes balances with OFIs, NBOCs and money at call and short notice.

Note: Figure in parentheses indicate percentage shares of total bank credit.

Source: Statistics Department, Bangladesh Bank.

Table 4.07 Quarterly Positions of Bank Deposits*
(In billion BDT)

Balances as of	Demand deposits	Time deposits	Govt. deposits	Total deposits
30 Jun 23	1993.04	13952.80	1033.51	16979.35
30 Jun 24	2099.17	15323.07	1201.48	18623.72
30 Sep 24	1923.24	15486.86	1084.29	18494.38
31 Dec 24	1979.86	15787.62	1188.09	18955.57
31 Mar 24	1925.84	16255.60	1181.17	19362.61
30 Jun 25	2131.10	16644.55	1202.53	19978.17

* Excluding interbank deposits.

Source: Statistics Department, Bangladesh Bank.

of CRR, and in the form of securities which are unencumbered (government approved). Total excess liquid assets (after maintaining SLR)

increased by 49.49 percent (y-o-y) in June 2025.

Monetary Sector Intermediation

Scheduled Banks: Bank Credit

4.23 Outstanding total bank credit (excluding inter-bank) in FY25 rose by 6.25 percent to BDT 17641.13 billion against the increase of 9.80 percent to BDT 16603.13 billion in FY24. Total bank credit rose because of the increased credit demand for trade financing stemming from higher import prices. Advances (bank credit less bills) edged up by 7.06 percent to BDT 17355.82 billion in FY25 against the rise of 10.07 percent to BDT 16211.82 billion in FY24. Import and Inland Bills purchased and discounted went down by 27.09 percent to BDT 285.31 billion in FY25 against the decrease of 0.33 percent to BDT 391.31 billion in FY24. The quarterly position of total bank credit and its components are depicted in Table 4.06.

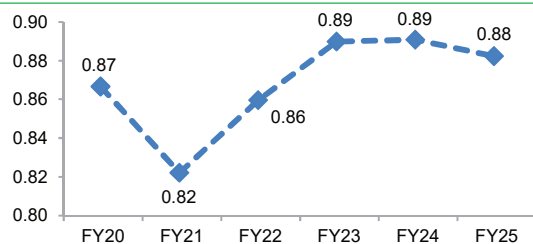
Bank Deposits

4.24 Total bank deposits (excluding inter-bank items) increased by 7.27 percent to BDT 19978.17 billion during FY25, against the increase of 9.68 percent to BDT 18623.72 billion in FY24. Total bank deposits increased due to rising in interest rates and a significant inflow of remittances. Demand deposits increased by 1.52 percent to BDT 2131.10 billion in FY25 against the increase of 5.33 percent to BDT 2099.17 billion in FY24. Time deposits increased by 8.62 percent to BDT 16644.55 billion in FY25 against the increase of 9.82 percent to BDT 15323.07 billion in FY24. Besides, government deposits also increased by 0.09 percent to BDT 1202.53 billion in FY25.

Credit-Deposit Ratio

4.25 The credit-deposit ratio of scheduled banks decreased slightly to 0.88 at end June 2025 as compared to 0.89 at end June 2024.

Chart 4.08 Credit- Deposits Ratio



Source: Statistics Department, Bangladesh Bank.

The ratio of credit to deposit decreased slightly reflecting that deposits increased more than credit. Chart 4.08 shows the credit-deposit ratio of scheduled banks from FY20-FY25.

Near-term Macroeconomic Outlook on Monetary Policy Stance

4.26 During FY25, the Bangladesh's economy and its political sphere underwent a number of significant transformations; the interim government and BB initiated several major and necessary reforms at institutional and policy levels: addressing structural bottlenecks, strengthening macroeconomic stability, and enhancing resilience. Since then monetary policy has been conducted in line with these reforms aiming to ensure sustainable economic and financial stability. Though these measures will take time to fully materialise, strong political commitment is expected to sustain the recovery and drive long-term growth. In the near-term, key challenges remain: reducing inflation, stabilising the exchange rate, rebuilding foreign reserves, and restoring trust in the banking sector. The central bank remains vigilant to the changes and challenges emerging in the global and domestic economic spheres and is ready to take necessary policy action as and when needed for the said purpose.

Banking Sector Performance, Regulation and Bank Supervision

Banking Sector Performance

5.01 As the central authority responsible for supervising the financial sector, the foremost priority of Bangladesh Bank is to maintain the stability of the banking system and the broader economy. As per the Bangladesh Bank Order 1972, Article 7A (f), one of the major functions of the Bank is “to regulate and supervise banking companies and financial institutions.” In addition, under the Bank Company (Amended up to 2023) Act, 1991 (Sections 44 and 68), Bangladesh Bank (BB) is empowered to conduct both on-site and off-site supervision. The importance of these supervisory powers has been underscored by the fact that over the past decade Bangladesh’s economy has faced several critical challenges—weak governance in the banking sector, capital flights, and a rising volume of non-performing loans (NPLs). External shocks such as the COVID-19 pandemic and the Russia-Ukraine war have also disrupted economic activities in the last few years. More specifically, supply chain disruptions—such as increased fuel and commodity prices, and interruptions in the international delivery system—have put pressure on the nation’s external balances. These challenges have subsequently affected scheduled banks’ balance sheets through exchange rate shocks. To mitigate such external shocks, Bangladesh Bank has recently

shifted toward a more market-based interest rate and exchange rate regime. Meanwhile, last year the country witnessed a mass upsurge against discrimination, corruption, and poor governance, which fuelled public demand for reform in every sector. In response, Bangladesh Bank has taken several initiatives, including the appointment of international audit firms for Asset Quality Review (AQR), the formation of an Inter-Agency Task Force on Stolen Asset Management headed by the Governor of Bangladesh Bank, and active involvement in drafting the Bank Resolution Ordinance (2025). Alongside these measures, the Banking Regulation and Policy Department (BRPD) has issued a circular to advance the implementation of IFRS 9 standards and align loan classification and provisioning requirements with international best practices. Similarly, the Department of Off-site Supervision (DOS) has issued a circular on dividend declaration policies to safeguard depositors’ interests while ensuring fair returns for investors. On the other hand, during FY25, the banking industry continued to experience liquidity constraints, particularly among some conventional and Islamic banks. To counter these pressures, Bangladesh Bank put in place specialised liquidity support instruments designed to stabilise the system and mitigate broader economic repercussions. At the same time, with support from the IMF and IFC, BB has

Table 5.01 Banking System Structure, Assets and Deposits

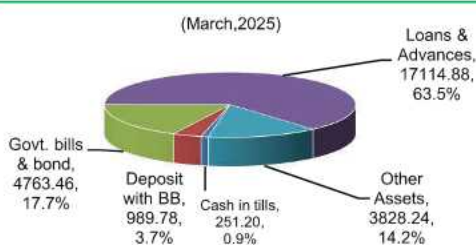
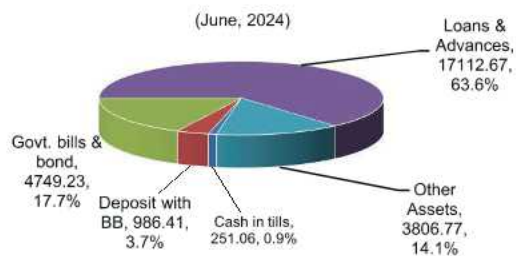
Types of banks	2023						2024					(in billion BDT)	
	No. of Banks	No. of Branches	Total Assets	Share in Industry Assets (in Percent)	Total Deposits	Share in Industry Deposits (in Percent)	No. of Banks	No. of Branches	Total Assets	Share in Industry Assets (in Percent)	Total Deposits	Share in Industry Deposits (in Percent)	
SCBs	6	3,841	5,604.4	23.37	4,353.6	24.68	6	3,849	5,985.6	22.77	4,498.9	23.71	
SBs	3	1,541	558.2	2.32	490.0	2.78	3	1,543	612.1	2.33	535.3	2.82	
PCBs	43	5,709	16,464.3	68.65	11,931.0	67.63	43	5,805	18,350.1	69.77	13,090.1	68.98	
FCBs	9	63	1,357.1	5.66	865.5	4.91	9	63	1,349.1	5.13	851.5	4.49	
Total	61	11,154	23,984.0	100	17,641.1	100	61	11,260	26,297.8	100	18,975.8	100	

Note: Banks (except BKB and RAKUB) prepare their balance sheet on calendar year basis and are obliged to submit their audited balance sheet at the end of every calendar year. That is why banks’ performance-related figures are stated in calendar year basis.

Source: Department of Offsite Supervision (DOS) and Banking Regulation and Policy Department (BRPD), Bangladesh Bank.

Chart 5.01 Aggregate Industry Assets

(in billion BDT)



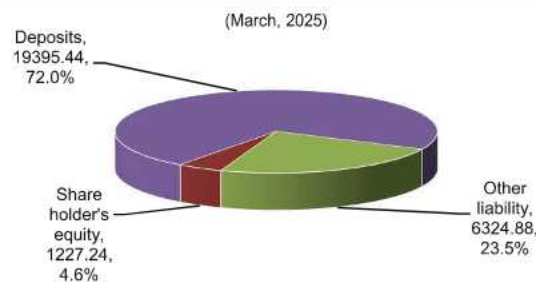
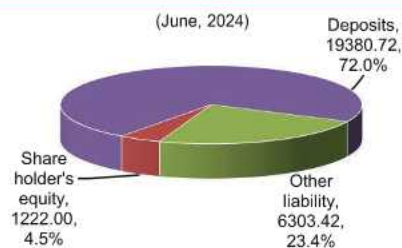
Source: Department of Off-site Supervision, Bangladesh Bank.

advanced a number of supervisory reforms, most prominently the adoption of a risk-based supervisory framework. BB aims to fully implement Risk-Based Supervision (RBS) by January 2026, enabling a regulatory approach that allocates supervisory resources according to the risk profile of individual banks. This will ultimately pave the way for single-point, dynamic, and forward-looking supervision.

5.02 Depending on their ownership structure, there are four categories of scheduled banks in Bangladesh: state-owned commercial banks (SCBs), specialised banks (SBs), private commercial banks (PCBs), and foreign commercial banks (FCBs). The total number of scheduled banks operating in FY24 was 61. The number of bank branches increased to 11,260 at end December 2024, up from 11,154 in December 2023, whereas the number of branches stood at 11,247 at end March, 2025 (Appendix 4, Table I). On the other hand, based on their mode of operations (e.g., conventional and Islamic *Shariah*-based), banks are categorised into three types: full-fledged

Chart 5.02 Aggregate Industry Liabilities

(in billion BDT)



Source: Department of Off-site Supervision, Bangladesh Bank.

conventional banks, full-fledged Islamic *Shariah*-based banks, and banks with dual operations. Information on the banking structure and activities by type of bank is shown in Table 5.01.

5.03 In December 2024, the SCBs held a 22.77 percent share of total assets, which was 23.37 percent in December 2023. PCBs' share of total assets was 69.77 percent in December 2024, compared to 68.65 percent in December 2023. The FCBs held a 5.13 percent share of total assets in December 2024, down from 5.66 percent in December 2023. The SBs' share of total assets increased slightly from 2.32 percent to 2.33 percent between December 2023 and December 2024. At end December 2024, total assets of the banking sector stood at BDT 26,297.8 billion, which was 9.65 percent higher than the previous year (Table 5.01).

5.04 Total deposits of the banking sector stood at BDT 18,975.8 billion in December 2024, compared to BDT 17,641.1 billion in December 2023, showing an increase of 7.57

percent. Taking into account the share in the total deposits in the banking sector from December 2023 to December 2024, SCBs' share decreased from 24.68 percent to 23.71 percent; PCBs' share increased from 67.63 percent to 68.98 percent; FCBs' share decreased from 4.91 percent to 4.49 percent; and SBs' share increased slightly from 2.78 percent to 2.82 percent between December 2023 and December 2024. (Table 5.01).

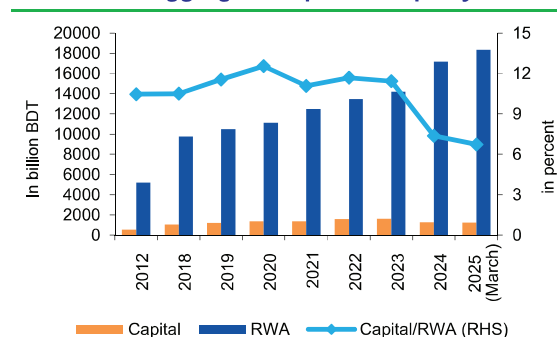
Banking Network by Branches

5.05 As of March 2025, the total number of branches of the 61 scheduled banks stood at 11,247. Among these, 5,037 branches (44.79 percent) are in rural areas, 6,203 branches (55.15 percent) in urban areas, and the remaining 7 branches (0.06 percent) overseas. The SCBs have 1,975 rural branches, 1,869 urban branches, and 6 overseas branches. Specialised banks have 1,150 rural branches and 393 urban branches. Private commercial banks have 1,911 rural branches, 3,886 urban branches, and 1 overseas branch. Foreign commercial banks have 1 rural branch and 55 urban branches as of March 2025.

Aggregate Balance Sheet

5.06 In March 2025, the total assets of the banking sector stood at BDT 26,947.56 billion, showing an increase of 0.15 percent compared to June 2024. The aggregate banking sector assets consisted of BDT 17,114.88 billion in loans and advances (63.51 percent of total assets), BDT 251.20 billion as cash in tills including foreign currencies, BDT 989.78 billion as deposits with BB including foreign currencies, BDT 4,763.46 billion as investments in government bills and bonds (treasury securities), and the remaining BDT 3,828.24 billion as other assets during the period (Chart 5.01).

Chart 5.03 Aggregate Capital Adequacy Position



Source: Department of Off site Supervision, Bangladesh Bank.

Table 5.02 Capital to Risk Weighted Assets Ratio by Types of Banks

Bank Types	(in percent)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	End of March 2025
SCBs	5.9	7.0	10.3	5.0	9.6	8.1	7.2	6.43	3.24	2.90
DFIs	-33.7	-32.8	-31.7	-32.0	-32.9	-33.6	-40.3	-40.80	-58.83	-38.88
PCBs	12.4	12.2	12.8	13.6	13.7	13.3	13.08	8.59	7.45	
FCBs	25.4	23.3	25.9	24.5	28.4	25.9	31.7	37.16	41.99	41.32
Total	10.8	10.8	12.1	11.6	12.5	12.0	11.7	11.44	7.39	6.74

Source: Department of Off-site Supervision, Bangladesh Bank.

5.07 Deposits continued to be the main source of funds for the banking industry. In March 2025, deposits (excluding inter-bank) constituted 72.00 percent of total liabilities and shareholders' equity. Total shareholders' equity of the banks stood at BDT 1,227.24 billion at the end of March 2025, up from BDT 1,222 billion in June 2024. The total equities and liabilities of the banking sector stood at BDT 26,947.56 billion, showing an increase of 4.84 percent compared to December 2024 (Chart 5.02).

Capital Adequacy

5.08 Capital adequacy focuses on the overall position of a bank's capital and the protection of its depositors and other creditors from potential losses that the bank might incur. It helps banks to absorb possible losses due to credit, market and operational risks that they might be exposed to during their course of business. Under Basel-III, banks in Bangladesh are instructed to maintain a minimum capital

requirement (MCR) at 10.0 percent of the risk weighted assets (RWA) or BDT 5.0 billion as capital, whichever is higher. The aggregate amount of the regulatory capital of the banking sector was BDT 1268.49 billion as of 31 December 2024 (Audited), but decreased to BDT 1236.72 billion at end March, 2025.

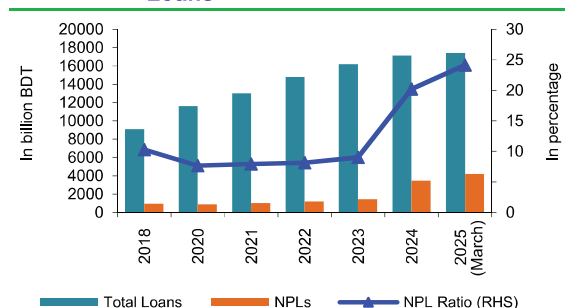
5.09 Table 5.02 reveals the capital to risk weighted assets ratio (CRAR) according to the type of banks. CRAR of SCBs, PCBs and FCBs were 2.90, 7.45 and 41.32 percent respectively, as of 31 March 2025. The two SBs— BKB and RAKUB failed to maintain MCR on risk weighted assets basis. Besides, 4 SCBs and 14 PCBs could not maintain the required minimum capital. The CRAR of the banking industry as a whole was 6.74 percent at end March, 2025 (Chart 5.03).

Asset Quality

5.10 The most important indicator to demonstrate asset quality is the ratio of gross non-performing loans (NPLs) to total loans and net NPLs to net total loans. At end March 2025, the gross NPL ratio of the banking sector stood at 24.13 percent. Table 5.03(a) shows that FCBs had the lowest and SCBs had the highest gross NPL ratio at end March, 2025. FCBs' gross NPL ratio was 4.83 percent, whereas those of SCBs, PCBs, and SBs were 45.79, 20.16, and 14.47 percent, respectively, at end March, 2025.

5.11 From Table 5.03 (a), it is observed that the ratio of gross NPLs to total loans and advances indicates an overall upward trend in the banking sector from 2015 to March 2024, except for 2019 and 2020. The banking sector's NPL ratio was 8.8 percent in 2015. Afterwards, it showed upward trends to 9.2, 9.3 and 10.3 percent in 2016, 2017 and in 2018. Again, the NPL ratio reduced to 9.3 percent in 2019 due to the amendment to the term loan's definition of 'past due/overdue' and the special loan

Chart 5.04 Aggregate Position of NPLs to Total Loans



* Up to March 2025

Source: Department of Off site Supervision, Bangladesh Bank.

Table 5.03(a) Ratio of Gross NPLs to Total Loans by Types of Banks

Bank Types	(In percent)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	End of March 2025
SCBs	21.5	25.0	26.5	30.0	23.86	20.89	19.28	20.28	20.99	42.83	45.79
SBs	23.2	26.0	23.4	19.5	15.13	13.32	12.02	12.80	13.87	14.37	14.47
PCBs	4.9	4.6	4.9	5.5	5.78	4.66	5.31	5.13	5.93	15.60	20.16
FCBs	7.8	9.6	7.0	6.5	5.74	3.46	4.29	4.91	4.82	4.13	4.83
Total	8.8	9.2	9.3	10.3	9.32	7.66	7.93	8.16	9.00	20.20	24.13

Source: Department of Off-site Supervision, Bangladesh Bank.

rescheduling and one-time exit facility offered. Later, NPLs in the banking sector stood at a noticeably lower 7.66 percent in 2020, after a debt moratorium provided for all loans in response to the COVID-19 pandemic. However, BB provided soft repayment facilities in 2021 and 2022. After the withdrawal of COVID-related measures, the NPL ratio climbed to 9.00 percent in December 2023. The situation deteriorated sharply in 2024, when the ratio surged to 20.20 percent, largely due to the lack of good governance in the banking sector, which always impedes accurate reporting of the actual loan status. Moreover, to align the definition of 'past due/overdue' for fixed-term loans with international best practices, more stringent loan classification guidelines were implemented in two phases—September 2024 and March 2025—substantially contributing to the sharp rise in reported NPLs. By March 2025, with the full effect of the new classification rules and

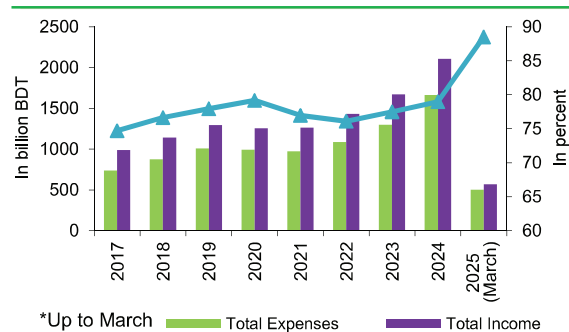
persistent economic uncertainty, the NPL ratio increased further to 24.13 percent, with the burden concentrated in SCBs and PCBs.

5.12 Poor assessment, along with inadequate follow-up and supervision of loans, eventually resulted in the current situation of low asset quality of SCBs and PCBs. However, various measures (e.g., strengthening the recovery unit, special recovery programme, etc.) for increasing recovery against overdue loans have been taken by banks. Besides, several policy initiatives regarding restructuring, rescheduling, interest waiver and write-off of classified loans have also been taken by BB to reduce NPLs.

5.13 Table 5.03(b) shows that the ratio of net NPLs (net of provisions and interest suspense) to net total loans (net of provisions and interest suspense) of the banking sector was 10.57 percent at end December 2024. The net NPL ratios for SCBs, SBs, PCBs and FCBs were 32.86, 2.98, 6.19 and -0.63 percent, respectively, at end December, 2024. At end March, 2025 the net NPL ratio of the overall banking sector stood at 15.00 percent. The net NPL ratios for SCBs, SBs, PCBs, and FCBs were 32.67, 3.11, 12.39, and 0.08 percent respectively, at end June 2025.

5.14 Table 5.04 shows the amount of NPLs of the four types of banks from 2015 to March 2025. The amount of NPLs of SCBs increased from BDT 272.8 billion in 2015 to BDT 1366.19 billion in 2024. The PCBs recorded a total NPL of BDT 253.3 billion in 2015 and BDT 2000.15 billion in 2024. In contrast, the NPLs of the FCBs remained relatively stable, fluctuating between BDT 18.2 billion in 2015 and BDT 26.99 billion in 2024, with only marginal increase registered over the period. The SBs, on the other hand, experienced a notable decline in NPLs from 2016 to 2021, but thereafter showed a gradual upward trend, reaching BDT 64.33 billion in

Chart 5.05 Trends in Aggregate Position of Income and Expenditure in the Banking Industry



*Up to March

Legend: Total Expenses (Green bar), Total Income (Purple bar)

Source: Department of Off site Supervision, Bangladesh Bank.

Table 5.03(b) Ratio of Net NPL to Net Total Loans by Types of Banks

Bank Types	(In percent)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	End June 2025
SCBs	9.2	11.1	11.2	11.3	6.12	0.003	2.53	5.22	6.21	32.8	32.67
SBs	6.9	10.5	9.7	5.7	3.00	1.32	0.40	1.41	1.68	2.98	3.11
PCBs	0.6	0.1	0.2	0.4	-0.07	-1.54	-1.07	-1.31	-0.72	6.19	12.39
FCBs	-0.2	1.9	0.7	0.7	0.19	-0.56	-0.73	-0.56	-0.41	-0.63	0.08
Total	2.3	2.3	2.2	2.2	1.02	-1.18	-0.43	-0.08	0.59	10.5	15.00

Source: Department of Off-site Supervision, Bangladesh Bank.

2024 and BDT 64.94 billion at end-March 2025. By the end of March 2025, the total NPLs of the banking sector stood at BDT 4203.35 billion.

5.15 Table 5.05 exhibits the aggregate amount of NPLs, the required loan-loss provision, and the actual provision maintained by banks from 2015 to March 2025. The table shows that banks failed to maintain the required level of provision against their NPLs from 2015 to June 2025. Banks maintained 82.63 percent of required provisions in 2021, which increased slightly to 86.92 percent in 2022. However, the ratio decreased slightly to 50.75 percent at end December, 2024.

5.16 A comparative position of provision against loans (for both classified and unclassified) of four types of banks for 2021, 2022, 2023, 2024 and March 2025 is illustrated in Table 5.06. From the table, it can be observed

that SBs and FCBs except SCBs and PCBs, were able to maintain the required provision against loans in 2022, 2023 and 2024. However, at end March 2025, while SBs and FCBs maintained the required provision, SCBs and PCBs could not do so.

Management Soundness

5.17 Sound management is one of the essential prerequisites for the strength and growth of any financial institution. Although there is no direct way to measure management soundness, indicators such as the ratio of total expenditure to total income, operating expenses to total expenses, earnings and operating expenses per employee, and interest rate spread are generally used for this purpose. In addition, factors such as the technical competence and leadership of mid and senior-level management, compliance with banking laws and regulations, implementation of internal policies, ability to execute strategic plans, and taking timely initiatives are also considered when assessing the quality of management.

5.18 Table 5.07 shows that the expenditure-to-total income (EI) ratio of the banking sector was 89.74 percent at end March 2025. As evident from the table, the EI ratio of the SBs was 131.12 percent, the highest among the bank categories in 2024, mainly due to their high operating expenses. The EI ratios of SCBs, PCBs, and FCBs were 89.74, 88.76, and 33.12 percent, respectively, in March 2025. EI ratios of all bank categories showed increasing trends compared to the previous year. The upward trends in the EI ratio, particularly, in operating expenses to total expenses, has had negative impact on the net profits of banks.

Earnings and Profitability

5.19 Although various indicators are used to assess earnings and profitability, the most

Table 5.04 Amount of NPLs by Types of Banks

Bank Types	(in billion BDT)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
SCBs	272.8	310.3	373.3	487.0	439.94	422.73	449.77	564.60	657.81	1366.19	1464.07
SBs	49.7	56.8	54.3	47.9	40.59	40.62	39.91	47.09	56.69	64.33	64.94
PCBs	253.3	230.6	294.0	381.4	441.74	403.61	515.21	564.39	709.82	2000.15	2641.95
FCBs	18.2	24.1	21.5	22.9	21.04	20.38	27.85	30.48	32	26.99	32.39
Total	694.0	621.8	743.1	939.2	943.31	887.34	1032.74	1206.53	1466.33	3457.66	4203.35

Source: Department of Off-site Supervision, Bangladesh Bank.

Table 5.05 Required Provision and Provision Maintained by all Banks

All Banks	(in billion BDT)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	End June 2025
Amount of NPLs	594.1	621.7	743.0	939.1	943.31	887.74	1032.74	1206.53	1466.33	3457.66	4203.35
Required Provision	308.9	362.1	443.0	570.4	613.17	648.02	806.54	841.57	989.41	2155.08	2751.03
Provision maintained	266.1	307.4	375.3	504.3	646.62	646.78	666.47	731.48	796.80	1093.77	1044.48
Excess+/- shortfall(-)	-42.8	-54.7	-67.7	-66.14	-66.55	-1.24	-140.07	-110.09	-192.61	-1061.31	-1706.55
Provision maintenance ratio (%)	86.1	84.9	84.7	88.4	88.15	99.81	82.63	85.92	80.53	50.75	37.97

Source: Department of Off-site Supervision, Bangladesh Bank.

Table 5.06 Comparative Position of Provision Adequacy

Year	Items	(in billion BDT)			
		SCBs	SBs	PCBs	FCBs
2021	Required provision	370.28	23.29	390.81	22.17
	Provision maintained	199.73	23.63	414.35	28.76
	Provision maintenance ratio (%)	53.94	101.46	106.02	129.72
2022	Required provision	301.43	24.73	491.33	24.08
	Provision maintained	213.15	24.82	463.87	29.64
	Provision maintenance ratio (%)	70.71	102.38	93.77	118.77
2023	Required provision	334.36	28.04	601.75	25.25
	Provision maintained	233.51	31.53	501.44	30.29
	Provision maintenance ratio (%)	69.83	112.44	83.33	119.96
2024	Required provision	376.51	28.14	710.92	26.06
	Provision maintained	262.23	30.46	570.07	30.76
	Provision maintenance ratio (%)	69.64	108.21	80.18	118.03
End March 2025	Required provision	933.83	28.42	1765.56	23.22
	Provision maintained	293.86	30.90	692.16	27.55
	Provision maintenance ratio (%)	31.47	108.73	39.20	118.65

Source: Department of Off-site Supervision, Bangladesh Bank.

representative and widely used ones are return on assets (ROA), return on equity (ROE), and net interest margin (NIM).

5.20 Earnings, as measured by ROA and ROE, differ among bank categories. Table 5.9 presents the ROA and ROE of four types of banks from 2017 to March 2025. The table shows that the industry's ROA fell sharply compared to previous years. The ROA of SCBs declined to negative 0.51 percent in March 2025, compared to negative 0.37 percent in 2024. On the other hand, the ROA of PCBs has been declining gradually since 2022. Although

the ROA of FCBs showed a decreasing trend from 2019 to 2021, it has remained strong since 2022. Overall, the ROA of the banking sector stood at a negative 0.18 percent in March 2025.

5.21 Table 5.08 also shows that the ROE of SCBs stood at a negative 18.80 percent in March 2025, compared to negative 12.20 percent in 2024. The ROE of SBs also worsened, reaching negative 10.23 percent in March 2025. Similarly, the ROE of PCBs declined to a negative 6.11 percent in March 2025, down from 9.43 percent in 2024. The ROE of FCBs decreased to 18.02 percent in March 2025, down from 19.09 percent in 2024. Overall, the ROE of the banking sector stood at negative 3.99 percent in March 2025. The trends in aggregate profitability for all banks are presented in Chart 5.6.

5.22 Table 5.09 shows that the Net Interest Margin (NIM) of the banking industry stood at 2.30 percent in March 2025, which was 2.90 percent in 2024. The NIM for all types of banks (SBs, PCBs and FCBs) downgraded in March 2025 except FCBs, as compared to that of 2024. Analysis of the indicator reveals that NIM for PCBs and FCBs was always higher than the industry average. NIM for SCBs showed a declining trend during the period from 2023 to March 2025. However, NIM for the overall banking sector exhibited a downward trend from 2014 to 2022 despite slight increases in 2018, 2023 and 2024.

5.23 Effective liquidity management helps to ensure a bank's ability to meet cash flow obligations which are uncertain as they are affected by external events and other agents' behaviour. Indicators like advance-deposit ratio (ADR), statutory liquidity ratio (SLR), interbank call money rate, and repo rate show the real picture of liquidity of the banking sector. On the other hand, one can evaluate a bank's strength to survive in any liquidity stressed situation

Table 5.07 Expenditure-Income (EI) Ratio by Types of Banks

Bank types	(in percent)											End March 2025
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
SCBs	84.5	90.2	81.3	80.5	84.9	83.2	86.13	81.53	80.85	85.30	89.74	89.74
SBs	113.9	137.8	124.0	144.6	159.8	158.1	162.94	151.13	142.35	131.12	138.26	138.26
PCBs	75.5	73.5	73.8	76.7	77.6	79.6	75.32	76.72	79.53	80.60	88.76	88.76
FCBs	47.0	45.7	46.6	47.5	48.8	46.2	43.89	35.15	35.51	32.2	33.12	33.12
Total	76.3	76.6	74.7	76.6	78.0	79.2	76.97	76.09	77.48	78.98	88.50	88.50

Source: Department of Off-site Supervision, Bangladesh Bank.

through liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

Liquidity

5.24 In December 2024, the banking sector's overall advance/investment deposit ratio (ADR/IDR) stood at 81.55 percent. The prudential limits of ADR for conventional and IDR for Islamic *Shariah*-based banks were 87 percent and 92 percent respectively.

5.25 All scheduled banks are required to maintain a cash reserve ratio (CRR) bi-weekly basis at 4.00 percent against their average total demand and time liabilities (ATDTL) of the second preceding month with an obligation to maintain a daily minimum of 3.00 percent cash against the same ATDTL held by the bank. The current rate of statutory liquidity ratio (SLR) for conventional banks is 13.00 percent of ATDTL, but in the case of Islamic *Shariah*-based banks, the rate of SLR is 5.50 percent of their ATDTL of the second preceding month. Three banks (specialised) are exempted from the maintenance of SLR, but these banks have to maintain CRR at the same rate like other scheduled banks.

5.26 Banks with off-shore banking operations (OBO) have to maintain SLR for liabilities arising from that operation. Scheduled banks having OBO are required to maintain a statutory liquidity ratio (SLR). In this regard, the current rate of statutory liquidity ratio (SLR) for conventional banks is 13.00 percent of ATDTL;

Table 5.08 Profitability Ratio by Types of Banks

Bank Types	ROA										ROE										(in percent)	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025		
	SCBs	-0.16	0.21	-1.30	-0.61	-1.07	-0.68	0.18	0.18	-0.37	-0.51	-6.02	3.45	29.61	13.68	29.57	21.61	4.55	4.78	-12.20	-18.80	
SBs	-2.80	-0.62	-2.77	-3.31	-3.01	-3.03	-2.65	-2.74	-2.35	-2.59	-13.88	3.07	13.47	17.04	13.85	13.21	-10.45	-10.84	-9.17	-10.23		
PCBs	1.03	0.89	0.79	0.77	0.70	0.62	0.71	0.62	0.51	-0.30	11.09	12.01	10.98	11.16	10.22	9.34	11.04	10.13	9.43	-6.11		
FCBs	2.56	2.24	2.23	2.30	2.13	1.17	2.48	3.28	4.30	4.07	13.08	11.31	12.42	13.43	13.10	7.59	14.65	17.09	19.09	18.02		
Total	0.68	0.74	0.25	0.43	0.25	0.25	0.62	0.59	0.43	-0.18	9.42	10.60	3.86	6.83	4.28	4.44	10.67	10.55	8.70	-3.99		

Source: Department of Off-site Supervision, Bangladesh Bank.

for Islamic *Shariah*-based banks, this rate is 5.50 percent of the same ATDTL of the second preceding month.

5.27 As of 30 June 2025, the liquidity coverage ratio (LCR) of the banking sector was 171.49 percent (against a minimum requirement of 100 percent), indicating that banks had a reasonable buffer of high quality assets to cover cash outflow for a minimum of next 30 calendar days under the stressed scenario. As a whole, the net stable funding ratio (NSFR) of the banking sector was 104.95 percent (against the minimum requirement of 100 percent) in June 2025, indicating that banks were also more dependent on stable funding rather than volatile funding to expand their business activities.

Legal Framework and Prudential Regulations

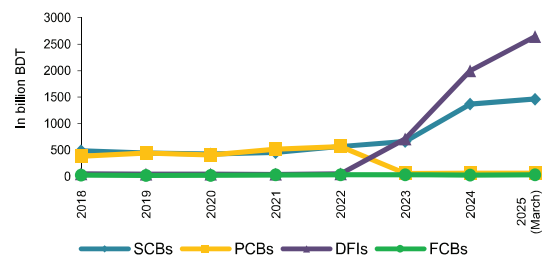
Risk-Based Capital Adequacy (RBCA) for Banks

5.28 According to the road map of phase-in arrangements, December 2019 was the final timeline for the implementation of Basel III framework by the banks. This framework requires increasing the level as well as the quality of capital that banks must hold. Banks are expected to maintain a minimum total capital ratio of 10.0 percent, according to which 6.00 percent is to be maintained as Tier-1 capital. Besides, all banks must hold Common Equity Tier 1 (CET1) capital (the highest quality and most loss absorbing form of capital), amounting to at least 4.50 percent of total risk-weighted

Table 5.09 Net Interest Margin (NIM) by Types of Banks

Bank Types	NIM										(in percent)	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	March 2025		
SCBs	1.75	1.98	2.35	1.94	1.75	1.57	1.84	2.00	1.91	1.50		
SBs	0.76	2.05	0.62	0.01	-0.21	-0.58	-0.31	0.08	0.31	0.01		
PCBs	3.89	3.52	3.55	3.52	2.97	2.87	2.67	2.86	2.99	2.26		
FCBs	4.99	4.35	4.30	4.21	4.05	3.03	3.64	5.21	7.19	7.44		
Total	3.27	3.13	3.22	3.12	2.67	2.49	2.47	2.74	2.90	2.30		

Source: Department of Off-site Supervision, Bangladesh Bank.

Chart 5.06 Trends in Aggregate Profitability in the Banking Industry

Source: Department of Off-site Supervision, Bangladesh Bank.

assets (RWA) at all times.

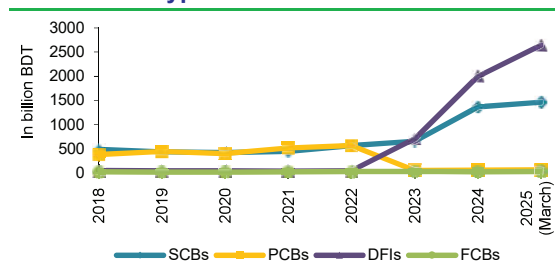
5.29 Banks have been submitting capital adequacy reports/statements following new Basel III accord from the quarter that ended in March 2015. It was found that the capital to risk weighted asset ratio (CRAR) of the banking industry stood at 6.74 percent at end March, 2025 while CET1 was 3.99 percent, which was below Basel III capital adequacy requirements. At the individual bank level, 19 out of 61 scheduled banks fell short of the CET1 requirement, while 20 banks failed to meet the minimum capital requirement.

5.30 Under Basel III, banks will have to build up an additional capital conservation buffer (CCB). Maintenance of CCB has ended at 2.50 percent in 2019. CCB of the banking industry stood at 0.00 percent at end March 2025. Besides, at the individual level, 35 banks have already fulfilled CCB requirements.

5.31 In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, BB had introduced the minimum requirement of leverage ratio as 3.75 percent. This ratio of the banking industry stood at 2.99 percent at end March 2025, where at the individual level, 43 banks have already fulfilled the minimum requirements set.

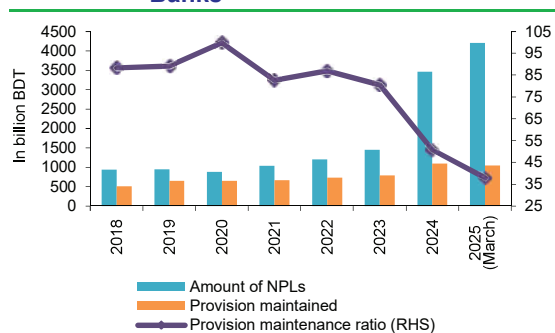
5.32 Under the continuous supervision and surveillance system, the overall financial condition of banks operating in Bangladesh is monitored throughout the year on the basis of periodic onsite inspections conducted by relevant departments of Bangladesh Bank. As part of its statutory functions, eleven departments of BB—namely, Department of Banking Inspection-1 (DBI-1), Department of Banking Inspection-2 (DBI-2), Department of Banking Inspection-3 (DBI-3), Department of Banking Inspection-4 (DBI-4), Department of Banking Inspection-5 (DBI-5), Department of Banking Inspection-6 (DBI-6), Department of Banking Inspection-7 (DBI-7), Department of Banking Inspection-8 (DBI-8), Department of Banking Inspection-9 (DBI-9), Department of Foreign Exchange Inspection (DFEI), and Financial Integrity and Customer Services Department (FICSD)—are currently conducting onsite inspection activities. These eleven departments carry out inspections on SCBs, SBs, PCBs (including banks operating under Islamic *Shariah*), FCBs, and other financial institutions, including the Investment Corporation of Bangladesh (ICB) and money changers. The inspections generally fall into

Chart 5.07 Comparative position of NPLs by Type of Banks



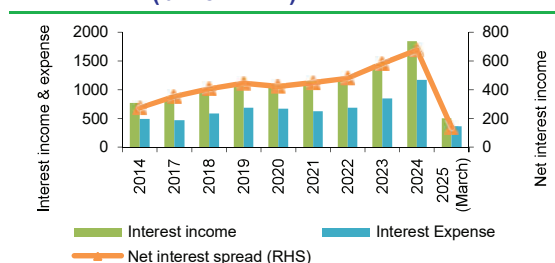
Source: Department of Off-site Supervision, Bangladesh Bank.

Chart 5.08 Provision Adequacy Position of all Banks



Source: Department of Off-site Supervision, Bangladesh Bank.

Chart 5.09 Aggregate Nil of the industry (billion BDT)



Source: Department of Off-site Supervision, Bangladesh Bank.

three major categories:

- (i) comprehensive/regular/traditional inspections,
- (ii) core risk evaluations, and
- (iii) special/surprise inspections

5.33 The overall performance of banks (such as capital adequacy, asset quality, liquidity, earnings, and management competence) is

Table 5.10 A Summary of On-site Banking Inspections in FY25

Name of the Departments	Comprehensive Inspections		Special Inspections	Core Risk Inspections	SREUP and AML Inspections	Quick Summary Inspections	Total Inspections
	Head Offices	Branches					
DBI -1	2	49	7	8	4	19	89
DBI -2	7	562	2	8	-	03	582
DBI -3	11	328	4	-	22	88	453
DBI -4	11	229	20	77	22	78	437
DBI -5	11	114	01	44	22	114	306
DBI -6	5	29	5	11	10	36	96
DBI -7	5	42	10	5	10	47	119
DBI -8	12	42	-	22	11	12	99
DBI -9	2	125	2	8	4	40	181
Total	66	1520	51	183	105	437	2362

Source: Department of Off-site Supervision, Bangladesh Bank.

evaluated through comprehensive inspections, and based on this evaluation banks are rated on a scale of “1” to “5” in ascending order. The onsite inspection departments also monitor compliance with the suggestions and recommendations made in inspection reports. Inspections are further conducted to assess compliance with core risk management guidelines on asset-liability management, credit/investment risk management, internal control and compliance, and information systems security issued by Bangladesh Bank. Special or surprise inspections are carried out for specific purposes, or to investigate complaints received from bank customers.

5.34 During FY25, nine departments of Bangladesh Bank conducted a total of 2,362 onsite inspections of various banks under their jurisdiction, of which 1,586 were comprehensive inspections and 51 were special inspections. In addition, several head offices of local banks and country offices of foreign commercial banks were brought under the core risk evaluation process during FY25. Moreover, BB’s inspection departments conducted a number of inspections to review the accuracy of banks’ Internal Capital Adequacy Assessment Process (ICAAP) statements. A summary of onsite supervision carried out by BB’s nine banking inspection departments (DBIs) is presented in Table 5.10

5.35 Islamic banking in Bangladesh has become an essential component of the financial

system, witnessing consistent growth over time, and transforming the country’s financial sector through *Shariah*-compliant banking practices. Bangladesh Bank constituted a focus group comprising representatives of the central bank, several Islamic banks, and the Central *Shariah*-Board for Islamic Banks of Bangladesh to formulate an integrated guideline for supervising the operations of Islamic banks. The department of banking inspection-6 (DBI-6) is one of the core departments of Bangladesh Bank, and has been entrusted with the responsibility of supervising the performance of five Islamic banks—Islami Bank Bangladesh PLC, First Security Islami Bank PLC, Global Islami Bank PLC, Standard Bank PLC, and ICB Islamic Bank Ltd.—with special emphasis on regulatory and supervisory compliance. During fiscal year 2024–2025, this department conducted a total of 96 inspections of banks’ head offices and branches.

5.36 The department of foreign exchange inspection (DFEI) is devoted to conduct inspection on issues related to foreign exchange transactions, foreign trade financing and foreign exchange risk management of banks. The inspections of this department are carried out broadly in two dimensions—‘regular’ and ‘special’—through on-site inspection. But foreign exchange risk management inspection is done by on-site inspection only on those banks where speculative and/or derivative transactions has taken place and off-site

Box 5.01 Adoption of Expected Credit Loss (ECL) Framework Under IFRS 9

Bangladesh Bank has traditionally followed a rule-based loan classification and incurred-loss provisioning system, which recognises credit losses only after default events occur. While this model has served conventional banking practices, it is limited in capturing forward-looking risks and is susceptible to procyclical effects, specially during economic downturns. To address these limitations and enhance risk management and transparency, Bangladesh Bank has decided to adopt an Expected Credit Loss (ECL) methodology-based provisioning system under IFRS 9, to be fully implemented by 2027.

In December 2015, the Basel Committee on Banking Supervision (BCBS) issued guidance on credit risk and the accounting for expected credit losses, outlining supervisory expectations for banks to implement sound credit risk practices through an ECL accounting model. IFRS 9, which replaces IAS 39, mandates that impairment loss allowances be measured based on expected credit losses rather than the incurred-loss approach. By incorporating forward-looking elements such as macroeconomic conditions, sectoral and borrower-specific risks, the ECL framework enables early recognition of potential credit deterioration, reduces procyclicality and strengthens the resilience of the banking sector.

Implementation Approach: The adoption of the ECL framework is structured in three stages:

1. Preparatory Stage: The preparatory phase will run from March 2025 to December 2025. During this period, banks will be required to set up dedicated IFRS 9 Implementation Teams under the leadership of their Managing Directors/CEOs and obtain Board approval for time-bound action plans. By mid-2025, banks must build comprehensive databases covering borrower-level information, default and recovery histories, and macroeconomic indicators dating back to 2022. In addition, they will submit pre-assessment reports outlining transition challenges and remedial steps, while also arranging extensive training and capacity-building programmes for relevant staff by early 2025.

2. Development and Pilot Stage: The development and pilot phase will commence in January 2026, following the issuance of detailed regulatory guidelines on ECL-based loan classification and provisioning by Bangladesh Bank. By mid-2026, banks are expected to finalise their automated ECL models in line with these guidelines. Banks will implement the ECL framework in phases, starting with at least 25 percent of their loan portfolios from September 2026, expanding to 50 percent by December 2026, with parallel reporting under both IFRS 9 and the existing incurred-loss system to ensure a smooth transition.

3. Final Stage: The final phase in 2027 will focus on full-scale adoption of the ECL framework, expanding coverage to at least 75 percent of total loans by June and achieving full implementation across all loans by December, replacing the incurred-loss model and strengthening early risk recognition, resilience, and financial stability.

The adoption of the ECL framework under IFRS 9 represents a transformative step in credit risk management, ensuring that Bangladesh's banking sector is better prepared to manage credit risk proactively, reduce unexpected losses, safeguard financial stability, and support sustainable economic growth.

supervision is done on banks where speculative and/or derivative transaction is absent in the inspection period. The function of DFEI can be broadly categorised into the following types: 'comprehensive inspection on authorized dealer (AD) branches; special inspection on authorized dealer (AD) branches; 'FX risk management inspection'; 'cash incentive inspection; 'comprehensive inspection on money changers'; special inspection on money changers; inspections on offshore banking units; exchange houses and overseas branches/operations of local banks.

5.37 The Bangladesh Bank's Financial Integrity and Customer Services Department (FICSD) plays a key role in monitoring service quality in banks, financial institutions, and mobile financial service providers, as well as protecting customer interests. Established in 2012, and evolving from a Helpdesk initiative launched in 2011, FICSD handles complaints submitted via postal mail, email, the mobile app, or the Bangladesh Bank website. A dedicated Customer Interest Protection Center (CIPC) operates daily from 10:00 AM to 6:00 PM, and customers can also reach out via nationwide hotline 16236. To expand its reach, CIPCs have been set up in all Bangladesh Bank offices to work with FICSD. In turn, banks and financial service providers have established Customer Services and Complaint Management Cells in both head and regional offices, as per FICSD guidelines. FICSD enforces its "Guidelines for Customer Services and Complaint Management", conducts inspections, and organises awareness initiatives and stakeholder meetings. Under its Strategic Plan 2020–2024, it has conducted town hall meetings, awareness weeks, and public campaigns. A 'Training of Trainers' (ToT) programme was also conducted to help improve complaint handling.

5.38 In FY25, FICSD received a total of 28,595 complaints. Among them, 10,758 were

received through the hotline number and 17,837 complaints were received through other mediums (written, email, online app, etc.). Complaints were categorised as follows:

- 5,790 – General banking
- 626 – Bank guarantees
- 514 – Notes and coins
- 2,408 – Customer dissatisfaction
- 296 – Legal notices
- 1,480 – Loans and advances
- 671 – Fees and charges
- 3,977 – Local trade bills
- 1,964 – Foreign trade bills
- 63 – Cheque fraud
- 1,179 – Remittances
- 1,813 – Cards
- 1,586 – Mobile banking
- 6,228 – Miscellaneous

Conventional private commercial banks received the highest number of complaints, followed by *Shariah*-based banks, while non-scheduled banks received the fewest. From 01 April, 2011 to 30 June, 2025, FICSD received a total of 1,10,109 complaints and resolved 1,09,174 of them, reflecting resolution rate of 99.15 percent. This statistics shows the department's strong commitment for customer protection through improved customer service across the financial sector.

5.39 A stable and efficient financial system is critical to achieve sustainable economic development. With this understanding, the Financial Stability Department (FSD) of Bangladesh Bank (BB) has been instrumental in maintaining financial stability since its establishment. FSD designs and applies a wide array of macro prudential tools and risk-monitoring mechanisms to identify, manage, and mitigate systemic vulnerabilities. The department conducts thorough analyses of existing and emerging risks to financial stability, including globally recognised threats. The

Box 5.02 Bancassurance: A New Product for Banking Sector

Bancassurance refers to an agreement between a bank and an insurance company where the bank works as a corporate agent of the insurance company. In bancassurance, the insurance company can use the bank's distribution channels to sell products. This model aims to enhance insurance accessibility, improve financial literacy, and diversify revenue streams for financial institutions. Bancassurance was first introduced in France in 1980s.

In Bangladesh, Bancassurance is a new concept. It has been recognised as a permissible activity through a Gazette Notification of the Government of Bangladesh (Reference Number-BRPD(D-1)/UBPS/761/ 2023-10722 dated 12 December 2023). It is expected that banks and insurance companies operating in Bangladesh shall be benefitted through this new business without taking additional risk. The formal introduction of Bancassurance in Bangladesh occurred on 01 March 2024, following the issuance of the "Bancassurance Guidelines for Banks" by the Bangladesh Bank on 20 December 2023.

Bangladesh Bank has issued this guideline for the smooth operation of bancassurance business. The key objective of this guideline is to provide a regulatory and supervisory framework for banks for bancassurance. It is expected that the introduction of bancassurance will increase insurance penetration by allowing banks to distribute insurance products using their networks and customers. The guideline states many issues including eligibility criteria for Bancassurance Business. The guideline further states the eligibility of the Chief Bancassurance Officer (CBO), eligibility of Bancassurance Manager/Officer of the bank, customers and the products. It also describes the code of conduct for the banks. It may be mentioned here that banks can sell all life and four non-life insurance products only. To be specific, among the non-life insurance products, only motor, travel, agriculture and crop insurance products can be sold. General or non life insurance plans are designed to shield customers from unexpected financial losses due to accidents, natural disasters or other unforeseen events.

The first licence was awarded on 24 January 2024. City Bank PLC., Eastern Bank PLC. and Standard Chartered Bank got the nod for doing Bancassurance business on the same day. So far, till 31 July 2025, 12 banks have been awarded the licences. The other nine banks are: BRAC Bank PLC, Dutch-Bangla Bank PLC, Mutual Trust Bank PLC, Prime Bank PLC, Jamuna Bank PLC, Pubali Bank PLC, UCB, Midland Bank PLC. and The Premier Bank PLC.

There are 36 life and 46 non-life insurance companies operating insurance business in Bangladesh. Among them 10 life and 8 non-life insurance companies have so far been engaged in Bancassurance. Ten life insurance companies involved in bancassurance are Guardian Life Insurance Limited, American Life Insurance Company (Met Life), National Life Insurance Company Limited, Delta Life Insurance Company Limited, Jiban Bima Corporation, Life Insurance Corporation (LIC) of Bangladesh Limited, Akij Takaful Life Insurance PLC, Pragati Life Insurance Limited, National Life Insurance Company Limited, Sandhani Life Insurance Company Limited. And eight non-life insurance companies engaged in bancassurance are Green Delta Insurance Company Limited, Pioneer Insurance Company Limited, Reliance Insurance Limited, City General Insurance Company Limited, Eastland Insurance Company Limited, Pragati Insurance Limited, Janata Insurance Company Limited and Desh General Insurance Company Limited.

Though the banks are selling insurance products, claim settlement is the sole responsibility of the insurer, not the bank. It is expected that the inauguration of bancassurance is likely to enhance the insurance penetration and grow insurance business but at the same time it should also be mentioned here that bancassurance cannot be a panacea to all the challenges facing our ailing insurance industry.

The advent of bancassurance in Bangladesh marks a significant step toward, a more inclusive financial system. However, its success will largely depend on effective regulation, ethical practices, and continuous collaboration between banks and insurers.

findings from these evaluations are shared with concerned BB departments to support the strengthening of the financial system's resilience. As part of its proactive communication efforts, the FSD issues several flagship publications, such as the Financial Stability Report (FSR), Quarterly Financial Stability Assessment Report (QFSAR), Bangladesh Systemic Risk Report (BSRR), Composite Financial Stability Index (CFSI) alongside reports on the Central Database for Large Credit (CDLC) and Financial Projection Model (FPM). Moreover, a Financial Stability Committee (FSC) has been constituted recently to reinforce financial system resilience, with the FSD serving as its secretariat.

5.40 The Financial Stability Report (FSR), published annually by FSD, assesses how resilient banks, finance companies (FCs), and other financial intermediaries are to potential risks, serving as an early warning tool for the sector's stakeholders. Complementing the FSR, the Quarterly Financial Stability Assessment Report (QFSAR) highlights key risk trends and their implications for the stability of the country's financial system and the economy as a whole. Additionally, FSD carries out forward-looking stress testing in each quarter on both individual banks and the broader banking system to evaluate their capacity to withstand diverse exceptional but plausible shocks. Based on the results, banks are advised on risk mitigation, while the outcomes are shared with relevant departments within BB for timely interventions. Findings from these stress tests are also disclosed through the FSR and QFSAR to enhance awareness among financial sector participants.

5.41 The Financial Projection Model (FPM), developed with World Bank support is used semiannually to forecast the performance of banks under three distinct scenarios: favourable, baseline, and adverse. Covering a

projection horizon of twelve quarters, the model evaluates overall banking trends and performance of different banking clusters. These projections are based on historical data, current and expected financial and macroeconomic conditions, and recent regulatory developments.

5.42 Highly interconnected banks and finance companies can pose systemic risks, as distress in one entity can spread throughout the network. To monitor such risks, FSD utilises the Interbank Transaction Matrix (ITM), which maps exposures—both funded (e.g., loans, deposits, investments) and non-funded (e.g., guarantees, commitments) among banks and FCs. This analysis, conducted quarterly, helps detect potential vulnerabilities, particularly from interbank loans and deposits or related-party exposures. Based on ITM findings, specific banks and FCs are advised to mitigate risks to maintain money market stability. The matrix also supports a better understanding of contagion channels, informing prudent policymaking.

5.43 To minimise the risks associated with the failure of systemically important banks, FSD conducts a biannual evaluation to identify Domestic Systemically Important Banks (D-SIBs). Such banks, due to their size and interconnectedness, pose greater risks to the financial system if they fail. FSD also monitors large exposures to Non-Financial Corporations (NFCs) through its early warning tool, e.g. the Central Database for Large Credit (CDLC). It helps detect concentration risks early and assess the financial health of major borrowers, which in turn protects the banking sector from potential contagion effects.

5.44 The Bangladesh Systemic Risk Report (BSRR) is published biannually to track the emergence and progression of systemic risks in the country's financial system. Since its launch, 16 editions have been released via, BB

Box 5.03 Banking Sector Reform Taskforce: Tasks Completed, Progress and Way Forward

In the light of recent challenges affecting the banking sector, Bangladesh Bank has taken various proactive measures to enhance financial stability and restore public confidence. To this end, a six-member banking sector reforms task force (BSR-TF) was formed on September 11, 2024, and subsequently approved at the Board meeting held on November 10, 2024. The task force is mandated to strengthen the regulatory framework, improve asset quality, and to develop a structured mechanism for effective bank resolution.

Activities accomplished

During the time, BSR-TF made significant strides in strengthening financial sector resilience through the implementation of Asset Quality Review (AQR) framework. The legal foundation and Terms of Reference (TOR) for the AQR taskforce were approved at the 437th Board meeting, accompanied by the issuance of special regulations to facilitate independent assessments by international consulting firms. A total of 18 banks were selected for AQR in three phases, with the first batch of six banks nearing completion by KPMG and Ernst & Young (EY) Sri Lanka. To ensure effective oversight, a three-tier governance structure comprising implementation, project management, and steering committees was established, alongside a special inspection team deployed in January to conduct root cause analyses. Technical assistance was secured through a Memorandum of Understanding (MoU) with the UK's Foreign, Commonwealth and Development Office (FCDO), engaging Deloitte LLP. Additionally, the Banking Restructuring and Resolution Ordinance (BRO) which received approval from the Chief Advisor and Cabinet in April, and was enacted by the Hon'able President on May 9, 2025. Data collection to support resolution planning was also completed, marking a key milestone in Bangladesh Bank's reform efforts.

Ongoing Activity

BB has made significant progress in strengthening its bank resolution framework. Scenario analyses for bank resolutions in the Asset Quality Review (AQR) are being conducted in accordance with the bank resolution ordinance, which has now been formally operationalised. Coordination with the WB and ADB is ongoing to launch the second and third phases of AQR assessments, covering fourteen banks in total. The bidding process to select international consulting firms for these assessments is currently underway. Key policy tools have been developed, such as the regulation handbook prepared in collaboration with Deloitte LLP. To further strengthen legal and regulatory enforcement, an enforcement manual is currently under development to promote consistency and reduce legal ambiguity across enforcement practices. Additionally, the Banking Restructuring and Resolution Unit (BRRU) is collaborating with IMF to develop a financial sector strategy paper aimed at enhancing financial stability in Bangladesh.

Future Priorities

To strengthen the bank resolution framework, BB will prioritise issuing comprehensive regulations and guidelines, building capacity of the bank, restructuring and resolution unit through specialised training on resolution tools and forensic audits, and finalising post-AQR action and resolution plans to address identified issues. Additionally, a dedicated department for bank resolution will be established under the bank resolution ordinance, while the resolution handbook and enforcement manual will be operationalised as standardised procedures.

website. BSRR covers seven key risk categories: macroeconomic, credit, liquidity and funding, market, profitability and solvency, interconnectivity, and structural risks. It presents a visually-driven overview of these areas using charts and graphs. In addition, FSD calculates the Composite Financial Stability Index (CFSI) every six months, integrating 19 indicators across four sectors, i.e. real, fiscal, external, and financial/monetary, to provide a single metric of macro-financial risk. The CFSI, which helps detect early signs of financial stress, is published annually in the FSR.

5.45 To promote regulatory coordination and avert systemic crises, the Coordination Council Technical Group (CCTG) was formed under the Coordinated Supervision Framework for Bangladesh Financial System. Chaired by the Executive Director of FSD, the group provides technical support to the Coordination Committee lead by the Governor of BB. Its members include representatives from key regulatory and supervisory bodies, i.e. BSEC, IDRA, MRA, RJSC, BTRC, FRC, and the Department of Cooperatives. FSD serves as the secretariat to CCTG. In FY25, CCTG held one meeting to enhance collaboration and exchange technical knowhow among institutions.

5.46 FSD has developed the Financial Stability Map (FSM) as a strategic tool to evaluate risks to macro-financial stability. Built upon international best practices and yet tailored to the Bangladesh context, FSM covers eight major areas: external and domestic economy, the household sector, non-financial corporations, fiscal positions, financial market conditions, capital and profitability, and funding and liquidity. It utilises 39 indicators to provide a holistic view of vulnerabilities, and key summaries are regularly included in the FSR.

5.47 The Financial Stability Committee (FSC) within BB has been established under a

formal charter and is chaired by the Governor. It plays a critical role in overseeing risks to financial stability and coordinating appropriate responses. FSC meets at least quarterly, and discussions focus on emerging stability concerns and the steps needed to preserve the soundness and resilience of Bangladesh's financial system.

5.48 The Deposit Insurance is a system for providing protection to the depositors of banks. It appears to be an essential component of ensuring a sound and stable banking system while maintaining discipline in the financial sector.

5.49 In Bangladesh, the Deposit Insurance System was introduced to protect bank depositors in August 1984 in the name of 'The Bank Deposit Insurance Ordinance 1984'. In July 2000, the Ordinance was replaced by an Act called '*Bank Amanat Bima Ain-2000*'. In accordance with the Act, Bangladesh Bank (BB) has been authorised to carry out a fund called Deposit Insurance Trust Fund (DITF). In Bangladesh, if any bank become liquidated or declared bankrupt, the Deposit Insurance System (DIS) will follow a system of payment of compensation to its depositors. The Board of Directors of Bangladesh Bank (BB) acts as the Trustee of DITF.

5.50 The Deposit Insurance System (DIS) in Bangladesh is limited to pay-box systems. Main functions of '*Bank Amanat Bima Ain-2000*' carried out by BB are as follows: to collect premium from all scheduled banks in Bangladesh, on a half-yearly basis (30 June and 31 December); invest the funds in short term (91 days and 182 days T-Bill) and long term accounts (2 years, 5 years, 10 years and 15 years BGTB and BB Bills) and reinvest the accumulated profit of invested securities to the mentioned sectors. In case of winding up of an insured bank, Bangladesh Bank (BB) will take

Box 5.04 Reformation of Inter-Agency Task Force on Stolen Asset Recovery and Management

Inter-Agency Task Force on Stolen Asset Recovery and Management

The Financial Institutions Division of the Ministry of Finance issued circulars (No. 53.00.0000.311.40.003.17-126, dated 29/09/2024, and Circular No. 53.00.0000.311.40.003.17-270, dated 15/06/2025) to restructure the Inter-Agency Task Force on Stolen Asset Recovery and Management as part of the current government's commitment to recovering funds siphoned off abroad.

The Governor of Bangladesh Bank has been appointed as the Chairman of the Task Force, while the Head of BFIU has been designated as its Coordinator. BFIU has also been assigned to provide secretarial support to the Task Force.

The following functions have been assigned to the Asset Recovery Task Force:

- a) Assisting relevant authorities in identifying and investigating money or assets siphoned off from Bangladesh.
- b) Identifying and addressing obstacles to expedite legal proceedings related to asset recovery.
- c) Taking initiatives to recover and repatriate stolen assets to Bangladesh.
- d) Undertaking necessary measures for the management of seized or recovered assets.
- e) Coordinating with relevant countries and foreign organisations for information gathering.
- f) Enhancing the capacity of concerned authorities and ensuring internal coordination for effective asset recovery efforts.

Initiatives Taken in FY25 (Proceedings will be continued in FY26)

1. Considering their national importance, 11 money laundering cases have been prioritised. Following the decision of the Task Force and in consultation with the Financial Institutions Division, BFIU has formed Joint Investigation Teams (JITs) for these 11 priority cases. The Anti-Corruption Commission (ACC) has been designated as the lead agency, with participation from the Criminal Investigation Department (CID), Central Intelligence Cell (CIC), and Customs Intelligence and Investigation Directorate (CIID). BFIU has been assigned as the Coordinator of the Joint Investigation Teams.
2. The Joint Investigation Teams (JITs) are actively investigating all 11 priority cases. As part of these investigations, the JITs have identified and attached assets both within Bangladesh and in foreign jurisdictions, related to the accused individuals involved in these cases.
3. Mutual Legal Assistance Requests (MLARs) have been sent to the relevant foreign jurisdictions by JITs, seeking prompt legal actions against the individuals involved in these 11 cases. BFIU has nominated one focal point to monitor and expedite the MLAR process.
4. Based on the recommendations of the Task Force, the Government of Bangladesh has decided to amend the Money Laundering Prevention Act, 2012 and the Money Laundering Prevention Rules, 2019 to strengthen asset recovery and management efforts. The Financial Institutions Division is coordinating the amendment process in consultation with relevant organisations, including BFIU, ACC, NBR, CID, the Attorney General's Office, and the Ministry of Law, Justice and Parliamentary Affairs.
5. The Task Force maintains regular communication with various international organisations dedicated to asset recovery, including the Stolen Asset Recovery (StAR) Initiative of the World Bank and UNODC, the U.S. Department of Justice (USDoJ), the International Anti-Corruption Coordination Centre (IACCC), and the International Centre for Asset Recovery (ICAR), to seek technical assistance and training support.
6. Initiatives have been undertaken to sign Mutual Legal Assistance Treaties (MLATs) with several countries to facilitate international legal cooperation in asset recovery.
7. As a matter of national priority, the Asset Recovery Task Force has held regular meetings with the Honorable Chief Adviser to update him on the progress of asset recovery efforts. In addition, the Task Force has engaged with both national and international stakeholders on this matter.

BFIU has undertaken initiatives to secure Bangladesh's membership in renowned asset recovery expert institutions. As part of this effort, the process of obtaining membership in the Asset Recovery Interagency Network – Asia Pacific (ARIN-AP) is currently underway.

necessary steps to pay each depositor of that bank an amount equal to his/her deposits which will not exceed Taka One Hundred thousand, as per the provision of 'Bank Amanat Bima Ain-2000'.

5.51 Under the FSSP-II project, the Deposit Insurance System (DIS) of Bangladesh is assessed for the first time against the compliance of IADI core principles. Based on the assessment, the draft of 'Deposit Protection Ordinance, 2025' has been prepared and is under process of approval. After the enactment of the ordinance, the 'Bank Amanat Bima Ain-2000' will be repealed. The new coverage limit under the ordinance is proposed to be from BDT 100,000 to BDT 200,000. Moreover, the finance companies will be included in the 'Deposit Protection System' from July, 2028. Earlier, Bangladesh Bank (BB) published a circular regarding public awareness about the Deposit Insurance System (DIS) in 2012. In addition, information in this regard is being displayed on Bangladesh Bank's website. Any individual or institution interested in Deposit Insurance System (DIS) of Bangladesh can get necessary information from Bangladesh Bank's website. In order to accelerate DIS standard of Bangladesh, BB acts as one of the active member of the International Association of Deposit Insurers (IADI).

5.52 The Credit Information Bureau (CIB) was established in Bangladesh Bank on 18 August 1992 with the mandate to minimise the incidence of default loans and to strengthen overall credit discipline in the financial sector. To modernise operations and accelerate report generation, the Bureau introduced online services on 19 July 2011 in alignment with the Digital Bangladesh initiative. The CIB database maintains comprehensive credit records of borrowers—including individuals, proprietorships, companies, and partnerships—as well as their guarantors who have outstanding loans or

Table 5.11 The recent position of DITF

Particulars	Unaudited Figure (as of 31 December 2024)	Premium Rate*	Coverage Amount
Total Fund	1168.71 billion BDT	-	Limited up
Total Investment	168.3 billion BDT	-	to BDT 1Lac
Fully Insured Depositors	91.21% (Approximately)	-	(considering
Sound Bank Categories	-	0.08%	per
Early Warning Bank	-	-	depositor
Categories	-	0.09%	per bank)
Problem Bank Categories	-	0.10%	

Source: Deposit Insurance Department, Bangladesh Bank.

credit card facilities of BDT 1 and above. Each CIB report provides details of both active and terminated loan accounts along with a 24-month repayment history of the borrower. By providing timely, accurate, and consolidated credit information, the CIB online system has become a vital instrument for ensuring prudent lending decisions and promoting risk-free banking practices in Bangladesh.

5.53 To further enhance transparency and efficiency, Bangladesh Bank launched the newly developed Credit Information System (CIS) on 17 September 2023. The system introduced real-time updating of loan classification status arising from adjustment, rescheduling, renewal, enhancement, restructuring, or any other credit event. It also enables immediate reporting of new borrowers in the CIB database. With these advancements, CIS has significantly strengthened monitoring, data integrity, and the overall supervisory framework of the financial sector.

5.54 The total number of bank borrowers stood at 76,05,923 at end June 2025, compared with 75,93,820 in June 2024, showing only a marginal increase of 0.16 percent. In contrast, the number of classified borrowers rose sharply to 14,09,548 in June 2025, up from 10,12,721 in June 2024, representing an increase of around 39 percent year-on-year. The total outstanding loans and advances of banks and financial companies amounted to BDT 21,051.89 billion (including written-off) in June 2025, compared

Box 5.05 Risk-Based Supervision (RBS)

To strengthen supervisory capacity and align Bangladesh's banking sector oversight with international best practices, Bangladesh Bank (BB) has formally decided to adopt Risk-Based Supervision (RBS) for banks and is now at the final stage of onboarding the framework by 01 January 2026; and the Governor has declared it publicly.

In preparation for this transition, BB has undertaken a series of initiatives with the support of technical assistance from the IMF, World Bank group and other neighboring central banks. A high-powered RBS Advisory Committee (RAC) chaired by a Deputy Governor, an interdepartmental Working Group (WG) and RBS Coordination Committee (RCC) led by an Executive Director are working in a structured and coordinated manner to ensure the smooth and timely rollout of the new supervisory framework.

Key progress achieved so far and future plans include:

- Following the development of the RBS model, guidance notes and other documentation have been reviewed and updated with international consultant and stakeholder feedback and are in the process of finalisation to support supervisors in assessing risks and banks' Quality of Risk Management.
- A Rationalised Input Template (RIT) has been developed to consolidate bank-specific data, with a plan to prepare a comprehensive data collection template from the existing RIT and the consolidated RBS dashboard to support supervisory teams.
- A Supervisory Policy and Coordination Department (SPCD) has been established, fully dedicated to the implementation, rollout and future development of the RBS framework.
- A Board-approved restructuring organogram has been adopted, and a committee is working on restructuring the existing departments under the RBS framework by ensuring the reallocation of officials into dedicated supervisory teams for each bank, thereby promoting more focused, efficient, and risk-sensitive oversight.
- A series of training programmes, workshops, and knowledge-sharing programmes have been arranged, as part of capacity building and awareness initiatives, for supervisors and other BB officials from onsite, offsite, and regulatory departments, along with programmes for CEOs and other relevant senior officials from scheduled banks to equip them with a strong understanding of the RBS framework and its transformative implications.
- RBS pilot programmes, including IT piloting, are being conducted to familiarise stakeholders and BB supervisory teams with the RBS ecosystem.

The full-scale adoption of RBS will mark a shift from the existing rule-based, compliance-oriented supervision towards a dynamic, forward-looking, and data-driven approach. Supervisory resources will be allocated more efficiently, with greater focus on risk areas posing the highest threats to banks. This will allow for flexible, bank-specific risk management strategies, continuous monitoring of risk profiles, and timely preventive action.

with BDT 21,452.03 billion in June 2024, reflecting a contraction of about 2 percent. On an excluding written-off basis, outstanding loans were BDT 20,443.96 billion in June 2025, compared to BDT 20,923.06 billion in June 2024, a decline of around 2 percent year-on-year. Classified loans (including written-off) climbed to BDT 7,316.56 billion in June 2025, up from BDT 2,934.83 billion in June 2024, recording an increase of about 149 percent year-on-year. On an excluding written-off basis, classified loans stood at BDT 6,671.15 billion in June 2025, compared with BDT 2,405.85 billion in June 2024, representing a sharp increase of around 177 percent year-on-year.

5.55 In addition, Bangladesh Bank has initiated the development of a Collateral Information System to establish a centralised database of immovable assets—including land, buildings, flats, and capital machinery—pledged as collateral against sanctioned loans and advances of banks and finance companies. The primary objective of this initiative is to prevent fraud and forgery by ensuring that the same property cannot be unlawfully mortgaged against multiple loans. As of June 2025, the development of this system remains underway under the close supervision of Bangladesh Bank.

5.56 Inaugurated in February 2024, the Microfinance Credit Information Bureau (MF-CIB) has been operating since 8 February 2024 as part of the CIB framework.

Performance of Islamic Banking System (IBS) in Bangladesh

6.01 Islamic banking has been established as an essential component of the global financial framework and is characterised by its reliance on asset-backed transactions and its emphasis on risk-sharing. The key feature that differentiates Islamic banking from conventional banking is its compliance with *Shariah* principles, which ensure that all financial activities follow Islamic ethical guidelines. The share of Islamic banking is increasing worldwide with remarkable growth registered in both financial value and geographical reach. In Bangladesh Islamic banking started in 1983, and has grown significantly as a crucial component of the financial sector. Over the past four decades, Islamic banking has continued expanding, motivated by higher demand of the Muslim population for *Shariah*-compliant banking services, as well as regulatory support from the government and Bangladesh Bank (BB). However, during FY25, Islamic banking in Bangladesh has been facing several challenges, namely weak governance, liquidity crisis, higher non-performing investments, regaining public confidence and continuing with structural reformation, such as potential bank mergers and recapitalisations.

Overview of Islamic Banking in Bangladesh

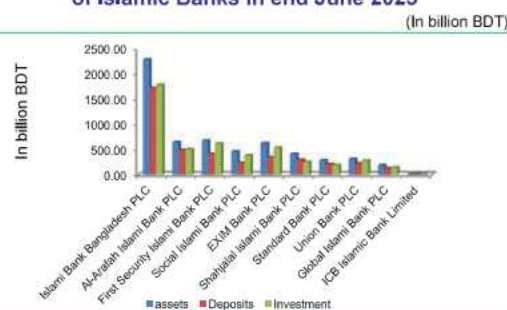
6.02 Islamic banking services network through branches have consistently expanded over time. The Islamic banking sector in Bangladesh is composed of 10 full-fledged Islamic banks and consists of 1699 branches out of the 11372 branches of the entire banking sector. In addition, 41 Islamic banking branches of 17 conventional commercial banks and 905 Islamic banking windows of 21 conventional commercial banks also provide Islamic financial services in Bangladesh (Table 6.01). Chart 6.01 shows assets, deposits and the investment situation of the 10 full-fledged Islamic banks of Bangladesh at a glance.

Table-6.01 Number of Islamic Banks, Branches and Windows*

Sl.	Full-fledged Islamic Banks	No. of Branches	Conventional Banks having Islamic Branches	No. of Branches	Conventional Banks having Islamic Windows	No. of Windows
1.	Islamic Bank Bangladesh PLC	400	Prime Bank PLC	5	NRBC Bank PLC	359
2.	Al-Arafah Islamic Bank PLC	226	Southeast Bank PLC	5	Agrani Bank PLC	60
3.	First Security Islamic Bank PLC	206	Bengal Commercial Bank PLC	4	City Bank PLC	60
4.	Social Islamic Bank PLC	181	Dhaka Bank PLC	2	Sonali Bank PLC	58
5.	EXIM Bank PLC	155	Premier Bank PLC	2	Mercantile Bank PLC	45
6.	Shahjalal Islamic Bank PLC	141	Jamuna Bank PLC	2	Trust Bank PLC	30
7.	Standard Bank PLC	138	One Bank PLC	2	Premier Bank PLC	25
8.	Union Bank PLC	114	Bangladesh Commerce Bank Limited	2	Pubali Bank PLC	22
9.	Global Islamic Bank PLC	105	City Bank PLC	1	Mutual Trust Bank PLC	15
10.	ICB Islamic Bank Limited	33	AB Bank PLC	1	One Bank PLC	14
11.			Bank Al-Falah Limited	1	Meghna Bank PLC	10
12.			NRB Bank PLC	1	United Commercial Bank PLC	100
13.			United Commercial Bank PLC	1	SBAC Bank PLC	10
14.			National Credit & Commerce Bank PLC	2	Bank Asia PLC	5
15.			Mercantile Bank PLC	1	Standard Chartered Bank	1
16.			Pubali Bank PLC	8	Midland Bank PLC	1
17.			IFIC Bank PLC	1	Rupali Bank PLC	2
18.					AB Bank PLC	8
19.					NCC Bank PLC	32
20.					NRB Bank Limited	28
21.					Eastern Bank PLC	20
Total	10	1699	17	41	21	905

* Up to end June 2025.
Source: Respective Islamic banks.

Chart 6.01 Bankwise Assets, Deposits and Investment of Islamic Banks in end June 2025



Source: Respective Islamic banks.

Performances of Islamic Banking System

6.03 BB has taken a series of measures aimed at providing adequate liquidity support in the financial system, reducing NPLs/NPIs, and promoting good governance in order to maintain resilience and stability in the financial sector. In line with this policy, BB has also continued its support for *Shariah*-based Islamic banks through *Mudarabah* Liquidity Support (MLS), Islamic Banks Liquidity Facility (IBLF), and Special Liquidity Support (SLS) throughout the year. Amidst heightened global uncertainty,

exceptionally high inflationary pressures, banking sector stresses and persistent geopolitical tensions, the entire banking industry, including the Islamic banking system, has been confronting huge challenges. The banking sector as a whole has continued the efforts to augment capital and improve asset quality during the year. In this situation, especially the Islamic banking sector of Bangladesh, has had to deal with acute consecutive challenges like liquidity constraints throughout the year.

Assets

6.04 At end June 2025, total assets of the Islamic banking system (IBS) of Bangladesh stood at BDT 6606.68 billion, registering an increase of 3.04 percent from December 2024. Total assets of IBS stood at BDT 6411.62 billion at end December 2024, showing an increase of BDT 563.44 billion or 9.63 percent as compared to December 2023. The share of IBS accounted for 24.38 percent of the total assets of the whole banking industry in December 2024 (Table 6.02). This increase in assets of IBS was mainly backed by growth in investments, which was 7.20 percent in 2024. Among the total assets, investment secured the highest position at 73.66 percent, followed by other assets 14.99 percent, *sukuk* and BGIIB 4.63 percent, deposits with BB 3.90 percent, Export Development Fund (EDF) 1.57 percent, cash in tills 0.92 percent and refinance 0.34 percent (Table 6.02).

Deposits/Liabilities

6.05 At end June 2025, total deposits of IBS stood at BDT 4709.88 billion, registering an increase of 2.89 percent from end December 2024. Total deposits of IBS stood at BDT 4577.41 billion at end December 2024, showing an increase of BDT 169.44 billion or 3.84 percent compared to December 2023. The share of IBS was recorded at 24.30 percent of

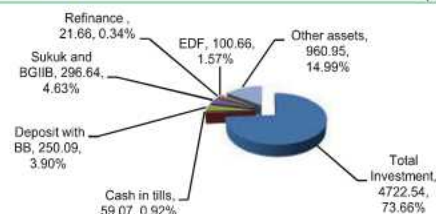
Table 6.02 Industry Progress and Market Share of Islamic Banking System

Particulars	All Banks			Islamic Banks (Yearly Growth in percent)			Share in Overall Banking Industry (in percent)		
	2023	2024	2025*	2023	2024	2025*	2023	2024	2025*
	(In billion BDT)								
Assets	23984.0	26297.80	26947.56*	5848.18 (8.55)	6411.62 (8.63)	6606.68 (3.04)	24.38	24.38	24.52
Deposits	17491.30	18837.10	19965.80	4407.97 (7.72)	4577.41 (3.94)	4709.88 (2.89)	25.20	24.30	23.59
Investment	15383.40	16828.80	17341.70	4578.82 (9.87)	5015.49 (7.20)	5222.04 (4.12)	30.41	29.80	30.11
Gross NPLs	1456.33	3457.66	4203.35	248.45 (47.54)	2159.06 (789.00)	2529.09 (21.77)	17.06	62.44	62.55
Export** (Milon USD)	56787.88	47245.41	23765.58	11347.30 (-12.86)	10305.49 (-9.18)	9067.63 (-50.63)	20.34	21.81	21.41
Imports** (Milon USD)	65133.33	66924.73	35174.97	15987.30 (+14.92)	15678.83 (-2.55)	7821.49 (-50.74)	24.51	23.73	22.24
Remittances** (Milon USD)	21917.12	26888.42	16552.93	8314.49 (59.99)	8843.55 (6.36)	3680.81 (-58.60)	37.94	32.89	22.12
Branches	11283	11361	11372	1700 (1.07)	1731 (1.82)	1744 (0.75)	15.07	15.24	15.34
Liquidity excess(+) /Short fall(-)	1631.78	2142.86	2836.40	111.07 (-13.71)	94.35 (-15.05)	119.90 (27.08)	6.81	4.40	4.23
Written-off bad debts	674.41	805.20	807.80*	36.63 (33.57)	30.66 (-16.29)	18.93 (-38.27)	5.43	3.81	2.34
Employment (in Person)	207892	-	-	50306 (0.91)	52565 (4.48)	51760 (-1.53)	24.22	-	-

* End June 2025, **End March 2025, ** During January-June 2025.

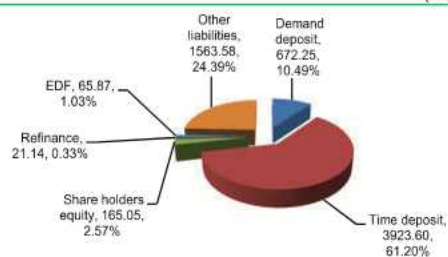
Source: Data of respective banks, Department of Off-site Supervision, Bangladesh Bank, Bangladesh Bank (BB) Annual report, Monthly Economic Trends and Major Economic Indicator.

Chart 6.02(a) Total Assets of Islamic Banks in 2024
(In billion BDT)



Source: Respective Islamic banks.

Chart 6.02(b) Total Liabilities of Islamic Banks in 2024
(In billion BDT)



Note: Share holders' equity is only for full-fledged Islamic banks.

Source: Respective Islamic banks.

the total deposits of the entire banking industry in December 2024 (Table 6.02). In 2024, deposits (time + demand) remained the main source of the funding of Islamic banks (71.69 percent of total liabilities). Among the total liabilities, other liabilities were 24.39 percent, shareholders' equity was 2.57 percent, EDF was 1.03 percent and refinance was 0.33 percent (Table 6.02).

Investments

6.06 Total Investments (loans and advances) of IBS increased to BDT 5222.04 billion or 4.12 percent at end June 2025. It stood at BDT 5015.49 billion in December 2024 which had gone up by BDT 336.67 billion or 7.20 percent from December 2023. The investment of the Islamic banking system accounted for 29.80 percent of total loans and advances of the whole banking sector in 2024 (Table 6.02).

Capital Adequacy

6.07 Capital adequacy focuses on the total position of banks' capital which ensures a bank's solvency by backing risk exposure with assets. Within the framework of Basel-III standards, banks in Bangladesh have been instructed to maintain a minimum capital adequacy ratio of 10.0 percent of the capital base to risk-weighted assets (RWA) or BDT 4.0 billion as capital, whichever is higher to cover credit, market and operational risks. The aggregate amount of regulatory capital of full-fledged Islamic banks stood at BDT 171.85 billion as on 31 December 2024, but had decreased to BDT -50.88 billion at end June 2025. At end June 2025, capital to risk weighted assets ratio (CRAR) of full-fledged Islamic banks had reduced to -0.95 percent. It also decreased to 3.91 percent as of December 2024, down from 12.68 percent of 31 December 2023 (Table 6.03).

Asset Quality

6.08 Asset quality in Islamic banking system is measured by the ratio of gross non-performing investments (NPIs) to total investments and net NPIs to net total investments. The gross NPI of Islamic banks increased by 50.35 percent at end June 2025 which was 43.05 percent at end December 2024. As on June 2025, the amount of gross NPIs of the Islamic banking system was BDT

Table 6.03 Capital to Risk Weighted Assets of IBS
(In billion BDT)

Particulars	2020	2021	2022	2023	2024	2025*
Total capital	264.18	332.67	350.86	370.57	171.85	-50.88
Risk weighted assets	2068.68	2596.31	2804.42	2922.60	4393.63	5371.79
Capital to risk weighted assets (ratio in percent)	12.77	12.81	12.51	12.68	3.91	-0.95

* As per Provisional data of end June 2025. Note: The capital adequacy figure reflected only for full-fledged Islamic banks. Source: Department of Off-site Supervision.

Table 6.04 Ratio of Gross NPIs to Total Investments of Islamic Banks
(In billion BDT)

Particulars	2020	2021	2022	2023	2024	2025*
Total investment	3032.44	3669.64	4258.47	4678.82	5015.49	5222.04
Gross NPIs	123.09	147.81	168.40	248.45	2159.06	2629.09
Ratio of gross NPIs to total investments (in percent)	4.06	4.03	3.95	5.31	43.05	50.35

Gross NPI by types of Islamic banks

Full-fledged	117.50	142.32	162.03	230.70	2142.86	2594.30
Branches	3.23	3.30	4.30	7.67	9.78	22.91
Windows	2.35	2.19	2.07	10.09	6.42	11.89

* End June 2025.

Source: Data of respective banks.

Table 6.05 Ratio of Net NPIs to Total Net Investments of Islamic Banks
(In billion BDT)

Particulars	2020	2021	2022	2023	2024	2025*
Total net investment	2929.98	3539.21	4127.29	4529.29	4277.95	4578.84
Net NPIs	51.43	67.05	80.77	122.36	1274.85	1621.60
Ratio of net NPIs to total net investments (%)	1.76	1.89	1.96	2.70	29.80	35.42

Net NPI by types of Islamic banks

Full-fledged	47.40	63.60	76.89	107.91	1264.13	1592.48
Branches	2.49	2.21	2.87	6.16	7.07	20.03
Windows	1.54	1.24	1.01	8.29	3.65	9.09

* End June 2025.

Source: Data of respective banks.

2629.09 billion, of which full-fledged Islamic banks, branches and windows of conventional banks were BDT 2594.30 billion, BDT 22.91 billion and BDT 11.89 billion respectively (Table 6.04).

6.09 As on June 2025, the amount of net NPIs of Islamic banking system was BDT 1621.60 billion, of which full-fledged Islamic banks, branches and windows of conventional banks were BDT 1592.48 billion, BDT 20.03 billion and BDT 9.09 billion, respectively. The ratio of net NPIs (net of provisions and profit suspense) to net total investment (net of provisions and profit suspense) of IBS

increased to 29.80 percent at end December 2024, up from 2.70 percent of end December 2023 (Table 6.05). It is observed that at end December 2024, the aggregate provision maintained by IBS was lower than the required provision, which was also lower at December 2023. At end June 2025, the ratio of required provision to provision maintained stood at 10.39 percent. Banks may now write off bad/loss investments (loans), complying with conditions covered by the new policy guidelines of BB introduced in February 2019. The cumulative amount of written-off investments by full-fledged Islamic banks, branches and windows of conventional banks are shown in Table 6.07.

Management Soundness

6.10 Although there is no direct means to measure management soundness except total expenditure to total income, operating expenses to total expenses, earnings and operating expenses per employee and profit rate spread are generally used to determine the management soundness of a financial institution. In addition, *Shariah*-compliance issues with other Islamic banking laws and regulations are considered as the vital baton to measure the quality of management of Islamic banks. The expenditure to total income (EI) ratio of IBS increased to 111.37 percent at end June 2025. It increased slightly to 92.01 percent at end December 2024, up from 78.39 percent from end December 2023. The EI ratio of the full-fledged Islamic banks was 94.47 percent, the highest among IBS in December 2024. The EI ratios of the Islamic branches and windows of conventional banks were 66.55 and 61.18 percent, respectively, at end December 2024 (Table 6.08).

Earnings and Profitability

6.11 Return on assets (ROA), return on equity (ROE) and net profit margin (NPM) are

Table 6.06 Required Provision and Provision Maintained by Islamic Banks

(In billion BDT)						
Particulars	2020	2021	2022	2023	2024	2025*
Amount of Gross NPI	123.09	147.81	168.40	248.45	2159.06	2629.09
Required Provision	112.61	133.36	148.74	195.70	1925.15	2154.04
Provision maintained	110.37	130.53	145.21	194.11	210.68	223.89
Ratio of provision maintained to required provision	98.02	97.88	97.63	99.19	10.94	10.39
Excess(+)/Shortfall(-)	-2.23	-2.82	-3.52	-1.59	-1714.47	-1930.15
Provision excess/shortfall by types of Islamic banks						
Full-fledged	-2.53	-3.11	-3.68	-1.64	1713.49	-1922.00
Branches	0.06	0.05	-0.01	-0.20	-1.24	-8.35
Windows	0.23	0.24	0.17	0.25	0.26	0.20

* End June 2025.

Source: Data of respective banks.

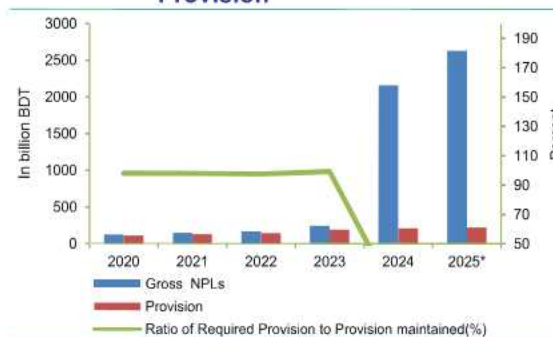
Table 6.07 Written-off Bad Debts (Investment) of Islamic Banks

(In billion BDT)						
Particulars	2020	2021	2022	2023	2024	2025*
Total bad debts	120.87	142.91	147.28	182.63	1440.91	1535.14
Written-off bad debts	19.08	27.40	27.42	36.63	30.66	18.93
Ratio written-off bad debts to total bad debts (%)	15.78	19.17	18.62	20.06	2.13	1.23
Written-off bad debts (investment) in percentage by types of Islamic banks						
Full-fledged	15.10	18.71	17.49	20.48	1.69	1.10
Branches	55.95	50.64	59.32	28.66	23.04	7.92
Windows	30.77	26.08	47.61	6.92	83.18	13.32

* End June 2025.

Source: Data of respective banks.

Chart 6.03 Gross NPI, Provision and Ratio of Provision Maintained to Required Provision



* End June 2025.

Source: Data of respective banks.

among the most typical and widely used technique to determine the earnings and profitability of a bank. Earnings might vary among different types of banks measured by ROA and ROE. At end June 2025, the ROA of IBS declined to -0.64 percent. It also decreased in December 2024 (-0.39 percent) as compared to December 2023 (0.16 percent). Among IBS,

ROA of the Islamic windows of conventional banks was the highest (1.73 percent), followed by the Islamic branches (1.13 percent) and the full-fledged (-0.56 percent) Islamic banks in December 2024 (Table 6.09). At end June 2025, ROE of full fledged Islamic banks stood at -41.81 percent. The Islamic branches and windows of conventional banks have no ROE due mainly to lack of separate shareholder's equity. Net profit margins of IBS stood at -0.55 at end June 2025, a decrease from 0.51 percent in December 2024 and 1.20 percent in December 2023 (Table 6.11).

Liquidity

6.12 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are two liquidity ratios suggested by the Basel Committee to ensure that financial institutions have sufficient liquidity to meet their short-term and long-term obligations. The LCR promotes the short-term resilience of a bank's liquidity risk profile by ensuring that they have sufficient HQLA to survive a significant stress scenario lasting 30 calendar days. NSFR requires maintaining a stable funding profile in relation to their off-balance sheet assets and activities. Bangladesh Bank has introduced these two ratios for banks from January 2015. As on 30 June 2025, the liquidity coverage ratio (LCR) of Islamic banks was 47.36 percent (against minimum requirement of 100.00 percent), indicating that banks had insufficient buffer of high quality liquidity assets (HQLA) to cover cash outflow for a minimum of next 30 calendar days under stressed scenario. The net stable funding ratio (NSFR) of Islamic banks was 93.51 percent in 30 June 2025, indicating that they did not have enough stable funding to fully cover their required long-term funding needs. As of 30 June 2025, Islamic banks were not able to maintain CRR against the required rate whereas they maintained SLR higher than the required

Table 6.08 Expenditure-income Ratio of Islamic Banks

(In billion BDT)						
Particulars	2020	2021	2022	2023	2024	2025*
Total income	247.97	274.81	313.86	346.44	405.84	185.12
Total expenditure	197.07	212.02	241.25	271.59	373.41	206.16
Ratio of expenditure to income (%)	79.47	77.15	76.87	78.39	92.01	111.37
Ratio of expenditure to income by types of Islamic banks						
Full-fledged	79.98	78.06	78.19	79.94	94.47	116.21
Branches	58.85	47.93	55.02	56.82	66.55	80.31
Windows	82.19	76.78	49.15	57.01	61.18	70.84

*End June 2025.

Source: Data of respective banks.

Table 6.09 Profitability ratio (ROA) of Islamic banks

(In billion BDT)						
Particulars	2020	2021	2022	2023	2024	2025*
Net income	21.67	25.39	28.36	9.17	-24.97	-42.13
Total assets	3886.47	4774.47	5267.88	5786.40	6340.96	6536.62
ROA	0.56	0.53	0.54	0.16	-0.39	-0.64
ROA by types of Islamic banks						
Full-fledged	0.47	0.42	0.48	0.04	-0.56	-0.81
Branches	2.76	2.90	1.42	2.00	1.13	1.03
Windows	0.63	1.13	1.58	1.59	1.73	0.85

*End June 2025.

Source: Data of respective banks.

Table 6.10 ROE for Full-fledged Islamic Banks

(In billion BDT)						
Particulars	2020	2021	2022	2023	2024	2025*
Net income	16.91	18.62	23.63	1.99	-32.50	-47.93
Share holders' equity	167.03	201.62	221.60	212.76	164.31	114.64
ROE	10.12	9.23	10.66	0.94	-19.78	-41.81

* End June 2025.

Source: Data of respective banks.

Table 6.11 Net Profit Margin of Islamic Banks

(In billion BDT)						
Particulars	2020	2021	2022	2023	2024	2025*
Net profit income	60.29	66.01	63.75	53.16	19.70	-22.41
Profit earning assets	2759.17	3458.86	4367.79	4418.08	3846.52	4107.13
Profit margin (ratio)%	2.19	1.91	1.46	1.20	0.51	-0.55
Profit margin ratio by types of Islamic banks						
Full -fledged	2.20	1.86	1.42	1.10	0.34	-0.78
Branches	4.04	4.48	2.08	2.74	1.64	1.74
Windows	0.90	1.50	2.36	2.39	2.42	1.36

* End June 2025.

Source: Data of respective banks.

rate of the same (Table 6.13). Excess liquidity of IBS stood at BDT 119.90 billion in June 2024. It was BDT 94.35 billion in December 2024, a decrease from BDT 16.72 billion or 15.05 percent, compared to December 2023. The share of IBS accounted for 4.40 percent of total excess liquidity of the whole banking sector in December 2024, which was 4.23 percent at end June 2025 (Table 6.02).

Imports

6.13 During January-June 2025, total import payments by IBS was recorded at USD 7821.49 million. Total imports (L/C settlement) through IBS was USD 15878.83 million in 2024, 0.55 percent lower than that in December 2023. Among these payments, full-fledged Islamic banks settled USD 14124.93 million, while Islamic branches and windows of conventional banks settled USD 1004.57 million and USD 749.33 million, respectively, in 2024 (Table 6.14).

Exports

6.14 In January-June 2025, total export receipts of IBS stood at USD 5087.63 million. In 2024, total export receipts of IBS was USD 10305.49 million, 9.18 percent lower than that in 2023. The full-fledged Islamic banks received USD 9673.65 million, while Islamic branches and windows in conventional banks fetched USD 348.50 million and USD 283.35 million respectively, in 2024 (Table 6.15).

Remittances Mobilisation

6.15 In January-June 2025, total remittances mobilised by IBS stood at USD 3660.81 million. Total inward remittance mobilised by IBS stood at USD 8843.55 million in 2024, showing an increase of 6.36 percent from USD 8314.49 million of 2023. Full-fledged Islamic banks alone mobilised USD 8797.24 million while Islamic branches while windows of conventional banks contributed to USD 25.69 million and USD 20.62 million, respectively, in 2024 (Table 6.16).

CSR Initiatives of Islamic Banking System

6.16 At present, the Islamic banking sector has taken over a significant portion of the total banking industry in Bangladesh. It is

Table 6.12 SLR Eligibility Assets as Percentage of ATDTL of Islamic Banks

(In billion BDT)						
Particulars	2020	2021	2022	2023	2024	2025*
SLR eligibility assets	399.19	488.38	290.83	282.80	301.57	311.04
Total ATDTL	3064.32	3697.44	4128.57	4258.73	4486.46	4502.84
SLR eligibility assets as percentage of ATDTL	13.03	13.21	7.04	6.64	6.72	6.91
Liquidity maintained	450.41	552.75	307.93	315.96	344.26	361.90
Liquidity excess(+)/Shortfall(-)	51.23	64.38	17.11	33.16	42.69	50.86

* End June 2025.

Source: Data of respective banks.

Table 6.13 Liquidity information of Islamic Banks*

Indicators	Required (%)	Maintained (%)
LCR	100	47.36
NSFR	100	93.51
CRR	3.66	3.51
SLR	5.50	8.16

* End June 2025.

Source: Department of Off-site Supervision, Bangladesh Bank.

Table 6.14 Imports by Islamic banking System

(Million USD)						
Types of banks	2020	2021	2022	2023	2024	2025*
Full-fledged	9862.85	15258.33	17323.68	13952.12	14124.93	7056.79
Branches	1208.66	936.14	830.50	1453.65	1004.57	311.49
Windows	134.90	473.34	612.32	561.53	749.33	453.21
Total	11206.41	16667.82	18766.49	15967.30	15878.83	7821.49

* During January-June 2025.

Sources: Data of respective banks.

Table 6.15 Exports by Islamic banking System

(Million USD)						
Types of banks	2020	2021	2022	2023	2024	2025*
Full-fledged	6752.53	9512.27	12324.85	10649.20	9673.65	4599.27
Branches	235.93	386.76	531.09	355.49	348.50	212.17
Windows	70.55	157.84	166.67	342.61	283.35	276.20
Total	7059.01	10056.87	13022.61	11347.30	10305.49	5087.63

* During January-June 2025.

Sources: Data of respective banks.

Table 6.16 Remittance Mobilization by Islamic Banking System

(Million USD)						
Types of banks	2020	2021	2022	2023	2024	2025*
Full-fledged	6240.44	6652.30	5138.79	8242.52	8797.24	3631.43
Branches	40.05	28.12	33.52	47.86	25.69	18.36
Windows	14.22	28.99	24.43	24.11	20.62	11.02
Total	6294.71	6709.41	5196.73	8314.49	8843.55	3660.81

* During January-June 2025.

Sources: Data of respective banks.

contributing to the socio-economic and environmental development of the country through its CSR activities. At end June 2024, the CSR expenditure of IBS stood at BDT 0.40

billion. Total expenditure on CSR activities of the Islamic banking sector stood at BDT 2.40 billion at end December 2024, which was BDT 3.02 billion in December 2023 (Table 6.17).

Islamic Financial Instruments for Liquidity Management in Bangladesh

6.17 In contrast to conventional banks, BB has very limited policy instruments and financial product for Islamic banks to manage its liquidity. There are some eligible securities available for Islamic banks in Bangladesh for maintaining SLR. Islamic banks maintain their SLR at concessional rates compared to conventional banks, in the absence of enough *Shariah*-compliant SLR eligible instruments in the market. At present, BB has the following instruments to manage liquidity in the Islamic banking sector.

(i) Bangladesh Government Islamic Investment Bond (BGIIB)

6.18 Bangladesh Government has introduced a *Mudaraba* Bond named “Bangladesh Government Islamic Investment Bond in October 2004 with a view to mitigating the long-felt need for a *Shariah*-based monetary instrument which can be used as approved security for the purpose of maintaining SLR as well as providing an outlet for investment or procurement of funds by Islamic banks. As per rules, Bangladeshi institutions, individuals and non-resident Bangladeshis who agree to share profit or loss in accordance with Islamic *Shariah* may invest in this bond. The operation of 6-month BGIIB was introduced in FY04 and 3-month BGIIB in January 2015. Currently, 3-month and 6-month maturity BGIIBs are operated in accordance with the Islamic *Shariah* rules. At end June 2024, the total sales of BGIIB stood at BDT 126.72 billion whereas the total amount of financing against this bond came to

Table 6.17 Expenditures on CSR Activities by Islamic Banks

Types of banks	(In billion BDT)					
	2020	2021	2022	2023	2024	2025*
Full-fledged	3.22	3.27	5.35	2.91	2.25	0.34
Branches	0.002	0.004	0.358	0.101	0.142	0.055
Windows	0.213	0.020	0.001	0.007	0.007	0.000
Total	3.43	3.30	5.71	3.02	2.40	0.40

* end June 2025.

Sources: Data of respective banks.

Table 6.18 Bangladesh Government Islamic Investment Bond

Particulars	(In billion BDT)			
	FY 22	FY 23	FY 24	FY 25
i. Sale of BGIIB	86.64	81.36	126.72	174.18
ii. Financing against BGIIB	33.49	72.04	125.89	140.42
iii. Net balance	53.14	9.32	0.82	33.76

Source: Debt Management Department (DMD) and Motijheel Office of Bangladesh Bank.

BDT 125.89 billion. The net balance against BGIIB stood at BDT 0.82 billion. At the end June FY25, the total sales of BGIIB stood at BDT 174.18 billion whereas the total amount of financing against this bond came to BDT 140.42 billion and the net balance against BGIIB stood at BDT 33.76 billion. As of end June FY24, the total sale of BGIIB was BDT 126.72 billion while the financing was BDT 125.89 billion. The net balance was BDT 0.82 billion. In FY25, the sale amount of BGIIB increased sharply compared to FY24. The amount of financing against BGIIB fund also went up significantly due to higher demand for funds by Islamic banks. This absorbed large amount of the net balance. The overall transaction of BGIIBs are summarised in Table 6.18.

(ii) Bangladesh Government Investment Sukuk (BGIS)

6.19 Bangladesh Government issued the maiden investment *Sukuk* for raising funds aiming at implementing a project titled ‘Safe Water Supply for the Whole Country’ on 28 December 2020. The nature of this *Sukuk* was *Ijara*. There are usually three parties involved in an Islamic *Sukuk* termed as originator, special purpose vehicle (SPV) and investors. The

government is the originator of the *Sukuk*. BB acts as a SPV. Investors receive profit upon their aggregate investment in the *Sukuk* bond. Profit is paid on a half yearly basis. Generally, the rental rate of *Sukuk* is determined by taking into consideration several aspects such as respective project return, existing market rates of different types of government securities, current MTDR (*Mudaraba* Term Deposit Receipt) of Islamic banks and latest profit rates of BGIIB. A single investor must invest at least BDT 10,000 to qualify for investment in *Sukuk* without any upper limit. *Sukuk* certificates held by banks and financial companies on their own accounts also qualify as approved securities for the central bank's SLR requirement. In June FY25, two auctions of the Bangladesh Government investment *Sukuk* with 7 years tenor were held. They were named CIBRR-2 and RDIRWSP Social Impact *Sukuk* for the project titled 'Construction of Important Bridges on Rural Road Phase-2' and 'Rajshahi Division Important Upazila and Union Road Widening and Strengthening Project'. Like previous auctions, BB acted as the SPV whereas the government was the originator. In the first auction, 72 bids for BDT109.25 billion were received, of which all bids worth of BDT30 billion were accepted; In the second auction, in all 171 bids for BDT83.48 billion were received, of which all bids worth BDT20.00 billion were accepted. The detailed results of all 07 BGIS auctions are summarised in (Table 6.19).

(iii) Islamic Inter-bank Fund market

6.20 An Islamic Interbank Fund Market (IIFM) was introduced on 27 December 2011 for integration of liquidity management of the Islamic banking sector. Islamic banks and branches or windows of conventional scheduled banks can transfer their funds to the Islamic Bond Fund (IBF) every day after their

Table 6.19 Bangladesh Government Investment Sukuk (BGIS)

Auction Date	(In billion BDT)						
	28 December 2020	09 June 2021	29 December 2021	19 April 2022	5 June 2024	12 March 2025	19 May 2025
No of bid received	39	67	34	19	21	72	171
Face value of bid received	151.53	327.26	233.04	123.06	44.14	109.25	83.48
No of bid accepted	39	67	34	19	21	70	171
Face value of bid accepted	40.00	40.00	50.00	50.00	10.00	30.00	20.00
Weighted average profit rate (%)	4.69	4.69	4.65	4.75	10.40	9.25	10.50
Outstanding on issue date	40.00	80.00	130.00	180.00	190.00	220.00	240.00

Source: Debt Management Department (DMD), Bangladesh Bank.

investment is done. IBF acts as the custodian; profits on investment are distributed among recipients of funds on a daily basis temporarily, but are adjusted on the annual (January-December) final rate of profits announced by the recipients of funds. Providers of funds do not receive any profits if the fund is not invested. All transactions are carried out on the basis of *Mudaraba*. Recipients of funds (Islamic *Shariah* based schedule banks and branches or windows of conventional scheduled banks) receive it depending on availability according to a profit-sharing ratio (PSR) determined by IBF. Period of received funds is for 1(one) day (overnight), but in case of a holiday this duration can be extended to the next working day. The Islamic inter-bank fund market has been established in line with the call money market for conventional banks to eliminate temporary and short-term liquidity mismatch of Islamic banks. However, this fund market is not yet active as per expectation. Islamic banks do not participate in this market due to lower yield rates which have to be solved duly by proper activation of the market.

(iv) Islamic Banks Liquidity Facility (IBLF)

6.21 The Islamic Banks Liquidity Facility (IBLF) is a liquidity support facility for *Shariah*-based banks under the *Mudarabah*

contract where Bangladesh Bank acts as the investor and other banks act as investment managers under an agreed profit sharing ratio (PSR). The profit rate is calculated by considering the 03 (three) month MTDR (*Mudaraba* Term Deposit Receipt) rate of the respective bank. The tenures are fixed for 07, 14 and 28. The collateral for availing of IBLF is the unencumbered Bangladesh Government Investment *Sukuk* (BGIS). The applicable haircut of the collateral security for IBLF will be 5 percent of its face value; institutions will be eligible to receive interim profit from BGIS used as collateral for IBLF. A total of 175 IBLF auctions were held during FY25. In FY25, in all 424 bids for BDT1365.08 billion were received, of which all bids worth of BDT1365.08 billion were accepted (Table 6.3). Expected profit rate (EPR) ranges from 3.25 to 8.00 percent during the whole financial year.

(v) *Mudarabah* Liquidity Support (MLS)

6.22 The MLS was established under *Mudarabah* contract to *Shariah*-based banks in which BB acts as the investor and other banks act as the investment manager under an agreed profit-sharing ratio (PSR). Under MLS, *Shariah*-based banks are eligible to claim liquidity support against remittance incentives, financial stimulus packages, or other incentives facilities. The tenure of the MLS will be 07, 14 and 28 days. The expected profit rate will be measured on the basis of the prevailing 3-month MTDR (*Mudarabah* Term Deposit Receipt) rate of the respective bank. A total of 02 MLS auctions were held during FY25. In FY25, in all 02 bids for BDT4.80 billion were received, of which all bids worth of the entire offered amount was accepted (Table 6.4). The expected profit rate (EPR) is 10.00 percent during the whole financial year.

(vi) Special Liquidity Support (SLS)

6.23 BB introduced special liquidity support (SLS) in January 2024 to provide liquidity facility in favour of *Shariah*-based banks against the *Shariah*-based Special Bond' issued by the government. BB does not charge any interest for financing of SLS in alignment with Islamic finance principles. In FY25, a total of 23 SLS auctions were held. In all 30 bids for BDT 172.15 billion were received, of which all bids worth the entire offered amount was accepted.

Supervision in Islamic Banking System

6.24 Effective prudential supervision is deemed necessary in an Islamic banking framework just as in conventional banking to ensure safety and soundness and help in reducing risks to the stability of the financial system. The Department of Banking Inspection 6 and 7 (DBI- 6 and 7) in BB are dedicated to supervising the performances of the 10 full-fledged Islamic banks and Islamic banking branches and windows of the conventional schedule banks, with special emphasis on regulatory, supervisory, and Islamic *Shariah* compliances. These departments conduct different types of onsite inspections, as described below:

- Based on data obtained on 31 December, quick summary inspection is conducted in each year. Asset quality, calculation of required provisions and accuracy of income-expenditure of the banks are verified in this inspection.
- Comprehensive inspection is conducted on head offices and branches of banks which are inspected during quick summary inspection. Small branches are to be inspected on 30 September each year.

- 30 June based core-risk-inspection consists of focusing on asset-liability management (ALM), investment risk management (IRM), internal control and compliance (ICC) risk and ICT security risk, which are conducted on the head offices and branches of banks.
 - In order to review the accuracy of the statement of the internal capital adequacy assessment process (ICAAP) of banks, departments carry out supervisory review evaluation process (SREP) inspection of the head offices of the banks on 31 December.
 - Self-assessment of anti-fraud internal control inspection and AML inspection are also conducted.
 - *Shariah* compliance is also examined based on principles of Islamic *Shariah* and guidelines on Islamic banking (BRPD Circular No.-15/2009) in quick summary inspections as well as comprehensive inspections of banks and their selected branches. Income filtering based on Islamic *Shariah* principles, is also ensured. The internal *Shariah* audit conducted by the Internal *Shariah* Audit Department of respective banks is also scrutinised. Besides, on the request of different departments, special inspections are conducted. Compliance and implementation progress of the recommendations made in the inspection reports of bank branches and head offices are also monitored in a regular basis.
 - BB issued guidelines regarding online Islamic banking services and instructed banks that customers of Islamic banking branches or windows could conduct online Islamic banking activities through conventional branches and sub-branches (Source: BRPD Circular Letter No. 30, Date: 08/07/2024).
 - BB set a maximum of 25.00 percent interest rate for credit cards. Banks were instructed to set interest rates on their credit cards within this range by taking into account the demand for loans and the availability of loanable funds. Islamic *Shariah*-based banks also adhere to this directive and have taken necessary measures to set profit rates on their investments in accordance with this guideline (BRPD Circular Letter 52, Date: 01/12/2024).
 - BB plans to implement an expected-credit-loss (ECL) methodology-based provisioning system for banks in accordance with the International Financial Reporting Standard (IFRS 9) by 2027. To make advancement of the implementation of IFRS 9 standards and align with international best practices for loan classification and provisioning requirements, BB has provided some policy implementations to all scheduled banks. Islamic banks must adhere to this loan classification and provisioning policy for their investments. (Source: BRPD Circular No: 15, Date: 27/11/2024).
 - Following international standards to formulate regulations and policies related to Islamic banking, BB formed a new department named 'Islamic Banking Regulation and Policy Department' was set up at the head office of Bangladesh Bank (Source: BRPD Circular Letter No.06, Date: 13/03/2025).
- BB's Initiatives for Development of Islamic Banks and *Shariah* Based Finance Companies during FY25**
- 6.25 BB took various initiatives for the development of the financial sector as a whole during FY25. Among the major initiatives undertaken for Islamic banks and *Shariah* based financial companies are the following:

- According to DMD circular letter no. 06, dated August 27, 2023, *Sukuk* allocation would be made in favour of investors as follows:
 1. *Shariah* compliant banks/finance companies/insurance companies (70.00 percent of the *Sukuk* to be issued)
 2. Islamic branches and windows of conventional banks (10 percent of the *Sukuk* to be issued)
 3. Individual investors, provident funds, deposit insurance, etc. (20.00 percent of the *Sukuk*) are to be issued (Source: DMD Circular Letter No. 05, Date: 22/01/2025).

Sustainable and Inclusive Banking

Sustainable Banking

7.01 Sustainable banking is an approach where banks integrate environmental, social, and governance (ESG) considerations into their operations, lending, investment, and overall decision-making. Instead of focusing only on short-term profits, sustainable banking tries to balance economic growth, social well-being, and environmental protection. Since Bangladesh is one of the most climate-vulnerable nations in the world, it has to face floods, cyclones, salinity intrusion, and other environmental challenges that threaten lives, livelihoods, and economic stability all the time. In this context, the banking sector must play a critical role in channeling finance towards renewable energy, climate-resilient housing, waste management, and other green initiatives that support mitigation and adaptation efforts. Moreover, Bangladesh has a large financing gap in sustainable infrastructure and social development, which requires banks and financial companies (FCs) to go beyond traditional lending and focus on projects that balance economic growth with environmental and social benefits. To achieve SDG targets, Bangladesh requires an additional USD 132.59 billion annually until 2030. Furthermore, for the successful implementation of 113 interventions (90 high-priorities and 23 moderate-priorities) of the National Adaptation Plan (NAP 2023-2050), the country will need USD 230 billion by 2050, with an annual financing requirement of

approximately USD 8.5 billion. Since the public sector alone cannot meet these financing requirements, private sector engagement is imperative. In this context, BB is playing a bridging role to mitigate financing gaps by encouraging banks and FCs to increase their involvement in sustainable, green and climate financing. For accelerating the inclusive green growth and greening the financial system, BB has already introduced Green Banking Guidelines and Sustainable Finance Policy, which direct banks and FCs to allocate resources for green and socially responsible projects. In addition to regulatory compliance, sustainable banking also enhances financial inclusion by supporting small businesses, women entrepreneurs, and rural communities, thereby contributing directly to poverty reduction and social equity. Additionally, to attract global climate finance and align with international commitments such as the Paris Agreement and the UN SDGs, Bangladesh Bank (BB) is striding to ensure that the financial sector integrates sustainability into its core operations.

Policy Initiatives

7.02 For accelerating inclusive green growth and to green the financial system, BB has undertaken a series of policy initiatives to promote sustainable banking and finance in the country, with the aim of supporting the transition towards a low-carbon economy, thereby enhancing climate resilience. In 2011, BB pioneered the Guidelines on Green Banking

Table 7.01 Summary of Sustainable Finance FY25

Type of Bank/FC	Sustainable Agriculture	Sustainable CMSME	Sustainable Liked Socially Responsible Financing	Other Sustainable Linked Finance	Total SLF	Green Finance	Sustainable Finance
SOCBs	29313.82	14596.76	1192.20	577.73	45680.51	6297.99	51978.50
SCBs	110749.42	0.00	0.00	0.00	110749.42	66.82	110816.24
PCBs	114814.62	700433.32	154921.15	2906185.03	3876354.12	236166.05	4112520.17
FCBs	1942.61	3286.92	51670.71	191598.13	248498.37	6448.80	254947.17
ISBs	57363.90	126788.02	13839.78	573497.20	771488.89	43049.58	814538.48
Total	314184.37	845105.03	221623.84	3671858.08	5052771.31	292029.24	5344800.56
FCs	3983.35	28490.57	7928.57	35596.20	75998.69	28522.95	104521.65
Grand Total	318167.72	873595.60	229552.41	3707454.28	5128770.00	320552.20	5449322.20

Note: The figures in the parentheses are the number of banks/FCs.
Source: Sustainable Finance Department, Bangladesh Bank.

Table 7.02 Summary Sheet of Green Finance in FY25

(In million BDT)

Types of Bank/FC	Sectors of Green Finance													
	Renewable Energy	Energy and Resource Efficiency	Alternative Energy	Liquid Waste Management	Solid Waste Management	Circular Economy and Eco-Projects Financing	Environment Friendly Brick Production	Green/Environment Friendly Establishments	Green Agriculture	Green CMSME	Green Socially Responsible Financing	Blue Economy Financing	Information and Communication Technology	Miscellaneous
SOCBs	399.69	1425.90	0.00	171.53	0.00	239.14	29.80	1441.50	232.63	1102.95	1245.53	0.00	0.00	9.32
SCBs	33.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.87	0.20	0.00	0.00	0.00	0.00
PCBs	6456.98	80327.87	274.49	1597.03	29.65	10942.83	88.13	27572.68	5984.74	8297.28	81612.44	3440.34	4780.11	4761.47
FCBs	0.00	3959.45	15.00	7.00	0.00	0.00	0.00	0.00	0.04	384.40	1905.14	0.00	177.78	0.00
ISBs	358.42	20697.23	0.00	4982.41	0.00	2158.37	2349.88	9371.19	155.31	393.08	317.55	567.01	159.27	1539.86
Bank's														
Total	7248.84	106410.45	289.49	6757.97	29.65	13340.34	2467.81	38385.37	6405.59	10177.91	85080.66	4007.35	5117.16	6310.65
FCs	7123.05	11905.18	73.55	132.80	0.00	778.60	16.70	3735.90	273.12	346.05	3499.25	224.00	412.26	2.50
Grand Total	14371.89	118315.63	363.04	6890.77	29.65	14118.94	2484.51	42121.27	6678.71	10523.96	88579.91	4231.35	5529.42	6313.15

Source: Sustainable Finance Department, Bangladesh Bank.

for scheduled banks and FCs, laying the foundation for the integration of sustainable banking practices across the country's financial sector. Strengthening its focus on sustainability, BB introduced the Sustainable Finance Policy in 2020, which clearly defines green and sustainable finance and identifies a list of 68 green products, projects, and initiatives under green finance. However, in 2023, the Sustainable Finance Policy was revised and is now focusing on gender inclusiveness and on enhancing the list of green finance products to 94 under 14 sectors. To avoid greenwashing and creating a common language for investors, banks, regulators, and related stakeholders, BB has clearly and systematically structured green finance, sustainable finance and climate finance taxonomies. Conversely, BB introduced the Green Bond Financing Policy for Banks and Finance Companies in 2022 with a view to facilitating green focused sustainable investment of banks and FCs through on climate change mitigation and adaptation. To encourage the financial sector, BB introduced a sustainability rating for banks and FCs in FY20. It also published the methodology for this rating, under which BB evaluates the sustainable finance performance, and after comprehensive assessment it publishes a list of top-performing banks and FCs on its official website annually. To integrate climate and sustainability

considerations into a risk-management framework and ensure disclosure of material climate-related financing information, the Bangladesh Bank issued the sustainability and climate-related financial disclosure for banks and FCs in 2023 in alignment with IFRS S1 (Sustainability-related general disclosure), IFRS S2 (Climate-related disclosures) and TCFD recommendations. To strengthen this approach, BB has revised its targets set in 2024 recently, and now requires banks and FCs to allocate at least 5.00 percent of their net loans or investments to green finance and 40.00 percent to sustainable finance. Most recently, BB set separate financing targets for the green CMSME and the women entrepreneur sector. Banks and FCs have been instructed to allocate 25.00 percent of green finance in the green CMSME sector and 20.00 percent of green finance in the women entrepreneur sector. Within the green CMSME sector allocation, 15.00 percent will be provided to women entrepreneur sector.

Sustainable Finance

7.03 Sustainable banking activities of BB is broadly categorised into the following aspects: policy initiatives; monitoring of sustainable finance related activities of banks and finance companies; refinance support from BB in diverse green products/sectors, and BB's own

initiatives for environmental management. To green the financial system and strengthen climate resilience, BB is advancing green, sustainable, and eventually decarbonisation financing by extending both financial and non-financial support to banks and financial companies. Thus, investments in sustainable finance by banks and FCs have shown a steady upward trend over the period.

Green Finance

7.04 The total amount disbursed as green finance during FY25 was BDT 320.55 billion by banks and FCs, which was 18.85 percent higher than that of FY24. Percentage of green finance outstanding against total loans outstanding was 4.60 percent which was 0.33 percent higher than that of the previous fiscal year. Chart 7.03 illustrates the trend in green finance disbursement over the past five fiscal years, while Chart 7.01 presents share of category wise green finance in FY25.

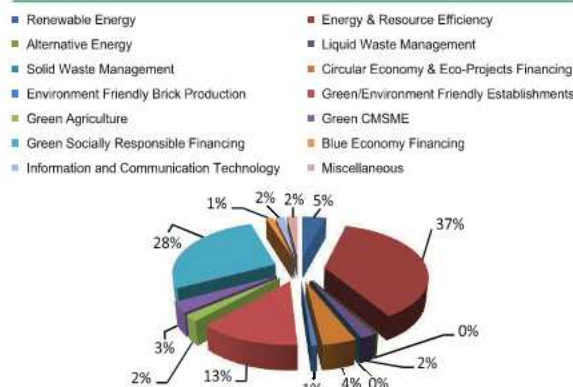
Environmental and Social Risk Management (ESRM)

7.05 Environmental and Social Risk Rating (ESRR) is obligatory in line with guidelines on ESRM for banks and FCs. The number of projects rated in the ESDD checklist during FY25 was 687,647. Total amount of BDT 5,724.35 billion disbursed in 558,261 rated projects in FY25, which were assumed to be environmentally and socially sustainable.

Climate Risk Fund

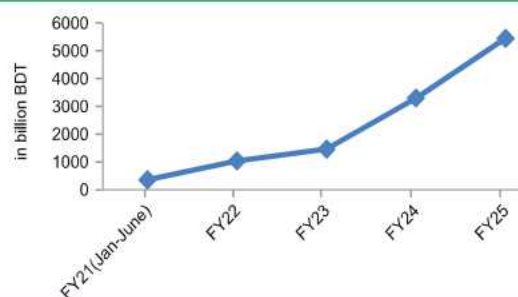
7.06 As per Section 1.5 of the 'Policy Guidelines for Green Banking' issued in 2011, and subsequent circulars and circular letters, banks and FCs are required to establish a Climate Risk Fund (CRF). This fund is dedicated to financing activities (events and projects) related to environmental degradation, pollution prevention and control, climate change mitigation and adaptation, carbon emission

Chart 7.01 Share of Category-wise Green Finance in FY25



Source: Sustainable Finance Department, Bangladesh Bank.

Chart 7.02 Trend in Total Sustainable Finance



Source: Sustainable Finance Department, Bangladesh Bank.

reduction, and disaster management (including prevention and rehabilitation). To expedite the establishment, utilisation, and monitoring of CRF, BB has further instructed that all banks and FCs must allocate 10.00 percent of their CSR budget to CRF and ensure expenditures are made accordingly. In FY25, banks and FCs utilised a total of BDT 291.9 million from the CRF, with the entire amount disbursed in the form of grants.

Sustainability Rating

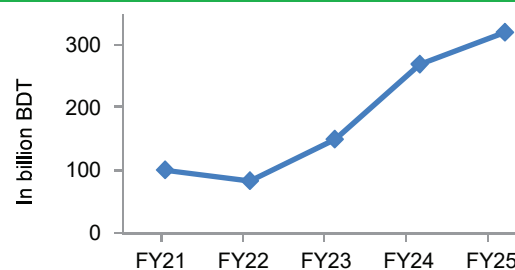
7.07 BB has been providing sustainability ratings since 2020 to encourage banks and FCs to integrate ESG consideration, in addition ensuring to core banking sustainability. The rating system incentivises banks and FCs to

finance in green and sustainable products, projects and initiatives, thereby promoting sustainable economic growth. Furthermore, such ratings enhance the credibility of the domestic market and play a pivotal role in attracting national, international and supranational environmental and climate-conscious investors, thereby fostering sustainable investment flows. BB, therefore, introduced 'Methodology of Sustainable Rating' in 2020. It later updated this system in 2023 by incorporating five major components i.e., sustainable finance indicators, CSR activities, green refinance, core banking sustainability and banking services coverage to encourage, track and evaluate banks and FCs in sustainable financing activities. Each year BB discloses the name of top banks and FCs in sustainability ratings in its website.

Bangladesh Bank Refinance Scheme for Green Products/Initiatives

7.08 A revolving refinance scheme of BDT 2.00 billion was established in 2009 with a view to broadening finance for green products or initiatives at lower costs which increased to 10.00 billion subsequently. Initially, 6 green products or initiatives were identified to extend refinance facilities under this scheme. Later, considering market demand and expert opinions gathered from the technical advisory committee, and regular experts and stakeholder's consultations, BB enhanced the eligible green products/initiatives for refinance under the scheme from 6 to 55 in FY20, from 55 to 68 products in FY22 and from 68 to 70 products in FY23. Participatory banks/finance institutions (PFI) are allowed to charge a maximum interest rate of 5.00 percent on financing in green products/initiatives under the scheme. However, due to the consideration of the government's priority to agriculture sector 'Solar Irrigation Pumping System' has been given priority over

Chart 7.03 Trend in Total Green Finance



Source: Sustainable Finance Department, Bangladesh Bank.

conventional diesel and electricity run pumps. In accordance with government's policy, BB has set a maximum interest rate at 3.00 percent for financing of participatory banks/finance institution (PFI) in 'Solar Irrigation Pumping System' under the refinance scheme. The cumulative amount refinanced under the scheme up to June 2025 stood at BDT 16,945.81 million. In FY25, total disbursement under the BB's refinance was BDT 2,622.56 million. The disbursement trend from FY21 to FY25 and product wise disbursement figures are presented in Table 7.03 and Chart 7.05, respectively.

Financing Brick Kiln Efficiency Improvement Project Supported by Asian Development Bank (ADB)

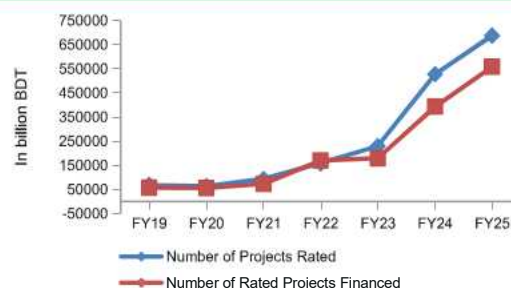
7.09 The Asian Development Bank (ADB) supported revolving relending facility—Financing Brick Kiln Efficiency Improvement Project—was established in BB June 2012 with a view to improving the brick industry, specially environment friendly brick kilns, through energy efficient technology for reducing green house gas emission (GHG) and suspended particulate matter (SPM). The total amount of this relending facility comprises of USD 50.00 million, equivalent Bangladeshi currency. The project has two parts—Part-A (ordinary capital resources): USD 30.00 million equivalent Bangladeshi currency is for conversion of Fixed Chimney Kiln (FCK) to Improved Zigzag Kiln

and part-B (special fund resources): USD 20.00 million equivalent Bangladeshi currency is for the establishment of new Vertical Shaft Brick Kiln (VSBK), Hybrid Hoffman Kiln (HHK) and Tunnel Kiln. A total of USD 50.00 million equivalents to BDT 4039.70 million relending facility was disbursed to 19 sub-projects through 20 PFIs till December 2019. The duration of the project ended in December 2019 with full disbursement.

Green Transformation Fund

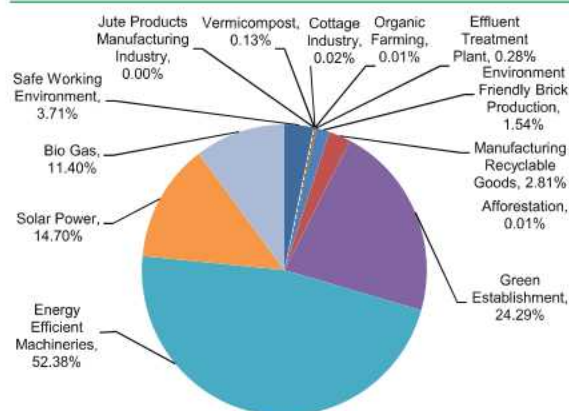
7.10 The latest step of BB in fostering sustainable finance was to create the Green Transformation Fund. In February 2016, BB announced its intention to create a new long-term refinancing window of USD 200.00 million, namely the Green Transformation Fund (GTF). Though initially the fund was available only for export-oriented textile, leather and jute sectors, it became available for all export-oriented sectors in June 2019 to ensure sustainable export growth of the country in the process of its transformation to a greener economy. It is intended to facilitate access to financing in foreign exchange by all manufacturer-exporters in export-oriented sectors to import capital machinery and accessories for implementing environment-friendly initiatives. These initiatives include water use efficiency in wet processing, water conservation and management, waste management, resource efficiency and recycling, renewable energy and energy efficiency, heat and temperature management, air ventilation and circulation efficiency and work environment improvement initiatives (FE Circular No. 02/2016). In April 2020, Euro 200.00 million, alongwith the existing USD 200.00 million was introduced in GTF. Disbursement from GTF up to FY25 was USD 140.94 million in 47 projects and Euro 71.21 million in 31 projects. On 07 December 2022, the GTF in local currency was introduced

Chart 7.04 Trend in ESRR by Banks and Finance Companies



Source: Sustainable Finance Department, Bangladesh Bank

Chart 7.05 Product-wise Refinance Disbursement in FY25



Source: Sustainable Finance Department, Bangladesh Bank

to extend support to all exporters and manufacturers having a fund of BDT 50000.00 million. Till 30 June 2025, BDT 18324.7 million has been disbursed to 68 clients of 20 banks from this local currency GTF fund.

Refinance Schemes for Islamic Banks and Finance Companies for Investment in Green Products/Initiatives

7.11 In September 2014, BB introduced the 'Islamic Refinance Fund' with the surplus liquidity of SLR of *Shariah*-based Islamic banks. To encourage further involvement of *Shariah*-based banks and FCs in green finance, BB launched a refinance scheme for Islamic banks and FCs. Over time, considering the modification

made in the country's economic structural conditions, advanced technology and gradually rising demand for eco-friendly products/initiatives, BB has issued an integrated and comprehensive SFD 'Master Circular' on 5 April 2018. According to this circular, the scheme has been re-titled as 'Refinance Scheme for Islamic Banks and FCs for Investment in Green Products/Initiatives'. BB enhanced the product range from 50 to 51 under this scheme and segregated these products into 8 categories; viz, renewable energy, energy-efficient and energy-savings technology, alternative energy, waste management, recycling and recyclable products, environment-friendly brick production, environment-friendly installations and miscellaneous. The cumulative amount of refinance under the scheme up to June 2021 stood at BDT 476.73 million. Total disbursement under this scheme during FY21 was BDT 37.91 million.

Refinance Funds for Technology Development/Upgradation of Export Oriented Industries

7.12 BB introduced BDT 10.00 billion refinance scheme for technology development/up-gradation Fund. This information has been circulated to banks and FCs (SFD Circular No: 02 dated 17 January 2021). The fund offers refinance facility for the modernisation and technological development/ up-gradation of export-oriented industries in Bangladesh. Initially, at the time of the scheme opening the fund facilities, 32 industrial sectors were mentioned in the Export Policy 2018-2021 under 11 initiatives/categories. In view of the declaration of Export Policy 2021-24 by the government, the SFD of BB circulated a few amendments of the SFD Circular (No: 02, dated 17 January 2021) which was published as SFD Circular letter (No-01 dated 08 June 2023). After the amendment, the fund has been facilitating

Table 7.03 Disbursement Trend of BB Refinance Scheme for Green Products/Initiatives

(In million BDT)

Products	FY20	FY21	FY22	FY23	FY25
Bio Gas	2.17	4.70	1.47	2.09	7.69
Solar Home System	1.32	3.61	0.93	3.11	1.41
Solar Mini Grid	27.50	0.00	0.00	90.64	916.60
Net Metering Rooftop	0.00	9.00	0.00	158.19	69.24
Solar System	0.00	0.00	0.00	0.00	1.50
Effluent Treatment Plant	193.14	20.00	67.10	43.16	18.49
Environment Friendly Brick Production	0.00	55.00	152.50	1,110.17	103.70
Vermicompost	1.67	3.37	1.16	4.54	8.85
Green Industry	400.00	200.00	393.37	0.00	0.00
Green Building	0.00	400.00	433.59	0.00	1634.05
Safe working Environment	60.00	59.90	23.11	34.96	249.58
Energy Efficient Machinerics	200.00	34.50	48.76	1,163.77	3523.34
Led Bulb/Tube Manufacturing/Assembly Plant	24.00	0.00	0.00	0.00	189.00
Afforestation	0.00	0.00	0.00	9.93	0.95
Financing in Cottage Industry	0.00	0.00	0.00	0.00	1.60
Jute products and Manufacturing Industry	0.00	0.00	0.00	0.00	0.20
Organic Farming	0.00	0.00	0.00	0.00	0.60
Total	994.81	792.58	1,121.99	2,622.56	6726.80

Source: Sustainable Finance Department, Bangladesh Bank.

35 industrial sectors mentioned in Export Policy 2021-24 under 11 initiatives/categories. To expedite the growth of export-oriented industries, the interest rate of the refinance scheme has been revised from maximum of 6.00 percent to a maximum of 5.00 percent at the client level and from 3.00 percent to 1.00 percent at the PFI level. In FY25, the total disbursement under the refinance scheme was BDT 3174.28 million.

Corporate Social Responsibility (CSR)

7.13 With a view to simplifying, emphasising and organising corporate social responsibility (CSR) activities for the environmental, social, equitable and sustainable development of the country, a policy guideline on CSR for banks and FCs was issued on 9 January 2022 (SFD Circular No.1). The guidelines clearly state the sectors and sub-sectors of CSR, the budgetary allocation and administrative setup, screening and monitoring process of CSR, and prohibition in CSR activities. On 23 November 2023, through Circular No.5, BB revised the previous

reporting format for scheduled banks and FCs. The circular also provides specific guidelines on the formation, utilisation, and management of a CRF.

CSR Activities of Banks

7.14 The total amount of CSR expenditure by banks was BDT 4573.4 million in FY25. The sector-wise expenditure situation of banks is presented in Table 7.04. Banks contributed major shares in other sectors, health, and education to 54.34 percent, 22.86 percent, and 18.63 percent, respectively of the total CSR activities. On the other hand, the share of CSR expenditure on environment and climate change mitigation and adaptation sector was only 4.18 percent. The share of expenditure in the CSR programmes of banks in FY25 are shown in Chart 7.06

CSR Activities of Finance Companies

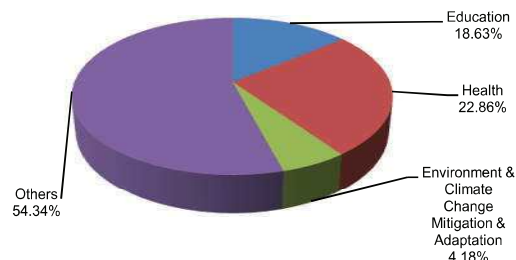
7.15 FCs reported CSR expenditure of BDT 69.90 million in FY25. The sector-wise expenditure situation of FCs is presented in Table 7.05. The major shares of CSR expenditure by FCs went to education (33.30 percent), health (29.55 percent), and environment and climate-change mitigation and adaptation (11.71 percent). However, in other sectors, they spent 25.46 percent during the period. The sector-wise share of CSR expenditure by FCs in FY25 is depicted in a chart stated in Chart 7.07.

Financial Inclusion through Alternative Channels

Agent Banking

7.16 BB allowed scheduled banks to extend banking services through agents in 2013. Agents are now able to offer limited-scale banking and financial services under valid

Chart 7.06 Share of Sector-wise CSR Expenditure of Banks in FY25



Source: Sustainable Finance Department, Bangladesh Bank.

agency agreement. Through this system, banks can extend their services to remote areas without setting up branches or employing their own officials. This system is cost-efficient for the banks as well as suitable for local entrepreneurs to act for banks in their localities. As a result, agent banking is gaining a lot of popularity even in remote areas.

7.17 Financial inclusion has developed rapidly through agent banking in rural areas, creating endless possibilities for both banks and their customers. Agent banking helps banks mobilise deposits, disburse credit, and most importantly, distribute inbound-foreign remittances. Even, at the time of the COVID-19 pandemic, when every other business and banking activities experienced downturns, agent banking kept making significant progress.

7.18 As of June 2025, 30 banks were engaged in agent banking. A total of 15,373 agents were deployed with 20,557 outlets in FY25, which were 3.86 percent and 4.27 percent lower than 15991 agents and 21473 outlets listed, respectively in FY24. The total number of accounts up to June 2025 was 24,406,236 and the total balance of these accounts was BDT 456.05 billion. The distribution of foreign remittances through agent banking in FY25 was BDT 1,838.88 billion. Trends in agent banking activities are shown in Chart 7.08.

Table 7.04 CSR Expenditure of Banks in FY25

Sectors	Banks		Total	Percentage		
	Amount (July-December 24)	Sectoral Share (percent)			Amount (January-June 25)	Sectoral Share (percent)
Education	444.70	14.50	342.50	22.75	787.20	18.63
Health	829.90	27.05	281.20	18.67	1111.10	22.86
Environment and Climate Change Mitigation and Adaptation	150.20	4.89	52.10	3.46	202.30	4.18
Others (Income generating activities, Disaster management, Infrastructure development, Sports and Culture, other)	1642.90	53.55	829.90	55.12	2472.80	54.34
Total	3067.70	100.00	3090.20	100.00	4573.40	100.00

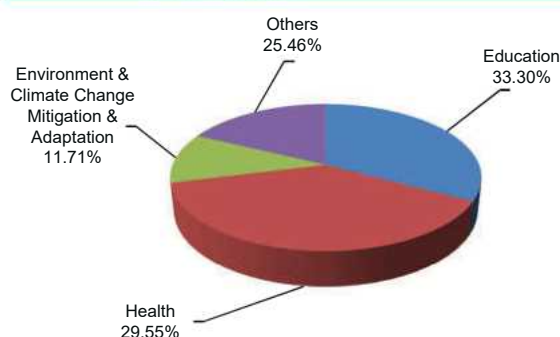
Source: Sustainable Finance Department, Bangladesh Bank

Initiatives for Marginal and Specialised Segments

No-Frill Accounts

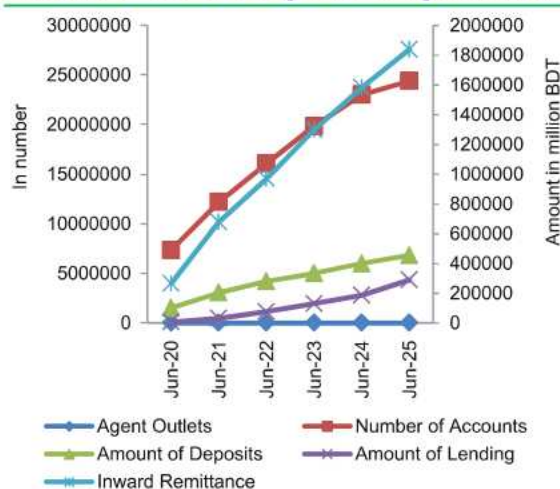
7.19 No-frill account (NFA) is a type of basic bank account designed to provide essential banking services with minimal or zero balance requirements. These accounts are primarily targeted at low income and unbanked people to promote financial inclusion. Since financial services is regarded as an important prerequisite for poverty alleviation and improving living standards, BB issued a set of directives for commercial and specialised banks to onboard the poor, marginalised and special segments of the population into the formal banking system, and to retain them in the system through opening a special type of bank account with zero or nominal charges and free of unnecessary “fee or frills”. Those accounts are known as NFA. The requirements to open NFA are very simple and needed fewer documents. BB guided commercial banks from time to time through various circulars in opening NFAs for farmers, recipients of social security programmes, freedom fighters, small life insurance policy-holders, garment workers, cleaners working for city corporations, footwear and leather goods makers, small scale factory workers, physically challenged persons, street urchins, dwellers of former enclaves, flood-affected marginal people, small

Chart 7.07 Share of Sector-wise CSR Expenditure of FCs in FY25



Source: Sustainable Finance Department, Bangladesh Bank.

Chart 7.08 Trends in Agent Banking Activities



Source: Financial Inclusion Department, Bangladesh Bank.

businessmen, etc. In addition, banks were instructed to offer higher interest rates on the

Table 7.05 CSR Expenditure of Finance Companies in FY25

(In million BDT)

Sectors	Banks		Total	Percentage
	Amount (July-December 24)	Sectoral Share (percent)		
Education	10.20	20.04	8.752	46.55
Health	17.00	33.27	4.856	25.82
Environment and Climate Change Mitigation and Adaptation	9.10	17.78	1.060	5.64
Others (Income generating activities, Disaster management, Infrastructure development, Sports and Culture, other)	14.80	28.92	4.134	21.99
Total	51.10	100.00	18.802	100.00

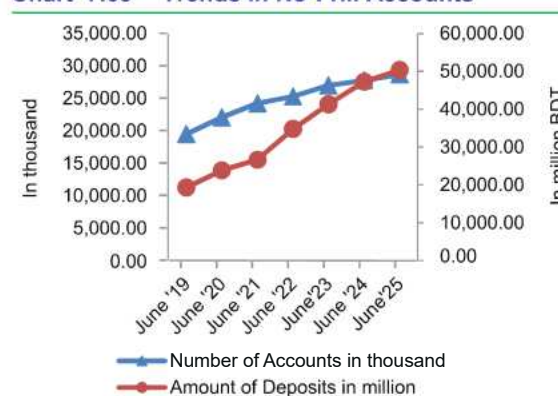
Source: Sustainable Finance Department, Bangladesh Bank

depositors in those accounts. NFAs play significant role in the distribution of foreign inward remittances too. NFAs have been considered as one of the most effective ways to expand financial inclusion to the underserved segment of population. Yet, the growth in NFAs needs to be accelerated in order to achieve the goal of National Financial Inclusion Strategies-Bangladesh (NFIS-B).

7.20 As of June 2025, 28,706,799 NFAs were opened under the financial inclusion programme. The number was 27,777,448 in June 2024, indicating an increase of 3.34 percent. The total amount of deposits in NFAs reached BDT 50,367.84 million in June 2025, compared to BDT 47,216.08 million in June 2024, indicating an increase of 6.67 percent. Trends in NFAs are shown in Chart 7.09.

School Banking

7.21 One of the most significant milestones in the financial inclusion initiatives undertaken by BB is the introduction of school banking. The programme has introduced banking services and modern banking technology to students under the age of 18 to develop their savings habits from an early age. BB issued directives for the banks to introduce school banking in November 2010, and later framed a comprehensive policy for this purpose in October 2013. These policies have preceded

Chart 7.09 Trends in No-Frill Accounts

Source: Financial Inclusion Department, Bangladesh Bank.

the directive to convert school banking accounts to general savings accounts once students reach the age of 18 years (subject to the consent of the account holder). The project took a significant leap forward with the issuance of the FID Circular Letter (No. 01, dated 16 March 2025), titled 'Enhancing Student Engagement in Financial Inclusion under School Banking Policy'. Under this directive, all scheduled banks operating in Bangladesh are instructed to conduct school banking activities in at least one educational institution near each of their branches. This campaign will deliver awareness programmes, financial literacy education, and banking services directly to grassroots communities and students.

7.22 In light of these policies, banks can now

open student accounts with a minimum deposit of BDT 100 and no service charges are applicable. Moreover, these accounts offer attractive interest rates, debit card facilities and school-centric financial education services. So far, 59 banks have offered school banking. The total number of students' accounts under school banking initiatives increased to 4,575,545 in June 2025 with total deposits of BDT 22,330.52 million. The number of accounts and amount of deposits increased by 163,629 and 3.58 percent respectively in June 2025 as compared to June 2024. Chart 7.10 presents an overall picture of school banking accounts in Bangladesh.

Banking for Working Children

7.23 BB has directed banks to provide financial services to street urchins and working children to secure their hard-earned money and help them nurture savings attitudes. Children who do not have parents can open accounts in banks with the help of registered non-government organisations (NGOs). NGOs involved in this process are fully responsible for account operations and for the welfare of the account holders. No fees are charged for these accounts.

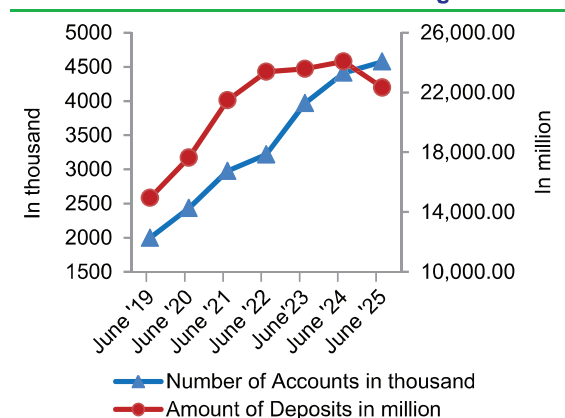
7.24 Up to June 2025, 20 banks opened 39,638 street urchin and working children accounts with the help of 54 NGOs. The total amount of deposits in these accounts was BDT 4.14 million. The number of accounts for street urchins and working children increased by 5 accounts from June 2024 to June 2025, indicating a 0.01 percent increase over the last year.

Central Bank Facilitated Refinance Package

BDT 7.50 Billion Refinance Scheme for BDT 10/50/100 Account Holders

7.25 The revolving refinance scheme enables banks to lend to the marginalised people with BDT 10/50/100 accounts without

Chart 7.10 Trends in School Banking Activities



Source: Financial Inclusion Department, Bangladesh Bank.

collateral. In September 2021, BB took several measures to facilitate rapid recovery of the rural economy from the COVID-19 pandemic. An initiative was launched to introduce a BDT 5.00 billion refinance scheme, which proved to be more attractive to both banks and the targeted borrowers. Individual loan size was capped at BDT 500,000. The most significant part of the scheme lies in the interest rates which is 7.00 percent at the borrower level (from bank to end users) and 1.00 percent at the bank level (from BB to PFIs). Besides, *Shariah*-based banks were permitted to participate in the scheme. In continuation of the refinance scheme to revive the economy, and in response to the gradually increasing demand, BB issued a circular on 29 September 2024, to enhance the refinance fund from BDT 5.00 billion to BDT 7.50 billion. In addition, it has been made mandatory for banks to allocate at least 25 percent of total loans under this scheme to women borrowers. Special emphasis has also been placed on providing credit facilities to low-income individuals who were adversely affected by the 2024 floods. Moreover, members of the third gender community are eligible to access loans under this scheme, ensuring broader inclusion and equitable access to financial resources.

7.26 Up to June 2025, a total of 95,732 borrowers received BDT 14.00 billion under BDT 7.50 billion refinance scheme.

Refinance Scheme of BDT 30.00 Billion for COVID-19 Affected Marginal People

7.27 In line with achieving the targets set for sustainable development goals (SDG), the Financial Inclusion Department (FID) of BB has been working relentlessly to stimulate the economic growth of the country through connecting marginal people with financial inclusion activities. With a view to overcoming the possible negative impacts of the worldwide outbreak of the COVID-19 pandemic, BB launched a revolving refinance scheme of BDT 30.00 billion on 20 April 2020 for COVID-19 affected low-income professionals, farmers and micro/small businesses to help them recover from the negative impact of the pandemic. Remittance-providing workers who had returned from abroad due to the pandemic were allowed to get credit under the scheme. As per directives issued on 28 October 2021 (FID Circular No: 02/2021), this facility was disbursed through microfinance institutions (MFIs) as well as directly through scheduled banks via their branches and sub-branches to ensure that the facility reached the grassroots level. At this point, the interest rate of loans at the end-user level was a maximum of 9.00 percent and 7.00 percent in case of disbursement by MFIs and scheduled banks, respectively. Scheduled banks pay 0.50 percent interest to BB against the refinance facility and they provide the same facility to MFIs at 3.00 percent interest. As of 30 June 2025, around 0.79 million targeted people availed the financing facility of nearly BDT 48.23 billion through this scheme. BB has recovered BDT 47.14 billion from scheduled banks against the refinanced amount by this time. The percentage of female borrowers under this scheme is 87.24 percent. This refinance scheme provided a great opportunity for the

marginal people to carry on their livelihoods amidst the COVID-19 pandemic. The third and last phase of the scheme ended on 30 June 2023. At present, the loan recovery process is still going on.

Digital Nano Loan

7.28 Bangladesh is moving at some pace on the highway of development with the help of the government's strategy adopted for an inclusive economy. BB has been working relentlessly to stimulate inclusive economic growth. Access to credit for marginal and unbanked people through the banking channel is a pre-requisite for achieving sustainable and inclusive economic growth. Prioritising the needs of marginal people, BB has introduced a refinance scheme of BDT 1.00 billion on a revolving basis named 'Refinance Scheme for Digital Nano Loan' in June 2022. Under this scheme, low-income, unbanked and marginal people can get credit facilities ranging from BDT 500 to BDT 50,000 using digital platforms (MFS, mobile apps, e-wallet and e-banking, etc.) without any paper documents for a maximum period of six months. These conveniences ensure credit facilities to the beneficiaries without any collateral within a very short time. The whole process of the facility-documentation, credit disbursement and recovery is performed digitally. A borrower need not go to the bank to avail this facility. As of 30 June 2025, credit facilities amounting to BDT 15.22 billion was refinanced to participating banks against disbursed digital loans under this scheme. The total number of beneficiaries was 22,45,832, of which 22 percent were female. In the near future, this facility will greatly contribute to stepping up financial inclusion among the people. The tenure of this scheme is 3 years, starting from 02 June 2022. The scheme has been contributing to habituate marginal people to digital transactions and spread digital financial literacy and will impact positively on

Box 7.01 Global Youth Financial Inclusion Award, 2024: Bangladesh Bank Emerges as Winner

Bangladesh Bank (BB) received the 'The Global Youth Financial Inclusion Award' at the AFI Global Policy Forum (GPF) in El Salvador on September 4, 2024. The award recognised BB's significant initiatives to boost financial inclusion among the youth. Outperforming four other finalists, BB was honoured with the award for its exceptional performance. BB was so awarded because of the initiatives undertaken to provide financial literacy to young people under the Financial Literacy Guidelines for Banks and Finance Companies issued in March 2022. A dedicated financial literacy website (finlit.bb.org.bd) was also created for this purpose. A pivotal step in the process was integrating financial literacy chapter into the national school curriculum, thereby ensuring foundational knowledge for future generations. In addition, the school banking programme led to opening millions of accounts, with nearly half belonging to female students, actively reducing gender inequality. To make capital accessible to young aspiring entrepreneurs, BB instructed all banks to form a start-up fund along with the formation of a refinance scheme for start-up financing. Additionally, a refinance scheme was introduced for women entrepreneurs specifically to invigorate young women's economic participation. BB has also launched a sex-disaggregated data dashboard (wfidbb.org.bd) to track the progress of financial inclusion from a gender perspective. These comprehensive and impactful measures showcased BB's remarkable commitment to empowering the youth financially. It is to be noted that Alliance for Financial Inclusion (AFI) is an international organisation of policy-making and regulatory institutions focused on worldwide financial inclusion. Currently, the organisation has 90 member institutions, including central banks, ministries of finance, and other financial sector regulatory bodies from 84 countries. BB has been a key member of this organisation since 2009 and participates in various activities related to financial inclusion. Each year, AFI awards its members in different categories for special contributions to financial inclusion at the AFI Global Policy Forum (GPF). In 2024, more than 700 representatives, including governors of central banks, policymakers, and financial inclusion stakeholders from various countries participated in the GPF.

transforming them for be citizens of a “smart” Bangladesh. It is enabling end users of the facility to borrow at a maximum of 9.00 percent interest rate from banks. In contrast, BB charges 1.00 percent interest to the banks.

Financial Literacy and Consumer Empowerment

7.29 Financial literacy of the citizen is a prerequisite for sustainable financial inclusion. With a view to making financial inclusion initiatives more successful, BB has taken numerous initiatives. BB has identified 'strengthen financial education and financial

literacy initiatives' as an important core objective in its strategic plan for 2020-2024. With a view to increasing public awareness and formulating financial literacy and a financial education policy, BB designed a special programme named 'School Banking Conference' in 2014. Accordingly, School Banking Conferences are arranged at the district level in Bangladesh. Students from different educational institutions, parents, teachers, government officials and journalists of that locality participate, learn and share financial knowledge through various activities. Considering financial literacy as

a fundamental learning skill for future citizens, BB has worked in collaboration with the National Curriculum and Textbook Board (NCTB) to include a special chapter on financial literacy in the national curriculum for both primary and secondary level education textbook.

7.30 Moreover, as part of its commitment to building a nation with a strong financial literacy base, BB has completed a project financed by the Alliance for Financial Inclusion (AFI), titled 'Striving for a Financially Literate Society'. Under this project, the following three initiatives have been implemented:

- Introduced financial literacy guidelines on 27 March 2022, specially designed for the employees of banks and FCs to deploy financial literacy through them among the people under their jurisdiction;
- Developed financial literacy content and a website (<https://finlit.bb.org.bd>) aimed at different segments of the people such as cottage micro, small and medium enterprises (CMSMEs), women, youths, farmers, agro-based people, mobile financial service (MFS) users, social safety net beneficiaries, senior citizens, etc.;
- Launched short animated videos on financial literacy to better disseminate financial literacy among people.

7.31 Following the instructions of the financial literacy guidelines, banks and FCs have been conducting different programmes countrywide. During the second year (2024) of the implementation of the guideline, they arranged 3,921 general and target group based financial literacy programmes in different regions of the country, where financial literacy was provided to 2,19,676 people directly. They have also been working to arrange around 3,816 programmes in 2025. Besides, banks and FCs have also performed various other

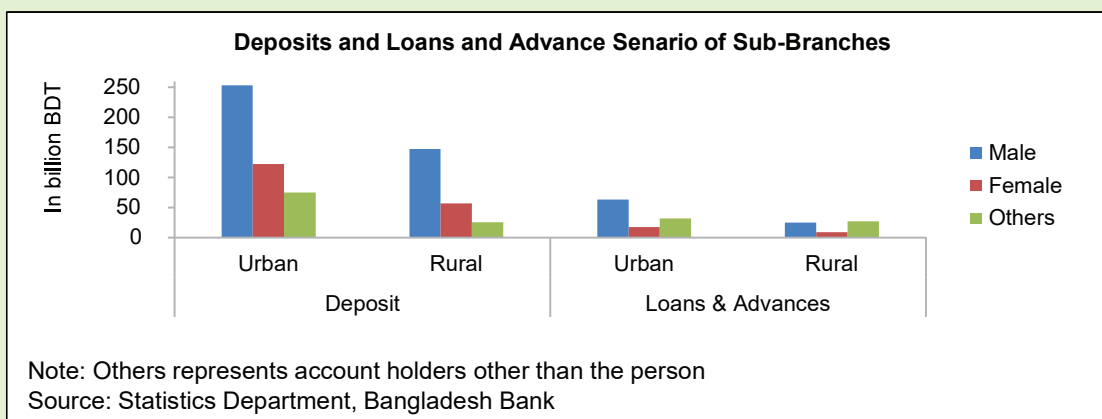
activities, such as establishing financial literacy corners in their branches, inclusion of financial literacy tabs on their websites, financial literacy-related thematic campaigning, etc., as shown in the guidelines.

7.32 In accordance with the Financial Literacy Guidelines, Financial Literacy Day and Financial Literacy week are being celebrated nowadays. On Financial Literacy Day on the first Monday of March, as per Financial Literacy Guidelines, banks and FCs organise meetings with target population (both men and women), send mobile messages and exhibit banners/festoons/leaflets at their local branches as well as in websites/social media. In alignment with OECD/INFE, Financial Literacy Week 2025 was celebrated from 17 to 23 March 2025 in line with the following theme: "Think before you follow wise money tomorrow." This theme emphasised the significance of informed financial choices and increasing awareness among young individuals about common financial pitfalls. This intervention was designed to create trust towards the financial system through creating awareness and financial literacy. As part of celebrating financial literacy week in Bangladesh, banks and finance companies have undertaken various initiatives. These include knowledge sharing with children and young people, financial literacy workshops, discussions and awareness building as well as content-sharing regarding importance of financial literacy, etc. They also shared financial literacy related informative contents in social media throughout the period of the literacy week.

7.33 In addition to the above-mentioned programme and initiatives, BB arranges different financial awareness campaigns such as an open credit disbursement programme, an awareness-raising campaign under different schemes and projects, special fairs such as the

Box 7.02 Financial Inclusion through Sub-Branch Activities: Recent Scenario

Bangladesh's banking sector has witnessed remarkable progress through the sub-branch banking model, which has redefined financial inclusion nationwide. Bangladesh Bank (BB) promotes sub-branch activities as a cost-effective, inclusive, and accessible mechanism to expand banking services, particularly in rural and underserved regions. Introduced in 2019 as an alternative delivery channel for essential financial services, sub-branches now provide a wide range of facilities, including deposits, withdrawals, loans, wage remittances, and utility bill collections. By the end of financial year 2025, the number of sub-branches will reach 4,800 equivalent to 41.6 percent of conventional bank branches. Forty-nine (49) percent of these sub-branches are in rural areas that were traditionally underserved by mainstream banking channels. Such rapid expansion is playing a crucial role in developing saving habits in rural households and bringing millions of previously unbanked citizens under the formal financial system. Forty-eight (48) scheduled banks are currently providing sub-branch banking services across the country. These services are operated by 16,613 employees, of whom 89 percent are males and the remaining 11 percent are females.



The graph illustrates that deposits significantly exceed loans in both urban and rural sub-branches, indicating a cautious lending approach. Urban sub-branches dominate in both deposits and loans across all gender categories, reflecting stronger economic activity and greater financial inclusion in urban areas. Notably, women's deposit accounts in sub-branches represent 26.3 percent of total deposits, while their share in loans and advances stands at 15.2 percent, signaling progress toward narrowing the gender gap in financial access.

Since introduction, sub-branches have become a cornerstone of Bangladesh's financial inclusion drive. Their rapid expansion has helped bridge the urban-rural divide, empower women, strengthen small businesses, and encourage a savings culture in rural households. In a country where millions once lacked access to formal banking, sub-branch activities have transformed the landscape of financial inclusion. By leveraging technology, local presence, and innovative delivery models, sub-branches are not only changing the way people access banking, but also enabling them to build more secure and resilient financial futures.

banking fair, SME fair, women entrepreneur fair, etc.

International Collaboration and Knowledge Sharing

7.34 BB has built partnerships with some international strategic alliances and has become members of relevant international organisations to boost financial inclusion and financial deepening as well as to ensure an enabling and inclusive financial environment in Bangladesh.

7.35 Alliance for Financial Inclusion (AFI) is a policy leadership alliance owned and led by member central banks and financial regulatory institutions with the common objective of advancing financial inclusion at country, regional and international levels. Currently, 90 institutions from 84 countries have the membership of AFI. BB has been a principal member of this alliance since June 2009. Since then officials of Bangladesh Bank have been contributing to AFI's Board of Directors, different board committees and working groups. The Governor of Bangladesh Bank was the Vice Chair of the AFI Board of Directors from 2016 and subsequently acted as the Chair from April 2018 to September 2019 successfully.

7.36 The Maya Declaration, a member institution's self-commitment regarding financial inclusion, was introduced by AFI in September 2011 at the AFI Global Policy Forum in Riviera Maya, Mexico. BB signed the Maya declaration and made 106 commitments every now and then, of which 60 commitments have been successfully realised by June 2025. This year, BB has made 11 new commitments. BB was declared the regional champion of financial inclusion of the Asia region in the '2022 the Maya Declaration Progress Report' for its noteworthy advancements in Maya Declaration commitments. BB was also nominated by AFI as the finalist of the Maya Declaration Commitment Award category in 2022 and 2023.

7.37 Due to significant progress made in financial inclusion, BB was awarded the AFI Policy Award in 2014, the Child and Youth Finance International (CYFI)'s Global Inclusion Award for 2016 and 2017, and the AFI Gender Inclusive Ambassador Award in 2018. BB was also nominated as a finalist of the Global Youth Financial Inclusion Award in 2022 by AFI. In 2024, BB was the winner of the Global Youth Financial Inclusion Award for the notable progress it had made in increasing inclusion of young people in the formal financial system.

Performance, Regulation and Supervision of Finance Companies (FCs)

8.01 In addition to banks, finance companies (FCs) too (previously known as financial institutions) play a key role in the financial sector of Bangladesh. FCs conduct their business operations with diversified financing modes such as syndicated financing, bridge financing, lease financing, securitisation, private placement of equity, etc. Currently, 35 FCs operate in Bangladesh. These FCs are regulated by Bangladesh Bank (BB) under the Finance Company Act, 2023. In the aftermath of recent setbacks in the industry, the new act was promulgated to regulate FCs vigorously and restore stakeholders' confidence. It is expected to ensure transparency and accountability and protect depositors' and stakeholders' interests.

8.02 According to sections 22 and 24(1) of the Finance Company Act, 2023 FCs are not entitled to:

- i. Issue cheques, pay-orders or demand drafts;
- ii. Receive demand deposits; and
- iii. Transact gold or foreign currencies.

Like banks, most FCs have separate subsidiaries to operate merchant banking activities. The FCs also play important roles in real estate finance. FCs are regulated and supervised by two core departments of BB: (i) The Department of Financial Institutions and Markets (DFIM), and (ii) Financial Institutions Inspection Department (FIID). DFIM formulates policies, regulations and guidelines to regulate FCs. It also conducts off-site supervision. FIID conducts comprehensive and special inspection programmes.

Licence and Regulations

8.03 The authority to grant licences to FCs and formulate their regulations is vested in BB by the Finance Company Act, 2023. Furthermore, BB issues various prudential

regulations and guidelines from time to time to regulate the operations of FCs. A FC is required to maintain a minimum paid-up capital of BDT 1.00 billion (DFIM Circular No.5, dated 24 July 2011). However paid-up capital and reserves must not fall below the minimum ratio of risk weighted-assets set by BB, which is currently 10.00 percent (according to the prudential guidelines issued by BB on 'Capital Adequacy and Market Discipline for Finance Companies'). FCs may access public funds either directly or indirectly through term deposits (with a minimum duration of 3 months), commercial papers, bonds, and debentures. FCs are subject to prudential guidelines concerning income recognition; asset classification and provisioning norms; single and group borrower exposure limits; capital market exposures; classification and valuation for investment portfolios; cash reserve requirement (CRR)/statutory liquidity ratio (SLR); accounting and disclosure; and supervisory reporting requirements.

Number of FCs and their Branches

8.04 Among the currently existing thirty-five (35) FCs, three (3) are government-owned, thirteen (13) are joint ventures with foreign participation and the remaining nineteen (19) are privately owned companies. As of June 30, 2025, the total number of branches of FCs was 274. Two (02) branches were closed in FY25. Among the branches, 76 are set up in the district of Dhaka and the remaining 198 are located in 35 districts across the country. Ownership structure of FCs and their branch expansion-related data are depicted in Table 8.01.

Assets

8.05 The total assets of FCs at end June 2025 stood at BDT 1045.51 billion, higher than BDT 1007.17 billion at end June 2024. (Table 8.02).

Investment (Loans and Leases)

8.06 FCs invest in different economic sectors, but their investments are mostly concentrated in the industrial sector. Sector-wise composition of FCs' investment at end June 2025 was as follows: trade and commerce 15.04 percent; industry 48.25 percent; agriculture 2.04 percent; housing 16.68 percent; financial corporations 7.07 percent; service 6.09 percent; consumer finance 3.29 percent; and others 1.48 percent (Chart 8.01).

Investment in Capital Market

8.07 FCs are allowed to invest market up to 25.00 percent of their paid-up capital and reserves in the capital as per Section 26(1) of the Finance Company Act, 2023. As of 30 June 2025, total investment of FCs in the capital market stood at BDT 52.59 billion, which accounted for 5.03 percent of the total assets of all FCs (as per DFIM Circular No. 3, dated 15 February 2022). Besides, to protect depositors' interests and bring credit discipline to this sector similar directions have been given through DFIM Circular (No. 12 to FCs on 29 September 2022). As per the circular, FCs must obtain prior approval from BB to provide loans or investments, waive interest or profits, and write off loans to their subsidiaries or associates.

Deposits

8.08 Total deposits of FCs at end June 2025 stood at BDT 522.89 billion, higher than BDT 475.14 billion at end June 2024. Table 8.02.

Liabilities and Equity

8.09 At end June 2025, the total liabilities of the FCs increased to BDT 1189.09 billion, up from BDT 1054.38 billion at end June 2024. Table 8.02.

Performance and Rating of FCs

8.10 Like banks, FCs' performance is also evaluated through the CAMELS rating, which

Table 8.01 Trends in Structure of FCs

Period	2019	2020	2021	2022	2023	2024	2025*
No. of FCs	34	35	35	35	35	35	35
Government-owned	3	3	3	3	3	3	3
Joint-venture	12	13	13	13	13	13	13
Private	19	19	19	19	19	19	19
New branches	11	3	1	8	5	4	0
Total branches	273	276	277	271	274	276	274

* As on 30 June 2025

Source: Department of Financial Institutions and Markets, Bangladesh Bank.

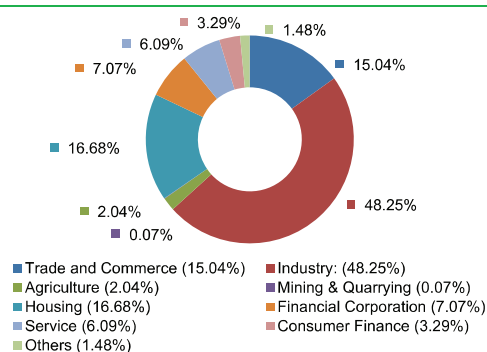
Table 8.02 Trends in Assets, Liabilities and Deposits of FCs

Period	2019	2020	2021	2022	2023	2024	2025*
Total assets	871.5	902.16	896.56	920.01	996.85	1007.17	1045.51
Total liabilities	753.12	815.84	823.96	859.22	983.19	1054.38	1189.09
Liabilities-assets ratio (%)	86.42	90.43	91.90	93.39	98.63	104.69	113.73
Total deposit	451.93	453.20	444.20	443.55	477.22	475.14	522.89
Deposit as % of total liabilities	60.0	55.55	53.91	51.62	48.53	45.06	43.97

* As on 30 June.

Source: Department of Financial Institutions and Markets, Bangladesh Bank.

Chart 8.01 Investment Patterns of FCs



* As on 30 June 2025

Source: Department of Financial Institutions and Markets, Bangladesh Bank

involves analysing and evaluating six crucial dimensions. These are as follows: capital adequacy, asset quality, management efficiency, earnings, liquidity and sensitivity to market risks.

Capital Adequacy

8.11 Capital adequacy requirement focuses on the total amount of a FC's capital which is important for depositors in reducing risks of a FC's insolvency and the potential cost of a FC's failure. It helps FCs to absorb possible losses due to credit, market and operational risks that a FC might be exposed to during its normal

course of business. FCs in Bangladesh have been instructed under the Basel II Accord to maintain a capital adequacy ratio (CAR) of not less than 10.00 percent of total risk-weighted assets (RWA) with at least 5.00 percent in core capital.

Asset Quality

8.12 A non-performing loan (NPL) ratio is an indicator of asset quality. It is the ratio of gross NPLs/leases to total loans/leases. At end June 2025, the NPL for FCs was 35.72 percent. In the total asset composition of all FCs, the share of loans/leases was 73.74 percent as of end June 2025. The trends of the ratio of gross NPLs/leases to total loans/leases are shown in Table 8.03.

Earnings and Profitability

8.13 FC's earnings and profitability reflect its efficiency in managing resources and long-term sustainability. Among such measures the best and most widely used indicator is returns on assets (ROA), which is supplemented by returns on equity (ROE). Industry ROA and ROE at end June, 2025 were -3.03 and 2.07, respectively Table 8.04. ROE has been calculated considering 17 FCs having positive equity.

Liquidity

8.14 Term liabilities are subject to a SLR of 5.00 percent, inclusive of an average of 1.50 percent (at least 1.00 percent each day) CRR bi-weekly. The SLR for FCs operating without taking term deposits is 2.50 percent.

Sensitivity to Market Risk

8.15 Sensitivity to market risk reflects the degree of changes in asset-liability positions, earnings and capital in response to changes in interest rates or equity prices. The vulnerability of FCs in a stressed situation emanates from either interest rates or equity prices shock or both. When evaluating the sensitivity

Table 8.03 Trends in Total loan/lease and Classified Loan/Lease

Period	(In billion BDT)						
	2019	2020	2021	2022	2023	2024	2025*
Loan/lease	671.77	669.31	673.54	704.36	721.50	745.33	770.92
Classified loan/lease	63.99	100.59	130.17	168.21	199.51	247.11	275.41
Classified loan/lease as % of total loan/lease	9.53	15.03	19.33	23.88	27.65	33.15	35.72

* As on 30 June 2025.

Source: Department of Financial Institutions and Markets, Bangladesh Bank

Table 8.04 Trends in Profitability of FCs

	(In percent)						
	2019	2020	2021	2022	2023	2024	2025*
Return on equity (ROE)	-25.2	-1.99	-2.79	-19.26	-52.30	1.98	2.07
Return on asset (ROA)	-2.56	-0.19	-0.23	-1.27	-0.72	-2.46	-3.03

* As on 30 June 2025.

Source: Department of Financial Institutions and Markets, Bangladesh Bank

component, emphasis should be given to the management's ability to identify measure and control market risks through the implementation of an effective core risk management system. For many FCs, the primary source of market risks arises from non-trading positions and their sensitivity to changes in interest rates.

Composite CAMELS Rating

8.16 At end December 2024, out of 35 FCs, the composite CAMELS rating of 9 were '2 or Satisfactory', 4 were '3 or Fair', 9 were '4 or Marginal', 10 were '5 or Unsatisfactory', while 3 are still under process.

Legal Reform and Prudential Regulations

8.17 As part of the ongoing initiative, BB has been emphasising improvements in financial strength and transparency of FCs and has accordingly undertaken some legal and regulatory policy measures.

Capital Adequacy and Progress of BASEL Accord Implementation in FCs

8.18 Basel-II norms were implemented on 1 January 2012. Prudential guidelines on capital adequacy and market discipline (CAMD) have

been issued to promote international best practices and make the capital of FCs more risk-sensitive and more shock resilient. FCs have to follow the guidelines for statutory compliance. FCs operating in Bangladesh are instructed to maintain the minimum capital requirement (MCR) at 10.00 percent of the risk-weighted assets (RWA), or BDT 1.00 billion judging whichever is higher by Basel-II guidelines. Basel-III has not been introduced yet in this sector considering the capacity constraints of FCs to implement the principles of the accord.

Corporate Governance in FCs

8.19 BB has taken adequate policy measures regarding the corporate governance framework for FCs to ensure more discipline and good governance in the operation and management of FCs. BB has specified the authority, responsibility and functions of the Board of Directors, Independent Directors, Executive Committee, Risk Management Committee, Audit Committee, and Management and Chief Executive Officer of FCs. The Chairman of the Board of Directors and the Chairman of different board committees are not allowed to hold the post of a director in subsidiaries/affiliated companies. The maximum of directors on board of a FC will be 15, including at least 2 independent directors. The board approves the vision, mission, annual strategic business plan, key performance indicators and core risk management guidelines of an organisation. In contrast, the Managing Director/Chief Executive Officer (CEO) is responsible for conducting day-to-day functions and materialisation of the strategic business plan adopted. A circular was also issued to ensure good governance, appoint competent, honest, and efficient human resources with transparency, and carry out management activities. BB has instructions to formulate policy after determining the qualifications of the head

of the Internal Control and Compliance (ICC) Department, the Credit Risk Management (CRM) Department, the Chief Financial Officer (CFO), and the Company Secretary.

Asset Classification and Provisioning

8.20 FCs are required to maintain provisions for expected losses on loans, advances, leases and investments on the basis of objective criteria and qualitative judgment. Assets are classified as standard, special mention accounts, sub-standard, doubtful and bad/losses, requiring FCs to keep provisions by 1.00 percent (0.25 percent for CMSME sector), 5.00 percent, 20.00 percent, 50.00 percent and 100.00 percent, respectively. At end June 2025, the total outstanding loan/lease was BDT 770.92 billion, of which NPL was BDT 275.41 billion (35.72 percent of total loan/lease, Table 8.03). A master circular was issued on 26 July 2021 to ensure proper utilisation of loans/leases/advances. Moreover to address the impact of various uncontrollable factors, including long term effects of COVID-19 and the Russia-Ukraine war, a loan/lease reschedule/restructure policy was issued on 04 September 2022. This policy rationalises down payment and tenure, facilitating the proper management of classified loans for FCs by streamlining loan repayments.

Credit Policy

8.21 FCs must follow Integrated Risk Management Guidelines in the disbursement of loans / leases / investments. As per BB regulations, FCs have to release the loan amount to their respective client's account; and FCs have also been asked to ensure the proper utilisation of the disbursed amount before the disbursement of the next installment. In addition, FCs have to preserve loan/lease/investment files. It is also mandatory for FCs to take adequate eligible securities against any loan. ICCs of the FCs must conduct a pre-audit

inspection before the disbursement of any loan, lease, or investment amounting to BDT 10.00 million or more to ensure compliance and due diligence. To avoid complications during legal steps taken to recover stuck-up loans/leases/investments, FCs have to take thumb impressions of both borrower(s) and guarantor(s) in loan-related charge documents. In addition, a dashboard has to be installed for prompt detection and corrective measures undertaken on any irregularities in loan documentation, disbursement, fund diversion and breaches of single borrower exposure limits.

Core Risk Management

8.22 Guidelines on five core risk areas, namely, credit risk management, internal control and compliance, asset-liability management, prevention of money laundering and terrorist financing, and information and communication technology (ICT) security have been issued for FCs. In addition, to address and manage all risks in more prudent and organised ways, integrated risk management guidelines have also been issued to make FCs adopt improved policies and procedures in line with international best practices for their risk management frameworks. The guidelines encompass all the probable risks including credit, market, liquidity, operational, compliance, strategic, reputational, environmental, and money laundering risks.

Stress Testing

8.23 Stress testing is a simulation technique used to test the resilience of different FCs under a set of exceptional but plausible assumptions through a series of tests. Stress testing alerts FC management to adverse unexpected outcomes related to a variety of risks (interest rate, credit, equity and liquidity). A stress test rating scale of 1 to 5 and zonal positioning through weighted-average resilience-weighted insolvency ratio (WAR-WIR) matrix have been

Table 8.05 Inspections Conducted by FIID in FY25

Name of Inspection	Number
Head office comprehensive inspection of FCs	25
Branch comprehensive inspection	01
Core risk inspection	17
FICL inspection (Quick Summary Report)	38
Special Inspection	20

* As on June 2025

Source: Financial Institutions Inspection Department, Bangladesh Bank.

introduced to develop an auto-generated recommended action plan. All FCs have been carried out stress testing on a quarterly basis since 30 June 2012 using the stress testing methodology and perspectives provided by BB.

Finance Companies Inspection

8.24 During FY25, BB's Financial Institutions Inspection Department (FIID) has conducted a total of 25 comprehensive inspections on head offices of FCs. Details of the inspection conducted by the department are shown in Table 8.05. This department also monitors implementation of the recommendations made in the inspections' reports.

Consumer Protection Regulations

Schedule of Charges

8.25 To ensure the right standard for customer service and protection of customer's interests, BB has directed FCs to formulate a 'Customer Service and Complaint Management Policy'. FCs have to form complaint cells in their head offices, regional offices and branch offices under the direct supervision of the Chief Executive Officer to settle the customer's complaints according to the 'Customer Service and Complaint Management Policy'. BB has rationalised the charges of some services to ensure the interests of depositors / investors / customers and have advised all FCs to display the complete schedule of charges in suitable places in their branches and head offices so that clients can quickly take them into account. They have also been advised to post the same

information on their websites. BB monitors these issues and FCs must submit semi-annual statements in this regard. No charge/commission like commitment fees, supervision fees and cheque dishonor fees can be charged to their clients by FCs. The early settlement fee has also been rationalised in case of pre-matured loan/lease encashment. BB has also instructed FCs to allocate the increased/decreased amount equally in the rest of the EMI due to any change in interest rate revisions [DFIM Circular Letter No-01/2023].

Cost of Funds Index for FCs

8.26 FCs regularly submit their monthly statements of base rate and cost of funds to BB as per guidelines published in 2013. Based on these statements, BB prepares an aggregate cost of funds index, uploads it on the BB website and updates it monthly. The cost of funds index is used as an acceptable reference rate. The base rate system facilitates interest rate determining processes and ensures more transparency and accountability in finance companies. The cost of funds of FCs in June 2024 was 8.54 percent, although it increased to 9.06 percent in June 2025.

Guidelines on Products and Services, and Commercial Paper of FCs in Bangladesh

8.27 Along with the banks, FCs, with their customised products and services have emerged as competitive financial intermediaries to meet customers' growing and changing demands. The guidelines on products and services of FCs have outlined the different characteristics of products and services that help FCs adapt to a changing environment, promote sound risk management systems, and bring discipline in launching new products and services. To set some regulations regarding commercial papers, guidelines for FCs have been introduced. They allow FCs to get involved in commercial papers since investors, issuers,

guarantors are issuing and paying agents by fulfilling terms and conditions since mentioned in the guidelines. The existing guidelines have been revised (DFIM Circular Letter No-02 dated 27 February 2020) to ensure best practices and set standards that will facilitate FCs to perform efficiently regarding commercial papers in more organised ways.

Regulations on Corporate Memory Management System (CMMS) for FCs

8.28 As part of formulating and implementation the national integrity strategy (NIS), a circular has been issued for the preservation and use of information of penalised employees of FCs through the Corporate Memory Management System (CMMS).

Financial Market

9.01 A well-functioning financial market plays a fundamental role in promoting economic growth and financial stability by mobilising and allocating funds efficiently, managing risks prudently, determining competitive asset prices, and ensuring smooth transmission of monetary policy. During FY25, Bangladesh Bank (BB) pursued a moderately tight monetary policy stance aimed at containing inflation while supporting economic growth. The central bank's policy measures were directed toward restoring macroeconomic stability, strengthening the monetary transmission mechanism, and enhancing the resilience of the financial system. Major initiatives during the year included further adjustments of the policy (repo) rate, implementation of the interest rate corridor (IRC) system for improved rate flexibility, and continuation of the crawling peg exchange rate mechanism to maintain external competitiveness and stability. BB also advanced the implementation of the roadmap to reduce non-performing loans (NPLs) and reinforced prudential supervision to safeguard financial soundness.

Market Highlights, FY25

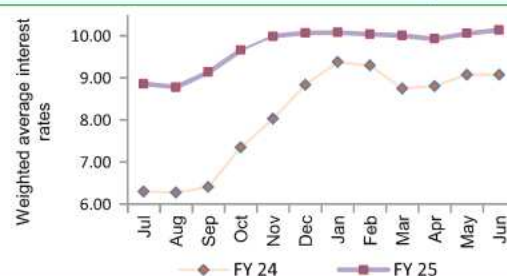
- The call money interest rates experienced a sharp increase in FY25. The rising call money rate reflected persistent liquidity stress in the banking sector, alongside the tighter policy stance adopted by BB.
- To curb higher inflation, the policy rate (repo rate) was raised thrice with a total of 150 basis points (bps). Besides, IRC was narrowed down to ± 150 bps.
- The DSE's market capitalisation remained broadly stable, whereas the CSE registered a modest decline. Both exchanges witnessed decreases in their respective share price indices in FY25.

Table 9.01 Volume of Trade and Weighted Average Interest Rates in Call Money Market

Periods	Volume of trade (Billion BDT)	Weighted average interest rates (%)	Volume of trade (Billion BDT)	Weighted average interest rates (%)
	FY24		FY25	
July	1541.5	6.3	789.5	8.8
August	1743.3	6.3	606.4	8.8
September	984.6	6.4	720.5	9.1
October	938.0	7.3	720.6	9.7
November	945.1	8.0	756.4	10.0
December	675.2	8.8	884.5	10.1
January	766.1	9.4	916.9	10.1
February	483.7	9.3	688.3	10.0
March	576.3	8.7	742.5	10.0
April	621.9	8.8	728.9	9.9
May	701.9	9.1	906.6	10.1
June	825.6	9.1	743.9	10.1
Average	900.3	7.7	767.1	9.8

Source: Debt Management Department, Bangladesh Bank.

Chart 9.01 Movements of Call Money Rate



Source: Monetary Policy Department, Bangladesh Bank.

- In FY25, BDT-USD exchange rate showed a mild depreciating track due to higher remittance inflows, positive export growth and stability in the exchange rate. Hence, foreign exchange reserves accelerated to USD 31.8 billion at this time.

Market Summary

9.02 Formal sector of financial system covers money market (banks and finance companies (FCs)), capital market (stock markets), bond market, microcredit institutions, foreign exchange market and insurance market.

Table 9.02 Repo Auctions in FY25

Total auctions held during the year	Tenure	Bids received		Bids accepted		Interest rate of the accepted bids (%) [®]
		Number of bids	Face value (Billion BDT)	Number of bids	Face value (Billion BDT)	
233	1-Day	8423	10675.0	8423	10675.0	8.50-11.50
	7-Day	1593	1874.4	1593	1874.4	8.60-10.10
	14-Day	3733	4247.7	3733	4247.7	8.70-10.20
	28-Day	5990	4889.8	5990	4889.8	8.75-10.25
	Total	19739	21687.0	19739	21687.0	8.50-11.50*

* Overall interest rate range of different tenors.

[®] Overnight policy rate was re-fixed at 10.00 percent, which made effective from 16 July 2025.

Source: Monetary Policy Department, Bangladesh Bank.

Operational activities of these markets are controlled by different regulators: BB (for money market and foreign exchange market), Bangladesh Securities and Exchange Commission (BSEC) (for capital market), Insurance Development and Regulatory Authority (IDRA) (for insurance companies), and Microcredit Regulatory Authority (MRA) (for microcredit institutions). However, semi-formal and informal sector, not overseen by appropriate regulator, have also contribution to the financial market.

I. Money Market

Call Money Market, FY25

9.03 BB used open market operations (OMOs) and debt management tools to balance the call money market, thereby ensuring liquidity for the banking system. Weighted average call money interest rate exhibited a significant rise in this financial year, ranging from 8.8 percent to 10.14 percent in FY25 (Table 9.01 and Chart 9.01). The average volume of interbank trade in call money reduced by BDT 133.2 billion in FY25 (14.8 percent lower than FY24). The rising call money rate reflected persistent liquidity

stress in the banking sector, alongside the tighter policy stance adopted by BB.

Repo Auctions, FY25

9.04 Different types of repo (overnight repo, term repo, assured liquidity support facility, standing lending facility, assured repo, repo for investment in capital market, etc.) auctions are conducted to provide liquidity support to banks against collaterals, i.e., market and face value of government treasury bills, bonds and BB bills. The repo rate was changed thrice with an increase of 150 bps, and settled at 10.00 percent during FY25. The repayment duration of repo ranges from 1 day to 28 days as per regulations. In FY25, a total of 233 repo auctions were held, while 19739 bids for BDT 21687.0 billion were accepted (Table 9.02). The interest rate of accepted bids ranged from 8.50 to 11.50 percent per annum in FY25.

9.05 Five assured repo was inaugurated in FY24 in favour of banks to settle outstanding liabilities of fertilisers and electricity. Under the stated facility, the policy rate is considered to be the interest rate, while the eligible collateral is the unencumbered special treasury bond issued

Table 9.03 Standing Deposit Facility (SDF) Auctions in FY25

Total auctions held during the year	Tenure	Bids received		Bids accepted		Interest rate of the accepted bids (%) [®]
		Number of bids	Face value (Billion BDT)	Number of bids	Face value (Billion BDT)	
221	1-Day	930	41246.3	930	41246.3	7.00-8.50

[®] SDF rate was reset to 8.00 percent from 8.50 percent, which made effective from 16 July 2025.

Source: Monetary Policy Department, Bangladesh Bank.

by the government. During FY25, a total of 67 assured repo auctions were held, and 221 bids for BDT 761.2 billion were accepted.

9.06 Repo for investment in capital market was introduced in 2020 to ensure uninterrupted liquidity flow in the capital market; a total of 13 auctions were held in FY25, of which 18 bids for BDT 19.5 billion were accepted. It is to be noted that no repo auction regarding liquidity support against remittance incentives in favour of banks was held in FY25.

Standing Deposit Facility Auctions, FY25

9.07 To ensure the broad objective of monetary stance, BB generally uses standing deposit facility (SDF) (formerly known reverse repo) auction to mop up liquidity from the banking system in order to keep the reserve money and money multiplier on track. A total of 221 SDF auctions were held during FY25, of which 930 bids for BDT 41246.4 billion were accepted (Table 9.03). Under SDF, the interest rate of the accepted bids was 7.0 to 8.5 percent in FY25.

Bangladesh Bank Bill Auctions

9.08 For effective management, and to sterilise the liquidity of the banking system, operations of 7-day and 14-day BB Bill were initiated in April 2016, alongside the earlier commenced 30-day BB Bill. Moreover, a

90-days and a 180-days BB Bills were introduced in November 2024. With a view to maintaining a stable interest rate, the exchange rate, inflation and optimum returns on bank deposits, BB cautiously applied the selective BB Bill as a tool of OMOs with lower returns for banks (institutional investors). In FY25, a total of 23 auctions were held for 30, 90 and 180 days' BB Bills, of which 57 bids for BDT 61.1 billion were accepted. The overall weighted average interest rate of all BB Bills ranged from 10.5 to 12.1 percent in FY25.

II. Government Securities Market

Government Treasury Bill Auctions, FY25

9.09 Treasury bills and bonds are short-term and long-term debt instruments issued by BB on behalf of the government. These indirect monetary instruments are used mainly to finance government expenditure efficiently. Securities are issued through an auction process where allotments are conferred to bids that fill the notified issue amount, ranging from the lowest to the highest yield. Pro-rata allotments are made for bids at the cut-off-yield. Banks utilise securities' holdings to fulfil mandated regular requirements for statutory liquidity ratio (SLR).

9.10 In FY25, a total of 24 primary dealers (PDs) banks acted as underwriters and market

Table 9.04 Auctions of Government Treasury Bills in FY25

Tenure of bills	Bids offered		Bids accepted		Outstanding bills as of end June 2025 (Billion BDT)	Weighted average annual yield (WAR) range (%)	
	Number	Face value (Billion BDT)	Number	Face value (Billion BDT)		FY24	FY25
14-Day	0	0	0	0	0	7.96-9.90	-
91-Day	16217	4038.0	14295	2173.7	476.8	7.06-11.65	10.21-11.99
182-Day	7215	2203.3	5600	946.2	512.4	7.13-11.80	10.03-12.04
364-Day	7059	2219.2	5192	896.7	896.7	7.85-12.00	10.13-12.09
Devolvement on BB			-	690.9	-	-	-
Total	30491	8460.5	25087	4016.7	2576.8	7.06-12.00	10.03-12.09*

* Range of the weighted average annual yield of the accepted bids.
Source: Monetary Policy Department, Bangladesh Bank.

makers with commitments to bid in auctions, though as per norms, the auction committee may devolve any unsubscribed amount on BB and PD banks considering the auction rate, timing, macroeconomic and liquidity situation. It is worth noting that devolvement on BB has been discontinued since September 2023 due to the multiplier effect of high-powered money on inflation.

9.11 Weekly auctions of 14-day, 91-day, 182-day and 364-day treasury bills were continued in FY25. Weighted average annual yields of the treasury bill increased significantly in FY25 compared to FY24 (Table-9.04), implying liquidity shortage in the money-market. In FY25, a total of 30491 bids of BDT 4016.67 billion from banks and non-banks were accepted and no devolvement was made on BB. The weighted average yield-to-maturity ranged from 10.0 to 12.1 percent during the period being discussed here.

Bangladesh Government Treasury Bonds (BGTBs) Auctions, FY25

9.12 Treasury bonds, bearing a half-yearly coupon rate with tenors of 2-year, 3-year FRTB, 5-year, 10-year, 15-year and 20-year are auctioned every month following a pre-announced auction calendar. BGTBs are issued at par through yield based multiple price auctions. The auction committee decided that the cut-off yield will also be considered as an annual coupon rate in case of original issuance.

However, re-issued bonds will carry the same maturity, coupon payment date and coupon rate as original bonds. Banks will use BGTBs for SLR purpose in the form of held to maturity (HTM). Both T-bills and bonds are eligible for trading in the secondary market using the market infrastructure (MI) module of BB.

9.13 In FY25, a total of 19665 bids for BDT 4914.7 billion were received, of which 14203 bids for BDT 1652.6 billion were accepted from banks and non-banks, and no devolvement was made on BB. Outstanding bonds increased by BDT 1107.6 billion and stood at BDT 5185.9 billion at end FY25. The weighted average annual yield-to-maturity for treasury bonds ranged from 10.2334 to 12.7393 percent in FY25 (Table 9.05).

III. Government Islamic Securities

Bangladesh Government Islamic Investment the Bond (BGIIB)

9.14 The government provides guarantees against the Bangladesh Government Islamic Investment Bond (BGIIB), a pool of funds formed by the Islamic banks in order to develop an Islamic banking money market. Bangladeshi institutions, individuals and non-resident Bangladeshis who agree to share profit or loss as per Islamic *Shariah* rule may buy BGIIB. The return of BGIIB depends on investments made in line with *Shariah* savings rates and other related factors reflected in the balance sheet of

Table 9.05 Auctions of Bangladesh Government Treasury Bonds, FY25

Tenure of bonds	Bids offered		Bids accepted		Outstanding bonds as of end June 2025 (Billion BDT)	The range of annual weighted average yield (%)
	Number	Face value (Billion BDT)	Number	Face value (Billion BDT)		
2-Year	5354	1267.1	4218	464.6	740.5	10.9312-12.3000
3-Year	480	126.9	216	41.2	41.2	12.3004-13.1879
5-Year	6481	1333.1	5073	453.4	1320.8	10.3927-12.3963
10-Year	3561	1102.4	2409	381.8	1571.1	10.2334-12.5639
15-Year	1620	528.2	871	141.6	727.5	10.4917-12.6785
20-Year	2169	557.0	1416	170.1	784.9	11.1824-12.7393
Total	19665	4914.7	14203	1652.6	5185.9	10.2334-12.7393*

* Range of the weighted average annual yield of the accepted bids.

Source: Monetary Policy Department, Bangladesh Bank.

Box 9.01 Safeguarding Financial Stability- The Role of Financial Stability Committee

Financial Stability Committee (FSC)

A stable financial system underpins sustainable economic growth by ensuring smooth credit flows, protecting deposits, and facilitating reliable payment services. To strengthen resilience and monitor systemic risks Bangladesh Bank has established the Financial Stability Committee (FSC) as its apex macroprudential authority. FSC is mandated to assess vulnerabilities, coordinate regulatory actions, and approve macroprudential policy measures.

The Governor chairs a Committee, which also includes all Deputy Governors, the Chief Economist, the Executive Director in charge of the Financial Stability Department (FSD), and the Directors of nine relevant departments as its members. The Director (FSD) acts as Member Secretary, with the FSD serving as the Secretariat. Meetings are held quarterly, with provisions for extraordinary sessions if and when needed. The inaugural meeting was convened on 9 July 2025.

Key Functions of the FSC are to:

- Monitor and discuss potential threats to financial stability;
- Assess risks and vulnerabilities and recommend mitigating policies;
- Review the current state and outlook of the financial system;
- Coordinate regulatory and supervisory issues across departments;
- Collaborate with domestic and international regulators on stability concerns;
- Approve macroprudential measures to manage systemic risks.

The FSC thus serves as a high-level platform to ensure resilience, safeguard stability, and enhance policy coordination within Bangladesh's financial system.

respective Islamic banks which borrowed money from this fund. Currently, 3-month and 6-month maturity BGIIBs are operated following rules of the Islamic *Shariah*.

9.15 As of end June 2025, net balance against BGIIB increased to BDT 33.8 billion from BDT 0.8 billion at end June 2024, because of both higher sales and financing of the fund. The amount sold stood at BDT 174.2 billion in FY25, from BDT 126.7 billion in FY24. Financing against BGIIB fund also went up notably to BDT 140.4 billion at end FY25,

compared to BDT 125.9 billion in FY24, implying higher demand for funds by the Islamic banks.

Bangladesh Government Investment Sukuk (BGIS)

9.16 Widening *Shariah* based financing in investment opportunities and development, the Bangladesh Government Investment Sukuk (BGIS) bond was introduced in FY21. So far, six Sukuk (BGIS) bonds under *Ijarah* and *Istisna'a* mode have been issued; whereas holder institutions of Sukuk certificates on own

account qualify as approved securities for SLR requirement. With a new auction of BDT 50.0 billion BGIS held in FY25, the outstanding amount of Sukuk raised to BDT 240.0 billion at the end of June 2025.

Diaspora Bonds

9.17 The government has introduced three types of diaspora bonds: wage earner development bond (WEDB), US dollar investment bond (DIB) and US dollar premium bond (DPB) to encourage savings and to enhance remittance inflow. WEDB, with 5-year maturity available for any amount of foreign currency (equivalent to BDT), has an applicable interest rate of 12.0 percent for investments up to BDT 1.5 million, while further investment slabs decide subsequent return rates. In addition, DIB and DPB, both 3-year maturity issued in USD against a bond holder's foreign currency (FC) account, has interest rates of 6.5 percent and 7.5 percent, respectively, up to USD 0.1 million. Subsequent return rates of DIB and DPB depend on next investment slabs. Total sales of diaspora bonds increased by 23.1 percent and stood at BDT 12.7 billion in FY25, up from 10.3 billion in FY24.

IV. Capital Market

Capital Market Activities, FY25

9.18 The capital market is the second largest component of the financial market engaged in long-term finance to contribute effectively in growth acceleration. Dhaka Stock Exchange PLC (DSE), Chittagong Stock Exchange PLC (CSE), and their affiliates make up this market. Corporate bonds, debentures, and equity (shares) are their common instruments. BSEC acts as a regulatory body for the stock market, while BB also supports it as a banking sector controller.

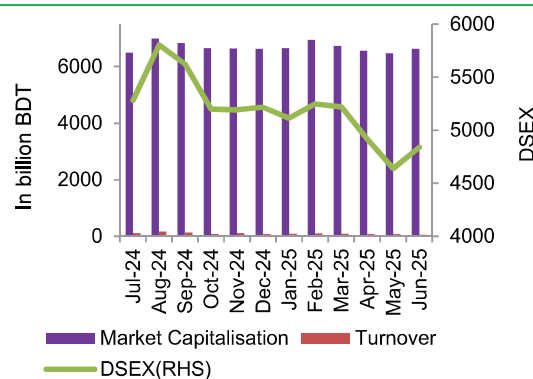
9.19 Chart 9.02 shows the market behaviour of DSE. In the first half of FY25, there were ups

Table 9.06 Bangladesh Government Islamic Investment Bond (BGIIIB)

Particulars	(Billion BDT)		
	FY 23	FY 24	FY 25
Sale of BGIIIB	81.4	126.7	174.2
Financing against BGIIIB fund	72.0	125.9	140.4
Net balance	9.3	0.8	33.8

Source: Motijheel office, Bangladesh Bank.

Chart 9.02 Trends in Market Behaviour of DSE



Source: Dhaka Stock Exchange.

and downs in market capitalisation, while the DSE broad index (DSEX) showed a similar pattern. DSEX and market capitalisation also implied variability in the latter half of FY25. Accordingly, at end December 2024, DSEX and market capitalisation stood at 5216.4 and BDT 6626.2 billion respectively, and then declined to 4838.4 and BDT 6622.7 billion at end June 2025 (Chart 9.02).

Primary Issuance

9.20 A company collected new equity of BDT 1.0 billion through initial public offerings (IPOs) in FY25, compared to BDT 8.4 billion by 9 companies in FY24. Against retained profits, 34 listed companies declared BDT 16.1 billion bonus shares in FY25 compared to BDT 18.9 billion of 37 companies in FY24. Besides, a company raised BDT 3.0 billion capital through right Issue in FY25, whereas two companies lifted BDT 0.4 billion capital through right Issue in FY24.

Box 9.02 Addressing Systemic Risks through Macroprudential Stress Testing

Macroprudential Stress Testing (MPST) is a forward-looking scenario-based tool that helps BB assess how macro-financial shocks may impact banks' credit risks and overall financial stability. By simulating adverse economic and financial conditions, MPST provides insights into the resilience of the banking system and supports timely policy responses.

The MPST framework follows a structured process:

1. Identification of key macro-financial variables (e.g. GDP growth, inflation, interest rates, exchange rate, bond yields) that drive banks' credit risk.
2. Econometric modeling to link these variables with credit risk—proxied by the non-performing loan (NPL) inflow ratio.
3. Generation of baseline and adverse risk projections.
4. Integration of results into the 'Capital Engine' tool to assess solvency and capital adequacy under stress.
5. Interpretation of outcomes to evaluate system-wide vulnerabilities and guide supervisory measures.

Using this framework, the FSD conducted an internal stress testing exercise for five banks, including four Domestic Systemically Important Banks (D-SIBs) and one PCB. Based on quarterly data (March 2024–March 2027), the exercise simulates shocks to GDP growth and projected implications for loan loss provisions, NPL positions, retained earnings, and capital buffers. The findings highlight short-term solvency pressures in some underperforming banks, underscoring the need for enhanced supervisory oversight and early corrective actions to mitigate potential systemic risks.

While MPST is a powerful modern tool, its effectiveness depends on model assumptions and data availability. Challenges include simplifying real-world complexities, limited calibration for rare or extreme shocks, and difficulty in capturing feedback loops between the real economy and the financial sector. Nevertheless, MPST remains an essential instrument in strengthening macroprudential surveillance and safeguarding financial stability.

Secondary Market Activities

9.21 As a percentage of market capitalisation, the secondary market is dominated by the manufacturing sector (38.8 percent), followed by the services and miscellaneous sector (35.2 percent), the financial sector (25.1 percent) and bonds (1.0 percent) in FY25. In DSE, market capitalisation recorded at BDT 6622.7 billion at end FY25, and was 11.9 percent of GDP (current market price),

almost the same as the previous year. In CSE, market capitalisation declined by 0.1 percent to BDT 6911.9 billion at end FY25 and was 12.4 percent of GDP (current market price). In FY25, the amount of turnover in the secondary market both at DSE and CSE, decreased by 25.9 percent and 45.0 percent respectively. DSEX experienced a fall by 9.2 percent to 4838.4, and in CSE the all-share price index (CASPI) showed a 10.8 percent decline to 13438.4 in

FY25 (Tables 9.07 and 9.08).

Non-Resident Portfolio Investments

9.22 Gross investment inflow in shares and securities listed on the stock exchanges by non-residents through Non-Resident Investor's Taka Account (NITA) increased to BDT 25.0 billion in FY25 from BDT 19.1 billion in FY24. Similarly, gross outflow as sale proceeds and dividends decreased to BDT 24.2 billion in FY25 from BDT 40.6 billion in FY24. From April 1992 to June 2025, gross portfolio investment inflow reached BDT 564.5 billion, as against gross outflow of BDT 579.7 billion as sale proceeds and dividends.

Investment Corporation of Bangladesh

9.23 Investment Corporation of Bangladesh (ICB) contributes crucially to the development of a vibrant stock market through portfolio management. Sales of unit certificates and investments in secondary markets through its own portfolio by ICB and its subsidiary companies were BDT 2.9 billion and BDT 33.9 billion, respectively, in FY25. Three subsidiary companies of ICB are: ICB Asset Management Company Ltd. (IAMCL), ICB Capital Management Ltd. (ICML) and ICB Securities Trading Company Ltd. (ISTCL).

Scheduled Banks' Investments in equities and securities

9.24 Holdings of capital market assets (equities and debentures) by scheduled banks, excluding investment in Government Treasury Bills, Bonds and BGIIB, decreased to BDT 606.5 billion in FY25, compared to BDT 580.6 billion in FY24. Outstanding advances of scheduled banks against shares and securities declined to BDT 75.5 billion at end June 2025 from BDT 77.8 billion at end June 2024.

Measures Promoting Capital Market, FY25

9.25 To ensure investors' interest and

Table 9.07 Activities of Dhaka Stock Exchange (DSE)

Particulars	End June		
	FY23	FY24	FY25
No. of listed securities*	653	660	656
Issued equity and debt* (Billion BDT)	4177.8	4399.6	4675.8
Equity through IPOs (Billion BDT)	7.3	8.4	8.4
Market capitalisation (Billion BDT)	7720.8	6621.6	6622.7
Turnover in value (Billion BDT)	1910.9	1498.6	1110.4
Turnover in volume (no. in Billion)	34.8	41.8	40.7
DSE Broad Index (DSEX) [@]	6344.1	5328.4	4838.4

* Including mutual funds and debentures

[@] DSE introduced the benchmark DSE Broad Index (DSEX) as per 'DSE Bangladesh Index Methodology' designed and developed by S&P Dow Jones Indices with effect from January 28, 2013.

Source: Dhaka Stock Exchange PLC.

Table 9.08 Activities of Chittagong Stock Exchange (CSE)

Particulars	End June		
	FY23	FY24	FY25
No. of listed securities*	615	623	620
Issued equity and debt* (Billion BDT)	4167.0	4433.1	4787.5
Market capitalisation (Billion BDT)	7577.9	6915.8	6911.9
Turnover in value (Billion BDT)	60.7	72.8	40.1
Turnover in volume (no. in Billion)	1.6	1.9	0.9
All-share Price Index (CASPI)	18702.2	15066.8	13438.4

* Including mutual funds and debentures.

Source: Chittagong Stock Exchange PLC

compliance of securities laws and coordination, BSEC took the following measures in FY25:

- BSEC approved 8 stock broker branch offices, 1 asset management company, 1 depository participant, 8 trustees, 22 digital booths and 245 authorised representative registration certificates to increase the supply of securities and to keep share trading effective.
- BSEC reduced the annual maintenance fee of beneficiary owners accounts from BDT 450 to BDT 150 and also decided to deposit 25.0 percent of the interest earned from the consolidated customer account to the

Investor Protection Fund, and thus the general investor is bound to benefit from the move.

- In the 957th commission meeting held on 27 May 2025, it was decided that Z-category companies whose sponsors and directors jointly have less than 30 percent shareholdings will take steps to appoint independent directors in compliance with the 'Corporate Governance Code, 2018'.
- BSEC formed a capital market reform taskforce on 7 October 2024 to ensure the overall development of the capital market of Bangladesh. The taskforce has already submitted its draft recommendations to the Commission regarding updating the Securities and Exchange Commission (Mutual Fund) Rules, 2001 and Margin Rules, 1999.
- BSEC held a total of 55 meetings with different issuers companies and stakeholders on various issues, alongwith a meeting regarding declaration of no-dividend of listed companies.
- Under the investment education programme, a total of 7,013 (seven thousand thirteen) persons have been trained in capital market related issues.

V. Credit Market

Scheduled Banks' Advances by Economic Purposes

Table 9.09 Advances of Scheduled Banks by Economic Purposes

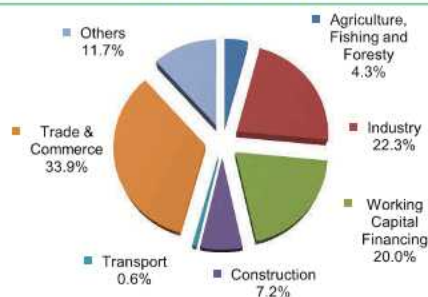
Sector	End June		
	FY24	FY25 ^P	% change
Agriculture, Fishing and Forestry	721.8	739.8	2.5
Industry	3433.4	3871.5	12.8
Working Capital Financing*	3249.0	3480.9	7.1
Construction	1243.0	1253.6	0.9
Transport	115.2	110.4	-4.2
Trade and Commerce	5328.3	5892.6	10.6
Others	1880.4	2042.2	8.6
Grand Total	15971.03	17390.84	8.9

^P Provisional

* excluding export and import financing

Source: Statistics Department, Bangladesh Bank.

Chart 9.03 Sector-wise Shares of Total Advances in FY25



Source: Statistics Department, Bangladesh Bank.

9.26 Advances of scheduled banks for economic purpose exhibited upward trend in FY25 (Table 9.09). At end June 2025, total advance was BDT 17390.8 billion, which was 8.9 percent higher than that in FY24. Major growth is seen in industry (12.8 percent), trade and commerce (10.6 percent), as well as other sectors (8.6

Table 9.10 Industrial Term Loans of Banks and Financial Institutions

Lender	(In billion BDT)									
	Disbursement		Recovery		Outstanding		Overdue		Overdue as % of outstanding	
	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
SCBs	43.0	67.0	68.2	65.5	705.6	751.9	213.6	216.0	30.3%	28.7%
PCBs	791.5	852.3	838.6	962.7	2670.4	3014.0	384.4	601.7	14.4%	20.0%
Foreign banks	46.8	42.2	27.9	34.6	55.7	77.1	4.0	4.9	7.2%	6.4%
Specialised banks (BKB, RAKUB)	6.2	9.9	6.8	10.2	1.7	5.6	3.5	5.0	205.9%	89.3%
Finance companies	98.6	86.2	120.5	108.5	301.1	326.3	81.7	79.2	27.1%	24.3%
Total	986.0	1057.6	1062.0	1181.5	3734.4	4174.8	687.2	906.8	18.4%	21.7%

Source: Statistics Department, Bangladesh Bank.

percent), and working capital (7.1 percent) during FY25. However, the agriculture, fishing and forestry sector and construction sector registered lower growth of 2.5 percent and 0.9 percent, respectively, in FY25.

9.27 It is worth mentioning that the trade and commerce sector contributed the most (33.9 percent) (Chart 9.03), while sector-wise share analysing of total credit during FY25, followed by industry (22.3 percent), working capital (20.0 percent), other sectors (11.7 percent), construction (7.2 percent), agriculture, fishing and forestry (4.3 percent), and transport (0.6 percent).

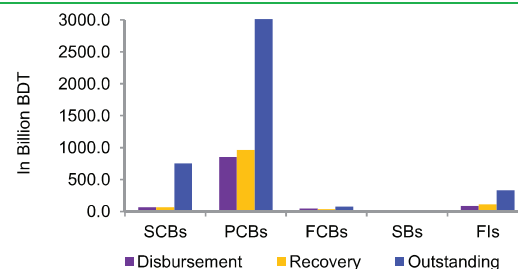
Industrial Term Loans of Banks and Financial Companies

9.28 Disbursement of industrial term loans by banks and finance companies (FCs) increased by 7.3 percent to BDT 1057.6 billion in FY25 as compared to FY24. However, recoveries increased by 11.2 percent to BDT 1181.5 billion in FY25. Therefore, outstanding industrial term loans increased by 11.8 percent and stood at BDT 4174.8 billion in FY25. Overdue loans also increased by 32.0 percent in FY25 and stood at 21.7 percent of outstanding industrial term loans at end June 2025 (Table 9.10).

9.29 Private commercial banks (PCBs) had major share (72.2 percent) in outstanding industrial term loans at end June 2025 (Table 9.10 and Chart 9.04). Six SCBs and two specialised banks (BKB and RAKUB) together had 18.1 percent share of the outstanding industrial term loans, with higher overdue loans their roles in current lending seemed minor (covering 7.3 percent of the disbursement) in FY25. As per disbursing credit, PCBs occupied the largest portion (BDT 852.3 billion) in FY25.

9.30 Foreign banks had much lower overdue loans (6.4 percent of outstanding) at end June

Chart 9.04 Industrial Term Loans of Banks and Financial Companies in FY25



Source: Statistics Department, Bangladesh Bank.

2025. As percentage of outstanding loans, PCBs had also lower overdue loans (20.0 percent) compared to SCBs (28.7 percent), FCs (24.3 percent) and SBs (89.3 percent) at end June, 2025. However, two specialised banks (BKB and RAKUB) that are basically agriculture credit lenders, played insignificant roles in industrial term loans.

Investment Promotion and Financing Facility II (IPFF II) Project

9.31 On behalf of Ministry of Finance, BB implemented the Investment Promotion and Financial Facility II (IPFF II) Project (July 2017-April 2024), co-financed by the government and the World Bank, to promote private sector-led long-term infrastructure financing and build the capacities of various stakeholders. During the project period, a total of BDT 27.4 billion (equivalent to USD 0.3 billion) was disbursed through 12 sub-projects under the on-lending component.

Equity and Entrepreneurship Fund (EEF)/ Entrepreneurship Support Fund (ESF)

9.32 The Equity and Entrepreneurship Fund (EEF) was formed by the government with initial allocation of BDT 1.0 billion in FY01 to encourage investment in agro-based/food processing and ICT industries. As per a sub-agency agreement signed between BB and ICB on 1 June 2009, ICB is now conducting

operational activities of the fund while BB is overseeing policy formulation, management and monitoring task. It is worth mentioning that a loan policy titled 'Entrepreneurship Support Fund (ESF)' was approved in 2018 instead of the equity model. Under ESF, expression of interest (EOI) received in food processing and agro-based and ICT sector were 5080 and 22, respectively, up to 30 June 2024.

9.33 Up to May 2025, a total of 2211 projects (including 2069 food processing and agro-based projects worth BDT 38.0 billion and 142 ICT projects worth BDT 2.2 billion) received financial support from EEF/ESF. Cumulative disbursement stood at BDT 15.3 billion in 961 food processing and agro-based projects, and BDT 1.4 billion in 107 ICT projects at end FY25. World class software developed by EEF assisted ICT projects were used domestically and exported, while rural infrastructure was positively influenced by the implementation of agro-based projects.

Housing Finance

9.34 Outstanding housing loans of banks and FCs at the end of June 2025 stood at BDT 1358.4 billion (Table 9.11), which was 7.8 percent of the total private sector credit. PCBs with major deposit collections engaged dominantly in the housing loan business (Table 9.11) with BDT 780.9 billion outstanding housing loans in FY25. SCBs scored the second highest amount of BDT 340.2 billion and other banks had BDT 60.9 billion in FY25. Besides, specialised housing FCs with long-term deposits collection had also noticeable housing credit of BDT 108.5 billion in FY25.

9.35 The Bangladesh House Building Finance Corporation (BHBFC), the only state-owned housing loans lender had outstanding credit amount of BDT 53.9 billion in FY25. Primary source of BHBFC fund is the paid-up capital contributed by the government.

Table 9.11 Outstanding Housing Loans

Lenders	(In billion BDT)		
	Outstanding as of end June		
	FY23	FY24	FY25 ^P
a. Specialised housing finance providers	97.0	101.2	108.5
i. BHBFC	42.2	48.0	53.9
ii. Delta-Brac Housing Finance	41.1	39.9	41.5
iii. National Housing Finance and Investment limited	13.7	13.3	13.1
b. Banks	1024.3	1112.8	1182.0
i. PCBs	681.5	735.1	780.9
ii. SCBs	293.8	321.6	340.2
iii. Other banks (foreign and specialised)	49.0	56.1	60.9
c. Other financial institutions	70.5	68.6	66.6
d. Micro-credit lenders			
Grameen Bank	2.1	1.5	1.3
Total	1193.9	1284.1	1358.4

^P Provisional.

Sources: Department of Financial Institutions and Markets, Statistics Department, Bangladesh Bank; Bangladesh House Building Finance Corporation and Grameen Bank.

Other than this fund, BHBFC raised funds by selling government guaranteed debentures with assistance of Ministry of Finance to BB and to other commercial banks. In FY25, BHBFC disbursed BDT 9.2 billion against a recovery of BDT 7.1 billion.

9.36 To provide housing facilities for marginalised communities, the *Grihayan Tahobil* was formed by the government in 1998 under the management of BB. This fund provides loan facilities to NGOs at 1.5 percent simple interest rate for disbursing credit to the rural poor at 5.5 percent simple interest rate with a recovery period of maximum 7 years. At end June 2025, the fund released BDT 6.9 billion among enlisted NGOs with a recovery rate of 95.0 percent. With the received fund 1,06,261 houses was built in FY25.

9.37 Under *Grihayan Tahobil*, a 12-storied women's hostel for accommodating 388 women workers at Ashulia, Savar was built at the cost of BDT 0.2 billion. Besides, a four-storied dormitory for 1,008 female workers in Mongla EPZ under BEPZA was also constructed at the cost of BDT 0.3 billion. In addition, the fund sanctioned BDT 0.02 billion in favour of the

project ‘Ghore Fera Karmoshuchi’ being implemented by Bangladesh Krishi Bank (BKB).

VI. Foreign Exchange Market

9.38 Foreign exchange markets play significant roles in smoothing international trade and transactions. Market participants are BB, authorised dealers (ADs) and customers. BB is empowered by the Foreign Exchange Regulation Act, 1947 for regulating the exchange, regime, but in practice, BB carefully monitors and intervenes only if necessary by circulating essential guidelines. In addition, the inter-bank foreign exchange market also has significance comprising of: spot market, forward market and future market.

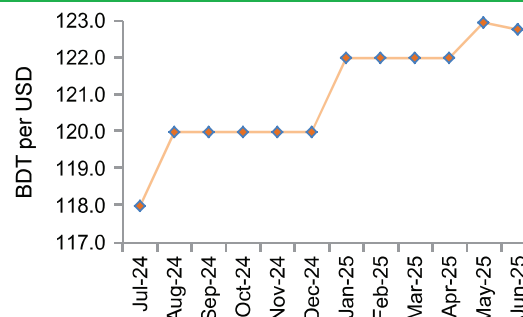
Exchange rate

9.39 Continued tight monetary policy and favourable development in BoP helped restore stability in the foreign exchange market in the second half of FY25. To ensure exchange rate flexibility, the introduction of a crawling peg exchange rate and improved remittance inflows supported reserve accumulation, while the BDT experienced only mild depreciation against USD in the interbank foreign exchange market of at the end June 2025. Notably, the exchange rate depreciated by 3.9 percent in FY25 and stood at BDT 122.8 at end June 2025 (Chart 9.05).

Foreign Exchange Reserves

9.40 Foreign exchange reserves, refer to foreign assets controlled by a central bank, and are an important measure for macroeconomic indicators of shock absorbance. Due to the substantial remittance inflows, positive export growth and stability in the exchange rate, foreign exchange reserves increased markedly to USD 31.8 billion (equivalent to 5.2 months of imports of goods and services) at end June 2025.

Chart 9.05 BDT-USD Exchange Rates Movement (End Month) in FY25



Source: Monetary Policy Department, Bangladesh Bank.

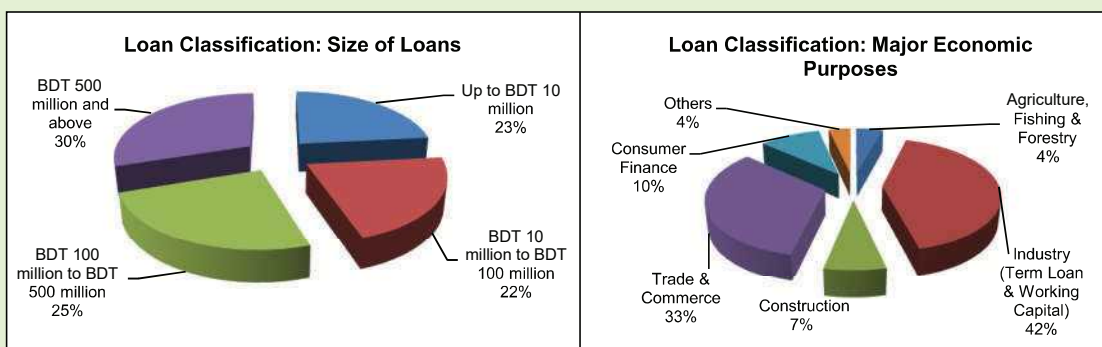
Outlook for FY25

9.41 According the Monetary Policy Statement (MPS) of BB and the World Economic Outlook, October 2025, published by the International Monetary Fund (IMF), Bangladesh’s financial market in FY25 continues to struggle with very high NPLs, concentrated and related-party lending, weak governance and risk management practices, as well as political interference that have eroded depositor and investor confidence. These problems have depressed private-sector credit growth and strained bank balance sheets, while macro pressures (high inflation and tighter monetary policy) have raised funding costs and liquidity stress for some institutions. At the same time, the capital market suffers from low turnover and weak retail participation, periodic liquidity crunches, volatile investor sentiments and low confidence following governance and transparency concerns, all of which are keeping market activity and new investment muted.

9.42 BB has responded with a mix of supervisory, regulatory and corrective actions aimed at stabilising the market and restoring confidence. Regulators launched asset-quality reviews and engaged external audit firms to scrutinise troubled banks as well as formed joint investigation teams through the Financial

Box 9.03 Loans and Advances Classified by Size of Accounts and Major Economic Purposes

Loans and advances are the lifeblood of a modern economy. To ensure efficient resource allocation, loans are often classified based on two major dimensions: the size of accounts and the economic purposes they serve. This classification helps banks manage risk, monitor credit exposure, and align lending policies with national development goals. In Bangladesh, financial institutions classify loans and advances into different categories based on the outstanding amount or the credit limit sanctioned. The analysis of loan distribution reveals important insights into both the size of loans and their allocation across major economic purposes.



Source: Statistics Department, Bangladesh Bank

At end FY25, by size, the largest share (30 percent) was held by large loan accounts valued at BDT 500 million and above. These high-value loans are predominantly extended to major corporations, business conglomerates, and infrastructure projects, playing a significant role in industrial development and economic transformation. Loans ranging from BDT 100 million to BDT 500 million account for 25 percent of total loans, supporting medium to large-scale business operations and investments. Medium-sized loans, of between BDT 10 million and BDT 100 million, make up 22 percent, often serving medium enterprises and larger trading or manufacturing firms. The remaining 23 percent consists of loans up to BDT 10 million, typically catering to small businesses, micro-entrepreneurs, and individual borrowers. This size distribution highlights a strong concentration of credit in larger loan accounts, with over half of the total loan volume directed toward amounts exceeding BDT 100 million, while fosters large-scale projects, but also carries heightened default risks.

In terms of major economic purposes, the industrial sector receives the highest allocation, accounting for 42 percent of total loans, covering both term loans and working capital needs. This reflects the strategic emphasis on boosting industrial output, supporting production activities, and enhancing export-oriented growth. Trade and commerce occupies 33 percent of total loans, underscoring the sector's importance in facilitating foreign trade financing. Consumer finance represents 10 percent of total loans, serving individual credit needs such as housing, education and personal consumption.

Overall, the data reflects a loan portfolio heavily concentrated in large-value financing and industrial and commercial sectors. While this allocation supports economic growth and structural transformation, it also signals the need for careful risk management to mitigate higher potential defaults associated with large loan exposures.

Intelligence Unit to trace allegedly siphoned funds. In some cases, it placed senior executives on leave to enable impartial probes. Bangladesh Bank issued and updated circulars on loan classifications, rescheduling and restructuring to standardise workout processes and allow banks to manage legacy NPLs. As well, BB has tightened monetary policy (raising policy rates) to tackle inflationary pressures that affect financial stability. In parallel, there are moves toward bank resolution tools (including merger/resolution frameworks) and calls for stronger corporate governance and legal reforms to improve recovery measures aimed at repairing capital-market confidence and reducing systemic risk. Continued policy coordination and prudent financial governance will remain essential to sustaining market confidence and ensuring orderly conditions in FY26.

Agricultural and CMSME Finance

10.01 The economy of Bangladesh directly and indirectly relies on the agricultural sector. According to provisional statistics of the Bangladesh Bureau of Statistics (BBS) the contribution of agriculture to the country's gross domestic product (GDP) in FY25 was 10.94 percent. The Labor Force Survey 2024 indicates that 46.0 percent of the country's total workforce is directly engaged in agriculture. In addition to this direct contribution, the agricultural sector also indirectly contributes to the growth of industries and the service sector. Agriculture plays a crucial role in the production of nutritious food, boosting export earnings, generating employment, and supporting the overall economic growth. It is also vital in addressing the adverse effects of environmental disasters and climate change. Ensuring food security and nutrition requires the adoption of a technology-based agricultural system. The development of this sector has contributed significantly to poverty reduction and the improvement of living standards in rural areas. Consequently, the agricultural sector remains central to achieving sustainable development in Bangladesh.

10.02 In line with the broad-based objectives of the development agenda of the Government of Bangladesh (GoB), Bangladesh Bank (BB) formulates the "Agricultural and Rural Credit Policy and Programme" annually to ensure adequate flow of funds to the agricultural and rural economy properly and timely at the farmers' level. With the aim of improving the country's socio-economic conditions and recognising the critical role of the agricultural and rural sector, the policy is implemented through all scheduled banks. The programme aims to expand the scope of agricultural credit, promote financial inclusion, increase the use of technology in rural banking activities, strengthen food security through enhanced credit flow to

Table 10.01 Comparative Position of Disbursement and Recovery of Agricultural Loan*

Disbursement	(Billion BDT)		
	FY23	FY24	FY25
1. Disbursement (target)	308.11	350.00	380.00
a) Crops loan (other than tea)	184.87	210.00	228.00
b) Fisheries	30.81	45.50	49.40
c) Livestock	30.81	52.50	57.00
d) Others	61.62	42.00	45.60
2. Actual disbursement	328.30	371.54	373.27
a) Crops loan (other than tea)	146.55	164.56	178.97
b) Purchase and installation of irrigation equipment	4.99	4.12	4.47
c) Livestock	75.13	89.84	90.37
d) Marketing of agricultural goods	1.67	1.96	1.16
e) Fisheries	41.99	54.97	54.52
f) Poverty alleviation	21.88	21.52	14.55
g) Other agricultural activities	36.08	34.57	29.23
3. Term structure of loan disbursed	328.30	371.54	373.27
a) Short term	268.96	304.23	310.61
b) Long term	59.34	67.31	62.66
4. Recovery	330.10	355.72	380.25
5. Due for recovery	409.10	463.30	603.72
6. Total outstanding loan	527.04	581.20	602.32
7. Overdue	65.41	93.68	216.3
8. Overdue as percentage of outstanding	12.41	16.12	35.91

* Excluding Bangladesh Rural Development Board and Bangladesh Samabaya Bank Limited
Source: Agricultural Credit Department, Bangladesh Bank.

farmers, alleviate poverty, and revitalise the rural economy. Credit under this policy is disbursed to various sectors and sub sectors of agriculture, including crops, fisheries, and livestock, as well as to income-generating and poverty-alleviation initiatives in rural areas. During FY25, BDT 373.27 billion (98.23 percent of the target) was disbursed as agricultural and rural credit against the target set of BDT 380.00 billion through all scheduled banks (Table 10.01).

Major Achievements of the Agricultural Credit Programme in FY25

10.03 The major features and achievements of the programme implemented in FY25 were as follows:

- Around 3.82 million farmers availed agricultural and rural credit, of which 1.80 million women got BDT 142.35 billion from different banks.

- Around BDT 11.02 billion was disbursed among about 0.13 million farmers through 19,805 open credit disbursement programmes arranged by different banks.
- Around 2.92 million marginal and small farmers availed BDT 259.28 billion agricultural loans from different banks.
- About BDT 0.19 billion of agricultural and rural credit was disbursed among about 2,558 farmers living in less-developed areas like *haor*, *char*, etc.
- Around 10.41 million bank accounts were opened by farmers in state-owned commercial banks and other scheduled banks with an initial deposit of BDT 10.00 only.
- In the three hill tract districts, more than BDT 1.64 billion was disbursed by BKB among 26,719 tribal farmers at a 5 percent interest rate.

Credit Disbursement to the Agriculture Sector

10.04 In recent years, agricultural and rural finance programmes have been boosted as the private commercial banks (PCBs) and foreign commercial banks (FCBs), alongwith state-owned commercial banks (SCBs), have come forward to disburse agricultural credit in the country. The actual disbursement was BDT 373.27 billion in FY25 against disbursement target set of BDT 380.00 billion, 0.47 percent

higher than the actual disbursement of BDT 371.54 billion in FY24. Table 10.01 shows the comparative position of overall disbursement and recovery of agricultural credit while Charts 10.01 and 10.02 show targets and actual disbursement of agricultural credit, respectively, in FY25.

10.05 Short-term loans accounted for approximately 83.21 percent of total disbursements while long-term loans for irrigation equipment, agricultural machinery, livestock and other purposes accounted for the remaining 16.79 percent. During FY25, credit for crop production accounted for 57.62 percent of total short-term loans (Table 10.01).

10.06 The total outstanding credit in the agricultural sector (all banks) in FY25 increased by BDT 21.12 billion, or 3.63 percent, to BDT 602.32 billion from BDT 581.20 billion in FY24 (Table 10.02).

10.07 Two specialised banks, namely, the Bangladesh Krishi Bank (BKB), Rajshahi Krishi Unnayan Bank (RAKUB) and six SCBs have played a key role in the disbursement of agricultural and rural credit. The contribution of foreign and private commercial banks was also imperative in this regard. BKB, RAKUB and FCBs have exceeded the disbursement target set at 17.94 percent, 22.27 percent, and 11.09 percent, respectively. Among SCBs, though 01 bank failed to achieve the target; the remaining SCBs were able to exceed their targets. In

Table 10.02 Agricultural Credit Performance by Lenders*

(Billion BDT)

	FY23	FY24	FY25					Total
			SCBs	BKB	RAKUB	PCBs	FCBs	
Disbursement target	308.11	350.00	33.15	72	21	241.21	12.64	380.00
Actual disbursement	328.3	371.53	32.74	84.92	25.68	215.89	14.04	373.27
Recovery	330.11	355.72	28.49	99.14	27.20	216.94	8.46	380.23
Overdue	65.42	93.68	48.05	139.96	14.51	13.78	0	216.30
Outstanding	527.05	581.20	154.5	215.62	25.83	197.19	9.19	602.33

* Excluding Bangladesh Rural Development Board and Bangladesh Samabaya Bank Limited

Source: Agricultural Credit Department, Bangladesh Bank.

addition, though 15 banks out of 42 PCBs failed to achieve the disbursement target, the remaining 27 PCBs achieved their targets in FY25 (Table 10.02). In addition, the Bangladesh Rural Development Board (BRDB) disbursed BDT 14.28 billion in FY25 from their own funds.

Credit Recovery

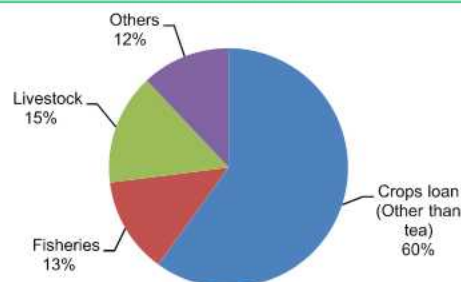
10.08 It is very important for banks to conduct proper intensive supervision to ensure smooth recovery, alongwith taking appropriate measures to disburse credit to real farmers. During FY25, the recovery of agricultural credit increased by 6.89 percent to BDT 380.23 billion, up from BDT 355.71 billion in FY24. Consequently, the rate of recovery as a percentage of outstanding was 63.13 percent during FY25 which was more than the 61.20 percent recovery rate of FY24 (Table 10.02).

10.09 The overdue as percentage of outstanding agricultural loans increased from 16.12 percent in FY24 to 35.91 percent at end June 2025 (Tables 10.01 and 10.02).

Sources of Agricultural Finance

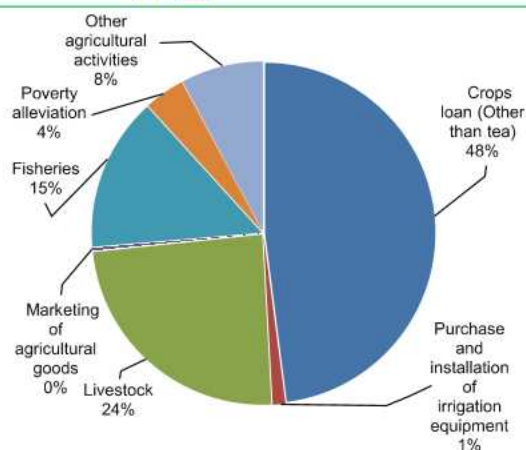
10.10 Two specialised banks (BKB, RAKUB) and six SCBs played key roles in disbursement of agricultural and rural finance. In addition, PCBs play significant roles in the annual disbursement of agricultural loans. In FY25, two specialised banks (BKB and RAKUB), alongwith six SCBs, PCBs and FCBs, disbursed BDT 143.33 billion or 38.40 percent, BDT 215.89 billion or 57.84 percent and BDT 14.04 billion or 3.76 percent, respectively, of the total disbursement of BDT 373.27 billion (Table 10.02). SCBs overdue loans stood at 31.10 percent of their agricultural outstanding loans at end FY25, while the overdue loans of RAKUB and BKB were recorded at 56.14 and 64.91 percent, respectively, of their outstanding loans (Table 10.02). PCBs' overdue loans as percentage of their outstanding loans stood at 6.99 percent at end FY25.

Chart 10.01 Target for Agricultural Credit Disbursement in FY25



Source: Agricultural Credit Department, Bangladesh Bank.

Chart 10.02 Actual Agricultural Credit Disbursement in FY25



Source: Agricultural Credit Department, Bangladesh Bank.

Interest Subsidy from Government (Budgetary Allocation)

Credit Disbursement at Concessional Interest Rate for Specified Crops

10.11 There is a large demand for pulses, oilseeds, spices and maize in the country. But the production of these crops is not sufficient. To encourage the production of such crops, state-owned commercial and specialised banks disbursed loans to farmers for this purpose at concessional interest rates. The interest rate was set at 4.00 percent from 01 July FY11 under the interest-loss subsidy facilities of the government. Alongwith the state-owned

commercial and specialised banks, private and foreign commercial banks have been disbursing loans to this sector from FY12 against their annual agricultural and rural credit targets under the government's facility of interest subsidy. The overall scenario of credit disbursement for the specified crops is shown in Table 10.03.

10.12 During FY25, a total 45 banks availed BDT 0.04 billion as 4.00 percent interest subsidies for import-substitute crops (pulse, oil seed, spices and maize) and 01 bank availed BDT 0.01 million in salt cultivation against their proper disbursement and recovery of FY24.

Refinance Facilities from Bangladesh Bank

Refinance Scheme for Milk Production and Artificial Insemination

10.13 To ensure nutritional security and reduce dependency on imported milk and milk products and to promote self-employment for unemployed youths, BB had introduced a BDT 2.0 billion refinance scheme for milk production and artificial insemination scheme in 2015. Fourteen participating banks and finance companies (FCs) signed participation agreements with BB to avail the refinance facility with an interest subsidy of 5.00 percent. Following the recovery of loans from borrowers, the banks and FCs are eligible for a 5.00 percent interest subsidy from the government on the amount disbursed, subject to the fulfillment of terms and conditions. Under this scheme, participating banks and financial institutions (PFIs) disbursed BDT 2.00 billion to end borrowers. From 2015 to June 2024, a total of BDT 2.00 billion was recovered from PFIs. A total of 18,429 borrowers benefited from this scheme.

Refinance Scheme to Assist Jute Sector

Credit Disbursement at Concessional Interest Rates for Specified Crops

Table 10.03 Credit Disbursement for Specified Crops (Pulses, oil seeds, Spices and Maize)

FY	Target	(Million BDT)	
		Actual Disbursement	Achieved
FY24	2691.20	2282.97	84.83%
FY25	2816.70	2784.80	98.87%

Source: Agricultural Credit Department, Bangladesh Bank.

10.14 In FY19, BB undertook a revolving refinance scheme of BDT 3.00 billion to revive jute and jute industries as well as to help farmers to get fair prices for jute produced by them and also provide working capital to jute goods manufacturing companies, jute exporters and raw jute traders. BDT 0.02 billion has been refinanced among 2 beneficiaries during FY25. The cumulative refinance amount upto FY25 was BDT 0.87 billion.

Special Stimulus Refinance Scheme for Agriculture Sector

10.15 To ensure food security and enhance agricultural production, Bangladesh Bank has introduced a refinance scheme of BDT 50.00 billion for the agriculture sector to maintain a sustainable flow of low-interest loans in the agricultural sector. Under this refinance scheme, PFIs can disburse agricultural loans to paddy cultivation, fish farming, vegetable, fruit and flower farming, poultry, goat/sheep farming, dairy and beef fattening sectors. Under this non-revolving refinance scheme, 51 participatory banks disbursed agricultural loans at 4.00 percent interest rate at the borrowers' level and BB refinanced PFIs at a 0.50 percent interest rate. Loan disbursement activities by PFIs under this scheme were concluded in December, 2024. At end December 2024, BDT 49.29 billion was disbursed among 2,82,992 beneficiaries by 51 PFIs whereas Bangladesh Bank refinanced BDT 47.47 billion to PFIs as certain claims submission to BB from PFIs are still pending .

Refinance Scheme of BDT 5 Billion to Create Employment and Eliminate Poverty for People who had to Returned Home due to COVID-19 Pandemic and Other Reasons

10.16 Due to the COVID-19 pandemic, a significant number of employed people of the urban population suddenly lost their jobs and were forced to return to their villages. Most of these people are still staying in their villages and are forced to live miserable lives. It is imperative to bring such people under the benefits of the incentive package announced by the government. Otherwise there is a risk of an adverse impact on the rural economy. If it is possible to create suitable employment in the village for all these people, the rural economy will thrive. Consequently, it will have a positive impact on the overall economy. In this context, BB has introduced an own funded refinance scheme named 'Refinance scheme of BDT 5.00 billion to create employment and to eliminate poverty for people who returned home due to the COVID-19 pandemic and other reasons' (ACD Circular No. 01; dated 3 January 2022) for low-capital based local businesses, purchase of small and medium vehicles in transport sector, small engineering industries, fisheries, livestock, purchase of agricultural machinery and sale of crops as well as small businesses for creating employment for physically challenged people and poor women. The tenure of the scheme was from January 2022 to December 2024. The rate of interest at the

beneficiary level was 6.00 percent and at PFI level 0.50 percent. Sixteen PFIs disbursed BDT 4.36 billion among 28,663 beneficiaries, whereas BB refinanced BDT 4.31 billion to PFIs.

Refinance Scheme of BDT 10.00 Billion for Increasing Production of Wheat and Maize

10.17 The domestic production of wheat and maize is not sufficient despite the great demand. As a result, Bangladesh has to import a huge amount of wheat and maize to meet the demand. BB has introduced a refinance scheme named 'Special Refinance scheme of BDT 10.00 billion, to increase the production of wheat and maize'. The scheme is funded by BB's own resource and the nature of the fund is non-revolving. Under this scheme, PFIs will be able to disburse loans to borrowers till June 2027. The rate of interest at the beneficiary level is 4.00 percent and at the PFI level 0.50 percent. At end June 2025, BDT 6.02 billion was disbursed among 63,781 beneficiaries by 22 PFIs, whereas BB refinanced BDT 4.89 billion to PFIs since certain claims submission to BB from PFIs are still pending.

Re-finance Facilities under Government Guarantee

10.18 Apart from the refinance schemes of BB, a special type of finance facilities against government guarantees is provided by BB to meet the instant agricultural loan flow. As of June 2025, the outstanding principal amount was BDT 5.00 billion.

Table 10.04 Target and achievement of CMSME outstanding (up to March 2025)

Period	Outstanding based Target by Banks and Finance Companies	Outstanding Amount (at the end of the year)					Women entrepreneur	Achievement
		Sub-categories						
		Manufacturing	Service	Trading	Total			
2023	3458.19	1118.21	652.19	1272.01	3042.41	196.13	87.98%	
2024	3893.19	1148.16	645.25	1267.79	3061.20	199.39	78.63%	
2025	4051.24	1106.29	584.97	1330.48	3021.74	194.92	74.59%	

Source: SME & Special Programmes Department, Bangladesh Bank.

Demand Loans

10.19 Apart from the refinance schemes of BB and refinance facilities against government guarantees, a special type of finance is provided by BB to meet instant agricultural loan flows. Bangladesh Bank provides demand loan facilities by 90 days of maturity against DP note. During FY25, BKB availed BDT 117.00 billion and RAKUB availed BDT 70.00 billion as demand loans.

Development Partner's Funded Agricultural Credit-Related Projects/ Programmes Operated under Bangladesh Bank's Supervision

Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project (SMAP, BD-P77)

10.20 The Government of the People's Republic of Bangladesh and Japan International Cooperation Agency (JICA) signed a loan agreement called the 'Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project (SMAP)' on 16 June 2014. The objectives of the project are to improve productivity and promote diversification in the agriculture, livestock and agro-machinery sectors through ensuring credit facilities. Moreover, a unique and special feature of this project is providing technical orientation (TO) and technical support services (TSS) to small and marginal sized farmers at no cost. The project was implemented through 11 participating microfinance institutions (PMFIs). The tenure of the project was completed in September 2021. However, to ensure the sustainable development of the agricultural sector, the project will continue till September 2029 with the same terms and conditions set by the revolving fund. This revolving pre-finance project formed and started its journey in 2015. JICA is the donor agency for this project while

the GoB portion of this project is contributed by Bangladesh Bank. The total project fund is BDT 6.39 billion. To avail pre-finance facilities from the projects, 11 participating microfinance institutions (PMFIs) signed agreements with BB. During FY25, BDT 6.39 billion was disbursed to 94,596 end borrowers through 11 PMFIs. From the beginning of this project (2015) to 30 June 2024, a total loan amount of about BDT 51.67 billion was disbursed to about 8,98,023 farmers. The vision of the project is to provide loans for the agricultural sector and to enhance farmers' technical skill through providing TSS. To achieve these goals the Agricultural Credit Department and PMFIs will arrange different types of training, seminar and workshops for end level borrowers.

ADB Funded Second Crop Diversification Project (SCDP)

10.21 The project was built on the successful activities of NCDP and expanded its activities to new project areas. The loan component of the project is USD 26.00 million sanctioned by ADB. The project started operating in 2011. For wholesale of credit, BB signed a participation agreement with BASIC Bank Limited and Eastern Bank PLC in 2011. The project implementation area covers 54 Upazilas of 25 districts of the north and south-western zones of Bangladesh. Total funds disbursed to the end borrowers is BDT 2.04 billion. The number of farmers covered by the project is 204,000. The present principal amount outstanding is BDT 0.61 billion.

Marginal and Small Farm Systems Crop Intensification Project (MSFSCIP)-Kurigram District

10.22 The project is financed by the International Fund for Agricultural Development (IFAD) and the loan component is BDT 0.14 billion. The project is implemented at nine *Thanas* of Kurigram district. Four PFIs have

signed participation agreement with BB. The project period was from 1987 to 1997, but refinancing continues under a revolving fund. PFIs availed refinance funds from BB at bank rate. At the beneficiary level, the interest rate is determined by PFI. As of 30 June 2025, the balance of the revolving fund was BDT 0.04 billion.

Pre-finance under Government Guarantees

Ansar-VDP Unnayan Bank

10.23 BB provides a prefinance facility to the Ansar-VDP Unnayan Bank to implement its agricultural and rural credit programmes. The objective of this facility is to extend credit facilities to members of Ansar-VDP to alleviate poverty and expand income generating activities. These loans are provided against a government guarantee covering the credit amount and interest accrued thereon. As of June 2025, the outstanding principal loan amount of credit was BDT 7.50 billion. BB provided this loan at 4.00 percent interest rate while Ansar-VDP Unnayan Bank currently charges a maximum interest rate of 8.00 percent for agricultural and rural loans at the borrower level. At end June 2025, a total of 34,557 beneficiaries were financed from this prefinance facility since its inception; of them 10,107 beneficiaries received financial support in FY25.

Karmasangsthan Bank

10.24 Karmasangsthan Bank also avails a prefinance facility from BB against a government guarantee. It covers credit facilities to its customers in the 'fisheries and livestock sectors' and 'youth credit sectors' out of the traditional credit facility. As on 30 June 2025, a total of BDT 10.00 billion was provided to Karmasangsthan Bank, of which the outstanding principal amount was BDT 10.00 billion. BB offers these loans at the bank rate, whereas Karmasangsthan Bank currently charges its customers a maximum interest rate

of 8.00 percent. The loans disbursed to their customers should comply with the annual agricultural and rural credit policies of BB and the bank's 'youth credit policy' and 'fisheries and livestock policy'.

Rajshahi Krishi Unnayan Bank

10.25 Bangladesh Bank provides prefinance facilities to Rajshahi Krishi Unnayan Bank (RAKUB) in order to increase the production of crops, livestock, fisheries, poultry, horticulture and other agriculture-based income generating activities. The objective of this facility is to provide funds to increase food production in the north west region of the country to ensure food security, including generating agriculture based employment. BB offers this credit to RAKUB at the prevailing bank rate (currently 4.00 percent) while RAKUB charges a maximum interest rate of 8.00 percent to its borrowers. This prefinance facility is provided against a government guarantee covering the credit amount and interest accrued thereon. By end June 2025, RAKUB had disbursed BDT 10.00 billion to 71,588 beneficiaries under this prefinance facility since its inception.

Financing Cottage, Micro, Small and Medium Enterprises (CMSMEs)

10.26 The SME & Special Programmes Department (SMESPD) of Bangladesh Bank (BB) plays a pivotal role in fostering growth and inclusion, economic empowerment and employment generation. With a focus on sustainable growth, SMESPD has been working towards ensuring access to finance for all SMEs. It has been providing different refinance facilities such as a refinance fund for new entrepreneurs in cottage, micro and small industry; a refinancing fund against Islamic *Shariah*-based financing; a BDT 250 billion scheme for financing the CMSME sector; a COVID-19 refinance scheme; the revolving fund account of Japan International Co-operation

Table 10.05 Statement of Refinance on CMSMEs under Different Refinance Schemes of BB (up to June 2025)

Name of Fund	Amount refinance (billion BDT)				No. of beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
1. Refinance Scheme for Agro-based Product Processing Industries	13.69	13.52	11.99	39.20	6379	-	-	6379
2. Small Enterprises Refinance Scheme	15.86	74.73	10.09	100.68	21680	41227	8988	71895
3. New Enterprises Refinance Fund for CMSMEs	0.44	2.82	0.03	3.29	852	2849	440	4141
4. Islamic <i>Shariah</i> -based Refinance Fund	3.91	1.39	1.82	7.12	316	784	91	1191
5. JICA FSPDSME	1.10	10.89	5.37	17.36	1774	34	1040	2848
6. JICA UBSP	-	-	1.79	1.79	10	-	-	10
7. COVID-19 Refinance Scheme	103.42	-	-	103.42	228107	360877	89040	678024
8. LFSSP	0.51	0.11	0.11	0.73	21	35	8	64
9. BDT 250 Billion Scheme for Financing CMSME Sector	-	-	-	228.97	-	-	-	15090*
Grand Total	138.93	103.46	31.20	502.56	259139	405806	99607	764552

Source: SME & Special Programmes Department, Bangladesh Bank.

* No. of beneficiary of refinance only

Agency (JICA) assisted financial sector project for the development of SME (FSPDSME) fund; JICA assisted urban building safety project (UBSP); and a line of finance to support SMEs projects under the IsDB SPRP for COVID-19. Total loans and advances outstanding in the CMSME sector at end March, 2025 was BDT 3021.74 billion, representing 74.59 percent of the annual CMSME outstanding based target of BDT 4051.24 billion set by banks and finance companies. By early 2025 (January to March), banks and FCs altogether had disbursed an amount of BDT 478.13 billion against 323734 CMSMEs. On the other hand, 72700 women-led SME enterprises received financial help worth BDT 33.84 billion from January to March 2025 (Table 10.04).

Refinance Schemes

10.27 Presently, SMESPD of BB is running 06 refinance schemes from its own funds and 03 projects with the assistance of JICA, AIIB, and European development partners in the CMSME sector, which are revolving in nature. A total amount of BDT 502.56 billion was provided to different banks and FCs under different

refinance/pre-finance schemes up to June 2025. These refinance facilities help CMSMEs expand their businesses and create new job opportunities. Details of BB's refinancing facilities for promoting CMSMEs are outlined in Table 10.05.

BB's Refinance/Pre-finance Facilities to Banks and Finance Companies for Promoting CMSMEs

Refinance Schemes for Agro-based Product Processing Industries

10.28 To boost agro-based product-processing industries throughout the country, BB launched a scheme of BDT 1.00 billion in 2001. Responding to the huge demand for this fund, its size was increased to BDT 2.00 billion in 2012, BDT 4.00 billion in 2013, BDT 4.50 billion in 2015, BDT 7.00 billion in 2018 and finally, it was increased to BDT 14.00 billion in 2020. As per the SMESPD Circular (No. 1, dated 17 March 2025), the maximum rate of interest is charged at 7.00 percent against customer level refinancing. BDT 39.20 billion has been disbursed to 6379 enterprises on a revolving basis under this scheme till end June

Table 10.06 Refinance Scheme for Agro-based Product Processing Industries (up to June 2025)

Banks/Finance Companies	Amount Refinance (billion BDT)				No. of Beneficiary (sector wise)			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total
Bank	11.61	6.12	3.37	21.10	3375	-	-	3375
FCs	2.08	7.40	8.62	18.10	3004	-	-	3004
Total	13.69	13.52	11.99	39.20	6379	-	-	6379

Source: SME & Special Programmes Department, Bangladesh Bank.

2025 (Table 10.06).

Small Enterprise Refinance Schemes for Women Entrepreneurs

10.29 To ensure distribution of loans to women entrepreneurs at low interest rates and with flexible terms, BB is operating the 'Small Enterprise Refinance Scheme for Women Entrepreneurs', where the maximum interest rate at the customer level is 5.00 percent, and at the bank and FCs level 0.50 percent. The fund for this scheme was increased from BDT 15.00 billion to BDT 30.00 billion in 2023. The loan ceiling under this scheme was raised up to BDT 10.00 million through SMESPD Circular (No. 01/2025). Now women entrepreneurs can avail collateral free loans under this scheme up to BDT 5.00 million. At end June 2025, BDT 100.68 billion was refinanced from this fund to 71,895 enterprises (Table 10.07). To encourage the timely adjustment/ collection/ repayment of loans/investments provided to women entrepreneurs under this scheme, BB offers a

1.00 percent incentive both to the banks and FCs and at the customer level. A total of 2,331 women entrepreneurs and concerned banks/FCs were given a total incentive of BDT 60.00 million by the end of June 2025.

Refinance Schemes for New Entrepreneurs' in the Cottage, Micro and Small Enterprise (CMSE) Sector

10.30 In order to provide capital to new entrepreneurs in cottage, micro and small enterprises, BB provides up to BDT 3.00 million to prospective entrepreneurs as CMSE loans with collateral security and up to BDT 1.00 million as CMSE loan without collateral from this refinance scheme. The interest rate ceiling at the entrepreneur level under this scheme is 7.00 percent. By the end of 30 June 2025, a total of 4141 new entrepreneurs were refinanced with BDT 3.29 billion under this scheme (Table 10.08)

Refinance Schemes for Islamic Shariah-Based Financing

Table 10.07 Refinancing under Small Enterprise Refinance Scheme (Up to June 2025)

Banks/ Finance Companies	Amount Refinance (billion BDT)				No. of Beneficiary (sector wise)				No. of Beneficiary (Gender wise)		
	Working capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total	Male	Female	Total
Bank (48)	14.08	44.85	4.50	63.43	14373	31489	5786	51648	7888	43760	51648
FCs (28)	1.78	29.88	5.59	37.25	7307	9738	3202	20247	4838	15409	20247
Total	15.86	74.73	10.09	100.68	21680	41227	8988	71895	12726	59169	71895

Note: Figures in parentheses show number of Banks and Finance Companies.

Source: SME & Special Programmes Department, Bangladesh Bank.

Table 10.08 CMSME Refinancing from New Entrepreneurs Fund (up to June 2025)

Banks /Finance Companies	Amount Refinance (billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Banks	0.07	0.97	0.008	1.05	509	590	252	1351
FCs	0.37	1.85	0.02	2.24	343	2259	188	2790
Total	0.44	2.82	0.03	3.29	852	2849	440	4141

Source: SME & Special Programmes Department, Bangladesh Bank.

10.31 With the objective of increasing the involvement of Islamic banks and FCs in financing CMSMEs, a special refinance fund under the Islamic *Shariah* mode was created in BB vide BRPD Circular (No. 13 dated 18 September 2014). Under this fund, Islamic banks and FCs get refinance against their financing of 'agro-based industries', 'small entrepreneurs' (including women entrepreneur) and 'new entrepreneurs' in cottage, micro and small enterprise sector'. At end June 2025, BDT 7.12 billion was refinanced to banks and FCs against their financing of 1191 enterprises (Table 10.09).

JICA funded FSPDSME Project's Two Step Re/Pre-finance Fund

10.32 As per the loan agreement signed between JICA, Japan and the government of Bangladesh (GOB), BB has been implementing the 'Financial Sector Project for the Development of Small and Medium-Sized Enterprise (FSPDSME)-BD-P67' project. The fund size was 5.00 billion Japanese Yen (JPY); this included a technical assistance component.

Bangladesh Bank (BB) is still providing re/pre-financing facilities to participating financial institutions (PFIs) at the bank rate (currently 4.00 percent) for lending to the CMSME sub-projects of productive investment for medium to long-term durations at the market rate. As of June 2025, BDT 17.36 billion was pre-financed/refinanced against 2848 enterprises (Table 10.05).

Urban Building Safety Project (UBSP)

10.33 For the purpose of creating a safe working environment in the RMG sector through retrofitting, rebuilding, relocation and fire safety logistics of vulnerable RMG industries, the 'Urban Building Safety Project (UBSP)' has been taken under the 36th Japanese ODA package. As per the loan agreement between the governments of Japan (represented by JICA) and Bangladesh, JICA provided JPY 3.14 billion. A total of 26 banks and 10 FCs signed participating agreements with BB. As of June 2025, BDT 1.79 billion was refinanced against ten (10) enterprises under UBSP (Table 10.05).

Table 10.09 Summary information on CMSME Refinance Scheme For Islamic Shariah-Based Financing (Up to June 2025)

Banks/Finance Companies	Amount Refinance (billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Banks (4)	3.52	0.14	0.00	3.66	117	561	44	722
FCs (1)	0.39	1.25	1.82	3.46	199	223	47	469
Total	3.91	1.39	1.82	7.12	316	784	91	1191

Note: Figures in parentheses show number of Banks and Finance Companies.

Source: SME & Special Programmes Department, Bangladesh Bank

Entrepreneurship Development Programme

10.34 After successful implementation of the 'Skills for Employment Investment Programme (SEIP)' during 2015-2024, the Finance Division of the Ministry of Finance has undertaken a programme named 'Skills for Industry Competitiveness and Innovation Programme (SICIP)' in order to develop a skilled workforce as well as promote innovative entrepreneurs for priority industry sectors of Bangladesh with financial support from the Asian Development Bank (ADB). SME and Special Programmes Department of BB is serving as one of the implementing agencies of the programme. SMESPD has been implementing Entrepreneurship Development Programme (EDP) for promoting innovative and high yielding projects, facilitating entrepreneurs' capacity development, easing access to finance as well as fostering entrepreneurial mind-set among the young generation. A total of 3000 entrepreneurs will be trained countrywide by 29 schedule banks and finance companies under 'Entrepreneurship Development Programme' from the tenure of January 2025 to December 2027. As on June 2025, a number of 75 trainees were trained under EDP. Among the trainees, the number of female participants was 44 (58.67 percent). It is expected that a large number of new employment opportunities will be created in the CMSME sector through the establishment of new and innovative businesses from this EDP.

Refinance Scheme Aimed at Providing Credit Facilities to the CMSME sector Affected by the (COVID-19) Pandemic

10.35 Under the CMSME stimulus packages, a revolving refinance scheme of BDT 100.00 billion was introduced by BB to ensure the liquidity flow of banks and finance companies (FCs) to provide credit facilities to the COVID-19 affected CMSME enterprises. Up to June 2025, BDT 103.42 billion was refinanced through

banks and finance companies against 678024 enterprises.

Line of Finance to Support SMEs Project under the ISDB SPRP for COVID-19, Restore Track

10.36 This financing facility mainly supports the CMSME sector all over Bangladesh through increasing access to finance under the Islamic *Shariah*-based financing to overcome the peak effects of the pandemic and for sustainable economic growth. The project is funded by the Islamic Development Bank (IsDB). Islamic banks as well as conventional banks with Islamic windows and branches are eligible to participate in this project. So far 09 (Nine) Islamic banks and 01 (One) finance company have signed the Master Facility Agreement with BB as PFIs under this project. The total size of the fund is USD 47.00 million (Approx. BDT 3980.00 million). Meanwhile, IsDB has disbursed a total of USD 7.42 million (equivalent BDT 0.73 billion approximately). Budget allocation by the Ministry of Finance (FID) under the project for FY24 is BDT 0.92 billion. Disbursement to the field is 100 percent (out of the disbursed USD 7.42 million) so far from IsDB. Now Disbursement is closed, but recovery is ongoing. At end June 2025, current outstanding amount was BDT 62.2 million.

BDT 250 Billion Scheme for Financing CMSME Sector

10.37 Bangladesh Bank introduced a new scheme named 'BDT 250 billion Scheme for Financing CMSME Sector' as per SMESPD Circular (No. 04, dated 19 July 2022) to ensure loans/investments to CMSME entrepreneurs through banks/ finance companies at relatively low interest rates and on flexible terms/ conditions. It is revolving in nature. At end June 2025, BDT 228.97 billion as pre-finance and refinance was disbursed from this fund among 15090 beneficiaries.

Steps Taken by BB for the Development of CMSMEs until December 2029

10.38 Among the major initiatives undertaken by BB for increasing credit flow to the CMSME sector are:

- Banks and FCs are instructed to set their CMSME loans and advances targets at least 25.00 percent of their total outstanding amount of all loans and advances at end 2025 while maintaining a minimum of 0.50 percent enhancement each year until achieving 27.00 percent within 2029. (SMESPD Circular no. 1/2025)
- Women Entrepreneur Development Unit (WEDU) was formed at all branches of Bangladesh Bank, including SME & Special Programmes Department of Head Office vide Administrative Circular (No. 21 of Human Resources Department-1, dated 30 November 2014). This Unit renders business friendly services to women entrepreneurs, receives complaints and resolves them, carries out promotional activities for the development of women entrepreneurs and also monitors and evaluates the women entrepreneur's development initiatives of banks/ finance companies. To encourage women entrepreneurs to take initiatives or become women entrepreneurs, WEDU operates a small enterprises refinance scheme to provide low cost funds. This unit is also entrusted with the responsibilities of promoting women entrepreneurship and supporting women entrepreneurs.
- Banks and finance companies have been instructed to disburse 50.00 percent of the total CMSME loan to the informal/marginal, cottage, micro and small sectors every year.
- To expedite cluster-based financing to the CMSME sector, banks and finance companies have been instructed to set their cluster finance targets to at least 10 percent of their outstanding CMSME loans and advances by end 2025 (SMESPD Circular No. 01: Master Circular on CMSME Financing, dated 17.03.2025).
- To ensure loan facilities for women entrepreneurs, banks and finance companies have been instructed to maintain at least 15.00 percent of the outstanding of the total CMSME loan amounts and advances for women entrepreneurs.
- Instructions have been given for establishing a separate 'Women Entrepreneurs Dedicated Desk' in each branch of every bank and finance company. If possible, they are also advised to employ a female official at the desk to provide suggestions and services towards women entrepreneurs regarding project preparation, the loan application process, etc. (SMESPD Circular no. 1/2025)
- Instructions have been given to banks and finance companies to consider sanctioning loans of up to BDT 5.00 million to women entrepreneurs without collateral security but against personal guarantees under the refinance facilities provided by Bangladesh Bank. (SMESPD Circular No. 1/2025)
- All banks and finance companies are instructed that all their branches must find out and train at least 03 (three) prospective SME women entrepreneurs who have not received any financing yet and finance at least 01 (one) of them each year.
- In the SMESPD Circular (No. 01: Master Circular on CMSME Financing dated 17.03.2025), SMESPD has delineated calculation of incentive on this scheme. It includes instruction as to consider quantity and tenure of all regular loans/investments for calculating amount of incentives; continuous/ revolving loans/investments

(CC, OD, etc.) will get incentives if renewed within their stipulated tenure.

- SMESPD has directed all banks and finance companies to display all the initiatives and facilities that are provided by Bangladesh Bank for CMSME sector on a coloured poster in front of all branches, sub-branches and agent outlets. This poster will help boost awareness among root level entrepreneurs. Promotional activities including arrangement of CMSME fairs and rallies, meeting, workshops and so on are being regularly held to create awareness of CMSME financing.
- Banks and finance companies have been instructed to provide a 03-06 month grace period for 01 to 07 year medium to long term loans and 6-12 month grace period for 5 years and above term loans based on the nature of the project and banker-customer relationships (SMESPD Circular No. 1/2025).

- To enhance CMSME activities, quarterly monitoring meeting are being held with SME heads of banks and finance companies regularly.

Selection of Lead Banks in Each District to Co-ordinate with Other Local Scheduled Banks for SME Lending

10.39 BB issued a lead bank Circular on 24 January 2021. This is a yearly calendar of selected banks for every district. Through discussion, seminars and view exchange programmes, the lead bank disseminates CMSME-related information, such as CMSME target based lending, sector specific financing and women entrepreneur financing at the grass root level. According to the SMESPD Circular Letter (No. 1/2022), BB has decided that the Lead Bank Calendar 2021 shall remain in force until further instruction.

Industrial Credit

10.40 Rapid industrialisation is required to

Table 10.10 Disbursement and Recovery of Industrial Loans

Fiscal Year	Disbursement			Recovery		
	Working Capital	Term Loan	Total	Working Capital	Term Loan	Total
FY12	766.75	352.78	1119.53	644.00	302.37	946.37
FY13	1031.66	425.28	1456.94	854.96	365.49	1220.45
FY14	1261.03	423.11	1684.14	1132.91	418.07	1550.98
FY15	1554.77	597.84	2152.61	1179.60	475.41	1655.01
FY16	1993.49	655.39	2648.88	1497.63	482.25	1979.88
FY17	2385.17	621.55	3006.72	1855.33	520.95	2376.28
FY18	2756.29	707.68	3463.97	2029.80	701.93	2731.73
FY19	3190.07	808.50	3998.57	2431.94	765.69	3197.63
FY20	3121.34	742.57	3863.91	2566.06	697.24	3263.30
FY21	3248.26	687.65	3935.91	2854.78	584.89	3439.67
FY22	4091.56	723.61	4815.17	3098.57	648.62	3747.19
FY23	4671.72	951.72	5623.44	3719.98	1063.54	4783.52
FY24	5154.55	1069.44	6223.99	3796.71	965.89	4762.60
FY25	2389.83	971.39	3361.22	2044.88	3117.85	2525.53

Source: SME & Special Programmes Department, Bangladesh Bank.

achieve the desired level of economic growth for a developing country like Bangladesh. In this context, the role of the industrial sector is very crucial. To promote SMEs, alongwith the large-scale industries, the government of Bangladesh has been providing industrial loans and other ancillary support through banks and FCs in recent years. As a result, the volume of industrial loans disbursed and recovered has been increasing gradually. Disbursement of industrial loans stood at BDT 3361.22 billion in FY 25 (Table 10.10).

Start-up Fund

10.41 To increase financing to the start-up initiatives in Bangladesh, BB has instructed all scheduled banks to reserve 1.00 percent of its net profit (as per the audited financial statements) from 2021 onwards to create their own start-up funds. Following that instruction, 52 banks were able to create start-up funds totaling BDT 6.57 billion till 30 June 2025. From such funds BDT 0.48 billion have been disbursed to 208 start-up entrepreneurs, which has created immense enthusiasm in this sector. Furthermore, BB has raised a fund of BDT 5.00 billion to support refinance facilities for start-up financing.

Microcredit Operations of the Grameen Bank and Large MFIs

10.42 To institutionalise microfinance operations and build up an inclusive financial market for the economic development of the country, as the regulator of the microfinance sector, the Microcredit Regulatory Authority (MRA), has been playing an important role in the overall economic development of Bangladesh by ensuring transparency and accountability as well as protecting client interests while maintaining sustainable expansion of the microfinance sector. Alleviating poverty, creating employment, and supporting small entrepreneurs are the main tasks of

Table 10.11 Microcredit Operations of the Grameen Bank and Large MFIs

	(Billion BDT)		
	FY23	FY24	FY25
1. Disbursement	1628.89	1655.20	1686.87
a) Grameen Bank	247.57	246.87	248.03
b) BRAC	646.52	687.78	722.90
c) ASA	483.4	456.06	424.51
d) Proshika	20.46	22.54	23.34
e) TMSS	88.58	94.84	103.61
f) BURO Bangladesh	142.36	147.11	164.48
2. Recovery	1475.29	1624.29	1679.61
a) Grameen Bank	232.02	242.43	245.97
b) BRAC	568.57	658.40	682.71
c) ASA	444.26	468.90	485.27
d) Proshika	18.38	19.58	21.39
e) TMSS	80.96	88.38	97.47
f) BURO Bangladesh	131.10	146.60	146.80
3. Outstanding loans	986.84	1010.62	1067.76
a) Grameen Bank	161.49	165.93	168.00
b) BRAC	374.25	397.01	429.93
c) ASA	290.02	277.18	273.57
d) Proshika	12.86	15.32	17.19
e) TMSS	51.84	58.30	64.45
f) BURO Bangladesh	96.38	96.88	114.62
4. Loans overdue	41.77	51.44	79.36
a) Grameen Bank	4.16	4.17	5.98
b) BRAC	16.81	13.94	24.12
c) ASA	13.38	22.42	37.32
d) Proshika	0.49	0.89	3.27
e) TMSS	4.26	6.83	9.00
f) BURO Bangladesh	2.67	3.19	5.65
5. Overdue as percentage of outstanding	4.23	5.09	7.43
a) Grameen Bank	2.58	2.51	3.56
b) BRAC	4.49	3.51	5.61
c) ASA	4.61	8.09	13.64
d) Proshika	3.81	5.83	19.05
e) TMSS	8.22	11.71	13.96
f) BURO Bangladesh	2.77	3.30	4.93

Source: Microcredit Regulatory Authority (MRA)

microfinance operations and MRA is committed to ensure these. For achieving the objectives of the Microcredit Regulatory Authority Act, 2006, MRA has been working tirelessly to alleviate poverty and bring the marginal population of the country under financial services by issuing licenses to microfinance institutions, inspecting them, providing training for their capacity building and also formulating and implementing timely rules and regulations. MRA has issued 83 circulars for proper management of microfinance

institutions. In FY25, various microfinance-related services were provided to approximately 44 million clients through 693 licenced institutions. These licensed institutions have accelerated the country's economic activities by disbursing BDT 2793.00 billion as loans among clients at the field level and have collected BDT 2656.00 billion as loan recovery in FY25. Microfinance operations are being operated through 26415 branches across the country, and at end June 2025, the total outstanding loans of institutions stood at BDT 1752.00 billion.

10.43 With a view to broadening and smoothing the microfinance process, Palli Karma Sahayak Foundation (PKSF) has been working as an apex microcredit funding and capacity building organisation for alleviating poverty by providing microcredit to the poor through its partner organisations (POs). PKSF disbursed BDT 88.80 billion loan (As of May 2025) to its POs in FY25.

10.44 Grameen Bank was also established for poverty alleviation and for the advancement of social status of the poor. The total amount of loans disbursed by Grameen Bank was BDT 248.03 billion while its recovery stood at BDT 245.97 billion in FY25. Available information suggests that Grameen Bank and five other large MFIs, namely BRAC, ASA, Proshika, TMSS and BURO Bangladesh have disbursed a total of BDT 1686.87 billion and their recovery stood at BDT 1679.61 billion in FY25. Total outstanding loans and overdue loans were BDT 1067.76 billion and BDT 79.36 billion, respectively, in FY25 which were BDT 1010.62 and BDT 51.44 billion, respectively, in FY24. In FY25, total overdue loans as percentage of total outstanding loans of these large MFIs have increased significantly to 7.43 percent from 5.09 percent in FY24. The microcredit operations of the Grameen Bank and large MFIs are shown in Table 10.11.

Public Finance

11.01 In the recent past, Bangladesh's economy has been weakened by distorted macroeconomic situations because of reckless projects, excessive borrowing, and money laundering, leading it to both internal and external shocks. These vulnerabilities have been further aggravated as the global economy slowed down amid rising inflation, trade tensions, financial instability, and climate disruptions that impeded supply chains and destabilised energy markets. The combined pressures of rising import costs, currency depreciation, inflationary pressures, and reduced external inflows intensified economic and social challenges. To address these issues, the interim government and Bangladesh Bank have taken policy measures with a view to maintaining production, safeguarding food security, controlling inflation, and stabilising the currency. Nevertheless, Bangladesh achieved a GDP growth rate of 3.97 percent in FY25, below the targeted 5.25 percent, according to the recent provisional estimate released by the Bangladesh Bureau of Statistics (BBS).

Revised Budget for FY25 and Fiscal Outcome

Revenue Receipts

11.02 The target for revenue collection of FY25 was 5180.00 billion in the revised budget, which was 26.40 percent higher than the actual revenue receipts in FY24. A series of innovative measures has been put into action to attain the revenue target. These include administrative reforms and the integration of automation and digital tools into the tax collection process, such as e-payment services for seamless online tax payments. To further boost compliance, it is now mandatory for individuals and entities to have a taxpayers identification number (TIN) to access various utility services. With the ongoing modernisation of income tax and customs laws,

Table 11.01 Budget at a glance

Items	(In billion BDT)					
	Volume			As percentage of GDP		
	FY24	FY25 ^R	FY26 ^P	FY24	FY25 ^R	FY26 ^P
1. Total revenue	4098.14	5180.00	5640.00	8.19	9.33	9.03
a. Tax	3697.77	4780.00	5180.00	7.39	8.61	8.30
b. Non-tax	400.37	400.00	460.00	0.80	0.72	0.74
2. Total expenditure	6113.92	7440.00	7900.00	12.22	13.40	12.65
a. Operating	4121.71	5060.02	5353.17	8.24	9.11	8.57
b. ADP	1952.34	2160.00	2300.00	3.90	3.89	3.68
c. Others	39.87	219.98	246.83	0.08	0.40	0.40
3. Budget deficit	2015.79	2260.00	2260.00	4.03	4.07	3.62

^R Revised, ^P Proposed.

Source : Budget in Brief, 2025-26, Ministry of Finance
: Bangladesh Bureau of Statistics (BBS)

these efforts have already led to a notable increase in revenue collection for FY25, marking significant improvement over previous years.

11.03 The revised target for tax revenue collection was 92.28 percent of the total revenue receipts, which was 29.27 percent higher than the actual tax revenue collected in FY24. However, the revised target for non-tax revenue collection for FY25 was 0.09 percent lower than that in FY24 (Table 11.01).

11.04 In the revised budget for FY25, total revenue receipts as a percentage of provisional GDP stood at 9.33 percent, which was 8.19 percent in FY24. In FY25, the target for total tax revenue receipts as a percentage of provisional GDP was set higher to 8.61 percent, up from 7.39 percent in FY24. Similarly, total non-tax revenue as a percentage of provisional GDP was targeted at 0.72 percent in FY25, although it was 0.80 percent in FY24.

11.05 In the revised budget for FY25, taxes on income, profit and capital gains was set to increase by 37.42 percent to BDT 1690.00 billion from BDT 1229.76 billion in FY24. In FY25, the revised targets for receipts from sales of stamps (non-judicial), land development

tax, value-added tax (VAT), import duty, excise duty, and supplementary taxes were set with increases of 139.90, 73.08, 28.21, 23.66, 16.29, and 12.51 percent respectively, compared to the actual collection of those taxes in FY24. In FY25, the revised target for receipts from taxes on vehicles, and narcotics and liquor duty were set with decreases of 16.25 and 15.11 percent, respectively, compared to the actual collection in FY24 (Table 11.02).

11.06 Under the non-tax revenue items, interest, tolls, services, administrative fees, and non-commercial sales were set to increase by 180.99, 95.92, 56.88, 8.88, and 2.21 percent, respectively, in the revised budget for FY25, compared to the actual collection of those items in FY24. Fine and penalties, rent and leases, capital receipts, and dividend and profit were also set to decrease by 57.62, 52.42, 44.44, and 37.38 percent, respectively, over the same period (Table 11.02).

Expenditure

11.07 The total expenditure in the revised budget for FY25 was set at BDT 7440.00 billion (13.40 percent of provisional GDP), which was 21.69 percent higher than the actual expenditure in FY24. The operating expenditure in the revised budget for FY25 was set at BDT 5060.02 billion (9.11 percent of provisional GDP), which was 22.76 percent higher than the actual operating expenditure of BDT 4121.71 billion in FY24 (Table 11.01).

11.08 From the sector-wise allocation of total expenditure in FY25, a total of BDT 1751.59 billion was allocated to the social sector including education and technology, health, social security, and welfare compared to BDT 1489.00 billion spent in this sector in FY24. In FY25, allocation in this social sector was 17.64 percent higher than actual expenditure in FY24. It constituted approximately 23.54 percent of the

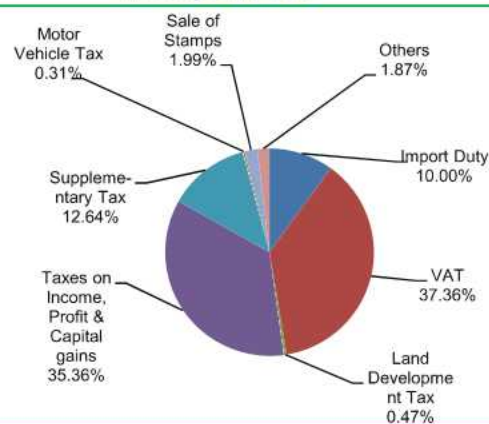
Table 11.02 Composition of Revenue Receipts

Items	(In billion BDT)		
	FY24	FY25 ^R	FY26 ^P
1. Tax revenue	3697.75	4780.00	5180.00
A. NBR Tax revenue	3614.52	4635.00	4990.00
i. Taxes on income, profit & capital gains	1229.76	1690.00	1820.01
ii. Import duty	386.32	477.66	514.38
iii. Export duty	0.00	0.68	0.78
iv. Supplementary tax	537.18	604.44	682.44
v. Value Added Tax	1392.90	1785.86	1885.18
vi. Excise duty	44.21	51.41	60.91
vii. Other taxes	24.15	24.95	26.30
B. Non-NBR Tax revenue	83.23	145.00	190.00
i. Narcotics and liquor duty	5.89	5.00	8.50
ii. Motor vehicles taxes	17.91	15.00	20.00
iii. Land development tax	12.96	22.50	27.23
iv. Sale of stamps (non-judicial)	39.62	95.03	118.86
v. Surcharge	6.85	7.47	15.41
2. Non-tax revenue	400.36	400.00	460.00
i. Administrative fees	25.91	28.16	50.70
ii. Dividends and profits	124.40	77.90	107.91
iii. Interest	21.46	60.30	48.90
iv. Capital receipts	1.83	1.01	1.05
v. Service fee	58.90	92.42	86.34
vi. Tolls	9.83	19.17	17.09
vii. Fines, penalties and forfeiture	15.12	6.39	4.86
viii. Non-commercial sales	22.57	23.05	30.77
ix. Rents and leases	12.42	5.85	7.11
x. Other non-tax revenue and receipts	107.92	85.75	105.27
Total	4098.11	5180.00	5640.00

^R Revised, ^P Proposed.

Source : Budget in Brief, 2025-26, Ministry of Finance

Chart 11.01 Composition of Tax Revenue Receipts : FY25^R



^R Revised.

Source: Budget in Brief, 2025-26, Ministry of Finance.

total allocation. Of the other sectors, allocation in public service, interest on domestic debts, transport and communication, and agriculture increased to BDT 1884.50, 995.00, 605.00, and 445.68 billion, respectively, in FY25 (Table 11.05).

11.09 The allocation for the Annual Development Program (ADP) in the revised budget for FY25 was set at BDT 2160.00 billion (3.89 percent of provisional GDP); this is 10.64 percent higher than the actual ADP in FY24 (Table 11.01).

Budget Deficit and its Financing in FY25

11.10 In the revised budget for FY25, the total deficit (excluding grants) was set at BDT 2260.00 billion, which is 4.07 percent of the provisional GDP. The government finances its budget deficit both from domestic and external sources. Government domestic borrowing consists of borrowing from the banking system and other than banks (non-bank). The domestic borrowing component of the deficit financing was BDT 1170.00 billion (2.11 percent of the provisional GDP) in FY25. Of this component, BDT 990.00 billion (1.78 percent of the provisional GDP) was from bank borrowings, and BDT 180.00 billion (0.32 percent of the provisional GDP) was non-bank borrowings mainly through sales of national savings certificates (Chart 11.02). The foreign financing component (including grants) for the budget deficit was BDT 1090.00 billion (1.96 percent of the provisional GDP) (Table 11.04).

Major changes in Revenue Measures in the budget for FY25

Direct Tax

11.11 Direct tax on income, profit and capital gains is considered one of the principal sources of government revenue. It accounts for 35.36 percent of the targeted total tax revenue collection in the revised budget for FY25, which

Table 11.03 Sector-wise Expenditure Composition of

(In billion BDT)

Sectors	FY24	FY25 ^R	FY26 ^P
Social sector	1489.00	1751.59	2046.26
Public services	986.62	1884.50	1860.88
Interest on domestic debt	996.06	995.00	1000.00
Defense	348.48	392.39	406.98
Public order and safety	286.98	317.21	335.42
Interest on foreign debt	149.84	220.00	220.00
Agriculture sector	531.37	445.68	462.68
Transport and communication	591.71	605.00	713.44
Energy and power	283.76	227.05	225.20
Local government and rural development	445.00	447.70	448.95
Housing	65.43	53.82	51.11
Others	-60.33	100.06	129.08
Total:	6113.92	7440.00	7900.00

^R Revised, ^P Proposed.

Source : Budget in Brief, 2025-26, Ministry of Finance

Table 11.04 Composition of Deficit Financing

(In billion BDT)

Items	FY24	FY25 ^R	FY26 ^P
Domestic Financing	1213.91	1170.00	1250.00
Bank borrowing	(2.43)	(2.11)	(2.00)
Non-bank borrowing	1238.47	990.00	1040.00
Foreign financing (incl. grants)	(2.48)	(1.78)	(1.67)
Budget Deficit (incl. grants)	-24.55	180.00	210.00
Budget Deficit (excl. grants)	(-0.05)	(0.32)	(0.34)
GDP (Memorandum Item)	805.77	1090.00	1010.00
	(1.61)	(1.96)	(1.62)
	1955.90	2216.00	2210.00
	(3.91)	(3.99)	(3.54)
	2015.80	2260.00	2260.00
	(4.03)	(4.07)	(3.62)
	50026.54[#]	55527.53[#]	62445.78

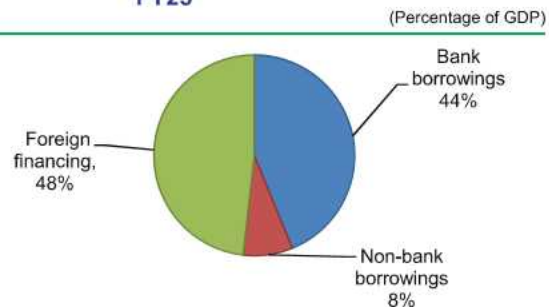
^R Revised, ^P Proposed.

() indicates the percent of GDP for the corresponding fiscal year

Source : Budget in Brief, 2025-26, Ministry of Finance

[#] Bangladesh Bureau of Statistics (BBS)

Chart 11.02 Deficit Financing (excluding grants): FY25^R



^R Revised.

Source : Budget in Brief, 2025-26, Ministry of Finance

: Bangladesh Bureau of Statistics (BBS)

was 33.26 percent in FY24. Some marginal changes were made on direct taxes in the national budget for FY25. These are depicted below:

Taxes on Individual Income in FY25

- Tax exempted income limit for general taxpayers has been increased to BDT 375000.00 from the existing BDT 350000.00;
- Tax exemption threshold for women and senior citizens aged 65 years or above was increased to BDT 425000.00 from the existing BDT 400000.00;
- The exempted income limit for physically challenged persons and third gender taxpayers has been increased to BDT 500000.00 from the existing BDT 475000.00;
- The exempted income limit for gazetted war wounded Freedom Fighters has been increased to BDT 525000.00 from the existing BDT 500000.00;
- The tax exemption threshold for July warriors (injured in July Mass Uprising 2024) was BDT 525000.00.

Taxes on Corporate Incomes

- The tax rate for any publicly-traded company that issues shares of more than 10.00 percent of its paid-up capital, has been kept unchanged at 20.00 percent;
- The tax rate for non-publicly traded companies has been reduced to 25.00 percent from the existing 27.50 percent.

Value Added Tax (VAT)

11.12 Value Added Tax (VAT) is Bangladesh's single largest source of tax revenue collection. In the revised budget for FY25, targeted collection from VAT represents

37.36 percent of the total tax revenue. The revised target of VAT revenue collection in FY25 was set at BDT 1785.86 billion, which is 28.21 percent higher than BDT 1392.90 billion in FY24. In FY25, the main priorities are to boost the tax-to-GDP ratio, promote domestic industrial growth, achieve revenue targets, generate employment, attract foreign investment, create a business-friendly environment, reduce compliance hurdles, and streamline VAT administration. To achieve VAT revenue objectives, specific VAT rates have been revised to standard rates, supplementary duty rates have been rationalised, and key provisions of the VAT law have been simplified to improve efficiency and facilitate compliance.

VAT Impositions and Expansions

- VAT rate for construction company services has been increased to 10.00 percent from the existing 7.50 percent;
- VAT for online product sales commission has been increased to 15.00 percent from the existing 5.00 percent;
- At the production stage of self-copy paper and duplex board/coated paper, the VAT rate has been fixed at 15.00 percent from the existing 7.50 percent;
- VAT of all types of tableware, kitchenware, household goods, hygienic and toiletries, including any similar products made of plastic, has been fixed at 15.00 percent from the existing 7.50 percent;
- At the production stage of "yarn made of man-made fibre and other fibres", VAT has been fixed at 5.00 BDT per kg, up from the existing 3.00 BDT per kg;
- The specific tax amount at the production stage of "cotton yarn" has been fixed at 5.00 BDT per kg from the existing 3.00 BDT per kg;

- The VAT rate at the production stage of blades has been fixed at 7.50 percent, up from existing 5.00 percent;
- In the case of production of various types of screws, joints (connectors), nuts, bolts, electric line hardware and pole fittings, including nails and bait, the VAT rate has been fixed at 7.50 percent, up from the existing 5.00 percent;
- Based on expected profitability, the advance tax rate on net sales value of cigarette manufacturers has been increased to 5.00 percent from the existing 3.00 percent;
- The advance tax rate on imports of industrial raw materials by manufacturing units has been reduced to 2.00 percent from the existing 3.00 percent;
- The existing VAT exemption facilities provided to industries for the production of refrigerators and freezers has been proposed to be continued;
- The advance tax rate on net sales value of cigarette manufacturers has been increased to 5 percent, up from the existing 3 percent;

Customs Duty and Taxes

11.13 In response to the challenges posed by the ongoing global economic crisis, Bangladesh aspires to boost employment opportunities and shield its domestic industries while nurturing export-oriented sectors, preserving competitiveness, and enhancing the ease of doing business. To facilitate this policy, necessary adjustments have been made to duty-tax systems to promote domestic industries and rectify discrepancies to counter activities like smuggling and fraudulent declarations. In the revised budget for FY25, the import duty has been increased by 23.66 percent to BDT 477.66 billion, up from BDT 389.32 billion in FY24. Some of the major changes on custom duties and taxes in the budget for FY25 include:

VAT Exemptions

- To make health services more affordable, all VAT has been exempted from imported and local purchase of necessary materials and spare parts used in the manufacturing of hospital beds;
- VAT exemption has been provided at the import stage of liquefied natural gas;
- VAT exemption has been provided at the production stage of all types of handicrafts/utensils, including plates, bowls made of leaves, flowers or bark, handmade clay utensils and textile grade pet chips;
- For the protection of women and children, VAT has been exempted on imports of certain raw materials used in the production of sanitary napkins and diapers;
- The existing VAT exemption facilities provided for the production of blender, juicer, mixer, grinder, electric kettle, multi-cooker and pressure cooker, washing machine, microwave oven and electric oven has been proposed to be continued;
- Supplementary duty on imports of certain essential raw materials for the manufacturing of refrigerators, freezers, air conditioners and their compressors has been exempted;
- In order to create a barrier to illegal cigarette manufacturing, the supplementary duty rate has been increased to 300 percent from 150 percent on the import of cigarette paper by commercial importers;
- The supplementary duty rate on all types of ice cream has been reduced to 5.00 percent from 10.00 percent;
- To support economic growth, lower taxes on imported crude and refined petroleum has been proposed;

- To support recent efforts to stabilise prices of essential items, it is proposed to reduce import taxes on refined sugar;
- To encourage local production of agricultural machinery, it is proposed to reduce existing tariffs on imports of parts for the manufacturing of combined harvesters;
- To support pest-free and spot-free fruit production, it is proposed to reduce duty on imports of fruit bags;
- It has been proposed to reduce duties on essential raw materials used in tyre manufacturing;
- To promote better healthcare in the country, it is proposed to extend duty reductions on equipment and machinery imports to all hospitals with more than 50 beds;

FY26 Budget: Building an Equitable and Sustainable Economic System

11.14 The FY26 budget is crafted with a strong emphasis on restoring macroeconomic stability, controlling inflation, and relieving pressure on foreign currency reserves. It prioritises significant investments in education and healthcare to enhance accessibility, while underscoring the importance of food security. These strategic measures aim to create a stable and conducive environment for sustainable economic growth, strengthen public welfare, and lay the groundwork for long-term development. The proposed budget for FY26 is set at BDT 7900.00 billion, which is 12.65 percent of the proposed GDP and 6.18 percent higher than the revised budget for FY25. In the budget for FY26, the target for GDP growth has been set at 5.50 percent, average inflation at 6.50 percent and the budget deficit at 3.50 percent of GDP.

Revenue Receipts for FY26

11.15 Revenue receipts for FY26 are targeted

to grow by 8.88 percent to BDT 5640.00 billion compared to BDT 5180.00 billion of the revised budget for FY25. Tax revenue receipts are expected to increase by 8.37 percent, and the non-tax revenue receipts are expected to increase by 15.00 percent compared to those of the revised budget for FY25. The total revenue-GDP ratio is targeted to be 9.03 percent in FY26, down from 9.33 percent in FY25 (Table 11.01).

11.16 Receipts from direct taxes on income, profits and capital gains are targeted to increase by 7.69 percent in FY26 compared to the revised budget for FY25. It constitutes 35.14 percent of the total tax revenue. On the other hand, 7.46 percent growth is targeted for indirect taxes (VAT, supplementary duty, import duty, export duty, and excise duty) (Table 11.02).

11.17 Receipts from other non-tax revenue and receipts such as administrative fees; dividend and profits; non-commercial sales; rent and leases; and capital receipts are targeted to rise by 79.79, 38.51, 33.33, 20.34 and 10.00 percent, respectively, in FY26, compared to those of the revised budget for FY25. In contrast, fines, penalties and forfeiture; interest; tolls and levies; and services are targeted to decrease by 23.44, 18.91, 10.94 and 6.60 percent, respectively, in FY26, compared to the revised budget for FY25.

Expenditure for FY26

11.18 The total expenditure in FY26 is expected to increase by 6.18 percent to BDT 7900.00 billion compared to the revised budget for FY25. In it, the operating expenditure for FY26 has been set at BDT 5353.17 billion (8.57 percent of GDP), which is 5.79 percent higher than the revised operating expenditure of BDT 7440.00 billion in FY25. ADP and other expenditures are expected to grow by 6.48 and 12.18 percent, respectively, in FY26, compared to the revised budget for FY25 (Table 11.01).

11.19 Different ministries and divisions have been categorised into three groups based on their allocation of businesses. These are social infrastructure, physical infrastructure and general services. In the budget for FY26, expenditure on the social sector has been targeted to increase by 16.82 percent to BDT 2046.26 billion (25.90 percent of the total expenditure), up from 1751.59 billion in the revised budget for FY25 (Table 11.05). The central portion of this sector will go to education and technology, social security and welfare, and the health sector (Table 11.06). Of the other sectors, BDT 1860.88 billion (23.56 percent) for public service, BDT 1000.00 billion (12.66 percent) for interest payments on domestic debts, BDT 713.44 billion (9.03 percent) in transport and communication, BDT 462.68 billion (5.86 percent) for agriculture, BDT 448.95 billion (5.68 percent) for local government and rural development, BDT 225.20 billion (2.85 percent) for energy and power sector have been allocated in the budget for FY26 (Table 11.03).

11.20 The proposed outlay for the Annual Development Program (ADP) in the budget for FY26 stands at BDT 2300.00 billion, on about 3.68 percent of GDP. This developmental expenditure turns out to be 6.48 percent higher than the revised ADP in FY25 (Table 11.01). ADP expenditure was restructured at 15 sectors and 72 subsectors, effective from FY21. In the ADP for FY26, transport and communication sector got the highest priority, as usual. A total of BDT 589.73 billion has been allocated in this sector, which is 25.64 percent of the total ADP allocation in FY25. Of the other sectors, BDT 323.92 billion (14.08 percent) in the power and energy sector, BDT 181.48 billion (7.89 percent) in the health sector, BDT 322.32 billion (14.02 percent) in the education, religion, culture and recreation sector, BDT 134.72 billion (5.86 percent) in the local government and rural

Table 11.05 Composition of Social Sector Expenditure

	(In billion BDT)		
	FY24	FY25 ^R	FY26 ^P
Education and technology	802.90	991.14	1106.57
Health	237.26	279.23	419.08
Recreation, culture and religious affairs	54.51	54.64	65.40
Labor and employment	2.44	3.46	4.38
Social security and welfare	391.89	423.12	450.83
Total	1489.00	1751.59	2046.26

^R Revised, ^P Proposed.

Source : Budget in Brief, 2025-26, Ministry of Finance

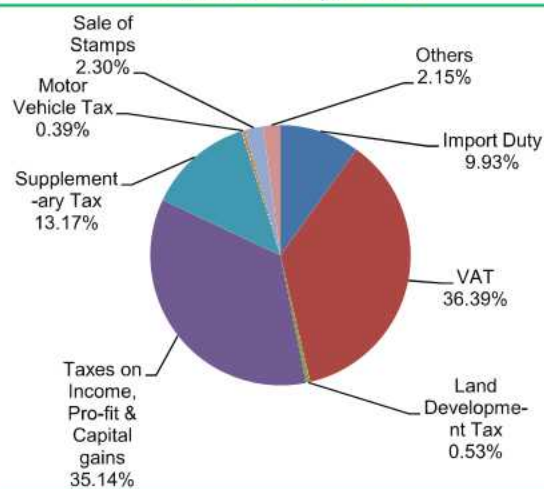
Table 11.06 Sector-wise share of ADP expenditure

	(In Percent)		
Sectors	FY24	FY25 ^R	FY26 ^P
Agriculture	4.21	4.47	4.69
Transport and communication	25.82	22.34	25.64
Education, religion, culture and recreation	8.11	10.51	14.02
Power and energy	15.47	14.83	14.08
Housing and Community utilities	11.43	9.10	9.90
Local government and rural development	8.15	7.83	5.86
Health	4.93	3.92	7.89
Environment, climate change and water resources	5.87	5.28	4.63
Others	16.01	21.72	13.29
Total	100.00	100.00	100.00

^R Revised, ^P Proposed.

Source : Revised Annual Development Programme 2023-24, 2024-2025, Annual Development Programme 2025-2026, Ministry of Planning

Chart 11.03 Composition of Targeted Tax Revenue Receipts: FY26^P



^P Proposed.

Source : Budget in Brief, 2025-26, Ministry of Finance

development sector have been allocated from ADP in this budget (Table 11.03).

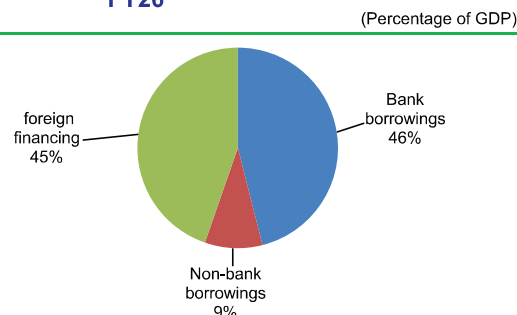
Deficit Budget and its Financing in FY26

11.21 The budget deficit (excluding grants) for FY26 is estimated at BDT 2260.00 billion, which is the same for the revised budget for FY25. In that case, the budget deficit-GDP ratio for FY26 turn out to be 3.62 percent, which was 4.07 percent in the revised budget for FY25. The deficit is expected to be financed through domestic financing from banks and non-bank sources to the tune of BDT 1250.00 billion (2.00 percent of GDP) and external financing to the tune of BDT 1010.00 billion (1.62 percent of GDP) in FY26 (Chart 11.04) against BDT 1170.00 billion (2.11 percent of GDP) and BDT 1090.00 billion (1.96 percent of GDP) in the revised budget for FY25, respectively. Of the total domestic borrowing, BDT 1040.00 billion is targeted to be financed from the banking system and BDT 210.00 billion from non-banking sources (Table 11.04).

Near-term Fiscal Outlook

11.22 Elevated global uncertainty driven by major U.S. tariff hikes, retaliatory measures from other countries, and record-high policy unpredictability is reshaping the economic and fiscal outlook of many countries. Growth prospects, already weak, have been further downgraded, while progress on disinflation has stalled in many economies and financial turbulence has increased downside risks. At the same time, many countries face stretched budgets, rising public debt, higher bond yields and wider emerging-market spreads, with additional pressures from increased defense spending and a more difficult foreign-aid environment—making fiscal management significantly more challenging worldwide. Recent financial market volatility highlights the need for governments to be ready to counter severe economic disruptions. Fiscal policy

Chart 11.04 Deficit Financing (excluding grants): FY26^P



^P Proposed

Source: Budget in Brief, 2025-26, Ministry of Finance.

should complement central banks by offering direct lending, guarantees, and equity injections to stabilise markets and restore confidence. When trade shocks occur, support to businesses and affected communities must be timely, targeted, and transparent and strict cost control is needed. (source: Fiscal Monitor, April 2025).

11.23 Bangladesh's near-term fiscal outlook reflects cautious stabilisation efforts, with a lower target for budget deficit for FY26; about 3.60 percent of GDP is to be financed through a mix of domestic and external sources. Growth is projected to remain subdued at around 3.97 percent in FY25, while inflation has been elevated to near 10.00 percent. The balance of payments has improved due to stronger exports, remittances, and lower imports, reducing immediate external financing stress. However, private investment remains weak, and sustaining growth will require structural reforms and careful fiscal management. Public debt is projected to rise gradually but stay moderate relative to peers. The outlook remains sensitive to revenue performance, global commodity prices, and policy implementation. In other words, disciplined fiscal management and structural reforms will be a key to stabilising debts and sustaining growth.

11.24 The magnitude of budget deficit for FY26 is projected to be the same as of FY25. However, the deficit-to-GDP ratio is expected to improve indicating better fiscal management toward fiscal sustainability. However, total domestic financing for FY26 is projected to be higher than that of FY25. The increased reliance on domestic financing, particularly from banks, raises concerns about potential crowding out of private-sector borrowing and inflationary pressures. The rising need for domestic and external financing, coupled with development activities with interest expenses necessitates carefully considering sustainability and its broader economic implications.

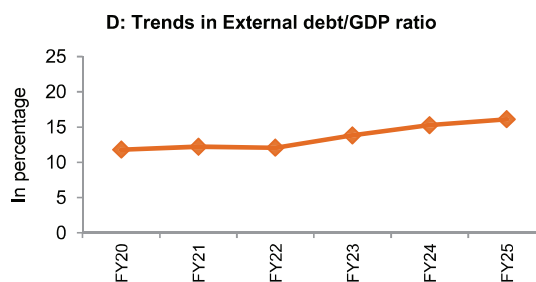
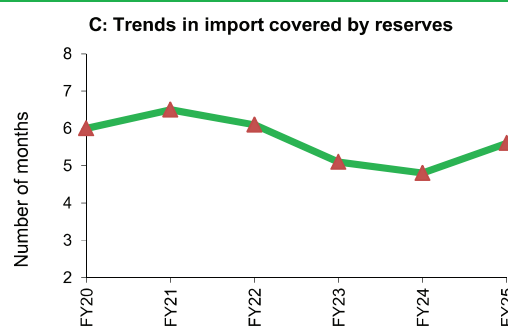
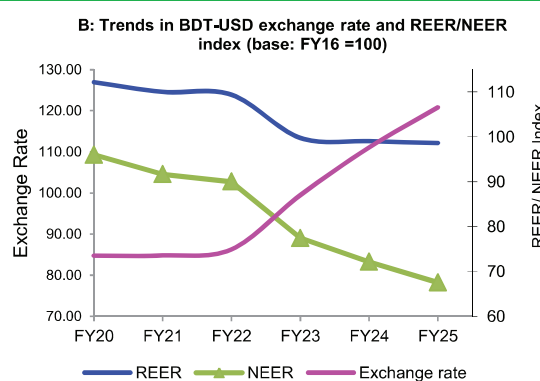
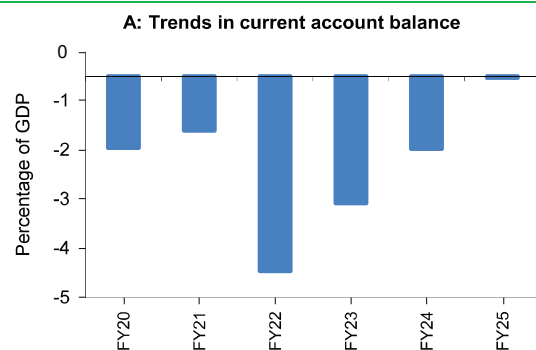
External Sector Developments

External Trade and the Balance of Payments

12.01 Bangladesh's external position showed signs of a turnaround during FY25, reflecting a gradual easing of the pressures that had built up in previous years. Strong remittance inflows, resilient export growth, external financing support helping to greater stability in the Taka, and tighter monetary management contributed to improvements in the current account and financial account balances. Overall, FY25 reflected a tentative improvement in the external sector aided by adopting prudent monetary policy stance altogether with fiscal consolidation and moving toward a more flexible exchange rate regime.

12.02 The deficit of current account balance shrank to 0.03 percent of GDP in FY25 from a substantial deficit of 1.47 percent of GDP in FY24 (Chart 12.01: A). This development was driven by the implementation of stringent measures, including strict controls on imports of inessential goods, increased margin requirements for specific import items, tighter regulations on foreign exchange transactions, and policy adjustments aimed at boosting remittance inflows and export earnings. Therefore, to mitigate market volatility and ensure stability in the foreign exchange market, Bangladesh Bank (BB) sold USD 503.38 million (net) in the interbank foreign exchange market in FY25. This measure helped BB's gross foreign exchange reserves increase to USD 31.72 billion at end June, 2025, up from USD 26.88 billion at the beginning of FY25. Reserves were able to cover 5.6 months' prospective imports, which is better than the case for FY24 (Chart 12.01: C). Nonetheless, outstanding external debt of Bangladesh increased to 16.10 percent of GDP in FY25 from 15.28 percent of GDP in FY24 (Chart 12.01: D).

Chart 12.01 Key Indicators of External Sectors

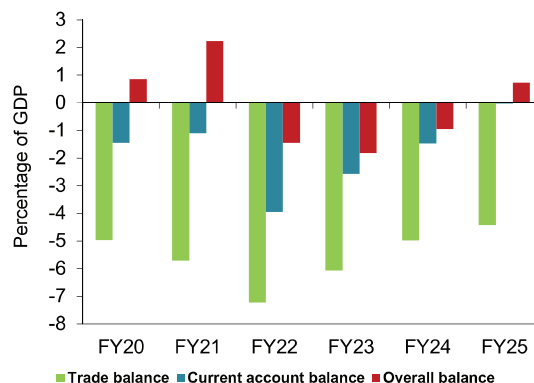


Source: Statistics Department, Bangladesh Bank.

Balance of Payment

12.03 After three consecutive years of deficits, overall BoP swung back to a surplus of USD 3393 million in FY25 from a deficit of USD 4300 million in FY24, reflecting a significant improvement in the external sector dynamics. Lower trade deficit, improvement in secondary income due to strong remittance inflows and surplus in financial account significantly improved the external sector in FY25 (Appendix-3, Table XV). The current account deficit stood at USD 139 million in FY25 compared to a deficit of USD 6602 million in FY24. As export earnings outpacing import payments and strong inflows of remittances made the notable progress in current account balance. The trade deficit witnessed a remarkable reduction of 9.07 percent in FY25, settling down to USD 20,399 million from USD 22,433 million in the previous fiscal year. On the other hand, the deficit in the service account rose by 33.98 percent, reaching USD 5682 million in FY25, compared to USD 4241 million in FY24. Similarly, the primary income account deficit widened by 16.57 percent to USD 5043 million in FY25 from USD 4326 million in FY24. Remittance inflows, however, observed a robust growth of 26.83 percent, leading to a 27.00 percent increase in secondary income, which rose to USD 30985 million in FY25 from USD 24398 million in FY24. The capital account balance reduced to USD 376 million in FY25, down from USD 719 million in FY24. The surplus in financial account balance decreased to USD 3539 million in FY25, down from USD 4472 million in FY24, caused by declining medium and long-term loans, other investments (net) and net aid flows. However, FDI (net) increased to USD 1668 million in FY25, up from USD 1410 million in FY24. Detailed analysis of the recent trends in the external sector accounts, including FDI, exports, imports, and other relevant aspects of the balance of

Chart 12.02 Trends in Trade, Current Account and Overall Balances



Source: Statistics Department, Bangladesh Bank.

payments (BoP), are presented in subsequent sections of this chapter.

Exports

12.04 Despite the negative supply shocks to the global economy following the escalation of geopolitical tensions, Bangladesh's export earnings surged to 8.60 percent, amounting to USD 48300.00 million in FY25, up from USD 44474.91 million in FY24 (Table 12.01). To support the recovery in export earnings, the government and BB together implemented various prudential policy measures during FY25. Notably, the apparel sector, comprising woven garments and knitwear, accounted for over four-fifths of the country's total export earnings.

Composition of Export Items

12.05 Woven and knitwear products, jointly constituted about 81.46 percent of the total export earnings of USD 39346.13 million in FY25, compared to USD 36130.41 million in FY24. Increase in export receipts was driven by both knitwear products (9.83 percent) and woven garments (7.84 percent). However, the product-wise composition of merchandise exports reveal that export receipts from RMG and non-RMG items except jute goods

(excluding carpets) and leather and leather products increased in FY25, compared to FY24. Export items like home textiles, footwear, engineering products, frozen shrimps and fish, and chemical products showed positive growth in FY25. The composition of the top 10 merchandise export items covering 92.92 percent of the total exports are shown in Table 12.01. An extended composition of item-wise merchandise exports is also represented in Appendix 3, Table XVI.

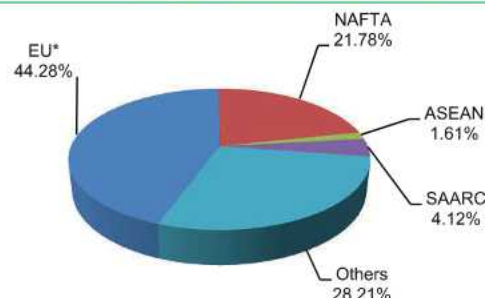
Destination of Exports

12.06 Geographical diversity of export destination countries across the globe is important for export diversification. Looking at the share of different regions, it can be seen that Bangladesh's exports to NAFTA, SAARC, ASEAN, the EU and other regions expanded over the years. In FY25, 44.28 percent of exports (43.85 percent in FY24) were destined for the EU area, while 21.78 percent (20.73 percent in FY24) entered into the NAFTA bloc. Exports to SAARC, ASEAN and other countries in FY25 were 4.12 percent (8.41 percent in FY24), 1.61 percent (1.71 percent in FY24), and 28.21 percent (25.30 percent in FY24) respectively (Chart 12.03).

Export Development Fund (EDF)

12.07 To provide foreign exchange refinancing facilities aimed at boosting the export sector, the EDF commenced its operation in 1989 with USD 30.16 million, supported by the International Development Association (IDA) and the Government of Bangladesh (GoB). As exports kept recording significant growth, Bangladesh Bank kept increasing the EDF fund from time to time. To mitigate disruptions caused by the COVID-19 in the export sector, the fund size was initially raised from USD 3.50 billion to USD 6.00 billion and was further increased to USD 7.00 billion to meet the growing demand from exporters.

Chart 12.03 Destination Pattern of Total Exports Shares (%) in FY25



*Including Great Britain.

Source: National Board of Revenue (NBR) and Statistics Department, Bangladesh Bank.

Table 12.01 The Composition of Top 10 Merchandise Exports

Items	(in million USD)		
	FY24	FY25	% Changes in FY25
1. Knitwear products	19268.01	21161.85	9.83
2. Woven garments	16862.40	18184.28	7.84
3. Home textiles	782.14	782.71	0.07
4. Agricultural products	965.21	990.43	2.61
5. Jute goods (excluding carpets)	828.72	789.54	-4.73
6. Footwear (including leather footwear)	960.85	1194.66	24.33
7. Engineering products	507.73	545.90	7.40
8. Frozen shrimps and fish	325.73	388.70	19.33
9. Leather and leather products (other than leather footwear)	495.13	473.00	-4.47
10. Chemical products	349.64	368.46	5.38
11. Others	3129.35	3420.47	9.30
Total	44474.91	48300.00	8.60

Source: National Board of Revenue, compiled by Statistics Department, Bangladesh Bank and Export Promotion Bureau (EPB).

However, in compliance with the conditionality of the IMF's USD 4.7 billion loan, and to maintain foreign exchange reserve as per international standards, the fund size was gradually reduced to USD 2.25 billion as of 30 June 2025.

12.08 Industries such as textiles, garments, knitwear, ceramic wear, leather goods, footwear, plastic goods, accessories, bicycles, and other small industries can avail EDF loans within their authorised limits. Both direct and

deemed exporters can obtain EDF loans for input procurements against export L/Cs, firm export contracts, or inland back-to-back L/Cs through authorised dealer (AD) banks. Type B and Type C industries in export processing zones (EPZs) can also avail EDF loans against back-to-back import L/Cs for input procurements.

12.09 The borrower-wise maximum exposure limit of EDF is USD 20.00 million for member mills of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Textile Mills Association (BTMA). The EDF limit is USD 15.00 million for knitwear, leather goods and footwear, USD 10.00 million for ceramic ware and dyed yarn, USD 2.00 million for accessories and packaging, and USD 1.00 million for plastic goods manufacturers. However, regardless of the sector, the limit for exporters is USD 0.50 million.

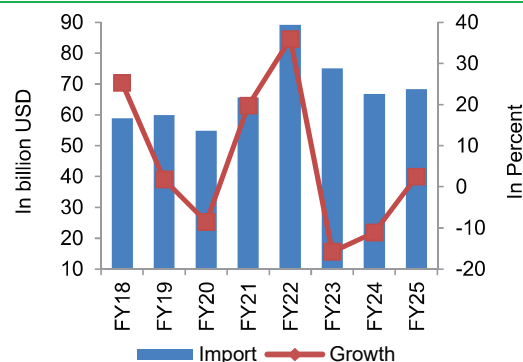
12.10 The interest rate of EDF loan is Secured Overnight Financing Rate (SOFR) + 1.5 percent for manufacturer-exporters, whereas, the interest rate for Bangladesh Bank is SOFR + 0.5 percent and AD banks is 1.00 percent. Typically, reimbursements from EDF are initially made for a period of 180 days, with a provision for a further extension of up to 90 days if there is a delay in the repatriation of the related export proceeds.

12.11 The total EDF disbursement on a revolving basis remained unchanged at USD 5.88 billion in both FY24 and FY25. At end June 2025, the outstanding balance stood at USD 2.20 billion. A total of 49 banks are availing EDF refinancing facilities and the total numbers of borrowers stood at 1005 at end June 2025.

Imports

12.12 During FY25, imports showed a modest increase of 2.44 percent on a year-on-year basis. This growth was mainly attributed to the stability in the foreign exchange market, coupled

Chart 12.04 Trends of Imports Recorded at Customs



Source: Compiled by Statistics Department, Bangladesh Bank using data of National Board of Revenue.

with higher import demand due to betterment of the domestic political situation. Besides, a number of initiatives had been taken by the central bank as well as the government to discourage unnecessary imports, close monitoring of LC openings and price rationalisation. Total imports (fob) rose by 1.78 percent to USD 64363.80 million in FY25, up from USD 63240.00 million in FY24. As a result, import payments for almost all the broad items, including food grains (12.06 percent), consumer goods (15.29 percent) and intermediate goods (2.73 percent) increased in FY25. In contrast, import payments for items such as wheat, spices, sugar, petroleum goods (crude petroleum and POL), raw cotton, clinker, oil seeds, fertilisers, iron, steel and other base metals, and capital goods declined in FY25. The composition of item-wise import payments and their percentage changes during FY25 are depicted in Table 12.02.

Workers' Remittances

12.13 Over the last two decades, remittance inflows have shot up gradually, making Bangladesh one of the top ten global remittance recipients. It has long been recognised as a cornerstone of the country's external sector stability and overall economic growth. During

FY25, remittance earnings registered a significant growth by 26.83 percent and jumped to USD 30328.81 million from USD 23912.22 million in FY24.

12.14 Aided by labour market policies for upskilling the workers, reduction of barriers to market-based exchange rates, remittance earnings rose in FY25. Besides, numerous supportive policy measures like increase in cash incentives from 2.0 percent to 2.5 percent for remitters, withdrawal of the interest ceiling on non-resident foreign currency deposits and the ceiling on internet banking transfers, simplified transfer procedures for quicker remittances, strengthened ties with financial institutions to improve service access, alongwith competitive rates, and increased awareness to expatriates about the benefit of using formal remittance channels with highlighting security and reliability taken by the government and BB encouraged expatriates to remit large amounts of foreign currencies in the banking channel in FY25.

12.15 The United States of America emerged as the top contributor to remittances, in (15.61 percent of the total amount) FY25, followed by the Kingdom of Saudi Arabia (14.06 percent), the United Arab Emirates (13.74 percent), the United Kingdom (10.45 percent), Malaysia (9.25 percent), Italy (5.45 percent), Oman (5.39 percent) and Kuwait (5.35 percent). The remaining countries contributed 20.71 percent of total remittances. Country-wise percentage shares of total wage earners' remittances in FY25 are shown in Chart 12.05.

Foreign Direct Investment (FDI)

12.16 As one of the fastest-growing economies in South Asia, Bangladesh has become an attractive destination for foreign investors due to its strategic location, favourable demographic trends, and government incentives. The country's 8th Five-Year Plan (2020-2025) emphasises the importance of FDI

Chart 12.05 Country-wise Shares (%) of Total Wage Earners' Remittances in FY25



Source: Statistics Department, Bangladesh Bank.

Table 12.02 Composition of Merchandise Import Payments (based on customs records)

Items	(In million USD)		% changes in FY25
	FY24 ^R	FY25 ^R	
A. Food grains	2057.95	2306.11	12.06
1. Rice	25.42	682.45	2584.29
2. Wheat	2032.53	1623.66	-20.12
B. Consumer goods	4927.47	5680.95	15.29
1. Milk & cream	395.01	457.92	15.93
2. Spices	480.88	459.03	-4.54
3. Edible oil	2192.53	2715.06	23.83
4. Pulses (all sorts)	704.09	946.09	34.37
5. Sugar	1155.00	1102.85	-4.51
C. Intermediate goods	40303.20	41405.16	2.73
I) Petroleum goods	6128.30	5137.89	-16.16
1. Crude petroleum	944.40	624.53	-33.87
2. POL	5183.90	4513.36	-12.94
II) RMG related goods	16779.13	18442.56	9.91
1. Raw cotton	3609.68	3455.66	-4.27
2. Yam	3221.19	3618.75	12.34
3. Textile & articles thereof	7722.31	8959.06	16.02
4. Staple fibre	1392.29	1532.1	10.04
5. Dyeing and tanning materials	833.66	877.03	5.20
III) Other intermediate goods	17395.79	17824.72	2.47
1. Clinker	938.64	872.76	-7.02
2. Oil seeds	1187.93	1078.95	-9.17
3. Chemicals	3313.36	3602.62	8.73
4. Pharmaceutical products	334.78	434.91	29.91
5. Fertilizer	2698.00	2620.21	-2.88
6. Plastics & rubber articles thereof	2964.93	3410.46	15.03
7. Iron, steel & other base metals	5958.14	5804.81	-2.57
D. Capital goods	10635.09	9549.25	-10.21
1. Capital machinery	3482.55	2819.24	-19.05
2. Other capital goods	7152.54	6730.01	-5.91
E. Others	8801.36	9412.74	6.95
Total Import (cif)	66725.07	68354.21	2.44
Total Import (fob)	63240.00	64363.80	1.78
Of which: EPZ	3706.40	4308.06	16.23

^R Revised

Source: Compiled by Statistics Department, Bangladesh Bank using data of National Board of Revenue.

in achieving sustainable economic growth and transforming Bangladesh into a middle-income country. This plan outlines key strategies to enhance the business environment, improve infrastructure, and foster sectors such as manufacturing, services, and technology, aiming to increase FDI inflows and ensure that the benefits of investment are widely shared across the economy. As Bangladesh navigates the challenges of globalisation and seeks to bolster its development, FDI remains a pivotal component of its strategic vision for the future. The net FDI inflow somewhat increased by 18.30 percent to USD 1668 million in FY25. However, the portfolio investment showed an outflow of USD 138 million in FY25, compared to USD 343 million in the preceding fiscal year, due to low domestic economic activities, higher interest rates and uptick inflationary pressure (Appendix 3, Table XV).

Foreign Aid

12.17 Foreign aid plays a vital role in financing Bangladesh's development endeavor. By supplementing domestic resources, it helps bridge the gap between available funds and developmental needs. Total official foreign aid receipts decreased by 16.44 percent and stood at USD 8618.40 million in FY25, down from the USD 10313.41 million received in FY24 (Table 12.04). Total foreign aid commitment stood at USD 8323.33 million in FY25, which was USD 10738.92 million in FY24. Disbursement of food aid stood at USD 50.00 million in FY25, which was USD 30.00 million in FY24. The disbursement of project aid decreased by 16.68 percent to USD 8568.40 million in FY25, down from USD 10283.41 million in FY24.

12.18 Total outstanding official external debts as of 30 June 2025 stood at USD 74340.74 million (16.10 percent of GDP in FY25) against USD 68822.00 million as of 30 June 2024 (15.28 percent of GDP in FY24). Repayment

Table 12.03 Trends of Gross Foreign Exchange Reserves of Bangladesh Bank

(End month, in million USD)

Months	FY21	FY22	FY23	FY24	FY25
July	37288.43	45842.20	39599.91	31182.53	26882.82
August	39040.14	48059.99	39065.79	29720.64	25921.35
September	39313.98	46199.80	36476.41	29216.39	25647.68
October	41005.79	46459.27	35808.73	26938.96	24686.60
November	41269.22	44881.14	33786.26	26426.28	25492.98
December	43166.52	46153.93	33747.74	24870.39	24266.24
January	42862.52	44951.22	32222.55	27074.00	26207.72
February	44016.54	45947.76	32266.97	25078.99	25310.20
March	43440.79	44146.78	31142.72	25983.24	26091.01
April	44950.42	44017.55	30965.25	25256.02	25625.38
May	44960.52	42202.00	29873.91	25361.50	27354.83
June	46391.44	41826.73	31202.98	26804.59	25766.80

Source: Accounts & Budgeting Department, Bangladesh Bank.

Table 12.04 Foreign Aid Receipts and Debt Repayments#

(In million USD)

Particulars	FY23	FY24 ^R	FY25 ^P
1. Receipts	10065.38	10313.41	8618.40
i) Food aid	52.50	30.00	50.00
ii) Project aid	10012.88	10283.41	8568.40
2. Repayments (MLT)*	2671.74	3372.00	4086.93
i) Principal	1744.66	2022.00	2595.10
ii) Interest	927.08	1350.00	1491.83
3. Outstanding external debt (MLT) as of end June	62406.25	68822.00	74340.74
4. Outstanding debt as percentage of GDP	13.82	15.28	16.10
5. External debt services payment (MLT) as percentage of exports	5.75*	7.58*	8.46*

^P=Provisional, ^R= Revised, # Excluding Transactions with the IMF

Source: Economic Relations Division, Ministry of Finance and Statistics Department, Bangladesh Bank.

* Export Data source = National Board of Revenue, compiled by Statistics Department, Bangladesh Bank.

Table 12.05 Receipts and Payments of Bangladesh Under the ACU

(In million USD)

Head of transaction	FY23	FY24	FY25	% Change in FY25
1. Receipts	201.82 (2139.33)	176.16 (2078.72)	216.69 (2660.38)	23.01%
2. Payments	7718.85 (81819.83)	8359.99 (98647.84)	10373.01 (127353.07)	24.08%
Net surplus (+)/	-7517.03	-8183.83	-10,156.32	
Deficit (-)	(79680.50)	(96569.12)	(124692.95)	24.10%

1. Figures in parentheses indicate amount of taka in crore

2. Closing Weighted Average Exchange rate as of 30-06-2025 i.e. 1 ACUD = 1 USD, USD/BDT = 122.7735

Source: Forex Reserve and Treasury Management Department, Bangladesh Bank.

of official external debts and services amounted to USD 4086.93 million (excluding repurchases from the IMF) in FY25, which was 21.20 percent higher than the repayment of USD 3372.00 million in FY24. Out of the total repayments, principal payments amounted to USD 2595.10 million, while interest payments was USD 1491.83 million in FY25, against USD 2022.00 and USD 1350.00 million, respectively, in FY24.

The external debt service payment as percentage of exports stood at 8.46 percent in FY25, which was 7.58 percent in FY24.

Foreign Exchange Market Operations and Exchange Rate Movements

12.19 In recent years, Bangladesh had to confront several challenges in its external sector engendered from the Russia-Ukraine conflict, along with significant appreciation of USD due to the Fed interest rate hike. Moreover, BB's policy response, including continued tight monetary policy, along with realignment of the exchange rate (large depreciation and crawling peg exchange rate regime), and proactive foreign exchange liquidity management and supervision, ensured relatively stable and smooth market activities throughout FY25. During FY25, BB sold USD 1118.60 million in the local interbank market and purchased USD 615.22 million. The nominal exchange rate (BDT to USD) depreciated by 8.78 percent and stood at 120.81 at end June 2025, up from 111.06 at end June 2024. The nominal effective exchange rate (NEER) index of BDT, calculated against a trade-weighted 18-currency basket (base: FY16 =100), declined by 6.43 percent in FY25. Similarly, the real effective exchange rate (REER) index of BDT also declined by 0.45 percent in FY25 (Chart 12.01: B). The declining trends of the NEER indices reveal that Bangladeshi currency faced more depreciating pressure than its partner countries in FY25. On the other hand, despite facing higher inflation compared to its peer countries, the decrease in REER index also indicated a depreciation of BDT.

Foreign Exchange Reserves

12.20 Foreign exchange reserves allow a central bank sufficient mobility to achieve exchange rate stability and to carry out monetary policy activities efficiently. They also serve as a buffer against any disruption of

Table 12.06 Outstanding Principal Liabilities against the existing Facilities Received from the IMF

(In million SDR)					
Existing Facilities	Amount drawn/purchased up to June 2025	Outstanding principal liabilities as of end June 2025	Installment Repayment in FY25	Charge of payment in FY25	Outstanding principal liabilities as of end June 2024
ECF ¹	639.96	18.29	36.57		54.86
RFI	355.53	0.00	177.76		177.76
RCF	177.77	177.77	0.00	113.14	177.77
EFF	1645.64	1373.26	0.00		939.60
ECF ²	822.82	686.64	0.00		469.80
RSF	1000.00	666.68	0.00		333.35
Total	4641.72	2922.63	214.33	113.14	2153.14

Source: Forex Reserve and Treasury Management Department, Bangladesh Bank.
Notes: (1) approved in April 2012; (2) approved in January 2023.

capital flows. BB's gross foreign reserves comprises of major currencies, gold and Special Drawing Rights (SDR). At the beginning of FY25, foreign exchange reserves were USD 26.88 billion, but it increased to USD 31.72 billion at the end of the fiscal year.

12.21 As of 30 June 2025, Bangladesh's total outstanding principal liability under the various IMF facilities amounted to SDR 2922.63 million.

12.22 Through diversifying foreign asset portfolios into bonds (issued by sovereign, supranational and highly rated foreign commercial banks), US Government Treasury Bills and Notes, and short-term deposits with globally reputed foreign commercial banks, BB is doing its best to ensure optimum return on foreign exchange reserve investments. Moreover, BB offers foreign exchange refinance schemes to local exporters through its Export Development Fund (EDF) and Green Transformation Fund (GTF). In addition, with the assistance of the International Development Association (IDA), BB is providing long-term support to Bangladesh's manufacturing sector through a separate window called the Long Term Financing Facility (LTFF).

Reserve Management Strategy

12.23 During FY25, BB's reserve management strategy and operational procedures were strongly influenced by developments in both domestic and

international financial markets as well as various key aspects of macroeconomic policy stances. The most important elements of the policy framework are the monetary policy structure, the exchange rate policy and regime, the external debt situation, and the geopolitical scenario. Currently, reserve management operations of BB are carried out following the Reserve Management Guidelines (RMG) approved by the Board of Directors of BB. Generally, reserves are held to absorb external shocks, ensure smooth payment obligations and maintain the stability of the domestic currency. To contain counterparty risks at a minimum level, BB maintains current account with major central banks and invests in money market through commercial banks having strong credit ratings assigned by international rating agencies (e.g. Standard and Poor's, Moody's and Fitch). To minimise exchange rate risks and ensure the value of reserves, currency composition has been diversified among the major currencies and is reviewed periodically to keep pace with developments in international monetary and exchange rate policies. To meet payment obligations of government and others by maintaining adequate liquidity and generating optimum returns, reserves have been divided into two tranches, viz. The liquidity tranche and the investment tranche.

12.24 Investment duration and currency benchmark, as set out in the RMG, are carefully followed to minimise interest rate risks and exchange rate risks, while reserve management and investment functions have been segregated among three independent reporting units, viz. Front Office, Middle Office and Back Office to mitigate operational risks. However, in line with stipulated liquidity restrictions and market and credit risk limits, BB has diversified its portfolio investments into gold, repos, short-term deposits, and high-rated sovereign, supranational, and corporate bonds. BB has

been maintaining a prudent and vigilant approach regarding placement of funds with reputed overseas commercial banks and investments in securities out of its foreign exchange reserves.

Transactions under the Asian Clearing Union (ACU)

12.25 Transactions with ACU (Asian Clearing Union) member countries during FY25 have increased substantially in terms of net volume compared to the preceding year. Receipts increased from ACUD 176.16 million to ACUD 216.69 million and payments increased significantly from ACUD 8359.99 million to ACUD 10373.01 million during this period. In the ACU transaction scenario, Bangladesh has remained a net debtor during FY25. Transactions with ACU member countries in the last three years are shown in Table 12.05.

Transactions with IMF

12.26 Bangladesh obtained membership of the International Monetary Fund (IMF) on 17 August 1972. Since then, Bangladesh has received a total of SDR 6304.04 million till June 2025 from the IMF under various facilities. The IMF Executive Board approved a total amount of SDR 639.96 million through a three-year arrangement for Bangladesh under the Extended Credit Facility (ECF). Bangladesh has already received the full amount of this ECF and repayment started in October 2017. For Bangladesh, the IMF also approved a disbursement of SDR 355.53 million under the Rapid Financing Instrument (RFI), and a disbursement of SDR 177.77 million under the Rapid Credit Facility (RCF) on 29 May 2020. By June 2020, Bangladesh had drawn the total amount of approved RFI and RCF. Repayments of RFI and RCF have been scheduled on 31 August 2023 and 2 December 2025, respectively. On 30 January 2023, the Executive Board of IMF approved SDR 1645.64

Box 12.01 Outward Remittance Liberalisation in Bangladesh: Recent Initiatives and Expansion

To strengthen foreign exchange management while enhancing the ease of doing business, Bangladesh Bank has taken substantial steps to liberalise outward remittances. These measures target a dual objective: reducing the dependency on informal remittance channels and improving the regulatory environment for legitimate business and personal transfers.

Expansion of Permissible Remittance Categories

- Trade & Business Services:
 - ✓ Freight charges can now be remitted against FOB-based imports to chartered shipping companies abroad.
 - ✓ Lease rental payments by Bangladeshi airlines to foreign aircraft lessors are permitted.
 - ✓ Bandwidth/internet payments for international internet connectivity can now be remitted more flexibly.
- Digital & Knowledge Economy:
 - ✓ Cloud service subscription fees and academic journal access are now allowed.
 - ✓ Overseas advertisement expenses arranged by Bangladeshi advertising agencies are permitted for remittances.
- Professional Development & Education:
 - ✓ The previous restriction on outward remittance of training, workshop, and seminar fees for employees of banks and financial institutions has been lifted.
- Remittances are now also allowed for:
 - ✓ Fees for TOEFL, SAT, secondary/higher secondary equivalent exams collected by local authorised test centers and educational institutions.
 - ✓ Correspondence and language courses.
 - ✓ Medical treatment limit abroad has been enhanced from USD 10,000 to USD 15,000, including remittances for medical treatment of individuals injured in the July 2024 student-people's uprising as per requirement without Bangladesh Bank's approval.
 - ✓ Bonafide current account expenses up to USD 3,000 (or equivalent) annually on behalf of small and medium enterprises(SMEs).
- Corporate & Government Transactions:
 - ✓ Government project-related remittances are now explicitly allowed.
 - ✓ Foreign companies operating in Bangladesh can remit:
 - Service charges to parent companies or shareholders up to 10% of post-tax profit.
 - Payments for bonafide current account transactions up to 1% of annual sales or USD 100,000, whichever is higher, applicable to all sectors except banks and finance companies.
- Consumer & Payment Facilitation Initiatives
 - ✓ Use of international card platform is now allowed for all permissible outward remittance transactions, streamlining small-value cross-border payments.
 - ✓ Money changers can now endorse up to USD 2,000 per person per calendar year, up from USD 1,000—enhancing access to FX services for travelers.
 - ✓ Mobile operators are allowed to remit up to BDT 30,000 per year per user to settle roaming bills with foreign telecom network partners.
 - ✓ Priority Pass and bank charges for international services are permitted for remittance without approvals.
 - ✓ Resident Bangladeshi nationals may now use their international cards to purchase air tickets from airlines operating in Bangladesh for outbound travel.

Policy Objectives

These measures are designed to:

- Facilitate legitimate outward flows aligned with current economic and digital globalisation demands.
- Reduce leakage to informal channels by increasing the number and value of permitted transactions under automated, delegated arrangements.
- Promote ease of doing business and ensure a controlled but responsive FX regime, aligned with macroeconomic realities and reserve management.

Conclusion

Bangladesh Bank's proactive liberalisation of outward remittance policies reflects a strategic pivot toward:

- Formalisation of FX transactions
- Investor confidence and regulatory predictability

This wave of reforms marks an important shift in the country's external sector policy toward a more open, rules-based, and digitally responsive environment.

million under the Extended Fund Facility (EFF), SDR 822.82 million under ECF², and SDR 1000.00 million under the Resilience and Sustainability Facility (RSF). Accordingly, Bangladesh has drawn the total amount of SDR 234.90 million under EFF and SDR 117.45 million under ECF². Repayment of this EFF and ECF will commence on 29 July 2027 and 01 August 2028, respectively.

12.27 In FY25, Bangladesh drew the total amount of SDR 433.66 million under EFF, SDR 216.84 million under ECF, and SDR 333.33 million under RSF. Repayment of EFF, ECF and RSF will commence on 29 July 2027, 01 August 2028 and 14 June 2034, respectively. Total outstanding principal liabilities to the IMF (including all existing facilities) stood at SDR 2922.64 million at end June 2025. On the other hand, installment repayment in FY25 was SDR 214.33 million and charges of payment stood at SDR 113.14 in FY25.

12.28 Under the 14th General Review of Quotas, Bangladesh's Quota in the IMF is SDR 1066.6 million (0.22 percent of total). Bangladesh's quota remained unchanged under both 15th and 16th General Reviews of Quotas. The 17th general review quota of IMF is underway and the Board of Governors called for developing quota realignment including a new quota formula by June 2025. The latest financial arrangements between IMF and Bangladesh are provided at Table 12.06.

Near-term outlook

12.29 Bangladesh's external sector outlook for FY26 is shaped by a modest recovery and improvements, aided by robust exports and remittance inflows altogether with stabilised foreign exchange reserves. Current account balance is expected to remain stable, supported by a narrowing trade gap and strong remittances. However, the persistent challenges stemming from global trade uncertainties and

domestic financial sector fragilities, which may hamper the pace of growth despite positive momentum.

Payment and Settlement Systems

13.01 A growing number of people in Bangladesh are now embracing digital payment methods, recognising them as safer, more convenient, and time-efficient for everyday transactions. Over time, Bangladesh Bank (BB) has consistently worked to enhance the effectiveness of payment systems, improve user experience, broaden access, and strengthen security. As a result, digital payment platforms have become a vital force in sustaining economic activity and helping the country maintain its resilience.

13.02 A well-functioning and efficient payment system is essential for the stability and growth of an economy. It facilitates financial transactions for individuals and businesses, thereby strengthening financial intermediation by enabling smooth and affordable payment and settlement processes. Any breakdown or disruption in this system can severely impact financial markets and trigger widespread economic instability. As the chief regulator of the financial sector, Bangladesh Bank remains vigilant in maintaining the integrity of the country's payment infrastructure by implementing sound regulatory measures and fostering a supportive environment for all stakeholders.

13.03 Given this context, the chapter reviews the performance of Bangladesh's payment and settlement systems during fiscal year FY25. It also outlines various initiatives undertaken by the Payment Systems Department (PSD) throughout the year.

Payment Systems

13.04 The interbank digital payment systems (i.e., online banking, mobile financial services, inter-bank payment systems, etc.) registered a hefty growth during FY25. Table XXIII of Appendix 3, reveals that digital payments in FY25 grew by 11.3 percent and 4.9 percent in

terms of volume and value, respectively, compared to the same for the previous fiscal year, FY24. Such growth is largely attributable to paperless transactions; for example Internet Banking Fund Transfer (IBFT), Bangladesh Electronic Funds Transfer Network (BEFTN), ATM transactions, Real Time Gross Settlements (RTGS) and MFS transactions. In the case of value, the growth is mostly amplified by IBFT, ATM transactions, BEFTN and MFS transactions. Table XXIII of Appendix 3 reveals that paperless digital payments are increasing at an accelerated rate compared to that of paper-based transactions (e.g., BACPS). The development of a favourable digital payment ecosystem has supported the increase of the uses of all major modes of digital payment systems, especially paper-less methods.

13.05 Notably, intra-bank digital payments are markedly larger than inter-bank transactions. Internet and apps-based transactions within banks increased largely during the period. Except for MFS transactions, the chapter considered only inter-bank transactions. In this continuum, the later part of the chapter deals with the actions of different payment platforms operated by BB, and notable activities of PSD.

Bangladesh Automated Clearing House

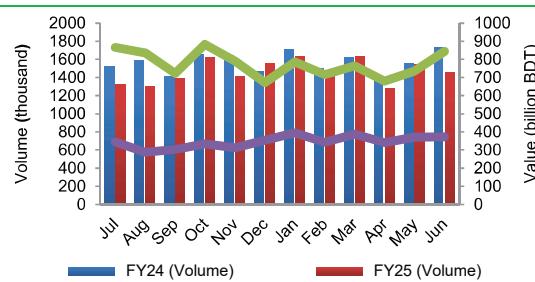
13.06 Bangladesh Automated Clearing House (BACH) comprises two separate operational windows, namely, Bangladesh Automated Cheque Processing Systems (BACPS) and Bangladesh Electronic Funds Transfer Network; (BEFTN) these facilitate country-wide inter-bank payment settlements. The central BACH system receives transactions (instrument images and corresponding instructions) from member banks on a daily basis. These transactions are processed and settled at a predetermined time each day. Both BACPS and BEFTN are operating on deferred net settlement basis.

After each clearing cycle, a single multilateral netting figure for each participating bank is settled by posting it to their respective current accounts maintained with BB. It is, particularly noteworthy that BEFTN is now operating through a self-developed software of BB, 'Nikash-BEFTN', which has increased the capacity of daily volume processed and the overall performance of BACH remarkably.

13.07 The use of Cheque Imaging and Truncation (CIT) technology in BACPS, has transformed the segregated and conventional concept of paper based physical clearing house to an image based smart and single virtual one platform. During FY25, BACPS processed about 17,589 thousand regular-value instruments amounting, approximately BDT 8290.61 billion, where there was almost 6.22 percent decrease of volume and 10.81 percent decrease of value compared to those in FY24. At the same time, during FY25, about 1,793 thousand high-value instruments valuing approximately BDT 11,157.79 billion were cleared, which decreased by 25.91 percent and 24.36 percent in terms of volume and value respectively, as compared to those in FY24. In terms of both regular value and higher value, declining growths both in volume and value were observed. The declining trend of usage of the instruments indicates the popularity of other digital payment options like BEFTN, Real Time Gross Settlement (RTGS), and Internet Banking Fund Transfer (IBFT), etc. among the stakeholders (Charts 13.01 and 13.02).

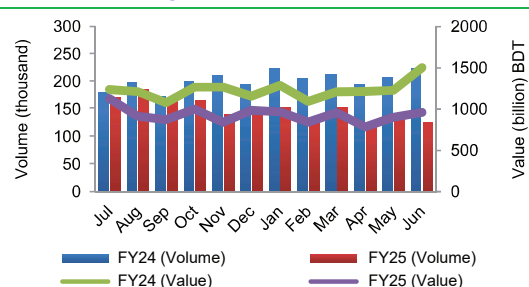
13.08 BEFTN has emerged as a novel endeavor to accelerate the velocity of money circulation by facilitating a wide variety of credit transfers (e.g., salary payments, foreign and domestic remittances, social safety net payments, interest and principal payments of national savings certificates, company dividends, retirement benefits, etc.) and debit transfers ,

Chart 13.01 Regular Value Cheque Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.02 High Value Cheque Transactions



Source: Payment Systems Department, Bangladesh Bank.

(e.g., utility bill payments, loan repayments insurance premiums, corporate to corporate payments, etc.). A total of about 2,79,610 thousand credit transfers valuing approximately BDT 8,114 billion were settled during FY25, which grew by 8.94 percent and 11.87 percent in terms of volume and value, respectively, compared to FY24. Such immense growth in both the volume and value of credit transfers are mainly attributable to the transfer payments of the government. During FY25, a total of 7,348 thousand debit transfer transactions amounting to approximately BDT 1,273.5 billion were settled. This reflects a 9.47 percent increase in transaction volume compared to FY24. However, total transaction value declined by 30.39 percent during the same period. The decline in value, despite the growth in volume, can be attributed primarily to smaller average transaction sizes conducted by the majority of stakeholders. Additionally, there has been a

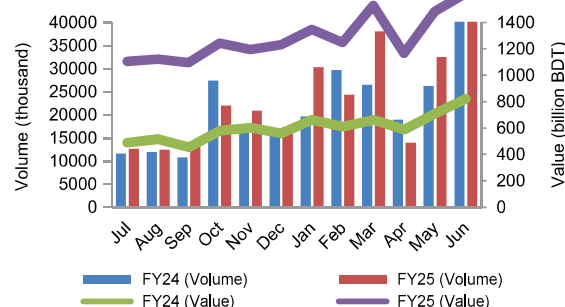
noticeable shift in transaction activity towards other digital platforms, which contributed to the reduction in overall value processed through debit transfers (Charts 13.03 and 13.04).

Real Time Gross Settlement (RTGS) System

13.09 By delivering instant settlement facilities for large value and time critical payments, RTGS has been fostering the velocity of money and economic activities in the country. The system offers some notable features, such as custom duty e-payment, local and approved foreign currency settlement (USD, EUR, GBP, CAD, JPY, CNY), FC transaction, interbank settlement and gross settlement in participants settlement account of their net positions arise from the net settlement instruction (NSI) of BACPS, Nikash-BEFTN, NPSB, Binimoy, etc. As of June 2025, 60 scheduled banks and 19 FCs are now connected to the system in settling high-value (BDT 1,00,000 or more) transactions. However, there is no minimum limit for foreign currency payments, government transactions, customs transactions and EDS money transactions and BB may choose to relax this limit for specific local currency payments from time to time as well. Besides, RTGS system has the provision to settle Intraday Liquidity Facility (ILF) like BGTB, Treasury Bills, Bangladesh Bank Bills, Bangladesh Government Islamic Investment Bond (BGIIB). In order to make the system more robust, necessary upgradation was completed in 2024. Upgraded RTGS system enhanced the system functionalities with the latest ISO 20022 message format, end-to-end message tracking, special payment cut-offs, document library for participants and 24*7 monitoring and processing system.

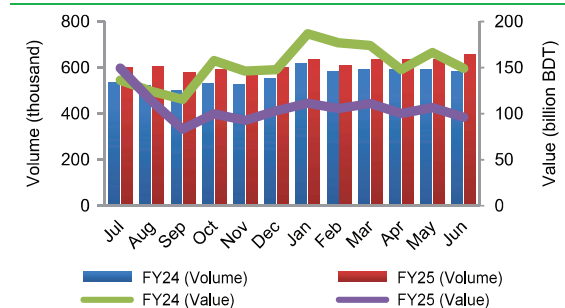
13.10 In FY25, RTGS System processed 10.80 million transactions totaling BDT 54,133.42 billion in BDT currency. Moreover, in the same period this system also processed

Chart 13.03 BEFTN (Credit) Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.04 BEFTN (Debit) Transactions



Source: Payment Systems Department, Bangladesh Bank.

0.82 million transactions amounting to USD 33,200.14 million in foreign currency. The overall surge in RTGS transaction is largely driven by its increasing acceptance among the business entities, government institution and mass people (Charts 13.05 and 13.06).

National Payment Switch Bangladesh (NPSB)

13.11 To enable interbank electronic transactions from various alternative delivery channels—such as ATMs, point of sale (POS) terminals, fund transfer, and others—BB launched the National Payment Switch Bangladesh (NPSB) on 27 December 2012. The primary goal of NPSB is to function as a central switch that progressively links all the switches operated or shared by banks and FCs.

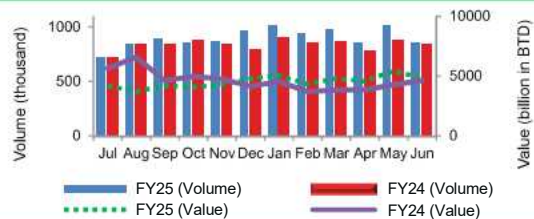
13.12 In terms of volume, approximately 73,493 thousand ATM, 17,289 thousand POS, and 64,565 thousand IBFI transactions were settled during FY25 using NPBS, where ATM transactions saw a decrease of 7.40 percent, respectively, compared to that in FY24. At the same time, using the NPSB, value of ATM, POS, and IBFT transactions increased to BDT 539,400.37 million, 59,220.21 million, and 3,760,525.39 million, respectively, showing the 20.97 percent decrease of ATM transaction, and 24.98 percent and 85.24 percent increases in POS and IBFT transactions compared to those done in the previous year (Charts 13.07, 13.08, and 13.09).

13.13 Over the past few years, Bangladesh has been progressing steadily toward a more cashless economy, driven by the growing adoption of digital financial services. This shift proved specially valuable during critical periods such as the COVID-19 pandemic, internet disruptions, and other national challenges. Overall, digital transactions have enhanced financial inclusion, reduced dependency on cash, improved transaction transparency, and supported continuity of economic activities in challenging times. Bangladesh's journey toward a digital economy is not only modernising the financial sector but also making everyday transactions more secure, efficient, and accessible for millions.

13.14 Notably, aside from NPSB, various private and international switching networks also facilitate the settlement of ATM, POS, and e-commerce transactions. Collectively, these types of transactions saw an upward trend in FY25. Overall ATM, POS, and e-commerce transactions also increased during FY25 (Table XXIII, Appendix 3).

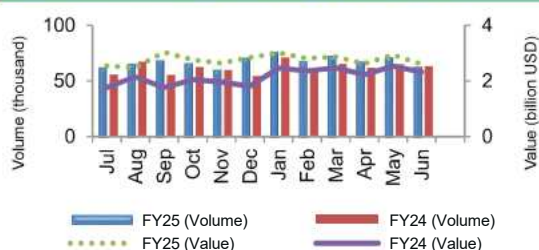
13.15 In terms of volume, approximately 4,165 thousand Bangla QR transactions were settled during FY25 using the national payment switch NPSB, where Bangla QR transactions decreased by 11.00 percent compared to that

Chart 13.05 RTGS Transactions (BDT)



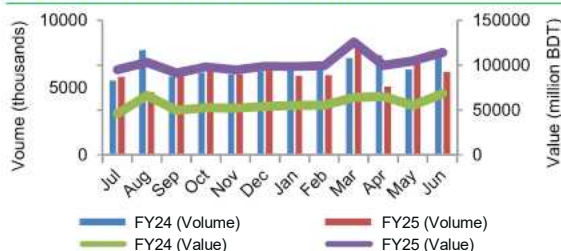
Source: Payment Systems Department, Bangladesh Bank.

Chart 13.06 RTGS Transactions (USD)



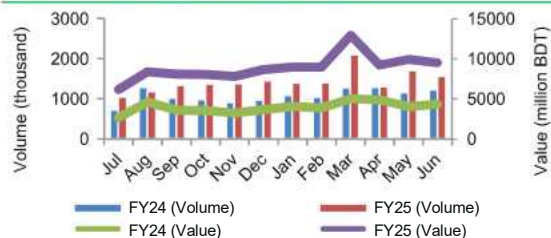
Source: Payment Systems Department, Bangladesh Bank.

Chart 13.07 ATM Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.08 POS Transactions



Source: Payment Systems Department, Bangladesh Bank.

in FY24. At the same time, using NPSB, value of Bangla QR transaction increased to BDT 20,516 million, showing an increase of 19.64 percent compared to that in the previous year (Chart 13.10).

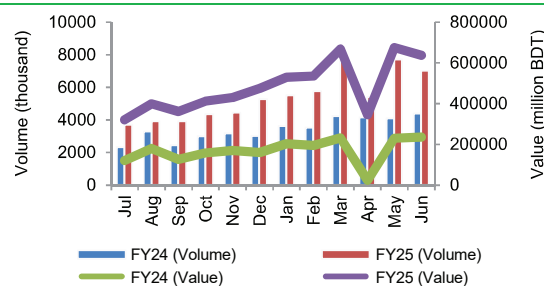
Mobile Financial Services (MFS)

13.16 Mobile financial services (MFS) have become instrumental in achieving the objective of financial inclusion in Bangladesh, a foresight vision of BB. It is playing a crucial role in providing financial services to the unbanked and underserved population across the country. Rapid growth of mobile phone users, IT based infrastructure development, expansion of mobile network, easy access to internet, etc. are augmenting the number of MFS users and transactions. Moreover, the user friendly interface, power connectivity across the nation and development of IT based transactions, etc. have made it a convenient means to provide services to all segments of population and it is paving the way to reaching the country's sustainable development goals (SDGs).

13.17 Thirteen MFS providers currently operate in Bangladesh for expanding market. The sector is regarded as an important channel for innovation, financial inclusion, and digital economic development. Against this backdrop, BB continues to update regulations to support innovation and competition. At present, MFS providers are permitted to operate only within the following broad categories of payment and intermediation services:

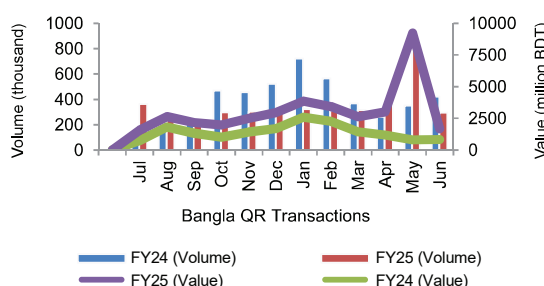
- i. 'Cash-in' to and 'cash-out' from MFS accounts through agent locations, bank branches, ATMs, linked bank accounts and other methods determined by BB;
- ii. Person to business payments like utility bill payments; educational institutional fees payments; merchant payments; mobile top ups; deposits into savings accounts/schemes with banks/FCs; loan repayments to banks/non-bank financial institutions (NBFIs)/non-governmental organizations-microfinance institutions (NGO-MFIs); insurance premium payments to insurance companies and so forth;

Chart 13.09 IBFT Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.10 Bangla QR



Source: Payment Systems Department, Bangladesh Bank.

- ii. Business-to-person (B2P) payments like salary disbursements, dividend/refund warrants/ discount payments, etc;
- iv. Person-to-person (P2P) payments (one MFS personal account to another MFS personal account with the same MFS or another MFS provider as well as payments from one MFS account to a bank account and vice versa with the same parent bank or another bank);
- v. Business-to-business (B2B) payments like vendor payments, supply chain management payments, etc;
- vi. Online and e-commerce payments;
- vii. Government-to-person (G2P) payments such as pension payments, old-age allowances, freedom-fighter allowances, subsidy payments to farmers, and so forth;
- viii. Person-to-government (P2G) payments

such as taxes, fees, levy payments, toll charges, fines, etc.;

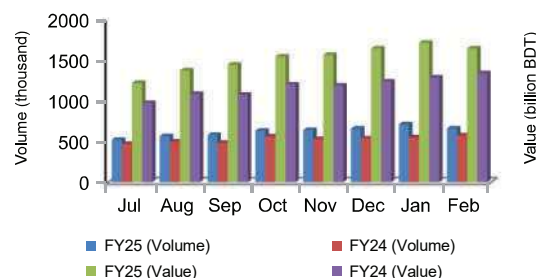
- ix. Disbursement of BDT against inward foreign remittances collected by designated banks;
- x. Loan disbursements to borrowers; vendor payments, etc;
- xi. Deposit installment payments to banks, etc.

13.18 At end February 2025, as of latest available data of all thirteen MFS providers, the number of MFS agents and registered accounts rose to 1.86 million and 240.46 million respectively, compared to 1.81 million and 232.42 million in June 2024. Of the registered accounts, 239.24 million were personal accounts, while 1.22 million were merchant and personal retail accounts.

13.19 The nationwide shift toward digital payments has driven both the volume and value of MFS transactions upward. Sustained growth in the availability and accessibility of MFS within a favourable environment has further encouraged usage. Currently, about 1.86 million agents are engaged in the MFS distribution network, and have been generating substantial employment opportunities. Under initiatives to promote digital transactions, the number of personal retail accounts rose to 864 thousand in February 2025, with a transaction volume of BDT 22.94 billion. The Government of Bangladesh (GoB) relies increasingly on MFS to disburse payments under social safety net programmes, ensuring direct and convenient delivery to beneficiaries.

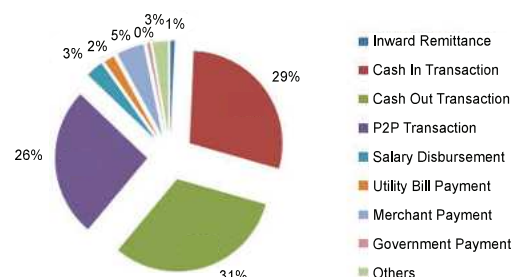
13.20 Since July 2021, one MFS provider has been offering savings schemes in collaboration with four banks and one FC to promote savings among its users. Between January and December 2024, a total of 1.81 million savings accounts were opened through MFS. In addition, the same provider has been

Chart 13.11 MFS Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.12 Nature of Usage of MFS in February 2025



Source: Payment Systems Department, Bangladesh Bank.

distributing nano-loans since December 2021, disbursed about BDT 85.2 billion to 426,060 borrowers during January–December 2024. These nano-loan facilities support economic activity nationwide by enabling unbanked and low-income individuals to meet short-term financial needs.

13.21 Pertinently, the pattern of MFS usage reflects a growing shift among citizens toward digital payments. The reliability of these services has contributed to higher transaction volumes within the same mobile operators and greater retention of funds in MFS wallets. Chart 13.12 shows that in February 2025, the share of cash-out transactions rose to 31.09 percent, compared to 30.08 percent in February 2024. In the same month, cash-in and P2P transactions accounted for 27.76 percent and 25.36 percent of total volume, respectively. During this period, inward remittances, utility bill payments, and

government payments also recorded significant growth.

Alternative Delivery Channels and Licensing

13.22 To promote and ensure efficient, secured, and cashless payments in the country, BB issues licences to FinTech businesses in two major categories, namely payment service provider (PSP) and payment system operator (PSO). Generally, PSPs deliver e-wallet services while PSOs provide merchant aggregation, merchant acquisition, white label ATM, payment gateway, and switching solution services. At present, 11 PSOs and 9 PSPs are fully operational, while some others remain in different phases of the licensing process. In line with BB's vision of building a robust tech-based payment infrastructure, BB is emphasising digitalisation in merchant payments. It's working toward creation of a fast and secure merchant payment infrastructure with minimal risks of digital fraud. To protect customers in event of frauds, BB issued a 'Guidelines for Merchant Acquiring and Escrow Services, 2023' on 26 September 2023. This guideline focuses on merchant acquiring rules, legal documentation, merchant monitoring, and escrow services for advance payment collections. Besides, the 'Guidelines for Issuing Prepaid Instrument (PI) by Non-Payment System Entities, 2024' was also issued on 06 June 2024 to regulate prepaid instruments (i.e., vouchers, gift cards, cash cards, and so on) of the merchants. Transactions with such prepaid instruments have increased rapidly with the increase in use of the internet and smart phones; hence, creating default risks of the issuers. According to the guideline, the issuer of such prepaid instruments is required to take prior approval from BB and is obliged to comply with certain qualifying criteria.

Legal and Regulatory Frameworks

13.23 BB is entrusted with the responsibility of

managing and regulating the country's payment systems and issuing rules, regulations, and guidelines thereto. Currently, BB regulates the payment system of the country largely through:

- A. Payment and Settlement System Act, 2024
- B. Bangladesh Payment and Settlement Systems Regulations (BPSSR), 2014; and
- C. Bangladesh Mobile Financial Services (MFS) Regulations, 2022

Consequently, BB has published several legal and regulatory guidelines supporting both paper-based and electronic transactions within the country. The existing legal and regulatory frameworks of the payment and settlement system of Bangladesh are as follows:

- i. Bangladesh Automated Cheque Processing Systems (BACPS) Operating Rules and Procedures, 2010 (Revised Version, 2019).
- ii. Bangladesh Electronic Funds Transfer Network (BEFTN) Operating Rules, 2010 (Revised Version, 2020).
- iii. Bangladesh Real Time Gross Settlement (BD-RTGS) System Rules, 2015.

13.24 In this continuum, during FY25, some more guidelines/regulations were released to support growth of the economy and market demands and to maintain discipline in payment systems.

13.25 The 'Payment and Settlement System Bill, 2024' was passed in the national parliament to make provisions for reducing risks of financial transactions and protecting customers through integration, supervision and regulation of payments, clearing and settlements systems. It has been published as 'Payment and Settlement System Act, 2024' as the supplement of the Bangladesh Gazette with the assent of the President on 04 July 2024 and has been activated from 31 December 2024 through a separate gazette.

13.26 Appositely, in the realm of global networking and connectivity, PSD works closely with relevant international associations to develop a safe, secure, and efficient national payments infrastructure adhering to international best practices. It is essential to identify, mitigate and induce changes (if necessary) in the financial market infrastructure to protect the country's payment ecosystems from both internal and external shocks. In this consideration, with the active support of the World Bank, BB has studied the country's Financial Market Infrastructure (FMI's) and accomplished a self-check against the standard set in Principle 17 of FMI. Following the report, BB has already emphasised migrating to the new environment, increasing the capability of both human resources and softwares/hardwares. BB is also working in assessing the vulnerability of the FMIs, achieving certification and putting in place a state-of-the-art monitoring system.

13.27 In tandem with growing transactions through different switches and channels, disputes occasionally, arise between banks. However, the nature of such disputes is not widely varied. They take place mainly on account of technical and operational errors. PSD offers dispute resolution and arbitration services to solve such issues for banks and participants.

Payment System Oversight

13.28 BB, under the authority of the Bangladesh Bank Order, 1972 and the newly enacted Payment and Settlement Systems Act, 2024, continues to play a pivotal role in promoting, regulating, and safeguarding the integrity of the national payment system. In response to the increasing complexity, scale, and systemic importance of payment infrastructures, a dedicated unit—Payment Systems Department, Division-3 (Oversight)—

was formally established within PSD on 15 February 2024.

13.29 This division is entrusted with the supervision and monitoring of the country's payment, clearing, and settlement systems, as well as all associated entities. Its oversight scope includes both bank and non-bank participants, notably, payment service providers (PSPs) including mobile financial services (MFS) providers, and payment system operators (PSOs). The division's activities are integral to maintaining financial stability, operational resilience, and public confidence in the payment ecosystem.

Mandate and Legal Frameworks

13.30 The division's oversight functions are guided by the regulatory provisions of the Payment and Settlement Systems Act, 2024, which provides a comprehensive legal mandate for supervision and risk management of payment system participants. The act empowers BB to enforce standards for safety, efficiency, and transparency across all tiers of the payment ecosystem, thereby aligning national practices with international norms.

Key Functions and Responsibilities

13.31 The Oversight Division performs its mandate through the following core functions:

- **Data Collection and Analytical Review:** Operational data is collected through both on-site inspections and off-site supervision. Such data includes transaction volumes, risk exposures, fraud trends and business continuity arrangements. Analytical reviews are conducted to identify potential operational risks and assess the effectiveness of risk mitigation practices.
- **Compliance Monitoring:** The division ensures compliance adherence to applicable laws, regulations, and guidelines—including those stipulated under the Payment and

Settlement Systems Act, 2024. It identifies regulatory gaps, issues recommendations, and monitors follow-up actions to ensure timely remediation.

- **System and Participants Assessment:** Identifying weaknesses in systems, participants, or schemes. Areas requiring improvement or regulatory interventions are identified and addressed accordingly.
- **Participants Self-Assessment:** Encouraging systems and participants to conduct self-assessments based on regulatory requirements and international standards.

Supervisory Activities in 2024

13.32 During the reporting year, the Division undertook a comprehensive range of supervisory activities, including:

- On-site inspections of three PSOs, three PSPs, and three MFS providers, alongside targeted investigations prompted by stakeholder complaints.
- Extended oversight of payment gateways, commercial banks, and other relevant entities involved in payment processing and settlement.
- Implementation of a robust data collection framework, enabling the systematic registration of nearly all transaction categories—spanning over-the-counter, interbank, and intrabank transactions.

To support this initiative, all financial service providers—including banks, national payment platforms, and MFS operators—have been instructed to submit daily transaction data on a monthly basis. This dataset has become a cornerstone for performance benchmarking, trend analysis, and policy formulation, enhancing the Bank's capacity to monitor systemic risks and support monetary policy transmission.

Policy Development and Risk Management Initiatives

13.33 In 2024, the division successfully introduced the Self-Assessment and Operational Risk Management Framework (SA-ORMF) for payment platforms. This framework draws on the Principles for Financial Market Infrastructures (PFMI) and the ISO 31000 risk management standards, offering a structured methodology for assessing and mitigating operational risks. Building on this foundation, the division is currently developing a complementary initiative—the Self-Assessment Framework for Payment System Participants, with a focus on PSPs, PSOs, and MFS providers. These frameworks aim to:

- Promote proactive risk management and internal accountability.
- Enhance the resilience and continuity of payment services.
- Foster regulatory compliance and alignment with international best practices.

Together, these initiatives—anchored in the provisions of the Payment and Settlement Systems Act, 2024—are expected to strengthen significantly the operational integrity of Bangladesh's payment systems and contribute to the development of a secure, inclusive, and future-ready payments ecosystem.

Regulatory Fintech Facilitation Office

13.34 In an era marked by rapid technological disruption, complex economic interlinks, and evolving consumer expectations, digital financial services are undergoing a profound transformation. FinTech—through its dynamic and inclusive innovations—is at the forefront of this change, reshaping financial infrastructure by introducing new business models and expanding the reach of formal financial services. However, to unlock the full potential of these

innovations, it is vital to align creative solutions with sound regulatory frameworks, effective risk management, and data-driven policymaking. A granular understanding of these developments is essential to ensure safe, inclusive, and sustainable FinTech growth.

13.35 To this end, BB has established the Regulatory FinTech Facilitation Office (RFFO)—a strategic initiative designed to foster innovation while safeguarding systemic integrity. The RFFO serves as a platform for sandboxing, piloting, and evaluating emerging FinTech solutions in a controlled environment, allowing innovators to test their models under real-world conditions with regulatory oversight. It assesses the feasibility, scalability, and compliance readiness of new ideas, while also promoting collaboration across banks, FCs, FinTech startups, and relevant regulators.

13.36 Importantly, RFFO is currently working on licensing private entities interested in establishing credit bureaus in Bangladesh aiming to strengthen credit infrastructure through responsible use of alternative data and technology. In this regard, the Guidelines on Licensing, Operation and Regulation of Credit Bureau was issued through PSD circular (No. 05/2024 dated 05 June 2024), providing the regulatory foundation for private sector participation in the credit information ecosystem. During the reporting period, the office has been actively piloting three new initiatives within its sandbox framework—the first focused on alternative credit scoring models, the second another dedicated to enhancing the financial well-being of garment sector workers, and the last one exploring privately developed credit risk grading systems. These projects exemplify RFFO's commitment to shaping a vibrant, resilient, and inclusive FinTech ecosystem in Bangladesh.

National Card Scheme-TakaPay

13.37 BB has introduced the National Card Scheme, TakaPay, with the objective of enhancing financial inclusion, lowering transaction costs, and advancing a secure and inclusive digital payment ecosystem. On 12 June 2024, nine scheduled banks launched chip-based TakaPay cards, ensuring a high level of transaction security. In parallel, these banks upgraded their ATMs and POS terminals to support TakaPay transactions. TakaPay cards can be used for cash withdrawals at ATMs, purchases at POS, QR payments, fund transfers, and other electronic payments. All transactions initiated using TakaPay cards are routed through the National Payment Switch Bangladesh (NPSB), an interoperable platform operated by BB.

13.38 A key goal of TakaPay is to empower banks, specially small and mid-sized ones, to issue secure and affordable cards, ensuring full domestic interoperability. By opting for TakaPay over international card schemes, banks can save substantial amounts of foreign currency that would otherwise be spent on network fees, transaction fees, and penalties associated with international card schemes. The cost efficiency of TakaPay is expected to enable wider access to card services across the country, particularly, in rural and underserved areas, thereby promoting financial inclusion and encouraging digital retail payments through reduced fees.

13.39 Following the successful implementation by the nine banks targeted initially, BB has invited all remaining scheduled banks to adopt TakaPay and issue cards under this domestic scheme. Currently, fifteen scheduled banks are issuing TakaPay debit cards. To meet diverse customer needs, BB has recommended that banks issue debit cards against savings and current accounts with the prior consent of customers. BB has taken initiatives to facilitate

Box 13.01 E-loan in Bangladesh: Problems and Prospects

The financial sector of Bangladesh is gradually embracing digital financial products; The introduction of e-loans or digital nano loans are one of the most promising innovations in this transformation. E-loans are small-sized term loans disbursed instantly through fully digital platforms such as internet banking, mobile applications, mobile financial services (MFS) and e-wallets. Unlike traditional credit, e-loans follow an end-to-end digital process, covering every stage from client onboarding, credit assessment, loan sanctioning, documentation, disbursement to recovery without any physical interaction. As per Bangladesh Bank (BB)'s existing regulations, any scheduled bank may introduce e-loan products subject to the approval of the central bank. To obtain this approval, banks are required to submit a detailed Product Programme Guideline (PPG), endorsed by their Board of Directors, as per BB requirements. Initially, BB grants piloting for up to 6 months. Upon successful completion of the pilot phase, and based on a formal request from the concerned bank, BB grants approval for the commercial launch of digital nano loan products. Key features of the current regulatory framework include:

- The loan amount ranges from BDT 500 to BDT 50,000, with a maximum tenure of 6 months
- Target customers are primarily disadvantaged, marginalised, and unbanked individuals facing barriers in accessing formal finance
- To increase affordability and access, BB launched a BDT 10 million 'Digital Small Loan' refinance scheme (BRPD Circular-11/2022, 02 June 2022)
- Under the refinance scheme, interest will be charged at maximum 9% at the end-borrower level
- The fully digital process replaces wet signatures on loan documents and CIB undertakings with biometric authentication (thumbprint, fingerprints, or digital ID).

Up to June 2025, Bangladesh Bank has approved five banks to launch e-loans, while some are in the pilot phase. The current state of e-loan disbursement is as follows:

(In million BDT)

Name of Bank	Name of e-loan	Disbursed Amount		Refinanced Amount
		Apr-Jun, 2025	Up to Jun 2025	Up to Jun 2025
City Bank PLC.	Digital Nano Loan	8905.4	2,9209.4	1,4750.8
Prime Bank PLC.	Prime Agrim	26.0	40.9	9.7
Dhaka Bank PLC.	e-Rin Nano	55.1	558.7	462.8
Brac Bank PLC.	e-Rin Shafollo	2.5	29.4	0.0
Mutual Trust Bank PLC.	Torit e-Rin	4.9	36.2	0.0
Total		8993.9	2,9874.6	1,5223.3

E-loans in Bangladesh are still at a growing stage, and the market remains relatively unexplored. By June 2025, a cumulative BDT 3,000 crore was disbursed, of which around BDT 90 million was disbursed in the latest quarter. Currently, a single bank dominates the market, but the gradual entry of other banks indicates growing acceptance of e-loans as a viable credit product. If existing small lender, along with upcoming banks, can scale up their operations, the market will become more competitive, which will create easy access and more choices for customers.

The use of digital nano loans provides a number of benefits for both banks and customers. As e-loans do not require any collateral, low-income, unbanked and marginalised people can easily avail these loans. Customers can apply for and receive loans using a smartphone instead of going to a bank branch or agent location. Unlike traditional loan processing, e-loans are fast, hassle-free and instant; which eliminates delay and eliminate paperwork for customers and reduce administrative costs for banks. Digital lending contributes increase access to formal finance and lower reliance on informal moneylenders for the underserved. As e-lending follows end-to-end digital processes, it may also reduces manual errors, forgery, and corruption.

Despite having such potential, e-loans may face a number of obstacles due to their instantaneous nature. For example, customers may avail loans from multiple digital sources which may increase potential risk of default. Many marginalised individuals lack digital literacy, smart phones, or stable internet, limiting its access and expansion. Reliance on digital tools may expose banks and customers to cyber attacks and identity theft. For marginalised and uneducated people, such risks are even more serious. Even e-loans are effective in an emergency; it may not be effective for long-term income-generating activities. Many banks lack risk management systems, digital KYC, and strong IT infrastructure necessary to scale up these products.

Even though e-loans are useful tools for promoting financial inclusions, availability of the smart phones to marginalised ones and strong internet connectivity are the preconditions for its sustainable growth.

e-commerce transactions through TakaPay cards. Additionally, prepaid cards, credit cards, and virtual cards may be introduced based on market demand. Looking ahead, the long-term vision of BB includes enabling cross-border transactions by either co-badging TakaPay with international card schemes or through bilateral connectivity with other domestic card networks.

Cashless Bangladesh Initiatives

13.40 In its continued pursuit of an inclusive cashless society and a smart payment ecosystem, BB has further advanced the nation's cash-to-digital transition with a substantial increase in transaction value and the expansion of its digital payment network. It has prioritised digital retail payments by introducing the interoperable 'Bangla QR' system, now offered by 41 banks, 7 MFS, and 3 PSP, allowing customers to pay at any registered micro and regular merchant points. Under the 'Cashless Bangladesh initiative' ongoing capacity-building and awareness programmes, including a targeted campaign at 19 Qurbani cattle markets in Dhaka and Chattogram cities, and a cattle farmer awareness programme in four districts in April-May 2025, there has been a sharp 4.6-fold increase in transaction value during that time period, reflecting the programmes' effectiveness. Combined with nationwide micro and regular merchant on-boarding and cashless payment awareness campaign throughout the year, these efforts resulted in 4,066,000 Bangla QR transactions worth BDT 20,241.44 million in FY25, an 18 percent rise over FY24. Moreover, BB, in collaboration with stakeholders, promotes low-cost smart phones to drive the nation's cash-to-digital payment transition, which reduces cash management costs and fosters a robust cashless ecosystem.

Conclusion

13.41 BB is actively transforming the country's

payment ecosystem by introducing advanced platforms and instruments to ensure seamless and efficient transaction processing for all stakeholders, thereby supporting broader macroeconomic goals. The use of systems like BACPS, BEFTN, RTGS, NPSB, and MFS continues to rise alongside economic growth. BB is committed to integrating secure and sophisticated technologies to enhance the safety and reliability of electronic transactions. Ongoing modernisation of the payment infrastructure aims to create a cost-effective and secure environment for all participants. In the sphere of cross-border connectivity and regional collaboration, BB is closely tracking global advancements in payment systems. Coordinated efforts among BB's departments and various government agencies are essential to adopt these innovations and ensure their equitable distribution across the nation.

Human Resources and Organisational Management

14.01 This chapter endeavors to detail the initiatives taken to improve Bangladesh Bank's (BB's) governance structure and manage its human resources. It also describes the functions of the different committees of BB's board. It highlights all kind of information and communication technology (ICT)-related activities and ICT strategies upgraded in FY25.

Governance Structure

Board of Directors

14.02 Under section 9(3) of the Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972), as amended by the Bangladesh Bank (Amendment) Act, 2020, the Board of Directors functions as the apex authority in the governance structure of BB. The Board comprises of the Governor, one Deputy Governor, four non-government Directors, and three government officials nominated by the Government. During FY25, its composition underwent several changes. Following the resignation of Mr. Abdur Rouf Talukder, then Governor, on 11 August 2024, Dr. Ahsan H. Mansur was appointed Chairman with effect from 13 August 2024. Subsequently, Mr. Abu Hena Md. Rahmatul Muneem discontinued as Director on 29 August 2024, while Professor Rashed Al Mahmud Titumir joined on the same date for a three-year term, replacing former Deputy Governor Md. Nazrul Huda. Dr. Md. Habibur Rahman, Deputy Governor, and Dr. Fahmida Khatun were appointed Directors for three-year terms with effect from 1 October and 19 September 2024, respectively. On 12 August 2024, Mr. Kazi Sayedur Rahman resigned from the Board, and later, on 6 November 2024, Ms. Nazma Mobarek was appointed Director. Other continuing members included Dr. Md. Khairuzzaman Mozumder, Mr. Md. Abdur Rahman Khan, FCMA, and Mr.

A.K.M. Aftab ul Islam, FCA, Mr. Mahbub Ahmed had earlier served until 2 September 2025 upon completion of his tenure. As of 30 June 2025, the Board comprised nine members. Six meetings were held by the Board during the fiscal year.

Executive Committee

14.03 Under section 12(1) of the Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972), as amended by the Bangladesh Bank (Amendment) Act, 2020, the Executive Committee (EC) of BB is constituted to assist the Board in discharging its responsibilities. As of 30 June 2025, the Executive Committee comprised of the following officials:

Dr. Ahsan H. Mansur	Chairman
Ms. Nazma Mobarek	Member
Mr. Mahbub Ahmed	Member
Dr. Md. Habibur Rahman	Member

Dr. Ahsan H. Mansur, Governor of BB, was appointed Chairman of the Executive Committee with effect from 13 August 2024. Mr. Kazi Sayedur Rahman resigned from the Committee on 12 August 2024, while Dr. Md. Habibur Rahman and Ms. Nazma Mobarek joined on 1 October and 6 November 2024, respectively. During FY25, 02 (two) meetings of the Executive Committee were held.

Audit Committee of the Board

14.04 In line with international best practices for promoting sound governance, the Board of Directors of BB formed an Audit Committee on 12 August 2002 to assist the Board in overseeing financial reporting, internal control, compliance, and the auditing process. As of 30 June 2025, the committee comprised of the following officials:

Mr. Mahbub Ahmed	Convener
Mr. Md. Abdur Rahman Khan,FCMA	Member
Mr. A. K. M Aftab ul Islam, FCA	Member
Professor Rashed Al Mahmud Titumir	Member

Professor Titumir was appointed to the committee with effect from 29 August 2024, replacing former member Md. Nazrul Huda, while the other three members, including the Convener, remained unchanged during the period. During FY25, 04 (four) meetings of the audit committee were held.

14.05 Internal Audit Department (IAD) conducts internal audit in accordance with the IAD Charter, approved by the Audit Committee of the Board of Directors (BoDs) of Bangladesh Bank (BB). IAD develops an annual audit plan using an appropriate risk-based methodology which includes risks and control concerns identified by the management. The annual audit plan includes—comprehensive audit and information systems (IS) audit. This plan is submitted to the audit committee for review and approval. Once approved, the annual audit plan is implemented by IAD and periodic updates to it are also placed in committee meetings. In FY25, a total coverage of IAD's comprehensive and IS audits included 72 (Seventy-Two) and 77 (Seventy-Seven) auditable units (offices, departments and affiliates), respectively. Considering the limitation of manpower and man-days requirement, the audit committee approved comprehensive audit and IS audit on 53 (Fifty-Three) units and 32 (Thirty-Two) units, respectively. Auditors of IAD conducted audits round the year to implement the approved annual audit plan. Summarised results of audit activities were placed to the audit committee and management on a quarterly basis.

14.06 The audit reports are submitted to the Audit Committee in the committee's meetings. If any review of the audit plan is required, approval

can be taken from the audit committee with authorisation of the Board and the Governor, following existing practices. Four meetings of the audit committee were held during FY25. The guidance/directives/recommendations received from the audit committee were conveyed to the relevant auditable units for betterment of the internal control system. IAD has been functioning as a strategic partner for the management to create good governance, risk management and internal control with international standards within BB so that its objectives could be accomplished appropriately.

Executive Management Team (EMT)

14.07 The Executive Management Team (EMT) consists of Governor, 04 Deputy Governors and all Executive Directors. This team reviews the implementation status of the overall activities of BB. During FY25, no meeting of the Executive Management Team was held.

Human Resources Initiatives

New Appointments in Different Posts

14.08 A total of 288 officials/staffs were appointed in different posts during FY25. New appointments during FY25 were as follows:

Assistant Director	95
Officer (Cash)	181
Imam	1
Data Entry/Control Operator	11
Total	288

Creation/Abolition of Posts

14.09 In FY25, 91 new posts of officials were created. Considering the importance of the job, 137 posts of officials and 7 staffs were upgraded during this period. At the end of the period, the total number of sanctioned post stood at 9990 as compared to 9913 of the previous year.

Sanctioned and Working Strength of Officials and Staff

14.10 The sanctioned and working strength of BB as of 30 June 2025 were as follows:

Category	Sanctioned Strength	Working Strength	Vacant
Class-I	6312	4331	1981
Class-II	1323	923	400
Class-III	1395	834	561
Class-IV	965	109	856
Total	9995	6197	3798

During FY25, working strength of officials (Class-I & Class-II) was increased by 0.48 percent to 5254 from 5229 and that of staffs (Class-III & Class-IV) was decreased by 5.42 percent to 943 from 997. At the end of the period, the ratio of officials to staff remains nearly 5.57:1. Apart from regular employees, 1,840 outsourced employees were at work during this period.

Promotions

14.11 During FY25, 936 officials and 124 staffs were promoted to the next higher grade.

Number of Officials on Deputation/ Lien

14.12 At the end of FY25, 82 bank officials were on deputation at various institutions both domestically and internationally. As of 30 June 2025, 09 officials were on lien; 07 of these were stationed within the country, while 02 were stationed abroad.

Reorganisation/Newly Established Units/ Divisions

14.13 During FY25, several organisational changes were implemented, which were as follows:

Due to development/formulation risk management policies and to strengthen the ERM framework, Enterprise Risk Management (ERM) Department was formed in accordance with the Terms of

Reference. To emphasise and strengthen Islamic banking-related activities, the Islami Banking Regulations and Policy Department was formed in the Head Office of Bangladesh Bank. Banks and manpower under the jurisdiction of the Department of Bank Inspection-1 was restructured and formed the Department of Bank Inspection-9. To activate the Money Laundering Prevention Act-2012 and Money Laundering Prevention Rules-2019, the Money Laundering and Terrorism Funding Prevention Department was created in accordance with the Terms of Reference. A Project Management Wing was formed in the Common Services Department-2. To implement the Skills for Industry Competitiveness and Innovation Programme (SICIP) project, Project Implementation Unit (PIU) was formed under the SME Special Programmes Department. The Bank Restructuring and Resolution Unit was created with two divisions and seven new sections according to the Terms of Reference.

Regulations

14.14 Policy regarding employee fringe benefits and advances has been reviewed and updated. A few employee designations have been renamed due to administrative necessity.

Step towards Automation and Paperless Environment

14.15 To enhance a paperless office environment, BB has introduced a new medical information system called "Niramoy" that has replaced the previously used Bangladesh Bank Medical Information System (BBMIS). This system has replaced medical file numbers with SAP IDs. All medical centre activities such as doctor's appointments, prescriptions, dispensing queue management, medicine stock management, information recording, etc. will now be performed digitally, reducing the necessity of paper work.

14.16 BB has developed a digital office management system called eDesk. It is expected to go-live by end 2025. The system will replace the traditional paper-based noting process. All noting will now be written, approved and documented by this software throughout BB. This will reduce the usage of paper in daily activities. Once fully functional, the system will greatly automate official activities in BB by materialising the principles of green banking.

14.17 BB has taken an initiative to collect and disseminate innovative ideas from its officials. An application called 'Innovation Corner' has already been developed and introduced in BB Intranet. Via this application, officials can now submit their innovation ideas, both as an individual and as a team member. Some such important innovative ideas have already been selected by the 'Bangladesh Bank Innovation Team' and initiatives are being taken to implement these ideas. This initiative will ensure innovation, dynamism, a better work environment, robustness and enhanced streamlining in the overall functioning of the central bank.

Retirement, Voluntary Retirement, Resignation, Death, Compulsory Retirement, Removal, Suspension and Dismissal

14.18 The number of officials/staffs of the Bank retired/resigned/died/compulsorily retired/removed/suspended or dismissed during FY25 were as follows:

Retirement	87
Voluntary Retirement	3
Resignation	62
Death	11
Compulsory Retirement	0
Removal	2
Suspension	2
Dismissal of Service	3
Total	170

Welfare Activities and Approval of Scholarship

14.19 During FY25, an amount of BDT 6.74 million was provided to the children of officials and staffs as scholarships established under the auspices of the Governor. Besides, an amount of BDT 122.34 million was allotted to Bangladesh Bank schools, mosques, clubs, day care and freedom fighters' welfare to carry out their recreation and welfare activities during the said period.

Foreign Training and Study

14.20 During FY25, a total of 616 officials of the Bank participated in different training courses/seminars/workshops. Moreover, 48 officials were on deputation/leave for higher studies abroad.

Domestic Training and Study

14.21 During FY25, a total of 453 officials of the Bank participated in different local training courses/seminars/workshops organised by different institutions (other than BBTA) within the country. Moreover, 14 officials were allowed to carry out higher studies within the country.

Training Courses, Workshops and Seminars Conducted by the Bangladesh Bank Training Academy (BBTA) during FY25

14.22 The Bangladesh Bank Training Academy (BBTA) conducts a wide range of activities to achieve its objective of transforming itself into a world-class centre of excellence to impart quality training to BB officials as well as those of commercial banks, finance companies, and government and non-government organisations. To add value to the knowledge management process, in addition to training courses and workshops, BBTA also arranges different types of seminars on contemporary issues. With a view to enhancing the capacity of faculty members and

keeping them updated with changing knowledge frontiers in various fields relating to economics, finance, and banking, BBTA organises various programmes for trainers with the support of experienced professionals from advanced and specialised institutions at home and abroad. During FY25, BBTA conducted a total of 118 training courses, workshops and seminars across four broad-categories: foundation courses, other training courses for BB officials, different training courses for commercial bank officials and finance companies, along with workshops/ seminars/ lecture sessions. These programmes covered a wide range of subjects, extending from foundation training for newly recruited officers to specialised areas such as risk management, IT security, sustainable finance, and banking supervision. A total of 4,183 participants attended these programmes during the year. The detailed list of training courses, workshops, and seminars conducted by BBTA during FY25 is presented in Table 14.01.

Table 14.01 Different Training Courses, Workshops and Seminars Organised by Bangladesh Bank Training Academy during FY25

Sl. No	Subject	Number of Courses	Number of Participants
1	2	3	4
A.	Foundation Courses	5	369
1.	49th Foundation Training Course-AD (General)	1	55
2.	50th Foundation Training Course-AD (General)	1	55
3.	1st Integrated Foundation Training	1	65
4.	2nd Integrated Foundation Training	1	64
5.	5th Foundation Training Course Deputy Assistant Director (Cash)	1	130
B.	Other Training Course:	118	4183
i.	For the Officials of Bangladesh Bank	43	1268
1.	Customised Orientation Training Programme for Assistant Directors in Pune organised by the National Institute of Bank Management (NIBM)	3	114
2.	Digital Financial Services (DFS)	1	26
3.	Effective Communication and Presentation Skill	1	22
4.	Ethics in Banking	1	32
5.	Financial Inclusion and Sustainable Finance	1	27
6.	Financing Agriculture, CMSME and Women Entrepreneurs	1	22
7.	From Campus to Corporate (Adaptability Strategy)	1	25

8.	Identification of Systemic Risk & Its Mitigation	2	47
9.	Inspection Techniques of Islamic Banks and FCs	1	22
10.	Internal Credit Risk Rating System (ICRRS)	1	19
11.	International Trade Finance and Offshore Banking	1	23
12.	Islamic Finance and Banking	2	48
13.	IT Security and Awareness	1	26
14.	Leadership, Team Building and Negotiation Skill	1	25
15.	Monetary Policy Formulation and Implementation	2	47
16.	MS word Application and Fundamentals of Excel (Basic & Advanced Level) Application for Report Preparation and Formatting	2	27
17.	Office Decorum, Rules and Regulations for BB Staff (B, C and D)	1	22
18.	Open Position and Foreign Exchange Risk Management	1	26
19.	Prevention of Money Laundering and Combating Financing of Terrorism	1	30
20.	Public Debt Management	2	46
21.	Research Methodology	1	23
22.	Responsibility and Accountability of BB Officials	1	27
23.	Risk Based Supervision	4	147
24.	Safety, Security and Disaster Management	2	49
25.	SAP Training of FICO, MM Module	1	23
26.	SAP Training on MM Module	1	20
27.	ToT for BBTA Faculty/Trainer (Training Techniques/ Methods and Contemporary Issues) [TOT on TNA- Training Design Objective and Facilitation Technique]	1	25
28.	Training of Trainers (ToT) on eDesk	2	159
29.	Understanding Economic Indicator	1	28
30.	Vulnerability Assessment and Penetration Testing of IT Systems	1	31
31.	Workshop on In-house CBS Development at BBTA	1	60
ii.	For the Officials of Commercial Banks:	66	2179
1.	Access to Finance (A2F) at Bangladesh Bank, Chattogram Office	1	40
2.	Artificial Intelligence (AI) in Banking	2	57
3.	Capital Adequacy for Finance Company Under BASELL II	1	23
4.	Capital Adequacy for Banks Under BASELIII	1	27
5.	Cashless Banking, Fintech and Digital Financial Services (DFS)	1	21
6.	CIB Business Rules and Online Reporting System at Bangladesh Bank Barishal Office	1	40
7.	CIB Business Rules and Online Reporting System at BB, Rangpur Office	1	40
8.	CIB Business Rules and Online Reporting Systems at BB, Rajshahi Office	1	40
9.	Core Banking Solution (CBS) Features and Controls	1	26
10.	Credit Guarantee Scheme	1	25
11.	Credit Risk Management	2	61
12.	Credit Risk Management at Bangladesh Bank, Mymensigh Office	1	40
13.	Credit Risk Management at Bangladesh Bank, Rajshahi Office	1	40
14.	Credit Risk Management at Bangladesh Bank, Chattogram Office	1	39
15.	Credit Risk Management at Bangladesh Bank, Rangpur Office	1	37
16.	Credit Risk Management at BB, Sylhet Office	1	40

17.	Emotional Intelligence (EI) and Productivity	1	27	56.	ToT on Foreign Exchange Transactions Reporting	1	32
18.	FDI and External Debt Reporting at Bangladesh Bank, Chattogram Office	1	36	57.	ToT on Money and Banking Data Reporting	1	29
19.	FDI and External Debt Reporting	1	28	58.	Trade and Credit Backed Money Laundering	1	28
20.	Foreign Exchange Transaction Reporting	2	61	C Workshops/Seminars/Lecture Sessions:	4	367	
21.	Foreign Exchange Transactions Reporting at Bangladesh Bank, Sylhet Office	1	40	1.	Current Issues and Challenges in Banking (Ensuring Good Governance and Trust Rebuilding within Financial Sector) (Seminar)	1	150
22.	Foreign Exchange Transactions Reporting at BB, Bogura Office	1	34	2.	Seminar on Growth, Prospects and Challenges of Islamic Banking in Bangladesh	1	140
23.	Foreign Exchange Transactions Reporting at BB, Khulna Office	1	40	3.	Workshop on Training Need Assessment (TNA) on Cyber Security	1	52
24.	Foreign Exchange Transactions Reporting at BB, Rajshahi Office	1	40	4.	Workshop (2nd) on Cyber Security Awareness and Needs Analysis	1	25
25.	Governance Risk and Financial Management	1	30				
26.	Guidelines of ICT Security for Banks and FCs Bangladesh Bank, Rajshahi Office	1	40				
27.	Guidelines of ICT Security for Banks and FCs	1	25				
28.	Guidelines of ICT Security for Banks and FCs at BB, Sylhet Office	1	40				
29.	Guidelines on Cloud Computing	1	26				
30.	Guidelines on ICT Security for Banks and Finance Companies at Bangladesh Bank, Bogura Office	1	40				
31.	যথাযথভাবে নোট সচিৎ করে বাংলাদেশ ব্যাংকে জমাদান	1	40				
32.	Information System (IS) Audit	2	56				
33.	Integrating FCS-1, FCS-2 and FCS-3 Data Reporting for Comprehensive Oversight	1	29				
34.	Internal Audit and Regulatory Compliance	2	49				
35.	International Trade and Finance at BB, Chattogram Office	1	40				
36.	International Trade Finance and Offshore Banking at BB, Khulna Office	1	38				
37.	International Training on Sustainable Agriculture and Socially Responsible Rural Financing at BBTA	1	22				
38.	ISS Reporting at Bangladesh Bank, Sylhet Office	4	159				
39.	IT Security and Awareness at BB, Chattogram Office	1	40				
40.	IT Security and Awareness at BB, Khulna Office	1	40				
41.	Library and Document Management: Automation, Digitisation and Usage of AI in Library	1	30				
42.	Money and Banking Data Reporting	1	28				
43.	Money and Banking Data Reporting at Bangladesh Bank, Bogura Office	1	40				
44.	Money and Banking Data Reporting at Bangladesh Bank, Mymensingh Office	1	40				
45.	Money and Banking Data Reporting at BB, Sylhet Office	1	40				
46.	Money and Banking Data Reporting at BB, Rangpur Office	1	40				
47.	Money and Banking Data Reporting at BB, Rajshahi Office	1	40				
48.	Operational Risk Management in Banks	1	30				
49.	Prevention of Money Laundering and Combating Financing of Terrorism	1	28				
50.	Procurement Management and e-GP Training	1	22				
51.	Prompt Corrective Action (PCA) Framework and Recovery Plan	1	30				
52.	Research Methodology	1	24				
53.	Risk Management in Banks and Finance Companies	1	29				
54.	Sustainable Development Goals	1	27				
55.	ToT on CIB Business Rules and Online Reporting System	1	26				

Source: Bangladesh Bank Training Academy.

Long-Term Financing Facility (LTFF)

14.23 BB provided long-term financing facilities to the commercial banks for onward lending to the manufacturing industries of Bangladesh. This financing facility (LTFF) was offered in foreign currency (USD) for long-term (Up to 10 years). The goals of this programme were to generate employment, promote export, increase GDP and the ultimate sustainable growth of the country. This programme was successfully completed with the financial assistance of IDA of World Bank. Under LTFF, a total of USD 273.76 million was disbursed and as of June 2025, total amount of USD 205.39 million (principal amount) has been recovered and an amount of USD 68.37 million will be recovered in due course as per the repayment schedule.

Bangladesh Bank Long-Term Financing Facility (BB LTFF)

14.24 Based on the successful completion of the recently completed LTFF programme under FSSP, BB has decided to continue providing long-term financing support to private sector firms; mainly, the export-oriented manufacturing industries of Bangladesh. The Name of this financing facility is 'Bangladesh Bank Long-Term Financing Facility (BB-LTFF)' offering in US Dollars (USD). BB-LTFF has

been introduced from the installments recovered against the said loans of LTFF and the funds generated through the installments due in the future (other than the share of BB-USD 35.86 million) with the approval of the Board of Directors of BB. In order to participate in the BB LTFF programme, 29 commercial banks have signed PFI (Participating Financial Institutions) agreements with BB till date. Until June 2025 the total BB-LTFF fund was USD 169.52 million. From this fund an amount of USD 4.91 million has been disbursed.

Financial Sector Support Project-II (FSSP-II)

14.25 After the successful completion of the Financial Sector Support Project (FSSP) during 2015-2021 with the assistance of the World Bank (WB), BB has taken a new project initiative under the title of the Financial Sector Support Project-II (FSSP-II) of USD 400 million. The aim of the project is to strengthen BB capacity and systems by modernising the financial market infrastructure (IT modernisation); strengthening BB institutional capacity and strengthening the financial sector safety net is another component of the project. To accelerate the preparatory work of FSSP-II, BB accepted the WB offered Project Preparation Advance (PPA) under the Financial Sector Support Project-II (FSSP-II). The size of the PPA has been set at USD 7.14 million, with USD 6.00 million provided by the WB and USD 1.14 million contributed by BB. The Technical Assistance Project Proforma/Proposal (TAPP) of PPA has been approved in ECNEC. The administrative order of the project was issued on 22 May 2025.

Budget Support from Asian Development Bank (ADB) under Stabilising and Reforming the Banking Sector Reform Programme (Sub Programme-1)

14.26 The stabilising and reforming the Banking Sector Programme of ADB is a policy-based lending initiatives where the

government of Bangladesh is the borrower. The proposed programme of USD 1.50 billion is divided into 3 sub-programmes (SP1 USD 500 million, SP2 USD 500 million and SP3 USD 500 million) covering 2025-2028 period. ADB disbursed USD 500 million (budget support) loan on 25/06/2025 as part of the policy actions specified in the PDMF relating to sub-programme-1 and has been completed accordingly. Sub-programme-1 focuses on policy reforms to promote financial sector governance, increasing the effectiveness of BB's liquidity management framework and introducing immediate measures to resolve significant non-performing loans in the banking system. The measures under the programme will support phased compliance with international banking norms, leading to integrity in asset quality information.

Strategic Plan

14.27 BB formulated its very first 'Strategic Plan 2010-2014' in 2010 to ensure more effective functionality of the central bank; reinforcing therefore a dynamic, resilient and digital financial system to be set up based on the vision, mission and core values of the central bank. The concept of formulating a five year Plan for BB was first introduced in the 'Strategic Planning and Management Strengthening Workshop' held on 13-14 November 2009. Accordingly, after the successful publication and implementation of the 1st, 2nd and 3rd 'Strategic Plan, the 4th 'Strategic Plan 2025-2029' was digitally unveiled for the first time at the '14th Strategic Planning Workshop' held on 29-31 May 2025. The vision and mission has been revised and incorporated into the 4th Strategic Plan with a view to strengthening the central bank.

Information and Communication Technology (ICT)

14.28 During FY25, Information and

Communication Technology Department (ICTD) has performed its software development and data-processing activities through existing applications software and has performed various IT systems procurement and implementation activities.

ICT Strategy Implementation

14.29 In FY25, ICTD implemented several ICT strategies as per the defined ICT strategy 2020-2024 for BB.

IT Security and Awareness Building

14.30 To build more secured ICT infrastructure as a part of its remediation plan, several security devices and technology have been deployed in BB to secure IT Systems. Besides, training on IT security awareness is a continuous process, which is going on in association with other departments to build IT security awareness among BB officials.

Information Systems Development

14.31 Information Systems and related tasks have been completed during FY25 as shown in table 14.02.

Table 14.02 Statement on Information Systems and Related Tasks Completed during FY25

SI No.	Name of the Software/ Information Systems	Brief description (Function)
1	2	3
1	e-Permission Management System	Waiting to be integrated with e-desk for processing the applications after e-desk system goes live.
2	eDesk	Piloting is done amongst three departments (ICTD, HRD-1, HRD-2). Training for users (Additional Director and below officials) is completed, ordered to go live from 10 December, 2025.
3	License Application Portal	The Licence Application Portal of BB is an e-service platform enabling applicants to apply online for various licences, including digital banks, credit bureaus, offshore banking unit, etc. It offers detailed application procedures, fee

4	Web portal of BBTA	submission, and document upload functionalities. The website is now dynamic, enabling real-time content updates directly by users through the BBTA web portal.
5	Foreign Investment and Financing Web Portal	Foreign Investment and Financing Portal of BB provides information on foreign exchange regulations and investment-related updates. It features reports, circulars, and recent events focused on promoting foreign investment in Bangladesh. With easy access to policy guidelines and contact details, the platform serves as a helpful resource for institutions, stakeholders, and potential investors seeking information on the country's foreign exchange and investment framework.
6	Web portal of SMESPD	The SME & Special Programmes Department (SMESPD) web portal is an attractive and user-friendly hub, rich with current and relevant content and resources. It publishes various reports, circulars, and updates related to SME development and highlights recent events and initiatives. The portal also showcases facilities offered. With a focus on transparency and accessibility, the portal serves as an informative platform supporting the growth and promotion of the SME sector in Bangladesh.
7	BB Website content upload	The Content Management Panel of the BB website has been upgraded to a new version. Under the new system, users from content-creating departments or branches can directly publish content upon verification by the designated maker/checker. Previously, this process required ITCD involvement through a complex workflow involving file uploads and database synchronisation.
8	ICT Policy/ Guidelines/ Framework	Approved Backup and Restore Policy, Version 2.0, 2024. Approved Cyber Security Framework. Approved Guideline on Core Banking Solution (CBS) Features And Controls, Version 2.0, May, 2024.
9	Core Risk ICT Inspection	Conducting regular core risk ICT inspection in association with DBI (1-8), PSD, DOS and FIID.
10	ICT Compliance	All compliance related tasks of BB ICT and other scheduled banks. Internal compliance: Compliance of all departments and offices of BB. External compliance: Compliance of all relevant guidelines.

11	CIRT Compliance	Implementing different types of agenda/instructions given by BGD eGOV CIRT for Banks and FCs.
12	Implementatio nof CBS guidelines	Implementing CBS guidelines for all banks and FCs. Monitoring CBS implementation status of banks and FCs.
13	Implementation of Cloud Computing guidelines	Implementing of Cloud Computing guidelines for all banks and FCs.

Source: Information and Communication Technology Department, Bangladesh Bank.

Bangladesh Bank's Accounts for 2024-2025

15.01 All financial statements of Bangladesh Bank (BB) for FY25 are prepared in accordance with International Financial Reporting Standards (IFRSs). This chapter presents a summary of the solo financial statements of BB.

Total Income

15.02 Total income, except revaluation gain/(loss) from financial assets of the bank stood at BDT 324.54 billion in FY25, which was 35.20 percent higher than that of the previous year. The income sources are shown in Table 15.01.

Income from Foreign Currency Financial Assets

15.03 The bank's income from foreign currency financial assets, except revaluation, increased by 17.51 percent to BDT 77.03 billion in FY25, compared to BDT 65.55 billion in FY24. This growth was primarily driven by the increase in investments as well as the rise in interest rates.

Income from Local Currency Financial Assets

15.04 The bank's income from local currency financial assets increased by 41.85 percent to BDT 247.51 billion in FY25, compared to BDT 174.48 billion in FY24. This increase was mainly due to a higher volume of local currency investments as well as the rise in interest rates.

Total Expenses

15.05 Total expenses of the bank increased by 17.58 percent to BDT 92.28 billion in FY25, compared to BDT 78.48 billion in FY24. The details of the expenditures are shown in Table 15.02

Financial Expenses

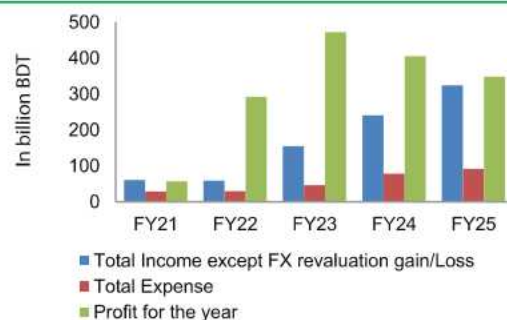
15.06 Financial expenses increased by 11.35 percent to BDT 28.95 billion in FY25, compared

Table 15.01 Sources of BB's Income

(In billion BDT)		
Particulars	FY24	FY25
Income		
A. Income from foreign currency financial assets		
Interest income	64.90	76.74
Commission and discounts	0.66	0.29
B. Income from local currency financial assets		
Interest income	156.99	223.49
Commission and discounts	7.19	4.87
Dividend income	0.84	1.00
Other Income	9.46	18.15
Total : (A+B)	240.04	324.54
C. Foreign currency revaluation gain (loss)		
	243.98	116.68
Total : (A+B+C)	484.02	441.22

Source: Accounts and Budgeting Department, Bangladesh Bank

Chart 15.01 Trends of BB's Income, Expenditure and Profit



Source: Accounts and Budgeting Department, Bangladesh Bank.

to BDT 26.00 billion in FY24. This increase was primarily driven by higher interest expenses on foreign currency deposits from commercial banks.

Other Expenses

15.07 Other expenses increased by 20.65 percent to BDT 63.33 billion in FY25, compared to BDT 52.49 billion in FY24. The rise was largely attributable to higher contributions to the employees' defined benefit plans (pension and gratuity) and increased provisions held against the Bank's exposure to distressed banks.

Foreign Currency Revaluation Gain/Loss

15.08 The Bank made a gain of BDT 116.68 billion (106.66 billion realised and 10.01 billion unrealised) on foreign currency revaluation in FY25, which was 52.18 percent lower than BDT 243.98 billion in FY24. The lower gain was mainly due to a smaller depreciation of the BDT against major reserve currencies compared to the previous fiscal year.

Profit for the Year

15.09 The profit before FC revaluation gain/(loss) of the bank was BDT 232.26 billion in FY25, compared to BDT 161.56 billion in FY24. In contrast, profit of the year, after foreign currency revaluation gain/(loss), decreased to BDT 348.94 billion in FY25, which was 13.96 percent lower than that of the previous year (Table-15.03).

Other Comprehensive Income

15.10 During the year under consideration, the bank experienced a total revaluation gain of BDT 94.99 billion in FY25, compared to BDT (47.63) billion in FY24, representing a 299.43 percent improvement. The sources are shown in Table 15.04.

Total Comprehensive Income

15.11 Total comprehensive income increased by 24.03 percent to BDT 443.93 billion in FY25 compared to BDT 357.91 billion in the previous year.

Profit Appropriation

15.12 Out of the BDT 232.26 billion distributable profit, an amount of BDT 0.55 billion was transferred to statutory funds, BDT 3.08 billion was transferred to non-statutory funds and reserves. After realising government dues to Bangladesh Bank and making some prior year adjustments, the net distributable profit was BDT 226.20 billion. As the Bank paid

Table 15.02 Bangladesh Bank's Expenditure

Particulars	(In billion BDT)	
	FY24	FY25
A. Financial expenses	26.00	28.95
Expenses on foreign currency financial liabilities	19.84	21.36
Interest expense on foreign currency financial liabilities	18.59	21.23
Commission and other expenses on foreign currency financial liabilities	1.25	0.13
Expenses on local currency financial liabilities	6.16	7.59
Interest expense on local currency financial liabilities	0.24	2.89
Commission and other expenses on local currency financial liabilities	5.92	4.70
B. Other expenses	52.48	63.33
Note printing	3.37	2.35
General and administrative expenses	18.28	25.18
Allowances for Expected Credit Loss	38.83	35.80
Total expenditure (A+B)	78.48	92.28

Source: Accounts and Budgeting Department, Bangladesh Bank

Table 15.03 Profit of the Year

Particulars	(In billion BDT)	
	FY24	FY25
Total income	240.04	324.54
Total expenses	78.48	92.28
Profit before FC revaluation	161.56	232.26
FC revaluation gain/(loss)	243.98	116.68
Profit for the year	405.54	348.94

Source: Accounts and Budgeting Department, Bangladesh Bank

Table 15.04 Other Comprehensive Income

Particulars	(In billion BDT)	
	FY24	FY25
Profit for the year	405.54	348.94
Other Comprehensive Income	-47.63	94.99
Gold Revaluation gain/(loss)	33.01	59.01
Silver Revaluation gain/(loss)	0.18	0.17
Revaluation gain/(loss) on financial instruments	-80.82	35.81
Revaluation gain/(loss) on property, plant and equipment	0.00	0.00
Total Comprehensive Income	357.91	443.93

Source: Accounts and Budgeting Department, Bangladesh Bank

the government an interim dividend of BDT 80.00 billion during the year, the remaining BDT 146.20 billion was paid to the government after finalising the accounts.

Statement of Financial Position of Banking and Issue Department

Assets

15.13 Foreign currency financial assets increased by 23.22 percent to BDT 4,038.02 billion in FY25, compared to BDT 3277.07 billion in FY24 (Table 15.05).

15.14 Local currency financial assets decreased by 4.97 percent to BDT 2,967.22 billion in FY25, compared to BDT 3,122.44 billion in FY24.

15.15 Non-financial assets of the bank increased by 2.93 percent to BDT 75.25 billion in FY25, compared to BDT 73.10 billion in FY24.

Liabilities

15.16 Foreign currency financial liabilities increased by 37.81 percent to BDT 1,255.34 billion in FY25, from BDT 910.92 billion in FY24. All the broad heads of foreign currency liabilities increased, except deposits from banks and financial institutions (Table 15.05).

15.17 Local currency financial liabilities increased by 1.35 percent to BDT 4,277.91 billion in FY25, compared to BDT 4,220.94 billion in FY24.

Notes in Circulation

15.18 Notes in circulation increased by 1.98 percent to BDT 3,247.33 billion in FY25, compared to BDT 3,184.10 billion in FY24. The increase was backed by BDT 181.14 billion with gold and silver, BDT 2,533.50 billion with approved foreign exchange, BDT 502.23 billion with Bangladesh Government securities, BDT 0.58 billion with Taka coins, and BDT 29.88 billion with other loans and advances.

Table 15.05 Statement of Financial Position

(In billion BDT)		
Particulars	FY24	FY25
Total Financial Assets	6472.62	7,080.49
Foreign currency financial assets	3277.07	4038.02
Local currency financial assets	3122.44	2967.22
Non financial assets	73.10	75.25
Total financial liabilities	5131.87	5,533.26
Foreign currency financial Liabilities	910.92	1255.34
Local currency financial Liabilities	4220.94	4277.91
Equity	1340.75	1547.23

Source: Accounts and Budgeting Department, Bangladesh Bank

Chart 15.02 BB's Assets, Liabilities and Equity



Source: Accounts and Budgeting Department, Bangladesh Bank.

Equity

15.19 Total equity of the bank increased by 15.40 percent to BDT 1,547.23 billion in FY25, compared to BDT 1,340.75 billion in the previous year. Major items of equity are paid up capital, retained earnings, statutory and non-statutory funds and various reserves.

Consolidation

15.20 During the year, the accounts of The Security Printing Corporation (Bangladesh) Ltd. (SPCBL), a 100.00 percent owned subsidiary of BB, have been consolidated with the accounts of BB.

Auditors

15.21 The financial statements of BB for FY25 were jointly audited by Howladar Yunus & Co. Chartered Accountants, Bangladesh and ACNABIN Chartered Accountants, Bangladesh.

BANGLADESH BANK
AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

Independent Auditors' Report
To the Government of the People's Republic of Bangladesh
Report on the Audit of the Financial Statement

Opinion

We have audited the consolidated financial statements of Bangladesh Bank (BB) and its subsidiary ("the Group") as well as the separate financial statements of Bangladesh Bank (the bank), which comprise the consolidated and separate statements of financial position as at 30 June 2025, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, comprising a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank present fairly, in all material respects, the consolidated financial position of the Group and the separate financial position of the bank as at 30 June 2025, and of its consolidated financial performance of the Group and separate financial performance of the bank and its consolidated cash flows of the Group and separate cash flows of the Bank for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the bank and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh's (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Without modifying our opinion, we draw attention to the following matters:

1. As stated in note #3.05 and note #42.2 of the financial statements, the bank's entire portfolio of financial assets other than those measured at 'Fair Value Through Profit or Loss' is subject to impairment assessment. Out of the total portfolio, BB has assessed BDT 516,134 million of local currency unsecured loans to commercial banks as stage 3 category. For the calculation of impairment provision for these loans under Lifetime Expected Credit Loss (ECL), Probability of Default (PD) and Loss Given Default (LGD) are estimated @30 percent and 45 percent respectively as a part of the future strategy of the management of BB.
2. As disclosed in note # 3.16 of the financial statements, the bank follows the revaluation model for recognition of Property, Plant and Equipment (PPE) and revalued its lands as on 01 January 2022, and other items of PPE were revalued on 31 January 2018. But, IAS-16 is not being followed to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

3. As described in note # 10 of the financial statements, a fraudulent activity took place in 2016 with BB through unauthorized SWIFT transactions. Against this fraud case, a receivable has been created, and the outstanding balance of this receivable as of 30 June 2025 is BDT 5,224 million. Legal proceedings are still in progress to recover this amount.
4. As stated in note # 45 to the financial statements, the Group operates a pension scheme for its employees. The Group also maintains a gratuity fund for its employees under the defined benefit plan. As per IAS-19, actuarial valuation is required for the funds. The last actuarial valuation of the funds was done in the year 2016. It is prudent to have an actuarial valuation to avoid any under- or over-provision of pension and gratuity fund liabilities.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters.

1. Foreign Investments

Foreign Investments includes short term deposits and overnight investment with overseas commercial banks, foreign bonds and US treasury notes equivalent to BDT 2,871,256 million which is 41 percent of the bank's total assets. The existence, valuation and presentation of these foreign investments in the financial statements pose significant audit risk.

Our audit procedures to address the risks of material misstatement relating to foreign investments included:

- Assessment of the design and implementation of key controls in assessing the carrying value of foreign investments and recognition of related revenue.
- Sending direct confirmation to the related counterparties to confirm the balances and upon receipt of the confirmation, necessary reconciliations were made.
- Detailed analysis of exchange rates used and valuation of foreign investments, recalculation of interest income, and evaluation of recognition, measurement, presentation, and disclosures in the financial statements in accordance with the related IFRSs.
- Finally, review the impairment assessment and calculation done by management under ECL model of IFRS 9.

The bank's disclosures about foreign investments are included in note # 3.07 and note # 5 to the financial statements.

2. Loans to Banks

Loans to banks include foreign currency loans amounting to BDT 292,086 million and local currency loans to banks and financial institutions amounting to BDT 871,566 million. The aggregate amount of the above is 16 percent of the total assets of BB. The existence and valuation of these loans in the financial statements pose significant audit risk.

Our audit procedures to address the risk of material misstatement relating to these items include:

- Evaluation of the design and implementation of the controls over the disbursement process of these loans, including proper approval and execution of required documentation.
- Assessment of the existence of loan balance at year-end through external confirmations from respective banks and financial institutions.
- Verification of translation of foreign currency (i.e. EDF, LTFF and GTF Investments) loan balances using the prevailing exchange rate on the cut-off date.
- Verification of interest calculations, which are mostly automated and calculated in e-Refinance software and confirmed with the General Ledgers; and
- Finally, review the impairment assessment and calculation of provision done by the management under the ECL model of IFRS 9.

The bank's disclosures about Foreign Currency Loans to Banks are included in note # 9 and local currency loans to banks and financial institutions are included in note # 14.01 to the financial statements.

3. Notes in Circulation

Issuance of Bank notes is one of the key roles of the bank as defined in the BB Order, 1972 and is a key audit matter due to:

- High interest to the users of the financial statements;
- The balance is significant relative to the Bank's Statement of Financial Position; and
- Complexity in assessing the accuracy of the liability for bank notes on issue that are placed in circulation in the economy.

The balance of bank notes on issue represents the value of all bank notes on issue in Bangladesh, and the liability is measured at the face value of all bank notes issued, less any bank notes cancelled/destroyed.

To audit the bank notes on issue, we performed the following audit procedures:

- Testing those general controls which are relevant to the accurate recording of the issuance and return of bank notes within the system responsible for recording;
- Performing a comparison of current year movements against prior year patterns.
- Performing a trend analysis of bank notes on issue against prior periods, focusing on the number of notes issued by denomination;
- Our procedures also included an assessment of the assets backing maintained by Bangladesh Bank in line with article 30 of the Bangladesh Bank Order, 1972 and review of the process to determine the demand for notes and the ordering process for printing notes; and
- Communicating with the concerned department to understand the note issue process and carrying out a physical inspection of assets held at the bank premises against Notes in Circulation on a sample basis.

The bank's disclosures about Notes in Circulation are included in notes # 3.24 and 21 to the financial statements.

4. Information technology (IT) systems used in financial reporting process

The bank's operational and financial reporting processes are dependent on multiple IT systems run through Core Banking Solutions (CBS), SAP and other integrated software with automated controls and processes large volume of transactions. Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements and the same was considered as Key Audit Matter.

Our audit procedures to address the risk of material misstatement relating to the above items include:

- Understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit.
- Assessment of design and implementation of the Bank's General IT controls over the key IT systems that are critical to financial reporting.
- Review of Bank's periodic review of user access controls including segregation of duties and management of changes/updates to systems; and
- Review of the process to upload data from CBS to SAP and assess related controls.

5. Other Matters

1. We draw attention to the fact that 32.5234 acres of land of the Bank with a carrying value of BDT 38,697 million, acquired through Land Acquisition Cases under the supervision of the District Administration, has not yet been registered and mutated in the name of the Bank.
2. The consolidated financial statements of the Group include the financial statements of The Security Printing Corporation (Bangladesh) Limited (SPCBL). We have audited the financial statements of SPCBL and provided a modified opinion.

The consolidated financial statements of the Group as at and for the year ended 30 June 2024 were audited by Howladar Yunus & Co., Chartered Accountants and Hoda Vasi Chowdhury & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on 28 August 2024.

6. Other Information

Management is responsible for the other information. The other information comprises all the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

7. Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

8. Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the Group's ability to continue as a going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditors' report to the related disclosures in the consolidated and separate

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequence of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

9. Report on Other Legal and Regulatory Requirements

In accordance with the Terms of Reference (ToR) issued by the Ministry of Finance - Financial Institutions Division, Government of the People's Republic of Bangladesh, we also report the following:

- Nothing has come to our attention which indicates that the IT based accounting systems generated information are not free from material error and non-compliance.
- Nothing has come to our attention which indicates that charging of depreciation on Deadstock (Capital Assets) and immovable properties are not in line with applicable financial reporting framework except as mentioned in under # 2 of 'Emphasis of Matters' section mentioned earlier.
- Internal control measures undertaken by the bank appeared to be adequate except for some insignificant control deficiencies.
- We have reviewed the compliances of audit observations of previous year and the same are being reported in the Draft Management Report (yet to be finalized).
- We have checked the authenticity of financial information and data supplied to the International Monetary Fund (IMF) by the bank; and
- We have reviewed the compliance of decisions taken by the Board of Directors of the bank.

Howladar Yunus & Co.
Chartered Accountants



Muhammad Farooq FCA
Managing Partner
ICAB Enrolment # 521
DVC No.: 2508260521AS657468
Dated: 26 August 2025
Dhaka, Bangladesh

ACNABIN
Chartered Accountants



Abu Sayed Mohammed Nayeem FCA
Managing Partner
ICAB Enrolment # 353
DVC No.: 2508260353AS479480

BANGLADESH BANK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

In thousand BDT

Particulars	Notes	30-Jun-25	30-Jun-24
ASSETS			
Foreign currency financial assets			
Foreign currency accounts	4	199,066,118	80,037,105
Foreign investments	5	2,871,256,556	2,280,383,483
Assets held with International Monetary Fund	6.01	472,606,061	446,650,988
Gold and silver	7	110,893,348	101,195,822
Claims from gold transactions	8	75,182,773	25,507,529
Foreign currency loans to banks	9	292,086,192	328,927,368
Other foreign currency financial assets	10	16,926,183	14,369,258
Total foreign currency financial assets		4,038,017,231	3,277,071,553
Local currency financial assets			
Taka coin and cash balances	11	2,199,186	2,391,082
Securities purchased under agreement to resell	11.02	1,101,519,204	748,186,830
Loans to the Government of Bangladesh	12	60,571,900	567,454,700
Local currency investments	13	648,316,450	756,895,136
Local currency loans to banks, financial institutions and employees	14	926,669,259	851,787,072
Other local currency financial assets	15	237,009,546	204,115,321
Total local currency financial assets		2,976,285,545	3,130,830,141
Total financial assets		7,014,302,776	6,407,901,694
Non-financial assets			
Property, plant and equipment	16	81,220,012	80,020,972
Intangible assets	17	670,233	576,845
Other non-financial assets	18	8,432,949	6,940,570
Total non-financial assets		90,323,194	87,538,387
Total assets		7,104,625,970	6,495,440,081
LIABILITIES & EQUITY			
LIABILITIES			
Foreign currency financial liabilities			
Deposits from banks and financial institutions	19	502,773,935	311,018,502
Liabilities with International Monetary Fund	6.02	593,973,170	493,095,097
Other foreign currency financial liabilities	20	158,596,091	106,814,242
Total foreign currency financial liabilities		1,255,343,196	910,927,841
Local currency financial liabilities			
Notes in circulation	21	3,247,330,186	3,184,097,642
Deposits from banks and financial institutions	22	864,255,273	932,764,069
Short term borrowings	22.01	22,776,189	-
Other local currency financial liabilities	23	145,683,497	105,574,334
Total local currency financial liabilities		4,280,045,145	4,222,436,045
Total liabilities		5,535,388,341	5,133,363,886
EQUITY			
Capital	24	30,000	30,000
Retained earnings	31	161,398,801	174,005,788
Revaluation reserves	25	729,777,186	621,703,613
Currency fluctuation reserve	26	616,545,165	509,875,432
Statutory funds	27	20,167,046	19,617,046
Non statutory funds	28	18,365,945	17,345,023
Other reserves	29	17,252,986	13,798,793
General reserve	30	5,700,500	5,700,500
Total equity		1,569,237,629	1,362,076,195
Total liabilities and equity		7,104,625,970	6,495,440,081

The accompanying notes from 1 to 49 form an integral part of these financial statements.



Md. Moynul Islam
Director (A&BD)
Accounts & Budgeting Department



Dr. Md. Habibur Rahman
Deputy Governor



Dr. Ahsan H. Mansur
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Howladar Yunus & Co.
Chartered Accountants



Muhammad Farooq FCA
Managing Partner
ICAB Enrolment # 521
DVC No.: 2508260521AS657468

ACNABIN
Chartered Accountants



Abu Sayed Mohammed Nayeem FCA
Managing Partner
ICAB Enrolment # 353
DVC No.: 2508260353AS479480

Dated: 26 August 2025
Dhaka, Bangladesh

BANGLADESH BANK
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

In thousand BDT

Particulars	Notes	30-Jun-25	30-June-24
ASSETS			
Foreign currency financial assets			
Foreign currency accounts	4	199,066,118	80,037,105
Foreign investments	5	2,871,256,556	2,280,383,483
Assets held with International Monetary Fund	6.01	472,606,061	446,650,988
Gold and silver	7	110,893,348	101,195,822
Claims from gold transactions	8	75,182,773	25,507,529
Foreign currency loans to banks	9	292,086,192	328,927,368
Other foreign currency financial assets	10	16,926,183	14,369,258
Total foreign currency financial assets		4,038,017,231	3,277,071,552
Local currency financial assets			
Taka coin and cash balances	11.01	627,116	1,271,949
Securities purchased under agreement to resell	11.02	1,101,519,204	748,186,830
Loans to the Government of Bangladesh	12	60,571,900	567,454,700
Local currency investments	13.01	643,535,514	752,362,565
Local currency loans to banks, financial institutions and employees	14.01	925,011,007	850,013,802
Other local currency financial assets	15.01	235,959,292	203,152,295
Total local currency financial assets		2,967,224,033	3,122,442,141
Total financial assets		7,005,241,264	6,399,513,693
Non-financial assets			
Property, plant and equipment	16.01	72,648,453	71,247,196
Intangible assets	17	670,233	576,845
Other non-financial assets	18.01	1,930,063	1,282,033
Total non-financial assets		75,248,749	73,106,074
Total assets		7,080,490,013	6,472,619,767
LIABILITIES & EQUITY			
LIABILITIES			
Foreign currency financial liabilities			
Deposits from banks and financial institutions	19	502,773,935	311,018,502
Liabilities with International Monetary Fund	6.02	593,973,170	493,095,097
Other foreign currency financial liabilities	20	158,596,091	106,814,242
Total foreign currency financial liabilities		1,255,343,196	910,927,841
Local currency financial liabilities			
Notes in circulation	21	3,247,330,186	3,184,097,642
Deposits from banks and financial institutions	22	864,255,273	932,764,069
Short term borrowings	22.01	22,776,189	-
Other local currency financial liabilities	23.01	143,551,819	104,083,975
Total local currency financial liabilities		4,277,913,467	4,220,945,686
Total liabilities		5,533,256,663	5,131,873,527
EQUITY			
Capital	24	30,000	30,000
Retained earnings	31.01	148,439,585	158,744,549
Revaluation reserves	25.01	725,182,123	617,084,897
Currency fluctuation reserve	26	616,545,165	509,875,432
Statutory funds	27	20,167,046	19,617,046
Non statutory funds	28	18,365,945	17,345,023
Other reserves	29.01	14,252,986	13,798,793
General reserve	30.01	4,250,500	4,250,500
Total equity		1,547,233,350	1,340,746,240
Total liabilities and equity		7,080,490,013	6,472,619,767

The accompanying notes from 1 to 49 form an integral part of these financial statements.


Md. Moynul Islam
Director (A&BD)
Accounts & Budgeting Department


Dr. Md. Habibur Rahman
Deputy Governor


Dr. Ahsan H. Mansur
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Howladar Yunus & Co.
Chartered Accountants


Muhammad Farooq FCA
Managing Partner
ICAB Enrolment # 521
DVC No.: 2508260521AS657468

ACNABIN
Chartered Accountants


Abu Sayed Mohammed Nayeem FCA
Managing Partner
ICAB Enrolment # 353
DVC No.: 2508260353AS479480

Dated: 26 August 2025
Dhaka, Bangladesh

BANGLADESH BANK
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

In thousand BDT

Particulars	Notes	2024-25	2023-24
INCOME			
Income from foreign currency financial assets			
Interest income	32	76,738,046	64,895,960
Commission and discounts	33	287,824	659,530
Total income from foreign currency financial assets		77,025,870	65,555,490
Income from local currency financial assets			
Interest income	35	225,393,105	158,495,028
Commission and discounts	36	4,865,681	7,193,103
Sales to other parties by subsidiary		2,119,718	1,987,862
Other income		18,185,775	9,477,237
Total income from local currency financial assets		250,564,279	177,153,230
Total income		327,590,149	242,708,720
EXPENSES			
Expenses on foreign currency financial liabilities			
Interest expense	34	(21,226,778)	(18,596,117)
Commission and other expenses		(130,364)	(1,247,118)
Total expenses on foreign currency financial liabilities		(21,357,142)	(19,843,235)
Expenses on local currency financial liabilities			
Interest expense	38	(2,881,286)	(235,751)
Commission and other expenses	39	(4,707,514)	(5,924,145)
Total expenses on local currency financial liabilities		(7,588,800)	(6,159,896)
Other expenses			
General and administrative expenses	41	(29,122,157)	(22,959,257)
Allowances for Expected Credit Loss		(35,805,011)	(30,831,289)
Total other expenses		(64,927,168)	(63,790,546)
Total expenses		(93,873,110)	(79,793,677)
Foreign currency revaluation gain/(loss) - unrealised		10,011,071	15,202,385
Foreign currency revaluation gain/(loss) - realised		106,669,733	228,784,842
Profit before tax		350,397,843	406,902,271
Current tax expense		(714,915)	(840,479)
Deferred tax income/(expense)		(22,297)	73,283
Prior year tax adjustment		(44,474)	(473,293)
Profit for the year		349,616,158	405,661,781
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Gold revaluation gain/(loss)		59,009,744	33,012,684
Silver revaluation gain/(loss)		169,311	183,181
Revaluation gain/(loss) on financial instruments	40	35,806,905	(80,824,050)
Total other comprehensive income		94,985,960	(47,628,185)
Total comprehensive income for the year		444,602,119	358,033,596

The accompanying notes from 1 to 49 form an integral part of these financial statements.


Md. Moynul Islam
 Director (A&BD)
 Accounts & Budgeting Department


Dr. Md. Habibur Rahman
 Deputy Governor


Dr. Ahsan H. Mansur
 Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Howladar Yunus & Co.
 Chartered Accountants



Muhammad Farooq FCA
 Managing Partner
 ICAB Enrolment # 521
 DVC No.: 2508260521AS657468

ACNABIN
 Chartered Accountants




Abu Sayed Mohammed Nayeem FCA
 Managing Partner
 ICAB Enrolment # 353
 DVC No.: 2508260353AS479480

Dated: 26 August 2025
 Dhaka, Bangladesh

BANGLADESH BANK
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

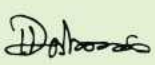
Particulars	Notes	<i>In thousand BDT</i>	
		2024-25	2023-24
INCOME			
Income from foreign currency financial assets			
Interest income	32	76,738,046	64,895,960
Commission and discounts	33	287,824	659,530
Total income from foreign currency financial assets		77,025,870	65,555,490
Income from local currency financial assets			
Interest income	35.01	223,497,145	156,985,665
Commission and discounts	36	4,865,681	7,193,103
Dividend income		1,000,000	840,000
Other income	37	18,154,137	9,462,737
Total income from local currency financial assets		247,516,963	174,481,505
Total income		324,542,833	240,036,995
EXPENSES			
Expenses on foreign currency financial liabilities			
Interest expense	34	(21,226,778)	(18,596,117)
Commission and other expenses		(130,364)	(1,247,118)
Total expenses on foreign currency financial liabilities		(21,357,142)	(19,843,235)
Expenses on local currency financial liabilities			
Interest expense	38	(2,881,286)	(235,751)
Commission and other expenses	39	(4,707,514)	(5,924,145)
Total expenses on local currency financial liabilities		(7,588,800)	(6,159,896)
Other expenses			
Note printing expenses		(2,347,867)	(3,372,948)
General and administrative expenses	41.01	(25,182,982)	(18,279,379)
Allowances for Expected Credit Loss	41.02	(35,805,011)	(30,831,289)
Total other expenses		(63,335,860)	(52,483,616)
Total expenses		(92,281,802)	(78,486,747)
Foreign currency revaluation gain/(loss) - unrealised		10,011,071	15,202,385
Foreign currency revaluation gain/(loss) - realised		106,669,733	228,784,842
Profit for the year		348,941,834	405,537,475
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Gold revaluation gain/(loss)		59,009,744	33,012,684
Silver revaluation gain/(loss)		169,311	183,181
Revaluation gain/(loss) on financial instruments	40	35,806,905	(80,824,050)
Total other comprehensive income		94,985,960	(47,628,185)
Total comprehensive income for the year		443,927,794	357,909,290

The accompanying notes from 1 to 49 form an integral part of these financial statements.



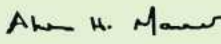
Md. Moynul Islam

Director (A&BD)
 Accounts & Budgeting Department



Dr. Md. Habibur Rahman

Deputy Governor



Dr. Ahsan H. Mansur

Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Howladar Yunus & Co.
 Chartered Accountants



Muhammad Farooq FCA
 Managing Partner
 ICAB Enrolment # 521
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ACNABIN
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Abu Sayed Mohammed Nayeem FCA
 Managing Partner
 ICAB Enrolment # 353
 DVC No.: 2508260353AS479480

Dated: 26 August 2025
 Dhaka, Bangladesh

Particulars	BANGLADESH BANK CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025											In thousand BDT		
	Revaluation reserves					Non - distributable					Distributable		Equity	
	Capital	Gold and silver	Foreign currency accounts	Financial instruments	Property, plant & equipment	Currency fluctuation reserve	Statutory funds	Non-statutory funds	Asset renewal & replacement fund	Interest reserve	Bonus Share Reserve	General reserve		Retained earnings
Balance as at 01 July 2023	30,000	60,990,612	581,430,095	(60,282,771)	71,118,650	281,090,589	19,067,046	16,445,330	5,820,516	7,522,114	-	5,600,500	122,020,617	1,110,853,298
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	-	(57,276)	(57,276)
Transfer to Disaster Management and Social	-	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Dividend paid for 2022-23	-	-	-	-	-	-	-	-	-	-	-	-	(106,526,304)	(106,526,304)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	-	(23,304)	(23,304)
Total comprehensive income for the year	-	33,195,865	-	(80,824,050)	-	-	-	-	-	-	-	-	405,661,781	358,033,596
Utilization of funds	-	-	-	-	-	-	(900,307)	-	-	-	-	-	-	(900,307)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	896,493	(23,664)	-	-	-	-	-	-	-	23,664	896,493
Appropriation of profit to other funds	-	-	15,202,385	-	-	228,784,842	550,000	1,800,000	456,163	-	-	100,000	(246,893,390)	-
Balance as at 30 June 2024	30,000	94,185,477	596,632,480	(140,210,328)	71,094,986	509,875,431	19,617,046	17,345,023	6,276,679	7,522,114	-	5,700,500	174,005,788	1,362,076,195
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	-	(4,950,710)	(4,950,710)
Adjustment from BB Disaster Management and Social Responsibility Fund	-	-	-	-	-	-	-	(200,000)	-	-	-	-	200,000	-
Transfer to Disaster Management and Social	-	-	-	-	-	-	-	2,500,000	-	-	-	-	(2,500,000)	-
Dividend paid for 2023-24	-	-	-	-	-	-	-	-	-	-	3,000,000	-	(156,912,795)	(153,912,795)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	-	(72,217)	(72,217)
Total comprehensive income for the year	-	59,179,055	-	35,806,905	-	-	-	-	-	-	-	-	349,616,158	444,602,119
Utilization of funds	-	-	-	-	-	-	(1,605,158)	-	-	-	-	-	-	(1,605,158)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	3,100,196	(23,653)	-	-	-	-	-	-	-	23,653	3,100,196
Interim Dividend to Govt	-	-	-	-	-	-	-	-	-	-	-	-	(80,000,000)	(80,000,000)
HRD Development Fund	-	-	-	-	-	-	228,080	-	-	-	-	-	(228,080)	-
Bank Restructuring Fund	-	-	-	-	-	-	100,000	-	-	-	-	-	(100,000)	-
Appropriation of profit to other funds	-	-	10,011,071	-	-	106,669,733	550,000	-	454,193	-	-	-	(117,684,966)	-
Balance as at 30 June 2025	30,000	153,365,532	606,643,550	(101,303,227)	71,071,333	616,545,164	20,167,046	18,365,945	6,730,872	7,522,114	3,000,000	5,700,500	161,398,801	1,569,237,629

BANGLADESH BANK SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025													
Particulars	In thousand BDT												
	Non-distributable						Distributable					Equity	
	Revaluation reserves			Other reserves			General reserve	Retained earnings	Equity				
Capital	Gold and silver	Foreign currency accounts	Financial instruments	Property, plant & equipment	Currency fluctuation reserve	Statutory funds				Non-statutory funds	Asset renewal & replacement fund	Interest reserve	
Balance as at 01 July 2023	30,000	60,990,612	581,430,094	(60,282,771)	66,476,269	281,090,589	19,067,046	16,445,330	5,820,516	7,522,114	4,250,500	106,807,347	1,089,647,647
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(57,276)	(57,276)
Transfer to Disaster Management and Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Dividend paid for 2022-23	-	-	-	-	-	-	-	-	-	-	-	(106,526,304)	(106,526,304)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	(23,304)	(23,304)
Total comprehensive income for the year	-	33,195,865	-	(80,824,050)	-	-	-	-	-	-	-	405,537,475	357,909,290
Utilization of funds	-	-	-	-	-	-	-	(900,307)	-	-	-	(900,307)	(900,307)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	896,493	-	-	-	-	-	-	-	-	896,493
Appropriation of profit to other funds	-	-	15,202,385	-	-	228,784,842	550,000	1,800,000	456,163	-	-	(246,793,390)	-
Balance as at 30 June 2024	30,000	94,186,477	596,632,479	(140,210,328)	66,476,269	509,875,431	19,617,046	17,345,023	6,276,679	7,522,114	4,250,500	158,744,548	1,340,746,240
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(4,950,710)	(4,950,710)
Adjustment from BB Disaster Management and Social Responsibility Fund	-	-	-	-	-	-	-	(200,000)	-	-	-	200,000	-
Transfer to Disaster Management and Social Responsibility Fund	-	-	-	-	-	-	-	2,500,000	-	-	-	(2,500,000)	-
Dividend paid for 2023-24	-	-	-	-	-	-	-	-	-	-	-	(153,912,795)	(153,912,795)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	(72,217)	(72,217)
Total comprehensive income for the year	-	59,179,055	-	35,806,905	-	-	-	-	-	-	-	348,941,834	443,927,794
Utilization of funds	-	-	-	-	-	-	-	(1,605,158)	-	-	-	(1,605,158)	(1,605,158)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	3,100,196	-	-	-	-	-	-	-	-	3,100,196
Interim Dividend to Gov	-	-	-	-	-	-	-	-	-	-	-	(80,000,000)	(80,000,000)
HRD Development Fund	-	-	-	-	-	-	-	226,080	-	-	-	(226,080)	(226,080)
Bank Restructuring Fund	-	-	-	-	-	-	-	100,000	-	-	-	(100,000)	(100,000)
Appropriation of profit to other funds	-	-	10,011,071	-	-	106,669,733	550,000	-	454,193	-	-	(117,684,996)	(117,684,996)
Balance as at 30 June 2025	30,000	153,365,532	606,643,549	(101,303,227)	66,476,269	616,545,165	20,167,046	18,365,945	6,730,872	7,522,114	4,250,500	148,435,586	1,547,233,350

BANGLADESH BANK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

In thousand BDT

Particulars	2024-25	2023-24
Cash flows from operating activities		
Profit for the year	349,616,158	405,661,781
Adjustments:		
Depreciation	1,975,969	1,770,875
Loan loss provision	35,805,011	30,831,289
Foreign currency revaluation gain - unrealised	(10,011,071)	(15,202,385)
Investment income from short term deposit, foreign bills and bonds	(37,379,593)	(28,538,687)
Investment Income from local treasury bills and bonds	(186,089,993)	(139,521,504)
Interest from claims from gold & SDR investment	(10,677,717)	(12,466,104)
	143,238,765	242,535,263
Tax paid during the year	(759,388)	(1,313,773)
Payment from WPPF	-	(105,794)
Provision to WPPF	-	116,042
(Increase) / decrease in foreign currency loans to banks	36,841,176	182,490,959
(Increase) / decrease in other receivable on foreign currency loans	(3,179,272)	4,018,854
(increase) / decrease in loans to government	506,882,800	(389,436,000)
(increase)/ decrease in local currency loans to banks, financial institutions and employees	(73,837,958)	(376,085,998)
increase/(decrease) in interest payable on SDR allocation	(329,521)	240,046
(increase)/decrease in other local currency financial assets	(32,661,176)	(114,235,087)
(increase)/decrease in other non-financial assets	(2,571,084)	(464,912)
increase/(decrease) in notes in circulation	63,232,544	82,537,344
increase/(decrease) in other local currency financial liabilities	40,438,731	(33,043,896)
	534,056,851	(645,282,213)
Net cash from operating activities	677,295,616	(402,746,950)
Cash flows from investing activities		
Settlement with liabilities with IMF	74,923,000	62,028,232
Investment Income from short term deposit, US treasury notes, foreign bills and bonds	76,738,046	41,004,792
Net investment in foreign bills, US treasury notes and bonds	254,228,803	419,258,313
Net investment in foreign short term deposits	-	(4,026,550)
Investment income from local treasury bills and bonds	68,947,186	139,521,504
Net investment in local treasury bills and bonds	119,458,063	561,202,574
Other local investment	46,745,791	1,315,729
Income from claims from gold transactions	11,171,211	12,466,104
Gain on asset sale or derecognition	14,442	1,116
Addition of fixed assets and intangible assets	(2,271,445)	1,683,983
Net cash used in investing activities	649,955,097	1,231,087,831
Cash flows from financing activities		
Dividend paid to the Government of Bangladesh	(153,912,795)	(106,526,304)
Net cash (used in)/from financing activities	(153,912,795)	(106,526,304)
Net increase/(decrease) in cash and cash equivalents	1,173,337,918	721,814,577
Opening balance of cash and cash equivalents	986,936,978	265,122,401
Cash and cash equivalents as at 30 June	2,160,274,896	986,936,978
Cash and cash equivalents includes		
Foreign currency accounts	199,066,118	80,037,105
Foreign investments with short-term maturity	2,247,295,785	1,400,104,532
Taka coin and cash balances	2,199,186	2,391,082
Securities purchased under agreement to resell	1,101,519,204	748,186,830
Foreign currency deposits from banks and financial institutions	(502,773,935)	(311,018,502)
Short Term Borrowings	(22,776,189)	
Deposits from banks and financial institutions	(864,255,273)	(932,764,069)
Cash and cash equivalents as at 30 June	2,160,274,896	986,936,978

BANGLADESH BANK		
SEPARATE STATEMENT OF CASH FLOWS		
FOR THE YEAR ENDED 30 JUNE 2025		
	<i>In thousand BDT</i>	
Particulars	2024-25	2023-24
Cash flows from operating activities		
Profit for the year	348,941,834	405,537,475
Adjustments:		
Depreciation and amortization	1,630,726	1,440,363
Allowances for ECL	35,805,011	30,831,289
Foreign currency revaluation gain - unrealised	(10,011,071)	(15,202,385)
Gain on Sale of Asset	(14,255)	
Investment income from short term deposit, foreign bills and bonds	(37,379,593)	(28,538,687)
Investment income from local treasury bills and bonds	(186,089,993)	(139,521,504)
Interest from claims from gold & SDR investment	(10,677,717)	(12,466,104)
Dividend income	(1,000,000)	(840,000)
	141,204,945	241,240,448
(Increase) / decrease in foreign currency loans to banks	36,841,176	182,490,959
(Increase) / decrease in other receivable on foreign currency loans	(3,179,273)	4,018,854
(increase) / decrease in loans to government	506,882,800	(389,436,000)
(increase)/ decrease in local currency loans to banks,	(74,997,204)	(376,085,998)
increase/(decrease) in interest payable on SDR allocation	(329,520)	240,047
(increase)/decrease in other local currency financial assets	(32,806,997)	(113,484,682)
(increase)/decrease in other non-financial assets	(648,030)	(374,571)
increase/(decrease) in notes in circulation	63,232,544	82,537,344
increase/(decrease) in other local currency financial liabilities	39,467,844	(33,434,310)
	534,463,338	(643,528,359)
Net cash from operating activities	675,668,283	(402,287,911)
Cash flows from investing activities		
Settlement with liabilities with IMF	74,923,000	62,028,232
Investment Income from short term deposit, US treasury notes, foreign bills and bonds	76,738,046	41,004,792
Net investment in foreign bills, US treasury notes and bonds	254,228,803	419,258,313
Net investment in foreign short term deposits	15,094,920	(4,026,550)
Net investment in local treasury bills and bonds	119,458,063	561,202,574
Other local investment	31,642,831	
Investment income from local treasury bills and bonds	68,947,186	139,521,504
Addition of fixed assets and intangible assets	(2,089,008)	(1,549,099)
Gain on asset sale or derecognition	14,442	1,116
Income from claims from gold transactions	11,171,211	12,466,104
Dividend received	1,000,000	840,000
Net cash used in/ (from) investing activities	651,129,493	1,230,746,986
Cash flows from financing activities		
Dividend paid to the Government of Bangladesh	(153,912,795)	(106,526,304)
Net cash (used in)/from financing activities	(153,912,795)	(106,526,304)
Net increase/(decrease) in cash and cash equivalents	1,172,884,981	721,932,771
Opening balance of cash and cash equivalents	985,817,845	263,885,075
Cash and cash equivalents as at 30 June	2,158,702,826	985,817,845
Cash and cash equivalents includes		
Foreign currency accounts	199,066,118	80,037,105
Foreign investments with short-term maturity	2,247,295,785	1,400,104,532
Taka coin and cash balances	627,116	1,271,949
Securities purchased under agreement to resell	1,101,519,204	748,186,830
Foreign currency deposits from banks and financial institutions	(502,773,935)	(311,018,502)
Short Term Borrowings	(22,776,189)	
Deposits from banks and financial institutions	(864,255,273)	(932,764,069)
Cash and cash equivalents as at 30 June	2,158,702,826	985,817,845

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

1 Reporting entity

Bangladesh Bank ("the Bank"), a statutory body, is the central bank and apex regulatory body for the monetary and financial system of Bangladesh and established on the 16th day of December, 1971 under the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972). The Bank is domiciled in Bangladesh and the head office of the Bank is situated at Motijheel C/A, Dhaka-1000.

The Bank has 10 (ten) branch offices situated at the following locations:

Location	Address
Motijheel Office	Motijheel C/A, Dhaka-1000
Chattogram Office	Notun/617, Shahid Sohrawardi Road, Chattogram
Rajshahi Office	Natore Road, Majhi Hata, Boalia, Rajshahi-6000
Bogura Office	Holding - 1683, Thonthonia, Bogura-5800
Rangpur Office	Bangladesh Bank Rangpur Office, Rangpur-5400
Khulna Office	Ratan Sen Road, Khulna-9100
Barishal Office	Deen Bondhu Sen Road, Barishal-8200
Sylhet Office	VIP Road, Taltola, Sylhet-3100
Sadarghat Office	Bahadurshah Road, Sadarghat, Dhaka-1000
Mymensingh Office	Barara, Mymensingh Sadar, Mymensingh

The Bank has an exclusive agency arrangement with Sonali Bank PLC, a state-owned commercial bank, for carrying out certain specific treasury-related functions across the country. As of 30 June 2025, 735 branches of Sonali Bank Limited were engaged in daily treasury functions under the referred agency arrangement with the Bank.

As per the Article 7A of the Bangladesh Bank Order, 1972, the main functions of the Bank shall be:

- to formulate and implement monetary policy;
- to formulate and implement intervention policies in the foreign exchange market;
- to give advice to the Government on the interaction of monetary policy with fiscal and exchange rate policy, on the impact of various policy measures on the economy and to propose legislative measures it considers necessary or appropriate to attain these.
- to hold and manage the official foreign reserves of Bangladesh;
- to promote, regulate and ensure a secure and efficient payment system including the issue of bank notes; and
- to regulate and supervise banking companies and financial institutions.

The Bank also acts as the Banker to the Government as per Article 16(18) of the Bangladesh Bank Order, 1972.

The entire capital of the Bank had been allotted to the Government of Bangladesh as per Article 4(2) of the Bangladesh Bank Order, 1972.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

The Bank has a fully owned subsidiary company named The Security Printing Corporation (Bangladesh) Ltd. ("SPCBL" or "the subsidiary") which was formed on 22nd April, 1992 for the purpose of printing and supplying of currency notes. The Bank and its subsidiary are collectively referred to as "the Group". Refer to note 3.01 and 13.01.

2 Basis of preparation of the financial statements

2.01 Statement of compliance

In preparing the financial statements, the Bank's ability to continue as a going concern is subject to the article no. 76 of Bangladesh Bank Order, 1972 (President's order No. 127 of 1972) - "the bank shall not be placed in liquidation save by order of the Government and in such manner and on such terms and conditions as it may direct." Subject to the mentioned article no. of Bangladesh Bank Order, 1972, the Group prepares its financial statement as going concern basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council (FRC). The compliance status of these IASs and IFRSs are as follows:

	Compliance status
IAS 1: Presentation of Financial Statements	Complied
IAS 2: Inventories	Complied
IAS 7: Statement of Cash Flows	Complied
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS 10: Events after the Reporting Period	Complied
IAS 12: Income Taxes	Complied
IAS 16: Property, Plant and Equipment	Complied
IAS 19: Employee Benefits	Complied
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23: Borrowing Costs	Complied
IAS 24: Related Party Disclosures	Complied
IAS 26: Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS 27: Separate Financial Statements	Complied
IAS 28: Investment in Associates and Joint Ventures	Not applicable
IAS 29: Financial Reporting in Hyperinflationary Economies	Not applicable
IAS 32: Financial Instruments: Presentation	Complied
IAS 33: Earnings Per Share	Not applicable
IAS 34: Interim Financial Reporting	Not applicable
IAS 36: Impairment of Assets	Complied
IAS 37: Provisions, Contingent Liabilities and Contingent assets	Complied

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

	Compliance status
IAS 38: Intangible Assets	Complied
IAS 40: Investment Property	Not applicable
IAS 41: Agriculture	Not applicable
IFRS 1: First time Adoption of International Financial Reporting Standards	Not applicable
IFRS 2: Share based Payment	Not applicable
IFRS 3: Business Combinations	Not applicable
IFRS 4: Insurance Contracts	Not applicable
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not applicable
IFRS 6: Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS 7: Financial Instruments: Disclosures	Complied
IFRS 8: Operating Segments	Not applicable
IFRS 9: Financial Instruments	Complied
IFRS 10: Consolidated Financial Statements	Complied
IFRS 11: Joint Arrangements	Not applicable
IFRS 12: Disclosure of Interests in Other Entities	Complied
IFRS 13: Fair Value Measurement	Complied
IFRS 14: Regulatory Deferrals Accounts	Not applicable
IFRS 15: Revenue from Contract with Customers	Complied
IFRS 16: Leases	Complied
IFRS 17: Insurance Contracts	Not applicable

2.02 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following material items in the consolidated and separate statements of financial position ("the statement of financial position"):

- Financial instruments held at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) are measured at fair value.
- All assets, except for low value assets and value amounting less than BDT 1 Lac, under Property Plant & Equipment (PPE) are measured at cost at the time of acquisition and subsequently at revalued amounts less accumulated depreciation and impairment losses.
- The net defined-benefit liability/asset of employee benefit plans, which is recognized as the net of fair value of plan assets and the present value of the defined-benefit obligations.

2.03 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (Taka/Tk/BDT), which is the Group's functional and presentation currency. Except as indicated, financial information presented in Bangladeshi Taka has been rounded off to the nearest thousand.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

2.04 Relationship between Issue Department and Banking Department

Under the Bangladesh Bank Order, 1972, issue of banknotes shall be conducted by the Bank in an Issue Department, which shall be separated and kept wholly distinct from the Banking Department. Accordingly, the Issue Department is solely concerned with notes issued and the assets backing the issued notes. The Banking Department comprises all other activities of the Bank. The separation into departments is made within the Bank and reports on both the Banking and Issue Departments (together referred as "statement of affairs") are prepared and submitted to the Government throughout the year at weekly interval. The annual financial statements are prepared on a combined basis to include all the assets and liabilities of the Bank. The assets backing the note issued as at the year end are disclosed in note 21.

2.05 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses that are not readily available.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of judgments about the carrying values of assets and liabilities, income and expenses that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognized in the financial statements are as follows:

- Fair value of financial instruments without active quoted market.
- Impairment assessment of financial assets.
- Business model consideration for financial instruments under IFRS 9.
- Effective interest rate calculation.
- Economic lives of property, plant and equipment and intangible assets for calculation of depreciation and amortization.
- Revaluation of property, plant and equipment.
- Calculation of post retirement defined benefit plan obligations for employee.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

2.06 Comparative information

In presentation of the financial statements, comparative information in respect of the previous year is given in accordance with IAS-1 & IAS-8. The narrative and descriptive information are disclosed in notes to the financial statements, where relevant, for the understanding of the current year's financial statements.

2.07 Restatement / Reclassification

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors require an entity to correct material prior period errors/estimates properly for the prior period presented when required. While preparing the consolidated financial statements for the year ended 30 June 2025, no such restatement or reclassification has been made.

3 Material accounting policy information

Accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group entities.

3.01 Basis of consolidation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS):10 Consolidated Financial Statements.

Subsidiary

The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) is the subsidiary of the Bank. The Bank holds 14,998,994 shares in SPCBL (new 3 million shares had been converted to Paid-up capital from SPCBL's retained earnings and fully allotted to Bangladesh Bank in the FY 2024-25). For compliance with the requirements of the minimum number of seven shareholders of a public limited company as per the Companies Act 1994, One thousand shares were allotted to the Governor of Bangladesh Bank, and Deputy Governor of Bangladesh Bank, Managing Director of The SPCBL, Secretary of Financial Institution Division of Ministry of Finance, Additional Secretary of Ministry of Home Affairs, Joint Secretary of Internal Resources Division and Director General of Bangladesh Postal Department were allotted one share each. However, Bangladesh Bank is the beneficial owner of all these shares. As per the definition "Equity in a subsidiary not attributable, directly or indirectly, to parent" of Non-Controlling Interest (NCI) set out in Appendix A of IFRS 10- Consolidated financial statements, the Bank has not recognized the NCI since the shareholders are directly or indirectly related to the Bank. SPCBL is responsible for printing and supplying the Bank with banknotes based on the requirements from time to time. It sells these notes to the Bank at a specified mark-up agreed beforehand between the Bank and SPCBL. SPCBL is also engaged in the printing of security products for other parties, in addition to the Bank.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealized income & expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with the subsidiary are eliminated to the extent of the Group's interest in the subsidiary. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.02 Foreign currency transactions

Foreign currency transactions are translated into BDT at the rates prevailing on the dates of transactions in compliance with IAS 21 : The Effects of Changes in Foreign Exchange Rates. Foreign currency denominated monetary assets and liabilities are translated to the functional currency at the exchange rate at the reporting date. Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates prevailing at the transaction dates. Foreign currency gains and losses are reported in profit or loss on a net basis as either exchange gain or loss depending on whether foreign currency movements are in a net gain or net loss position. At the reporting date the exchange rates of Taka against major foreign currencies held by the Group used in preparing the financial statements were as follows:

Foreign currency	Exchange rates (in BDT)	
	30-Jun-25	30-Jun-24
US Dollar	122.7735	118.0000
Australian Dollar	80.78496	78.6706
Canadian Dollar	90.2282	86.2762
EURO	144.7009	126.4134
Pound Sterling	168.6049	149.1756
CNY	17.1562	16.1659
JPY	0.8525	0.7337
SDR	168.6908	155.2054
SGD	96.5884	87.0592
SEK	13.0042	11.1418

3.03 Foreign exchange gain/loss

Realized foreign exchange gain/loss is calculated using average cost methodology. At the end of each month, the change in the average cost balance is calculated on a currency by currency basis by applying (a) where there is a net increase in the currency position, the increase to the average value is the average rate for the month multiplied by the currency amount of the increase and (b) where there is a net decrease in the currency position, the decrease to the average value is calculated by applying the opening average rate to the carrying amount of the

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

decrease. The difference between the book value at the period end exchange rate and the average value by currency is determined. The balance is considered as realized revaluation reserve.

The difference between realized revaluation reserve account and the ledger balance is accounted as unrealized exchange gain/loss for the period and is recognized in the statement of profit or loss for the year. Subsequently the realized and unrealized gain/loss is transferred to currency fluctuation reserve and foreign currency revaluation reserve respectively in the statement of financial position.

3.04 Accounting treatment of revaluation gain/loss:

Revaluation gain/loss of foreign currencies, gold, silvers, financial instruments and Property, Plant and Equipment (PPE) arises from the changes in fair value of assets and currency exchange rates following the international financial reporting standards. In line with the objectives and functions of Bangladesh Bank of maintaining a competitive external par value of the Taka, intervening foreign exchange market and holding and managing the official foreign reserves, the revaluation gain/loss is transferred to the 'Reserve Account' under the coverage of Article 64 (read with Article 7 & 16) of the Bangladesh Bank Order, 1972 (President's order No. 127 of 1972). These 'Reserve Account' are maintained to provide for contingencies and risk of losses arising from change in fair value of assets, exchange rate volatility, unforeseen global economic shocks and other financial risks. Maintaining such reserve is a common practice by many other central banks.

3.05 Financial assets and liabilities

Financial assets comprise foreign currency accounts, foreign investments, assets held with International Monetary Fund (IMF), gold and silver, claims from gold transactions, foreign currency loans to banks, other foreign currency financial assets, taka coin and cash balances, securities purchased under agreement to resell, loans to Government of Bangladesh, local currency investments, local currency loans to banks, financial institutions and employees and other local currency financial assets.

Financial liabilities comprise deposits from banks and financial institutions in both local and foreign currencies, liabilities with IMF, notes in circulation, short term borrowing and other local currency financial liabilities.

(a) Recognition and initial measurement

Loans and advances are initially recognized in the Statement of Financial Position on the date they are originated. Regular purchases or sales of financial assets are recognized or derecognized, as applicable, on the settlement date at which the assets are received or, as the case may be, delivered by the Group. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provision of the instruments. Financial assets and liabilities are initially measured at fair value.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

(b) Classification and subsequent measurement

Classification of financial assets and liabilities for the purpose of measurement subsequent to initial recognition in accordance with IFRS 9 Financial Instruments is made in the following manner:

(1) Financial Assets & liabilities carried at amortized cost:

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Foreign bonds, US dollar treasury bills, Bangladesh Government treasury bills, advances to Government, investment in REPO, equity investment in HBFC debentures and foreign and local currency loans to Banks and Financial Institutions are measured at amortized cost using the effective interest rate method less ECLs (Expected Credit Losses), if any. Swift shares are measured at cost as there is no quoted market price for these shares.

Shares of The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) are measured at cost in the separate financial statements of the Bank in accordance with IAS 27 Separate Financial Statements.

Short term borrowing, notes in circulation, deposits from banks and financial institutions and liabilities with IMF are classified as financial liabilities carried at amortized cost.

(2) Fair value through other comprehensive income:

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

US Treasury Notes, gold and silver, claims from gold transactions, Bangladesh Government treasury bonds, swift share and shares of ICB Islamic Bank Limited are classified as fair value through other comprehensive income.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

If readily available market is not available for swift share or other equity instruments, then the cost value will be considered as the fair value.

(3) Financial assets and financial liabilities at fair value through profit or loss:

A financial asset is measured at fair value through profit or loss-

- unless it is measured under above stated two classification.
- However an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

(c) Amortized cost measurement principles

Amortized cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, minus any reduction for impairment or irrecoverability.

Effective interest method is a method of calculating the amortized costs of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating effective interest rate, the Group estimates the cash flows considering all contractual terms of the financial instruments, and any revisions to these estimates are recognized in profit or loss. The calculation includes amounts paid or received that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums and discounts.

(d) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

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inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(e) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of the financial assets categorized as Fair Value through Other Comprehensive Income (OCI) recognized in other comprehensive income. Gains and losses arising from a change in the fair value of financial assets and financial liabilities classified as at fair value through profit or loss are recognized in the statement of profit or loss. Gains and losses on subsequent measurement of the financial assets categorized as amortized cost are recognized in the statement of profit or loss. The gains and losses on subsequent measurement are in line with the principle of IFRS 9 : Financial Instruments.

(f) De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the

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financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in the statement of profit or loss.

Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, claims from gold transactions and repurchase transactions. Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets categorized as amortized cost are de-recognized on its maturity and financial assets in the category of fair value through OCI and fair value through profit and loss are de-recognized when sold or on its maturity. The corresponding receivables arising from the sale of the asset are de-recognized when the asset is delivered to the buyer.

(g) Identification and measurement of impairment

Judgment is required when determining whether there is objective evidence that impairment exists and, if so, the appropriate amount of ECLs to recognize. The measurement of ECLs reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date regarding past events, current conditions and forecasts of future economic conditions. Financial assets are categorized into the following three stages depending on their assessed credit risk:

- Stage 1 Financial assets are categorized as Stage 1 when first recognized. The Bank records an allowance for 12-month ECLs in profit or loss, and interest revenue is calculated on the gross carrying amount of the asset.
- Stage 2 Financial assets are categorized as Stage 2 when they have experienced a significant increase in credit risk since initial recognition. The Bank records an allowance for lifetime ECLs, and interest revenue is calculated on the gross carrying amount of the asset.

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Stage 3 Financial assets are categorized as Stage 3 when they are considered credit-impaired. The Bank records an allowance for lifetime ECLs, and interest revenue is calculated based on the net carrying amount of the asset (gross carrying amount less the loss allowance), rather than on its gross carrying amount.

ECLs are estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate

Being Central Bank, the Bank always manages the financial assets in a prudent way with high-quality counterpart. Thus in assessing ECLs on these instruments, the Bank has applied the minimal risk practical expedient available under IFRS 9 due to their high credit quality. The Bank continuously monitors relevant economic and financial developments. The Bank continuously reviews the risk associated with these financial instruments.

All the Bank's financial assets which are measured at amortized cost are considered to have low credit risk and therefore are subject to impairment assessments under Stage 1. The Bank records 12-month ECLs on its financial instruments which are measured at amortized cost (local and foreign currency loans given to Banks and Financial institutions) as at June 30, 2025 and adequately disclosed in notes 14(a).

(h) Off-setting

Financial assets and liabilities are offset and the net amount presented in Statement of Financial Position when and only when, the Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Bank has offset the cash at vault with the currency in circulation and presented the net amount of currency in circulation as liabilities in Statement of Financial Position.

(i) Materiality and Aggregation

Each material class of similar item is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

(j) Contingent Liabilities and Commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. All outstanding letter of credit issued, capital commitments, litigation amount and unclaimed amount recognized as income, which are not recognized as liabilities in Statement of Financial Position, are shown under respective headings disclosed as Contingent Liabilities and Capital Commitments items. Where

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applicable, such amounts are measured at best estimates. The Bank's contingent liabilities and commitments are disclosed in note no. 43 and 46 respectively.

3.06 Foreign currency accounts

Foreign currency accounts comprise balances held in the current accounts maintained with different central banks and foreign commercial banks in the designated foreign currency. These are measured at each reporting date by translating to the functional currency at the exchange rates prevailing on that date. Gains and losses arising upon translation are recognized in the statement of profit or loss and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts and currency fluctuation reserve (refer to note 3.04 explaining the rationale of the accounting policy on foreign exchange gain/loss).

3.07 Foreign investments

Foreign investments comprise short term interest bearing deposits (held with overseas commercial banks for periods less than 1(one) year in designated foreign currencies), overnight investment, foreign currency treasury bills purchased at a discount and interest bearing foreign bonds & treasury notes. The carrying amount of these investments in foreign currency at each reporting date is translated to the functional currency at the exchange rate on that date. Gains and losses arising upon translation are recognized in the statement of profit or loss and are subsequently transferred to revaluation reserve-foreign currency accounts.

3.08 Foreign currency loans to bank

Foreign currency loans to banks are generated out of the pool of foreign currency funds like Export Development Fund (EDF), Long Term Financing Facility (LTFF) under Financial Sector Support Project (FSSP) and Green Transformation Fund (GTF). Major portion of the foreign currency loans disbursed to banks are attributed to EDF. Current size of EDF is USD 7.00 billion and interest rate currently charged by Bangladesh Bank is 3.00% p.a. The exchange rate risk and credit risk due to potential default by the end user lies with the concerned bank.

3.09 Other foreign currency financial assets

Other foreign currency financial assets comprise SWIFT shares, interest receivable and other receivable. If readily available market is not available for SWIFT share, then the cost value will be considered as the fair value.

3.10 Taka coin and cash balances

Taka coin and cash balances represents the face value of one, two and five taka coins and notes held by the Bank through purchase from the Government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.

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3.11 Statement of Cash Flows

The cash flow statement has been prepared by using the "Indirect Method" in accordance with the IAS 7- Statement of Cash Flow. For the purposes of the Statement of Cash Flow, cash and cash equivalents include foreign currency accounts and investments (those with short-term maturity), local currency coins that are realizable in known amounts of cash within short-term (normally less than three months) from the date of original investments and which are subject to insignificant changes in value. Balances in the local and foreign currency deposit accounts with banks and financial institutions are deducted from cash and cash equivalent calculation.

3.12 Loans to the Government of Bangladesh

Loans to the Government of Bangladesh (the Government) consist of "Ways and Means" advances, as well as credit facilities in the form of Overdraft.

Ways and Means Advance (WMA)

When total payments to the Government exceed total deposits from the Government, the excess of payment over receipt, with a limit not exceeding BDT 120,000 million (2024: BDT 80,000 million), is treated as WMA with interest being charged thereon at the reverse repo rate. WMA is realized only after full recovery of Government overdraft account balance.

Overdraft

Government borrowing in excess of the BDT 120,000 million limit set for WMA are recognized as overdraft with a limit not exceeding BDT 120,000 million (2024: BDT 80,000 million). Interest is charged thereon at a rate one percent higher than the reverse repo rate. Any recovery or surplus realized by the Bank from the Government is first applied to the overdraft account balance. Any surplus remaining after full recovery of overdraft account balance is then adjusted against WMA. Government may in its capacity suspend the limit considering the borrowing amount at hand.

3.13 Local currency investments

Group investment comprises investment in debenture of Bangladesh House Building Finance Corporation (BHBFC), shares of the ICB Islamic Bank Ltd. and Govt. Sukuk Bond. Investment in debentures and Govt. Sukuk bonds are measured at amortized cost and shares are measured at fair value.

Treasury bills and bonds

Government treasury bills and bonds are the securities which are purchased and held by the Bank when commercial banks and financial institutions do not purchase those from the Government. These are measured at fair value at each statement of financial position date.

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3.14 Local currency loans to banks, financial institutions and employees

These comprise loans to state owned, private, specialized commercial and other scheduled banks and financial institutions in the form of refinances scheme, demand loan and loans to Bank employees. Major refinances schemes are as follows:

- Refinance Scheme - Small Enterprise BD Bank
- Refinance Scheme in Agri Product Processing Industry
- Refinance under Pre-Shipment Credit Scheme
- Tk. 5000 crore Refinance Scheme for Food Security
- Refinance Scheme against Term Loans to CMSMEs
- Refinance scheme for Technology Development/Up-gradation Fund
- Prefinance Scheme against Term Loans to CMSMEs
- Export Facilitation Prefinance Fund (EFPF)

The credit risk due to potential default by the end user of the loans is with the concerned bank disbursing the loan. These loans are reported net of allowances for loan impairment losses (if any).

3.15 Gold and silver

Physical gold and silver are stored at Motijheel Office of the Bank and Bank of England. Such physical gold owned by the Bank is an element of foreign reserves which is consistent with the global practice followed by most of the central banks around the world. Hence, these are considered as 'Monetary Gold'. Although, IFRS has generally considered gold as a commodity, IFRS does not distinguish between monetary and non-monetary gold. Monetary gold has many characteristics which are similar to a financial asset not like a commodity.

However, IFRS has not provided any specific accounting for monetary gold. As a result management has followed the requirement specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" paragraphs 10-12, and concluded that the policies established for the accounting of financial instruments, can also be applied to gold as the Bank regards it as a monetary asset.

Accordingly, gold and silver has been initially recognized at cost, and after initial recognition measured at fair value with valuation gains and losses are recognized in OCI and reported under gold and silver revaluation reserves in the statement of changes in equity. This accounting policy adopted by the Bank is also in line with Article 30 of the Bangladesh Bank Order, 1972.

In managing its investment portfolio, the Bank lends part of its gold holdings to first-class foreign financial institutions. It receives interest in return. Gold lending transactions are effected on a secured basis. The gold price risk remains with the Bank. Gold loans are entered in the statement of financial position under 'claims from gold transactions' and measured at market value.

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3.16 Property, plant and equipment (PPE)

(a) Recognition and measurement

Items of PPE are initially recognized at cost and subsequently carried at revalued amounts, being fair values at the date of the revaluation, less subsequent accumulated depreciation and impairment losses if any. However, the bank is actively considering to change the subsequent measurement policy from revaluation model (land) to revaluation & Cost model (other than land).

Land and buildings, appearing as items of PPE, are used for its operating, administrative and staff's residence purposes.

(b) Revaluation

If an asset's carrying amount increases as a result of a revaluation, the increased amount is recognized in Other Comprehensive Income (OCI) and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decreased amount is recognized in profit or loss. However, the decrease is recognized in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decreased amount which is recognized in OCI reduces the amount accumulated in equity under the heading of revaluation reserve.

The Bank revalued its land as at 01 January 2022 and other items of PPE were revalued as at 31 January 2018 by an independent valuer, S.F. Ahmed & Co. Significant methods and assumptions for revaluation of items of property, plant and equipment were as follows:

- (i) Land was revalued on a reasonable approximation basis. The valuer applied their knowledge of recorded land sales in the respective areas to land measurement established at last valuation;
- (ii) Buildings, furniture and fixtures, mechanical equipment, motor vehicles, computer and networking, artifacts and currency museum, intangible assets, electrical installation and gas installation were revalued using a combination of approaches which include depreciated replacement cost for building and civil construction and market considerations for other assets.
- (iii) The Bank revalued its non-financial assets as per the policy set by the bank management. For further reference see note 3.17

The Subsidiary's property, plant and equipment were revalued as at 1 January 2022 by S.F. Ahmed & Co., chartered accountants. The revalued property, plant and equipment reflecting the fair values of the assets are incorporated in the consolidated financial statements.

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(c) Subsequent costs

Cost of replacing a part of PPE is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PPE are recognized in the statement of profit or loss as incurred.

(d) Capital work in progress

Capital work in progress is recognized when it is incurred and depreciated after being recognized as capital asset when it is ready for use.

(e) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Class of Property, plant and equipment (PPE)	Bank	SPCBL
Building and other construction	5%	2% - 20%
Mechanical and office equipment	10%	2.5% - 20%
Computer and networking	20%	-
Fixture and fittings	10%	10%
Motor vehicles	20%	20%
Electrical installation	20%	-
Gas installation	20%	-
Low Value Assets	100%	-
Security Equipment	20%	-
Currency Museum and Artifacts	5%	-

(f) Borrowing cost capitalisation

The Bank capitalises borrowing costs in accordance with the provision of IAS 23: *Borrowing Costs* as part of the cost of assets that are directly attributable to the acquisition, construction, or production of a qualifying asset if following conditions are met:

- It is probable that they will result in future economic benefits to the entity;
- The costs can be measured reliably.

If borrowing costs do not meet both the criteria, they are recognized as expenses. For the purpose of capitalization, a qualifying assets is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(g) Impairment

The carrying value of the Bank's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of

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impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of that asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account. For the assets that have indefinite useful life, the recoverable amount is estimated at each balance sheet date. The recoverable amount of asset is the greater of net selling price and value in use. The estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease as in IFRS 16:Leases. This policy is applied to contracts entered into (or changed) on or after 1 January 2019. The Bank recognizes a right-of-use leased asset and lease liability at the lease commencement date.

The Bank recognizes right-of-use assets and lease liabilities for the leases – i.e. these leases are on-balance sheet. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Right-of-use assets are measured at the amount of the lease liability on adoption. Leases are recognized at the commencement of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method.

The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term. The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicated in the lease or if that rate cannot be determined, the Bank's incremental borrowing rate.

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The Bank presents right-of-use assets in “Property Plant and Equipment” (Note 16) and lease liabilities in “Other Local Currency Financial Liabilities” (Note 23.01) in the Statement of Financial Position.

3.17 Intangible assets and their amortization

Software acquired by the Group is measured at cost less accumulated amortization and accumulated impairment losses if any.

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortized on a straight line basis in profit or loss over its estimated useful life, from the date that it is available for use.

The estimated useful life of software for the current and comparative period is five years. Amortization methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

3.18 Transactions on Repurchase Obligations (Repo) and Reverse Repo

Repurchase Arrangements (Repo) and Reverse Repo of securities are recorded as follows:

- a. Securities purchased under Repurchase Agreement (Repo) are recognized as loans and advances to Banks and Financial Institutions. Interest income on Repo facility is recognized as per effective interest rate method. The difference between the purchase price and sale price is recognized as interest income over the tenure of the facility using effective interest rate.
- b. Securities sold under Reverse Repurchase Agreement (“Reverse Repo”) are recognized as short term borrowings. Interest expense on Reserve Repo is recognized as per effective interest rate method. The difference between the sale price and purchase price is recognized as interest expense over the tenure of the facility using effective interest rate.

Securities lent to counterparties are also retained in the statement of financial position.

3.19 Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by an employee. Employee benefits are recognized as:

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- (a) a liability (accrued expense) when an employee has provided service in exchange for employee benefits to be paid in the future; and
- (b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

3.20 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus, medical allowances or any others are charged as expenses in the statement of profit or loss.

3.21 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. The Group operates a number of post-employment benefit plans and recognizes expenses for these plans in the statement of profit or loss.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

(i) Contributory Provident Fund (CPF)

The Bank and employees contribute to the fund, which are invested in various securities. The Bank commits a return of 13 percent on the balance of the contributed amount. In the event that the return from securities is lower than the committed return of 13 percent, the shortfall, if any, would be paid by the Bank and is recognized in the statement of profit or loss. Bank's obligations for contributions to the above fund are recognized as an expense in the statement of profit or loss as incurred.

(b) Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(i) General Provident Fund (GPF)

Employees contribute at various rates (within 5-25 percent) of their basic salaries to the fund. No contributions are made by the Bank for the above fund. The provident fund invests in various securities and the Bank has committed a return of 13 percent at the beginning balance of the fiscal year 2024-25 up to BDT 1.5 million, 12 percent ranged from BDT 1.5 million to BDT 3.00 million and 11 percent for the remaining balance over BDT 3.00 million. Contributions during the year will get return at the same rate according to applicable slab. Any shortfall in the return from investments

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is funded by the Bank by charging in its statement of profit or loss.

(ii) Pension scheme

Employees are entitled to pension on amounting to maximum of 90 percent (2024: 90 percent) of their last basic salary. 50 percent of the pension amount is paid as a lump sum computed at the rate of Tk. 230 (2024: Tk. 230) per Tk. 1 surrendered from the pension. Employees will receive their pension monthly over the remaining lifetime against remaining 50 percent of the pension amount.

All employees irrespective of joining date are entitled to medical allowance in cash (Tk. 1,500 per month up to age 65 years and Tk. 2,500 after 65 years) even after retirement as prescribed by the government.

The Bank actuarially valued its pension liabilities as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognized in other comprehensive income.

(iii) Gratuity scheme

The Bank actuarially valued its gratuity scheme and measured its liability for defined benefit obligation as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognized in the statement of profit or loss and other comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the statement of profit or loss when the plan amendment or curtailment occurs.

(iv) Leave encashment

Those employees who have unutilized leave up to one year or more at the time of retirement age of 59 are allowed to leave with salary for one year. The remaining unutilized leave is encashed (maximum eighteenth months). Employees are not allowed to encash their unutilized leave until reaching retirement age.

3.22 Other long-term employee benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related service. All employees after retirement are entitled a maximum of Taka 1,000 per year in the form of medicine.

3.23 Provisions

Provisions are recognized in respect of restructuring, redundancy and legal claims arising from

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past events where it is probable that an outflow of resources will be required to settle the obligations and the amount can be reliably estimated.

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

A legal obligation is an obligation that derives from a contract, legislation or other operation of law. A constructive obligation is an obligation that derives from an entity's actions such as by an established pattern of past practice, published policies etc. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and any changes in the estimates are applied prospectively.

3.24 Notes in circulation

Bank notes issued by the Bank as legal tender under the Bangladesh Bank Order 1972 represents a claim on the Bank in favor of the holder. The liability for bank notes in circulation is recorded at face value in the financial statements and as per the requirements of Article 30(1) of the Bangladesh Bank Order, 1972 specified assets of the bank are held as backing of those issued notes.

The cost of printing of notes is charged to the profit and loss account as and when incurred. Any fresh banknotes not yet issued and remain with the Group are not reflected in note # 21 to the financial statements.

3.25 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to the statement of profit or loss over the useful lives of the related assets.

3.26 Interest income and expenses

Interest income and expenses are recognized in the statement of Profit or Loss and Other Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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Interest income and expenses include the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

3.27 Commission and discounts

Commission income arises on instruments issued by the Group, long outstanding entries of the sundry accounts, sale proceeds of sundry items, car and bus fares realized from the staff and other miscellaneous items.

3.28 Dividend income

Dividend income is recognized in the separate financial statements of the Bank when the right to receipt of income is established.

3.29 Revenue from sale of other security products by the Subsidiary

Revenue from net sales of the Group reported in the consolidated financial statements represents printing and supply of Other Security Products (OSP), which are recognized after fulfillment of the criteria as mentioned in the five-step model following IFRS 15: Revenue from contracts with Customers. Revenue from OSP is recognized when the said products are delivered to relevant customers, as this is the point where the Group discharges its performance obligation.

3.30 Income tax

(a) Bangladesh Bank

The Bank is not subject to income taxes on any of its income, stamp duties, and customs duties on gold, silver, coins, currency notes, security papers and any other goods that may be specified by the Government as per Article 73, 74 and 75 of the Bangladesh Bank Order, 1972.

(b) Subsidiary

The Subsidiary is subject to income tax. Income tax on the profit or loss for the year comprises of current tax and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity. Present applicable income tax rate is 25.0 percent (2024: 25 percent).

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiary to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3.31 Subsequent events

Events after the reporting date that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period which are not adjusting events, are disclosed in the notes when material in compliance with IAS 10 Events after the Reporting Period . Up to the date the financial statements were authorized for issue, no events have occurred which require to disclose in the financial statements.

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		<i>In thousand BDT</i>	
		<u>2025</u>	<u>2024</u>
4	Foreign currency accounts		
	Represents the equivalent accumulated value of different foreign currency accounts held with other central banks and with foreign commercial banks located outside Bangladesh.		
	Balance held with		
	Other central banks	194,612,902	63,705,832
	Foreign commercial banks	4,453,216	16,331,273
	Total	<u>199,066,118</u>	<u>80,037,105</u>
5	Foreign investments		
	Overnight investment	854,498,006	551,584,340
	Short term deposits with overseas commercial banks	692,818,734	254,260,196
	US Dollar treasury bills	-	-
	Foreign bonds	755,365,536	856,865,677
	*Impairment - Foreign Bonds	(102,669)	(116,192)
	US treasury notes	568,676,949	617,789,461
	Total	<u>2,871,256,556</u>	<u>2,280,383,483</u>
	* Amount arises from ECL. Details are disclosed in note 42.2.		
6	International Monetary Fund related assets and liabilities		
6.01	Assets held with International Monetary Fund		
	Quota (100)	179,926,079	165,519,596
	Quota(IMF) paid by Government*	(14,546,568)	(14,546,568)
	SDR holding	305,547,319	293,537,977
	Refundable Commitment fee to IMF	66,252	24,695
	Interest receivable on SDR holding	1,612,978	2,115,288
	Total	<u>472,606,061</u>	<u>446,650,988</u>
	*The amount represents 25 percent of increased quota amount (SDR 533.30 million) which was paid in foreign currency. The increased quota was effected in 2016.		
6.02	Liabilities with International Monetary Fund		
	IMF securities (75 percent Promisory Note)	386,645,998	295,183,674
	Advances to Government against RFI from IMF**	-	(20,634,215)
	Advances to Government against ECF from IMF***	(57,914,925)	(34,794,051)
	Advances to Government against EFF from IMF***	(115,828,164)	(69,588,102)
	IMF-1 and IMF-2 account	2,315,126	1,997,314
	SDR allocation	258,551,211	237,882,248
	IMF Extended Credit Facility (ECF)	118,914,270	81,429,056
	Interest payable	1,289,653	1,619,173
	Total	<u>593,973,170</u>	<u>493,095,097</u>

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

Bangladesh has been a member of the International Monetary Fund ("IMF") since 1972. According to the Articles of agreement of IMF (Article V and Article XIII), The Bank acts as both the fiscal agent and the depository for the IMF. As fiscal agent, Bangladesh Bank is authorized to carry out all operations and transactions with the IMF. As depository, Bangladesh Bank maintains the IMF's currency holdings and ensures that the assets and liabilities of IMF membership are properly reflected in its accounts and presented in its financial statements. Following the guidelines of IMF Financial Operations 2018, Bangladesh Bank presents the financial position with the IMF in the Bank's financial statements on gross basis.

The quota of Bangladesh is its membership subscription. Quota is the amount of money that each IMF member country is required to contribute to the IMF. A member must pay its subscription in full upon joining the fund; up to 25 percent must be paid in SDRs or widely accepted currencies such as the US Dollar, the EURO, the YEN or the Pound Sterling, while the rest is paid in the member's own currency.

Special Drawing Rights (SDR) are allocated by the IMF to members on the basis of members' quota at the time of the SDR allocation. Bangladesh Bank pays interest on its SDR allocations and earns interest on its holdings of SDR.

Bangladesh Bank updated the IMF's BDT account; IMF Account- 1 and 2, maintained with Bangladesh Bank and other accounts namely IMF Securities, SDR Allocation, IMF Extended Credit Facility etc. are translated to Taka at the exchange rate ruling at 30 June 2025.

**On request of the Government of Bangladesh for emergency financing due to COVID-19 pandemic, IMF approved a purchase of SDR 355.53 million (about US dollar 488 million or 33.33 percent of quota) under the Rapid Financing Instrument (RFI) to address the urgent balance-of-payments and fiscal needs of Bangladesh. As depository, Bangladesh Bank received the fund on 02.06.2020 and deposited the same amount to a Government account as per prior consent of IMF. However, Ministry of Finance has a promissory note against RFI financing to fulfill the requirement of IMF and is recorded by Bangladesh Bank in the Securities Account, an account maintained on behalf of IMF as depository, against creating a contra account named " Advances to Government against RFI from IMF".

It requires to be disclosed that under that arrangement SDR 177,770,000.00 (USD 243,903,777.58) was received as Rapid Credit Facility (RCF) and as per MoU signed by Bangladesh Bank and Ministry of Finance the whole amount was transferred to the Government of Bangladesh (GoB) account.

***Against the backdrop of Bangladesh's request for an extended arrangement under the Extended Fund Facility (EFF), an arrangement under the Extended Credit Facility (ECF) and an arrangement under the Resilience and Sustainability Fund (RSF)- the first installment of ECF and EFF was received by the amount of SDR 117,450,000.00 (USD 158,756,978.14) and SDR 234,900,000.00 (USD 317,513,956.28) respectively. The second and third installment of EFF and ECF were received on 14 December 2023 and 26 June 2024 respectively. The fourth and fifth installments of EFF and ECF were received on 25 June 2025. Amount received as EFF by the second and third installment was SDR 234,900,000.00 (USD 312,206,766.21) and SDR 469,800,000.00 (USD 618,678,072.74) respectively.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

Whereas amount received as ECF by the second and third installment was SDR 117,450,000.00 (USD 156,103,383.10) and SDR 234,900,000.00 (USD 309,339,036.37) respectively. Amount received in the fourth and fifth installments of EFF and ECF were SDR 433,660,000 (USD 589,187,940.72) and SDR 216,840,000 (USD 294,607,556.76) respectively. As per the arrangement, 50 percent (fifty percent) of the amount received from EFF & ECF has been subsequently transferred to the Government of Bangladesh (GoB) account by creating contra asset accounts named “Advances to Government against ECF from IMF and Advances to Government against EFF from IMF”. In addition to those, first and second installment of RSF was received on 14 December 2023 and 26 June 2024 respectively by the amount corresponding to SDR 166,670,000.00 (USD 221,521,931.56) and SDR 166,680,000.00 (USD 219,500,343.05), and the third and fourth installment was received on 25 June 2025 amounting SDR 333,330,000 (USD 452,875,562.14). As per the agreement the whole amount was transferred to the Government of Bangladesh.

IMF Quota account, IMF Securities account and IMF 1 and 2 account are revalued by the exchange rate taken from the General Resources Account (GRA) department. Other than those accounts, all IMF related accounts are revalued using the rate disclosed in note 3.02.

The borrowing is repayable within around 10 years, by the Government through the accounts of the Bank with the IMF. The Government shall deposit in its accounts at the Bank sufficient funds to repay all principal, interest and any other expenses associated with the above tranches as such repayments fall due. In relation to this borrowing, the Ministry of Finance issued promissory notes in favor of the IMF.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

		<i>In thousand BDT</i>	
		<u>2025</u>	<u>2024</u>
7	Gold and silver		
	Gold	110,141,015	100,612,800
	Silver	752,333	583,022
	Total	<u>110,893,348</u>	<u>101,195,822</u>

The Bank has in total 459,163.52 troy ounces of gold (2024: 458,542.34 troy ounces) and 168,728.28 troy ounces of silver (2024: 168,728.28 troy ounces) under its holding. Out of the total holding, 188,927.50 troy ounces of gold (2024: 282,463.42 troy ounces) is held at the Bank of England which is subject to lending operation and 83,961.03 troy ounces of gold (2024: 83,339.85 troy ounces) and 168,728.28 troy ounce of silver is stored at the own local vault of Bangladesh Bank. The remaining gold is invested in SCB-London and HSBC-London and reported as 'Claims from gold transactions' (note-8).

8	Claims from gold transactions	<u>75,182,773</u>	<u>25,507,529</u>
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Out of the total Gold holdings mentioned in note 7, remaining 92,739.07 troy ounces is (2024: 92,739.07 troy ounces) invested in SCB-London and 93,535.92 troy ounces (2024: nil) in HSBC-London which are presented as claims from gold transactions.

9	Foreign currency loans to banks		
	Export Development Fund (EDF) Dollar investment	269,689,055	302,942,813
	Long Term Financing Facility (LTFF) Investment under FSSP*	8,997,891	11,657,780
	Green Transformation Fund	13,439,081	15,950,319
	Impairment- FC Loans**	(39,835)	(1,623,544)
	Total	<u>292,086,192</u>	<u>328,927,368</u>

*Duration of LTFF investment under FSSP was from July 2015 to March 2021. No disbursement is made under this project rather the BB-LTFF Revolving fund has been created with the recovered amount.

** The amount arises from ECL model. Details are discussed in note 42.2.

10	Other foreign currency financial assets		
	SWIFT shares*	80	80
	Interest receivable	11,701,959	9,145,034
	Other receivable**	5,224,144	5,224,144
	Total	<u>16,926,183</u>	<u>14,369,258</u>

* Bank has bought one share of SWIFT as part of membership of the said organization. Face value of the share is equivalent to BDT 80,474.57.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

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** On 04 February 2016, 101 million US dollars were stolen from the reserve account of Bangladesh Bank maintained with the Federal Reserve Bank of New York through cyber hacking. From the stolen money, US\$ 20 million from Sri Lanka and US\$ 14.60 million from the Philippines have been recovered so far. To recover the remaining US\$66 million (approx.) legal proceedings are ongoing in the courts of the USA, the Philippines and Bangladesh.

On 31 January 2019, a case was filed against 20 (twenty) defendants including RCBC (Rizal Commercial Banking Corporation) in the Federal Court of the United States (United States District Court for the Southern District of New York). In the said case, the Federal Court dismissed the Motion to dismiss (considering the forum non conveniens doctrine) filed by the defendants. The Court also denied the RICO (Racketeers Influenced Corrupt Organization) claim of Bangladesh Bank. In response to the said judgment, a case was filed on 27 May 2020 against RCBC and the related defendants of the Philippines in the New York County Supreme Court (State Court). The Court dismissed the Motion to Dismiss filed by RCBC, Lorenzo Tan, Raul Tan, Kim Wong on 13 January 2023 and instructed the defendants to file a reply.

On 29 February 2024, the Appellate Court gave its verdict on RCBC's appeal against the State Court's order. The verdict was given in favor of Bangladesh. According to the judgment of the court, the personal jurisdiction of RCBC and its two high-ranking officials (Lorenzo Tan and Raul Tan) have been confirmed, i.e. they will remain as defendants in the case filed by Bangladesh Bank. In addition, in the aforementioned ruling, the decision regarding the dismissal of Kim Wong's forum non conveniens motion was also affirmed, so Kim Wong will also remain as a defendant. However, in the said verdict the court exempted the four lower-ranking officials of RCBC (Reyes, Agarrado, Capina and Pineda) and rejected Bangladesh Bank's Conversion Claim. A Motions for leave to reargue has been filed in the same court against the judgment regarding the rejection of Bangladesh Bank's Conversion Claim. If the court does not change the judgment, a Motion for leave to appeal will be filed in the Court of Appeal. Discovery process is currently ongoing in the said case. A huge volume of information has been provided in this phase. After the discovery process, other legal processes of the case will begin. In response to the Bangladesh's Mutual Legal Assistance Request, the Department of Justice of the Philippines has been providing necessary legal assistance to Bangladesh. The Department of Justice is handling the cases filed by the Philippines FIU, Anti-Money Laundering Council (AMLC), against various defendants in Philippines courts. Meanwhile, in a case, the Philippine court has convicted Ms. Maia Santos Deguito, the then-branch manager of the Jupiter Branch of RCBC. The court sentenced her to imprisonment of 32-56 years and 109 million US Dollars as fine. The Court of Appeal dismissed her appeal against the said judgment on 19 April 2023. In another case, a Philippine court sentenced former branch senior customer relations officer Angela Ruth Torres (Torres) of RCBC Bank's Jupiter branch to 4-5 years in prison and a fine of 1.5 million Philippine pesos. Moreover, hearings on 15 (fifteen) cases filed against the president and treasurers of Philrem Service Corporation were held in three courts of the Philippines during the period of 30 January 2023- 03 February 2023.

On 15 March 2016, a case was filed on behalf of Bangladesh Bank at Motijheel Police Station, Dhaka, which is currently under investigation by the Criminal Investigation Department (CID), Bangladesh Police. It is known that CID has completed the Forensic report and the completion of the investigation report of the case is ongoing.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

		<i>In thousand BDT</i>	
		<u>2025</u>	<u>2024</u>
11	Consolidated Taka coin and cash balances		
	Taka coin	582,056	1,204,462
	Cash balances	1,617,131	1,186,620
	Total	<u>2,199,186</u>	<u>2,391,082</u>
11.01	Taka coin and cash balances		
	Taka coin	582,056	1,204,462
	Cash balances	45,060	67,487
	Total	<u>627,116</u>	<u>1,271,949</u>
<p>Taka coin and cash balances represent the face value of one, two and five taka coins and notes held by the Bank purchased through SPCBL from the Government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.</p>			
11.02	Securities purchased under agreement to resell		
	BB's Invest in Repo	1,101,519,204	748,288,724
	Impairment - Repo	-	(101,894)
	Total	<u>1,101,519,204</u>	<u>748,186,830</u>
<p>This represents collateralized lending made to various banks under resell arrangement. The collaterals held by the Bank consists of treasury bills, bonds and sukuk. The tenure of Securities purchased under agreement to resell is from 1 day to 90 days. Impairment value arises from the ECL model. Details are discussed in note 42.2.</p>			
12	Loans to the Government of Bangladesh		
	Ways and means advance (WMA)	60,571,900	80,000,000
	Overdraft*	-	487,454,700
	Total	<u>60,571,900</u>	<u>567,454,700</u>
13	Consolidated local currency investments		
	Treasury bills	-	4,048,668
	Treasury bonds	616,960,048	732,369,443
	Government - Sukuk A/C	10,631,011	-
	Short term money market investments*	16,773,484	16,525,119
	Debenture - Bangladesh House Building Finance Corporation	3,945,000	3,945,000
	Impairment- Debenture**	(545)	(545)
	Shares- ICB Islamic Bank Limited***	7,452	7,452
	Total	<u>648,316,450</u>	<u>756,895,136</u>

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	<i>In thousand BDT</i>	
	<u>2025</u>	<u>2024</u>
* These represent the total amount of term deposits by SPCBL with different local commercial banks.		
** Impairment value arises from the ECL model. Details are discussed in note 42.2.		
*** SPCBL holds 745,200 shares of Tk.10 each of ICB Islamic Bank Ltd. (Formerly the Oriental Bank Ltd.) as per Bangladesh Bank Circular No - BRPD (R-1) 651/9(10)/2007-446 dated 2 August, 2007.		
13.01 Local currency investments		
Treasury bills	-	4,048,668
Treasury bonds	616,960,048	732,369,443
Government - Sukuk A/C	10,631,011	-
Debenture - Bangladesh House Building Finance Corporation	3,945,000	3,945,000
Impairment- Debenture*	(545)	(545)
Investment in subsidiary	12,000,000	12,000,000
Total	<u>643,535,514</u>	<u>752,362,565</u>
* Impairment value arises from the ECL model. Details are discussed in note 42.2.		
14 Consolidated local currency loans to banks, financial institutions and employees		
(i) Local currency loans to banks and financial institutions		
State owned banks:		
Commercial banks	5,358,075	1,207,755
Specialized banks*	75,643,454	88,728,744
Total	<u>81,001,530</u>	<u>89,936,499</u>
Other banks and financial institutions:		
Private banks	517,175,353	369,090,677
Other loans and advances	325,980,898	370,404,224
	<u>843,156,250</u>	<u>739,494,901</u>
Credit loss allowance - Demand Loan (Note 14.a)	(69,735,551)	(34,724,286)
	<u>854,422,229</u>	<u>794,707,114</u>
Interest receivable	17,144,136	4,174,073
Total (i)	<u>871,566,365</u>	<u>798,881,187</u>
(ii) Local currency loans and advances to employees		
Loans and advances to employees	55,214,614	52,905,885
Provision for loan losses (Note 14.b)	(111,719)	-
Total (ii)	<u>55,102,895</u>	<u>52,905,885</u>
Total loans (i+ii)	<u>926,669,259</u>	<u>851,787,072</u>

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	2025	<i>In thousand BDT</i> 2024
14.01 Local currency loans to banks, financial institutions and employees		
(i) Local currency loans to banks and financial institutions		
State owned banks:		
Commercial banks	5,358,075	1,207,755
Specialized banks*	75,643,454	88,728,744
	81,001,530	89,936,499
Other banks and financial institutions:		
Private banks	517,175,353	369,090,677
Other loans and advances	325,980,898	370,404,224
	843,156,250	739,494,901
Credit loss allowance - Demand Loan (Note 14.a)	(69,735,551)	(34,724,286)
	854,422,229	794,707,114
Interest receivable	17,144,136	4,174,073
Total (i)	871,566,365	798,881,187
(ii) Local currency loans and advances to employees		
Loans and advances to employees	53,556,360	51,132,615
Provision for loan losses (Note 14.b)	(111,719)	-
Total (ii)	53,444,642	51,132,615
Total loans (i+ii)	925,011,007	850,013,802

*Specialized banks include banks catering the specific needs of different economic sectors as described below:

Banks	Specialised Sectors
Bangladesh Krishi Bank	Agriculture
Rajshahi Krishi Unnayan Bank	Agriculture

14.a Impairment - Demand Loan		
Opening balance	34,724,286	6,511,400
Charged/(Released) during the year	35,011,265	28,212,886
Total	69,735,551	34,724,286

The total impaired value reflects the amount derived from the Expected Credit Loss (ECL) model. Details about the ECL model including the amount arising from ECL has been further disclosed in note 42.2.

14.b Provision for loan losses		
Opening balance	-	629,025
Charged/(Released) during the year	111,719	(629,025)
Total	111,719	-

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NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	<i>In thousand BDT</i>	
	<u>2025</u>	<u>2024</u>
Provision for loan losses is for adjusting loss (both principal and interest) from staff advance which were kept previously but to implement the IFRS-9 in its entirety the amount has been written back to income with the approval of the Governor.		
15 Consolidated other local currency financial assets		
Investment in Islami Bank Liquidity Facility (IBLF)*	120,120,000	109,800,000
SLS Quard Account**	86,073,433	65,515,568
Impairment- Islamic Investment***	-	(23,703)
Interest receivables	28,839,721	23,764,817
Others	1,976,392	5,058,640
Total	<u>237,009,546</u>	<u>204,115,321</u>
15.01 Other local currency financial assets		
Investment in Islami Bank Liquidity Facility (IBLF)*	120,120,000	109,800,000
SLS Quard Account**	86,073,433	65,515,568
Impairment- Islamic Investment***	-	(23,703)
Interest receivables****	27,793,603	22,805,926
Other Receivable*****	1,972,256	5,054,504
Total	<u>235,959,292</u>	<u>203,152,295</u>

*Sukuk bond is kept as collateral against the facility provided to the Islami Bank.

**SLS quard account is a non-interest bearing special liquidity support for shariah based banks. Special treasury bond is kept as collateral.

***Impairment value arises from the ECL model. Details are discussed in note 42.2.

****Interest receivables include interest receivable on Government Treasury bills and bonds, REPO, IBLF, Debenture-HBFC etc.

*****Other receivable mainly includes commission of issue and management of treasury bills and bonds.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

16 Property, plant and equipment

Consolidated

Particulars	In thousand BDT													
	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
Cost														
As at 1 July 2024	70,079,827	7,089,977	5,937,315	4,206,181	867,596	355,909	1,210,497	2,686	152,870	9,247	72,532	822,631	1,237,931	92,055,208
Addition during the year	-	28,802	168,934	1,033,055	78,146	67,740	65,339	-	30,290	1,532	5,609	141,738	281,818	1,903,005
Transfers during the year	-	307,937	55,546	-	-	-	-	-	-	-	-	-	675,085	1,038,568
Disposals during the year	-	(2,045)	(97,626)	(12,957)	(7,993)	-	(2,547)	-	-	-	(7,797)	(378,085)	-	(509,050)
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2025	70,079,827	7,434,672	6,064,169	5,226,279	937,749	423,649	1,273,289	2,686	183,160	10,779	70,344	586,284	2,194,835	94,487,731
Accumulated depreciation														
As at 1 July 2024	-	4,265,696	1,786,539	3,307,756	624,669	338,936	975,510	2,592	102,580	1,206	70,455	558,296	-	12,034,236
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	409,423	385,969	525,722	66,107	14,903	81,369	10	14,883	531	2,963	190,761	-	1,692,642
Disposals during the year	-	(2,045)	(47,922)	(12,890)	(7,975)	-	(2,547)	-	-	-	(7,695)	(378,085)	-	(459,159)
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2025	-	4,673,074	2,124,586	3,820,588	682,802	353,838	1,054,332	2,602	117,462	1,737	65,724	370,973	-	13,267,719
Net book value														
As at 30 June 2025	70,079,827	2,761,598	3,939,583	1,405,691	254,947	69,811	218,957	94	65,698	9,042	4,620	215,311	2,194,835	81,220,012
As at 30 June 2024	70,079,827	2,834,279	4,150,775	898,426	242,928	16,973	234,988	105	50,290	8,042	2,077	264,335	1,237,931	80,020,972

The Group's leases primarily consist of rental of office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka and Dormitory spaces for Barishal, Chattogram and Rangpur Office.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

30 June 2024		In thousand BDT												
Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
As at 1 July 2023	70,079,827	6,973,639	5,681,342	3,838,388	802,017	343,404	1,129,682	2,696	145,332	9,247	71,526	746,060	769,507	90,592,667
Addition during the year	-	106,558	187,522	153,942	56,038	15,400	7,313	-	7,539	-	1,587	76,571	879,938	1,492,409
Transfers during the year	-	19,779	68,786	226,571	9,750	-	78,758	-	-	-	-	-	(411,514)	(7,872)
Disposals during the year	-	-	-	(12,720)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	(21,996)
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2024	70,079,827	7,099,976	5,937,314	4,206,181	867,596	355,909	1,210,498	2,696	152,871	9,247	72,532	822,631	1,237,931	92,055,209
Accumulated depreciation														
As at 1 July 2023	-	3,891,961	1,422,146	2,893,240	546,977	333,639	860,690	2,555	85,501	744	68,931	386,933	-	10,493,317
Prior year adjustment	-	-	-	-	-	-	1,352	-	-	-	-	-	-	1,352
Charge for the year	-	373,735	364,729	426,643	77,901	8,193	118,723	37	17,079	462	2,105	171,363	-	1,560,971
Disposals during the year	-	-	(336)	(12,127)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	(21,402)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2024	-	4,265,696	1,786,539	3,307,756	624,669	338,937	975,510	2,592	102,580	1,206	70,455	558,296	-	12,034,237
Net book value														
As at 30 June 2024	70,079,827	2,834,280	4,150,775	898,425	242,927	16,972	234,988	104	50,291	8,041	2,077	264,335	1,237,931	80,020,972
As at 30 June 2023	70,079,827	3,081,662	4,259,201	945,148	255,038	9,765	269,994	141	59,831	8,502	2,595	359,127	769,507	80,099,350

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
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16.01 Property, plant and equipment
Separate

Particulars	In thousand BDT													
	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
Cost														
As at 1 July 2024	65,423,425	6,424,216	1,432,446	4,206,181	821,315	318,159	1,210,498	2,696	152,871	9,247	72,532	822,631	1,212,013	82,108,230
Addition during the year	-	28,802	73,456	1,033,055	75,136	67,740	65,339	-	30,290	1,532	5,610	141,738	189,593	1,712,293
Transfers during the year	-	307,937	67,063	-	-	-	-	-	-	-	-	-	661,550	1,036,550
Disposals during the year	-	(2,045)	(2,843)	(12,957)	(7,993)	-	(2,547)	-	-	-	(7,797)	(378,085)	-	(414,267)
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2025	65,423,425	6,758,910	1,570,121	5,226,279	888,458	385,899	1,273,290	2,696	183,161	10,779	70,345	586,284	2,063,156	84,442,806
Accumulated depreciation														
As at 1 July 2024	-	3,970,437	985,414	3,307,755	585,369	301,420	975,509	2,591	102,581	1,206	70,456	558,296	-	10,861,034
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	372,814	78,856	525,722	64,928	14,561	81,369	10	14,883	531	2,963	190,761	-	1,347,399
Disposals during the year	-	(2,045)	(2,843)	(12,890)	(7,976)	-	(2,547)	-	-	-	(7,695)	(378,085)	-	(414,080)
As at 30 June 2025	-	4,341,206	1,061,427	3,820,587	642,321	315,981	1,054,332	2,602	117,463	1,737	65,725	370,972	-	11,794,353
Net book value														
As at 30 June 2025	65,423,425	2,417,704	508,694	1,405,692	246,137	69,918	218,958	94	65,698	9,042	4,620	215,312	2,063,156	72,648,453
As at 30 June 2024	65,423,425	2,453,782	447,032	898,427	235,947	16,739	234,989	106	50,289	8,041	2,076	264,335	1,212,013	71,247,196

The Bank's leases primarily consist of rental of office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka and Dormitory spaces for Barishal, Chattogram and Rangpur Office.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

Particulars	In thousand BDT													
	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
Cost														
As at 1 July 2023	65,423,425	6,392,726	1,362,193	3,838,388	768,482	305,654	1,129,682	2,696	145,332	9,247	71,526	746,060	669,984	80,855,396
Addition during the year	-	11,712	26,191	153,942	53,292	13,400	7,313	-	7,539	-	1,587	76,571	929,156	1,282,703
Transfers during the year	-	19,779	44,398	226,571	9,750	-	78,758	-	-	-	-	-	(387,127)	(7,872)
Disposals during the year	-	-	-	(12,720)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	(21,996)
Revaluation adjustment	-	-	(336)	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2024	65,423,425	6,424,217	1,432,446	4,206,181	821,315	318,159	1,210,498	2,696	152,871	9,247	72,532	822,631	1,212,013	82,108,231
Accumulated depreciation														
As at 1 July 2023	-	3,633,034	915,718	2,893,240	508,607	296,211	860,689	2,554	85,502	744	68,932	386,933	-	9,652,164
Prior year adjustment	-	-	-	-	-	-	1,352	-	-	-	-	-	-	1,352
Charge for the year	-	337,403	70,032	426,642	76,971	8,104	118,723	37	17,079	462	2,105	171,363	-	1,228,921
Disposals during the year	-	-	(336)	(12,127)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	(21,402)
As at 30 June 2024	-	3,970,437	985,414	3,307,755	585,368	301,420	975,509	2,591	102,581	1,206	70,456	558,296	-	10,861,035
Net book value														
As at 30 June 2024	65,423,425	2,453,781	447,032	898,426	235,947	16,739	234,989	105	50,290	8,041	2,076	264,335	1,212,013	71,247,196
As at 30 June 2023	65,423,425	2,759,691	446,475	945,148	249,875	9,443	268,994	143	59,830	8,502	2,594	359,128	669,984	71,203,229

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	<u>2025</u>	<u>2024</u>
17 Intangible assets		
Intangible asset at cost	2,835,084	2,458,369
Accumulated amortisation	(2,164,851)	(1,881,524)
Capital work in progress	-	-
Total	<u>670,233</u>	<u>576,845</u>
<p>Balance represents the accumulated value of intangible assets like Enterprise Resources Planning (ERP), Core Banking Solutions (CBS), Enterprise Data Warehouse (EDW), Real Time Gross Settlement (RTGS), Bangladesh Automated Clearing House (BACH), Bangladesh Electronic Fund Transfers Network (BEFTN), Credit Information Bureau (CIB) and Bank's in-house built software etc.</p>		
18. Consolidated other non-financial assets		
Prepayments and advances	1,044,933	1,357,190
Stock*	5,463,926	3,712,419
Sundry debtors	1,924,090	1,870,961
Total	<u>8,432,949</u>	<u>6,940,570</u>
<p>* Stocks held by the Group are primarily comprised of paper, ink, plates and related materials for printing of notes and other products at the Subsidiary. Stocks are valued at the lower of cost and net realisable value. Cost of material is determined on weighted average method. Cost in relation to work-in-process and finished goods represents direct cost of materials, direct wages and an appropriate portion of production overheads.</p>		
18.01 Other non-financial assets		
Prepayments and advances	1,788,812	1,114,794
Stock	141,250	167,239
Total	<u>1,930,063</u>	<u>1,282,033</u>
19 Deposits from banks and financial institutions		
Foreign currency deposits from commercial banks	254,730,937	143,394,836
Asian Clearing Union (ACU)	247,124,944	166,607,848
Interest payable on ACU	918,054	1,015,818
Total	<u>502,773,935</u>	<u>311,018,502</u>
20 Other foreign currency financial liabilities		
ESCROW account**	128,069,190	69,297,810
Deposit from Development Partners	30,526,901	37,516,432
Total	<u>158,596,091</u>	<u>106,814,242</u>

**ESCROW account is a temporary liability account created for the loan repayment of Rooppur Nuclear Power Plant, Bangladesh Army and Bangladesh Air Force. This amount reflects the payment of the Government made to the creditor. The corresponding foreign currency amount is kept in foreign currency accounts.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	<u>2025</u>	<u>2024</u>
21 Notes in circulation		
Notes in circulation	3,247,330,255	3,184,097,762
Cash in hand	(69)	(120)
Total	<u>3,247,330,186</u>	<u>3,184,097,642</u>

Notes in circulation represents currency issued having a claim on Bangladesh Bank. However, cash in hand balance is the amount of issued bank note held at the Banking Department of the Bank. The denomination of notes in circulation as at 30 June was as follows:

<u>Denomination</u>	<u>Number in pieces</u>	<u>2025</u>	<u>2024</u>
10 Taka note	1,520,390,052	15,203,901	16,174,140
20 Taka note	921,808,867	18,436,177	19,300,466
50 Taka note	620,727,721	31,036,386	29,894,904
100 Taka note	1,230,115,264	123,011,526	129,388,197
200 Taka note	379,045,520	75,809,104	66,254,698
500 Taka note	2,479,117,370	1,239,558,685	1,248,442,367
1000 Taka note	1,744,274,476	1,744,274,476	1,674,642,990
Total	<u>8,895,479,270</u>	<u>3,247,330,255</u>	<u>3,184,097,762</u>

Liability for notes in circulation is recorded at its face value in the statement of financial position. In accordance with Article 30 of Bangladesh Bank Order, 1972, this liability is backed by the following assets:

Gold	180,387,657	118,372,309
Silver	752,333	583,022
Approved foreign exchange	2,533,500,000	2,009,550,000
Bangladesh Government securities	502,228,770	1,024,508,530
Taka coin	582,056	1,204,462
Other loans and advances	29,879,438	29,879,438
Total	<u>3,247,330,255</u>	<u>3,184,097,761</u>

22 Deposits from banks and financial institutions

State owned commercial banks	220,850,283	208,963,536
Government specialized banks	24,304,733	20,899,133
Private banks	554,608,496	646,081,702
Foreign banks	58,768,340	51,643,234
Financial institutions	5,705,464	5,148,500
Other banks	17,959	27,964
Total	<u>864,255,273</u>	<u>932,764,069</u>

Deposits from banks and financial institutions comprise reserve deposits as required by Cash Reserve Ratio (CRR) and the balances held for settlement purposes. The current CRR rate is 4.0 percent (2024: 4.0 percent) on the bank's liability base.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

	<u>2025</u>	<u>2024</u>
22.01 Short term borrowings		
Bangladesh Bank bills	12,156,189	-
Securities sold under agreement to repurchase	10,620,000	-
Total	22,776,189	-
Securities sold under agreement to repurchase and Bangladesh Bank bills are instruments used by the Bank to withdraw liquidity from the market. The balances at the year end reflect market conditions at that date.		
23 Consolidated other local currency financial liabilities		
Government deposits	5,042	5,046
Other deposits (Note 23.02)	72,501,422	34,996,276
Sundry creditors account	6,931,839	6,832,563
Lease liability (Note: 23.03)	222,310	271,323
Interest suspense account	117,173	112,945
Deposits from donor agencies	-	-
Inter branch adjustments (suspense)	56,398	4,488,361
Provision for pension*	35,205,760	28,662,080
Provision for gratuity*	2,783,896	2,246,795
Provision for leave encashment	3,463,009	3,404,331
Loan from Govt. of Bangladesh - Central Bank Strengthening Project (Note 23.04)	2,065,512	2,180,263
Loan from Govt. of Bangladesh-Financial Sector Support Project (Note 23.05)	18,926,265	19,602,203
Deferred tax liability	863,859	841,562
Others - subsidiary	2,249,563	1,924,747
Fund for small investor affected in capital market	291,448	5,839
Miscellaneous	-	-
Total	145,683,497	105,574,334
23.01 Other local currency financial liabilities		
Government deposits	5,042	5,046
Other deposits (Note 23.02)	72,501,422	34,996,276
Sundry creditors account	8,132,556	8,319,457
Lease liability (Note: 23.03)	222,310	271,323
Interest suspense account	117,173	112,945
Inter branch adjustments (suspense)	56,398	4,488,361
Provision for pension*	35,205,760	28,662,080
Provision for gratuity*	2,778,423	2,242,780
Provision for leave encashment	3,249,510	3,197,402
Loan from Govt. of Bangladesh - Central Bank Strengthening Project (Note 23.04)	2,065,512	2,180,263
Loan from Govt. of Bangladesh-Financial Sector Support Project (Note 23.05)	18,926,265	19,602,203
Fund for small investor affected in capital market	291,448	5,839
Miscellaneous	-	-
Total	143,551,819	104,083,975

*Refer to note 45 for details.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	2025	2024
23.02 Other deposits comprise Bangladesh Government special Islamic bonds fund deposit, employees provident fund deposit, liquidator bank deposit, scheduled bank's insurance fund deposit, security deposit, employees co-operative societies deposits, other sundry deposits etc.		
23.03 Lease liability Recognized against Right-of-use asset for rented office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka. Apart from this, the rented space for dormitory of Chattogram, Barishal and Rangpur office are also recognized as Right-of-use asset. Total amount of lease liabilities fall within maturity of one to three years.		
23.04 Central Bank Strengthening Project fund (CBSP) Government of Bangladesh (GoB) signed a Credit Agreement with the International Development Association (IDA) for a Project named Central Bank Strengthening Project (CBSP). The related Credit Reference is IDA 3792 BD and the Project was meant for "Improvement of efficiency of the Bank through functional reforms and large scale automation of its' business process". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and the Bank to this effect for execution of the project. The total cost of the project was BDT 3,892 million (USD 55.60 million), of which IDA provided BDT 3,060 million (USD 43.71 million) through Government and the rest BDT 832 million (USD 11.88 million) was funded by the Bank. The project started in late 2003 and was completed on 30 April 2013. The Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 30 years starting from December 01, 2013 to June 01, 2043 as per the schedule.		
23.05 Financial Sector Support Project (FSSP) Government of Bangladesh (GoB) signed a credit agreement with the International Development Association (IDA) for a Project named Financial Sector Support Project (FSSP) for amount of SDR 213,400,000. The related credit reference is 5664 BD and the Project was meant for "Improvement of the recipient's financial market infrastructure, the regulatory and oversight capacity of the project implementing entity and access to long term financing for private firms in Bangladesh". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and Bangladesh Bank on August 27, 2015 to this effect for execution of the Project. The Project was completed on March 31, 2020. The subsidiary loan was denominated in taka and the Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 38 years including a grace period of 6 years for each disbursement from the proceeds of the credit.		
24. Capital	30,000	30,000
The entire capital of the Bank stands vested in and allotted to the Government as per Article 4(1) and 4(2) of the Bangladesh Bank Order, 1972.		

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

	2025	2024
25 Consolidated revaluation reserves		
Revaluation reserve - gold and silver (Note 25.02)	153,365,532	94,186,477
Revaluation reserve - foreign currency accounts (Note 25.03)	606,643,549	596,632,479
Revaluation reserve - property, plant and equipment (Note 25.04)	71,071,332	71,094,985
Revaluation reserve - financial instruments (Note 25.05)	(101,303,227)	(140,210,328)
Total	729,777,186	621,703,613
25.01 Revaluation reserves		
Revaluation reserve - gold and silver (Note 25.02)	153,365,532	94,186,477
Revaluation reserve - foreign currency accounts (Note 25.03)	606,643,549	596,632,479
Revaluation reserve - property, plant and equipment (Note 25.04)	66,476,269	66,476,269
Revaluation reserve - financial instruments (Note 25.05)	(101,303,227)	(140,210,328)
Total	725,182,123	617,084,897
25.02 Revaluation reserve - gold and silver		
The Bank accounts for the gain/loss on revaluation of gold and silver in the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve-gold and silver, which is part of equity.		
25.03 Revaluation reserve - foreign currency accounts		
The Bank accounts for the unrealized gain/loss on revaluation of foreign currency to the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve-foreign currency, which is part of equity.		
25.04 Revaluation reserve - property, plant and equipment		
The Group accounts for the gain/loss on revaluation of property, plant and equipment in the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve - property, plant and equipment, which is part of equity.		
25.05 Revaluation reserve - financial instruments		
The Bank accounts for the gain/loss on revaluation of financial instruments in the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve- financial instrument, which is part of equity.		
26 Currency fluctuation reserve	616,545,165	509,875,432
The Bank credited the realized gain on revaluation of foreign currencies to the statement of profit or loss and other comprehensive income and subsequently transferred the same to a separate account - currency fluctuation reserve account, which is part of equity.		
27. Statutory funds		
Rural credit fund (Note 27.01)	7,800,000	7,600,000
Agricultural credit stabilization fund (Note 27.02)	7,800,000	7,600,000
Export credit fund (Note 27.03)	1,300,000	1,300,000
Industrial credit fund (Note 27.04)	2,387,852	2,237,852
Credit guarantee fund (Note 27.05)	879,194	879,194
Total	20,167,046	19,617,046

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	2025	2024
Statutory funds were created and maintained as per provisions of the Bangladesh Bank Order, 1972 and appropriations from profits are made in consultation with the Government of Bangladesh.		
27.01 Rural credit fund		
This fund was created as per Article 60(1) of Bangladesh Bank Order, 1972 for making of short term, medium term and long term loans and advances to co-operative bank, scheduled bank and rural credit agencies. Contribution of BDT 200 million is made for this fund during the year.		
27.02 Agricultural credit stabilization fund		
This fund was created as per Article 61 of Bangladesh Bank Order, 1972 for making of loans and advances to apex co-operative banks. Contribution of BDT 200 million is made for this fund during the year.		
27.03 Export credit fund		
As per Article 63 of Bangladesh Bank Order, 1972 this fund was created for making of medium term and short term loans and advances to scheduled banks and other credit institutions for financing export from Bangladesh. No appropriation is made for this fund during the year.		
27.04 Industrial credit fund		
As per Article 62 of Bangladesh Bank Order, 1972 the fund was created for making of short term and medium term loans and advances to co-operative banks. Contribution of Taka 150 million is made for this fund during the year.		
27.05 Credit guarantee fund		
As per clause 24 of Article 16 of Bangladesh Bank Order, 1972 the Fund was created by appropriating profit every year as per decision of the Board of Directors to cover the loss sustained by scheduled banks for providing small loans to cottage industries. No appropriation is made for this fund during the year.		
28 Non statutory funds		
Small and medium enterprise fund (Note 28.01)	7,000,000	7,000,000
Housing refinance fund	4,660,000	4,660,000
Human resources development fund (Note 28.02)	495,945	275,023
Monetary management fund (Note 28.03)	200,000	200,000
Rural agri product processing industries refinance fund (Note 28.04)	3,410,000	3,410,000
Disaster management and social responsibility fund (Note 28.05)	2,500,000	1,800,000
Bank Restructring Fund	100,000	-
Total	18,365,945	17,345,023
28.01 Small and medium enterprise fund		
This fund was created as per clause 24 of Article 16 of the Bangladesh Bank Order, 1972 for refinancing facilities to the scheduled banks and financial institutions against loans and advances given to the small enterprise sector and housing refinance scheme. Appropriation to those schemes are made as per decision of the Board.		

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	2025	2024
28.02 Human resources development fund		
Human resources development fund was created as per clause 2(n) of Article 82 of Bangladesh Bank Order, 1972 and decision taken by the Board of the Bank for development of efficiency of the Bank's officials by conducting seminar, symposium, training etc. at home and abroad. Appropriation to this fund was first made from the dividend payable to Government in the year 2010-2011. Contribution of BDT 226.08 million was made to this fund during the year.		
28.03 Monetary management fund		
Monetary management fund was created as per decision of the Board of the Bank for sound and smooth operation of monetary policy activities. Appropriation to this fund was made from the dividend payable to Government for the year 2010-2011.		
28.04 Rural Agri product processing industries refinance fund		
This fund was created in 2001 for the purpose of financing rural agri product processing industries. This fund plays an important role for developing the agri product sectors in Bangladesh.		
28.05 Disaster management and social responsibility fund		
This fund was created by the approval of Board of Directors (341 Board Meeting held in 2013). Primarily, the fund, BDT 50 million was collected as donation from Bangladesh Bank's 2012-2013 profit and subsequently BDT 50 million had been deducted from each year's profit transferring the amount to this fund. From financial year 2014-2015, BDT 100 million had been contributed deducting from each year's profit. This year BDT 250.00 million has been appropriated.		
28.06 Bank Restructuring Fund		
This fund was created by the approval of the Board of Directors (439th Board Meeting held in 2025). BDT 100 million was contributed to this fund during the year.		
29 Consolidated Other reserves		
Asset Renewal and Replacement Reserve	6,730,872	6,276,679
Interest reserve	7,522,114	7,522,114
Bonus Share Reserve*	3,000,000	-
Total	17,252,986	13,798,793
* As per the decision of the 32th AGM dated 4th August, 2024 of SPCBL, BDT 3,000.00 million from retained earnings was converted to its Paid up Capital.		
29.01 Other reserves		
Asset Renewal and Replacement Reserve (a)	6,730,872	6,276,679
Interest reserve (b)	7,522,114	7,522,114
Total	14,252,986	13,798,793

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	2025	2024
a) Asset Renewal and Replacement Reserve		
As per Asset renewal and replacement fund policy, an amount of BDT 454.19 million is appropriated to this reserve during the year.		
b) Interest reserve		
As per the decision of the Board in FY 2006-2007, the total interest accrued against the overdue loan of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank was kept as interest reserve.		
30 Consolidated general reserve	5,700,500	5,700,500
Consolidated general reserve consists of the general reserve of Bangladesh Bank and that of its subsidiary-SPCBL.		
30.01 General reserve	4,250,500	4,250,500
As per Article 59 of Bangladesh Bank Order, 1972 securities having value of BDT 30 million was allocated by the Government and held by the Bank as the general reserve. Further an amount of BDT 4,220.5 million was transferred to the reserve from general provision over the years.		
31 Consolidated retained earnings		
Opening balance	174,005,788	122,020,617
Adjustment against due from Government	(4,950,710)	(57,276)
Adjustment from BB Disaster Management and Social Responsibility Fund	200,000	-
Transfer to Disaster Management and Social Responsibility Fund	(2,500,000)	(200,000)
Dividend paid	(153,912,795)	(106,526,304)
Bonus share issued to Parent	(3,000,000)	-
Interim Dividend to Govt	(80,000,000)	-
Prior year adjustment	(72,217)	(23,304)
Derecognition of reserve on account of sale and maturity of assets	23,653	23,664
Profit for the period	349,616,158	405,661,781
Appropriation of profit to other funds	(118,011,076)	(246,793,390)
Transfer to general reserve	-	(100,000)
Closing balance	161,398,801	174,005,788
31.01 Retained earnings		
Opening balance	158,744,549	106,807,347
Adjustment against due from Government	(4,950,710)	(57,276)
Adjustment from BB Disaster Management and Social Responsibility Fund	200,000	-
Transfer to Disaster Management and Social Responsibility Fund	(2,500,000)	(200,000)
Dividend paid	(153,912,795)	(106,526,304)
Interim Dividend to Govt.	(80,000,000)	-
Prior year adjustment	(72,217)	(23,304)
Appropriation of profit to funds	(1,330,273)	(2,806,163)
Profit for the period	232,261,031	161,550,249
Closing balance	148,439,585	158,744,549

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

	<u>2025</u>	<u>2024</u>
32 Interest income from foreign currency financial assets		
Loans to banks	28,680,736	23,891,169
Short term deposits with commercial banks	19,943,756	13,223,036
Foreign bonds and US treasury notes	17,435,836	15,184,064
US treasury bills	-	131,587
Others	10,677,717	12,466,104
Total	76,738,046	64,895,960
33 Commission and discounts		
Commission on foreign currency operations	126,712	195,888
Others	161,112	463,642
Total	287,824	659,530
34 Interest expenses on foreign currency financial liabilities		
Interest on deposits	4,026,399	2,451,677
Asian Clearing Union (ACU)	5,552,364	4,841,823
IMF charges	11,648,014	11,302,617
Total	21,226,778	18,596,117
35 Consolidated interest income on local currency financial assets		
Securities purchased under agreement to resell	97,521,864	36,799,496
Government securities	65,984,935	89,753,205
Loans and advance to Government	22,392,444	12,778,053
Debentures	190,750	190,750
Loans to banks, financial institutions and employees	32,449,686	11,889,801
Profit on islamic investment	5,023,379	5,638,564
Interest on liquidity support	-	5,221
Short term money market deposits	1,830,047	1,439,937
Total	225,393,105	158,495,028
35.01 Interest income from local currency financial assets		
Securities purchased under agreement to resell	97,521,864	36,799,496
Government securities	65,984,935	89,753,205
Loans and advance to Government	22,392,444	12,778,053
Debentures	190,750	190,750
Loans to banks, financial institutions and employees	32,383,773	11,820,376
Profit on islamic investment	5,023,379	5,638,564
Interest on liquidity support	-	5,221
Total	223,497,145	156,985,665

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	<u>2025</u>	<u>2024</u>
36 Commission and discount income		
Commission income from Government sources	1,802,552	4,926,874
Miscellaneous commission income	3,063,129	2,266,229
Total	<u>4,865,681</u>	<u>7,193,103</u>
37 Other income		
Exchange A/C	553	25
Gain on asset sale or de-recognition	14,255	1,116
Penal Interest	18,077,079	9,367,448
Misc. Income	6,710	2,973
Fee Income	55,539	91,175
Total	<u>18,154,137</u>	<u>9,462,737</u>
38 Interest expense on local currency financial liabilities		
Bangladesh Bank bills	1,206,626	1,726
Securities sold under agreement to repurchase/Reverse Repo	1,456,380	-
Interest Expense- Financial Sector Support Project	196,764	211,362
Interest expense - Central Bank Strengthening Project	21,516	22,663
Total	<u>2,881,286</u>	<u>235,751</u>
39 Commission and other expenses		
Agency charges (Note 39.01)	3,850,000	4,963,500
Underwriting commission on treasury bills & bonds (Note 39.02)	756,200	809,800
Loss on Amortization of Govt. Sukuk	32	-
Other expenses	101,282	150,845
Total	<u>4,707,514</u>	<u>5,924,145</u>
39.01 Agency charges		
Agency charges are paid to Sonali Bank Limited for acting as agent of Bangladesh Bank.		
39.02 Underwriting commission on treasury bills & bonds		
Underwriting commission is paid to primary dealers for treasury bill and bond.		
40 Revaluation gain/(loss) on financial instruments		
Valuation gain / (loss) on US Treasury Notes Investment	23,214,557	16,197,494
Valuation gain/ (loss) on Bangladesh Government Treasury Bond	12,592,347	(97,021,544)
Total	<u>35,806,905</u>	<u>(80,824,050)</u>

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	<u>2025</u>	<u>2024</u>
41 Consolidated general and administrative expenses		
Staff costs (Note 41 (a))	21,681,529	14,762,226
Depreciation	1,692,642	1,560,970
Amortization	283,327	211,442
Directors' fees	860	867
Audit fees	6,440	6,325
Stationery	148,773	135,323
Rent, electricity etc.	399,755	417,905
Remittance of treasure	40,231	59,074
Donations, Welfare, Sports and other administrative expenses	292,494	334,164
Telephone	132,743	129,647
Repairs and maintenance	566,133	947,129
Materials	1,954,145	2,694,950
Provision for Workers' Profit Participation Fund	129,264	116,042
Value Added Tax	296,003	304,582
Miscellaneous	1,497,819	1,278,611
Total	<u>29,122,157</u>	<u>22,959,257</u>
41 (a) Staff costs		
Salary	3,439,754	3,347,047
House rent	1,342,184	1,284,977
Contribution to contributory provident fund	1,173,164	751,953
Pension and gratuity	9,549,480	4,378,933
Leave encashment	412,466	296,533
General and incentive bonus	2,435,268	2,072,414
Medical expenses	896,691	711,678
Training	157,784	146,366
Travel expenses	817,610	689,922
Lunch	465,619	300,291
Other staff costs	991,508	782,112
Total	<u>21,681,529</u>	<u>14,762,226</u>

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	<u>2025</u>	<u>2024</u>
41.01 General and administrative expenses		
Staff costs (Note 41.01(a))	20,728,416	13,817,288
Depreciation	1,347,399	1,228,921
Amortization	283,327	211,442
Directors' fee	385	432
Audit fee	5,750	5,750
Stationery	143,929	127,504
Rent, electricity etc.	301,234	291,052
Remittance of treasure	39,701	58,706
Donations	235,003	328,917
Telephone	132,330	129,227
Repairs	545,037	905,565
Miscellaneous	1,420,471	1,174,575
Total	<u>25,182,982</u>	<u>18,279,379</u>
41.01(a) Staff costs		
Salary	3,051,612	2,955,676
House rent	1,342,184	1,284,977
Contribution to contributory provident fund	1,173,164	751,953
Pension and gratuity	9,349,311	4,211,302
Leave encashment	372,466	265,925
General and incentive bonus	2,328,323	1,925,864
Medical expenses	870,842	684,950
Training	157,784	146,366
Travel expenses	811,658	683,962
Lunch	421,374	269,018
Other staff costs	849,698	637,298
Total	<u>20,728,416</u>	<u>13,817,288</u>
41.02 Allowances for Expected Credit Loss (ECL)		
Allowances for ECL	35,805,011	30,831,289
Total	<u>35,805,011</u>	<u>30,831,289</u>

Allowances for Expected Credit Loss is an estimate of the exposure derived from the model discussed in note 42.2. It may be mentioned that the previously kept provision has been adjusted with the amount arising from ECL during the year.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

42 Financial instruments-Fair values and risk management

42.1 a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated

30 June 2025	Particulars	Carrying amount			Fair value			Total
		Amortized Cost	Fair value through OCI	Fair value through	Level 1	Level 2	Level 3	
	Financial assets measured at fair value							
	US Treasury bills	-	-	-	755,365,536	-	-	755,365,536
	Foreign bonds	755,365,536	-	-	568,676,949	-	-	568,676,949
	US Treasury Notes	-	568,676,949	-	110,893,348	-	-	110,893,348
	Gold and silver	-	110,893,348	-	75,182,773	-	-	75,182,773
	Claims from Gold Transaction	-	75,182,773	-	616,960,048	-	-	616,960,048
	Treasury bills	-	-	-	80	-	-	80
	Treasury bonds	-	616,960,048	-	-	-	-	-
	Swift shares	-	80	-	-	-	-	-
	Debtenture - House Building Finance Corporation	3,945,000	-	-	3,945,000	-	-	3,945,000
		759,310,536	1,371,713,198	-	2,131,023,734	2,127,078,654	3,944,999	80
	Financial assets not measured at fair value							
	Taka coin and cash balances	2,199,186	-	-	-	-	-	-
	Foreign currency accounts	199,066,118	-	-	2,199,186	-	-	-
	Overnight investment	854,498,006	-	-	199,066,118	-	-	-
	Short term deposits with overseas commercial banks	692,818,734	-	-	854,498,006	-	-	-
	Asset held with IMF	472,606,061	-	-	692,818,734	-	-	-
	Foreign currency loans to banks	292,086,192	-	-	472,606,061	-	-	-
	Interest receivable	11,701,959	-	-	292,086,192	-	-	-
	Other receivable	5,224,144	-	-	11,701,959	-	-	-
	Ways and means advance	60,571,900	-	-	5,224,144	-	-	-
	Short term money market investments	1,118,292,688	-	-	60,571,900	-	-	-
	Share of ICB Islamic Bank Limited	7,452	-	-	1,118,292,688	-	-	-
	Loan to commercial banks	5,356,075	-	-	7,452	-	-	-
	Loan to specialized banks	75,643,454	-	-	5,356,075	-	-	-
	Other loans and advances	517,175,353	-	-	75,643,454	-	-	-
	Interest receivable	325,980,898	-	-	517,175,353	-	-	-
	Loans and advances to employees	55,102,895	-	-	325,980,898	-	-	-
	Other local currency financial assets	237,009,546	-	-	17,144,136	-	-	-
		4,942,486,796	-	-	55,102,895	-	-	-
					237,009,546			
					4,942,486,796			
	Financial liabilities measured at fair value							
	Nil	-	-	-	-	-	-	-
	Financial liabilities not measured at fair value							
	Liabilities with IMF	593,973,170	-	-	-	-	-	-
	Foreign currency deposits by commercial banks	254,730,937	-	-	593,973,170	-	-	-
	Asian Clearing Union (ACU)	248,042,998	-	-	254,730,937	-	-	-
	Notes in circulation	3,247,330,186	-	-	248,042,998	-	-	-
	Short Term Borrowings	22,776,189	-	-	3,247,330,186	-	-	-
	Local currency deposits from banks and FIs	864,255,273	-	-	22,776,189	-	-	-
		5,231,108,753	-	-	864,255,273	-	-	-
					5,231,108,753			

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30 June 2024	Particulars	Carrying amount			Fair value			In thousand BDT
		Amortized Cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	
	Financial assets measured at fair value							
	US treasury bills	-	-	-	-	-	-	-
	Foreign bonds	856,865,677	-	-	856,865,677	-	-	856,865,677
	US Treasury Notes	-	617,789,461	-	617,789,461	-	-	617,789,461
	Gold and silver	-	101,195,822	-	101,195,822	-	-	101,195,822
	Claims from gold transactions	-	25,507,529	-	25,507,529	-	-	25,507,529
	Treasury bills	4,048,668	-	-	4,048,668	-	-	4,048,668
	Treasury bonds	-	732,369,443	-	732,369,443	-	-	732,369,443
	Swift shares	-	80	-	-	-	80	-
	Debenture - House Building Finance Corporation	3,945,000	-	-	3,945,000	-	-	3,945,000
		864,859,345	1,476,862,335	-	2,341,721,600	2,337,776,600	3,944,999	2,341,721,600
	Financial assets not measured at fair value							
	Taka coin and cash balances	2,391,062	-	-	2,391,062	-	-	-
	Foreign currency accounts	80,037,105	-	-	80,037,105	-	-	-
	Overnight investment	551,584,340	-	-	551,584,340	-	-	-
	Short term deposits with overseas commercial banks	254,260,196	-	-	254,260,196	-	-	-
	Asset held with IMF	446,650,988	-	-	446,650,988	-	-	-
	Foreign currency loans to banks	328,927,368	-	-	328,927,368	-	-	-
	Interest receivable	9,145,034	-	-	9,145,034	-	-	-
	Other receivable	5,224,144	-	-	5,224,144	-	-	-
	Ways and Means advance	80,000,000	-	-	80,000,000	-	-	-
	Short term money market investments	764,711,949	-	-	764,711,949	-	-	-
	Share of ICB Islamic Bank Limited	7,452	-	-	7,452	-	-	-
	Loan to commercial banks	1,207,755	-	-	1,207,755	-	-	-
	Loan to specialized banks	88,728,744	-	-	88,728,744	-	-	-
	Loan to private banks	369,090,677	-	-	369,090,677	-	-	-
	Other loans and advances	370,404,224	-	-	370,404,224	-	-	-
	Interest receivable	4,174,073	-	-	4,174,073	-	-	-
	Loans and advances to employees	52,905,885	-	-	52,905,885	-	-	-
	Other local currency financial assets	204,115,321	-	-	204,115,321	-	-	-
		3,613,566,336	-	-	3,613,566,336	-	-	-
	Financial liabilities measured at fair value							
	Nil	-	-	-	-	-	-	-
	Financial liabilities not measured at fair value							
	Liabilities with IMF	493,095,097	-	-	493,095,097	-	-	-
	Foreign currency deposits by commercial banks	143,394,836	-	-	143,394,836	-	-	-
	Asian Clearing Union (ACU)	167,623,666	-	-	167,623,666	-	-	-
	Notes in circulation	3,184,097,642	-	-	3,184,097,642	-	-	-
	Local currency deposits from banks and financial institutions	932,764,069	-	-	932,764,069	-	-	-
		4,920,975,311	-	-	4,920,975,311	-	-	-

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Particulars	Carrying amount			Fair value			Total
	Amortized Cost	Fair value through OCI	Fair value through profit or loss	Level 1	Level 2	Level 3	
<i>In thousand BDT</i>							
30 June 2025							
Financial assets measured at fair value							
US treasury bills	-	-	-	-	-	-	-
Foreign bonds	755,365,536	-	-	755,365,536	-	-	755,365,536
US Treasury Notes	-	588,676,949	-	588,676,949	-	-	588,676,949
Gold and silver	-	110,893,348	-	110,893,348	-	-	110,893,348
Claims from Gold Transaction	-	75,182,773	-	75,182,773	-	-	75,182,773
Treasury bills	-	-	-	-	-	-	-
Treasury bonds	-	616,960,048	-	616,960,048	-	-	616,960,048
Swift shares	-	80	-	-	-	80	80
Investment in subsidiary	-	12,000,000	-	-	-	12,000,000	12,000,000
Debtenture - House Building Finance Corporation	3,945,000	-	-	-	3,945,000	-	3,945,000
	759,310,536	1,383,713,198	-	2,127,078,654	3,944,999	12,000,080	2,143,023,734
Financial assets not measured at fair value							
Taka coin and cash balances	627,116	-	-	627,116	-	-	-
Foreign currency accounts	199,066,118	-	-	199,066,118	-	-	-
Overnight investment	854,498,006	-	-	854,498,006	-	-	-
Short term deposits with overseas commercial banks	692,818,734	-	-	692,818,734	-	-	-
Asset held with IMF	472,606,061	-	-	472,606,061	-	-	-
Foreign currency loans to banks	292,086,192	-	-	292,086,192	-	-	-
Interest receivable	11,701,959	-	-	11,701,959	-	-	-
Other receivable	5,224,144	-	-	5,224,144	-	-	-
Ways and means advance	60,571,900	-	-	60,571,900	-	-	-
Securities purchased under agreement to resell	1,101,519,204	-	-	1,101,519,204	-	-	-
Loan to commercial banks	5,358,075	-	-	5,358,075	-	-	-
Loan to specialized banks	75,643,454	-	-	75,643,454	-	-	-
Loan to private banks	517,175,353	-	-	517,175,353	-	-	-
Other loans and advances	325,980,898	-	-	325,980,898	-	-	-
Interest receivable	17,144,136	-	-	17,144,136	-	-	-
Loans and advances to employees	53,444,642	-	-	53,444,642	-	-	-
Other local currency financial assets	235,959,292	-	-	235,959,292	-	-	-
	4,921,425,284	-	-	4,921,425,284	-	-	-
Financial liabilities measured at fair value							
Nil	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Liabilities with IMF	593,973,170	-	-	593,973,170	-	-	-
Foreign currency deposits by commercial banks	254,730,937	-	-	254,730,937	-	-	-
Asian Clearing Union (ACU)	248,042,998	-	-	248,042,998	-	-	-
Notes in circulation	3,247,330,186	-	-	3,247,330,186	-	-	-
Short Term Borrowings	22,776,189	-	-	22,776,189	-	-	-
Local currency deposits from banks and financial institutions	864,255,273	-	-	864,255,273	-	-	-
	5,231,108,753	-	-	5,231,108,753	-	-	-

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30 June 2024	Particulars	Carrying amount			Fair value			Total	In thousand BDT
		Amortized Cost	Fair value through OCI	Fair value through	Level 1	Level 2	Level 3		
Financial assets measured at fair value									
	US Treasury bills	-	-	-	856,865,677	-	-	856,865,677	
	Foreign bonds	856,865,677	-	-	-	-	-	-	
	US Treasury Notes	-	617,789,461	-	617,789,461	-	-	617,789,461	
	Gold and silver	-	101,195,822	-	101,195,822	-	-	101,195,822	
	Claims from Gold Transactions	-	25,507,529	-	25,507,529	-	-	25,507,529	
	Treasury bills	4,048,668	-	-	4,048,668	-	-	4,048,668	
	Treasury bonds	-	732,369,443	-	732,369,443	-	-	732,369,443	
	Swift shares	-	80.47	-	80	-	-	80	
	Investment in subsidiary	-	12,000,000	-	-	-	12,000,000	12,000,000	
	Debtenture - House Building Finance Corporation	3,945,000	-	-	3,945,000	-	-	3,945,000	
		864,869,345	1,488,862,335	1,488,862,335	2,337,776,600	3,944,999	12,000,080	2,353,721,680	
Financial assets not measured at fair value									
	Taka coin and cash balances	1,271,949	-	-	1,271,949	-	-	1,271,949	
	Foreign currency accounts	80,037,105	-	-	80,037,105	-	-	80,037,105	
	Overnight investment	551,584,340	-	-	551,584,340	-	-	551,584,340	
	Short term deposits with overseas commercial banks	254,260,196	-	-	254,260,196	-	-	254,260,196	
	Asset held with IMF	446,650,988	-	-	446,650,988	-	-	446,650,988	
	Foreign currency loans to banks	328,927,368	-	-	328,927,368	-	-	328,927,368	
	Interest receivable	9,145,034	-	-	9,145,034	-	-	9,145,034	
	Other receivable	5,224,144	-	-	5,224,144	-	-	5,224,144	
	Securities purchased under agreement to resell	80,000,000	-	-	80,000,000	-	-	80,000,000	
	Ways and Means Advance	748,186,830	-	-	748,186,830	-	-	748,186,830	
	Loan to commercial banks	1,207,755	-	-	1,207,755	-	-	1,207,755	
	Loan to specialized banks	88,728,744	-	-	88,728,744	-	-	88,728,744	
	Loan to private banks	369,090,677	-	-	369,090,677	-	-	369,090,677	
	Other loans and advances	370,404,224	-	-	370,404,224	-	-	370,404,224	
	Interest receivable	4,174,073	-	-	4,174,073	-	-	4,174,073	
	Loans and advances to employees	51,132,615	-	-	51,132,615	-	-	51,132,615	
	Other local currency financial assets	203,152,295	-	-	203,152,295	-	-	203,152,295	
		3,593,178,337	-	-	3,593,178,337	-	-	3,593,178,337	
Financial liabilities measured at fair value									
	Nil	-	-	-	-	-	-	-	
Financial liabilities not measured at fair value									
	Liabilities with IMF	493,095,097	-	-	493,095,097	-	-	493,095,097	
	Foreign currency deposits by commercial banks	143,394,836	-	-	143,394,836	-	-	143,394,836	
	Asian Clearing Union (ACU)	167,623,666	-	-	167,623,666	-	-	167,623,666	
	Notes in circulation	3,184,097,642	-	-	3,184,097,642	-	-	3,184,097,642	
	Local currency deposits from banks and financial institutions	932,764,069	-	-	932,764,069	-	-	932,764,069	
		4,920,975,311	-	-	4,920,975,311	-	-	4,920,975,311	

As at 30 June 2025, the Group holds level 3 financial instruments only on SWIFT shares and investment in subsidiary. Management believes that the fair value of these shares are equal to its carrying amount. A Level 3 reconciliation table has not been disclosed as no change in fair value of investment from last year.

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42.1 b. Valuation techniques used in determination of fair values within level 2 and level 3

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Fair value have been based on management assumptions according to the portfolio of the asset and liability base.

Fair value of foreign securities is based on quoted market prices, at the reporting date. Local currency financial investments includes shares in SPCBL with a value of BDT 12,000,000,000 (2024: BDT 12,000,000,000) and Debentures of HBFC with a value of BDT 3,945,000,000 (2024: BDT 3,945,000,000) for which fair value cannot be reliably determined as they are not traded in the active market and there are no similar instruments with similar characteristics. Management believes that the fair value of these shares are their carrying value.

Loans to Government (overdraft- current) are carried at cost as the interest accrued is recovered on a daily basis. Treasury bills and bonds are classified as Fair Value Through Other Comprehensive Income (OCI) and are carried at fair value. Loans to banks, financial institutions and employees are carried at amortized cost and are net of provisions for impairment. The fair value approximates their carrying value.

42.2 Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- I. Credit risk
- II. Liquidity risk
- III. Market risk
- IV. Operational risk

Risk management framework

International Financial Reporting Standard "IFRS 7 - Financial Instruments: Disclosures" requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Group's policies for controlling risks and exposures.

The Bank is involved in policy-oriented activities. Therefore, the Bank's risk management framework differs from the risk management framework for most other financial institutions. The main financial risks to which the Bank is exposed include credit risk, foreign exchange risk and interest rate risk. In the management of foreign reserves, minimizing liquidity risk is the prime consideration in order to ensure the availability of currency as required. Like most central banks, the nature of the Bank's operations create exposure to a range of operational and reputational risks also.

The Bank's management seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring and managing risk exposure. Experienced staff

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conducts the Bank's local currency, foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined risk management framework, including limits and delegated authorities set by the Governor. The investment portfolio is managed in line with the investment guidelines approved by the Board. The Investment Committee chaired by the Deputy Governor of the Bank is responsible for monitoring and implementation of risk mitigation measures prescribed in the "Reserve Management Guideline" and ensuring that the Bank operates within the established risk parameters. Typical activities of the Investment Committee are reviewing the monthly reports, approving the list of eligible counterparties, approving changes to the strategy before submitting them to the Board and providing suggestion regarding important tactical decisions on asset allocation.

The Bank is subject to an annual audit by two external auditors who are appointed by the Government as prescribed in Article 65 (1) of the Bangladesh Bank Order, 1972. Auditing arrangements are overseen by the Audit Committee of the Board to monitor the financial reporting and audit functions within the Bank and the Committee reviews the internal audit functions as well. Audit Committee reports to the Board of Directors on its activities.

The overall risk management framework is designed to strongly encourage the sound and prudent management of the Bank's risk. The Bank seeks to ensure that the risk management framework is consistent with financial market best practices. Risk tables in this note are all based on the Bank's portfolio as reported in its statement of financial position.

I. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is monitored and managed regularly. Bangladesh Bank's maximum exposure to credit risk in relation to each class of recognized financial assets, is the carrying amount of those assets as indicated in the statement of financial position. Bangladesh Bank's exposure is to highly rated counter-parties and its credit risk is very low, providing with solution to credit risk including both the Bank's rigorous monitoring activities and, in many cases, guarantees from the government.

Impairment of financial assets

Impairment of financial assets are discussed in note 3.05(g).

Definition of Default:

Assumptions and techniques for estimating impairment under ECL:

The Bank is recording the allowance for expected credit losses (ECLs) for all loans and debt instruments that are measured at amortized cost together with loan commitment and guarantee contract. Equity instruments are not subject to ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since initial recognition, in which case, the allowance is based on the 12 months' expected credit loss as outlined in note 3.05 (g).

BANGLADESH BANK
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The calculation of ECLs:

The Bank calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate (EIR) which is the Reverse Repo rate prevailing at the reporting date.

EAD : Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a stage 1 financial instrument, the Group assesses the possible default events within 12 months for the calculation of the 12-month ECL. For stage 2 and stage 3 the exposure at default is considered for events over the lifetime of the instruments. The Group determines EAD by modeling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. PDs are then assigned to each economic scenario based on the outcome of the Bank's models.

PD: Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. PD estimation process is based on the probability of default assigned to each counterparty according to their external credit ratings and the related historical credit losses experience, adjusted for forward-looking information.

LGD: Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The basis of financial assets which are categorized into three stages depending on their assessed credit risk are discussed in note 3.05 (g).

Credit risk grades:

Grading	12 month PD	Life Time PD
Performing	0.015% - 0.03%	0.015% - 0.03%
Non-performing	0.015% - 0.03%	0.03%-100%

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Amounts arising from ECL:*In thousand BDT*

Particulars	Balance as on June 30, 2025					
	Credit Exposure Movement-ECL stage wise			Expected Credit Loss		
	Stage I	Stage II	Stage III	12 month ECL	Life Time ECL	Total ECL
Foreign Bond	760,514,516	-	-	102,669	-	102,669
Foreign Currency Loans	295,071,693	-	-	39,835	1,579,079.44	1,618,914
Investment in Repo	1,053,083,205	-	63,325,518.98	-	-	-
Refinance & Demand Loan	419,870,160	10,502.72	520,094,104	56,682	69,678,710	69,735,393
Staff Advance	52,005,290	-	1,540,565	7,021	104,698	-
Advances to Government	60,586,006	-	-	-	-	-
Investment in T. Bill	10,666,233	-	-	-	-	-
Investment in Debenture	4,040,375	-	-	545	-	545
Islamic Investment	206,475,717	-	-	-	-	-

Particulars	Balance as on June 30, 2024					
	Credit Exposure Movement-ECL stage wise			Expected Credit Loss		
	Stage I	Stage II	Stage III	12 month ECL	Life Time ECL	Total ECL
Foreign Bond	860,678,833	-	-	116,192	-	116,192
Foreign Currency Loans	329,366,421	-	3,509,065	44,464	1,579,079	1,623,544
Investment in Repo	754,773,938	-	-	101,894	-	101,894
Refinance & Demand Loan	434,329,261	366,123,006	33,153,207	7,773,142	26,951,144	34,724,286
Advances to Government	567,576,882	-	-	-	-	-
Investment in T. Bill	4,395,900	-	-	-	-	-
Investment in Debenture	4,040,375	-	-	545	-	545
Islamic Investment	175,580,261	-	-	23,703	-	23,703

Loans and debt securities are written off 3(either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Forward looking information: The Bank formulates a view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on a variety of external actual and forecast information.

Significant increase in credit risk: The Bank considers financial assets that have experienced a significant increase in credit risk when credit rating falls below investment grade, contractual payment overdue for more than 90 days and current market information.

Significant increase in credit risk: The Bank considers financial assets that have experienced a significant increase in credit risk when credit rating falls below investment grade, contractual payment overdue for more than 90 days and current market information.

Collateral and other credit enhancements: To mitigate credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as securities, guarantees and demand promissory notes. The collaterals held against financials assets have been disclosed in their respective notes, where applicable.

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a. Concentration of credit exposure

The Bank's significant end-of-year concentrations of credit exposure, based on the country/region in which the issuers' parent was located, were as follows:

In thousand BDT

Particulars	2025		2024	
	Consolidated	Separate	Consolidated	Separate
Bangladesh	3,405,490,333	3,396,428,822	3,587,654,660	3,579,406,555
Other Asian countries	487,500,428	487,500,428	137,491,537	137,491,537
United States of America	1,410,173,270	1,410,173,270	1,181,519,900	1,181,519,900
Europe	440,539,381	440,539,381	232,150,050	232,150,050
Australia	7,411,460	7,411,460	1,133,411	1,133,411
Others	1,263,187,904	1,263,187,904	1,267,952,136	1,267,952,136
Total	7,014,302,775	7,005,241,265	6,407,901,694	6,399,653,590

The Bank's significant end-of-year concentrations of credit exposure, based on industry, were as follows:

Particulars	2025		2024	
	Consolidated	Separate	Consolidated	Separate
Sovereign	1,317,112,982	1,308,051,470	2,165,429,548	2,157,181,443
Supra-national	479,501,389	479,501,389	838,173,069	838,173,069
Banks and Financial Institutions	3,731,782,346	3,731,782,346	2,422,793,716	2,422,793,716
Public Sector Entities	517,028,966	517,028,966	774,494,383	774,494,383
Corporate	853,673,663	853,673,663	16,078,991	16,078,991
Others	115,203,430	115,203,430	190,931,987	190,931,987
Total	7,014,302,776	7,005,241,263	6,407,901,694	6,399,653,588

b. Credit exposures by credit rating

Following tables represent the Group's foreign currency financial assets (excluding foreign currency loans to banks) mainly based on Moody's credit rating of the issuer (or equivalent Moody's rating in case of rating by other agencies). For long term deposits Aaa is the highest quality rating possible and indicates that the entity has an exceptional credit quality and have the smallest degree of risk; Aa is excellent credit quality but are rated lower than Aaa. Aa1 indicates the higher end of Aa category, Aa2 indicates mid range ranking of Aa category and Aa3 indicates lower end of Aa category. Credit rating ranging from Ba1 to Ba3 and B1 to B3 are considered as below investment grade category. For short term deposits P-1 indicates banks rated prime -1 for deposits, and offers superior credit quality and a very strong capacity for timely payment of short-term deposit obligations; ST-1 indicates the highest capacity for timely repayment of obligations; ST-2 indicates a strong capacity for timely repayment of obligations and ST-3 indicates average capacity for timely repayment of obligations.

However, the Bank's local currency financial assets along with foreign currency loans to banks are based on credit rating from Credit Rating Information and Services Limited, Credit Rating Agency of Bangladesh Limited, Emerging Credit Rating Limited, National Credit Rating Limited, Alpha Credit Rating Limited, ARGUS Credit Rating Services Limited etc. which were preferred by respective institutions.

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Consolidated*In thousand BDT*

Particulars	Credit Rating	2025		2024	
		Amount	% of financial assets	Amount	% of financial assets
i) Foreign currency financial assets					
Foreign currency accounts	P-1	199,066,118	2.88%	80,037,105	1.27%
Overnight investment	P-1	854,498,006	12.38%	551,584,340	8.75%
Short term deposits with overseas commercial banks	P-1	692,818,734	10.04%	254,260,196	4.03%
US Dollar treasury bills	P-1	-	0.00%	-	0.00%
Foreign bonds	Aaa	(86,459,133)	-1.25%	612,396,945	9.71%
Foreign bonds	Aa1, Aa2, Aa3	735,994,824	10.66%	86,231,371	1.37%
Foreign bonds	A1, A2, A3	31,209,647	0.45%	82,856,787	1.31%
Foreign bonds	Baa1, Baa2, Baa3, Ba1, Ba2, Ba3, B1, B2, B3	74,620,198	1.08%	75,380,574	1.20%
US Treasury Notes	Aaa	568,676,949	8.24%	617,789,461	9.80%
Foreign currency loans to banks	A	12,215,725	0.18%	8,699,165	0.14%
Foreign currency loans to banks	Aaa to Aa	279,281,573	4.05%	319,150,335	5.06%
Foreign currency loans to banks	Baa, Ba, B	588,894	0.01%	1,077,869	0.02%
Foreign currency loans to banks	Unrated	-	0.00%	-	0.00%
Claims from Gold transaction	A3	75,182,773	1.09%	25,507,529	0.40%
Assets held with International Monetary Fund	Unrated	472,606,061	6.85%	446,650,988	7.08%
Other foreign currency financial assets	Unrated	16,926,183	0.25%	14,369,258	0.23%
Total		3,927,226,552	56.89%	3,175,991,923	50.36%
ii) Local currency financial assets					
Loans to the Government of Bangladesh	Ba3	60,571,900	0.88%	567,454,700	9.00%
Securities purchased under agreement to resell	A	1,101,519,204	15.96%	748,186,830	11.86%
Local currency investments	Unrated	648,316,450	9.39%	756,895,136	12.00%
Loans to banks, financial institutions	A	280,003,938	4.06%	218,176,803	3.46%
Loans to banks, financial institutions	Aaa to Aa	548,084,976	7.94%	475,477,827	7.54%
Loans to banks, financial institutions	Ba to B	34,539,811	0.50%	90,634,424	1.44%
Loans to banks, financial institutions	Baa	8,937,641	0.13%	14,592,133	0.23%
Loans to banks, financial institutions	Unrated	-	0.00%	-	0.00%
Loans to employees	-	55,102,895	0.80%	52,905,885	0.84%
Other local currency financial assets	-	237,009,546	3.43%	204,115,321	3.24%
Taka coin and cash balances	-	2,199,186	0.03%	2,391,082	0.04%
Total		2,976,285,547	43.11%	3,130,830,141	49.64%
Total financial assets (i+ii)		6,903,512,099	100.00%	6,306,822,064	100.00%

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Separate

In thousand BDT

Particulars	Credit Rating	2025		2024	
		Amount	% of financial assets	Amount	% of financial assets
i) Foreign currency financial assets					
Foreign Currency Accounts	P-1	199,066,118	2.89%	80,037,105	1.27%
Overnight investment	P-1	854,498,006	12.39%	551,584,340	8.76%
Short term deposits with overseas commercial banks	P-1	692,818,734	10.05%	254,260,196	4.04%
US Dollar treasury bills	Aaa	-	0.00%	-	0.00%
Foreign bonds	Aaa	(86,459,133)	-1.25%	612,396,945	9.72%
Foreign bonds	Aa1, Aa2, Aa3	735,994,824	10.68%	86,231,371	1.37%
Foreign bonds	A1, A2, A3	31,209,647	0.45%	82,856,787	1.32%
Foreign bonds	Baa1, Baa2, Baa3, Ba1, Ba2, Ba3, B1B2, B3	74,620,198	1.08%	75,380,574	1.20%
US Treasury Notes	Aaa	568,676,949	8.25%	617,789,461	9.81%
Foreign currency loans to banks	A	12,215,725	0.18%	8,699,165	0.14%
Foreign currency loans to banks	Aaa to Aa	279,281,573	4.05%	319,150,335	5.07%
Foreign currency loans to banks	Baa, Ba, B	588,894	0.01%	1,077,869	0.02%
Foreign currency loans to banks	Unrated	-	0.00%	-	0.00%
Claims from Gold transaction	A3	75,182,773	1.09%	25,507,529	0.40%
Assets held with International Monetary Fund	Unrated	472,606,061	6.85%	446,650,988	7.09%
Other foreign currency financial assets	Unrated	16,926,183	0.25%	14,369,258	0.23%
Total		3,927,226,552	56.96%	3,175,991,923	50.43%
ii) Local currency financial assets					
Loans to the Government of Bangladesh	Ba3	60,571,900	0.88%	567,454,700	9.01%
Securities purchased under agreement to resell	A	1,101,519,204	15.98%	748,186,830	11.88%
Local currency investments	Unrated	643,535,514	9.33%	752,362,565	11.95%
Loans to banks, financial institutions	A	280,003,938	4.06%	218,176,803	3.46%
Loans to banks, financial institutions	Aaa to Aa	548,084,976	7.95%	475,477,827	7.55%
Loans to banks, financial institutions	Ba to B	34,539,811	0.50%	90,634,424	1.44%
Loans to banks, financial institutions	Baa	8,937,641	0.13%	14,592,133	0.23%
Loans to banks, financial institutions	Unrated	-	0.00%	-	0.00%
Loans to employees	-	53,444,642	0.78%	51,132,615	0.81%
Other local currency financial assets	-	235,959,292	3.42%	203,152,295	3.23%
Taka coin and cash balances	-	627,116	0.01%	1,271,949	0.02%
Total		2,967,224,035	43.04%	3,122,442,142	49.57%
Total financial assets (i+ii)		6,894,450,587	100%	6,298,434,065	100%

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c. Collateral held and other credit enhancements and their financial effect

The Group holds collateral and other credit enhancements against to certain extent of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

In thousand BDT

Particulars	2025		2024		Principal type of Collateral
	Amount	% of Exposure subject to collateral requirement	Amount	% of Exposure subject to collateral requirement	
i) Foreign currency financial assets					
Foreign currency loans to banks	292,086,192	100	328,927,368	100	Debit Authorization, Demand Promissory Note
Assets held with International Monetary Fund	472,606,061	100	446,650,988	100	None
ii) Local currency financial assets					
Securities purchased under agreement to resell	1,101,519,204	100	748,186,830	100	Marketable Government Securities
Loans to the Government of Bangladesh	60,571,900	100	567,454,700	100	Government Guarantee
Local currency loans to banks, financial institutions and employees	925,011,007	100	850,013,802	100	<ul style="list-style-type: none"> • Government guarantee • Bank guarantee • Demand Promissory Note • Employee retirement benefit and Mortgage of property

The Bank monitors the value of collateral and requests additional collateral in accordance with the underlying agreement if it deems necessary. The Bank reviews the adequacy of the allowance for loan impairment while monitoring the value of collateral.

As described in the table above the Bank receives collateral in the form of financial instruments in respect to the instruments due from financial institutions. Similar arrangements, if considered as master netting arrangements, do not meet the criteria for offsetting in the statement of financial position. This is because the Bank obtains a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the counterparties. The Bank and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

II. Liquidity risk

Liquidity risk is the risk that arises when the Group encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure sufficient liquidity (as far as possible) to meet its liabilities when they are due, under both normal and stressed conditions, without unacceptable losses or damage to the Group's reputation.

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Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To mitigate this risk, the Group has diversified funding sources and assets are managed with liquidity in mind.

The table below summarizes the maturity profile of the Group's financial assets and liabilities based on the contractual repayment date determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Assets and liabilities will mature within the following periods:

Consolidated

30 June 2025						<i>In thousand BDT</i>
Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Foreign currency financial assets						
Foreign currency accounts	199,066,118	-	-	-	-	
Foreign investments	1,291,604,464	396,115,760	559,575,563	624,063,438	-	
Assets held with International Monetary Fund	305,547,319	1,612,978	66,252	-	165,379,511	
Gold and silver	-	-	-	-	110,893,348	
Claims from Gold transaction	-	-	75,182,773	-	-	
Foreign currency loans to banks	67,462,488	63,874,453	142,682,596	15,007,961	3,098,530	
Other foreign currency financial assets	-	11,701,959	-	5,224,144	80	
Total	1,863,680,389	473,305,149	777,507,184	644,295,543	279,371,469	
Local currency financial assets						
Taka coin and cash balances	2,199,186	-	-	-	-	
Securities purchased under agreement to resell	1,101,519,204	-	-	-	-	
Loans to the Government of Bangladesh	60,571,900	-	-	-	-	
Local currency investments	34,428,508	1,986,768	25,844,295	292,197,142	293,860,282	
Local currency loans to Banks, FIs and employees	317,341,053	322,360,936	142,370,914	149,451,469	65,107,172	
Other local currency financial assets	237,009,546	-	-	-	-	
Total	1,753,069,398	324,347,704	168,215,208	441,648,611	358,967,454	
Total financial assets	3,616,749,787	797,652,853	945,722,392	1,085,944,154	638,338,923	
Foreign currency financial liabilities						
Deposits from banks and financial institutions	502,773,935	-	-	-	-	
Liabilities with International Monetary Fund	2,315,126	1,289,653	3,084,427	21,794,008	565,489,963	
Other foreign currency financial liabilities	158,596,091	-	-	-	-	
Total	663,685,152	1,289,653	3,084,427	21,794,008	565,489,963	
Local currency financial liabilities						
Notes in circulation	3,247,330,186	-	-	-	-	
Deposits from banks and financial institutions	864,255,273	-	-	-	-	
Short Term Borrowings	22,776,189	-	-	-	-	
Other local currency financial liabilities	5,042	-	9,529,248	73,704,764	62,444,443	
Total	4,134,366,689	-	9,529,248	73,704,764	62,444,443	
Total financial liabilities	4,798,051,842	1,289,653	12,613,675	95,498,772	627,934,406	
Maturity Gap	(1,181,302,055)	796,363,200	933,108,717	990,445,383	10,404,517	

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30 June 2024						<i>In thousand BDT</i>
Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Foreign currency financial assets						
Foreign currency accounts	80,037,105	-	-	-	-	-
Foreign investments	683,956,333	166,487,205	549,660,996	880,395,141	-	-
Assets held with International Monetary Fund	293,537,977	2,115,288	24,695	-	-	150,973,028
Gold and silver	-	-	-	-	-	101,195,822
Claims from Gold Transactions	-	-	25,507,529	-	-	-
Foreign currency loans to banks	62,866,916	114,684,023	128,930,783	15,225,460	-	8,843,730
Other foreign currency financial assets	-	9,145,034	-	5,224,144	-	80
Total	1,120,398,332	292,431,549	704,124,003	900,844,745	-	261,012,660
Local currency financial assets						
Taka coin and cash balances	2,391,082	-	-	-	-	-
Securities purchased under agreement to resell	748,186,830	-	-	-	-	-
Loans to the Government of Bangladesh	567,454,700	-	-	-	-	-
Local currency investments	29,473,938	-	133,988,489	279,477,439	-	313,955,815
Local currency loans to Banks, FIs and employees	458,749,625	212,919,514	606,492,347	2,591,393,040	-	(3,017,767,455)
Other local currency financial assets	204,115,321	-	-	-	-	-
Total	2,010,371,497	212,919,514	740,480,836	2,870,870,479	-	(2,703,811,639)
Total financial assets	3,130,769,829	505,351,063	1,444,604,839	3,771,715,224	-	(2,442,798,979)
<i>In Thousand Tk.</i>						
Foreign currency financial liabilities						
Deposits from banks and financial institutions	311,018,502	-	-	-	-	-
Liabilities with International Monetary Fund	1,997,314	1,619,173	5,675,706	8,306,515	-	475,496,389
Other Foreign currency Financial Liabilities	106,814,242	-	-	-	-	-
Total	419,830,058	1,619,173	5,675,706	8,306,515	-	475,496,389
Local currency financial liabilities						
Notes in circulation	3,184,097,642	-	-	-	-	-
Deposits from banks and financial institutions	932,764,069	-	-	-	-	-
Other local currency financial liabilities	5,046	-	13,251,510	36,222,105	-	56,095,672
Total	4,116,866,757	-	13,251,510	36,222,105	-	56,095,672
Total financial liabilities	4,536,696,815	1,619,173	18,927,216	44,528,620	-	531,592,061
Maturity gap	(1,405,926,986)	503,731,890	1,425,677,623	3,727,186,604	-	(2,974,391,040)

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Separate

30 June 2025						<i>In thousand BDT</i>
Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Foreign currency financial assets						
Foreign currency accounts	199,066,118	-	-	-	-	-
Foreign investments	1,291,604,464	396,115,760	559,575,563	624,063,438	-	-
Assets held with International Monetary Fund	305,547,319	1,612,978	66,252	-	-	165,379,511
Gold and silver	-	-	-	-	-	110,893,348
Claims from Gold transaction	-	-	75,182,773	-	-	-
Foreign currency loans to banks	67,462,488	63,874,453	142,682,596	15,007,961	-	3,098,530
Other foreign currency financial assets	-	11,701,959	-	5,224,144	-	80
Total	1,863,680,389	473,305,149	777,507,184	644,295,543	279,371,469	279,371,469
Local currency financial assets						
Taka coin and cash balances	627,116	-	-	-	-	-
Securities purchased under agreement to resell	1,101,519,204	-	-	-	-	-
Loans to the Government of Bangladesh	60,571,900	-	-	-	-	-
Local currency investments	34,428,508	1,986,768	9,070,811	292,197,142	-	305,852,830
Local currency loans to Banks, FIs and employees	317,341,053	322,360,936	142,370,914	149,451,469	-	63,333,902
Other local currency financial assets	-	235,959,292	-	-	-	-
Total	1,514,487,781	560,306,997	151,441,725	441,648,611	369,186,732	369,186,732
Total financial assets	3,378,168,170	1,033,612,146	928,948,909	1,085,944,154	648,558,201	648,558,201
Foreign currency financial liabilities						
Deposits from banks and financial institutions	502,773,935	-	-	-	-	-
Liabilities with International Monetary Fund	2,315,126	1,289,653	3,084,427	21,794,008	-	565,489,963
Other foreign currency financial liabilities	158,596,091	-	-	-	-	-
Total	663,685,152	1,289,653	3,084,427	21,794,008	565,489,963	565,489,963
Local currency financial liabilities						
Notes in circulation	3,247,330,186	-	-	-	-	-
Deposits from banks and financial institutions	864,255,273	-	-	-	-	-
Short Term Borrowings	22,776,189	-	-	-	-	-
Other local currency financial liabilities	5,042	-	8,480,402	72,840,905	-	62,225,470
Total	4,134,366,689	-	8,480,402	72,840,905	62,225,470	62,225,470
Total financial liabilities	4,798,051,842	1,289,653	11,564,829	94,634,913	627,715,433	627,715,433
Maturity gap	(1,419,883,672)	1,032,322,493	917,384,080	991,309,241	20,842,768	20,842,768

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30 June 2024	<i>In thousand BDT</i>				
Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
Foreign currency financial assets					
Foreign currency accounts	80,037,105	-	-	-	-
Foreign investments	683,956,333	166,487,205	549,660,996	880,395,141	-
Assets held with International Monetary Fund	293,537,977	2,115,288	24,695	-	150,973,028
Gold and silver	-	-	-	-	101,195,822
Claims from Gold Transactions	-	-	25,507,529	-	-
Foreign currency loans to banks	62,866,916	114,684,023	128,930,783	15,225,460	8,843,730
Other foreign currency financial assets	-	9,145,034	-	5,224,144	80
Total	1,120,398,332	292,431,549	704,124,003	900,844,745	261,012,660
Local currency financial assets					
Taka coin and cash balances	1,271,949	-	-	-	-
Securities purchased under agreement to resell	748,186,830	-	-	-	-
Loans to the Government of Bangladesh	567,454,700	-	-	-	-
Local currency investments	29,473,938	-	117,463,371	279,477,439	325,948,363
Local currency loans to Banks, FIs and employees	458,749,625	212,919,514	606,492,347	2,591,393,040	(3,019,540,725)
Other local currency financial assets	-	203,152,295	-	-	-
Total	1,805,137,042	416,071,809	723,955,718	2,870,870,479	(2,693,592,361)
Total financial assets	2,925,535,374	708,503,358	1,428,079,721	3,771,715,224	(2,432,579,701)
Foreign currency financial liabilities					
Deposits from banks and financial institutions	311,018,502	-	-	-	-
Liabilities with International Monetary Fund	1,997,314	1,619,173	5,675,706	8,306,515	475,496,389
Other foreign currency financial assets	106,814,242	-	-	-	-
Total	419,830,058	1,619,173	5,675,706	8,306,515	475,496,389
Local currency financial liabilities					
Notes in circulation	3,184,097,642	-	-	-	-
Deposits from banks and financial institutions	932,764,069	-	-	-	-
Other local currency financial liabilities	5,046	-	12,813,657	35,380,543	55,884,729
Total	4,116,866,757	-	12,813,657	35,380,543	55,884,729
Total financial liabilities	4,536,696,815	1,619,173	18,489,363	43,687,058	531,381,117
Maturity gap	(1,611,161,441)	706,884,185	1,409,590,358	3,728,028,166	(2,963,960,818)

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III Market risk

Market risk is the probability of experiencing losses due to changes in market prices – such as foreign exchange rates, interest rates and equity prices – which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing the return.

a) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In Bangladesh Bank, foreign exchange reserve management and investment functions are guided by an Investment Committee. Decision of the Investment Committee and dealing practices approved by the Investment Committee serve as operational guidelines for Bangladesh Bank's reserve management and investments. The guidelines are directed towards managing different types of risks, while earning a reasonable return. There is an approved benchmark for investment in terms of currency composition, portfolio duration and proportion of different assets within a band. Dealers/portfolio managers offer best effort to comply with this benchmark and continually rebalance the investment portfolio to follow the benchmark on daily/weekly basis as approved by the Investment Committee.

Foreign currency monetary assets and liabilities

Particulars	USD equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	JPY equivalent	CAD equivalent	AUD equivalent	CNY/ Renminbi equivalent	SDR equivalent	Others equivalent	In thousand BDT	
Assets												
Held in other Central Banks and Foreign Commercial Banks	11,105,729	-	23,416,773	31,760,068	122,412,462	1,327,283	7,412,526	841,326	-	789,951		
Overnight investment	830,390,845	-	24,107,162	-	-	-	-	-	-	-		
Short term deposits in overseas commercial banks	474,886,658	-	107,520,881	33,491,202	49,109,400	7,412,651	13,502,614	6,895,328	-	-		
US Dollar treasury bills	-	-	-	-	-	-	-	-	-	-		
Foreign bonds	477,250,438	-	130,506,823	56,204,798	10,375,723	30,477,538	44,933,376	-	-	5,514,170		
US Treasury Notes	568,676,949	-	-	-	-	-	-	-	-	-		
Loan to Banks	286,265,668	-	5,860,360	-	-	-	-	-	-	-		
Claims from gold transaction	-	186,076,121	-	-	-	-	-	-	-	-		
Interest receivable	8,204,293	15,596	1,786,806	1,016,416	24,338	220,481	389,184	4,076	-	40,769		
Asset held with IMF	-	-	-	-	-	-	-	-	472,606,061	-		
Total	2,656,780,579	186,091,717	293,198,804	122,472,484	181,921,924	39,437,953	66,237,699	7,740,730	472,606,061	6,344,891		
Liabilities												
Deposits from other banks, financial institutions and ACU	483,910,070	-	3,510,934	14,737,422	16,149	65,829	-	533,531.21	-	-		
Liabilities to IMF	-	-	-	-	-	-	-	-	593,973,170	-		
ESCROW account	128,069,190	-	-	-	-	-	-	-	-	-		
Total	611,979,260	-	3,510,934	14,737,422	16,149	65,829	-	533,531	593,973,170	-		
Net	2,044,801,319	186,091,717	289,687,870	107,735,062	181,905,775	39,372,124	66,237,699	7,207,199	(121,367,109)	6,344,891		

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30 June 2024										
Particulars	USD equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	JPY equivalent	CAD equivalent	AUD equivalent	CNY/ Renminbi equivalent	SDR equivalent	Others equivalent
										In thousand BDT
Assets										
Held in other Central Banks and Foreign Commercial Banks	14,971,682	-	37,176,311	8,940,526	15,935,318	730,715	1,134,449	844,964	-	303,139
Overnight investment	548,759,000	-	2,825,339	-	-	-	-	-	-	-
Short term deposits in overseas commercial banks	95,931,744	-	81,279,839	31,294,147	-	6,989,120	12,587,296	26,178,051	-	-
US Dollar treasury bills	-	-	-	-	-	-	-	-	-	-
Foreign bonds	599,221,360	-	95,680,612	75,323,221	3,380,350	28,972,570	48,870,598	-	-	5,300,775
US Treasury Notes	617,789,461	-	-	-	-	-	-	-	-	-
Loan to Banks	322,560,618	-	6,366,751	-	-	-	-	-	-	-
Claims from gold transaction	-	126,703,351	-	-	-	-	-	-	-	-
Interest receivable	6,962,114	6,780	1,176,414	449,011	3,306	158,680	354,040	5,014	-	29,676
Asset held with IMF	-	-	-	-	-	-	-	-	446,650,988	-
Total	2,206,195,978	126,710,131	224,505,266	116,006,904	19,318,974	36,851,086	62,946,382	27,028,030	446,650,988	5,633,590
Liabilities										
Deposits from other banks, financial institutions and ACU	294,454,846	-	5,700,604	10,433,441	13,898	389	-	415,323.22	-	-
Liabilities to IMF	-	-	-	-	-	-	-	-	493,095,097	-
Swap liability to CBSL	-	-	-	-	-	-	-	-	-	-
ESCROW account	69,297,810.00	-	-	-	-	-	-	-	-	-
Total	363,752,657	-	5,700,604	10,433,441	13,898	389	-	415,323	493,095,097	-
Net	1,842,443,321	126,710,131	218,804,662	105,573,463	19,305,076	36,850,697	62,946,382	26,612,707	(46,444,109)	5,633,590

Currency risk sensitivity analysis

During the year, if the BDT had weakened 10 per cent against the principal currencies in its foreign reserves portfolio with all other variables held constant, profit for the year would have been BDT 124,163.66 million higher, (2024: BDT 243,987.22 million). Conversely, if the BDT had strengthened 10 per cent against the same currencies with all other variables held constant, the Bank would have experienced a decrease of profit for the year of BDT 124,163.66 million (2024: BDT 243,987.22 million). Profit/Loss is very sensitive to changes in exchange rate movements. The bank as part of its core functions holds substantial foreign currency assets.

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b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. The Group is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. Since the primary objective of the Bank is to achieve and maintain price stability, it determines the monetary policy at its own discretion so that the policy instruments are used in order to achieve and maintain price stability. Bank's interest sensitivity position based on contractual re-pricing arrangements as on 30 June 2025 is presented below. It includes the Bank's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing at maturity dates. The table below summarizes all financial instruments in their re-pricing period, which is equivalent to the remaining term of maturity:

Consolidated

30 June, 2025	Particulars	Balance as at 30 June 2025				Re-pricing period			Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	In thousand BDT			
Assets									
Foreign currency financial assets									
	Foreign currency accounts	199,066,118	189,066,118	-	-	-	-	-	3.99%
	Foreign investments	2,871,256,556	1,687,720,224	559,575,563	624,063,438	-	-	-	2.36%
	Assets held with International Monetary Fund	472,606,061	307,160,297	66,252	-	165,379,511	-	-	2.92%
	Foreign currency loans to banks	292,086,192	131,336,940	142,682,596	15,007,961	3,098,530	-	-	4.63%
	Other foreign currency financial assets	16,926,183	11,701,959	-	5,224,144	80	-	-	3.64%
	Total Foreign currency financial assets	3,851,941,110	2,336,985,638	702,324,412	644,296,643	168,478,121	358,967,453	-	
Local currency financial assets									
	Taka coin and cash balances	2,199,186	2,199,186	-	-	-	-	-	-
	Securities purchased under agreement to resell	1,101,519,204	1,101,519,204	-	-	-	-	-	-
	Loans to the Government of Bangladesh	60,571,900	60,571,900	-	-	-	-	-	8.50%
	Local currency investments	648,316,450	36,415,276	25,844,295	292,197,142	293,860,282	-	-	8.22%
	Local currency loans to banks, financial institutions and employees	926,669,259	639,701,989	142,370,914	149,451,469	65,107,172	-	-	1.27%
	Other local currency financial assets	237,009,546	237,009,546	-	-	-	-	-	-
	Total Local currency financial assets	2,976,285,645	1,840,407,555	168,215,208	441,648,611	358,967,453	-	-	
Liabilities									
Foreign currency financial liabilities									
	Deposits from banks and financial institutions	502,773,935	502,773,935	-	-	-	-	-	2.95%
	Liabilities with International Monetary Fund	593,973,170	3,604,780	3,084,427	21,794,008	565,489,963	-	-	2.58%
	Other foreign currency financial liabilities	158,596,091	158,596,091	-	-	-	-	-	-
	Total Foreign currency financial liabilities	1,255,343,196	664,974,806	3,084,427	21,794,008	565,489,963	-	-	
Local currency financial liabilities									
	Notes in circulation	3,247,330,186	3,247,330,186	-	-	-	-	-	-
	Short Term Borrowings	22,776,189	22,776,189	-	-	-	-	-	-
	Deposits from banks and financial institutions	864,255,273	864,255,273	-	-	-	-	-	0.00%
	Other local currency financial liabilities	145,683,497	-	-	-	-	-	-	-
	Total local currency financial liabilities	4,280,045,145	4,134,361,648	-	-	-	-	-	

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30 June, 2024	Particulars	Balance as at 30 June 2024	Re-pricing period				Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
Assets							
Foreign currency financial assets							
	Foreign currency accounts	80,037,105					2.82%
	Foreign investments	2,280,383,483	549,660,996	880,395,141			1.26%
	Assets held with International Monetary Fund	446,650,988	24,685		150,973,028		4.01%
	Foreign currency loans to banks	326,927,368	128,930,783	15,225,460	8,843,730		2.95%
	Other foreign currency financial assets	14,369,258	9,145,034	5,224,144	80		4.37%
	Total Foreign currency financial assets	3,150,368,202	678,616,474	900,844,745	159,816,838		
Local currency financial assets							
	Loans to the Government of Bangladesh	567,454,700					8.00%
	Local currency investments	756,895,136	133,988,489	279,477,439	313,955,815		12.00%
	Local currency loans to banks, financial institutions and employees	851,787,072	606,492,347	2,591,393,040	(3,017,767,455)		1.27%
	Total Local currency financial assets	2,176,136,908	740,480,836	2,870,870,479	(2,703,811,639)		
Liabilities							
Foreign currency financial liabilities							
	Deposits from banks and financial institutions	311,018,502					2.47%
	Liabilities with International Monetary Fund	493,095,097	5,675,706	8,306,515	475,496,389		3.71%
	Total foreign currency financial liabilities	804,113,599	5,675,706	8,306,515	475,496,389		
Local currency financial liabilities							
	Deposits from banks and financial institutions	932,764,069					0.00%
	Total local currency financial liabilities	932,764,069	-	-	-		

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Separate

Particulars	Balance as at 30 June 2025	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
<i>In thousand BDT</i>						
Assets						
Foreign currency financial assets						
Foreign currency accounts	199,066,118					3.99%
Foreign investments	2,871,256,556	1,687,720,224	559,575,563	624,063,438	-	2.36%
Assets held with International Monetary Fund	472,606,061	307,160,297	66,252	-	165,379,511	2.92%
Foreign currency loans to banks	292,086,192	131,336,940	142,682,596	15,007,961	3,098,530	4.63%
Other foreign currency financial assets	16,926,183	11,701,959	-	5,224,144	80	3.64%
Total Foreign currency financial assets	3,851,941,110	2,336,985,538	702,324,412	644,295,543	168,478,122	
Local currency financial assets						
Taka coin and cash balances	627,116					
Securities purchased under agreement to resell	1,101,519,204	1,101,519,204				
Loans to the Government of Bangladesh	60,571,900	60,571,900				8.50%
Local currency investments	643,535,514	34,428,508	9,070,811	292,197,142	305,852,830	8.22%
Local currency loans to banks, financial institutions and employees	925,011,007	639,701,989	142,370,914	149,451,469	63,333,902	1.27%
Other local currency financial assets	235,959,292					
Total Local currency financial assets	2,967,224,033	1,836,848,717	151,441,725	441,648,611	369,186,732	
Liabilities						
Foreign currency financial liabilities						
Deposits from banks and financial institutions	502,773,935	502,773,935				2.95%
Liabilities with International Monetary Fund	593,973,170	3,604,780	3,084,427	21,794,008	565,489,963	2.58%
Other foreign currency financial liabilities	158,596,091	158,596,091				
Total foreign currency financial liabilities	1,255,343,196	664,974,806	3,084,427	21,794,008	565,489,963	
Local currency financial liabilities						
Notes in circulation	3,247,330,186	3,247,330,186				
Short Term Borrowings	22,776,189	22,776,189				
Deposits from banks and financial institutions	864,255,273	864,255,273				
Other local currency financial liabilities	143,551,819					0.00%
Total local currency financial liabilities	4,277,913,467	4,134,361,648	-	-	-	

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Particulars	Balance as at 30 June 2024	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
Assets						
Foreign currency financial assets						
Foreign currency accounts	80,037,105	80,037,105	-	-	-	2.82%
Foreign investments	2,280,383,483	850,443,538	549,660,996	880,395,141	-	1.26%
Assets held with International Monetary Fund	446,650,988	296,653,265	24,695	-	150,973,028	4.01%
Foreign currency loans to banks	328,927,368	177,550,939	128,930,783	15,225,460	8,843,730	2.95%
Other foreign currency financial assets	14,369,258	9,145,034	-	5,224,144	80	4.37%
Total Foreign currency financial assets	3,150,368,202	1,412,829,880	678,616,474	900,844,745	159,816,839	
Local currency financial assets						
Loans to the Government of Bangladesh	567,454,700	567,454,700	-	-	-	8.00%
Local currency investments	752,362,565	29,473,938	117,463,371	279,477,439	325,948,363	12.00%
Local currency loans to banks, financial institutions and employees	850,013,802	671,669,140	606,492,347	2,591,393,040	(3,019,540,725)	1.27%
Total Local currency financial assets	2,169,831,067	1,268,597,777	723,955,717	2,870,870,479	(2,693,592,362)	
Liabilities						
Foreign currency financial liabilities						
Deposits from banks and financial institutions	311,018,502	311,018,502	-	-	-	2.47%
Liabilities with International Monetary Fund	493,095,097	3,616,487	5,675,706	8,306,515	475,496,389	3.71%
Total foreign currency financial liabilities	804,113,599	314,634,989	5,675,706	8,306,515	475,496,389	
Local currency financial liabilities						
Deposits from banks and financial institutions	932,764,069	932,764,069	-	-	-	0.00%
Total local currency financial liabilities	932,764,069	932,764,069	-	-	-	

Interest rate risk sensitivity analysis

During the year, if interest rates had been 100 basis points higher holding other variables constant, profit for the year would have been BDT 70,120.82 million higher (2024: BDT 64,338.00 million), arising mainly as a result of higher interest income on financial assets. Conversely, if interest rates had been 100 basis point lower with all other variables held constant, profit for the year would have been BDT 70,165.28 million lower (2024: BDT 64,011.59 million) arising mainly as a result of lower interest income on financial assets. Profit is very sensitive to changes in interest rates as interest is the principal source of income of the bank.

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NOTES TO THE FINANCIAL STATEMENTS

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IV. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from human error, failure of internal processes and systems, legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

Managing operational risk is seen as an integral part of the day to day operations and management which includes explicit consideration of both the opportunities and the risks of all business activities. Operational risk management includes Bank-wide corporate policies that describe the standard required for staff and specific internal control systems designed for the various activities of the Group. Compliance with corporate policies and departmental internal control systems are managed by the management of the department and an active internal audit function.

43 Contingent liabilities

Contingent liabilities are possible obligations that could result from uncertain future events outside the bank's control. The Bank has contingent liabilities for guarantees outstanding as at 30 June 2025 amounting to BDT 139,116.86 million in favor of International Islamic Trade Finance Corporation, refinance and pre-finance, and liquidity support guarantee. It is mentionable that Bangladesh Bank's guarantee in favor of ITFC is counter guaranteed by the Government of Bangladesh. The Bank had contingent liabilities for guarantees outstanding as at 30 June 2024 amounting to BDT 60,107.33 million.

In addition to the liabilities stated above, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material effect on the financial position or the results of operations of the Bank. Management is of the opinion that no material losses will be incurred and for this no provision has been made in these financial statements.

44 Operating segments

The Bank's operation is concentrated in one geographical area - Bangladesh and as such comprise a single operating segment for the purpose of IFRS 8, the relevant standard for such segmentation. While the Bank is required by the Bangladesh Bank Order to report revenue and expenses by references to the functions carried out by the Bank viz. Issue and Banking department, these activities do not constitute separate operating segments for the purpose of IFRS 8.

45 Actuarial valuation of defined benefit plans

Actuarial valuation was performed as at 30 June 2016 basis by an independent actuarial firm,

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AIR Consulting. According to the valuation report, the estimated obligation of the pension fund as at 30 June 2016 was BDT 15,494,646 thousands and for the gratuity fund it was BDT 1,217,791 thousands. For subsequent years, the obligations are calculated based on the recommendations made by the actuarial firm.

As at 30 June 2025 the obligation for pension fund and gratuity fund was calculated to BDT 35,205,759.98 thousand and BDT 2,778,423.18 thousand respectively. The balances of the funds are as under:

Particulars	<i>In thousand BDT</i>			
	<u>Pension plans</u>		<u>Gratuity plans</u>	
	2025	2024	2025	2024
Amounts recognized in the reporting date				
Balance at the beginning of the year	28,662,080	26,570,883	2,242,780	2,086,594
Paid during the year	(2,805,631)	(2,120,105)	(87,520)	(45,766)
Current year's contribution/transfer	9,349,311	4,211,302	623,162	201,953
Balance of the fund	35,205,760	28,662,080	2,778,423	2,242,780

Actuarial assumptions

Particulars	<u>Pension plans</u>		<u>Gratuity plans</u>	
	2025	2024	2025	2024
Discount rate	10.00%	7.50%	10.00%	6.10%
Salary growth rate	5%	5%	5%	5%

The assumptions regarding future mortality rate are based on the published statistics and mortality tables of the FA 1975-78 (based on experience collected from UK insurers). The discount rate is changed from 7.50% to 10.00% as per the current market interest rate of Govt. Treasury Bonds.

Sensitivity

If the discount rate had been 100 basis points lower with all other variables constant, contribution for pension fund and gratuity fund for the year would have been BDT 319,056.78 thousand and BDT 24,965.89 thousand lower respectively, arising mainly as a result of lower discount income. Conversely, if discount rate had been 100 basis point higher with all other variables held constant, contribution for the same during the year would have been BDT 319,056.78 thousand and BDT 24,965.89 thousand higher respectively, arising mainly as a result of higher discount income.

46 Capital and material commitments

Capital commitment is the projected capital expenditure that the Bank commits to spend. As at 30 June 2025, the Bank had outstanding capital commitments of BDT 996.05 million with respect to different civil, mechanical and electrical engineering tools with computer purchases. (2024: 474.23 million). Moreover, under the different refinance scheme undertaken by the Bank, there is a commitment of BDT 7,483.92 million. (2024: BDT 504.32 million)

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

47 Related parties transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Bank, related parties, as defined in IAS 24 : Related Parties Disclosure, include directors and officers of the Bank, and companies of whom they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions on an arms length basis.

The Bank is fully owned by the Government of Bangladesh. Government has interests in various entities such as state owned banks, specialized banks and corporations. Bank deals with these entities on the directives of the government in line with its monetary policy objectives.

The outstanding amount as at the reporting date and simple average balances during the year with respect to related parties included in the statement of financial position are as follows:

In thousand BDT

Particulars	30-06-25		30-06-24	
	Outstanding	Average	Outstanding	Average
Outstanding balances with the government of Bangladesh				
Ways and means advance	60,571,900	70,285,950	80,000,000	80,000,000
Overdraft*	-	243,727,350	487,454,700	292,736,700
Treasury bills	-	2,024,334	4,048,668	254,519,297
Treasury bonds	616,960,048	674,664,746	732,369,443	762,500,101
Government - Sukuk	10,631,011	5,315,506		
Other assets (interest receivable)	12,530,067	14,214,354	15,898,642	20,488,206
	700,693,027	1,010,232,239	1,319,771,452	1,410,200,303

Particulars	30-06-25		30-06-24	
	Outstanding	Average	Outstanding	Average
Other liabilities				
Deposits	5,042	5,044	5,046	5,045
Loan from Government of Bangladesh	20,991,778	21,387,122	21,782,466	22,853,749
	20,996,820	21,392,166	21,787,512	22,858,793
Balances related to subsidiary (SPCBL)				
Other assets (Prepayments and advances)	1,563,748	997,831	431,914	335,635
Other liabilities (Sundry creditors)	1,129,499	1,309,717	1,489,935	1,489,935

The income and expenses in respect of related parties included in the statement of profit or loss are as follows:

	2025	2024
Income and expenses related to government		
Interest income	88,377,378	102,531,258
Commission received	1,802,552	4,926,874
	90,179,931	107,458,132
Expenses		
Agency charges	3,850,000	4,963,500
Underwriting commission on treasury bills and bonds	756,200	809,800
	4,606,200	5,773,300
Income and expenses related to subsidiary (The Security Printing Corporation)		
Dividend income	1,000,000	840,000
Note printing expenses	2,347,867	3,372,948

Key management personnel

*Salaries, wages and other benefits (refer note 47.05) 128,024 10,803

* Reference period's figure has been updated

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

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47.01 Transactions with Government and Government controlled enterprises

In the normal course of its operations, the Bank enters into transactions with related parties. Related parties include the Government of Bangladesh; as ultimate owner of the Bank, various Government departments, and the Government controlled enterprises/entities. All transactions are carried out with reference to market rates. Transactions entered into include:

- (a) Acting as the fiscal agent, banker and financial advisor of the Government; the Bank is the depository of the Government and or its agents or institutions and provides banking services to Government and Government departments and corporations;
- (b) Acting as the agent of the Government or its agencies and institutions, provide guarantees, participate in loans to Government or related institutions and foreign reserve;
- (c) The Bank does not ordinarily collect any commission, fees, or other charges for services which it renders to the Government and related entities;
- (d) Acting as the agent of the Government, the Bank issues securities of Government, purchases any unsubscribed portion of any issue and amounts set aside for the Bank; and
- (e) As the agent of the Government manages public debt and foreign reserves.

During the year, the Bank received an amount of BDT 11,238,448.10 million (in 2024: BDT 9,299,847.40 million) and paid BDT 10,731,565.30 million (in 2024: 9,689,283.80 million) on behalf of the Government. As at 30 June 2025, total outstanding balance was BDT 60,571.90 million (2024: 567,454.70 million).

- (f) Assets under management:

	<i>In thousand BDT</i>	
	30-06-25	30-06-24
Japan Debt Relief Grant	128,024	110,178

The Bank acts as agent on behalf of Government of Bangladesh for managing the Japan Debt Relief Grant.

47.02 Transactions with entities in which the Bank has significant investments

During the year, the Bank received debenture interest from House Building Finance Corporation (HBFC) amounting to Tk. 190.75 million which is included in the interest income.

47.03 Transactions with controlled entities

During the year, the Bank incurred expenses of BDT 2,347.86 million (2024: BDT 3,372.29 million) as note printing cost through The Security Printing Corporation (Bangladesh) Ltd. The amount is included in the statement of profit or loss of the Bank. It is a 100% owned subsidiary of the Bank. These transactions are eliminated in preparing consolidated financial statements. During the year, The Security Printing Corporation (Bangladesh) Ltd. paid cash dividend amounting to BDT 1,000.00 million (2024: 840 million) as per decision of their Board. In addition, SPCBL's Paid-up Capital was increased by BDT 3,000.00 million from it's retained earnings as per the decision of their Board.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2025

47.04 Board of Directors of Bangladesh Bank and Key Management Personnel as on 30 June 2025-

Name	Chairman/ Members of the Board of	Executive Committee members	Audit committee members
Dr. Ahsan H. Mansur - appointed as the Chairman of the Board of Directors for a period of four years from August 13, 2024 for contract service up to 12 August, 2028. He also holds the post of Governor of the Bangladesh Bank.	Chairman	Chairman	-
Ms. Nazma Mobarek - appointed on November 6, 2024 as a Director of the Board of Bangladesh Bank until further order and she also holds the post of Secretary, Financial Institution Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Director	Member	-
Professor Rashed Al Mahmud Titumir - appointed as a Director of the Board of Bangladesh Bank on August 29, 2024 for a period of 3 years. He is a professor of Development Studies Department, University of Dhaka.	Director	-	Member
Mr. Mahbub Ahmed - reappointed on August 11, 2022 as a Director of the Board of Bangladesh Bank for a period of 03 years. He is a former Senior Secretary of Finance Division, Ministry of Finance.	Director	Member	Convener
Mr. A. K. M. Aftab ul Islam, FCA - reappointed on 01 January 2023 as a Director of the Board of Bangladesh Bank for a period of 03 years. He is a Chartered Accountant.	Director	-	Member
Mrs. Fahmida Khatun, PhD - appointed on September 19, 2024 as a Director of the Board of Bangladesh Bank for a period of 03 years. She also holds the position of Executive Director of Centre for Policy Dialogue (CPD).	Director	-	-
Mr. Dr. Md. Khairuzzaman Mozumder - appointed on August 31, 2023 as a Director of the Board of Bangladesh Bank until further order. He holds the position of Secretary, Finance Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Director	-	-
Mr. Md. Abdur Rahman Khan, FCMA - appointed on August 29, 2024 as a Director of the Board of Bangladesh Bank for a period of 3 years. He holds the position of Secretary, Internal Resource Division Ministry of Finance, Govt. of the People's Republic of Bangladesh & Chairman of National Board of Revenue.	Director	-	Member
Dr. Md. Habibur Rahman - appointed on October 01, 2024 as a Director of the Board of Bangladesh Bank up to February 28, 2027 subject to holding the post of Deputy Governor of Bangladesh Bank.	Director	Member	-
Number of meetings held during the year	6	2	4

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2025

47.05 Remuneration of members of the Board of Directors and Key management personnel

Members of the Board of Directors received remuneration totaling to BDT 385,350.00 (2024: BDT 506,550.00) and the Governor received in total BDT 2,135,425.82 (2024: BDT 1,705,008.21). In addition, the Governor is entitled to a free furnished house for his residence and full time transport facility. Other key management personnel of the Bank received an amount totaling to BDT 8,520,032.74 (2024: BDT 9,098,221.05) and in addition, they are entitled to official residence as well as transport.

48 Events after the reporting date

Subsequent to the statement of financial position date, no events have occurred which require adjustments to/or disclose in the financial statements.

Subsequent to the statement of financial position date, no events have occurred which require adjustments to/or disclose in the financial statements.

49 Directors' responsibility for financial reporting

These financial statements have been approved for issue by the Board of Directors on 26 August 2025.

Appendix-1
Summary of Major Policy Announcements/Guidelines/Circulars: FY25

Summary of Major Policy Announcements/Guidelines/Circulars: FY25

A. Major Policy Announcements/Guidelines/Circulars related to Banking and Financial Sector Development

- July, 2024 • BB has introduced Exit Policy for Recovery/ Settlement of Loans to ensure a steady liquidity flow for banks through loan recovery and to reduce the number of classified loans in the banking sector. It addressed the recovery or exit strategies for non-performing loans that do not qualify as willful defaults. (BRPD, 08 July 2024)
- July, 2024 • BB has relaxed provisions for appointing independent directors of the bank companies. Independent directors must be graduate or post-graduate in some selective subjects from any recognised university. However, companies' former MD/ CEO, chartered accountant, or cost management accountants have no subject related bindings. Besides, experienced officials from some selective ministry, teachers having experience in business studies faculty, lawyers and experienced bankers may be given priority. For digital banks, priority will be given to higher education in information technology. (BRPD, 18 July 2024)
- August, 2024 • In case of deposits or withdrawals, there was an obligation to submit monthly Cash Transaction Report (CTR) to BFIU of BDT 1.0 million or more or equivalent foreign currency in one or more transactions on any given day (online, ATM or any types of cash deposits or withdrawals). Now, until further instructions, cash deposits need not be included in the bank's CTR, but the provisions of the circular will remain in force in the case of cash withdrawals. (BFIU, 15 August 2024)
- September, 2024 • BB has announced a special facility for flood-affected short-term agriculture and CMSME (cottage, micro, small and medium enterprises) entrepreneurs to repay the loan installments. BB eased the repayment or adjustment of existing unclassified (non-compensatory) short-term agriculture and CMSME loans as of 01 August of other flood affected area including Feni, Noakhali, Laxmipur, Comilla, and Chattogram identified by the Ministry of Disaster Management and Relief. August installments can be repaid over three months (August to October) and no penal interest, additional interest/profit, late fee/penalty (by whatever name called) other than regular interest shall be charged/levied on late payment. (BRPD, 01 September 2024)
- September, 2024 • BB simplified the process of importing raw materials and capital machinery to improve the business environment and ensure smooth supply of daily essentials in the domestic market. As the foreign exchange reserves position has improved and the commercial banks can set the LC margin based on the bank-client relationships, BB has lifted the margin restrictions on opening letter of credit (LC). However, the importers will still have to pay 100% L/C margin for importing luxury goods and import substitutes. (BRPD, 05 September 2024)

- October, 2024 • Finance companies should offer market-based interest and profit rates for loans, leases, investments, and deposits instead of a SMART-based system. Interest rates will be determined with the interactions of credit demand and the supply of loanable funds, with a flexibility of up to 1% based on customer risk. (DFIM, 06 October 2024)
- October, 2024 • To develop the government securities market and create a market-based yield curve, 30 bonds have been selected as benchmarks, chosen from 6 clusters based on the remaining maturity of the treasury bonds of various maturities. Two-way price quotes should be established from these benchmark securities and submitted to the Financial Market Infrastructure (FMI) system. For submitting two-way price quotes, bid-ask yield has been considered instead of bid-ask spread. The highest limit of bid-ask yield spread will be 80 basis points for all benchmark securities. (DMD, 31 October 2024)
- November, 2024 • BB has issued a master circular on loan classification and provisioning to enhance banks' risk management capabilities and strengthen financial reporting transparency. The central bank plans to implement an Expected Credit Loss (ECL) methodology-based provisioning system for banks by the International Financial Reporting Standard (IFRS 9) by 2027. (BRPD, 27 November 2024)
- November, 2024 • BB has decided to introduce 90-days and 180-days BB Bills in addition to the currently existing 7, 14, and 30-days BB Bills to make the monetary policy and liquidity management more effective. (DMD, 27 November 2024)
- December, 2024 • BB revised its stress testing guidelines. Effective from December 2024, banks shall carry out stress testing exercises and submit a quarterly report in accordance with the revised guidelines. BB advised banks to submit their stress testing reports to FSD within the last business day of the following month of each quarter-end using a specified MS Excel template (soft copy only) until further instructions. (FSD, 30 December 2024)
- January, 2025 • BB has relaxed the requirement for a 100% cash margin on all motorcar imports. To encourage the use of environmentally friendly and fuel efficient vehicles, the cash margin requirement for importing hybrid and electric cars has been eased based on the bank–client relationship. However, a cash margin of 50% must be maintained for importing non-hybrid and non-electric cars. (BRPD, 2 January 2025)
- January, 2025 • BB has set specific quotas for the allocation of *Sukuk*. Of the total allocation, 70 percent is reserved for *Shariah*-compliant banks, financial companies, and insurance companies. 10 percent is allocated to Islamic branches and windows of conventional banks, while the remaining 20 percent is designated for individual investors, provident funds, and deposit insurance. (BRPD, 22 January 2025)

- March, 2025
- To promote green finance towards CMSMEs and women entrepreneurs, a mandatory target has been introduced: At least 5 percent of the total loan portfolio of banks and finance companies must be allocated to green finance, of which 25 percent should go to the CMSME sector, and 20 percent specifically to women-led CMSMEs. Banks and finance companies are to incorporate green and inclusive finance strategies within their institutional policies and operational frameworks (SFD, 17 March 2025)
- May, 2025
- In order to ensure proper utilisation of bank-company's funds and to acquire and maintain the depositors' confidence, transactions with bank-related persons or institutions need to be conducted transparently under explicit policies. In this respect certain provisions regarding transactions with bank-related persons or institutions are incorporated. (BRPD, 08 May 2025)
- May, 2025
- In order to encourage the purchase of foreign currency through legitimate channels, the following guidelines shall be followed in collecting passport endorsement fees/charges/commissions at the time of sale of foreign currency by the bank: a) BDT 300 can be taken as endorsement fees/charges; b) No service fee/charge/commission or any additional fees/charges/commission by any similar name shall be charged except for the endorsement fees/charges. (BRPD, 17 May 2025)
- June, 2025
- To enhance risk management capabilities of banks and strengthen the transparency of the financial reporting, Bangladesh Bank issued loan classification and provisioning aligning with international best practices. Banks were instructed to continue existing forms to report loan classification and provisioning information until further modification. (BRPD, 25 June 2025)

B. Major Policy Announcements/Guidelines/Circulars related to Monetary Policy and Monetary Management

- August, 2024
- The overnight repo policy rate has been increased by 50 basis points to 9.00 percent from the existing 8.50 percent. Additionally, both the upper limit of the policy interest corridor's Standing Lending Facility (SLF) rate and the lower limit of the corridor's Standing Deposit Facility (SDF) have been increased by 50 basis points to 10.50 percent and 7.50 percent respectively. (MPD, 25 August 2024)
- September, 2024
- BB has increased the policy rate/repo rate by 50 basis points to 9.50 percent. Additionally, both the SLF rate and the SDF rate have been raised by 50 basis points to 11.00 percent and 8.00 percent respectively. (MPD, 24 September 2024)
- October, 2024
- BB has increased the policy rate again by 50 basis points to 10.0 percent. The SLF rate, has also been raised by 50 basis points to 11.5 percent, and the SDF rate, has also been raised by 50 basis points to 8.50 percent. (MPD, 22 October 2024)
- March, 2025
- BB reduced the daily cash reserve ratio (CRR) to 3 percent from 3.5 percent. The biweekly CRR requirement remains at 4 percent. (MPD, 04 March 2025)

C. Major Policy Announcements/Guidelines/Circulars related to External Sector Development

- July, 2024 • The Bangladesh Tanners Associations (BTA), along with other relevant associations, has been instructed to issue certificates for applications seeking cash assistance against exports under the full or partial value advance repatriation system. The government decision hereby notifies that apart from the advance price repatriation system, the certificate issued by the BTA in favour of its members can be submitted alongwith the application for cash assistance against the export of finished lengths under the existing export price recovery system. (FEPD, 14 July 2024)
- August, 2024 • To facilitate offshore banking operations (OBOs) and keeping their business uninterrupted, it has now been decided that OBOs are allowed to borrow funds from their domestic banking units (DBUs) up to 30% (including present outstanding) of regulatory capital. It has also been decided that OBOs which already have excess borrowings (above 30%) from DBUs shall adjust within 31 December 2024. (FEPD, 20 August 2024)
- September, 2024 • Considering the global market trends, it has now been decided that interest rate on EDF loans to authorised dealers (ADs) will be charged by Bangladesh Bank at secured overnight financing rate SOFR + 0.5% pa, while ADs will charge to manufacturer-exporters at SOFR + 1.50% pa. All other instructions on EDF shall remain unchanged. (FEPD, 01 September 2024)
- September, 2024 • ADs are found practicing traditional payment mechanism with ACU member countries. ADs are asked to refrain from such practices with advice to adhere to ACU mechanism for respective transactions. (FEPD, 25 September 2024)
- October, 2024 • Banks are permitted to grant housing finance to non-resident Bangladeshis (NRBs), but they must first obtain prior permission from BB before they granting credits to NRBs. The facilities are now expanded by allowing banks to disburse loans to NRBs for bonafide purposes based on banker-customer relations, subject to observance of a few conditions, including: a) NBR borrowers should be regular remitters through official channels; b) The loan amount shall be up to the requirements or BDT 1.0 million, whichever is lower; c) Repayments of the loan need to be settled out of inward remittances sent by borrowers working abroad; d) Banks shall adhere to applicable credit norms, prudential regulations, customers' due diligence, etc. (FEPD, 02 October 2024)
- October, 2024 • Small-value exports under business-to-consumer on an e-commerce website were allowable through the online export (EXP) form procedure. The EXP form procedure will not be required for small-value exports up to USD 500 or equivalent concluded on the e-commerce website against payment received prior to shipment. (FEPD, 14 October 2024)

- November, 2024 • A guideline for Joint Ventures/Consortiums/Associations (JVCA) with foreign partners has been issued regarding the establishment and reporting activities, cross-border transactions, preparation of financials and other documents, loans and banking activities, outward remittances, particularly, profit remittances, tax payments, and return submissions. (FEID, 20 November 2024)
- December, 2024 • Authorised dealers (ADs) can purchase and sell foreign currency from/to their customers and other dealers at freely negotiated rates. With effects from 5 January 2025, ADs shall provide information twice on each business day for all foreign exchange transactions at or above USD 100 thousands or equivalent according to Bangladesh Bank's prescribed format. With effects from 12 January 2025, BB will publish a daily reference benchmark exchange rate, defined as the weighted average of freely quoted exchange rates in market transactions with customers and other dealers. The corresponding guideline is available on the Bangladesh Bank website to facilitate the benchmark reference exchange rate. BB has launched a new Foreign Exchange Interventions Strategy (available on the Bangladesh Bank website) to ensure the smooth functioning of the existing exchange rate regime. (FEPD, 31 December 2024)
- January, 2025 • To prevent discriminatory practices in currency exchange, authorised dealers (ADs) are limited to a maximum spread of BDT 1.00 between the buying and selling rates of foreign currency. Furthermore, regardless of transaction size, an authorised dealer must maintain a uniform buying spot rate and a uniform selling spot rate for all transactions on each business day. (FEPD, 02 January 2025)
- January, 2025 • Subject to the approval of the relevant ministry, to facilitate the import of emergency goods and services by the government's competent authorities/entities under the power and energy sector, BB has instructed that ADs may provide bank guarantees or standby letters of credit in favour of foreign suppliers as payment security on behalf of importers. ADs must ensure that the underlying import transaction will be carried out under sale-purchase contracts when issuing guarantees or standby letters of credit. (FEPD, 08 January 2025)
- January, 2025 • Like exporters, resident companies/firms working as agents/trade facilitators need to make payments abroad for bonafide business purposes. To meet bonafide needs, it has been decided that such companies/firms can open and maintain foreign currency accounts with authorised dealers (ADs) in the name of agent's retention quota (ARQ), subject to observance of the following instructions: (a) Companies/firms shall have valid permissions from competent authorities, if applicable, and are active members of trade associations representing the relevant sectors. (b) Earnings shall have to be in foreign currency. (c) ARQ accounts can be credited up to 10 percent of the receipts in foreign currency. (d) Funds from these accounts will be usable for bonafide payments abroad as per stipulation of paragraph 28, chapter 13 of GFET; including payments by international cards as per paragraph 29 *ibid.* (FEPD, 13 January 2025)

- January, 2025 • The limit of non-requirement to obtain credit reports has been enhanced to USD 30,000 and USD 40,000 from USD 10,000 and USD 20,000, respectively, to facilitate import trade. ADs shall obtain the credit report for a supplier during the period of its validity. (FEPD, 14 January 2025)
- January, 2025 • To cope with the changing situation, BB has amended its policies by the provisions of the drawing arrangement framework. For the draft drawing modality, the AD bank should communicate with its foreign counterpart having drawing arrangements under this modality and convert it (draft drawing) to a "Pre-Fund" modality to ensure compliance with current regulations regarding drawing arrangements. On the other hand, for the "Pre-Fund" modality, AD banks must inform their foreign partners to adjust the security deposits maintained in non-resident foreign currency (NRFC) accounts by disbursing the remitted funds. In the case of the 'Post-Fund' modality, the minimum balance requirement in non-resident Taka (NRT) account shall be BDT 2.00 million instead of an equivalent Taka of USD 25,000.00. For delivery of remittances under 'Post-Fund' modality, AD banks shall take reimbursement against their Taka disbursement in equivalent foreign currency, converted by the prevailing exchange rate, from their respective foreign counterparts within the time frame as per the underlying tie-ups, not more than T+2 days. (FEPD, 19 January 2025)
- January, 2025 • The usance period of 360 days for importing industrial raw materials, including back-to-back imports and imports of agricultural implements and chemical fertilisers under suppliers'/buyers' credit, shall remain in effect until 31 December 2025. However, the extended usance period will not be applicable for imports made through loans of the Export Development Fund of BB. (FEPD, 20 January 2025)
- January, 2025 • To maintain orderly discipline in the foreign exchange market, it has been decided that ADs may apply a forward premium not exceeding the policy rates of the respective currencies, as in effect on the banking day immediately preceding the first day of the deal period, for forward dealings with customers and/or relevant counterparties. This forward premium shall be applicable to the declared spot rates for both forward sale and purchase. For the early settlement of a forward contract, the premium needs to be adjusted for the actual tenure. (FEPD, 26 January 2025)
- January, 2025 • BB stated that export proceeds against small value service exports in a non-physical form, such as data entry/data processing, offshore IT service, and business process outsourcing, could be repatriated through MFSPs and PSPs. To widen the scope, BB has decided to include Payment Service Providers (PSPs) licensed by the BB as facilitators for the repatriation of small-value export proceeds against legitimate IT related service exports in association with foreign PSPs. (FEPD, 26 January 2025)

- February, 2025 • BDT 1.00 spread has been allowed for buying and selling of foreign currency. Now, to enhance flexibility in exchange rate management, it has been decided that spot exchange rates may vary between transactions within a business day, provided the variations remain within the prescribed band of the crawling peg mid-rate, as determined by BB from time to time. (FEPD, 09 February 2025)
- February, 2025 • Authorised dealers (ADs) were permitted to issue repayment commitments on behalf of resident borrowers favouring foreign lenders, subject to eligible collaterals with a 5 percent cash margin of the commitment amount, among others. The decision has been made to increase the cash margin from 5 percent to 25 percent. The borrowers must also have a sufficient amount of funds in their credit lines with the appropriate banks. (FEPD, 12 February 2025)
- February, 2025 • To facilitate transactions between subsidiaries and parent/group companies, it has been decided that ADs may allow remittances on behalf of local subsidiaries against services from or through parent/group companies or their associates, provided that: (a) The services are not locally available; (b) The subsidiaries are controlled by parent/group companies by holding shares exceeding 50 percent; (c) Gross remittable amount (before deduction of source tax) shall not exceed 10 percent of net profit in an accounting year. (FEPD, 19 February 2025)
- March, 2025 • According to the Foreign Exchange Regulation Act, 1947, general permission is granted to establish legal entities abroad with an amount up to USD 10,000 or equivalent by way of investment for supporting a start-up business in Bangladesh. However, applicants are required to submit applications to the authorised dealers after effecting remittances up to USD 10,000 or equivalent on behalf of a resident enterprise. They shall report the same to BB within one month of registration/incorporation of such legal entities abroad, but not later than six months from the date of remittance. Additional important instructions outlined in this circular are provided in detail within the document itself. (FEID, 27 March 2025)
- April, 2025 • To bring flexibility in import trade, it has been decided that ADs may consider discrepant import bills, waived by importers under reasonable grounds acceptable to ADs, as eligible for payments provided that such waivers will not result in material changes. (FEPD, 20 April 2025)
- May, 2025 • Authorised dealers (ADs) are permitted to issue bid bonds, performance bonds, and guarantees in foreign currency on behalf of resident entities in favour of local project authorities, provided that any claim upon invocation is settled in Bangladeshi Taka. However, if the tender documents require, ADs may settle such claims in foreign currency through the RTGS system. In the case of joint ventures or consortiums involving both resident and foreign partners, ADs must ensure that the foreign partners provide proportionate collateral (e.g., bank guarantees or SBLCs). (FEPD, 29 May 2025)

- June, 2025
- Banks can remit foreign exchange on behalf of local subsidiaries for services received from parent companies or their associate companies. Additionally, companies with less than 50% shareholding investment will also be eligible for this facility if they comply with existing regulations and/or their business operations depend on foreign investor companies. This has been clarified. (FEPD, 04 June 2025)
- June, 2025
- ADs are advised to guide their exporters to declare the full invoice value of goods on EXP Form without adjustments of foreign agent commission or other trade charges deductions. (FEPD, 18 June 2025)
- June, 2025
- Banks can process remittance transactions in favour of agencies advertising in foreign media on behalf of resident companies, provided that they ensure necessary documents, tax payment proofs and that transactions are conducted through a designated bank branch. (FEPD, 17 June 2025)

Appendix-2
Bangladesh Bank's Research Works/Reports in FY25

A Summary of Recent Research Works/Reports of Bangladesh Bank in FY25

Key research activities/outputs of various departments of BB are listed here by categorising those into two segments: (A) synthesis analysis/reports related to Bangladesh economy and (B) empirical research activities on specific economic/financial sector related issues.

A. Synthesis Analysis/Reports Related to Bangladesh Economy and Their Periods

(i) Annual Synthesis Analysis/Reports:

1. Annual Report (2023-2024) Bangladesh Bank (English Version), published and uploaded to the BB website.
2. Bangladesh Government Securities Report for FY 2023-24, published and uploaded to the BB website.
3. Monetary Policy Review 2024-2025, published and uploaded to the BB website.
4. Bangladesh Balance of Payments 2023-24, published and uploaded to the BB website.
5. A Report on Export Receipts, Import Payments, and Remittances with SAARC countries for FY 2023-24, published and uploaded to the BB website.
6. Financial Stability Report (FSR) 2024, published and uploaded to the BB website.
7. Annual Import Payments of Goods and Services 2023-24, published and uploaded to the BB website.
8. Annual Export Receipts of Goods and Services 2023-24, published and uploaded to the BB website.
9. Agricultural & Rural Credit Policy and Programme for the FY 2024-2025 and FY 2025-2026, published and uploaded to the BB website.

(ii) Half-yearly Synthesis Analysis/Reports:

1. Monetary Policy Statement (MPS), January-June 2025, published and uploaded to the BB website in FY25.
2. Monetary Policy Statement (MPS), July-December 2024, published and uploaded to the BB website in FY25.
3. Foreign Direct Investment and External Debt, January-June 2024, published and uploaded to the BB website in FY25.
4. CSR Reports of Banks and Financial Institutions, July-December 2024, published and uploaded to the BB website in FY25.

5. CSR Reports of Banks and Financial Institutions, January-June 2024, published and uploaded to the BB website in FY25.
6. Bangladesh Systemic Risk Dash Board (BSRD), July-December 2024, published and uploaded to the BB website in FY25.
7. BBTA Journal on 'Thoughts on Banking and Finance' Volume 10, Issue 01, January-June 2025, published in June 2025 and uploaded to the BB website in FY25.
8. Gender Equality Report of Banks & FIs, July-December 2024, published and uploaded to the BB website in FY25.
9. Gender Equality Report of Banks & FIs, 2024, January-June 2024, published and uploaded to the BB website in FY25.

(iii) Quarterly Synthesis Analysis/Reports:

1. Bangladesh Bank Quarterly, 3 issues of the report have been published and uploaded to the BB website in FY25.
2. Quarterly Schedule Bank Statistics, 4 issues of the report have been published and uploaded to the BB website in FY25.
3. Quarterly Financial Stability Assessment Report, 2 issues of the report have been published and uploaded to the BB website in FY25.
4. Quarterly Review Report on Sustainable Finance of Banks & Finance Companies, 3 issues of the report have been published and uploaded to the BB website in FY25.
5. Developments of Islamic Banking in Bangladesh, 3 issues of the report have been published and uploaded to the BB website in FY25.
6. Quarterly Report on Agent Banking Activities in Bangladesh, 4 issues of the report have been published and uploaded to the BB website in FY25.
7. Quarterly Review on Money and Exchange Rate, 2 issues of the report have been published and uploaded to the BB website in FY25.
8. Quarterly Report on No-Frill Accounts, 3 issues of the report have been published and uploaded to the BB website in FY25.

(iv) Monthly Synthesis Analysis/Reports:

1. Monthly Report on Government Borrowing from Domestic Sources, 12 issues of the report have been published and uploaded to the BB website in FY25.

2. Monthly Report on Agricultural and Rural Financing, 12 issues of the report have been published and uploaded to the BB website in FY25.
3. Major Economic Indicators: Monthly Update, 12 issues of the report have been published and uploaded to the BB website in FY25.
4. Monthly Economic Trends, 12 issues of the report have been published and uploaded to the BB website in FY25.
5. Monthly Report on Islamic Banking and Finance Statistics (IBFS), 12 issues of the report have been published and uploaded to the BB website in FY25.

B. Empirical Studies/Occasional Papers on Some Specific Economic/Financial Sector Issues in FY25

(i) Monetary Policy/Inflation Related:

1. Monetary Policy and Exchange Rate Dynamics in the Context of Remittance Volatility: Evidence from Bangladesh (BBTA Journal: Thoughts on Banking and Finance, Volume: 10, Issue: 01, January-June 2025, Pages: 1-16. Published in June 2025).

(ii) Financial Sector Related:

2. The Value Relevance of Fundamental Accounting Data under the Adoption of Green Banking Disclosures: Evidence from Listed Bangladeshi Banks. (BBTA Journal: Thoughts on Banking and Finance, Volume: 10, Issue: 01, January-June 2025, Pages: 93-110. Published in June 2025).

(iii) External Sector Related:

3. Impact of Imported Capital Goods on Manufacturing Exports in Bangladesh (BBTA Journal: Thoughts on Banking and Finance, Volume: 10, Issue: 01, January-June 2025, Pages: 17-40. Published in June 2025).
4. Influence of Real Effective Exchange Rate on Nominal Export Earnings and Nominal Import Payments: Insights from Bangladesh. (BBTA Journal: Thoughts on Banking and Finance, Volume: 10, Issue: 01, January-June 2025, Pages: 76-92. Published in June 2025).

(iv) Real Sector Related:

5. Exploring the Food Inflation Volatility in Bangladesh: An Econometric Study. (BBTA Journal: Thoughts on Banking and Finance, Volume: 10, Issue: 01, January-June 2025, Pages: 64-75. Published: June 2025).

(v) Special Research Work:

6. Assessing the Impact of the Agricultural Credit Disbursement on the Borrowers in Bangladesh. (SRW-2501, Conducted by Research Department, Bangladesh Bank).
[https://www.bb.org.bd/en/index.php/publication/sp_research_worklist]
7. A Study on Value Chain Efficiency of the Agricultural Products in Bangladesh. (SRW-2502, Jointly Conducted by Chief Economist's Unit and Governor Office Bangladesh Bank in May 2025).
[https://www.bb.org.bd/en/index.php/publication/sp_research_worklist]

Appendix-3
Bangladesh: Some Selected Statistics

Table-I Trends in Major Macroeconomic Indicators

Indicators	FY21	FY22	FY23	FY24	FY25
1	2	3	4	5	6
1. GDP at FY16 constant market prices (in billion BDT)	28339.4	30351.49	32104.29	33460.18	34790.01
2. GDP growth (at FY16 constant market prices)	6.94	7.10	5.78	4.22	3.97
3. Growth of broad money (M2) (in percent)	13.6	9.4	10.5	7.7	6.9
4. Growth of GDP deflator (base: FY16=100) (in percent)	4.1	5.0	6.9	6.9	6.8
5. CPI Inflation Rate (12-month average) [§] (in percent)	5.6	6.2	9.0	9.7	10.0
6. Foreign exchange reserves (billion USD)					
a. Gross official reserves	46.4	41.8	31.2	26.7	31.8
b. Gross official reserves (as per BPM 6)	-	-	24.8	21.7	26.7
7. Net foreign assets of the banking system (billion BDT)	3823.4	3643.0	3167.3	2911.2	3158.9
8. Exchange rate (BDT/USD, Period Average)	84.8	86.3	99.4	118.0	122.8
9. REER index as of end June [¶]	110.0	109.4	99.8	99.1	98.6 [¶]
10. Per capita GDP in BDT (at current market prices)	208751	231861	273360	304102	339211 ^P
(As percentage of GDP)					
10. Domestic savings	25.3	20.9	25.8	24.0	23.3 ^P
11. Investment	31.0	32.0	30.9	30.7	29.4 ^P
12. Broad Money	44.2	43.0	42.0	40.6	39.2 ^P
13. M3	54.6	52.8	50.6	48.1	46.0 ^P
14. Revenue income	9.3	8.4	8.2	9.5 ^R	9.4 ^P
15. Recurrent expenditures	7.5	7.7	8.0	8.0 ^R	8.7 ^P
16. Revenue surplus (+) / Revenue deficit (-)	+1.8	+0.7	+0.2	+1.5 ^R	+1.0 ^P
17. Annual Development Programme (ADP)	4.5	4.7	4.3	3.9 ^R	3.9 ^P
18. Total expenditures	13.0	13.0	12.8	12.2 ^R	13.4 ^P
19. Overall budget deficit (excluding grants)	3.7	4.6	-4.6	-4.0 ^R	-4.1 ^P
20. Overall budget deficit (including grants)	3.7	4.6	-4.5	-3.9 ^R	-4.0 ^P
21. Financing of overall budget deficit (a+b)	3.6	4.5	4.5	3.9 ^R	4.0 ^P
a. Net foreign financing	1.3	1.6	1.8	1.5 ^R	1.9 ^P
b. Net domestic financing (i+ii)	2.3	2.9	2.8	2.4 ^R	2.1 ^P
i. Bank borrowings	0.9	1.9	2.6	2.5 ^R	1.8 ^P
ii. Non-bank borrowings	1.4	1.0	0.1	0.0 ^R	0.3 ^P
22. Government debt outstanding (i+ii)	29.3	29.5	31.6	32.3	33.3 ^P
i. Domestic debt	17.1	17.4	17.8	17.0	17.2 ^P
ii. External debt [#]	12.2	12.1	13.8	15.3 ^R	16.1 ^P
23. Current account balance : surplus(+)/deficit(-)	-0.95	-3.9	-2.6	-1.4	0.0

^P Provisional, ^E Estimated, ^R Revised.

[§] Base: FY06=100.

[¶] Base: FY16=100 with 18 currency basket.

[#] Excluding IMF loan. Base: 2021-22=100.

Source: Bangladesh Bank, Bangladesh Bureau of Statistics, and Budget in Brief (various issues), MoF.

Table-II Trends in Gross Domestic Product (GDP), Investment and Savings

Items/Sectors	(Billion BDT)					
	FY20	FY21	FY22	FY 23	FY 24	FY 25
1	2	3	4	5	6	7
1. GDP (at current market prices)	31704.69	35301.85	39717.16	44908.42	50026.54	55527.53
2. Gross investment at current prices	9926.09	10950.19	12728.27	13899.69	15358.39	16313.49
a) Private	7614.07	8366.82	9736.71	10860.80	11984.61	12483.66
b) Public	2312.02	2583.37	2991.56	3038.89	3373.79	3829.83
3. Gross domestic savings at current prices	8584.87	8946.13	10018.41	11568.19	11984.95	12907.99
4. Gross national savings at current prices	9960.88	10870.78	11656.92	13448.01	14215.54	16107.34
5. Sectoral GDP (at FY16 constant prices)						
i. Agriculture	3189.50	3290.75	3391.25	3505.59	3621.41	3686.31
a) Agriculture, forestry and fishing	3189.50	3290.75	3391.25	3505.59	3621.41	3686.31
1. Crops and horticulture	1519.39	1554.17	1594.70	1644.97	1710.81	1704.10
2. Animal farming	524.46	539.89	556.61	574.26	591.90	610.80
3. Forest and related services	454.40	477.04	501.29	527.00	553.31	581.21
4. Fishing	691.26	719.65	738.44	759.36	765.38	790.20
ii. Industry	8900.23	9815.81	10783.22	11685.49	12095.21	12619.63
a) Mining and quarrying	487.66	519.32	513.52	578.88	572.24	578.16
1. Natural gas and crude petroleum	108.70	109.05	103.96	99.62	93.66	87.91
2. Other mining and coal	378.96	410.27	409.56	479.27	478.59	490.25
b) Manufacturing	5706.54	6367.65	7094.25	7725.22	7969.07	8421.95
1. Large industry	2910.72	3219.67	3724.52	4036.75	4078.10	4329.55
2. Small, medium and micro industry	1793.25	2042.41	2141.26	2337.08	2446.03	2566.32
3. Cottage industry	1002.57	1105.57	1228.47	1351.39	1444.94	1526.07
c) Electricity, gas, steam and air conditioning supply	310.20	339.80	360.70	369.59	373.20	391.07
1. Electricity	246.20	274.88	296.17	306.24	310.98	330.62
2. Gas	64.00	64.93	64.53	63.35	62.22	60.44
d) Water supply; sewerage and waste management	24.38	26.00	28.48	31.00	32.23	34.16
e) Construction	2371.46	2563.05	2786.28	2980.79	3148.47	3194.29
iii. Services	13383.89	14151.08	15036.46	15844.11	16650.46	17400.80
a) Wholesale and retail trade; repair of motor vehicles	3814.39	4105.90	4453.17	4737.16	5010.36	5228.26
b) Transportation and storage	1948.70	2027.40	2143.99	2261.64	2377.94	2481.82
1. Land transport	1707.37	1787.30	1896.05	2011.81	2118.28	2220.18
2. Water transport	135.77	138.22	139.91	136.90	137.70	137.12
3. Air transport	22.35	21.90	22.75	24.61	26.13	26.95
4. Warehousing and support activities	72.29	68.68	73.79	76.40	83.60	85.31
5. Postal and courier activities	10.93	11.29	11.49	11.92	12.22	12.27
c) Accommodation and food service activities	285.35	298.28	314.28	332.65	351.28	371.27
d) Information and communication	328.69	352.06	368.91	392.35	408.26	420.12
e) Financial and insurance activities	830.68	879.01	930.61	954.33	965.85	980.64
1. Monetary intermediation (banks)	708.57	750.80	796.55	816.89	825.80	838.05
2. Insurance	71.24	73.53	75.84	76.66	77.50	77.87
3. Other financial auxiliaries	50.38	54.68	58.23	60.78	62.55	64.73
f) Real estate activities	2211.09	2286.68	2371.34	2458.70	2544.77	2633.64
g) Professional, scientific and technical activities	45.52	47.84	49.87	54.26	58.41	62.05
h) Administrative and support service activities	187.81	199.11	211.08	226.94	247.04	270.81
i) Public administration and defence	906.02	960.81	1008.02	1078.90	1139.14	1214.32
j) Education	689.24	729.32	786.75	830.21	884.65	951.27
k) Human health and social work activities	817.04	903.64	992.89	1064.57	1163.26	1237.49
l) Arts, entertainment and recreation	36.95	39.08	41.45	44.08	46.90	50.04
m) Other service activities	1282.42	1321.98	1364.10	1408.34	1452.62	1499.04
Total GVA at constant basic price	25473.62	27257.64	29210.94	31035.19	32367.08	33706.73
Tax less subsidy	1027.03	1081.80	1140.56	1069.14	1093.10	1083.28
GDP (at FY16 constant market prices)	26500.65	28339.44	30351.50	32104.33	33460.18	34790.01

Source: Bangladesh Bureau of Statistics.

Table-III Trends in Growth and Sectoral Share of GDP (at FY16 constant prices)

Sectors	FY20	FY21	FY22	FY23	FY24	FY25
1	2	3	4	5	6	7
Growth in percent						
i. Agriculture	3.42	3.17	3.05	3.37	3.30	1.79
a) Agriculture, forestry and fishing	3.42	3.17	3.05	3.37	3.30	1.79
1. Crops and horticulture	2.50	2.29	2.61	3.15	4.00	-0.39
2. Animal farming	3.19	2.94	3.10	3.17	3.07	3.19
3. Forest and related services	5.34	4.98	5.08	5.13	4.99	5.04
4. Fishing	4.40	4.11	2.64	2.80	0.79	3.24
ii. Industry	3.61	10.29	9.86	8.37	3.51	4.34
a) Mining and quarrying	3.16	6.49	-1.12	12.73	-1.15	1.03
1. Natural gas and crude petroleum	-4.47	0.32	-4.67	-4.18	-5.98	-6.14
2. Other mining and coal	5.58	8.26	-0.17	17.02	-0.14	2.44
b) Manufacturing	1.68	11.59	11.41	8.89	3.16	5.68
1. Large industry	0.41	10.61	15.68	8.38	1.02	6.17
2. Small, medium and micro industry	2.69	13.89	4.84	9.15	4.66	4.92
3. Cottage industry	3.67	10.27	11.12	10.01	6.92	5.62
c) Electricity, gas, steam and air conditioning supply	0.67	9.54	6.15	2.46	0.98	4.79
1. Electricity	1.87	11.65	7.75	3.40	1.55	6.32
2. Gas	-3.68	1.45	-0.61	-1.84	-1.78	-2.85
d) Water supply; sewerage and waste management	2.18	6.65	9.54	8.88	3.95	6.01
e) Construction	9.13	8.08	8.71	6.98	5.63	1.46
iii. Services	3.93	5.73	6.26	5.37	5.09	4.51
a) Wholesale and retail trade; repair of motor vehicles	3.21	7.64	8.46	6.38	5.77	4.35
b) Transportation and storage	1.73	4.04	5.75	5.49	5.14	4.37
1. Land transport	1.74	4.68	6.08	6.10	5.29	4.81
2. Water transport	0.75	1.80	1.22	-2.16	0.59	-0.43
3. Air transport	1.29	-2.00	3.84	8.21	6.15	3.16
4. Warehousing and support activities	3.42	-4.99	7.43	3.54	9.43	2.04
5. Postal and courier activities	2.07	3.34	1.76	3.77	2.53	0.37
c) Accommodation and food service activities	1.69	4.53	5.37	5.84	5.60	5.69
d) Information and communication	6.57	7.11	4.79	6.35	4.06	2.91
e) Financial and insurance activities	4.72	5.82	5.87	2.55	1.21	1.53
1. Monetary intermediation (banks)	4.94	5.96	6.09	2.55	1.09	1.48
2. Insurance	2.16	3.22	3.14	1.08	1.09	0.48
3. Other financial auxiliaries	5.38	7.48	6.48	4.39	2.91	3.48
f) Real estate activities	3.68	3.42	3.70	3.68	3.50	3.49
g) Professional, scientific and technical activities	3.38	5.09	4.25	8.80	7.64	6.23
h) Administrative and support service activities	6.33	6.02	6.01	7.51	8.86	9.62
i) Public administration and defence	5.49	6.05	4.91	7.03	5.58	6.60
j) Education	5.33	5.81	7.87	5.53	6.56	7.53
k) Human health and social work activities	10.70	10.60	9.88	7.22	9.27	6.38
l) Arts, entertainment and recreation	5.43	5.76	6.07	6.34	6.42	6.68
m) Other service activities	3.06	3.08	3.19	3.24	3.14	3.20
GDP (at constant market prices)	3.45	6.94	7.10	5.78	4.22	3.97
Sectoral share (percent of GDP)						
i. Agriculture	12.52	12.07	11.61	11.30	11.19	10.94
a) Agriculture, forestry and fishing	12.52	12.07	11.61	11.30	11.19	10.94
1. Crops and horticulture	5.96	5.70	5.46	5.30	5.29	5.06
2. Animal farming	2.06	1.98	1.91	1.85	1.83	1.81
3. Forest and related services	1.78	1.75	1.72	1.70	1.71	1.72
4. Fishing	2.71	2.64	2.53	2.45	2.36	2.34
ii. Industry	34.94	36.01	36.92	37.65	37.37	37.44
a) Mining and quarrying	1.91	1.91	1.76	1.87	1.77	1.72
1. Natural gas and crude petroleum	0.43	0.40	0.36	0.32	0.29	0.26
2. Other mining and coal	1.49	1.51	1.40	1.54	1.48	1.45
b) Manufacturing	22.40	23.36	24.29	24.89	24.62	24.99
1. Large industry	11.43	11.81	12.75	13.01	12.60	12.84
2. Small, medium and micro industry	7.04	7.49	7.33	7.53	7.56	7.61
3. Cottage industry	3.94	4.06	4.21	4.35	4.46	4.53
c) Electricity, gas, steam and air conditioning supply	1.22	1.25	1.23	1.19	1.15	1.16
1. Electricity	0.97	1.01	1.01	0.99	0.96	0.98
2. Gas	0.25	0.24	0.22	0.20	0.19	0.18
d) Water supply; sewerage and waste management	0.10	0.10	0.10	0.10	0.10	0.10
e) Construction	9.31	9.40	9.54	9.60	9.73	9.48
iii. Services	52.54	51.92	51.48	51.05	51.44	51.62
a) Wholesale and retail trade; repair of motor vehicles	14.97	15.06	15.24	15.26	15.48	15.51

Table-III (Contd.) Trends in Growth and Sectoral Share of GDP (at FY16 constant prices)

Sectors	FY20	FY21	FY22	FY23	FY24	FY25
1	2	3	4	5	6	7
b) Transportation and storage	7.65	7.44	7.34	7.29	7.35	7.36
1. Land transport	6.70	6.56	6.49	6.48	6.54	6.59
2. Water transport	0.53	0.51	0.48	0.44	0.43	0.41
3. Air transport	0.09	0.08	0.08	0.08	0.08	0.08
4. Warehousing and support activities	0.28	0.25	0.25	0.25	0.26	0.25
5. Postal and courier activities	0.04	0.04	0.04	0.04	0.04	0.04
c) Accommodation and food service activities	1.12	1.09	1.08	1.07	1.09	1.10
d) Information and communication	1.29	1.29	1.26	1.26	1.26	1.25
e) Financial and insurance activities	3.26	3.22	3.19	3.07	2.98	2.91
1. Monetary intermediation (banks)	2.78	2.75	2.73	2.63	2.55	2.49
2. Insurance	0.28	0.27	0.26	0.25	0.24	0.23
3. Other financial auxiliaries	0.20	0.20	0.20	0.20	0.19	0.19
f) Real estate activities	8.68	8.39	8.12	7.92	7.86	7.81
g) Professional, scientific and technical activities	0.18	0.18	0.17	0.17	0.18	0.18
h) Administrative and support service activities	0.74	0.73	0.72	0.73	0.76	0.80
i) Public administration and defence	3.56	3.52	3.45	3.48	3.52	3.60
j) Education	2.71	2.68	2.69	2.68	2.73	2.82
k) Human health and social work activities	3.21	3.32	3.40	3.43	3.59	3.67
l) Arts, entertainment and recreation	0.15	0.14	0.14	0.14	0.14	0.15
m) Other service activities	5.03	4.85	4.54	4.54	4.49	4.45
Total GVA at constant basic price	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bangladesh Bureau of Statistics.

Table- IV Expenditure Based Gross Domestic Product at Current Prices

Item	(Billion BDT)			
	FY22	FY23	FY24	FY25
1. Domestic Demand [(1.1)+(1.2)]	42427.02	47239.92	53399.98	58933.03
1.1 Consumption [(1.1.1)+(1.1.2)]	29698.75	33340.23	38041.59	42619.54
1.1.1 Private	27435.27	30796.09	35085.99	39401.21
1.1.2 Public	2263.48	2544.14	2955.61	3218.33
1.2 Investment [(1.2.1)+(1.2.2)]	12728.27	13899.69	15358.39	16313.49
1.2.1 Private	9736.71	10860.80	11984.61	12483.66
1.2.2 Public	2991.56	3038.89	3373.79	3829.83
2. Resource Balance [(2.1)-(2.2)]	-3183.54	-2096.61	-2929.40	-2950.86
2.1 Export	5116.46	5908.67	5233.37	6309.39
2.2 Import	8299.99	8005.29	8162.77	9260.25
3. Gross Domestic Expenditure at Market Price	39243.48	45143.31	50470.58	55982.16
4. Gross Domestic Product at Market Price	39717.16	44908.42	50026.54	55527.53
5. Statistical Discrepancy [(4)-(3)]	473.68	-234.89	-444.04	-454.64
6. Net Factor Income from Abroad	1573.46	1792.39	2154.27	3103.72
7. Gross National Income at Market Price [(4)+(6)]	41290.62	46700.80	52180.81	58631.25
8. Net Current Transfer from Abroad	65.05	87.43	76.32	95.65
9. Gross Disposable National Income [(7)+(8)]	41355.67	46788.23	52257.13	58726.89
10. Gross Domestic Savings [(4)-(1.1)]	10018.41	11568.19	11984.95	12907.99
11. Gross National Savings [(9)-(1.1)]	11656.92	13448.01	14215.54	16107.35
12. Current Account Balance [(2)+(6)+(8)]	-1545.03	-216.80	-698.81	248.49
	As Percent of GDP			
Consumption	74.78	74.24	76.04	76.75
Private	69.08	68.58	70.13	70.96
Public	5.70	5.67	5.91	5.80
Investment	32.05	30.95	30.70	29.38
Private	24.52	24.18	23.96	22.48
Public	7.53	6.77	6.74	6.90
Exports of Goods and Services	12.88	13.16	10.46	11.36
Imports of Goods and Services	20.90	17.83	16.32	16.68
Gross Domestic Savings	25.22	25.76	23.96	23.25
Gross National Savings	29.35	29.95	28.42	29.01

Source: Bangladesh Bureau of Statistics.

Table- V Trends in Government Budgetary Operation

Description	(Billion BDT)							
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 ^R (Budget)
1	2	3	4	5	6	7	8	9
1. Revenue and foreign grants	2174.2	2535.6	2684.3	3310.1	3369.6	3694.1	4158.0	5224.0
i. Revenues	2165.6	2518.8	2659.1	3286.7	3346.4	3666.6	4098.1	5180.0
a) Tax revenue	1943.3	2259.6	2219.8	2698.0	2995.9	3277.3	3697.8	4780.0
b) Non-tax revenue	222.3	259.2	439.3	588.6	350.6	389.3	400.4	400.0
ii. Foreign grants	8.7	16.8	25.2	23.5	23.2	27.5	59.9	44.0
2. Expenditures	3218.6	3916.9	4201.6	4601.6	5181.9	5739.6	6113.9	7440.0
i. Recurrent expenditure	1788.8	2178.1	2361.2	2658.9	3077.3	3571.0	3979.6	4828.8
ii. Capital expenditure	125.9	203.0	187.6	199.4	179.6	127.7	142.1	231.3
iii. Loans and advances (net)	12.4	-17.1	12.1	5.9	-51.0	-21.8	-85.8	53.9
iv. Annual Development Programme	1195.4	1472.9	1553.8	1605.0	1860.6	1919.3	1952.3	2160.0
3. Overall deficit (excluding grants)	-1053.1	-1398.1	-1542.5	-1315.0	1835.5	-2072.0	-2015.8	-2260.0
4. Overall deficit (including grants)	-1044.4	-1381.3	-1517.3	-1291.5	1812.2	-2044.5	-1955.9	-2216.0
5. Financing	1044.4	1381.3	1496.6	1282.9	1802.4	2035.2	1959.8	2216.0
i. Foreign borrowing - net	256.2	312.9	416.1	457.1	650.2	791.6	745.9	1046.0
Foreign borrowing	331.3	447.9	529.3	577.3	783.2	966.5	970.4	1381.0
Amortisation	-75.1	-135.0	-113.2	-120.2	-133.0	-174.9	-224.5	-335.0
ii. Domestic borrowing - net	788.2	1068.5	1080.5	825.9	1152.2	1243.6	1213.9	1170.0
Borrowing from banking system (net)	117.3	345.9	792.7	326.7	755.3	1180.3	1238.5	990.0
Non-bank borrowing (net)	670.8	722.6	287.8	499.1	396.8	63.4	-24.5	180.0
Memorandum item : GDP*	22504.8	25361.8	27963.8	31718.0	39717.2	44392.7	50026.5	55527.5

^R Revised Budget.

* Estimate of the finance division at current market prices

Source : Budget in Brief (Various issues), Ministry of Finance.

Table-VI Broad Money: Its Components and Sources

Particulars	(in Billion BDT)					
	FY20	FY21	FY22	FY23	FY24	FY25 ^P
1	2	3	4	5	6	7
Broad money (M ₂) [@]	13737.4	15609.0	17081.2	18871.7	20332.4	21746.2
Components:						
Currency outside banks	1921.1	2095.2	2364.5	2919.1	2904.4	2964.5
Demand deposits	1361.6	1663.1	1894.6	1999.7	2104.9	2137.2
Time deposits	10454.7	11850.7	12822.1	13952.9	15323.1	16644.5
Sources:						
Net foreign assets	3014.7	3823.4	3643.0	3167.3	2911.3	3158.9
Net domestic assets	10722.6	11785.6	13438.2	15704.5	17421.1	18587.3
Total domestic credit [@]	13076.3	14399.0	16717.5	19267.7	21155.2	22843.5
Public sector	2103.7	2510.4	3205.1	4325.1	4743.0	5366.7
Government (net) ^{@@}	1811.5	2210.3	2833.1	3873.5	4248.8	4881.8
Other public sector	292.2	300.2	372.0	451.6	494.2	484.9
Private sector	10972.7	11888.6	13512.4	14942.5	16412.3	17476.9
Other assets (net)	-2303.7	-2613.4	-3279.3	-3563.3	-3734.2	-4256.3
	Growth in percent					
Broad money (M ₂) [@]	12.6	13.6	9.4	10.5	7.7	6.9
Components:						
Currency outside banks	24.5	9.1	12.9	23.5	-0.5	1.6
Demand deposits	14.6	22.3	14.0	5.5	5.6	1.5
Time deposits	10.5	13.4	8.2	8.8	9.8	19.3
Sources:						
Net foreign assets	10.7	26.8	-4.7	-13.1	-8.1	8.5
Net domestic assets	13.2	9.9	14.0	16.9	10.9	6.7
Total domestic credit [@]	14.0	10.1	16.1	15.3	9.8	8.0
Public sector	54.0	19.3	27.7	34.9	9.7	13.2
Government (net) ^{@@}	59.9	22.0	28.2	36.7	9.7	14.9
Other public sector	25.1	2.7	23.9	21.4	9.4	-1.9
Private sector	8.6	8.3	13.7	10.6	9.8	6.5
Other assets (net)	15.4	13.4	25.5	8.7	4.8	14.0

Notes: (1) Government securities and treasury bills are shown at cost price from June 2002 onwards.

(2) Advances are on gross basis.

^P Provisional

[@] Figures correspond to end June

^{@@} Includes adjustment of bonds issued by the Government.

Sources: (1) Statistics Department, Bangladesh Bank.

(2) Bangladesh Bureau of Statistics.

Table - VII Consumer Price Index (CPI) and Rate of Inflation - National (base: FY22=100)

Period	Twelve-month average basis						Twelve-month point to point basis					
	General		Food		Non-food		General		Food		Non-food	
	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation
Weight	100.00		56.18		43.82		100.00		56.18		43.82	
FY15*	195.08	7.35	209.79	8.57	176.22	5.54	196.86	6.97	210.15	8.00	179.82	5.45
FY16*	219.86	5.92	234.77	4.90	200.74	7.47	220.74	5.53	232.87	4.23	205.19	7.50
FY17*	231.82	5.44	248.90	6.02	209.92	4.57	233.86	5.94	250.35	7.51	212.72	3.67
FY18*	245.22	5.78	266.64	7.13	217.77	3.74	246.82	5.54	265.33	5.98	223.09	4.87
FY19*	258.65	5.48	281.32	5.51	229.58	5.42	260.44	5.52	279.65	5.40	235.82	5.71
FY20*	273.26	5.65	296.86	5.52	243.00	5.85	276.12	6.02	297.95	6.54	248.13	5.22
FY21*	288.44	5.56	313.86	5.73	255.85	5.29	291.70	5.64	314.19	5.45	262.87	5.94
FY22*	306.18	6.15	332.86	6.05	271.98	6.31	313.76	7.56	340.48	8.37	279.50	6.33
FY23	109.02	9.02	108.71	8.71	109.39	9.39	112.46	9.74	112.25	9.73	112.63	9.60
FY24	119.63	9.73	120.30	10.66	119.09	8.86	123.38	9.72	123.94	10.42	122.93	9.15
FY25	131.62	10.03	133.16	10.70	130.37	9.47	133.85	8.48	133.10	7.39	134.45	9.37
<u>FY25</u>												
Jul-24	120.73	9.90	121.62	11.02	120.00	8.88	126.06	11.66	128.64	14.10	123.96	9.68
Aug-24	121.75	9.95	122.76	10.93	120.93	9.03	129.34	10.49	133.72	11.36	125.77	9.74
Sep-24	122.73	9.97	123.82	10.76	121.84	9.17	130.61	9.92	135.21	10.40	126.87	9.50
Oct-24	123.82	10.05	125.13	10.79	122.76	9.25	133.32	10.87	139.58	12.66	128.22	9.34
Nov-24	124.95	10.22	126.51	11.06	123.68	9.35	132.66	11.38	136.61	13.80	129.44	9.39
Dec-24	126.03	10.34	127.77	11.33	124.60	9.41	131.30	10.89	132.65	12.92	130.19	9.26
Jan-25	127.02	10.34	128.83	11.42	125.54	9.40	131.49	9.94	130.97	10.72	131.90	9.32
Feb-25	127.95	10.31	129.75	11.39	126.48	9.41	131.29	9.32	130.08	9.24	132.26	9.38
Mar-25	128.90	10.26	130.65	11.29	127.47	9.41	132.98	9.35	132.35	8.93	133.49	9.70
Apr-25	129.83	10.21	131.53	11.15	128.44	9.44	133.50	9.17	133.21	8.63	133.74	9.61
May-25	130.75	10.13	132.40	10.96	129.41	9.46	133.08	9.05	131.85	8.59	134.09	9.42
Jun-25	131.62	10.03	133.16	10.70	130.37	9.47	133.85	8.48	133.10	7.39	134.45	9.37

* Base: FY-06=100

Source: Bangladesh Bureau of Statistics.

Table-VIII Trends in Reserve Money and its Components

(Billion BDT)

Year (End June)	Currency notes and coins with the public	Cash in tills of the scheduled banks	Balances of scheduled banks with the Bangladesh Bank*	Balances of other financial institutions with the Bangladesh Bank	Reserve money
1	2	3	4	5	6=(2+3+4+5)
2006	228.6	20.3	90.1	0.5	339.5
2007	266.4	21.4	105.7	0.7	394.2
2008	326.9	29.6	118.1	1.1	475.6
2009	360.5	34.0	231.6	1.4	627.5
2010	461.6	43.1	234.7	2.1	741.4
2011	548.0	57.3	290.1	2.0	897.3
2012	584.2	64.8	326.6	2.4	978.0
2013	675.5	78.2	368.0	3.1	1124.9
2014	769.1	85.8	440.0	3.9	1298.8
2015	879.4	102.1	498.4	4.9	1484.8
2016	1220.7	102.3	603.0	6.0	1932.0
2017	1375.3	137.3	727.3	6.7	2246.6
2018	1409.2	140.2	780.4	7.6	2337.4
2019	1542.9	161.0	750.1	7.9	2461.9
2020	1921.1	159.8	757.7	6.2	2844.8
2021	2095.2	173.7	1206.0	5.9	3480.7
2022	2364.5	197.3	903.8	6.0	3471.6
2023	2919.1	200.3	709.7	6.7	3835.9
2024	2904.4	298.7	927.7	5.7	4136.5
2025	2964.5	302.4	858.8	6.1	4131.8

* Balances of DMBs with BB excluding foreign currency clearing account balances since June 2002 and Reserve Money has been revised accordingly.

Source: Statistics Department, Bangladesh Bank.

Table-IX Trends in Reserve Money and its Sources

(Billion BDT)

Year (End June)	Bangladesh Bank's claims on					Total	Net foreign assets	Other assets (net)	Reserve money
	Government (net)	Scheduled banks	Other official entities and financial institutions	Private sectors					
1	2	3	4	5	6=(2+3+4+5)	7	8	9=(6+7+8)	
2013	270.7	102.2	13.5	41.8	428.2	1032.5	-335.8	1124.9	
2014	38.4	62.8	12.0	42.7	156.0	1475.0	-332.2	1298.8	
2015	8.1	56.6	21.6	46.4	132.7	1774.0	-421.9	1484.8	
2016	133.7	60.2	20.2	49.7	263.8	2188.9	-520.7	1932.0	
2017	129.8	50.5	21.6	49.8	251.7	2520.3	-525.4	2246.6	
2018	225.7	55.8	23.7	51.5	356.7	2535.1	-554.4	2337.4	
2019	311.9	53.9	23.8	47.9	437.5	2572.0	-547.5	2461.9	
2020	421.2	137.6	25.5	53.4	637.8	2860.4	-653.3	2844.8	
2021	172.8	189.5	32.2	58.4	452.9	3669.2	-641.4	3480.7	
2022	549.3	160.7	34.4	59.4	803.8	3477.6	-809.7	3471.6	
2023	1574.1	618.5	38.9	73.5	2305.0	2875.0	-1344.2	3835.9	
2024	1459.3	1701.2	42.1	87.8	3290.4	2457.8	-1611.7	4136.5	
2025	854.3	71.6	92.9	2169.2	3188.0	2939.9	-1996.1	4131.8	

Source: Statistics Department, Bangladesh Bank.

Table-X Trends in Deposits of Public and Private Sector

(Billion BDT)

Year (End June)	Demand deposits ^{1/}			Time deposits ^{1/}		
	Public ^{2/}	Private	Total	Public ^{2/}	Private ^{3/}	Total
1	2	3	4	5	6	7
2013	112.1	517.8	629.9	954.8	4144.2	5099.0
2014	115.3	600.2	715.5	1080.9	4828.4	5909.3
2015	119.2	683.6	802.8	1376.5	5283.7	6660.2
2016	139.2	853.4	992.6	1638.3	5871.4	7509.7
2017	192.1	971.5	1163.6	1781.0	6480.8	8261.8
2018	204.1	1071.0	1275.1	2034.0	7131.9	9165.9
2020	274.8	1267.2	1541.9	2230.7	8918.4	11149.1
2021	260.6	1569.0	1829.7	2535.0	10105.0	12640.0
2022	287.4	1788.2	2075.6	2573.3	11151.1	13724.4
2023	284.7	1891.0	2175.7	2687.7	12116.0	14803.7
2024	393.4	1961.7	2355.1	2974.7	13293.9	16268.6
2025	375.3	1954.1	2329.5	3122.5	14526.2	17648.7
	Share in Percent					
2015	14.8	85.2	100.0	20.7	79.3	100.0
2016	14.0	86.0	100.0	21.8	78.2	100.0
2017	16.5	83.5	100.0	21.6	78.4	100.0
2018	16.0	84.0	100.0	22.2	77.8	100.0
2019	18.3	81.7	100.0	21.4	78.6	100.0
2020	17.8	82.2	100.0	20.0	80.0	100.0
2021	14.2	85.8	100.0	20.1	79.9	100.0
2022	13.8	86.2	100.0	18.7	81.3	100.0
2023	13.1	86.9	100.0	18.2	81.8	100.0
2024	16.7	83.3	100.0	18.3	81.7	100.0
2025	16.1	83.9	100.0	17.7	82.3	100.0

^{1/} Exclude inter-bank items.^{2/} Include government deposits.^{3/} Include wage earners' deposits.

Source: Statistics Department, Bangladesh Bank.

Table-XI Trends in Selected Statistics of Scheduled Banks

Particulars	(Billion BDT)				
	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
1	2	3	4	5	6
1. Bank deposits (exclude inter-bank items)	14470.2	15800.5	16979.9	18624.2	20106.5
(A) Demand deposits	1657.2	1888.6	1993.0	2099.2	2131.1
(B) Time deposits	11850.7	12822.2	13952.8	15323.1	16644.5
(C) Restricted deposits	0.5	0.6	0.5	0.5	128.4
(D) Government deposits	961.8	1089.2	1033.5	1201.5	1202.5
2. Borrowings from the Bangladesh Bank	736.3	916.6	1051.2	1727.9	1972.6
3. Cash in tills	173.7	197.3	200.3	298.7	302.4
4. Balances with the Bangladesh Bank including FCD	1331.8	956.5	910.1	1231.2	1167.0
5. Balances with other banks in Bangladesh	422.9	403.3	363.5	327.8	367.8
6. Money at call and short notice	38.9	103.5	116.2	51.5	88.2
7. Total investment[@]	3468.9	3880.8	3837.9	4520.2	5725.3
(A) Government securities & treasury bills *	2922.8	3261.2	3217.4	3913.7	5144.7
(B) Others	546.1	619.6	620.5	606.5	580.6
8. Bank credit (exclude inter-bank items and foreign bills)	11630.2	13331.7	14853.4	16362.2	17391.3
(A) Advances in Bangladesh **	11390.0	12990.0	14460.8	15970.9	17106.0
(B) Inland bills purchased and discounted	240.2	341.7	392.6	391.3	285.3
9. Credit/deposit ratio (excluding specialised banks)	0.8	0.8	0.9	0.9	0.9

[@] Include treasury bills/bonds issued by the government and all other investment (share/debenture, reverse repo, etc.)

* Government securities and treasury bills are shown at cost price from June 2002.

** Advances are on gross basis.

Source: Statistics Department, Bangladesh Bank.

Table-XII Movements in Selected Interest Rates (end period)

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
1	2	3	4	5	6	7	8	9
Bank rate	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Treasury bill rates*								
91-day	3.89	6.92	6.87	0.55	5.93	6.80	11.64	11.94
182-day	4.42	7.07	7.00	0.68	6.44	7.06	11.80	11.98
364-day	4.60	7.29	7.41	1.22	6.44	7.90	12.00	12.01
Call money rates*	3.41	4.55	5.01	2.25	4.88	6.06	9.08	10.14
Scheduled banks rates*								
Deposits	5.50	5.43	4.96	4.13	3.97	4.38	5.49	6.26
Advances	9.95	9.58	7.95	7.32	7.09	7.31	11.52	12.08

* Weighted average except bank rate.

Source: Monetary Policy Department and Statistics Department, Bangladesh Bank.

Table XIII Government Domestic Borrowing Position from the Banking System

(Billion BDT)

Sl. No.	Particulars	Objectives	Outstanding as on 30 June 24 ^R	Outstanding as on 30 June 25 ^P
1	2	3	4	5
A. Bangladesh Bank				
1.	Ways and Means Advances	To increase Government cash balance	80.00	63.95
2.	Overdraft		487.46	0.00
3.	Overdraft Block		0.00	0.00
4.	Devolvement		848.70	726.76
	a) Treasury Bills		4.05	0.00
	b) Treasury Bonds		844.65	716.13
	c) Other Bonds/BGIS		0.00	10.63
5.	Government Currency Liabilities		20.26	20.26
6.	Advances to Govt. Against RFI from IMF		125.02	173.74
7.	Advances to Autonomous and Semi-autonomous Bodies		0.00	0.00
8.	Accrued Interest		15.90	12.52
9.	Government Deposits [@] (-)		-0.95	-3.86
10.	Balances of GIB Fund in BB (-)		-4.78	-39.94
11.	Government Lending Funds (-)		-80.06	-76.97
A. Total : (1 +...+ 11)*			1491.54	876.84
B. Scheduled Banks (SBs)				
1. Government Treasury Bills			1135.15	1361.61
i)	Treasury Bills (Less than 1 year)	To increase Government cash balance	1135.15	1361.61
2. Bangladesh Govt. Treasury Bonds (BGTB)			2508.59	3458.95
i)	2-years Bangladesh Govt. Treasury Bonds		323.84	575.85
ii)	3-years Bangladesh Govt. Floating Rate Treasury Bonds (FRTB) ^{1/}		0.00	40.21
iii)	5-years Bangladesh Govt. Treasury Bonds	To increase long-term investment of different banks, finance companies and employees GF of different companies	642.43	841.78
iv)	10-years Bangladesh Govt. Treasury Bonds		703.17	963.83
v)	15-years Bangladesh Govt. Treasury Bonds		418.86	496.44
vi)	20-years Bangladesh Govt. Treasury Bonds		420.69	540.84
3. Others Treasury Bonds (a+b)			393.00	511.25
a) 1 Year and above but less than 5 years (Specialised Bonds)			0.04	0.04
i)	3-Years interest free SPTB BKB ^{1/}	To repay the loan of Cold Storage	0.04	0.04
b) 5 Years and above (Specialised Bonds)			392.96	511.21
i)	11-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest rate	To repay the loan of BJMC	7.17	0.00

Table XIII (Contd.) Government Borrowing Position from the Banking System

(Billion BDT)				
Sl. No.	Particulars	Objectives	Outstanding as on 30 June 24 ^R	Outstanding as on 30 June 25 ^P
1	2	3	4	5
	ii) 07-years SPTB-2026 Hanif Flyover (Janata, Sonali, Agrani, Rupali, ICB, SIBL) bearing 5.0 percent interest	To repay the loan of Hanif Flyover	14.39	14.39
	iii) Fertilizer ^{2/}	Funds to be used to clear dues to fertiliser importers	164.53	234.32
	iv) Electricity ^{3/}	Funds to be used to clear dues to fertiliser importers	201.33	256.96
	v) 07-years SPTB-2026 Hanif Flyover (interest free) (Janata, Sonali, Agrani, Rupali, ICB, SIBL)	To repay the loan of Hanif Flyover	5.54	5.54
4.	Bangladesh Govt. Investment Sukuk(BGIS)[#]		187.44	223.81
	i) 05 years Bangladesh Govt. Investment Sukuk(IjarahSukuk) ^{4/}	'To support funding for projects 'Safe Water Supply to the Whole Country', 'Need Based Infrastructure Development of Government Primary Schools Project(1st Phase)', 'Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3)', 'Chattogram Division Upazila& Union Road Widening & Strengthening Project (CDWSP)'	187.44	223.81
5.	Sub-Total : (1+2+3+4)		4224.17	5555.62
6.	Prize Bond		0.40	0.49
7.	Advances to Food Ministry		9.41	14.67
8.	Advances to Other Ministries		5.19	4.49
9.	Advances to Autonomous/ Semi-Autonomous Bodies		147.12	151.00
10.	Accrued Interest		41.37	55.54
11.	Deposits of Ministries and Departments (-)		-466.81	-396.47
12.	Deposits of Autonomous/ Semi-Autonomous Bodies (-)		-734.67	-806.05
13.	SB's Balances of GIIB Fund (i+ii)		-2.63	29.15
	i) Investment to BGIIB Fund		123.18	169.48
	ii) Borrowing from BGIIB Fund (-)		-125.81	-140.33
14.	Borrowing from Govt. On Lending (-)		-25.87	-25.02
15.	Borrowing from Govt. Financial Stimulus Fund (-)		0.00	0.00
B.	Total : (5+...+16)		3197.68	4583.42
	Grand Total : (A+B)[*]		4689.22	5460.28

@/ Including other deposits.

Bangladesh Govt. Investment Sukuk-BGIS (Ijarah Sukuk) was introduced in December 2020. So far, four Sukuk (BGIS) bonds has been issued under Ijarah and Istisna'a mode.

* Including Offer value(T-Bills) & Face value(BGTBs), GIIB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.

^{1/} An amount of BDT 14.39 billion was paid in July 2024 against the outstanding of BDT 14.39 billion in June 2025.

^{2/} An amount of BDT 234.32 billion was issued during FY25.

^{3/} An amount of BDT 256.96 billion was issued during FY25.

^{4/} An amount of BDT 36.37 billion was issued in June 2025.

^P Provisional.

Source: Debt Management Department and Statistics Department, Bangladesh Bank.

Table-XIV Government Borrowing from Other than Banks

(Billion BDT)

Sl. No.	Particulars	FY24				FY25			
		Sale	Repayment		Net Sale	Sale	Repayment		Net Sale
1	2	3	Principal	Interest	6 = (3-4)	7	Principal	Interest	10 = (7-8)
NSD Instruments									
1.	Defence Savings Certificate	0.00	0.01	0.01	-0.01	0.00	0.01	0.00	-0.01
2.	5-year Bangladesh Savings Certificate	33.58	99.31	50.67	-65.73	27.77	68.74	22.38	-40.97
3.	3-year Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Bonus Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	6-month interest bearing Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Family Savings Certificate	346.64	315.23	205.17	31.41	287.96	253.81	84.51	34.15
7.	3-month interest bearing Savings Certificate	280.57	331.26	90.18	-50.68	250.58	269.51	48.61	-18.94
8.	Jamanat Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Pensioner Savings Certificate	66.63	57.07	36.60	9.56	70.30	53.42	16.91	16.88
10.	Post Office Savings Bank	47.61	164.92	61.56	-117.31	32.83	60.84	22.56	-28.01
	a) General Account	4.74	8.37	2.64	-3.62	3.52	4.96	1.23	-1.44
	b) Fixed Account	42.87	156.55	58.92	-113.68	29.31	55.88	21.34	-26.57
	c) Bonus Account	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.	Postal Life Insurance	1.31	1.19	0.28	0.12	1.46	1.19	0.22	0.26
12.	Prize Bond	1.07	0.54	0.56	0.53	0.99	0.67	0.48	0.32
13.	Wage Earners' Development Bond	7.13	21.98	16.01	-14.85	9.50	32.34	21.42	-22.84
14.	3-year National Investment Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15.	USD Premium Bond	0.60	1.32	0.25	-0.72	0.73	0.58	0.18	0.00
16.	USD Investment Bond	3.34	6.90	1.31	-3.56	2.28	3.91	1.12	-1.63
17.	Total : (1+...+16)	788.48	999.72	462.59	-211.24	684.39	745.03	218.40	-60.63
			Outstanding as on	Net	Outstanding as on	Net			
			30 June 2024	Changes	30 June 2025	Changes			
18.	Govt. Treasury Bills/Bonds		922.91	332.56	1406.13	483.22			
	i) Government Treasury Bills		195.26	162.17	389.71	194.42			
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		725.08	169.90	1010.87	285.78			
	a) 2-year Bangladesh Government Treasury Bonds		66.21	41.05	129.11	62.89			
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.00	0.00	0.98	0.98			
	c) 5-year Bangladesh Government Treasury Bonds		168.25	52.91	243.49	75.24			
	d) 10-year Bangladesh Government Treasury Bonds		259.87	55.01	311.20	51.33			
	e) 15-year Bangladesh Government Treasury Bonds		99.03	9.15	147.70	48.67			
	f) 20-year Bangladesh Government Treasury Bonds		131.71	11.79	178.39	46.68			
	iii) Bangladesh Government Investment Sukuk (BGIS) [#]		2.56	0.50	5.56	2.99			
	a) 5 years Bangladesh Government Investment Sukuk(IjarahSukuk) ^{1/}		2.56	0.50	5.56	2.99			
19.	Total Non-bank Government Borrowing (net) : (17+18)			121.32		422.59			

[#] Bangladesh Govt. Investment Sukuk-BGIS (IjarahSukuk) was introduced in December 2020. So far, four Sukuk (BGIS) bonds has been issued under Ijarah and Istisna'a mode.

^{1/} An amount of BDT 2.99 billion was issued in June 2025.

Sources: NSD and DMD, BB.

Table-XV Trends in Balance of Payments*

(Million USD)

Item	FY21	FY22	FY23	FY24 ^R	FY25 ^R
1	2	3	4	5	6
Trade balance	-23778	-33250	-27384	-22433	-20399
Export f.o.b.(including EPZ)	36903	49245	43364	40807	43965
Of which : Readymade garments (RMG)	31457	42613	38176	36130	39346
Import f.o.b (including EPZ)	60681	82495	70748	63240	64364
Services	-3020	-3987	-3131	-4241	-5682
Credit	7439	8531	6971	6285	6791
Of which : Government Services	2674	2635	2068	1554	1542
Debit	10459	12518	10102	10526	12473
Primary income	-3172	-2726	-3407	-4326	-5043
Credit	217	345	443	2232	2494
Debit	3389	3071	3850	6558	7537
Of which : Official interest payments	909	518	1030	1406	2097
Secondary Income	25395	21767	22289	24398	30985
Official transfers	51	65	88	86	77
Private transfers	25344	21702	22201	24312	30909
Of which: Workers' remittances	24778	21032	21611	23912	30329
Current account balance	-4575	-18196	-11633	-6602	-139
Capital account	458	610	475	719	376
Capital transfers	458	610	475	719	376
Financial account	14067	16691	6890	4472	3539
Foreign direct investment (net)	3387	4636	4428	1410	1668
Portfolio investment	-269	-158	-30	-343	-138
Other investment	12981	15022	5271	3405	2009
Net aid flows	6032	8768	6959	7902	6460
MLT loans (excluding suppliers credit)	7449	10295	8704	9922	9012
MLT amortization payments	1417	1527	1745	2020	2553
Other long term loans (net)	1684	1443	434	209	-321
Other short term loans (net)	2064	3315	-1883	-1619	-678
Trade credit (net)	3749	311	2532	-1828	-3145
DMBs and NBDCs (net)	-548	1185	-2771.4	-1259	-307
Assets	391	791	798.7	494	-633
Liabilities	-157	1976	-1972.7	-765	-940
Errors and omissions	-676	-5761	-3954	-2889	-383
Overall balance	9274	-6656	-8222	-4300	3393
Reserve assets	-9274	6656	8222	4300	-3393
Bangladesh Bank	-9274	6656	8222	4300	-3393
Assets	9924	-4987	-8766	-2901	4152
Liabilities	650	1669	-544	1399	759

^R Revised.

Note: 1. NBR revises and provides the export shipment data to Bangladesh Bank and EPB by adjusting multiple entries for FY23 & FY24.

2. The export (f.o.b) has been adjusted for export from EPZ to Bangladesh, CMT(cutting, making and trimming) exports, etc.

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

4. The FDI (net) has been accounted for financial account and Bangladesh Bank assets have been computed as per BPM6.

Source: Statistics Department, Bangladesh Bank.

Table-XVI Trends in Category-wise Exports

(Million USD)					
Items	FY21	FY22	FY23	FY24	FY25
1	2	3	4	5	6
A. Frozen and Live Fish	477.37	532.94	424.97	377.13	441.93
1. Fish	121.89	98.30	96.55	102.23	118.24
2. Shrimps	328.84	407.25	303.23	248.71	296.76
3. Others	26.64	27.39	25.19	26.19	26.93
B. Agricultural products	1028.14	1162.25	832.71	965.21	990.42
1. Vegetables	118.73	99.91	60.90	112.92	80.90
2. Tobacco	86.20	107.22	165.30	182.14	252.66
3. Fruits & Flowers	0.67	5.37	1.04	28.83	67.38
4. Spices	43.29	39.66	41.90	56.89	56.35
5. Dry Food	283.38	249.96	200.68	217.33	187.00
6. Others	495.87	660.13	362.89	367.10	346.15
C. Manufactured products	37252.80	50387.47	45236.92	43132.57	46867.68
1. Petroleum bi-products	23.33	33.53	17.97	21.13	21.25
2. Chemical products	280.58	364.07	302.57	349.64	368.48
3. Plastic products	115.28	166.25	209.66	245.39	284.48
4. Leather & Leather products	941.67	1245.18	1178.28	1038.76	1145.37
5. Cotton & cotton products	154.29	244.92	407.40	554.95	553.13
6. Jute & Jute goods	1161.48	1127.63	979.49	925.38	909.75
7. Specialized textiles	130.90	314.82	283.83	337.50	383.05
8. Knitwear	16960.03	23214.32	20357.83	19268.01	21161.82
9. Woven garments	14496.70	19398.84	17817.74	16862.40	18184.26
10. Home textile	1132.03	1621.93	1030.93	782.14	782.72
11. Footwear	344.46	449.15	384.89	417.23	522.47
12. Engineering products	529.00	795.63	512.21	507.73	545.88
13. Ships, boats & floating structures	0.20	0.24	7.50	0.14	2.98
14. Others	982.85	1410.96	1746.62	1822.17	2002.02
Total (A+B+C)	38758.31	52082.66	46494.60	44474.91	48300.03
Of which exports from EPZ	5305.98	6898.91	6461.66	5678.79	6871.77
Growth of export (compared to previous year)	15.10	34.38	-0.11	-0.04	0.08

^R Revised.

Source: National Board of Revenue, compiled by Statistics Department, Bangladesh Bank.

Table-XVII Trends in Category-wise Imports

(Million USD)

Items	FY21	FY22	FY23	FY24	FY25
1	2	3	4	5	6
A. Food Grains	2680.43	2561.7	2599.2	2057.9	2306.1
1. Rice	850.87	426.7	571.5	25.4	682.4
2. Wheat	1829.56	2135.0	2027.7	2032.5	1623.7
B. Consumer Goods	4155.59	5779.3	5652.1	4927.5	5681.0
1. Milk & cream	344.09	418.5	374.0	395.0	457.9
2. Spices	404.38	363.0	417.3	480.9	459.0
3. Edible oil	1926.38	2893.1	2892.7	2192.5	2715.1
4. Pulses (all sorts)	681.03	828.9	938.4	704.1	946.1
5. Sugar	799.71	1275.8	1029.7	1155.0	1102.9
C. Intermediate Goods	38306.84	55192.3	44269.7	40303.2	41405.2
i) Petroleum goods	8985.10	7993.1	5772.8	6128.3	5137.9
1. Crude petroleum	2616.37	935.9	627.6	944.4	624.5
2. POL	6368.73	7057.2	5145.2	5183.9	4513.4
ii) RMG related goods	14069.27	22254.3	17314.7	16779.1	18442.6
1. Raw cotton	3186.02	4438.6	4273.8	3609.7	3455.7
2. Yarn	2435.90	5245.4	2794.7	3221.2	3618.7
3. Textile & textile articles thereof	6552.99	9936.6	7943.8	7722.3	8959.1
4. Staple fibre	1039.48	1568.5	1448.4	1392.3	1532.1
5. Dyeing & tanning materials	854.88	1065.2	854.0	833.7	877.0
iii) Other intermediate goods	15252.47	24944.9	21182.2	17395.8	17824.7
1. Clinker	1048.16	1222.8	1164.4	938.6	872.8
2. Oil seeds	1406.07	1757.6	1239.3	1187.9	1079.0
3. Chemicals	2973.74	3765.0	3491.3	3313.4	3602.6
4. Pharmaceutical products	363.05	1482.3	364.3	334.8	434.9
5. Fertilizer	1360.42	4391.1	4913.3	2698.0	2620.2
6. Plastics & rubber articles thereof	3168.11	4316.2	3349.0	2964.9	3410.5
7. Iron, steel & other base metals	4932.92	8009.9	6660.6	5958.1	5804.8
D. Capital goods	13011.94	16433.9	13580.7	10635.1	9549.3
1. Capital machinery	3824.47	5463.2	4847.3	3482.5	2819.2
2. Other capital goods	9187.47	10970.7	8733.4	7152.5	6730.0
E. Others n.i.e.	7439.91	9195.1	8959.9	8801.4	9412.7
Total Imports c.i.f.	65594.71	89162.3	75061.6	66725.1	68354.2
Total Imports f.o.b.	60681.20	82495.1	70747.7	63240.0	64363.8
Of Which Import by EPZ	3488.58	5129.7	3914.9	3706.4	4308.1

Source: Compiled by Statistics Department of Bangladesh Bank using the data of National Board of Revenue (NBR).

Table-XVIII Sector-wise Comparative Statement of Opening, Settlement and Outstanding of Import LCs

Sectors/ Commodities	(Million USD)					
	FY24		FY25		% Changes during FY25 over FY24	
	Fresh Opening	Settlement	Fresh Opening	Settlement	Fresh Opening	Settlement
1	2	3	5	6	8	9
1. Consumer goods	6568.04	6721.82	6757.56	6758.93	+2.89	+0.55
% of Total	0.10	0.10	0.10	0.10		
a) Food grains						
(rice & wheat)	1685.16	1748.84	1797.46	1826.00	+6.66	+4.41
b) Other than food grains	1595.05	4972.99	4960.09	4932.93	+210.97	-0.81
2. Intermediate goods	4601.56	4849.88	4308.59	4434.78	-6.37	-8.56
% of Total	0.07	0.07	0.06	0.06		
3. Industrial raw materials	23484.59	21869.83	23531.59	23856.17	+0.20	+9.08
% of Total	0.34	0.33	0.34	0.34		
4. Petroleum and Petroleum products	9477.46	9248.39	9167.53	9890.93	-3.27	+6.95
% of Total	0.14	0.14	0.13	0.14		
5. Capital machinery	2337.96	2662.19	1757.39	1998.68	-24.83	-24.92
% of Total	0.03	0.04	0.03	0.03		
6. Machinery for miscellaneous industry	2339.18	2317.53	2330.50	2309.35	-0.37	-0.35
% of Total	0.03	0.03	0.03	0.03		
7. Others	20078.95	19002.01	21369.08	20655.59	+6.43	+8.70
% of Total	0.29	0.29	0.31	0.03		
a) Commercial sector	4753.62	4569.07	4798.98	4871.04	+0.95	+6.61
b) Industrial sector	15325.33	14432.94	16570.10	15784.55	+8.12	+9.36
Total :	68887.74	66671.66	69222.24	69904.43	+0.49	+4.85
<i>Of which, back to back LCs</i>	9733.84	8866.89	10471.48	10547.15	+7.58	+18.95

N.B.: Provisional Data downloaded from Online Import Monitoring System on 13/07/2025

Source: Foreign Exchange Operation Department, Bangladesh Bank.

Table-XIX Trends in Foreign Exchange Reserves

Year (End June)	Total reserves			
	Million BDT		Million USD	
	Gross Reserve	Reserve (as per BPM 6)	Gross Reserve	Reserve (as per BPM 6)
1	2	3	4	5
2012	848,071.56	-	10,364.43	-
2013	1,190,896.12	-	15,315.16	-
2014	1,669,665.26	-	21,507.99	-
2015	1,946,974.44	-	25,025.25	-
2016	2,365,189.01	-	30,168.23	-
2017	2,699,491.68	-	33,492.95	-
2018	2,758,082.43	-	32,943.46	-
2019	2,764,544.84	-	32,716.51	-
2020	3,059,543.67	-	36,037.03	-
2021	3,934,671.33	-	46,391.44	-
2022	3,908,707.90	-	41,826.73	-
2023	3,307,515.64	2,623,912.75	31,202.98	24,753.89
2024	3,152,279.79	2,558,988.02	26,714.24	21,686.00
2025	3,900,760.70	3,282,958.80	31,772.01	26,739.97

Source : Accounts & Budgeting Department, Bangladesh Bank.

Table-XX Trends in BDT-USD Exchange Rates

Year	BDT per USD	
	(period average)	(end period)
FY13	79.9326	77.7650
FY14	77.7218	77.6300
FY15	77.6746	77.8050
FY16	78.2637	78.4000
FY17	79.1192	80.5950
FY18	82.1009	83.7250
FY19	84.0263	84.5000
FY20	84.7811	84.9000
FY21	84.8063	84.8125
FY22	86.3006	93.4500
FY23	99.4473	106.0000
FY24	117.9901	118.0000
FY25	122.8393	122.7735

Source: Statistics Department, Bangladesh Bank.

Table-XXI Trends in Country-wise Worker's Remittances

(Million USD)

Countries	FY21	FY22	FY23	FY24	FY25	FY25 as % of Total
1	2	3	4	5	6	7
Saudi Arabia	5721.41	4541.96	3765.29	2741.38	4264.30	14.06
UAE	2439.99	2071.85	3033.85	4634.24	4167.95	13.74
UK	2023.62	2039.23	2080.41	2793.11	3168.53	10.45
Kuwait	1886.50	1689.59	1555.24	1496.66	1623.64	5.35
USA	3461.68	3438.41	3522.00	2961.65	4732.86	15.61
Italy	810.90	1054.20	1185.94	1461.58	1652.52	5.45
Qatar	1450.18	1346.47	1452.69	1149.95	1205.35	3.97
Oman	1535.64	897.40	790.65	1122.02	1634.68	5.39
Singapore	624.86	385.24	423.32	632.25	980.26	3.23
Germany	66.89	83.50	112.27	124.76	180.61	0.61
Bahrain	577.74	566.61	528.27	639.17	761.06	2.50
Japan	79.54	69.29	112.99	76.63	105.94	0.35
Malaysia	2002.36	1021.85	1125.86	1744.39	2804.73	9.25
Other countries	2096.40	1826.08	1921.95	2334.43	3046.38	10.04
Total	24777.71	21031.68	21610.73	23912.22	30328.81	100.00

Source: Statistics Department, Bangladesh Bank.

Table XXII Digital Payments in Bangladesh

(Volume in Thousand, and Value in Billion BDT)

Item	FY24		FY25 ^P		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
BEFTN Credit	256660	7253.1	279610	8114	9%	12%
BEFTN Debit	6713	1829.4	7348	1273.5	9%	-30%
MFS Transactions	6781280.68	15361.70	7462822.23	15353.89	10	18
ATM Transactions	439284.36	4792.35	436793.10	4792.37	-1	-4
Credit Card (Local Transactions)	4181.32	36.77	4368.65	36.79	4	1
Credit Card (Abroad Transactions)	156.30	2.86	107.48	2.86	-31	-23
Debit Card (Local Transactions)	434492.00	4741.80	432046.48	4741.80	-1	-3
Debit Card (Abroad Transactions)	454.74	10.92	270.49	10.92	-41	-39
POS Transactions	69941.54	349.31	78830.96	349.31	13	5
Credit Card (Local Transactions)	30927.66	178.68	34592.22	178.68	12	8
Credit Card (Abroad Transactions)	3881.01	34.05	3825.49	34.05	-1	-15
Debit Card (Local Transactions)	33644.27	125.84	38996.63	125.84	16	7
Debit Card (Abroad Transactions)	1488.60	10.73	1416.62	10.73	-5	-9
E-Commerce Transactions	56326.33	172.46	661491.78	172.46	18	31
Credit Card (Local Transaction)	14110.58	77.98	16145.94	77.98	14	40
Credit Card (Abroad Transaction)	2506.02	13.66	3067.90	13.66	22	11
Debit Card (Local Transaction)	37362.08	73.23	43415.13	73.23	16	21
Debit Card (Abroad Transaction)	2347.66	7.59	3862.81	7.59	65	74
Internet Banking Fund Transfer (IBFT)	45002.24	286.08	26395.22	152.71	-41	-46
RTGS Transactions	10506.78	58377.81	11589.94	58359.40	10	-1

^P Provisional.

Source: PSD and Statistics Department

Table-XXIII List of Scheduled Banks

(As on 30 June 2025)

Banks	Date of Scheduling/ Operation	Remarks
A. State Owned/ government controlled banks (6+3=9)		
A.1. State Owned Commercial Banks (6)		
1. Sonali Bank PLC.	15/11/2007	Starts operation from 26/03/1972 as Sonali Bank.
2. Janata Bank PLC.	15/11/2007	Starts operation from 26/03/1972 as Janata Bank.
3. Agrani Bank PLC.	15/11/2007	Starts operation from 26/03/1972 as Agrani Bank.
4. Rupali Bank PLC.	14/12/1986	Starts operation from 26/03/1972 as Rupali Bank.
5. Bangladesh Development Bank PLC.	31/12/2009	Starts operation from 31/10/1972 as Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha.
6. Basic Bank PLC.	21/01/1989	-
A.2. Specialised Banks (3)		
1. Bangladesh Krishi Bank	31/03/1973	Starts operation from 1972 as Agricultural Development Bank of Bangladesh.
2. Rajshahi Krishi Unnayan Bank	15/03/1987	-
3. Probashi Kallyan Bank	30/07/2018	-
B. Private Commercial Banks (43)		
1. Uttara Bank PLC.	15/09/1983	Starts operation from 26/03/1972 as Uttara Bank.
2. Pubali Bank PLC.	24/01/1985	Starts operation from 26/03/1972 as Pubali Bank.
3. AB Bank PLC.	12/04/1982	-
4. National Bank Limited	23/03/1983	-
5. City Bank PLC.	27/03/1983	-
6. Islami Bank Bangladesh PLC.	30/03/1983	-
7. IFIC Bank PLC.	24/06/1983	-
8. United Commercial Bank PLC.	29/06/1983	-
9. ICB Islamic Bank Limited	28/02/2008	Starts operation from 1987 as Al-Baraka Islami Bank Limited and from 2004 as The Oriental Bank Limited
10. Eastern Bank PLC.	16/08/1992	-
11. National Credit And Commerce Bank PLC.	17/05/1993	-
12. Prime Bank PLC.	17/04/1995	-
13. Southeast Bank PLC.	25/05/1995	-
14. Dhaka Bank PLC.	05/07/1995	-
15. Al-Arafah Islami Bank PLC.	27/09/1995	-
16. Social Islami Bank PLC.	22/11/1995	-
17. Dutch-Bangla Bank PLC.	03/03/1996	-
18. Bangladesh Commerce Bank Limited	16/09/1998	-
19. Mercantile Bank PLC.	02/06/1999	-
20. Standard Bank PLC.	03/06/1999	-

Table-XXIII (contd.) List of Scheduled Banks

(As on 30 June 2025)

21. One Bank PLC.	14/07/1999	-
22. EXIM Bank PLC.	03/08/1999	-
23. Mutual Trust Bank PLC.	24/10/1999	-
24. First Security Islami Bank PLC.	22/09/1999	-
25. The Premier Bank PLC.	26/10/1999	-
26. Bank Asia PLC.	27/11/1999	-
27. Trust Bank Limited	29/11/1999	-
28. Jamuna Bank PLC.	03/06/2001	-
29. ShahajalalIslami Bank PLC.	10/05/2001	-
30. BRAC Bank PLC.	01/07/2001	-
31. Union Bank PLC.	25/03/2013	-
32. Meghna Bank PLC.	03/04/2013	-
33. Midland Bank PLC.	09/04/2013	-
34. NRB Commercial Bank PLC.	25/03/2013	-
35. Padma Bank Ltd.	25/04/2013	Before 29/01/2019 operated as The Farmers Bank Ltd.
36. South Bangla Agriculture & Commerce Bank Limited	25/03/2013	-
37. NRB Bank Limited	28/04/2013	-
38. Modhumoti Bank Limited	16/06/2013	-
39. Shimanto Bank Limited	21/07/2016	-
40. Global IslamiBank Limited	29/07/2013	Before 01/01/2021 operated as NRB Global Bank Limited
41. Community Bank Bangladesh Limited	01/11/2018	-
42. Bengal Commercial Bank Limited	23/02/2020	-
43. CITIZENS Bank PLC	15/12/2020	-
C. Foreign Commercial Banks (9)		
1. Standard Chartered Bank	13/05/1972	Operated from 12/06/1965 as Chartered Bank.
2. State Bank of India	05/05/1975	-
3. Habib Bank Limited	03/06/1976	-
4. National Bank of Pakistan	18/04/1994	-
5. Citi Bank N.A.	24/06/1995	-
6. Woori Bank	21/09/1996	Before 1996 operated from as Hanil Bank.
7. The HSBC Limited	17/12/1996	-
8. Commercial Bank of Ceylon PLC	06/11/2003	-
9. Bank Alfalah Limited	24/04/2005	-

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table-XXIV List of Finance Companies*

(As on 30 June 2025)

A. State-owned Finance Companies (3+2)**A.1. Sole Owner (3)**

1. Agrani SME Financing Company Ltd.*
2. Bangladesh Infrastructure Finance Fund Ltd.
3. Infrastructure Development Company Ltd.

A.2. Joint Venture with Foreign Government (2)

1. Saudi-Bangladesh Industrial & Agricultural Investment Company Ltd.
2. The UAE-Bangladesh Investment Company Ltd.

B. Private Finance Companies (30)

1. Alliance Finance PLC.
2. Aviva Finance Ltd.
3. Bangladesh Finance Ltd.
4. Bay Leasing & Investment Company Ltd.
5. Bangladesh Industrial Finance Company Ltd.
6. CVC Finance Ltd.
7. DBH Finance PLC.
8. Fareast Finance & Investment Ltd.
9. FAS Finance & Investment Ltd.
10. First Finance Ltd.
11. GSP Finance Company Ltd.
12. Hajj Finance Company Ltd.
13. IDLC Finance PLC.
14. IIDFC PLC.
15. International Leasing & Financial Services Ltd.
16. IPDC Finance PLC.
17. Islamic Finance and Investment PLC.
18. Lanka-Bangla Finance PLC.
19. Meridian Finance and Investment Ltd.
20. MIDAS Financing PLC.
21. National Finance Ltd.
22. National Housing Finance PLC.
23. People's Leasing & Financial Services Ltd.
24. Phoenix Finance & Investments Ltd.
25. Premier Leasing & Finance Ltd.
26. Prime Finance & Investment Ltd.
27. SFIL Finance PLC.
28. Union Capital Ltd.
29. United Finance PLC.
30. Uttara Finance and Investments Ltd.

* Agrani SME Financing Company Ltd. Is a subsidiary company of state owned commercial bank, Agrani Bank Ltd..
Source: Department of Financial Institutions and Markets, Bangladesh Bank.

Appendix-4
Banking Performance Indicators

Table-I Banking System Structure, Assets and Deposits

(In billion BDT)

Types of banks	2023						2024					
	No. of Banks	No. of Branches	Total Assets	Share in Industry Assets (in Percent)	Total Deposits	Share in Industry Deposits (in Percent)	No. of Banks	No. of Branches	Total Assets	Share in Industry Assets (in Percent)	Total Deposits	Share in Industry Deposits (in Percent)
SCBs	6	3,841	5,604.4	23.37	4,353.6	24.68	6	3,849	5,985.6	22.77	4,498.9	23.71
SBs	3	1,541	558.2	2.32	490.0	2.78	3	1,543	612.1	2.33	535.3	2.82
PCBs	43	5,709	16,464.3	68.65	11,931.0	67.63	43	5,805	18,350.1	69.77	13,090.1	68.98
FCBs	9	63	1,357.1	5.66	865.5	4.91	9	63	1,349.1	5.13	851.5	4.49
Total	61	11,154	23,984.0	100.00	17,641.1	100.00	61	11,260	26,297.8	100.00	18,975.8	100.00

Note: Banks (except BKB and RAKUB) prepare their balance sheet on calendar year basis and are obliged to submit their audited balance sheet at the end of every calendar year. That is why banks' performance-related figures are stated in calendar year basis. Source: Department of Offsite Supervision (DOS) and Banking Regulation and Policy Department (BRPD), Bangladesh Bank.

Table-II Capital to Risk Weighted Assets Ratio by Type of Banks

(In percentage)

Bank Types	2016	2017	2018	2019	2020	2021	2022	2023	2024	End of March 2025
SCBs	5.9	7.0	10.3	5.0	9.6	8.1	7.2	6.43	3.24	2.90
SBs	-33.7	-32.8	-31.7	-32.0	-32.9	-33.6	-40.3	-40.80	-58.83	-38.88
PCBs	12.4	12.2	12.8	13.6	13.7	13.7	13.3	13.08	8.59	7.45
FCBs	25.4	23.3	25.9	24.5	28.4	25.9	31.7	37.16	41.99	41.32
Total	10.8	10.8	12.1	11.6	12.5	12.0	11.7	11.44	7.39	6.74

Source: Department of Off-site Supervision (DOS), Bangladesh Bank

Table-III Gross NPLs to Total Loans by Type of Banks

(In percentage)

Types of banks	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
SCBs	25.0	26.5	30.0	23.9	20.9	19.3	20.3	21.0	42.8	45.8
SBs	26.0	23.4	19.5	15.1	13.3	12.0	12.8	13.9	14.4	14.5
PCBs	4.6	4.9	5.5	5.8	4.7	5.3	5.1	5.9	15.6	20.2
FCBs	9.6	7.0	6.5	5.7	3.5	4.3	4.9	4.8	4.1	4.8
Total	9.2	9.3	10.3	9.3	7.7	7.9	8.2	9.0	20.2	24.1

Source: Banking Regulation and Policy Department (BRPD), Bangladesh Bank.

Table-IV Ratio of Net NPL to Net Total Loans by Types of Banks

(In percentage)

Types of banks	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
SCBs	11.1	11.2	11.3	6.12	0.003	2.53	5.22	6.21	32.86	32.67
SBs	10.5	9.7	5.7	3.00	1.32	0.40	1.41	1.68	2.98	3.11
PCBs	0.1	0.2	0.4	-0.07	-1.54	-1.07	-1.31	-0.72	6.19	12.39
FCBs	1.9	0.7	0.7	0.19	-0.56	-0.73	-0.56	-0.41	-0.63	0.08
Total	2.3	2.2	2.2	1.02	-1.18	-0.43	-0.08	0.59	10.57	15.00

Source: Banking Regulation and Policy Department (BRPD), Bangladesh Bank.

Table-V Amount of NPLs by Types of Banks

(In billion BDT)

Types of banks	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
SCBs	310.3	373.3	487.0	439.9	422.7	449.8	564.6	657.8	1366.2	1464.1
SBs	56.8	54.3	47.9	40.6	40.6	39.9	47.1	56.7	64.3	64.9
PCBs	230.6	294.0	381.4	441.7	403.6	515.2	564.4	709.8	2000.2	2642.0
FCBs	24.1	21.5	22.9	21.0	20.4	27.9	30.5	32.0	27.0	32.4
Total	621.8	743.1	939.2	943.3	887.3	1032.7	1206.5	1456.3	3457.7	4203.4

Source: Banking Regulation and Policy Department (BRPD), Bangladesh Bank.

Table-VI Required Provision and Actual Provision Maintained by All Banks

(In billion BDT)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
Amount of NPLs	621.7	743.0	939.1	943.3	887.7	1032.7	1206.5	1456.3	3457.7	4203.4
Required provision	362.1	443.0	570.4	613.2	648.0	806.5	841.6	989.4	2155.1	2751.0
Provision maintained	307.4	375.3	504.3	646.6	646.8	666.5	731.5	796.8	1093.8	1044.5
Excess(+)/ Shortfall (-)	-54.7	-67.7	-66.14	-66.6	-1.2	-140.1	-110.1	-192.6	-	-
Provision maintenance Ratio (%)	84.9	84.7	88.4	89.2	99.8	82.6	86.9	80.5	50.8	38.0

Source: Banking Regulation and Policy Department (BRPD), Bangladesh Bank.

Table-VII Comparative Position of Provision Adequacy

(In billion BDT)

Year	Items	SCBs	SBs	PCBs	FCBs
2021	Required provision	370.28	23.29	390.81	22.17
	Provision maintained	199.73	23.63	414.35	28.76
	Provision maintenance ratio (%)	53.94	101.46	106.02	129.72
2022	Required provision	301.43	24.73	491.33	24.08
	Provision maintained	213.15	24.82	463.87	29.64
	Provision maintenance ratio (%)	70.71	102.38	93.77	118.77
2023	Required provision	334.36	28.04	601.75	25.25
	Provision maintained	233.51	31.53	501.44	30.29
	Provision maintenance ratio (%)	69.83	112.44	83.33	119.96
2024	Required provision	742.18	28.28	1362.37	22.25
	Provision maintained	162.52	30.84	873.53	26.88
	Provision maintenance ratio (%)	21.90	109.05	64.12	120.81
End	Required provision	933.83	28.42	1765.56	23.22
March	Provision maintained	293.86	30.90	692.16	27.55
2025	Provision maintenance ratio (%)	31.47	108.73	39.20	118.65

Source: Banking Regulation and Policy Department (BRPD), Bangladesh Bank.

Table-VIII Cumulative Written-off Loans by Types of Banks

(In billion BDT)

Bank Types	2017	2018	2019	2020	2021	2022	2023	2024	2025 (March)
SCBs	226.2	231.9	232.6	232.9	239.9	228.8	252.2	258.3	258.4
SBs	5.6	5.6	6.0	6.1	6.1	6.1	6.1	6.1	6.1
PCBs	239.9	280.4	303.0	316.2	344.7	354.7	400.6	517.4	519.6
FCBs	10.3	11.0	12.37	13.3	14.3	14.4	15.5	23.4	23.7
Total	481.9	528.8	554.3	568.5	605.0	604.0	674.4	805.2	807.8

Source: Department of Off-site Supervision, Bangladesh Bank.

Table-IX Total Outstanding of Writing-off Loans by Types of Banks

(In billion BDT)

Bank Types	2017	2018	2019	2020	2021	2022	2023	2024	2025 (March)
SCBs	224.4	226.2	232.2	179.4	232.9	228.8	182.7	183.6	183.1
SBs	5.6	5.6	5.8	3.8	6.1	6.1	3.4	3.4	3.4
PCBs	216.7	246.5	294.3	239.4	316.3	354.7	317.4	442.7	424.5
FCBs	8.6	10.7	12.3	10.1	13.6	14.4	12.1	19.5	19.7
Total	455.3	489.0	544.6	432.7	568.9	604.0	515.6	631.3	630.7

Source: Department of Off-site Supervision, Bangladesh Bank.

Table-X Expenditure-income (EI) Ratio by Types of Banks

(In percentage)

Types of banks	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
SCBs	90.2	81.3	80.5	84.9	83.2	86.1	81.5	80.9	85.3	89.7
SBs	137.8	124.0	144.6	159.8	158.1	162.9	151.1	142.4	131.1	138.3
PCBs	73.5	73.8	76.7	77.6	79.6	75.3	76.7	79.5	80.6	88.8
FCBs	45.7	46.6	47.5	48.8	46.2	43.9	35.2	35.5	32.2	33.1
Total	76.6	74.7	76.6	78.0	79.2	77.0	76.1	77.5	79.0	88.5

Source: Department of Offsite Supervision (DOS), Bangladesh Bank

Table-XI Trends of Profitability Ratios by types of banks

(In percentage)

Types of banks	ROA									ROE								
	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
SCBs	0.21	-1.30	-0.61	-1.07	-0.68	0.18	0.18	-0.37	-0.51	3.45	29.61	13.68	29.57	21.61	4.55	4.78	-12.20	-18.80
SBs	-0.62	-2.77	-3.31	-3.01	-3.03	-2.65	-2.74	-2.35	-2.59	3.07	13.47	17.04	13.85	13.21	-10.45	-10.84	-9.17	-10.23
PCBs	0.89	0.79	0.77	0.70	0.62	0.71	0.62	0.51	-0.30	12.01	10.98	11.16	10.22	9.34	11.04	10.13	9.43	-6.11
FCBs	2.24	2.23	2.30	2.13	1.17	2.48	3.28	4.30	4.07	11.31	12.42	13.43	13.10	7.59	14.65	17.09	19.09	18.02
Total	0.74	0.25	0.43	0.25	0.25	0.62	0.59	0.43	-0.18	10.60	3.86	6.83	4.28	4.44	10.67	10.55	8.70	-3.99

Source: Department of Offsite Supervision (DOS), Bangladesh Bank

Table-XII Trends of Net Interest Margin (NIM) by Types of Banks

(In percentage)

Type of banks	2016	2017	2018	2019	2020	2021	2022	2023	2024	End March 2025
SCBs	1.75	1.98	2.35	1.94	1.75	1.57	1.84	2.00	1.91	1.50
SBs	0.76	2.05	0.62	0.01	-0.21	-0.58	-0.31	0.08	0.31	0.01
PCBs	3.89	3.52	3.55	3.52	2.97	2.87	2.67	2.86	2.99	2.26
FCBs	4.99	4.35	4.30	4.21	4.05	3.03	3.64	5.21	7.19	7.44
Total	3.27	3.13	3.22	3.12	2.67	2.49	2.47	2.74	2.90	2.30

Source: Department of Offsite Supervision (DOS), Bangladesh Bank

Table-XIII SLR Eligible Assets as Percentage of ATDTL by Types of Banks

(In percentage)

Bank Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 June
SCBs	41.4	40.0	30.4	24.8	27.3	37.8	35.4	32.9	28.2	29.3	35.3
DFIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PCBs	19.7	17.8	14.8	14.2	16.4	20.9	20.1	20.1	21.4	18.1	21.8
FCBs	51.8	48.2	43.8	48.4	29.7	40.7	42.0	42.0	49.4	41.9	45.2
All Banks Industry	26.5	24.9	19.9	18.2	19.9	26.2	25.4	24.0	24.8	22.1	26.1

* The calculation of liquidity ratio has been changed from 01 February 2014 (MPD circular no 02/2013)

Source: Department of Offsite Supervision (DOS), Bangladesh Bank

Table-XIV Branch, Deposit and Advance in the Banking System: Rural and Urban

Year	Number of Branches			Deposit (billion BDT)			Advance (billion BDT)		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
2000	3659	2460	6119	160.6	549.2	709.8	100.1	493.5	593.6
2001	3680	2502	6182	160.2	656.3	816.5	97.2	590.6	687.8
2002	3693	2538	6231	177.6	753.2	930.8	100	667.7	787.7
2003	3694	2526	6220	190.8	883.3	1074.1	102.5	744.8	847.3
2004	3724	2579	6303	192	1023.8	1215.8	103.4	847.9	951.3
2005	3764	2638	6402	218.3	1197.6	1415.9	117.6	999.7	1117.3
2006	3834	2728	6562	241.5	1445.8	1687.3	128.4	1163.3	1291.7
2007	3894	2823	6717	263	1689.1	1952.1	130.1	1335.6	1465.7
2008	3981	2905	6886	306.2	2009.8	2316.0	148.5	1667	1815.5
2009	4136	3051	7187	369.9	2424	2793.9	169.6	1920.9	2090.5
2010	4393	3265	7658	436.9	2942.3	3379.2	206.9	2367.5	2574.4
2011	4551	3410	7961	536	3579.9	4115.9	254.5	2958.3	3212.8
2012	4760	3562	8322	853.1	4011	4864.1	405.6	3453.7	3859.3
2013	4962	3723	8685	1117.1	4988.2	6105.3	450.6	3987.8	4438.4
2014	5150	3890	9040	1326	5605.2	6931.1	505.1	4571.2	5076.3
2015	5187	3944	9131	1575.1	6364.7	7939.8	571.3	5227.3	5798.6
2016	4188	5466	9654	1843.9	7150.3	8994.1	680	6006.6	6686.6
2017	5624	4331	9955	2028.7	7837	9865.7	839.8	7087	7926.8
2018	4890	5224	10114	2142.8	8223.6	10366.4	863.1	7607.1	8470.2
2019	5131	5447	10578	2543.2	9601.3	12144.6	1035	9000.5	10035.5
2020	5221	5531	10752	2942.8	10848.7	13791.5	1185.3	9777.8	10963.1
2021	5314	5623	10937	3253.6	11871.1	15124.7	1356	10749.9	12105.9
2022	5413	5740	11153	3395.3	12343	15738.2	1460.2	11526.4	12986.6
2023	5224	6059	11283	2664.1	14827.2	17491.3	1237.7	14145.8	15383.4
2024	5260	6101	11361	2924.2	15912.9	18837.1	1372.5	15456.3	16828.8
2025 (June)	5268	6104	11372	3160.2	16805.6	19965.8	1307.8	16033.9	17341.7

Source: Statistics Department, Bangladesh Bank.

List of BB's Major Publications

Annual

1. Annual Report (Bangla)
2. Annual Report (English)
3. Monetary Policy Review
4. BFIU Annual Report
5. Financial Stability Report
6. Agricultural & Rural Credit Policy and Program
7. BBTA Academic Calendar
8. Bangladesh Government Securities Report

Half Yearly

1. Foreign Direct Investment and External Debt
2. Monetary Policy Statement

Quarterly

1. NBFCs Statistics
2. Bangladesh Bank Quarterly
3. Bank Quarterly Financial Stability Assessment Report

Monthly

1. Monthly Economic Trends
2. Bangladesh Bank Parikrama

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