Quarterly Report on CMSME Financing

January-March 2026

SME & Special Programmes Department
Bangladesh Bank, Head Office, Dhaka

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List of Acronyms

BB	Bangladesh Bank
BDT	Bangladesh Taka
CMS	Cottage, Micro and Small
CMSME	Cottage, Micro, Small and Medium Enterprise
CL	Classified Loan
FC	Finance Company
FSFDMSME	Financial Sector Fund for the Development of Micro, Small and Medium Enterprises
FSPDSME	Financial Sector Project for the Development of Small and Medium Enterprises
MFI	Microfinance Institution
NPL	Non-Performing Loan
PFI	Participating Financial Institution
Q1	First Quarter
SMESPD	SME & Special Programmes Department

Executive Summary

This report presents the CMSME financing performance of 60 scheduled banks and 30 finance companies for the quarter ended 31 March 2026, covering portfolio trends, achievement of regulatory targets, institutional performance, financial inclusion, portfolio quality, alternative delivery channels and cluster financing.

Total CMSME outstanding declined to BDT 2,98,088.83 crore, 5.15% lower than December 2025, representing 15.87% of total loans against the 2026 regulatory target of 25.50%. Private Commercial Banks remained the largest contributors, accounting for approximately 52.00% of total outstanding.

The portfolio continued to comply with regulatory priorities with CMS enterprises comprising 68.68% of total outstanding. Small enterprises remained the largest business segment while trade accounted for the highest sectoral share (44.93%) followed by manufacturing (34.96%) and services (20.11%) maintaining the prescribed service-sector benchmark.

Financial inclusion indicators showed encouraging progress. Lending to women entrepreneurs increased to 7.28% of the portfolio, while rural enterprises accounted for 24.09%. Collateral-free CMSME financing (including loans under credit guarantee facility) reached 15.77% of total CMSME outstanding amount, and new enterprises represented 7.33% of the portfolio. The introduction of Informal/Marginal Enterprises under the CMSME Master Circular 2025 further expanded access to formal finance, with BDT 2,080.21 crore disbursed and BDT 3,358.19 crore outstanding during the quarter.

Portfolio quality weakened with the classified CMSME loan ratio increasing to 26.04% compared with 24.03% in the previous quarter.

Alternative delivery channels continued to enhance outreach. MFI linkage financed over 1,70,000 enterprises, while agent banking supported 988 enterprises. Although peer lending had not yet reported any financing, several banks and financial companies are in the process of utilizing this newly introduced channel.

Cluster financing remained an important component of the CMSME portfolio, with outstanding loans reaching BDT 16,205.83 crore (5.44% of total CMSME outstanding). During the quarter, BDT 2,307.26 crore was disbursed to 10,015 cluster enterprises with agro-processing and knitwear/ready-made garments continuing to dominate the portfolio.

Note: *Currently, a total of 61 scheduled banks and 35 financial companies (FCs) are operating in Bangladesh. Among these, Probashi Kallyan Bank, the most recently added scheduled bank, has yet to commence reporting its CMSME financing data to the SME & Special Programmes Department (SME&SPD). On the other hand, all but five FCs (namely, Saudi-Bangladesh Industrial & Agricultural Investment Company, Infrastructure Development Company Limited, DBH Finance PLC, People's Leasing and Financial Services Ltd, and Bangladesh Infrastructure Finance Fund Limited) are regularly submitting their CMSME financing data to SME&SPD. Accordingly, this quarterly report on CMSME financing encompasses a total of 60 banks and 30 FCs.*

1. Introduction

The role of Cottage, Micro, Small and Medium Enterprises (CMSMEs) is indispensable for overall economic development of a country particularly for developing countries like Bangladesh. Since this sector is labor intensive with short gestation period, it is capable of increasing national income as well as rapid employment generation; achieving Sustainable Development Goals (SDGs) especially eradication of extreme poverty and hunger, gender equality and women empowerment. Considering the vital role played by the CMSME sector in economic development of our country, the Government of Bangladesh as well as the Bangladesh Bank have given due importance on the sector for higher economic growth, narrowing the gap of income inequality and poverty alleviation.

CMSMEs currently contribute around 25-30 percent of national GDP and accounts for nearly 99 percent of business entities in the country. The sector provides approximately 80-85 percent of non-agricultural employment and includes more than 11 million enterprises nationwide. With around 70 percent of CMSMEs located outside Dhaka, the sector supports balanced regional development as well.

Sustainable development of the CMSME plays an important role in economic growth, employment generation, and global competitiveness. It is thus highly important to ensure supportive environment to accelerate the development of the CMSME sector in Bangladesh. National SME Policy 2019 recognizes that successful CMSME strategies mainly depend on six key areas, which are: 1. Access to Finance; 2. Access to Technology and Innovation; 3. Access to Market; 4. Access to Education and Training; 5. Access to Business Support Services; and 6. Access to Information. Acknowledging the importance of access to finance for the CMSMEs, Bangladesh Bank have continued its support through improved access to finance, entrepreneurship development, technology adoption, market access and business-support services.

In this backdrop, Bangladesh Bank’s CMSME Master Circular 2025 provides the financing and monitoring framework for banks and finance companies, including the applicable portfolio targets, sectoral composition guidelines and financial inclusion priorities. This circular particularly emphasizes on access to finance for the informal/marginal entrepreneur’s as well as maintaining appropriate share of Cottage, Micro and Small enterprises within the CMSME portfolio, promoting women entrepreneur financing, supporting manufacturing and service concerns, cluster finance and widening access to finance through newly introduced alternative delivery channels.

In accordance with the CMSME Master Circular 2025, all banks and FCs are required to submit quarterly reports on CMSME financing using a structured format. This report has been prepared on the basis of data provided in the quarterly reports submitted by banks and FCs for the period of January-March 2026 and compared to precedent quarters as required.

2. Target Achievement of CMSME Financing

Under the latest SMESPD Master Circular No. 01/2025, banks and finance companies are required to raise their CMSME loan portfolio to at least 25.50% of total outstanding loans and advances by 2026, with further sub-targets on enterprise size, gender and sector mix.

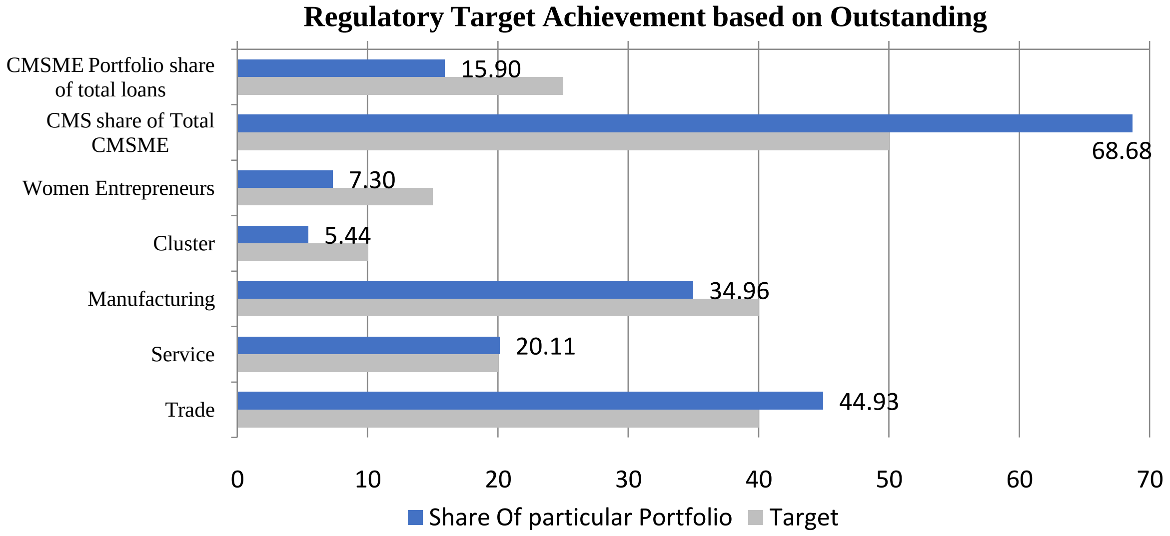


Figure 1: Regulatory Target Achievement

Indicator	Regulatory Target	31 Mar 2025	31 Dec 2025	31 Mar 2026	Achievement Status (March 2026)	YoY Change	QoQ Change
Overall CMSME portfolio share of total loans	25.50%	16.84%	16.76%	15.87%	Below target	▼ 0.97 pp	▼ 0.89 pp
CMS (Cottage + Micro + Small) share of CMSME	≥ 50%	68.09%	68.72%	68.68%	Target met	▲ 0.59 pp	▼ 0.04 pp
Women entrepreneur share of CMSME	15%	6.45%	6.71%	7.28%	Below target	▲ 0.83 pp	▲ 0.57 pp
Cluster share of CMSME	10%	6.24%	6.23%	5.44%	Below target	▼ 0.80 pp	▼ 0.79 pp
Manufacturing share of CMSME	≥ 40%	36.61%	35.02%	34.96%	Below target	▼ 1.66 pp	▼ 0.06 pp
Service share of CMSME	≥ 20%	19.36%	20.64%	20.11%	Target met	▲ 0.75 pp	▼ 0.53 pp
Trade share of CMSME	≤ 40%	44.03%	44.34%	44.93%	Above ceiling	▲ 0.90 pp	▲ 0.59 pp
Classified (NPL) ratio of CMSME loans	N/A	23.94%	24.03%	26.04%	Deteriorating	▲ 2.10 pp	▲ 2.01 pp
Overall NPL ratio	N/A	24.13%	30.60%	32.26%	Deteriorating	▲ 8.13 pp	▲ 1.66 pp

Table 1: Target achievement summary. "▲/▼" denote year-on-year and quarter-on-quarter direction.

The target achievement scenario presents a mixed scenario in this quarter. The CMS share of the CMSME portfolio and the service-sector share remained above their respective minimum thresholds. Women entrepreneur financing also improved both year-on-year and quarter-on-quarter, although it remained well-below the 15 percent regulatory target. However, the overall CMSME portfolio share, cluster financing share and manufacturing share remained below the regulatory targets, while the trade share continued to exceed the prescribed ceiling. The classified-loan ratio increased from both the preceding quarter and the corresponding quarter of the previous year, indicating the importance of continued portfolio monitoring and recovery follow-up.

3. Overall CMSME Financing Position

CMSME outstanding stood at BDT 2,98,088.83 crore as on 31 March 2026, reflecting a decline of 5.15 percent from the preceding quarter and 1.35 percent from the corresponding quarter of the previous year. As the first quarter is generally a comparatively slower period for portfolio build-up, lending activity and outstanding growth may gain momentum in the subsequent quarters. Continued disbursement, alongside timely recovery and portfolio monitoring, will remain important for strengthening the outstanding position in line with the applicable target framework.

CMSME OUTSTANDING	PORTFOLIO SHARE OF TOTAL LOANS	CLASSIFIED LOAN RATIO
BDT 2,98,089 cr	**15.87%**	**26.04%**
▼ 5.15% from Dec-25 (3,14,273 cr)	*Target: 25.50% by 2026 | Dec-25: 16.76%*	*▲ 2.01 pp from Dec-25 (24.03%)*

CMS SHARE WITHIN CMSME	WOMEN ENTREPRENEUR PORTFOLIO	RECOVERY RATE
68.68%	**7.28%**	**55.48%**
Target: ≥50% — met	*Target: 15% |(▲ 8.49% from Dec-25)*	*BDT 65,291 cr recovered of 1,17,691 cr*

Table 2: Overall CMSME Financing Position

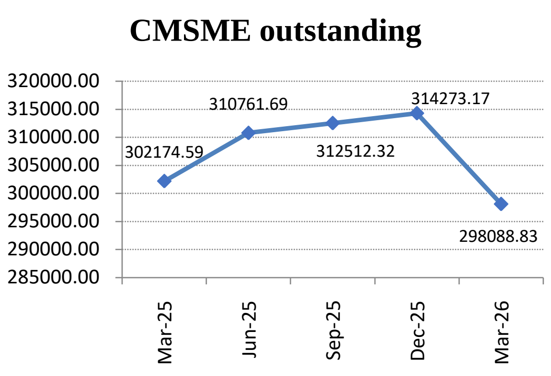


Figure 2: CMSME outstanding trend

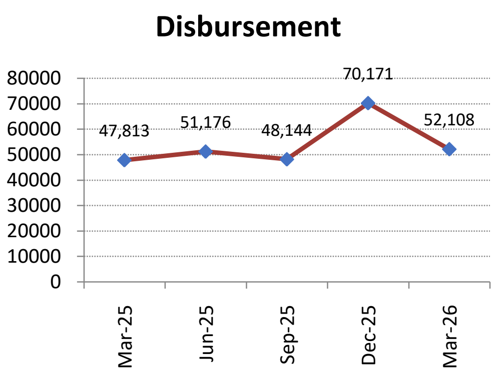


Figure 3:CMSME disbursement trend

During January–March 2026, BDT 52,107.72 crore was disbursed as CMSME finance to 386,453 enterprises. Compared with the corresponding quarter of the preceding year, the amount disbursed increased by 8.98 percent from BDT 47,813.01 crore, while the number of enterprises financed increased by 19.37 percent from 323,734.

4. Portfolio by Institution Category

Private Commercial Banks accounted for the largest share of CMSME outstanding, at approximately 52 percent of the industry total. Islamic Commercial Banks and State-owned Commercial Banks hold about 20 percent and 19 percent share of total CMSME outstanding respectively. Finance Companies, Specialized Banks and Foreign Banks accounted for the remaining 4.31 percent, 3.12 percent and 1.66 percent of CMSME outstanding respectively.

Category	Total Loans (BDT crore)	CMSME Outstanding (BDT crore)	Share of Total CMSME Loan	CMSME Portfolio Share as % of Total Loans	Q1 2026 CMSME Disbursement (BDT crore)	Enterprises Financed (Number)
Private Commercial Banks	8,97,312.05	1,54,860.23	51.95%	17.26%	34,486.49	159,311
Islamic Commercial Banks	4,85,957.03	59,860.13	20.08%	12.32%	8,319.49	67,841
State-owned Commercial Banks	3,26,685.07	56,280.92	18.88%	17.23%	3,355.18	31,640
Specialized Banks	43,963.43	9,313.76	3.12%	21.19%	1,639.43	10,599
Foreign Banks	67,628.35	4,935.27	1.66%	7.30%	2,251.11	99,489
Finance Companies	56,553.19	12,838.51	4.31%	22.70%	2,056.02	17,573
Industry Total	**18,78,099.13**	**2,98,088.83**	**100%**	**15.87%**	**52,107.72**	**386,453**

Table 3: CMSME portfolio by Institution category

Although Finance Companies and Specialized Banks have the largest CMSME portfolio shares as percentage of their total loans, at 22.70 percent and 21.19 percent respectively but their CMSME portfolios are comparatively small in quantity. Foreign Banks reported the lowest CMSME portfolio at 7.30 percent of their total loans.

5. Institution-wise CMSME Financing Performance

While regulatory target achievement is assessed on the basis of CMSME outstanding, current-quarter disbursement provides a useful supplementary measure of financing activity. The following figures present the five banks and five finance companies that recorded the largest CMSME disbursement during January-March 2026.

5.1 Top Five Banks on the basis of CMSME loan/advance Disbursement

The five banks shown below collectively disbursed BDT 20,791.09 crore in CMSME financing during the reporting quarter which is almost 40% of total CMSME loan/advance disbursement during the quarter. The list reflects the top five performers on the lending activities across 60 banks during January-March 2026.

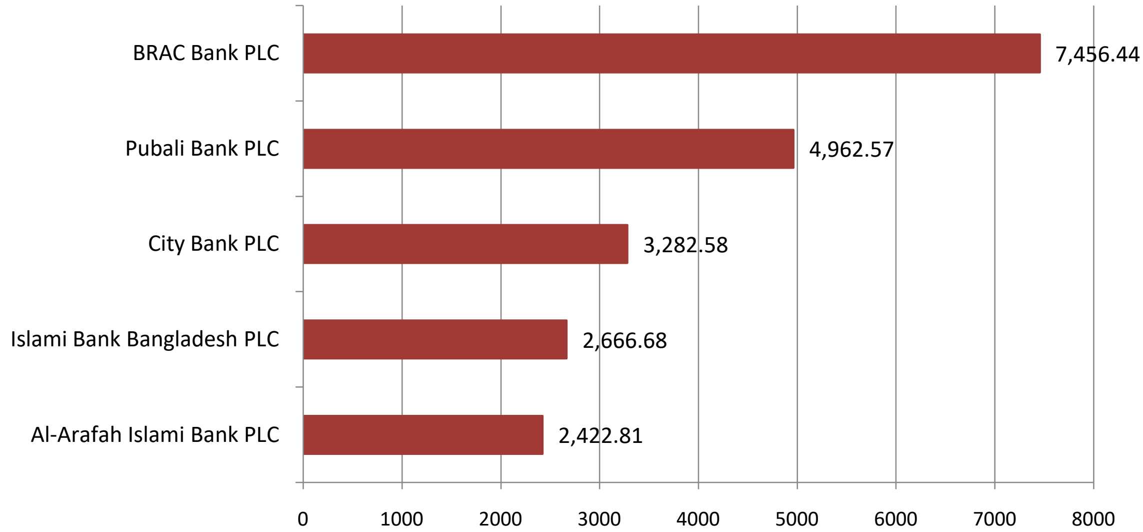


Figure 4: Top Five Banks based on CMSME Disbursement, January-March 2026.

5.2 Top Five Finance Companies on the basis of CMSME loan/advance Disbursement

The five finance companies shown below collectively disbursed BDT 2,007.74 crore in CMSME financing during January-March 2026. Their disbursement reflects the needful contribution of finance companies to CMSME financing flow.

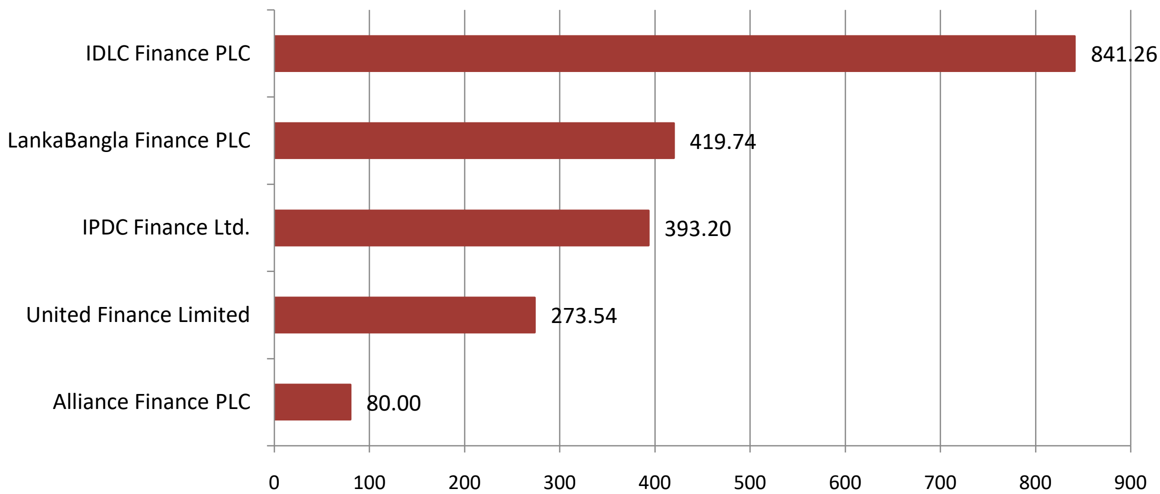
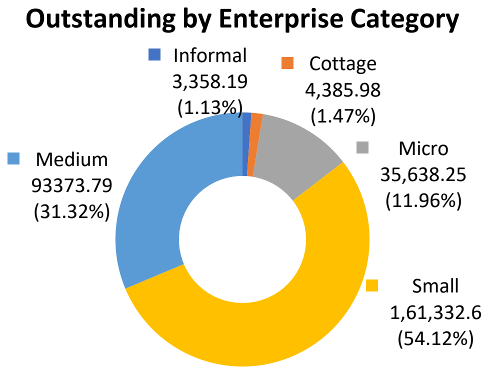


Figure 5: Top Five Finance Companies based on CMSME Disbursement, January-March 2026.

6. Portfolio Composition

CMSME outstanding can be distributed in two broad ways as per CMSME master circular 2025: by types of industry (manufacturing, service, trade) and by types of enterprise (Informal, cottage, micro, small and medium).



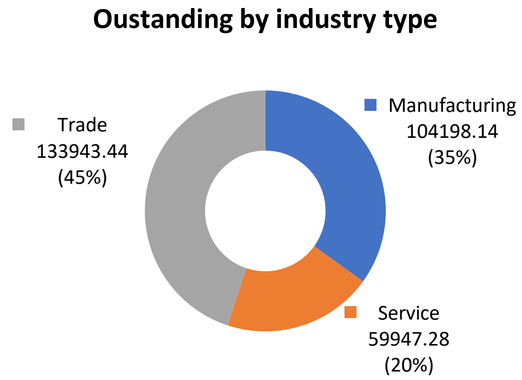


Figure 6: CMSME portfolio by types of industry   *Figure 7: CMSME portfolio by types of enterprise*

Trade continues to dominate the portfolio at 44.93%, exceeding its 40% regulatory ceiling, while manufacturing (34.96%) remains below its 40% floor. By size, Small enterprises account for 54.12% of outstanding, consistent with the CMS target being met overall, but Cottage enterprises hold only 1.47% of the total outstanding despite typically representing the largest number of individual enterprises.

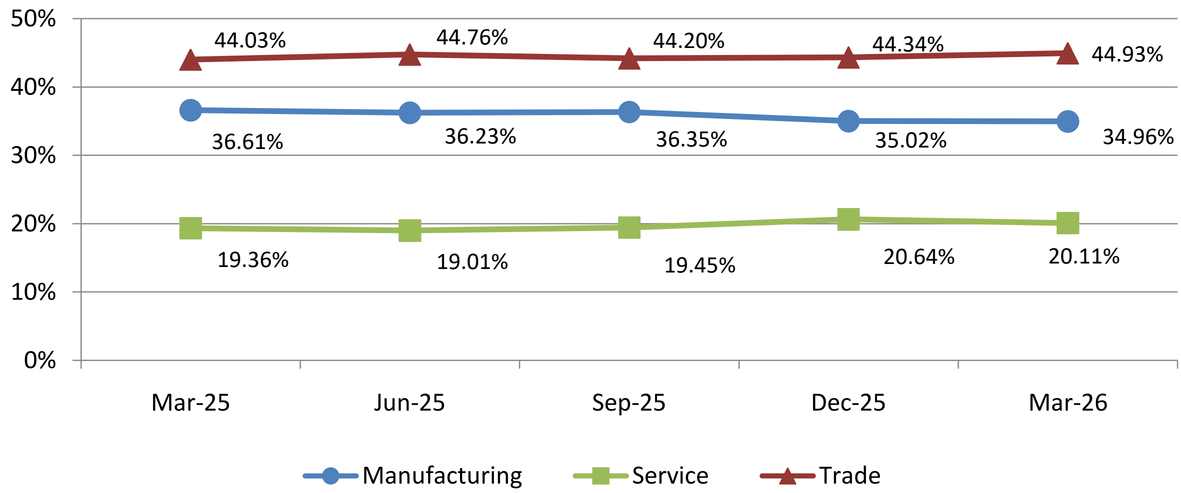


Figure 8: Share of CMSME Outstanding by Sector, March 2025-March 2026.

Figure 8 shows that sector wise CMSME loan concentration remains almost the same over the year.

7. Recovery Performance

The recovery rate reported for the January-March 2026 period was 55.48 percent, as BDT 65,291 crore recovered against BDT 1,17,691 crore recoverable.

RECOVERABLE (JAN-MAR 2026) **BDT 1,17,691 cr** *Cumulative amount due for recovery*	**RECOVERED** **BDT 65,291 cr** *55.48% recovery rate*
RECOVERY RATE, MAR-2025 **42.26%** *Corresponding first-quarter rate*	**RECOVERY RATE, DEC-2025** **79.76%** *Full-year cumulative figure*

Table 4: Recovery performance.

The recovery rate of Jan-March 26 is lower than that of the immediate preceding quarter but more than that of the corresponding quarter of the previous year.

7.1 Classified Loan Ratio

The classified-loan ratio increased to 26.04 percent in March 2026, compared with 24.03 percent in December 2025. The result indicates deterioration in portfolio quality during the quarter.

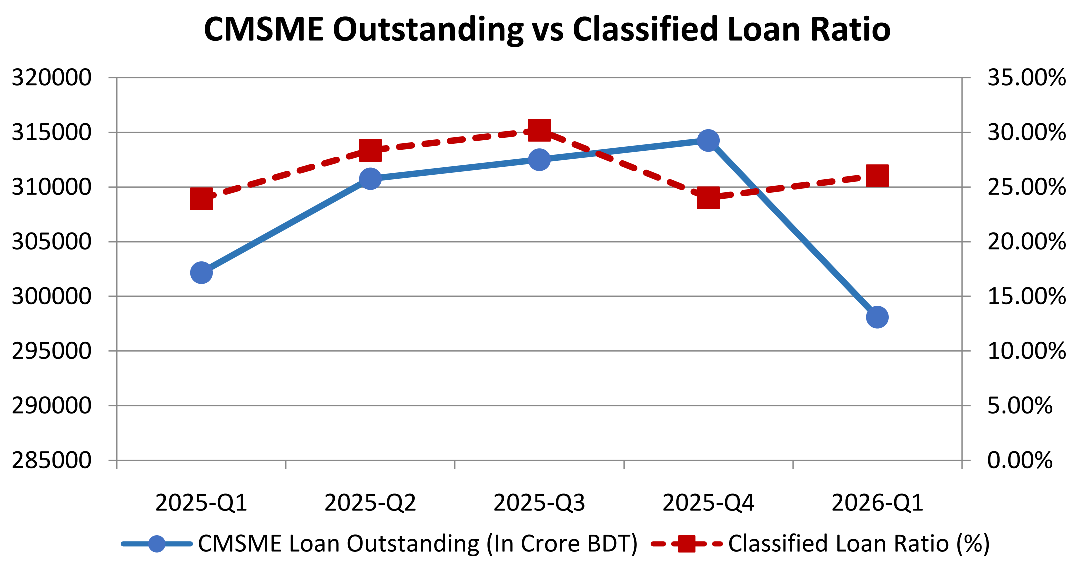


Figure 9:CMSME outstanding vs classified loan

The latest quarter showed a simultaneous decline in CMSME outstanding and an increase in the classified-loan ratio. The movement highlights the need for continued recovery follow-up, prudent renewal of viable facilities and sustainable lending to maintain a balanced CMSME portfolio.

7.2 Classified Loan Ratio by Institution category

Classified-loan ratios varied largely across institution categories. Islamic Commercial Banks and State-owned Commercial Banks recorded the higher ratios, while Foreign Banks and Private Commercial Banks recorded comparatively lower ratios. Finance Companies and Specialized Banks were positioned between these groups.

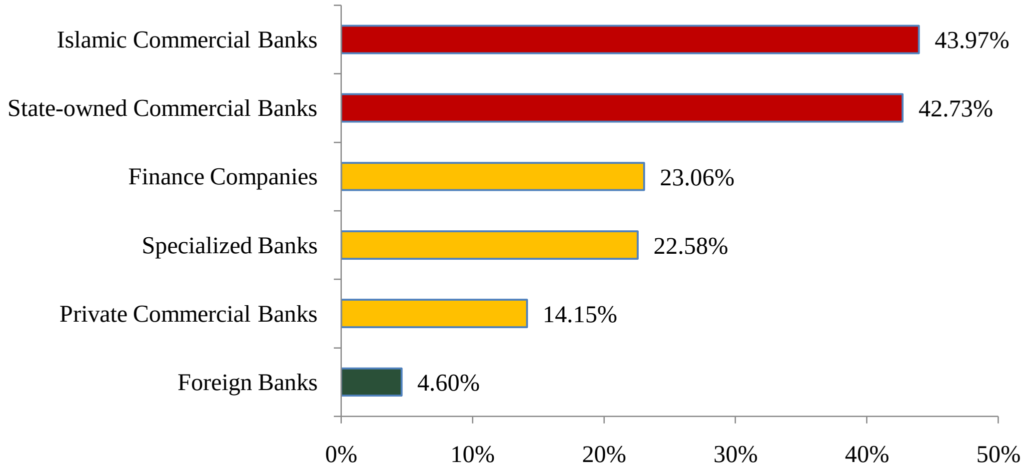


Figure 10: Classified Loan Ratio by Institution Category as on 31 March 2026.

8. Financial Inclusion and Access to Finance

Several parameters of Financial inclusion in the CMSME portfolio are monitored through the CMSME portfolio to assess the reach of formal financing among women entrepreneurs, rural enterprises, new enterprises and enterprises receiving collateral-free facilities. Outstanding measures show the cumulative portfolio position, while current-quarter disbursement and enterprise numbers indicate the direction of current financing activity.

Indicator	Outstanding (BDT crore)	Share of CMSME outstanding	Q1 2026 disbursement (BDT crore)	No of Enterprises financed (Q1 2026)
Women entrepreneurs	21,692.58	7.28%	4,994.88	1,49,008
Rural enterprises	71,803.64	24.09%	12,468.61	115,604
New enterprises	21,862.38	7.33%	10,254.40	80,837
Collateral-free loans	47,013.26	15.77%	14,663.83	185,088

Table 5:Financial Inclusion indicators

8.1 Women Entrepreneur Financing

CMSME Outstanding to women entrepreneurs was BDT 21,692.58 crore, representing 7.28% of the CMSME portfolio. The share increased by 0.57 percentage point over December 2025 and by 0.83 percentage point over March 2025. During January-March 2026, reported disbursement to women entrepreneurs was BDT 4,994.88 crore to 1,49,008 entrepreneurs, supporting the continued expansion of women's participation in CMSME financing.

8.2 Rural Enterprise Financing

Rural enterprise outstanding was BDT 71,803.64 crore, accounting for 24.09% of total CMSME outstanding. In the reporting quarter, 115,604 enterprises rural enterprises received a total of BDT 12,468.61 crore as credit. This reflects continued financial outreach beyond urban areas.

8.3 New Enterprise Financing

Outstanding financing to new enterprises amounted to BDT 21,862.38 crore, or 7.33% of the CMSME portfolio. The January-March 2026 quarter recorded BDT 10,254.40 crore of financing to 80,837 new enterprises, indicating ongoing credit access for emerging businesses.

8.4 Collateral-free CMSME Financing

Collateral-free CMSME loan outstanding (including loans under credit guarantee facility) increased to BDT 47,013.26 crore, representing 15.77% of CMSME outstanding. Current-quarter collateral-free financing amounted to BDT 14,663.83 crore to 185,088 enterprises, underlining the importance of non-collateralized access to finance for smaller and newer businesses.

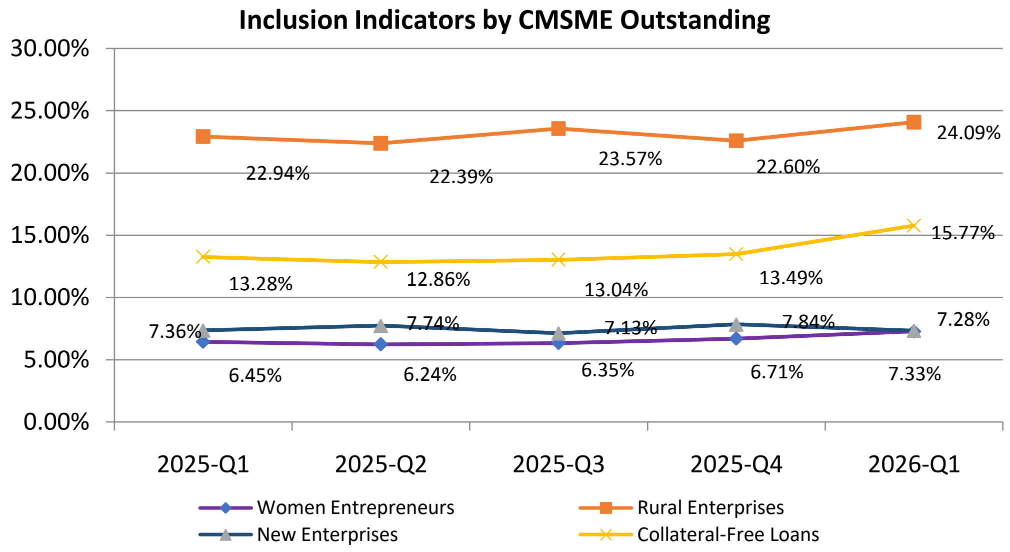


Figure 11: Inclusion indicators by CMSME outstanding

The last 5 quarter trends indicate that there is slight improvement in the financing to women entrepreneurs, rural enterprises and collateral-free loans but the proportion of New Entrepreneurs remains almost the same.

9. CMSME Financing Through Alternative Delivery Channels

Banks and finance companies with limited rural branch coverage are directed to extend CMS financing through alternative channels, including MFI linkage, agent banking and peer institutions. All the banks and finance companies operating in Bangladesh are considered as peer institutions of one another as per CMSME Master Circular 2025.

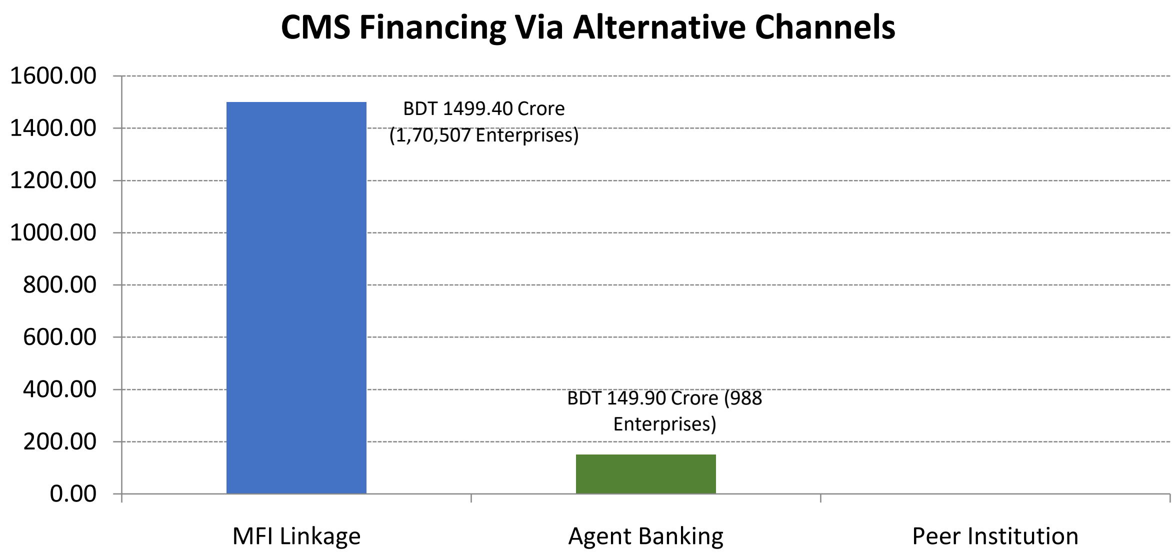


Figure 12 — Cumulative CMS financing disbursed through alternative channels.

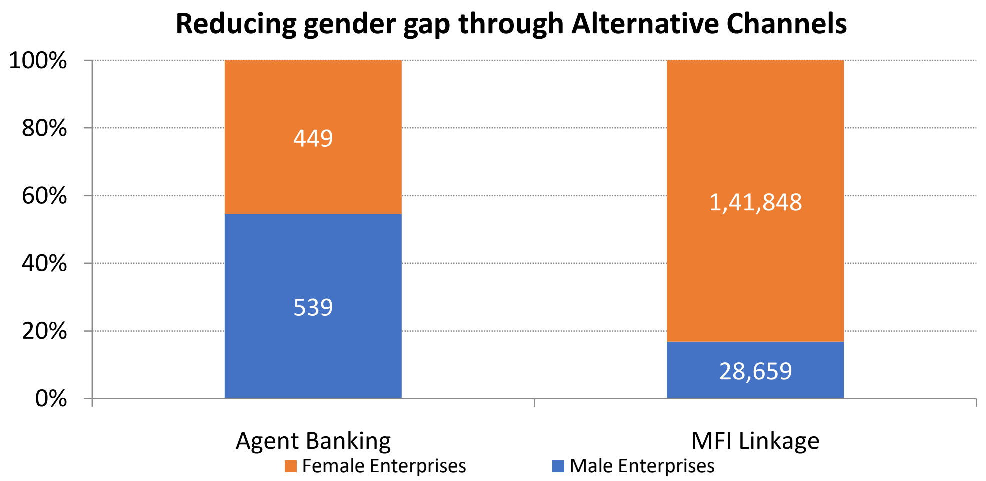


Figure 13— No. of Entrepreneurs financed through alternative channels.

MFI linkage is by far the dominant alternative channel, reaching 170,507 enterprises with BDT 1,499.40 crore disbursed, roughly ten times the volume channeled through agent banking (988 enterprises, BDT 149.90 crore). No financing was reported through peer institutions. A few banks/FCs are in the process of starting CMSME disbursement through peer institutions.

Notably, women-owned enterprises account for 83.19 percent of beneficiaries under the MFI Linkage model, highlighting its strong contribution to financial inclusion and women's economic participation. In contrast, Agent Banking financed 988 enterprises with a relatively balanced gender distribution, comprising 54.52 percent male-owned and 45.48 percent female-owned enterprises.

10. Cluster-Based Financing

Cluster-based CMSME outstanding was BDT 16,205.83 crore, equivalent to 5.44 percent of total CMSME outstanding of BDT 2,98,088.83 crore. As on 31 March 2026, agro-processing clusters dominate, accounting for BDT 6,829 crore (42.10%) of all cluster financing. Knitwear and readymade garments form the second-largest cluster segment at BDT 3,556 crore (21.90%). Together, these two sectors account for 64% of all cluster-based financing, consistent with their roles as Bangladesh's largest manufacturing clusters.

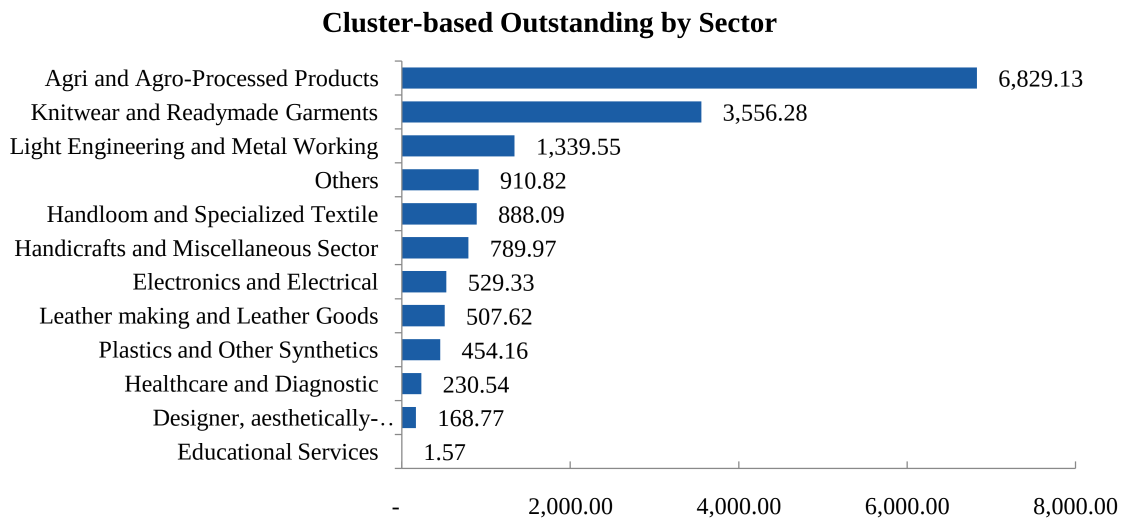


Figure 14 — Cluster-based CMSME financing by sector as of 31 March 2026.

At 20.07% overall, the cluster portfolio's classified-loan ratio is somewhat better than the CMSME-wide average of 26.04% suggesting that cluster-based lending is, to some extent, a better delivery model.

During the January-March 2026 quarter, BDT 2,307.26 crore was disbursed to 10,015 cluster enterprises (Appendix-7).

11. Policy measures taken this quarter to Support CMSME Financing

Bangladesh Bank has undertaken a number of initiatives to strengthen the CMSME financing ecosystem and expand access to formal credit for priority segments. These initiatives include the introduction of new refinance facilities, restructuring of existing funding arrangements and enhancement of funds.

Financial Sector Fund for the Development of Micro, Small and Medium Enterprises (FSFDMSME)

Bangladesh Bank has introduced the Financial Sector Fund for the Development of Micro, Small and Medium Enterprises (FSFDMSME) with a fund size of BDT 1,500 crore. The scheme has been designed to support the expansion of MSME activities and facilitate easier access to finance for eligible enterprises. Under the scheme, the maximum interest rate is 7 percent, while the interest rate applicable to participating banks and finance companies is 2 percent.

Cluster Financing Scheme

A separate Cluster Financing Scheme with a fund size of BDT 3,000 crore has been introduced to promote financing for cluster-based CMSME enterprises. The scheme is intended to support enterprises operating within recognized clusters and encourage more focused financing in areas with common production, service or value-chain linkages. The interest rate for participating banks and finance companies is 1 percent, while the maximum rate for borrowers is 7 percent.

Refinance Scheme against Financing to CMSME Enterprises

The existing BDT 25,000 crore pre-finance facility for CMSME financing has been redesigned and reformed into a BDT 18,000 crore Refinance Scheme against Financing to Cottage, Micro, Small and Medium Enterprises. The restructured scheme is intended to facilitate financing across all CMSME segments and provide a broader refinance support mechanism for participating banks and finance companies.

Enhancement of Existing Refinance funds

Bangladesh Bank has enhanced the fund sizes of several existing refinance funds in order to widen access to finance for priority CMSME segments. The fund size of the refinance scheme for setting up agro-based product processing industries has been increased from BDT 1,400 crore to BDT 2,000 crore. Similarly, the fund size of the Small Enterprise Refinance Scheme for Women Entrepreneurs has been increased from BDT 3,000 crore to BDT 4,500 crore, while the refinance scheme for new entrepreneurs in the Cottage, Micro and Small enterprise sector has been increased from BDT 100 crore to BDT 500 crore.

12. Refinance Schemes run by SMESPD

Bangladesh Bank's SME & Special Programmes Department (SMESPD) administers refinance schemes funded by Bangladesh Bank as well as development partners. These schemes support CMSME financing across priority segments, including women entrepreneurs, new entrepreneurs, agro-processing enterprises, cluster-based enterprises, start-ups etc.

12.1 Bangladesh Bank-Funded Refinance Schemes

SL	Name of Refinance Scheme	Fund Size	Rate of Interest at customer level	Disbursement during the quarter	No. of Entrepreneurs	Outstanding
1	Refinance Scheme for Setting up Agro-based Product Processing Industries	2,000	7.00%	206.90	196	703.72
2	Small Enterprise Refinance Scheme for Women Entrepreneurs	4,500	5.00%	547.02	1,899	1986.03
3	Refinance Scheme for New Entrepreneurs in Cottage, Micro and Small Enterprise Sector	500	7.00%	11.48	72	92.85
4	Refinance Scheme against Financing to Cottage, Micro, Small and Medium Enterprises*	18,000	7.00%	1,245.00	Not reported	10,913.70
5	Start-Up Fund	500	4.00%	2.45	3	2.45
6	Cluster Financing Scheme	3,000	7.00%	Newly introduced funds. Disbursement yet to be started		
7	Financial Sector Fund for the Development of Micro, Small and Medium Enterprises (FSFDMSME)	1,500	7.00%			
8	CMSME Working Capital Refinance Fund	5,000	9.00%			
	Total	**35,000**		**2012.85**	**2170**	**13,798.71**

** Existing BDT 25,000 crore pre-finance scheme has been redesigned and restructured by formulating the refinance scheme of BDT 18,000 crore, the Cluster Finance Scheme & FSFDMSME, and by increasing the fund size of three other existing schemes.*

Table 6: Self-funded Refinance Schemes run by SME&SPD, Bangladesh Bank
(All monetary figures are in Crore BDT)

12.2 Foreign Funded Refinance Schemes

SL	Name of Refinance Scheme	Donor Agency	Fund Size (BDT Crore)	Interest Rate at customer level	Disbursement during the quarter	No. of Entreprise	Oustanding
1	Urban Building Safety Project (UBSP)	JICA	230	6.00%	-	-	138.11
2	Financial Sector Project for the Development of Small, Micro and Medium Enterprises (FSPDSME)	JICA	377	9.00%	19.38	22	289.52
	Total		**556**		**19.38**	**22**	**427.63**

Table7: Foreign funded Refinance Schemes run by SME&SPD, Bangladesh Bank
(All monetary figures are in Crore BDT)

The aggregate fund size of the eight Bangladesh Bank-funded refinance schemes stood at BDT 35,000 crore. This indicates continued capacity for extending refinance support to priority CMSME segments through participating PFIs.

Outstanding under Bangladesh Bank refinance schemes stood at BDT 14,226.34 crore as on 31 March 2026, equivalent to 4.77 percent of total CMSME outstanding of BDT 2,98,088.83 crore. This indicates that refinance-supported lending constitutes a meaningful component of the overall CMSME credit portfolio, particularly in priority areas such as women entrepreneurship, agro-processing, new enterprises, cluster financing, start-ups and working capital.

During January–March 2026, reported disbursement under the refinance schemes amounted to BDT 2,012.85 crore. The Refinance Scheme against Financing to Cottage, Micro, Small and Medium Enterprises accounted for the largest share, with BDT 1,245 crore disbursed during the quarter. The Small Enterprise Refinance Scheme for Women Entrepreneurs disbursed BDT 547.02 crore, while the agro-based product processing refinance scheme disbursed BDT 206.90 crore.

The Small Enterprise Refinance Scheme for Women Entrepreneurs accounted for around 11% of total CMSME disbursement to women entrepreneurs and supported 1,899 enterprises.

13. Key Observations

- CMSME outstanding and disbursement contracted from the previous quarter but disbursement increased from the same quarter of last year (March, 2025). Outstanding fell 5.15% quarter-on-quarter basis to BDT 2,98,089 crore, even as total bank lending grew 0.20%, pulling the portfolio share down to 15.87%.
- Performance varies across bank categories and individual institutions. Private banks have 14.15% NPL ratio versus 42-44% at state-owned and Islamic banks.
- Sector-wise outstanding remains structurally skewed toward trade (44.93%, above the 40.00% ceiling) and under met but close to the regulatory target in manufacturing (34.96%, below the 40.00% floor), a pattern that has held in every quarter of the available data.
- Inclusion indicators are improving but still modest. Women entrepreneurs (7.28%) and collateral-free lending (15.77%) both increased, yet the women-entrepreneur share remains less than half of its 15.00% target.
- Cluster-based financing is still far behind from the regulatory target, at BDT 16,206 crore outstanding (5.44% of the CMSME outstanding). Agri and Agro-processed product clusters are at the leading position with 42.14% of total cluster financing.
- Alternative-channel plays a powerful and effective role in financial inclusion especially in case of Women Entrepreneurs.
- The majority of loans disbursed to CMSME sector continue to be provided by some leading banks and FCs. On the other side, a significant number of banks, especially foreign banks and FCs consistently demonstrated comparatively conservative performance in the disbursement of CMSME Loans.

14. Conclusion

The January–March 2026 report shows that CMSME financing remained an important source of support for enterprises across the country, although the outstanding portfolio declined during the quarter. Macroeconomic shocks originated from the conflicts in Ukraine and Iran, compounded by the enduring negative impacts of covid-19 pandemic, may have a suppressive effect on the growth of CMSMEs nationwide and which may, in turn, impede the expansion and robustness of the CMSME financing ecosystem.

However, the CMS share and service-sector share remained within the regulatory target range, while women entrepreneur financing, rural outreach and collateral-free lending recorded positive progress. At the same time, stronger efforts will be required to improve the overall CMSME portfolio share, manufacturing and cluster financing, and to maintain a balanced sectoral composition.

The expanded refinance framework, alternative delivery channels and continued focus on priority CMSME segments provide scope for broadening access to finance in the coming quarters. Sustained disbursement, timely recovery, prudent renewal of well-performing credit facilities and close portfolio monitoring will remain important for strengthening the CMSME financing position and supporting progress towards the regulatory targets.

Appendix-1: SMESPD Circulars Issued During January–March 2026

Circular	Date	Subject / Key Issue
SMESPD Circular Letter No. 01	05 Feb 2026	Enhancement of fund size of Small Enterprise Refinance Scheme for Women Entrepreneurs, setting up agro-based product processing industries and Refinance Scheme for New Entrepreneurs in Cottage, Micro and Small Enterprise Sector
SMESPD Circular No. 01	05 Feb 2026	Refinance Scheme against Financing to Cottage, Micro, Small and Medium Enterprises; conversion of the earlier pre-finance facility into a BDT 18,000 crore refinance scheme.
SMESPD Circular No. 02	05 Feb 2026	Introduction of the BDT 3,000 crore Cluster Financing fund for cluster-based CMSME enterprises.
SMESPD Circular No. 03	05 Feb 2026	Introduction of the BDT 1,500 crore Financial Sector Fund for the Development of Micro, Small and Medium Enterprises (FSFDMSME).

Circulars can be found at the following link: https://www.bb.org.bd/smespd_portal/circulars.php

Appendix 2: CMSME Position by Institution Category

Institution Category	Total Loans (BDT crore)	CMSME Outstanding (BDT crore)	CMSME Portfolio Share of Total Loans	Q1 2026 Disbursement (BDT crore)
Private Commercial Banks	8,97,312.05	1,54,860.23	17.26%	34,486.49
Islamic Commercial Banks	4,85,957.03	59,860.13	12.32%	8,319.49
State-owned Commercial Banks	3,26,685.07	56,280.92	17.23%	3,355.18
Specialized Banks	43,963.43	9,313.76	21.19%	1,639.43
Foreign Banks	67,628.35	4,935.27	7.30%	2,251.11
Finance Companies	56,553.19	12,838.51	22.70%	2,056.02
Industry Total	**18,78,099.13**	**2,98,088.83**	**15.87%**	**52,107.72**

Appendix 3: Institution-wise CMSME Financing Performance

3.1 Top Five Banks by Q1 CMSME Disbursement

Bank	Institution Category	Q1 2026 Disbursement (BDT crore)
BRAC Bank PLC	Private Commercial Banks	7,456.44
Pubali Bank PLC	Private Commercial Banks	4,962.57
City Bank PLC	Private Commercial Banks	3,282.58
Islami Bank Bangladesh PLC	Islamic Commercial Banks	2,666.68
Al-Arafah Islami Bank PLC	Islamic Commercial Banks	2,422.81

3.2 Top Five Finance Companies by Q1 CMSME Disbursement

Finance Company	Q1 2026 Disbursement (BDT crore)
IDLC Finance PLC	841.26
LankaBangla Finance PLC	419.74
IPDC Finance Ltd.	393.20
United Finance Limited	273.54
Alliance Finance PLC	80.00

Appendix 4: Portfolio Composition

4.1 Sector-wise CMSME Outstanding

Sector	Outstanding (BDT crore)	Share of CMSME Outstanding
Manufacturing	1,04,198.14	34.96%
Service	59,947.28	20.11%
Trade	1,33,943.44	44.93%
Total	**2,98,088.83**	**100.00%**

4.2 Enterprise-wise CMSME Outstanding

Enterprise Category	Outstanding (BDT crore)	Share of CMSME Outstanding
Informal/Marginal	3,358.19	1.13%
Cottage	4,385.98	1.47%
Micro	35,638.25	11.96%
Small	1,61,332.63	54.12%
Medium	93,373.79	31.32%
Total	**2,98,088.83**	**100.00%**

Appendix 5: Financial Inclusion and Access to Finance

Indicator	Outstanding (BDT crore)	Share of CMSME Outstanding	Q1 2026 Disbursement (BDT crore)	Enterprises Financed (No.)
Women entrepreneurs	21,692.58	7.28%	4,994.88	1,49,008
Rural enterprises	71,803.64	24.09%	12,468.61	115,604
New enterprises	21,862.38	7.33%	10,254.40	80,837
Collateral-free loans	47,013.26	15.77%	14,663.83	185,088

Appendix 6: CMS Financing through Alternative Delivery Channels

Channel	Male-owned Enterprises	Female-owned Enterprises	Total Enterprises	Q1 2026 Disbursement (BDT crore)
MFI linkage	28,659	1,41,848	1,70,507	1,499.40
Agent banking	539	449	988	149.90
Peer institutions	0	0	0	0.00
Total	**29,198**	**1,42,297**	**1,71,495**	**1,649.30**

Appendix 7: Cluster Financing by Sector

Cluster Sector	Outstanding (BDT crore)	Share of Cluster Outstanding	Q1 2026 Disbursement (BDT crore)	Enterprises Financed
Agri and Agro-Processed Products	6,829.13	42.14%	556.80	2,804
Knitwear and Readymade Garments	3,556.28	21.94%	700.86	2,619
Light Engineering and Metal Working	1,339.55	8.27%	297.02	1,486
Others	910.82	5.62%	130.47	1,016
Handloom and Specialized Textile	888.09	5.48%	170.19	442
Handicrafts and Miscellaneous Sector	789.97	4.87%	97.74	629
Electronics and Electrical	529.33	3.27%	104.44	143
Leather Making and Leather Goods	507.62	3.13%	76.78	337
Plastics and Other Synthetics	454.16	2.80%	128.32	212
Healthcare and Diagnostic	230.54	1.42%	18.28	153
Designer, Aesthetically-Challenging Personal Wear and Effects	168.77	1.04%	26.27	136
Educational Services	1.57	0.01%	0.10	38
Total	**16,205.83**	**100.00%**	**2,307.27**	**10,015**