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Nine-month profits by six banks surpass full-year gains

High returns from treasury bills lift profits despite rough market

AHSAN HABIB and FEDA AL HOSSAIN

How has business been this year? Most commercial banks would probably say that it has been a struggle just to stay afloat amid financial turmoil, falling appetite for credit, and a surge in bad loans.

Yet six commercial lenders have bucked the trend. Their profits in the first nine months of 2025 have already beaten their total gains from last year, thanks mainly to strong returns from treasury bills and bonds.

The performance comes as a surprise to their peers and breaks the familiar pattern of Islami Bank, the country's largest shariah-based lender, consistently logging the highest profit growth.

The six banks are BRAC Bank, Pubali Bank, Jamuna Bank, Bank Asia, Shahjalal Islami Bank, and Dhaka Bank.

Some other banks, like Eastern Bank, Prime Bank, and City Bank -- which were marked as sustainable banks by the central bank, also recorded handsome profit growth over the nine-month period.

Meanwhile, Islami Bank managed to stay in the black, posting a profit of Tk 99 crore, down from Tk 108 crore in the same period last year.

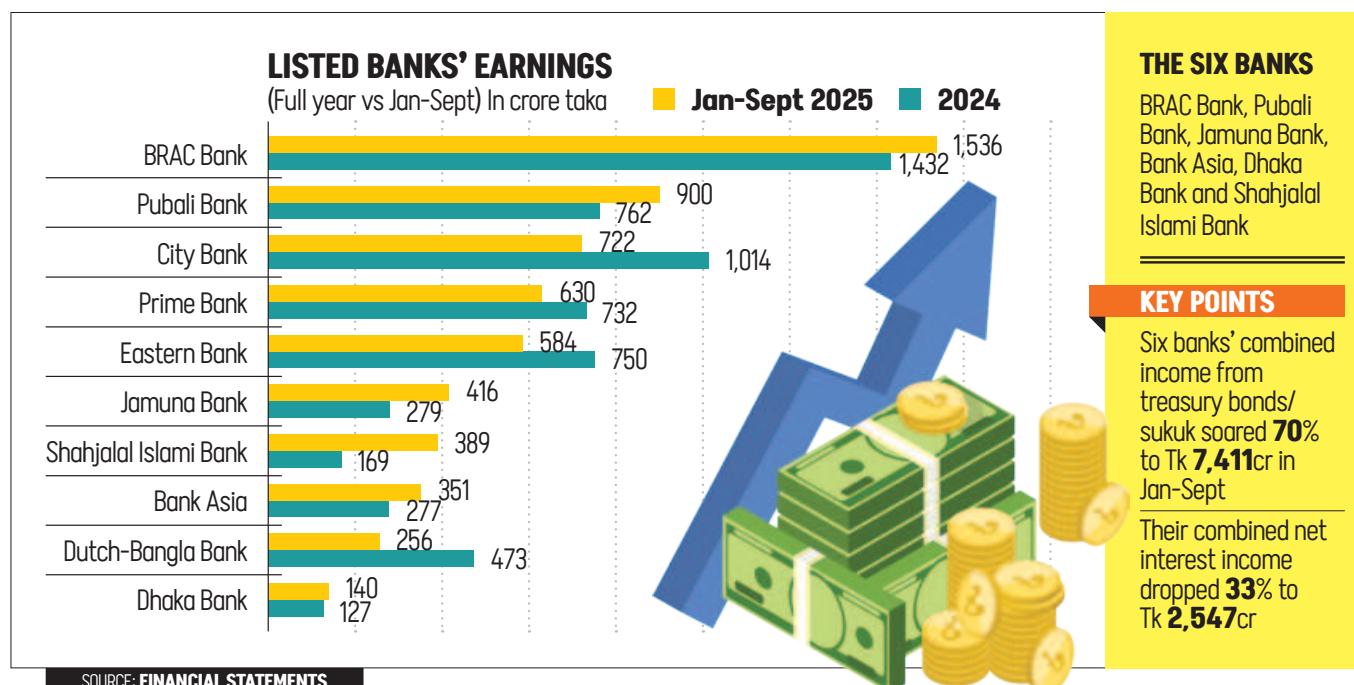
The performance breaks the familiar pattern of Islami Bank, the country's largest shariah-based lender, consistently logging the highest profit growth

Though returns from treasury bills and bonds helped the six banks lift their profits, their interest income from lending, the heart of the banking business, has fallen.

Combined, these banks earned Tk 7,411 crore from investments, mostly in treasury bonds, a roughly 70 percent increase from the previous year. At the same time, their net interest income fell 33 percent to Tk 2,547 crore.

"The banking market is highly skewed, so profits vary widely," said Shah Md Ahsan Habib, professor at the Bangladesh Institute of Bank Management (BIBM).

He added the situation worsened



after the political changeover last year, following which several banks fell under the scanner and their long buried bad debts got exposed subsequently.

Distressed loans at banks rose 59 percent to a record Tk 756,526 crore in 2024, exposing the fragile state of the financial sector. These loans accounted for 45 percent of total outstanding loans, roughly Tk 1,682,878 crore, close to the national budget for fiscal year 2025-26.

Among distressed assets, defaulted loans reached Tk 345,765 crore, rescheduled loans Tk 348,461 crore, and written off loans Tk 62,300 crore, according to the Bangladesh Bank (BB).

"Deposits shifted from weaker banks to better-managed ones. Well governed banks attracted higher deposits, but the overall business environment remains uncertain," said BIBM Prof Habib.

He said some entrepreneurs closed factories or left the market, pushing down overall demand for credit. Banks, in turn, have been cautious with lending and focused on recovering loans.

BB data for the first two months of the current fiscal year show credit to the private sector rose just 6.35 percent, the slowest in more than two decades.

"With limited demand for loans and a shallow bond market, banks have turned to treasury bonds to protect their bottom line," Prof Habib said.

"Although banks are earning from treasury investments, we expect them to support lending and industry to boost GDP growth."

Among the top performers, BRAC Bank led the group with a nine-month profit of Tk 1,536 crore, up from Tk 1,432 crore in 2024. The bank attributed the rise to stronger investment income and higher deposit mobilisation, though loan growth remained subdued.

Pubali Bank posted Tk 900 crore, up from Tk 762 crore.

Pubali Bank Managing Director Mohammad Ali said the bank's asset quality improved over the past nine months and returns from government securities were healthy.

He also noted that income from international business was good amid signs of economic stabilisation.

Jamuna Bank earned Tk 416 crore, compared with Tk 279 crore in 2024. Its statements attributed the rise to higher investment and other operating income.

Bank Asia recorded Tk 351 crore, up from Tk 277 crore, with operating profits

THE SIX BANKS

BRAC Bank, Pubali Bank, Jamuna Bank, Bank Asia, Dhaka Bank and Shahjalal Islami Bank

KEY POINTS

Six banks' combined income from treasury bonds/sukuk soared 70% to Tk 7,411cr in Jan-Sept

Their combined net interest income dropped 33% to Tk 2,547cr

supported by nearly doubled investment income, which rose to Tk 1,930 crore from Tk 979 crore.

Shahjalal Islami Bank reported Tk 389 crore, up from Tk 169 crore.

Managing Director Mosleh Uddin Ahmed cited three factors behind the increase. Those are stable deposit costs, controlled operating expenses, and higher investment returns.

He also highlighted gains in the export-import business and projected healthy future growth, especially in garment-related trade.

Dhaka Bank earned Tk 140 crore, surpassing its 2024 total of Tk 127 crore. The bank mentioned lower operating profits but improved cash flow due to higher customer deposits during the past nine months.

Other banks saw profits in the first nine months, though they have yet to surpass their full-year 2024 earnings.

Profit by Eastern Bank grew 26 percent year-on-year to Tk 584 crore. In the past nine months, Prime Bank posted Tk 630 crore compared with Tk 732 crore last year.

City Bank reported Tk 722 crore and Dutch-Bangla Bank Tk 256 crore profits in the first nine months of this year.

Foreign loan pledges jump 33 times; still below IMF ceiling

REJAUL KARIM BYRON and AHSAN HABIB

Bangladesh's fresh foreign loan commitments soared by more than 33 times in the first quarter of the current fiscal year (FY), although the amount still remains well below the borrowing ceiling recently set by the International Monetary Fund (IMF).

Between July and September of FY2025 26, the government secured commitments worth \$911 million, compared to just \$27 million during the same period a year earlier, according to data from the Economic Relations Division (ERD).

Of the total, about \$482 million came from the Asian Development Bank (ADB) and \$12.4 million from the World Bank, while the rest was committed by various bilateral development partners.

The IMF introduced, for the first time, a ceiling on Bangladesh's foreign borrowing during the third and fourth reviews of its \$5.5 billion loan package in June this year. The new condition aims to contain risks stemming from the country's rising external debt.

Under the terms, Bangladesh can borrow a maximum of \$8.44 billion in fresh external loans during FY2026, with a quarterly cap of \$1.91 billion for the first quarter. The IMF said it will closely monitor the government's foreign borrowing on a quarterly basis.

An IMF mission is currently in Dhaka to conduct the fifth review of the programme, which will examine both domestic and external debt levels.

No such limit was in place when the IMF originally approved a \$4.7 billion programme in early 2023. The fourth and fifth tranches, approved in June 2025, added about \$800 million to the total package and extended the programme by six months. So far, Bangladesh has received \$3.6 billion under the loan package.

A senior finance ministry official, speaking on condition of anonymity, said the borrowing ceiling is based on the IMF's latest Debt Sustainability Analysis (DSA), which has classified Bangladesh as a moderate-risk country for two consecutive years

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Govt revises policy to ensure accountability of state banks' boards

STAR BUSINESS REPORT

The government has revised a policy aimed at enhancing accountability in the appointment and performance of chairmen and directors of state-owned banks and financial institutions.

The move is part of a broader effort to curb corruption and improve profitability across the sector, according to the policy issued by the Financial Institutions Division (FID) yesterday.

This is the first time that performance evaluation criteria have been formally incorporated into board appointments.

"Chairmen and directors will be subject to annual performance reviews to ensure accountability," says the policy.

Reappointments will be contingent on prior results. The policy also mandates capacity-building initiatives through training and workshops.

Banks' lending to SMEs falls to four-year low

SOHEL PARVEZ

Banks' lending to small and medium-sized enterprises (SMEs) has fallen to a four-year low, putting the brakes on the rising trend in loan disbursements, as political uncertainty and the economic slowdown have dampened borrowing appetite among entrepreneurs.

During fiscal year (FY) 2024-25, banks disbursed Tk 2.05 lakh crore in loans to SMEs — down 9 percent year-on-year — according to data from Bangladesh Bank (BB).

"Businesses do not want to invest in times of uncertainty. Right now, firms are focused on survival, not expansion," said Syed Abdul Momen, additional managing director and head of SME Banking at BRAC Bank PLC, one of the leading financiers of small businesses.

Dubbed the backbone of the industrial sector, Bangladesh has around 78 lakh cottage, micro, small, and medium enterprises, which together contribute about one-fourth of the country's gross domestic product (GDP).

Until FY2023-24, lending to SMEs had been growing steadily since 2021, following a dip in 2020 when small businesses suffered amid Covid-19 restrictions, according to BB data.

"Businesses do not want to invest in times of uncertainty. Right now, firms are focused on survival, not expansion," said Syed Abdul Momen, additional managing director and head of SME Banking at BRAC Bank PLC

"Since Covid, the war in Ukraine, and the political unrest and mass uprising last year, businesses have not had any respite," said Kamrul Mehedi, deputy managing director and head of SME & Agent Banking at City Bank PLC, another major lender to small entrepreneurs.

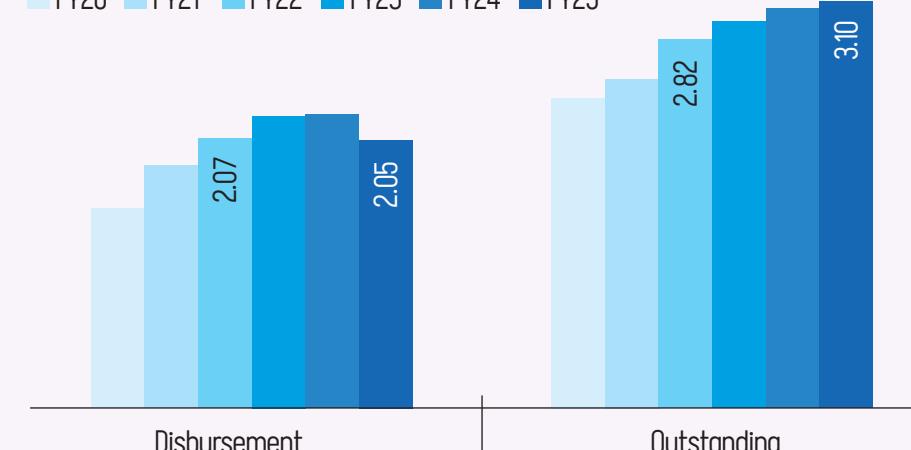
"Small businesses, in particular, have low resilience and are vulnerable to shocks," he said.

He said these disruptions have taken a

Trend of disbursed and outstanding loans

(In lakh crore taka)

FY20 FY21 FY22 FY23 FY24 FY25



toll on small firms, with nearly one-fourth of them shutting down since the pandemic.

"What we're seeing now is that many small businesses we financed earlier are not coming back for new loans," Mehedi added.

Bankers said while political uncertainty, the economic slowdown, and persistently high inflation have weakened loan demand, the fragility of nearly a dozen banks has also constrained credit availability for small and micro businesses.

As of June 2025, outstanding SME loans stood at Tk 3.10 lakh crore, up slightly from a year earlier, according to BB data.

"Some banks have collapsed due to loan irregularities and are doing almost nothing now," said Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank PLC.

"Some 10-12 banks, including several shariah-based ones, were once active in SME financing. They are no longer participating in this area," he added.

He said these disruptions have taken a

Salekeen Ibrahim, executive vice president of Eastern Bank PLC, said SME loan disbursement has reached its lowest point in recent years, clearly reflecting the tough economic climate prevailing in Bangladesh.

"Tight liquidity and high non-performing loans (NPLs) are among the major obstacles," he said.

"Many banks are struggling with capital shortages and rising bad loans, making them risk-averse. Private sector confidence has been weak for a long time, and uncertainty continues to delay new business plans and expansions," he said.

Bankers expressed optimism that both loan demand and disbursements will pick up after the national election scheduled for February next year.

"Businesses will regain confidence after the election. The economy usually sees a surge when a political government comes to power following polls," said BRAC Bank's Momen.

MTB to buy Gulshan land for Tk 300cr to build HQ

STAR BUSINESS REPORT

Mutual Trust Bank (MTB) PLC has decided to buy one bigha of land in Dhaka's upscale Gulshan area for the construction of its corporate head office.

The plan to buy the land on Gulshan Avenue was approved by the board of the private bank on Wednesday, according to a disclosure by MTB on the Dhaka Stock Exchange (DSE) news board yesterday.

The price of the property excludes value-added tax and registration-related costs.

MTB said its board also approved the cancellation of the earlier approval for purchasing 15 floors of a newly constructed 21-story commercial building.

Earlier in February this year, MTB announced a plan to acquire the floors for the same purpose, which would cost Tk 450 crore for the bank.

MTB's profit remained unchanged at Tk 203 crore in the January-September period of 2025.

Shares of the bank closed at Tk 12.20 yesterday, up 0.83 percent from the previous day.

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In a significant shift, the policy explicitly outlines board-level responsibilities, including strategic policy formulation, risk management, internal audit and control, and compliance oversight.

"But the board will not get involved in everyday administrative activities of the entity," says a new clause in the revised policy.

These provisions are designed to ensure that board members play an active role in institutional governance.

The directive follows an earlier circular issued on April 9, 2024, which called for revisions to the existing appointment guidelines for directors of state-owned commercial banks, specialised banks, and financial institutions.

Under the new rules, individuals with loan or tax defaults, or lacking a minimum of 10 years' experience in administration, management, or professional fields, will be disqualified from board membership.

Those with a history of criminal offences, fraud, financial misconduct, or adverse court rulings will also be barred. Directors may not simultaneously serve on the boards of multiple banks or financial institutions.

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