BANGLADESH BANK
The Central Bank of Bangladesh

Bangladesh Systemic Risk Report

Financial Stability Department
December 2025

DISCLAIMER: The risk report is a set of quantitative indicators and not an early-warning system. The indicators should not be treated as the basis for deterministic extrapolation.

Bangladesh Systemic Risk Report (BSRR)

December 2025

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- *Unless stated otherwise, this report contains data and information available as of the end of December,2025*
- *Anyone can access this report through the Bangladesh Bank Internet at https://www.bb.org.bd/en/index.php/publication/publictn/1/24*

Table of Contents

List of Acronyms

ADR	Advance-to-Deposit Ratio
BB	Bangladesh Bank
BRPD	Banking Regulation and Policy Department
DFIM	Department of Financial Institutions and Markets
DMD	Debt Management Department
DOS	Department of Off-site Supervision
DSE	Dhaka Stock Exchange
DSEX	DSE Broad Index
FCBs	Foreign Commercial Banks
FCs	Finance Companies
FSD	Financial Stability Department
FY	Fiscal Year
GDP	Gross Domestic Product
GNDI	Gross National Disposable Income
GOB	Government of the People's Republic of Bangladesh
H1	First half of a calendar year
H2	Second half of a calendar year
IMF	International Monetary Fund
LCR	Liquidity Coverage Ratio
LHS	Left Hand Side
NBDC	Non-bank Depository Corporation
NFCs	Non-financial Corporations
NII	Net Interest Income
NPL	Non-performing Loan
NSFR	Net Stable Funding Ratio
OBU	Off-shore Banking Unit
PCBs	Private Commercial Banks
PD	Primary Dealer
P/E ratio	Price/Earnings Ratio
RHS	Right Hand Side
ROA	Return on Assets
ROE	Return on Equity
RWA	Risk-weighted Assets
SOCBs	State-owned Commercial Banks
SBs	Specialized Banks
T-bill	Treasury Bill
T-bond	Treasury Bond
TOI	Total Operating Income
YoY	Year on Year

Bangladesh Systemic Risk Report: An Overview

Bangladesh's economy recorded a moderate real GDP growth of 3.75 percent in H1 of FY 2025-26, marginally down from 3.89 percent in H2 of FY 2024-25. The trade balance-to-GDP ratio improved, and remittance-to-GDP ratio declined in the review period. On the fiscal front, Government Deficit-to-GDP ratio (with grants) also decreased marginally. The government debt-to-GDP ratio increased modestly, while the government debt-to-revenue ratio rose further, mainly due to higher accumulation of debt relative to revenue generation.

In the credit market, growth of banks' lending to private NFCs decreased further, whereas non-bank depository corporations (NBDCs) credit growth to this sector turned modestly positive, recovering from near-zero levels. The banking sector's gross NPL ratio ease from June-2025, and the provision maintenance ratio stayed below the required level. Liquidity indicators such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) improved further and remained comfortably above regulatory thresholds. However, banks Subordinated debt to paid-up capital ratio remained stable.

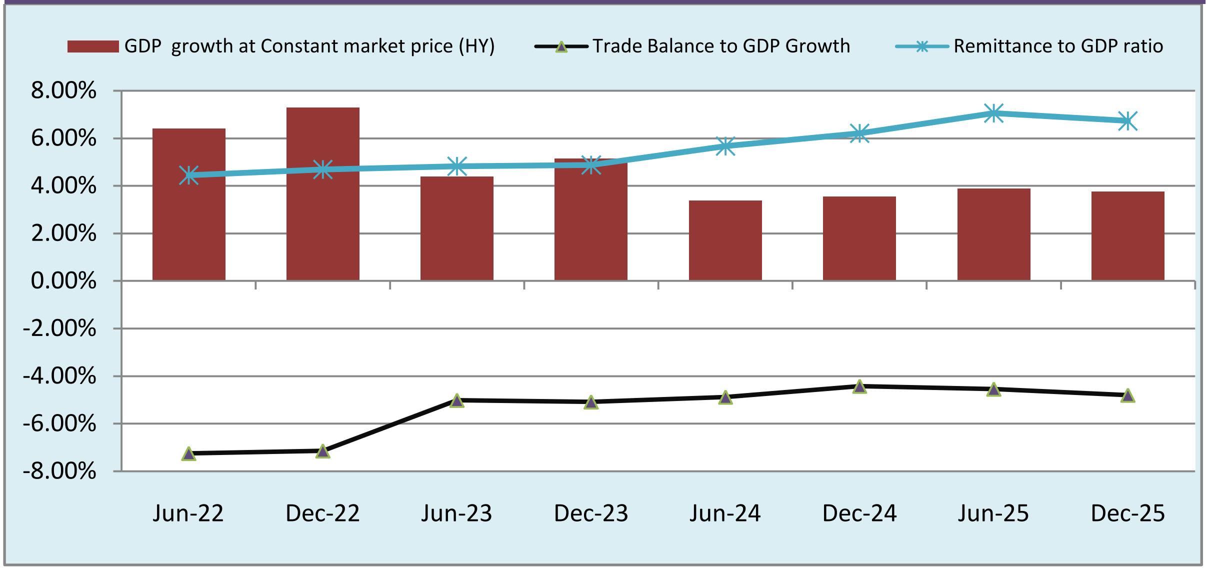
Regarding financial markets, Treasury bonds with tenor between 2 to 5 years surpassed the 5-to-10-year segment to become the largest holding, while those exceeding 15 years remained minimal. Short-term Treasury bills (≤91 days) continued to hold the largest share among money market instruments, with strong growth in over 91 and up to 182-day bills and a sharp decline in more than 182 days bills. The Dhaka Stock Exchange (DSE) DSEX and DS30 indices edged up marginally, while the Shariah index (DSES) continued to decline, alongside a lower market P/E ratio. Meanwhile, interest rates of banks on loans and deposits changed very little compared to June-2025, the average call money rate decreased slightly, and the Bangladesh Taka (BDT) appreciated marginally against the US dollar while inflation eased further.

In the banking sector, the Return on Equity (ROE) and Return on Assets (ROA) of the 56 reporting banks remained positive and rose at end-December 2025 from their June-2025 levels, in line with their usual semiannual pattern of rising each December and declining in the subsequent June. The Operating Expense to Operating Income ratio remained almost the same, whereas the Net Interest Income (NII) to Total Operating Income (TOI) ratio of 56 banks decreased owing to a decrease in net interest income. For finance companies (FCs), the gross NPL ratio eased slightly. FCs' ROA improved but the sector's overall profitability remained negative, the operating expense-to-operating income ratio declined yet stayed above the break-even threshold, and the NII-to-TOI ratio deteriorated further and remained negative.

Government borrowing from both banks and NBDCs expanded. Banks' lending to households and NFCs also rose, though at varying speeds, while NBDCs' lending to these sectors increased marginally. Cross-border banking exposures declined notably compared to June-2025, registering negative year-on-year growth. The assets-to-GDP ratios of both banks' and FCs' increased slightly, indicating continued deepening of the financial sector.

1. Macro risk

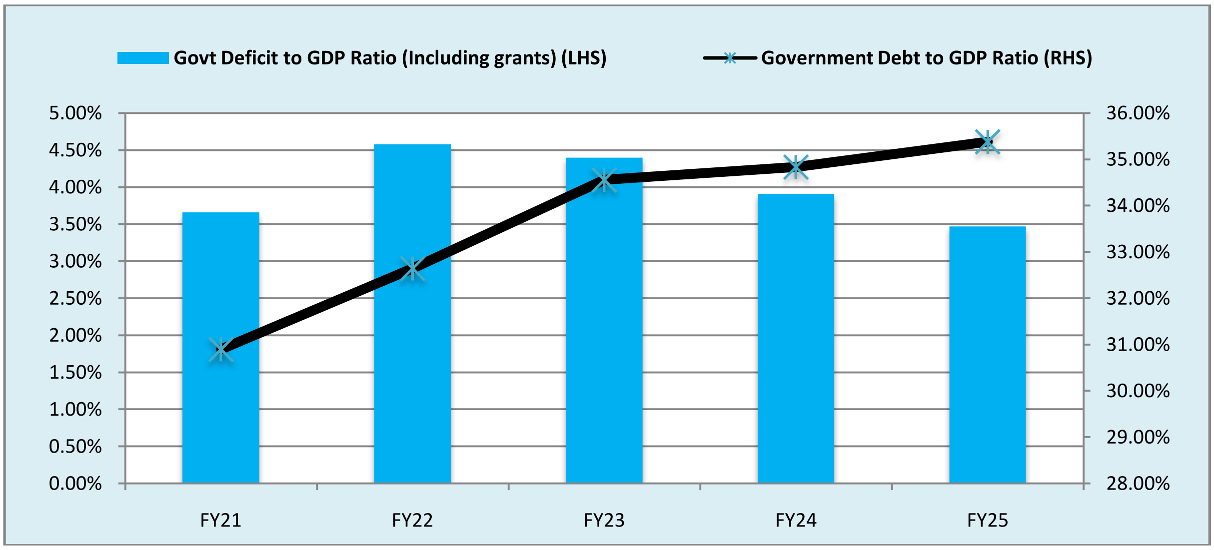
1.1 GDP growth, Remittance and Trade balance-to-GDP Ratio



Notes: 1) The base year is 2015-16. 2) GDP growth is shown for 06 months. 3) Remittance to GDP and Current Account Balance data calculated for 06 months.
Source:1) Monthly Economic Trends, Statistics Department, BB, 2) BBS.

In December-2025 GDP growth slowed marginally compared to June-2025. The trade balance to GDP ratio and remittance to GDP ratio also declined.

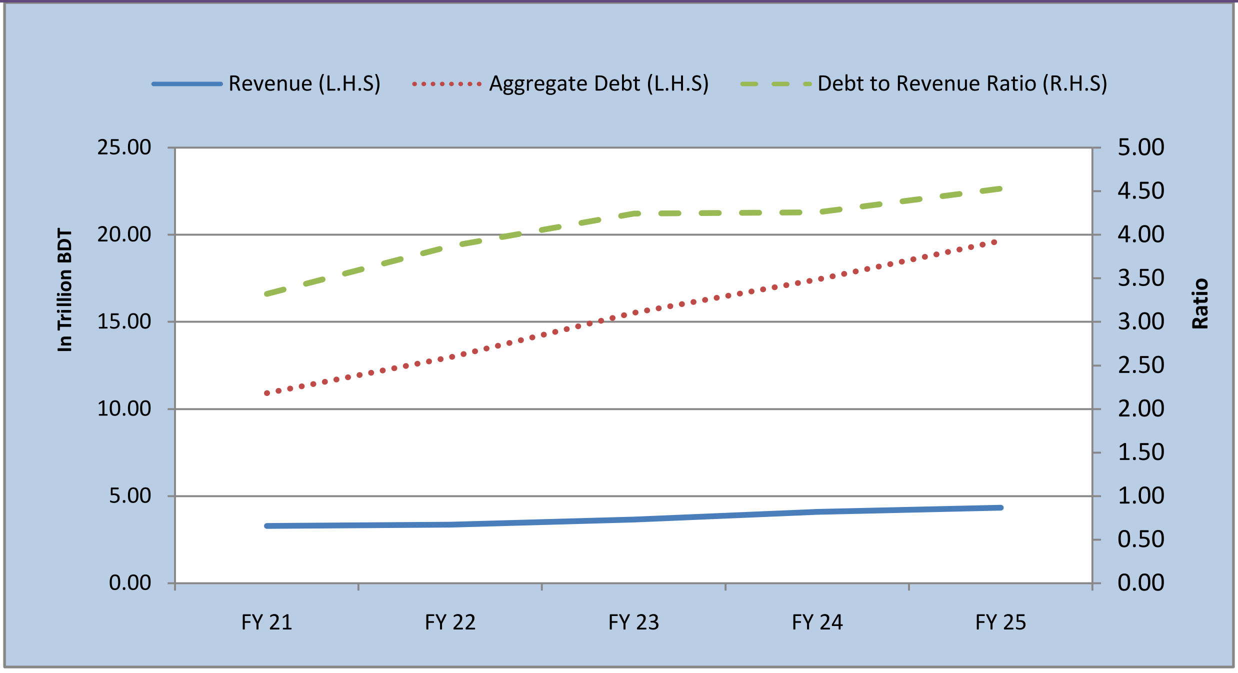
1.2 Government Deficit to GDP Ratio & Government Debt-to-GDP Ratio



Notes:1) The base year of GDP is 2015-16.
Source: Monthly Report on Fiscal Position, Ministry of Finance, Government of Bangladesh.

The government's deficit-to-GDP ratio decreased slightly compared to the prior fiscal year. Government debt-to-GDP ratio also rose modestly.

1.3 Aggregate Debt and Revenue; Debt to Revenue Ratio

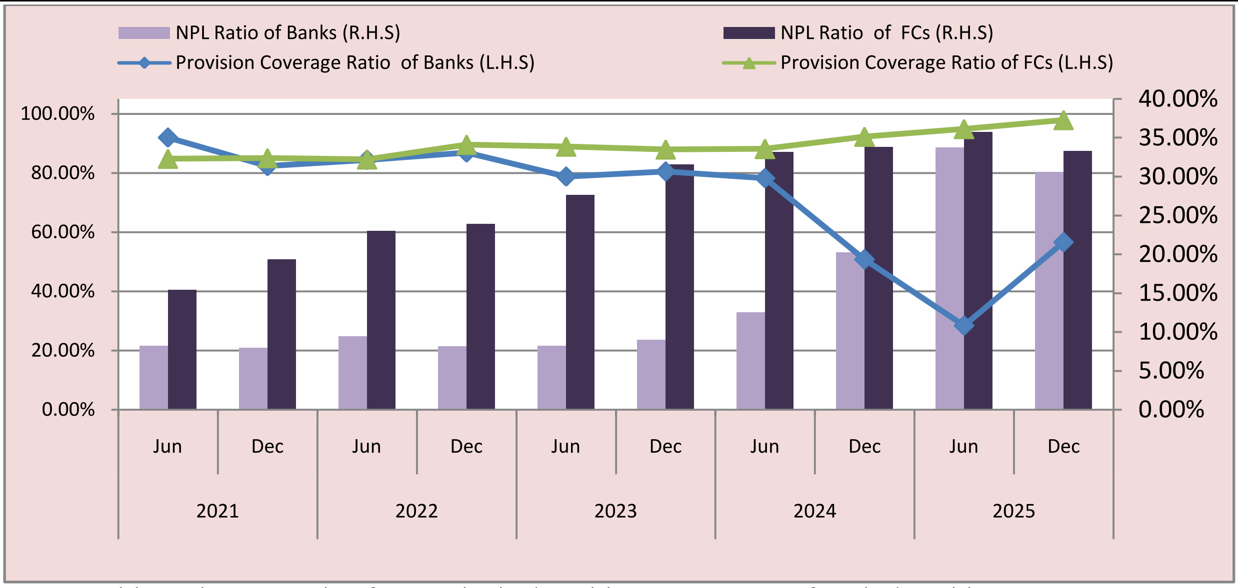


Notes: 1) Aggregate debt includes both domestic and external debt position.
Source: Monthly Economic Trends, Statistics Department, BB/ Monthly Report on Fiscal Position.

The aggregate debt is higher than revenue, while debt to revenue ratio is higher mainly due to higher accumulation of debt relative to revenue generation.

2. Credit risk

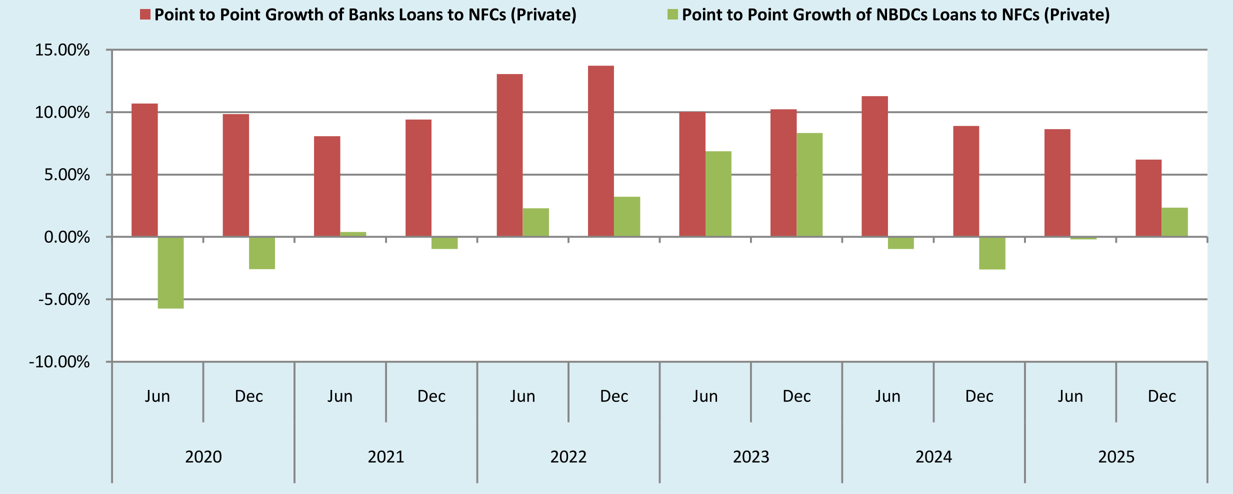
2.1 Asset Quality and Provision Coverage Ratio



Notes: Provision maintenance ratio refers to maintained provision as a percentage of required provision.
Source: BRPD, DFIM, BB

Although NPL is increasing the provision maintenance ratio decreasing over the year in the banking sector. This intensifies risk of lower loss absorbing buffer against NPLs in banking sector.

2.2 Growth of Banks Loans and NBDCs Loans to Non-Financial Corporations (Private)

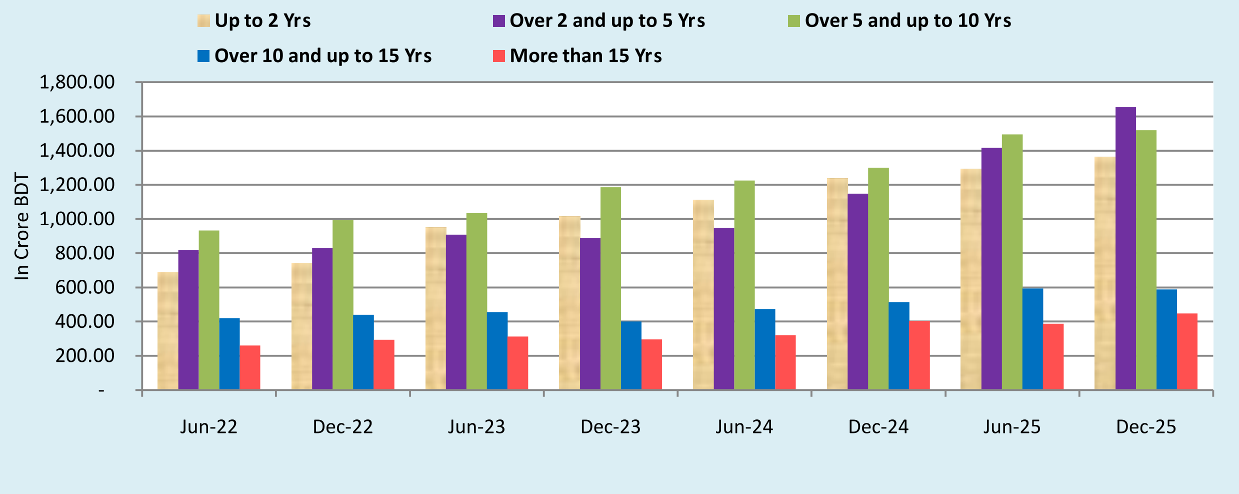


Notes: Loans refer to outstanding loans and advances extended to private NFCs excluding bills. NFC refers to private NFCs only. NBDCs include deposit taking FCs, Ansar-VDP Unnayan Bank, Karmasangsthan Bank, Bangladesh Samabaya Bank.
Source: Statistics Department, BB.

Banks point to point lending growth to private NFCs slowed further by end-December 2025, continuing a deceleration trend that began in mid-2024. NBDCs' credit growth to private NFCs turned modestly positive, recovering from near-zero levels.

3. Funding & Liquidity Risk

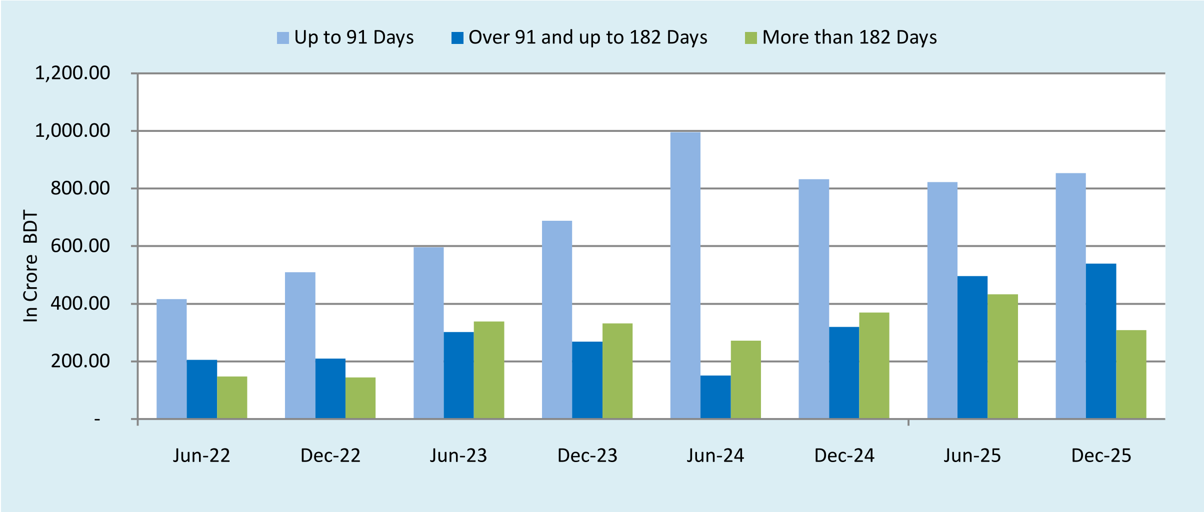
3.1 Maturity Profile of Government's Outstanding Debt Securities
A. Treasury Bond



Notes:1.The maturity profile refers to the residual maturity of long-term and short-term debt securities issued by Government of Bangladesh. Long-term debt securities include government Treasury bond with a maturity of more than 12 months. Data is based on amounts outstanding at the end of the corresponding period. 2. Yrs means Years
Source: DMD, BB.

Outstanding Treasury Bonds expanded across most of the segments by end-December 2025, with the over-2-to-5-year segment overtaking the over-5-to-10-year bucket.

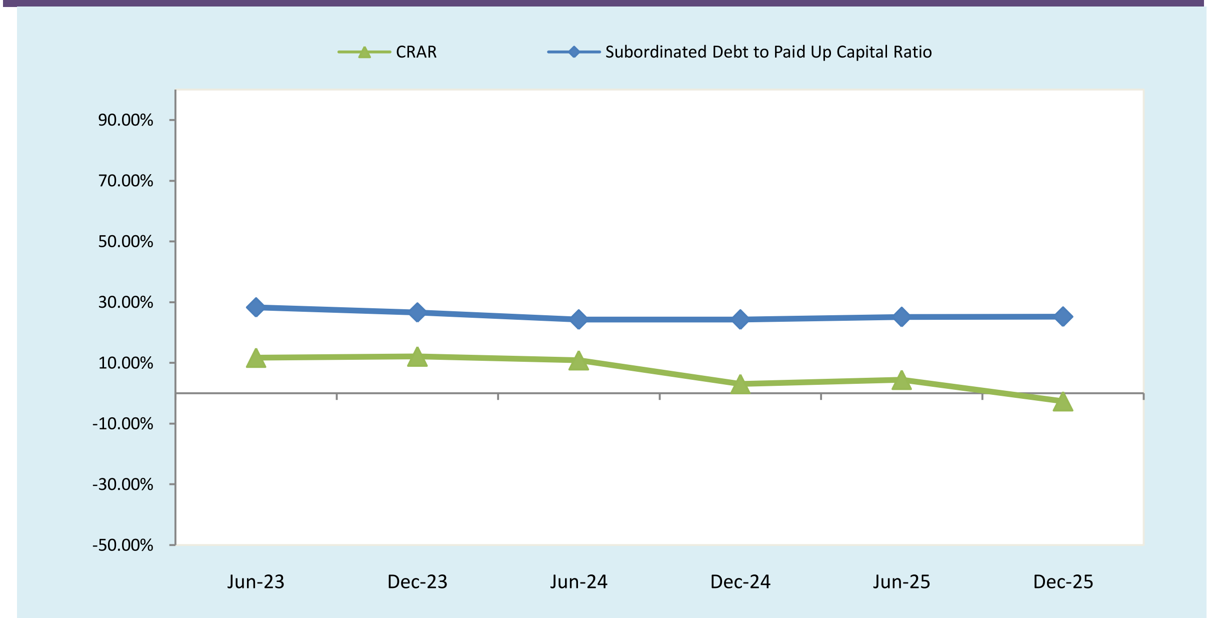
3.1 Maturity Profile of Government's Outstanding Debt Securities
B. Treasury Bill



Notes: Short-term debt securities include government Treasury bill with a maximum maturity of 12 months. Data are based on outstanding amounts at the end of the corresponding period.
Source:DMD,BB

The 91-day T-bill segment rose marginally by end-December 2025 compared to June-2025, while the 182-day bills posted strong growth and the 364-day bills declined sharply.

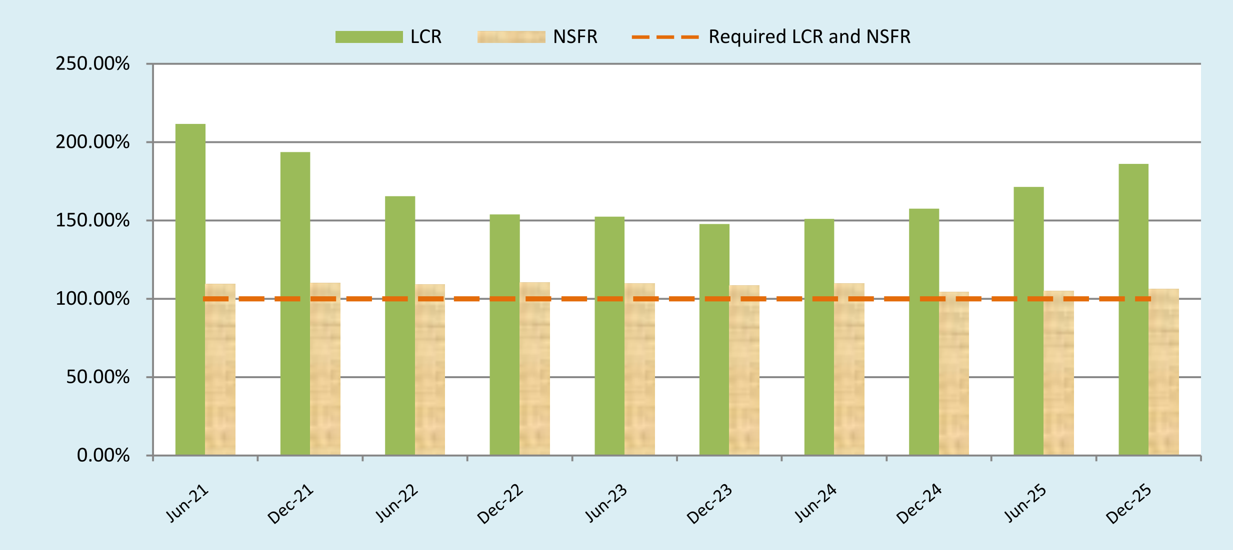
3.2 Subordinated Debt to Paid-up Capital Ratio and CRAR Position of Banks



Note: Subordinated debt and paid-up capital were calculated for 56 banks; Sammilito Islami BankPLC (5 banks under process of merging) is excluded**.**
Source: SDAD, BB.

Subordinated debt to Paid-up capitalratio remained stable in December-2025, while CRAR is negative.

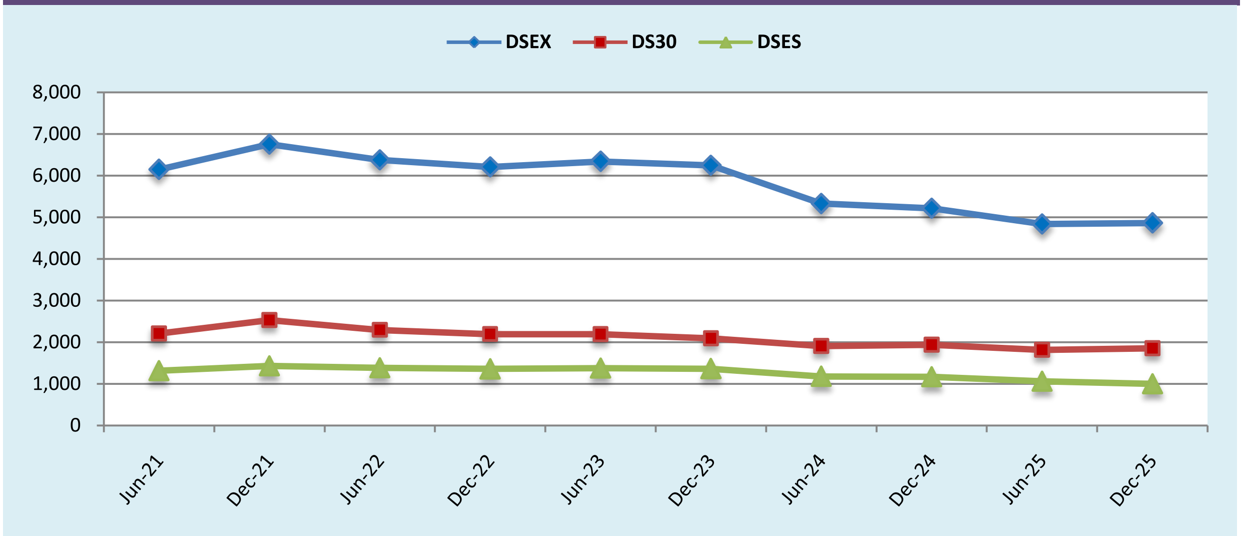
3.3 Banks LCR and NSFR



Note:1) BDBL, BKB, PKB and RAKUB are exempted from maintaining LCR andNSFR.2) The requirement for LCR is equal or greater than 100 percent.
Source: SDAD, BB.

4. Market risk

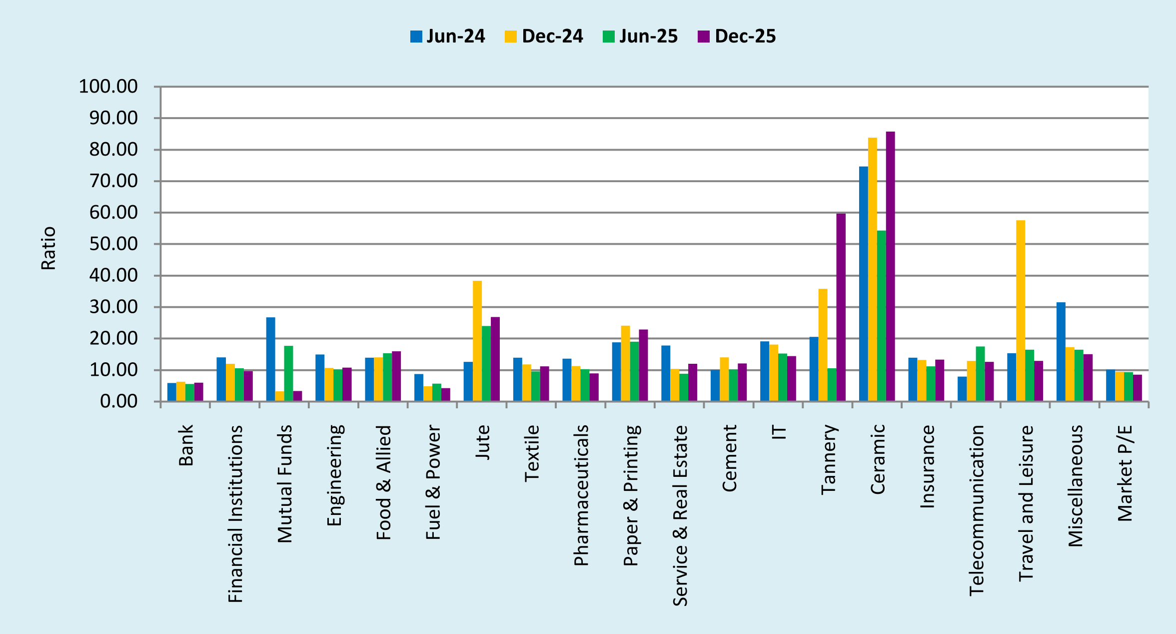
4.1 Equity Indices



Source: DSE Website.

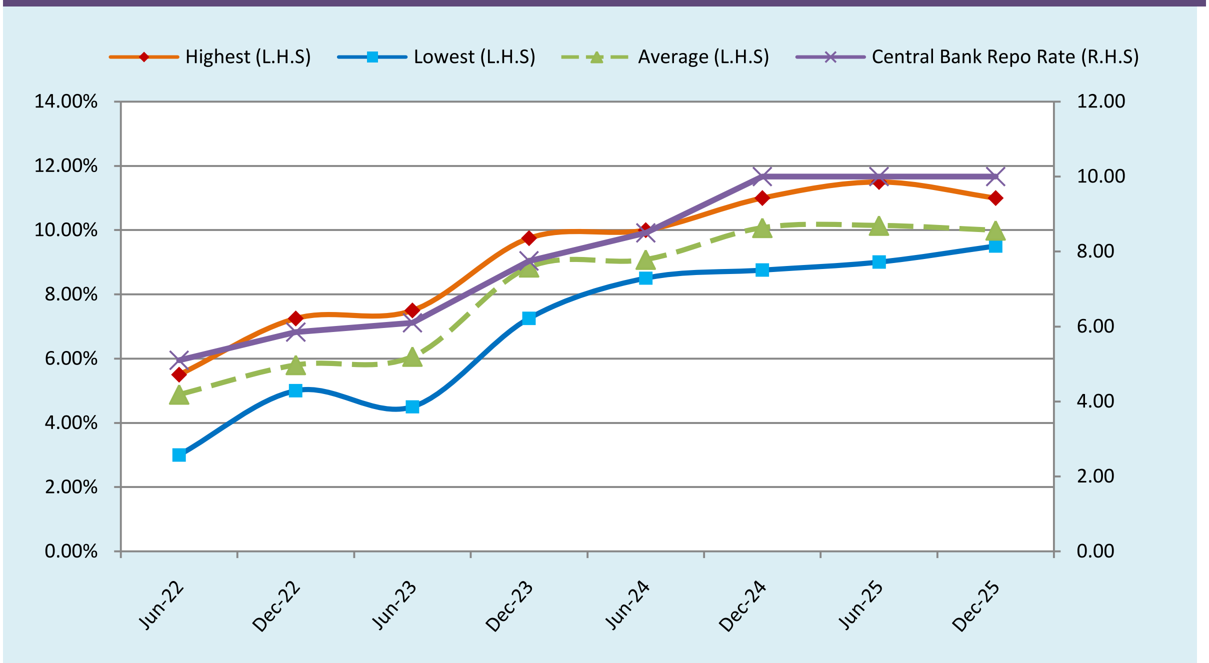
DSEX edged up marginally in December 2025. DS30 has almost shown a similar trait. The Shariah index (DSES), however, continued falling, its lowest since December-2023.

4.2 Price/Earnings (P/E) Ratio



Source: DSE Website, DSE Monthly Reviews

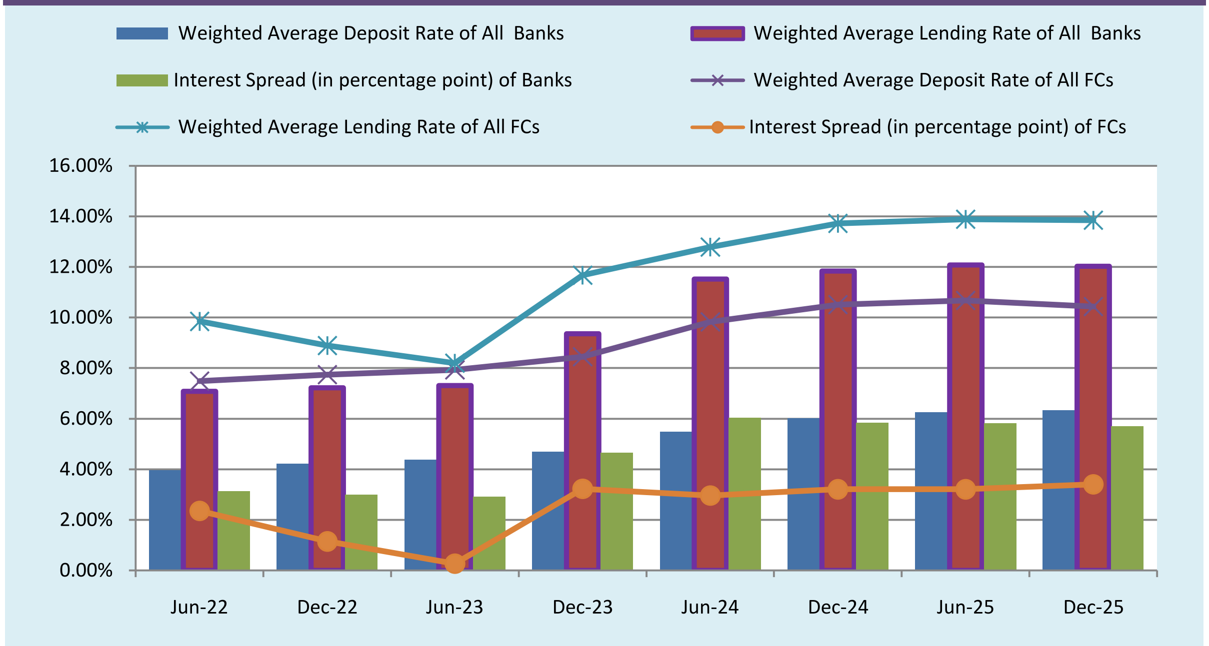
4.3 Weighted Average Call Money Rates



Source: Monthly Economic Trends, Statistics Department, BB.

Call money rates increased considerably from June-2022 to December-2025 simultaneously with central bank repo rate. Indicates a tighter monetary policy transmission.

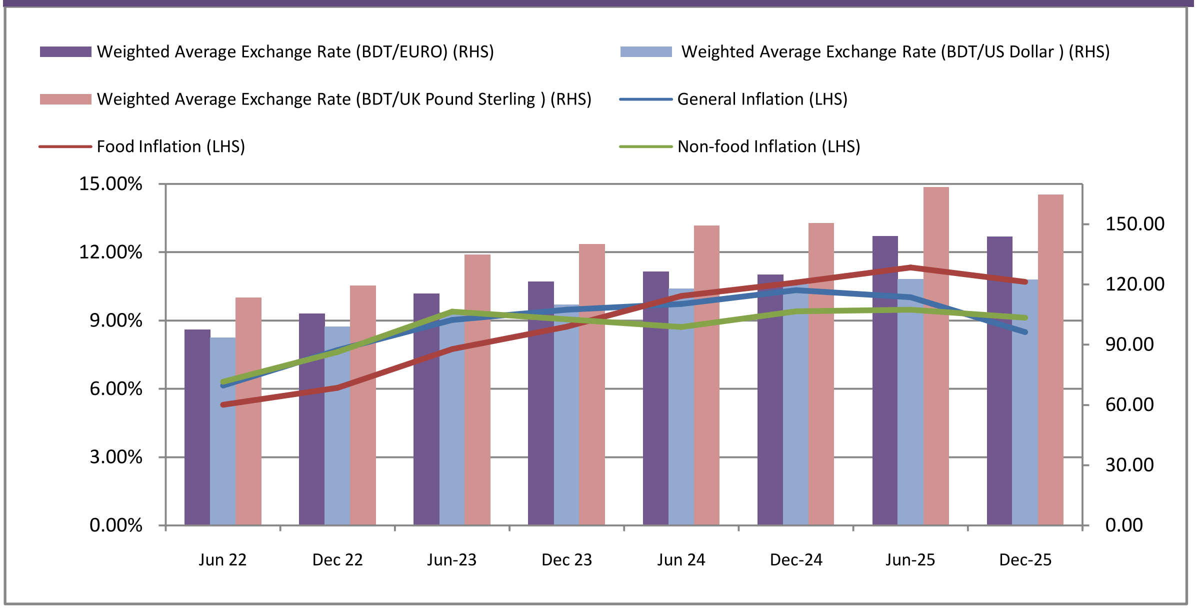
4.4 Weighted Average Interest Rate of Banks and FCs on Deposits and Advances



Source: Monthly Economic Trends, Statistics Department, Bangladesh Bank.

Both deposit and advance rates remained steadyinDecember-2025. The spread in interest rate stabilized after the widening in 2024. From August-2023 weighted average lending rate is calculated based on last contractual interest rate for Bad/Loss loans instead of previously used zero percent interest rate for Bad/Loss loans. Thus, the interest spread of FCs in June-23 dropped down to nearly zero percent.

4.5 Weighted Average Exchange Rate (USD to BDT) and Inflation Rate



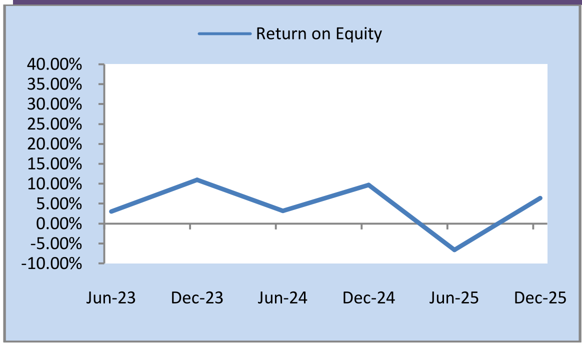
Source: Monthly Economic Trends, Statistics Department, BB.

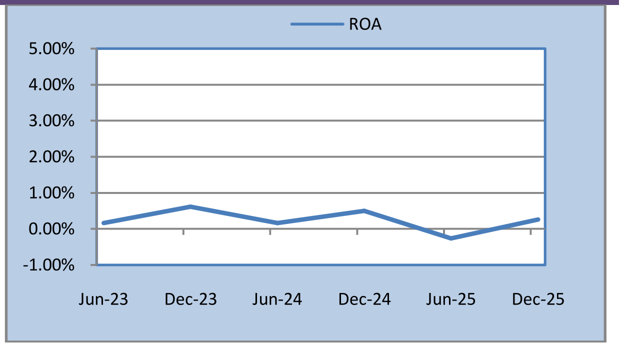
The BDT appreciated marginally relative to major currencies, while inflation eased after peaking in June-2025, suggesting a partial exchange rate pass through.

5. Profitability and Solvency Risk

5.1.1 Banking Sector Profitability Indicators

A. Return on Equity (ROE) B. Return on Assets (ROA)





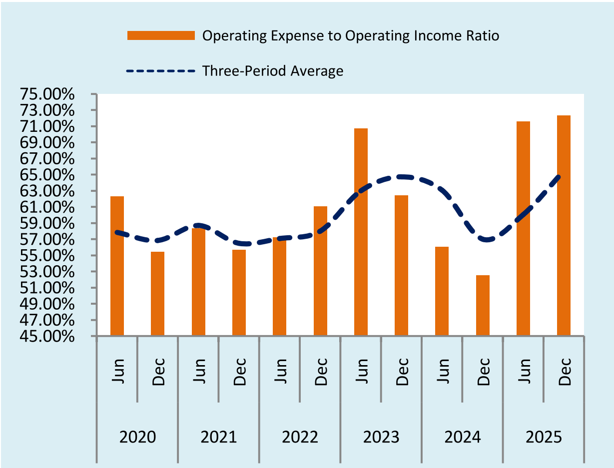
Notes: ROE and ROA were calculated for 56 banks;Sammilito Islami BankPLC (5 banks under process of merging) is excluded**.**

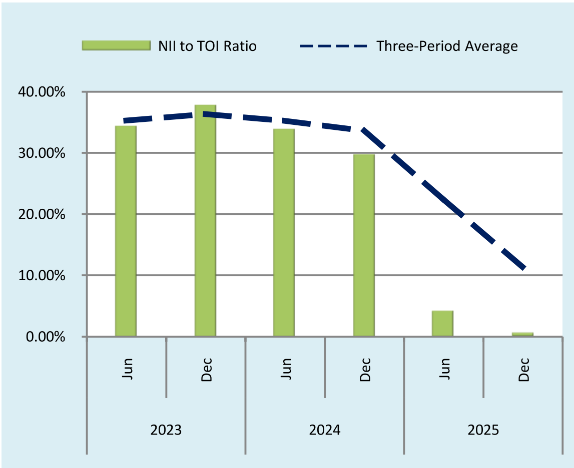
Source: SDAD, BB; Computation: FSD, BB.

ROE and ROA of banks exhibited broadly similar semiannual movements, rising in each December and declining in the subsequent June.

5.1.2 Banking Sector Profitability Indicators

C. Operating Expense to Operating Income Ratio. D. Net Interest Income to Total Operating Income Ratio



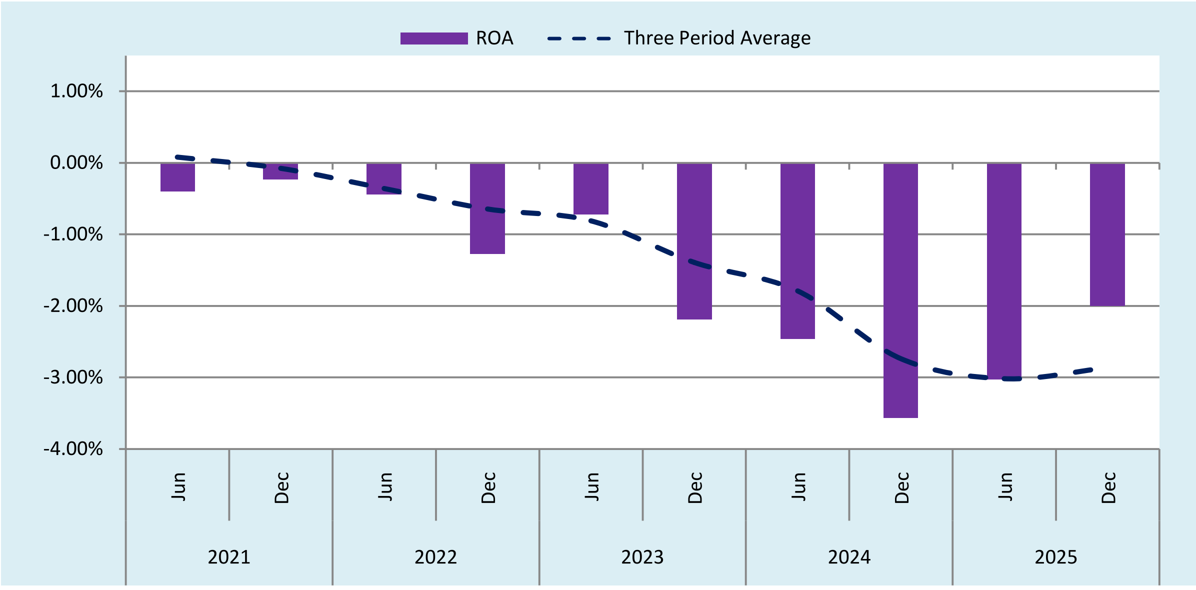


Note: Net interest income to total operating income ratio is calculated for 56 banks;Sammilito Islami Bank PLC (5 banks under process of merging) is excluded**.**

Source: SDAD, BB; Computation: FSD, BB

The operating-expense-to-operating-income ratio increased at end-June 2025, a significant jump from December 2024 then stabilized at December-2025. The NII-to-TOI ratio deteriorated in December-2025 due to decrease in interest income.

5.2.1 FCs' Profitability Indicators
A. ROA

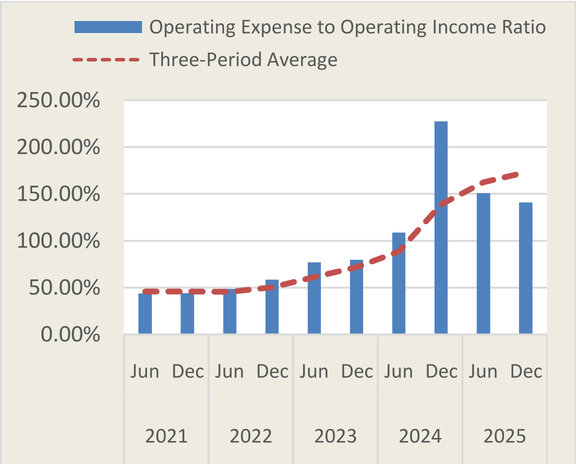


Source: DFIM, BB.

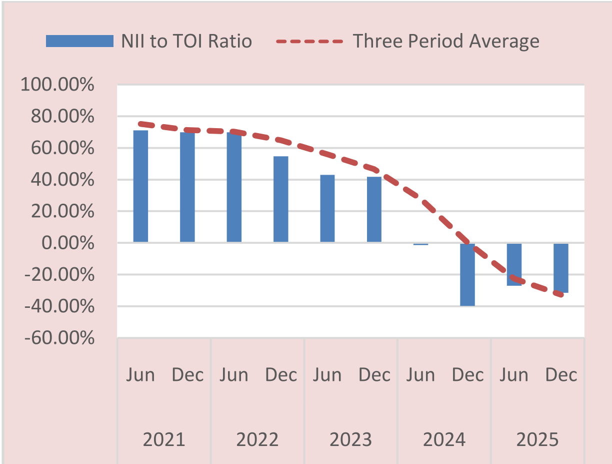
FCs' return on assets remained negative throughout the review period, deteriorating markedly up to December-2024. Its improved in 2025, particularly by December, but the sector's overall profitability remained negative.

5.2.2 FCs' profitability Indicators

B. Operating Expense-to-Operating Income Ratio



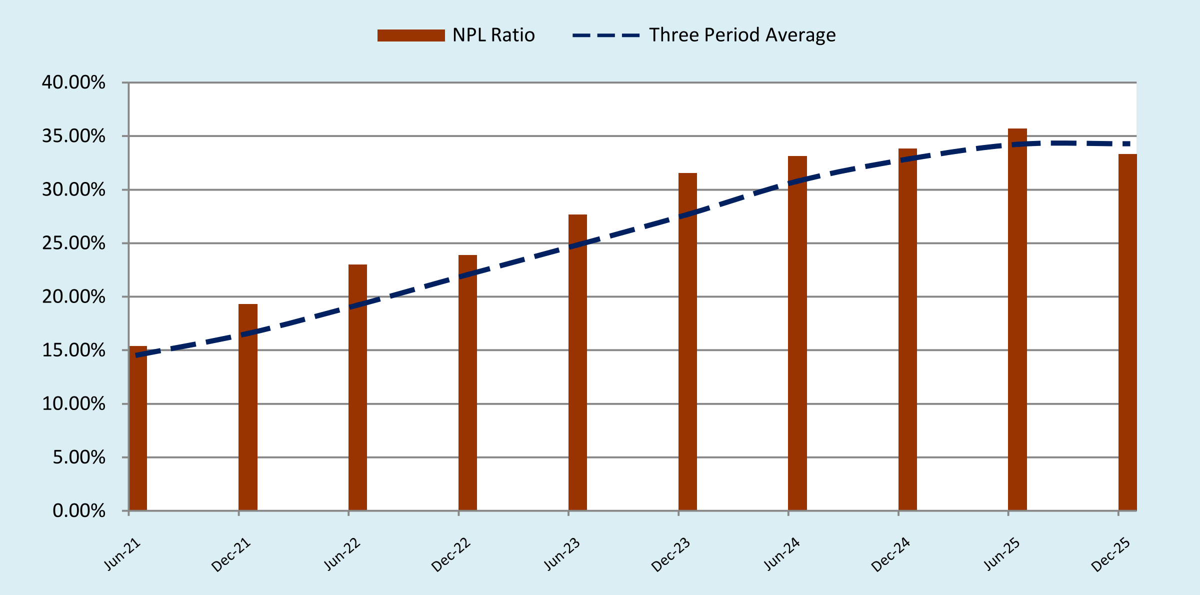
C. Net Interest income (NII) to Total Operating Income (TOI) Ratio



Source: DFIM, BB.

The operating-expense-to-operating-income ratio declined at end-December 2025, a directional improvement but still well above the 100 percent break-even threshold. The NII-to-TOI ratio for finance companies further deteriorated and remained negative at end-December 2025.

5.3 FCs' Gross Non-Performing Loan (NPL) Ratio

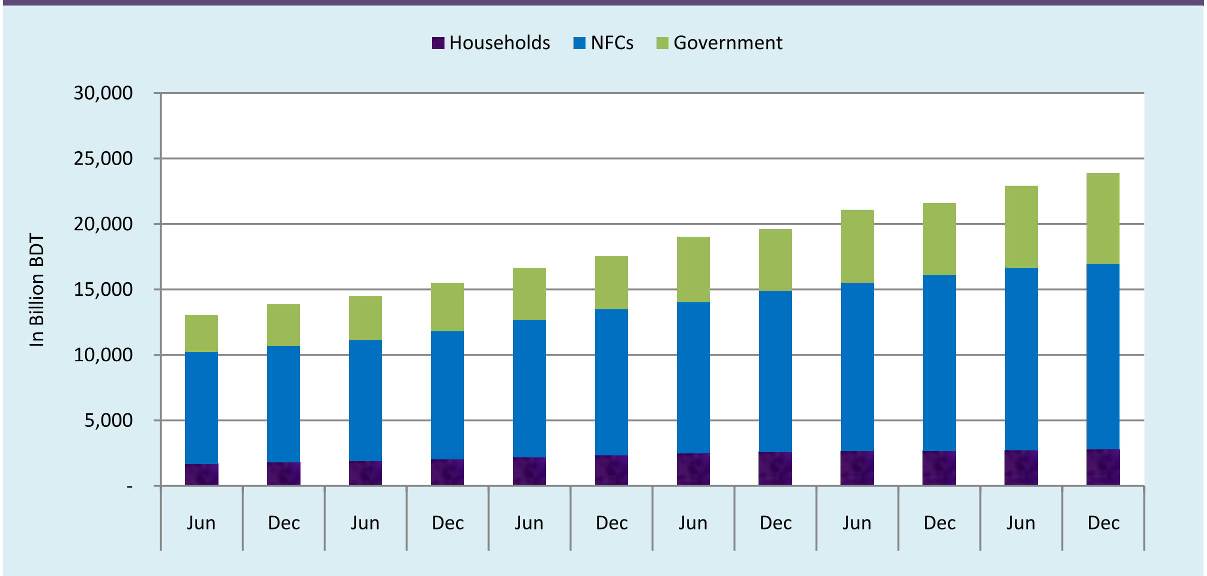


Source: DFIM, BB

The FC sector's gross NPL ratio eased at end-December 2025, marking the first meaningful decline in years and reversing the upward trend that began in June 2021.

6.Inter- Linkages

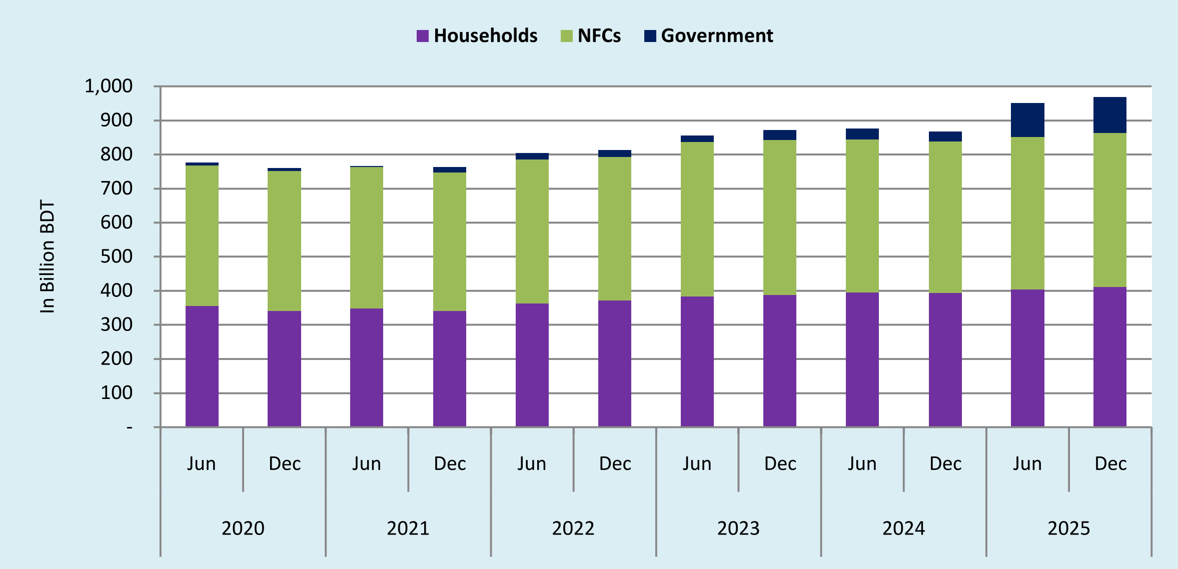
6.1 Banks' Loans to Households, NFCs and Government



Notes: Loans extended to households and NFCs refer to outstanding loans and advances excluding bills. Loans to government refer to gross amount.
Source: Statistics Department, Bangladesh Bank.

Banks' lending to the three major sectors, namely, NFCs, households, and government, respectively, rose by end-December 2025 compared to the preceding period, but at varying speeds.

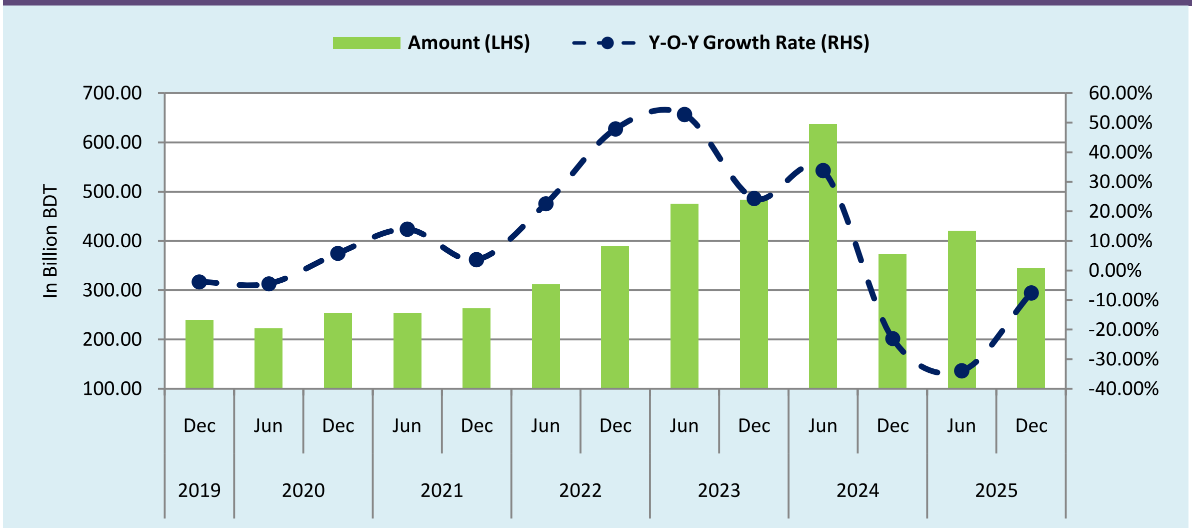
6.2 NBDCs' Loans to Households NFCs and Government



Notes: Loans to government refer to gross amounts. NBDCs include deposit taking FCs, Ansar-VDP Unnayan Bank, Karmasangsthan Bank and Bangladesh Samabaya Bank.
Source: Statistics Department, Bangladesh Bank.

NBDCs' lending to households, NFCs and government showed marginal increase by December 2025.

6.3 Banking Sector's Foreign Assets

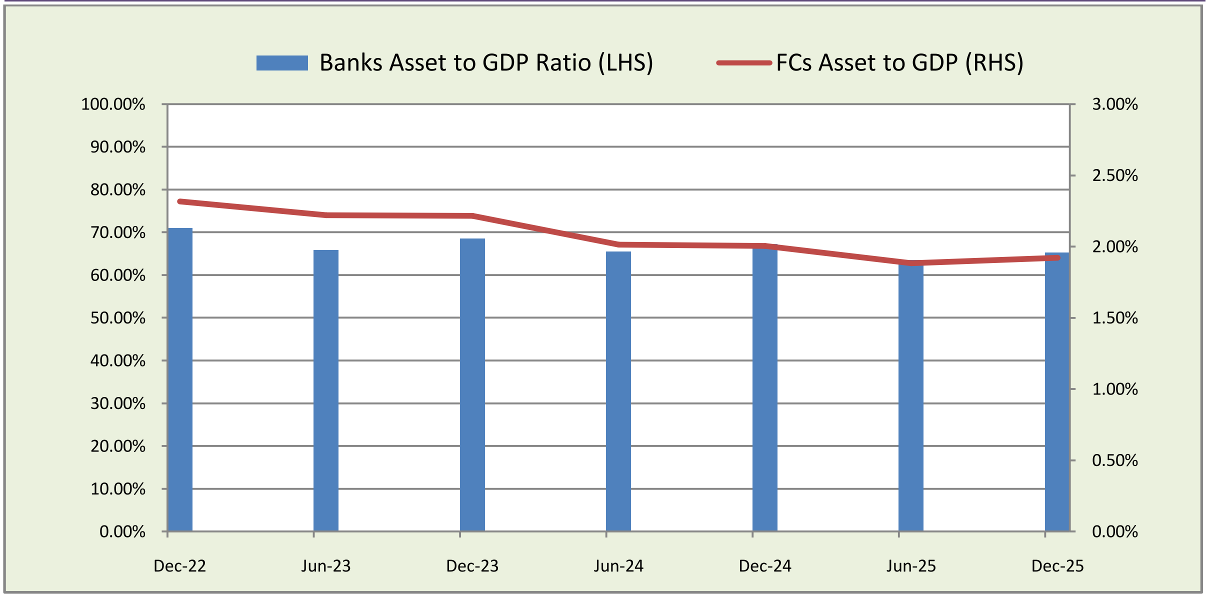


Notes: Cross-border claim includes foreign currency notes in hand, balances with banks abroad, bilateral trade credits, wage earners' balance abroad, foreign bills, foreign direct investment, portfolio investment.
Source: Statistics Department, Bangladesh Bank.

Banks' foreign assets in BDT dropped at end-December 2025, a notable decline from June 2025 and a negative year-on-year growth.

7. Structural Risk

7.1 Banks' Asset to GDP Ratio & FCs' Asset to GDP Ratio



Note: Ratio of domestic and foreign banks' total assets to Nominal GDP. June based GDP data is used for December in calculating this ratio.

Source: DOS, BB; Monthly Economic Trends, BB; DFIM, BB; computation: FSD, BB.

Banks' and Finance companies' asset to GDP ratio increased in the review period. Indicating the deepening of financial sector in the economy.

ANNEX

1. Macro Risk

1.1 GDP growth, Remittance and Trade balance-to-GDP ratio

a. Real GDP Growth

Real GDP growth measures the percentage change in the inflation-adjusted value of goods and services produced within the economy over a given period. In the BSRR, GDP growth is presented on a half-yearly basis, representing the year-on-year growth rate of real GDP at constant market prices for the corresponding six-month period.

b. Remittance-to-GDP ratio

The remittance-to-GDP ratio measures net inward remittances as a proportion of nominal GDP, expressed as a percentage. Net remittance is calculated as gross inward remittances minus outward remittances during the corresponding six-month period.

c. Trade balance-to-GDP ratio

The trade balance represents the difference between the value of merchandise exports and the value of merchandise imports over the six-month review period. A negative trade balance indicates that imports exceeded exports by a trade deficit. The ratio expresses this balance relative to nominal GDP.

1.2 Government Deficit and Government Debt-to-GDP ratio

a. Government deficit-to-GDP ratio

The government deficit-to-GDP ratio measures the overall fiscal balance the difference between total government expenditure and total government revenue as a percentage of nominal GDP. The BSRR presents this ratio both excluding and including grants, as grants from development partners can materially affect the reported deficit position.

b. Government Debt-to-GDP ratio

The government debt-to-GDP ratio measures the total outstanding debt obligations of the Government of Bangladesh both domestic and external as a percentage of nominal GDP. It is a standard indicator of sovereign debt sustainability.

1.3 Aggregate Public Debt, Revenue and Debt to Revenue Ratio

a. Aggregate Public– Debt and Revenue

Aggregate public debt includes both governments' domestic debt and External Debt. Government revenue refers to the income received by the government from tax and non-tax sources.

b.Debt-to-Revenue Ratio

The debt-to-revenue ratio measures the total outstanding government debt relative to total annual government revenue. Unlike the debt-to-GDP ratio, which benchmarks debt against economic output, the debt-to-revenue ratio benchmarks debt against the government's actual resource mobilization capacity making it a more direct indicator of debt servicing sustainability.

2. Credit Risk

2.1 Asset Quality and Provision Coverage Ratio

a. Gross NPL ratio Banks

The gross NPL ratio measures the share of total outstanding loans and advances that have been classified as non-performing meaning the borrower has failed to make scheduled repayments within the prescribed overdue period as defined by Bangladesh Bank's loan classification rules.

b. Gross NPL ratio FCs

For finance companies, the NPL ratio is defined analogously to banks as classified loans and leases as a percentage of total outstanding loans and leases. FCs extend both loans and lease financing, so leases are included in both the numerator and denominator.

c. Provision Coverage Ratio Banks and FCs

The provision maintenance ratio measures the adequacy of actual loan-loss provisions maintained by banks and FCs relative to the required provisioning amount as mandated by Bangladesh Bank. A ratio below 100 percent indicates a provisioning shortfall.

2.2 Growth of Banks and NBDCs' Loans to Private Non-Financial Corporations (NFC)

a. Annual growth rate of banks' loans to private NFCs

This indicator measures the year-on-year percentage change in the outstanding stock of loans and advances extended by scheduled banks to private non-financial corporations.

b. Annual growth rate of NBDCs' loans to private NFCs

This indicator measures the year-on-year percentage change in outstanding NBDC loans to private NFCs.

3. Funding and Liquidity Risk

3.1 Maturity Profile of Government's Outstanding Debt Securities

a. Treasury Bonds& Treasury Bills

The maturity profile refers to the residual maturity of long-term and short-term debt securities issued by the Government of Bangladesh. Long-term debt includes government Treasury bond with a maturity of more than 12 months. Short-term debt includes government Treasury bill with a maximum maturity of 12 months. Data are based on outstanding amounts at the end of the corresponding year or month.

3.2 Subordinated debt to Paid-up Capital and CRAR Position of Banks

a. Subordinated Debt to Paid-up Capital Ratio

Subordinated debt to paid up capital ratio measures the proportion of its subordinated debt compared to its core equity capital.

b. Capital to Risk-Weighted Assets Ratio (CRAR)

The Capital to Risk-Weighted Assets Ratio (CRAR) measures a bank's capital adequacy relative to its risk-weighted assets. A higher CRAR indicates a stronger capacity to absorb unexpected losses and maintain financial stability.

3.3 Banks LCR and NSFR

a. Liquidity Coverage Ratio (LCR)

The LCR is a short-term liquidity standard introduced under the Basel III framework, requiring banks to hold sufficient High Quality Liquid Assets (HQLA) to cover their total net cash outflows over a hypothetical 30-calendar-day stress scenario.

b. Net Stable Funding Ratio (NSFR)

The NSFR is a structural funding stability standard introduced under Basel III, requiring banks to maintain a stable funding profile over a one-year horizon relative to the funding requirements of their on- and off-balance-sheet activities.

4. Market Risk

4.1 Equity Indices

Three DSE equity indices are presented, each measuring the aggregate price performance of listed securities on the Dhaka Stock Exchange (DSE) under different selection criteria.

DSEX (DSE Broad Index): The general benchmark index of DSE. Includes all listed companies eligible under DSE criteria. Reflects the price movement of all listed companies on a market-capitalization-weighted basis. It is the primary reference index for overall stock market performance in Bangladesh.

DS30: Consists of the 30 largest and most liquid listed companies selected based on profitability, market capitalization, and share size. The constituent companies are reviewed and updated every six months based on performance criteria.

DSES (DSE Shariah Index): Launched for investors seeking Shariah-compliant investment opportunities. Includes only companies that pass DSE's Shariah screening criteria for compliance with Islamic finance principles.

4.2 Price/Earnings (P/E) Ratio

The P/E ratio measures the relationship between the market price of a share and the earnings per share generated by the underlying company. It serves as a primary valuation indicator for equity markets, reflecting investor sentiment about future earnings growth prospects.

4.3 Weighted Average Call Money Rates

The call money market rate is the interest rate at which scheduled banks and financial institutions borrow from and lend to each other in the overnight interbank money market. It is the shortest-term interest rate in the financial system and serves as the primary transmission channel for Bangladesh Bank's monetary policy stance.

4.4 Scheduled Banks and FCs Weighted Average Interest Rate on Deposits and Advances

This indicator presents the weighted average cost of deposits and the weighted average return on advances for scheduled banks and finance companies separately, along with the interest rate spread between the two.

4.5 Weighted Average Exchange Rate (USD to BDT) and Inflation Rate

a. Weighted average exchange rate

The weighted average exchange rate expresses the value of Bangladeshi Taka in terms of number of Taka required to purchase one US Dollar, weighted by the volume of transactions across all official interbank foreign exchange transactions in the reporting period.

b. Inflation rate

Inflation is the persistent rise in the general price level of goods and services in an economy over time, leading to a decrease in the purchasing power of money. It is quantified as the annual percentage change in the Consumer Price Index (CPI). In this report inflation rate is the 12-month average of the CPI index. That is used for both food and non-food items.

5. Profitability and Solvency Risk

5.1 Banks' Profitability Indicators

a. Return on Equity (ROE)

ROE measures the net profit or loss generated by the banking sector relative to shareholders' equity the capital invested in by owners. It is the primary profitability benchmark from the perspective of bank shareholders and equity investors.

b. Return on Assets (ROA)

ROA measures the net profit or loss generated relative to the total asset base of the banking sector. It reflects the efficiency with which banks deploy their total resources to generate earnings, independent of how those assets are financed.

c. Operating Expense to Operating Income Ratio

This ratio measures the proportion of operating income consumed by operating expenses, indicating the operational efficiency of the banking sector. A ratio above 100 percent means that operating costs exceed operating income before considering loan-loss provisions.

d. Net Interest Income to Total Operating Income (NII/TOI) Ratio

This ratio measures the contribution of core banking intermediation of the margin between interest earned on loans and interest paid on deposits to the bank's total operating income. It indicates the structural health of the bank's primary business model.

5.2 FCs' Profitability Indicators

a. Operating Expense to Operating Income ratio: FCs

Defined analogously to the bank indicator in Section 5.1(c). A ratio persistently above 100 percent indicates that operating costs structurally exceed operating income, confirming fundamental earnings non-viability.

b. Net Interest Income to Total Operating Income ratio: FCs

Defined analogously to the bank indicator in Section 5.1(d).

5.3 FCs' Gross Non-Performing Loan Ratio.

Definition is same as Section 2.1(b).

6. Inter-linkages

6.1 Banks' Loans to Households, NFC and Government

This indicator presents the banks' loans and advances extended to three major institutional counterpart sectors as non-financial corporations (NFCs), households, and government, allowing a structural decomposition of the bank loan portfolio by borrower type.

6.2 NBDCs' Loans to Households, NFC and Government

This enables comparison of NBDC lending allocation across households, NFCs, and government relative to the banking sector.

6.3 Banking Sector Foreign Assets

Cross-border claims represent the total foreign assets held by scheduled banks, that is, all financial claims on non-resident entities recorded on bank balance sheets. They measure the extent of Bangladesh's banking system's integration with the global financial system and its exposure to external risks.

7. Structural Risk

7.1 Banks' Asset to GDP Ratio and FCs' Asset to GDP Ratio.

The asset-to-GDP ratio measures the size of each financial sector segment of domestic banks, foreign banks, and finance companies relative to the nominal size of the economy. It serves as a structural indicator of financial deepening and the relative weight of each segment in the financial system.

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- The report is based on data and information available as of end-December 2025, unless stated otherwise.
- The report can be accessed through internet at https://www.bb.org.bd/en/index.php/publication/publictn/1/24
- Feedback on the report may be sent to gm.fsd@bb.org.bd.