

**BANGLADESH BANK**

Central Bank of Bangladesh



Macro  
Prudential  
Supervision  
of Financial  
System

# Bangladesh Systemic Risk Report (BSRR)

**Financial Stability Department**  
**December 2024**

**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 any mechanical form of inference.

# Bangladesh Systemic Risk Report (BSRR)

December 2024

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- 
- Unless stated otherwise, this report contains data and information available as of the end of December 2024
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## 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
Y-o-Y	Year-on-year

## Bangladesh Systemic Risk Report: An Overview

*In FY24, Bangladesh's economy experienced a moderate slowdown, as real GDP growth declined to 4.22% from 5.78% in FY23. Despite this deceleration, external sector performance showed signs of improvement, as the current account balance-to-GDP ratio shifted into positive territory in the second half of 2024. On the fiscal front, the revenue-to-GDP ratio declined significantly at the end of December 2024. The government deficit-to-GDP ratio, both inclusive and exclusive of grants, slightly decreased in H2 of 2024. However, the government debt-to-revenue ratio saw a notable increase, highlighting rising fiscal pressures, in contrast, the aggregate debt-to-GDP ratio witnessed a marginal decline. In addition, government debt to GDP ratio rose slightly at end-December 2024. The remittance-to-GDP ratio is showing a positive upward trend. Moreover, in the second half of 2024, both the household debt-to- Gross National Disposable Income (GNDI) ratio and the NFC debt-to-GDP ratio witnessed moderate rise.*

*At the end December 2024, growth rate of loans from banks and NBDCs to household declined considerably. Likewise, growth of banks' loans to Non-Financial Corporations (NFCs) and NBDCs' loans to private NFCs fell substantially. Besides this, LCR and the NSFR of the banking sector remained well above the required level in H2 of 2024, facilitated with liquidity by Bangladesh Bank mainly Repo, Assured Liquidity Support (ALS) options. The banking sector's advance-deposit ratio (ADR) rose from June 2024 by 1.35 percentage points and stood at 81.55% at end-December 2024.*

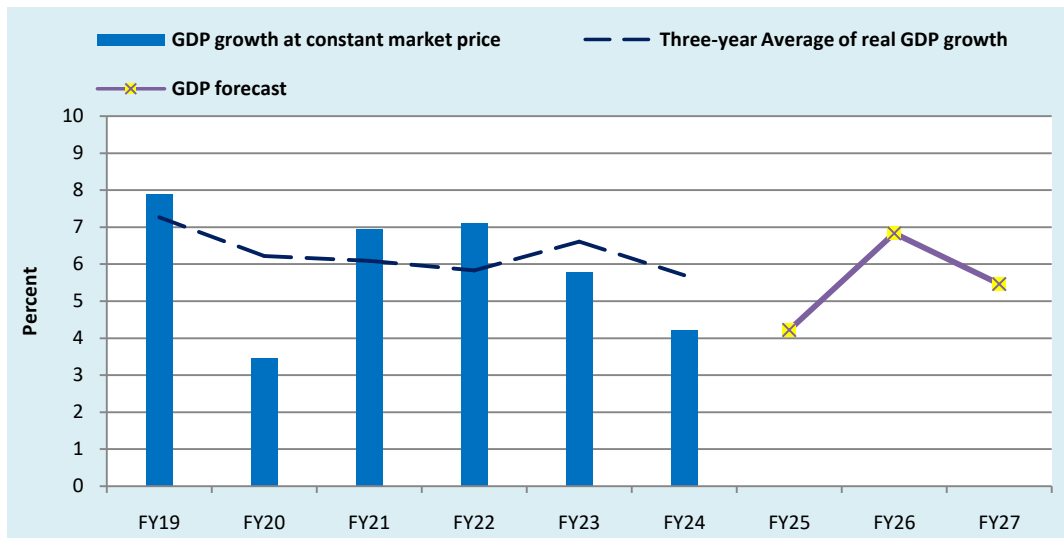
*During the review period, banks' holdings of Treasury bonds with a remaining maturity of over 5 years and up to 10 years constituted the largest share, while the remaining maturity of more than 15 years accounted for the smallest portion. Among short-term government securities, Treasury bills with maturity up to 91 days dominated. Outstanding Shari'ah-based SUKUK bonds and Special-Purpose Treasury Bonds stood at BDT 190 billion and BDT 511 billion, respectively. In the stock market, all equity indices of the Dhaka Stock Exchange (DSE) declined except for the DS30, market P/E ratio also dropped. Meanwhile, the average call money borrowing rates and the weighted average interest rates on banks' loans and deposits increased significantly. The Bangladesh Taka (BDT) depreciated marginally against the US dollar during this period.*

*Gross NPL ratio of the banking sector experienced a remarkable increase, exerting downward pressure on overall profitability, despite rising in ROA and ROE. The Tier-1 capital-to- risk-weighted-assets (RWA) ratio declined significantly. In parallel, the upward trend of FCs sectoral NPL ratio had an adverse impact on both their profitability and capital adequacy, reflected in the decline of their Tier-1 capital-to-RWA ratio. As of end-December 2024, the provision maintenance ratios stood at 50.75% for banks and 92.28% for FCs.*

*At the end December 2024, credit to the government by banks increased, while credit from NBDCs declined. Annual growth of banks credit to the commercial and residential housing sectors accelerated, mirrored by a similar trend in housing finance provided by FCs. Bank lending to other counterpart sectors also showed a steady increase. NBDCs recorded a contraction in credit volume. Cross-border claims by banks decreased significantly during the review period. The assets-to-nominal GDP ratios for both domestic and foreign banks escalated compared to end-June 2024. FCs' assets-to-GDP ratio continued declining trend. The banking sector's leverage ratio—measured as Tier-1 capital to total exposure under Basel III—declined sharply, with a similar drop observed in the leverage ratio (capital-to-assets) of FCs.*

## 1. Macro risk

### 1.1 Current and forecasted real GDP growth

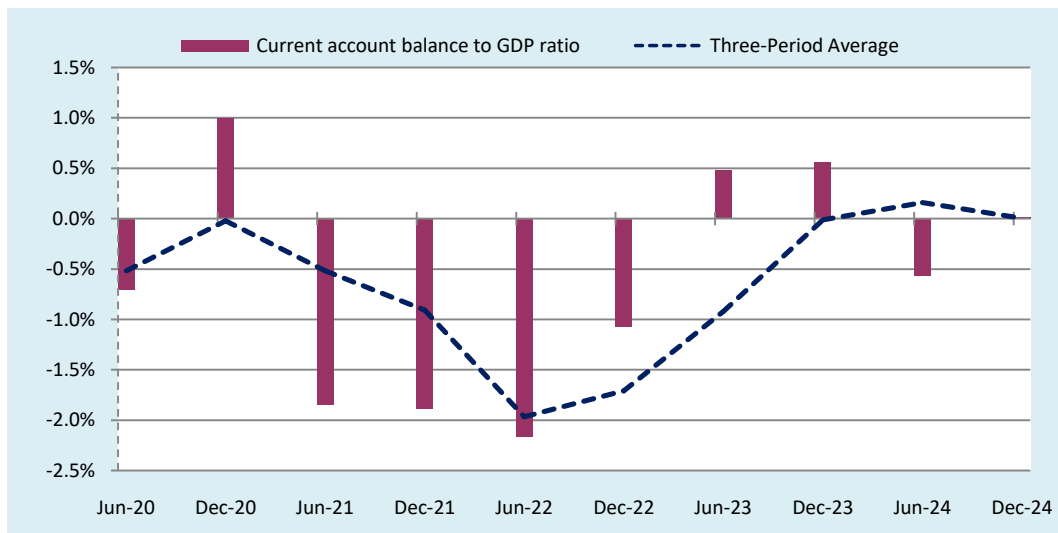


**Notes:** 1) The base year is 2015-16. 2) GDP growth is shown for fiscal years.

**Source:** Monthly Economic Trends, Statistics Department, BB; GDP Forecast, Research Department, BB.

*Real GDP growth experienced a moderate decline from 5.78 percent in FY23 to 4.22 percent in FY24.*

### 1.2 Current account balance-to-GDP ratio



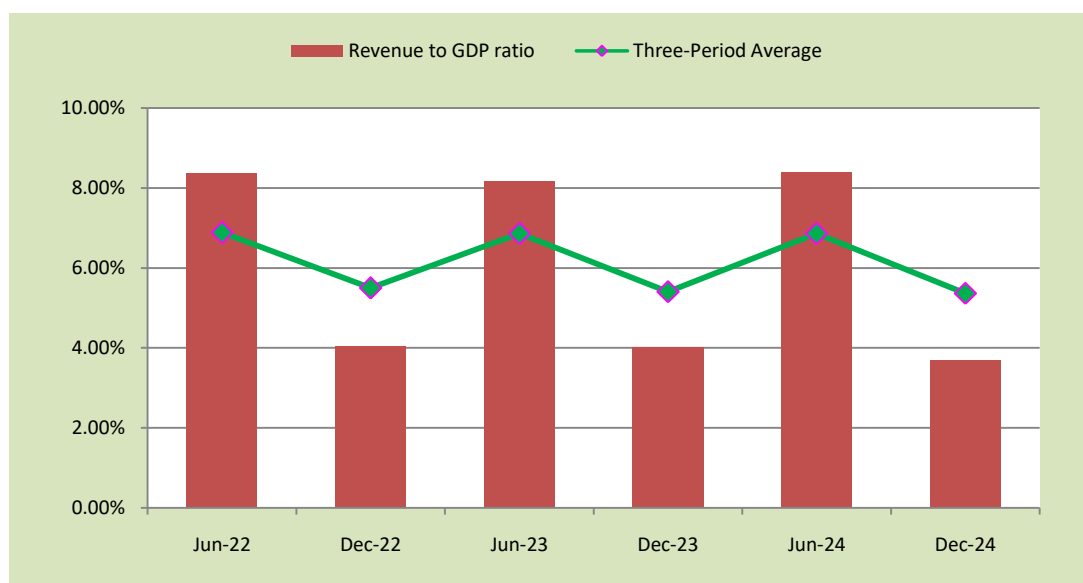
**Notes:** 1) Data for June-2024 is revised. 2) Provisional data is used for December-2024. 3) June based GDP data is used for December in calculating the concerned ratio.

**Source:** Monthly Economic Trends, Statistics Department, BB.

*The current account balance-to-GDP ratio shifted to a positive figure in the second half of 2024.*



## 1.3 Revenue-to-GDP ratio

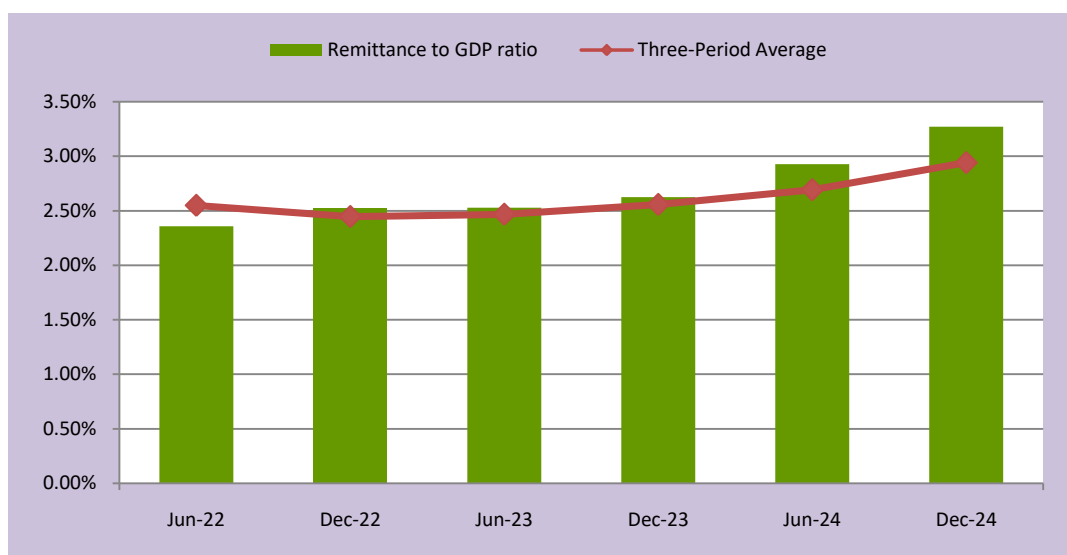


**Notes:** June based GDP data is used for December in calculating the concerned ratio.

**Sources:** Monthly Economic Trends, Statistics Department, BB; Research Department, BB.

*At the end of December 2024, the revenue-to-GDP ratio declined considerably compared to the end of December 2023.*

## 1.4 Remittance-to-GDP ratio

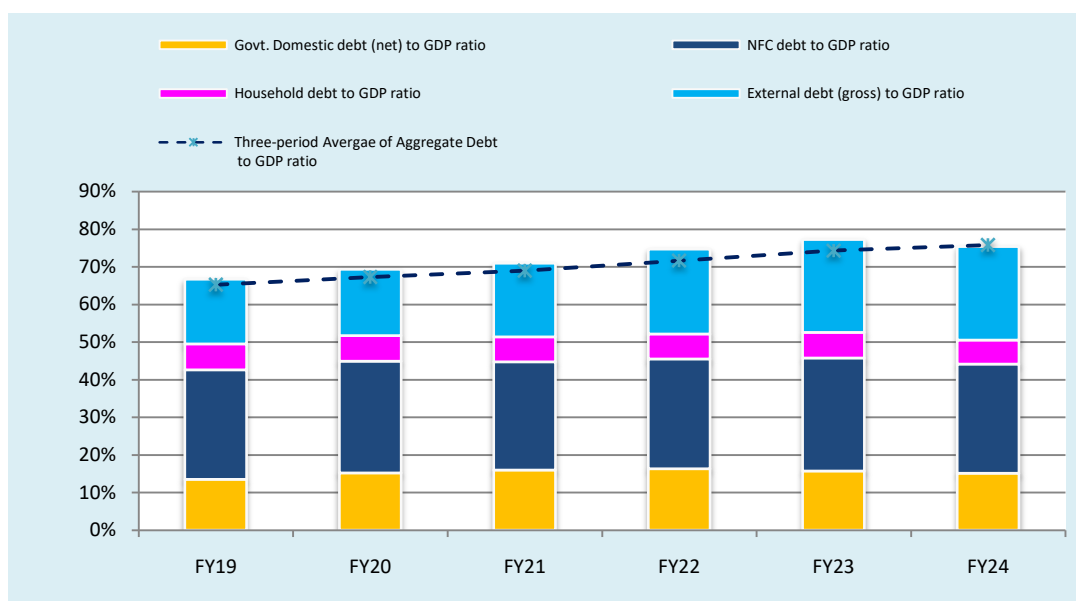


**Notes:** The ratio is shown for fiscal years.

**Sources:** Monthly Economic Trends, Statistics Department, BB;

*The remittance-to-GDP ratio has demonstrated a consistent upward trend over several years. This ratio also experienced a notable increase in the review period compared to the previous period.*

## 1.5 Aggregate debt-to-GDP ratio

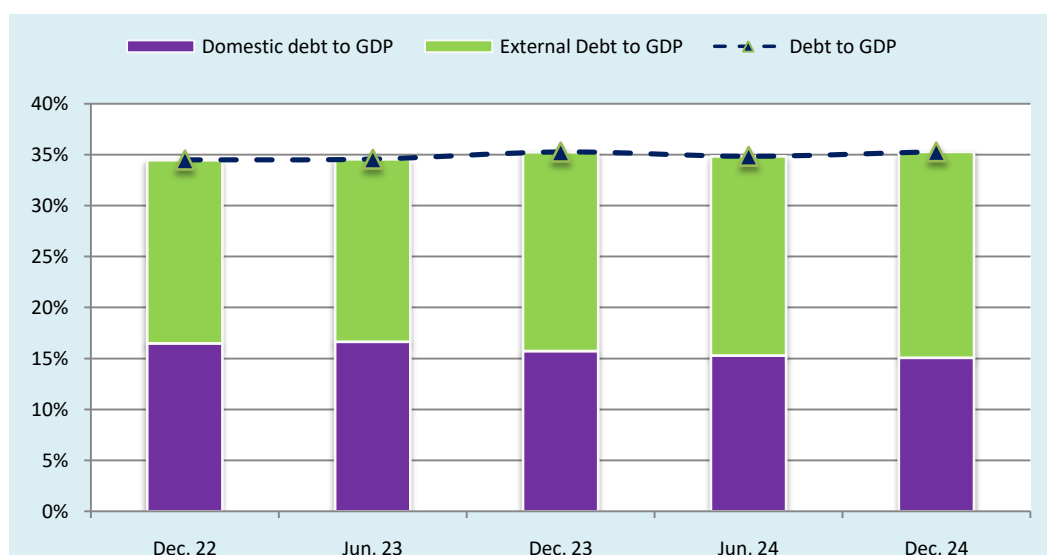


**Notes:** 1) June based GDP data is used for December in calculating the concerned ratio. 2) Aggregate debt includes both domestic and external debt position. 3) Domestic debt refers to the claims on government (net), households, and non-financial corporation (NFC) by depository corporations.

**Sources:** Monthly Economic Trends, Statistics Department, BB; National Summary Data Page (NSDP), BB.

*Following an upward trend from FY19 to FY23, the aggregate debt-to-GDP ratio experienced a marginal decrease in FY24.*

## 1.6 Government debt-to-GDP ratio

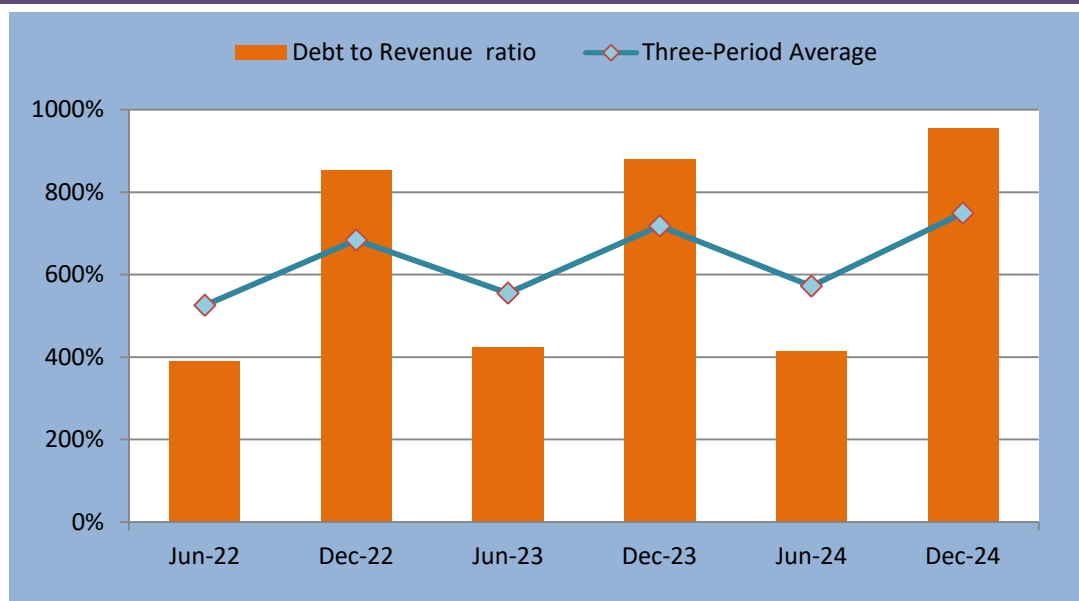


**Notes:** The ratio is shown for fiscal years.

**Sources:** Monthly Economic Trends, Statistics Department, BB; National Summary Data Page (NSDP), BB.

*The government debt-to-GDP ratio increased slightly at the end of December 2024 compared to June 2024.*

## 1.7 Government debt-to-revenue ratio

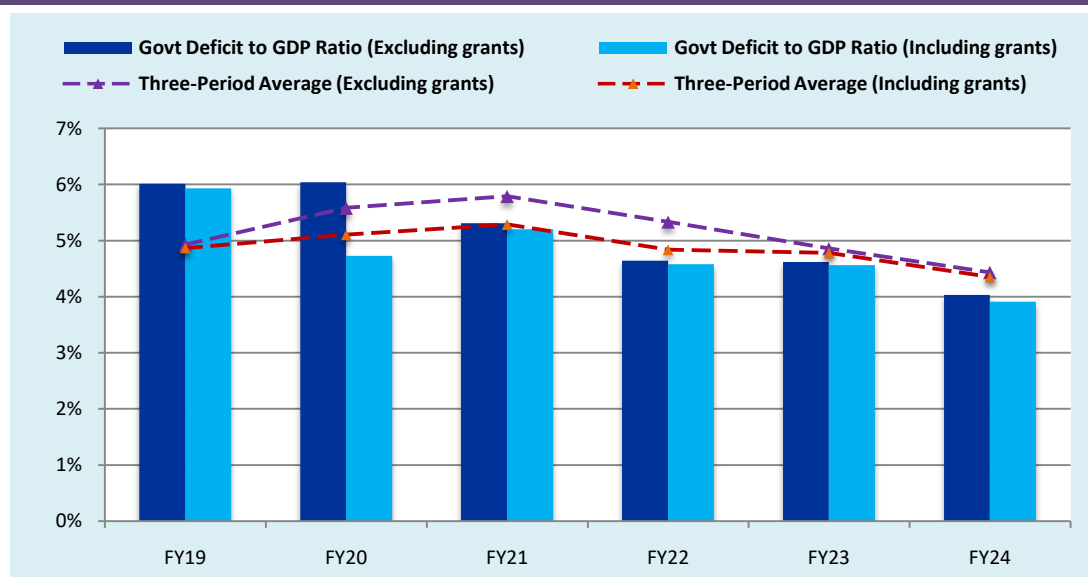


**Notes:** The ratio is shown for fiscal years.

**Sources:** Monthly Economic Trends, Statistics Department, BB; National Summary Data Page (NSDP), BB and Research Department, BB.

*At the end of December 2024, the debt-to-revenue ratio rose considerably from December 2023.*

## 1.8 Government deficit-to-GDP ratio



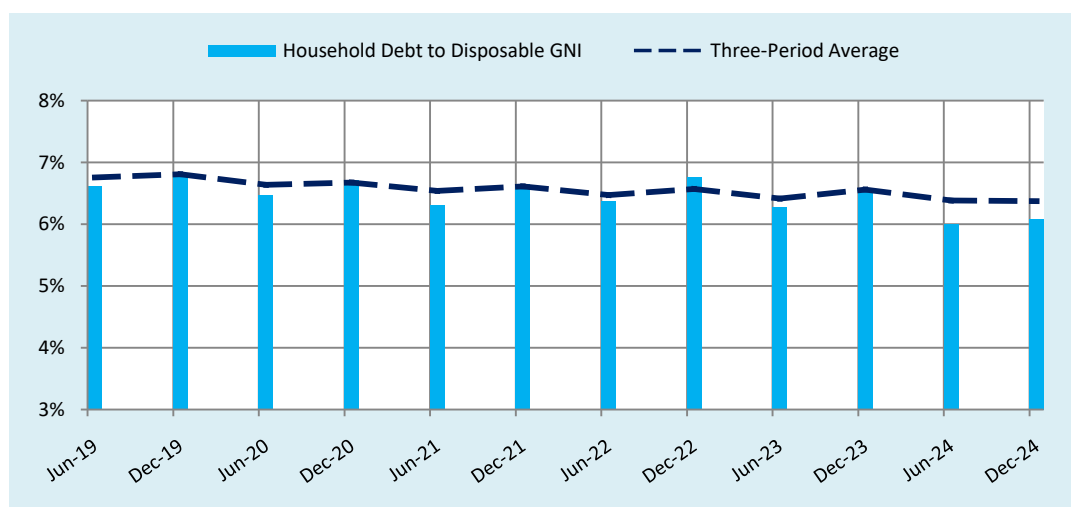
**Notes:** 1) Government deficit-to-GDP ratio is shown for fiscal years. 2) The base year of GDP is 2015-16.

3) Data for FY2024 is revised.

**Source:** Monthly Report on Fiscal Position, December-2024 issue, Ministry of Finance, Government of Bangladesh.

*Compared to the preceding period, the Government's deficit-to-GDP ratio dropped in FY2024, including and excluding grants.*

## 1.9 Household debt-to-gross national disposable income ratio

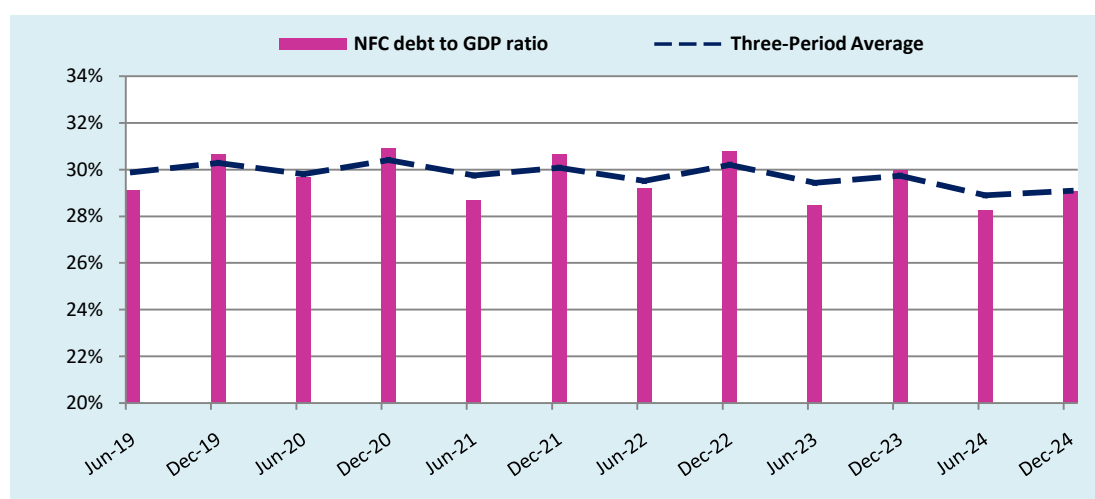


**Notes:** 1) Dec-2024 based data is provisional. 2) June-2024 based data is revised. 3) June based data on gross national disposable income (GNDI) is used for December in calculating the ratio. 4) Before June-2022 data represents Household debt to gross national income ratio.

**Sources:** Monthly Economic Trends, Statistics Department, BB.

*Household debt-to-GNDI ratio increased slightly in December 2024 compared to the previous period.*

## 1.10 Non-financial Corporation (NFC) debt-to-GDP ratio



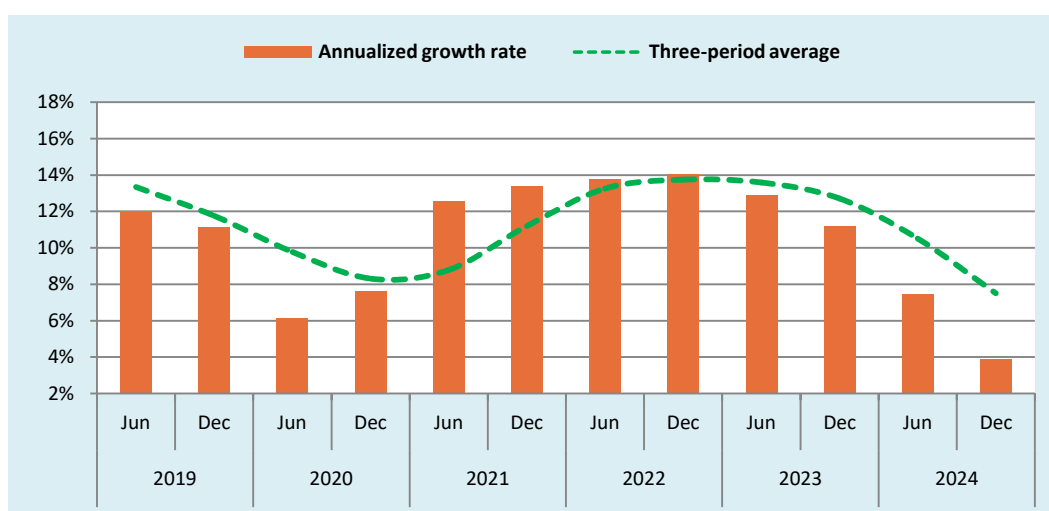
**Notes:** 1) Dec-2024 based data is provisional. 2) June-2024 based data is revised. 3) NFC debt includes debts of both public and private NFCs. 4) June based GDP data is used for December to calculate the ratio.

**Sources:** Monthly Economic Trends, Statistics Department, BB.

*In the second half of 2024, NFCs' debt-to-GDP ratio rose moderately compared to the year's first half. Saliiently, the majority of total non-financial corporations' (NFCs) debt is held by private NFCs.*

## 2. Credit risk

### 2.1 Annual Growth rate of banks' loans to households

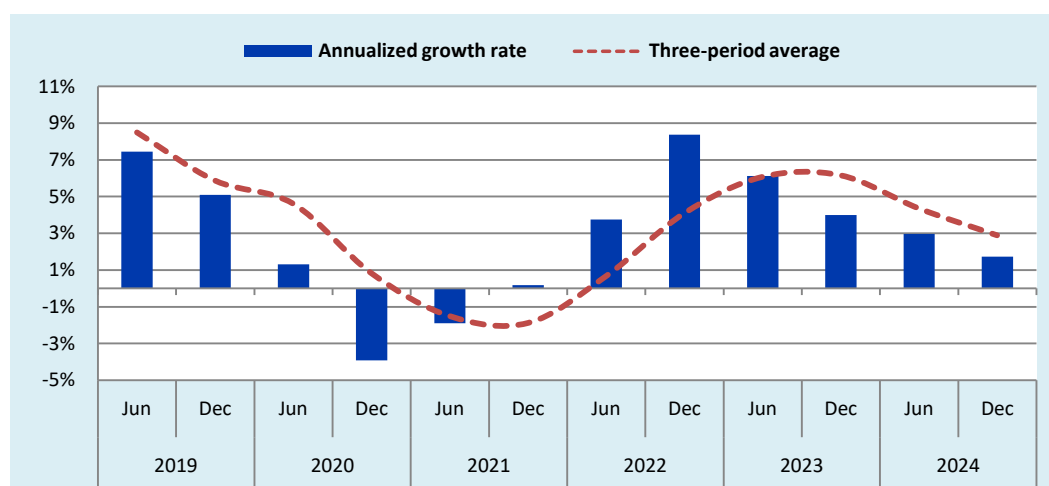


**Notes:** Loans refer to outstanding loans and advances extended to domestic households (individuals) excluding bills.

**Source:** Statistics Department, BB.

*At the end of December 2024, banks' credit growth to the household sector contracted markedly, continuing a downward trajectory that began in June 2023.*

### 2.2 Annual Growth rate of NBDCs' loans to households



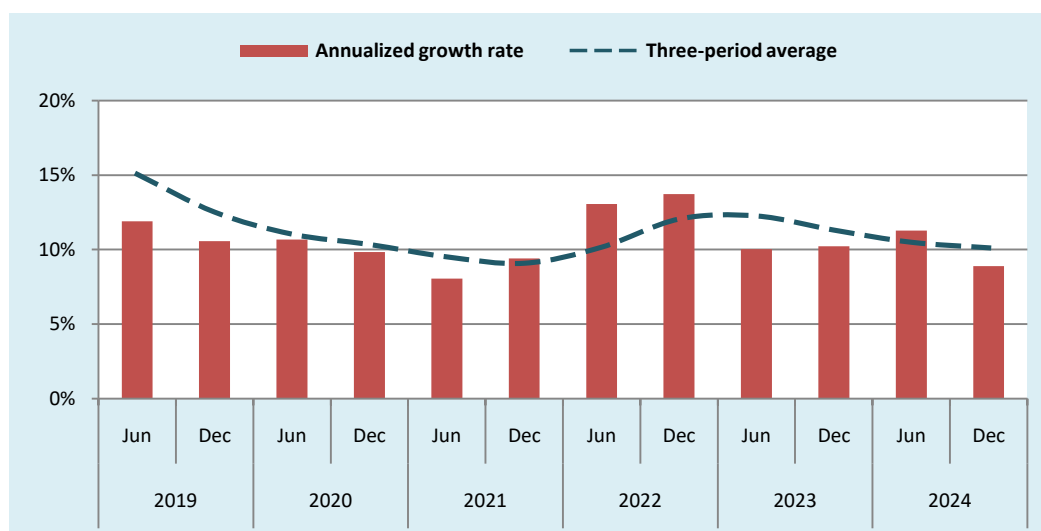
**Notes:** NBDCs include deposit taking FCs<sup>1</sup>, Ansar-VDP Unnayan Bank, Karmasangsthan Bank, Grameen Bank and Bangladesh Samabaya Bank.

**Source:** Statistics Department, BB.

*NBDCs' credit growth to the household sector has declined since June 2023 and experienced a slight decline in the second half of 2024 compared to the first half of the year.*

<sup>1</sup>FCs refers to non-bank finance companies. Out of 35 FCs, 29 are deposit taking FCs.

## 2.3 Growth of banks' loans to private non-financial corporations (NFC)

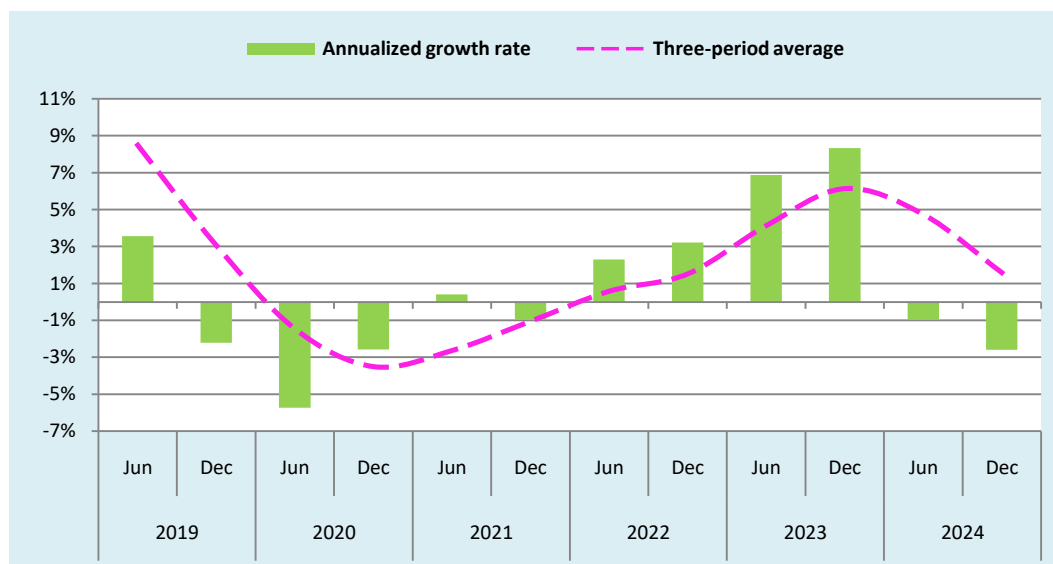


**Notes:** Loans refer to outstanding loans and advances extended to private NFCs excluding bills.

**Source:** Statistics Department, BB.

*At the end of December 2024, the growth of banks' loans to private NFCs dropped notably compared to the end of June 2024.*

## 2.4 Growth of NBDCs' loans to private non-financial corporations (NFC)

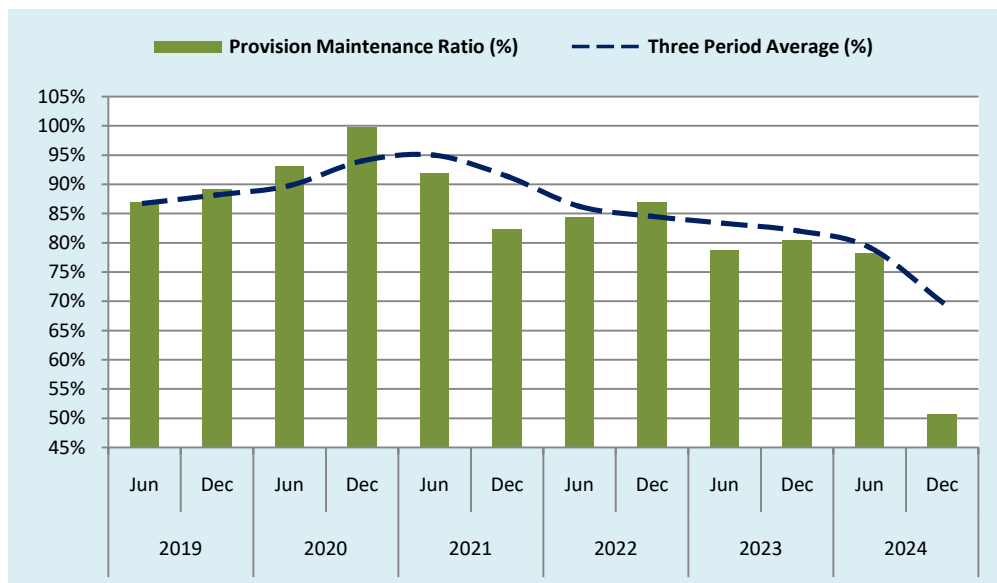


**Notes:** NFC refers to private NFCs only. NBDCs include deposit taking FCs, Ansar-VDP Unnayan Bank, Karmasangsthan Bank, Grameen Bank, and Bangladesh Samabaya Bank.

**Source:** Statistics Department, BB.

*NBDCs' loan growth to private NFCs fell significantly at the end of December 2024 compared to the end of June 2024.*

## 2.5 Provision maintenance ratio of banks

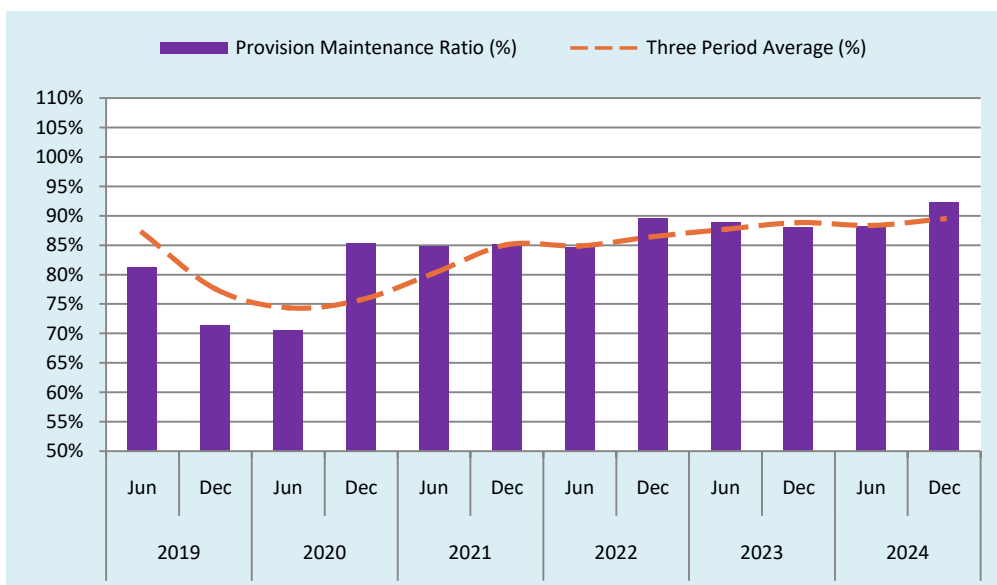


**Notes:** Provision maintenance ratio refers to maintained provision as a percentage of required provision.

**Source:** BRPD, BB.

*Banks' provision maintenance ratio experienced a sharp decline from that of June 2024 and stood at 50.75 percent in the review period.*

## 2.6 Provision maintenance ratio of FCs



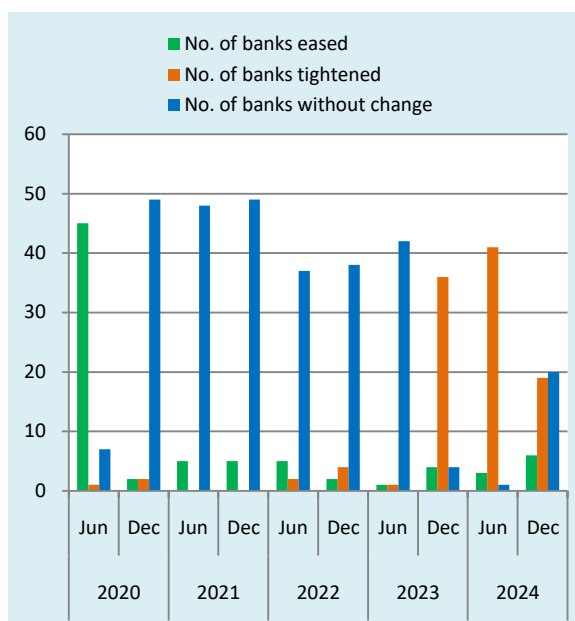
**Notes:** Data for December 2024 and June 2024 are un-audited.

**Source:** DFIM, BB.

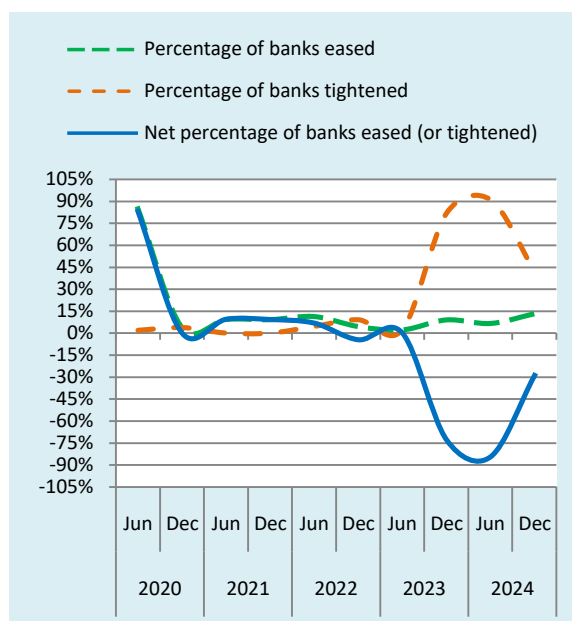
*FCs' provision maintenance ratio edged up moderately and stood at 92.28 percent in the review period compared to that of end-June 2024.*

## 2.7 Changes in banks' interest rates for housing loans

### a. No. of banks having changes in their interest rates for housing loans



### b. Percentage of banks having changes in their interest rates for housing loans



**Notes:** Changes in banks' announced interest rate for housing loans have been used as a proxy for changes in banks' credit standards. Net percentage change is the difference between the share of banks reporting that interest rates have been eased (decreased) and the share of banks reporting that they have been tightened (increased). A positive net percentage change indicates that a larger proportion of banks have eased credit standards ("net easing"), whereas a negative net percentage change indicates that a larger proportion of banks have tightened credit standards ("net tightening").

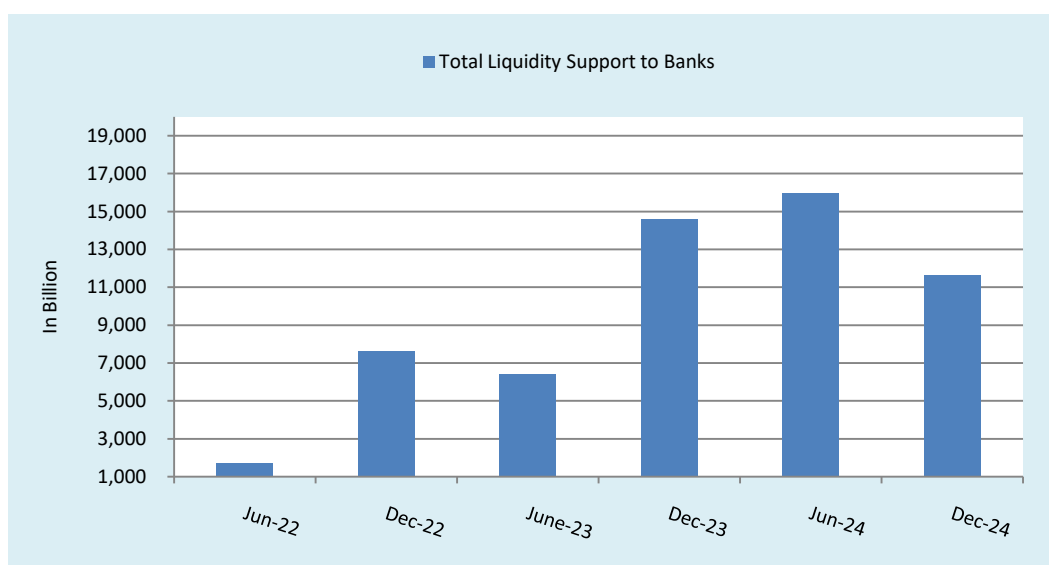
**Source:** Monthly Economic Trends, Statistics Department, BB; and Scheduled bank lending rate, Bangladesh Bank website (<https://www.bb.org.bd/en/index.php/financialactivity/interestlending>).

*At the end of December 2024, the interest rates of housing loans tightened by 42.2 percent of 45 respondent scheduled banks, while 13.3 percent of banks eased; the remaining banks maintained their existing rates.*



### 3. Funding and liquidity risk

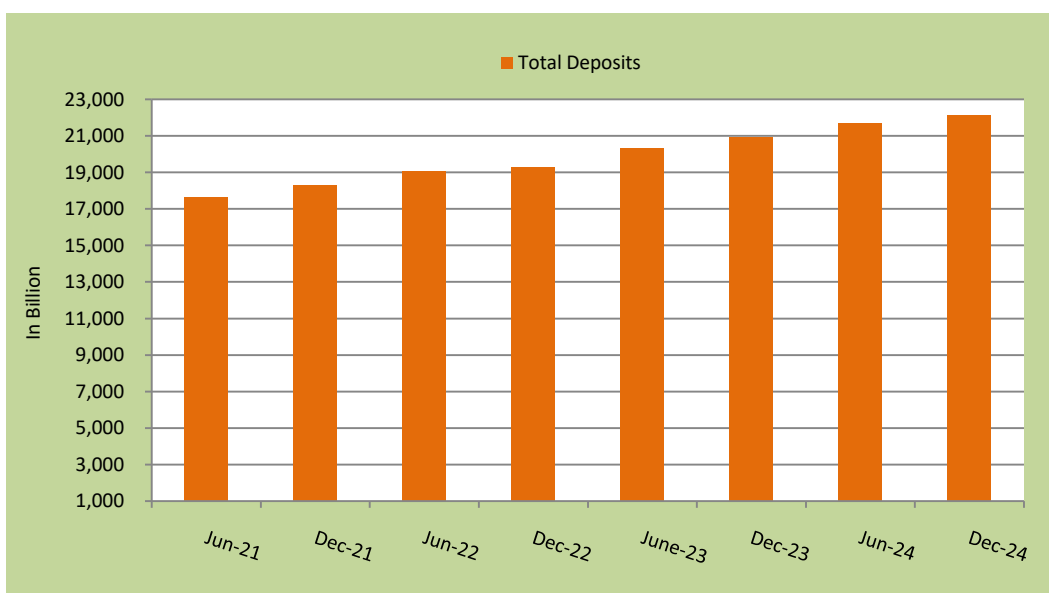
#### 3.1 Bangladesh Bank's liquidity support to banks



Source: DMD, BB.

*Bangladesh Bank's total liquidity assistance declined notably in the second half of 2024 compared to the year's first half.*

#### 3.2 Total deposits of Banks, NBDCs and NBFCs

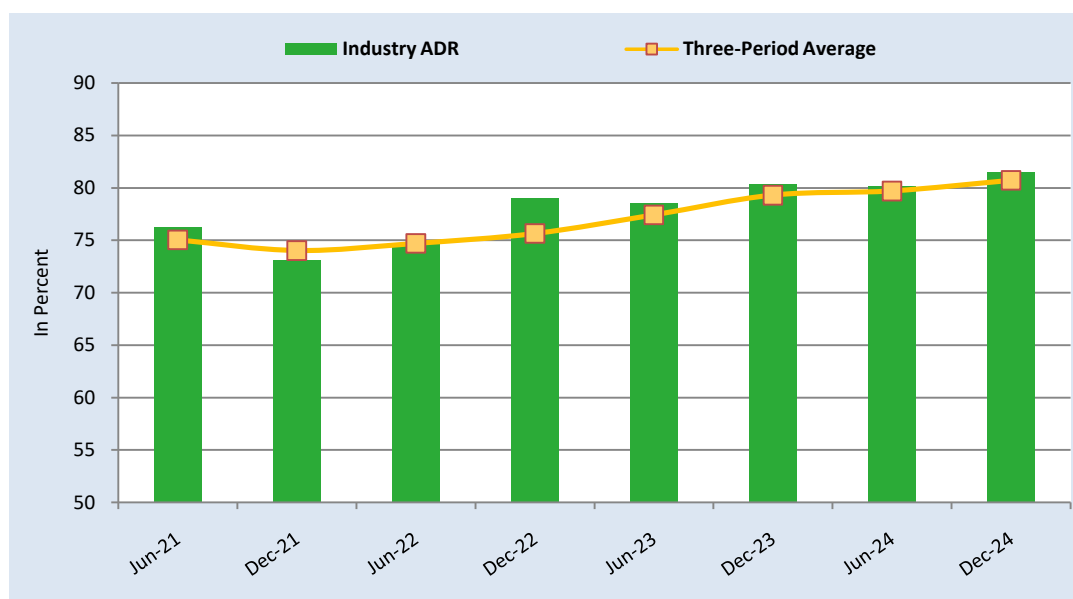


Note: 1) Bank and NBFCs data exclude Inter-bank Deposits, Government Deposits and NBDCs' deposits with DMBs & include deposits of Off-shore Banking Units (OBUs); 2) NBFCs data refers to Principal Deposits excluding Inter NBFCs.

Source: Statistics Department, BB.

*The total deposits of banks, NBDCs, and NBFCs showed a steady upward trend, rose considerably in the review period in comparison to that of the previous one.*

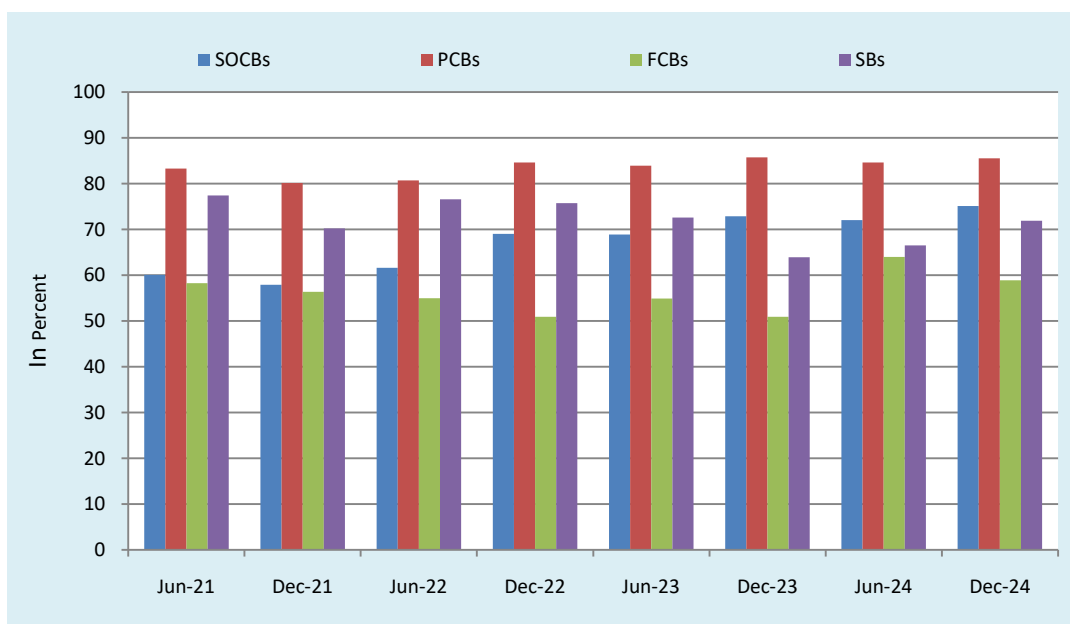
### 3.3 Banks' advance-to-deposit ratio (ADR)



Source: DOS, BB.

*The industry's Advance-to-Deposit Ratio (ADR) was 81.55 percent at the end of December 2024, slightly up from 80.20 percent at the end of June 2024.*

### 3.4 Cluster wise Banks' advance-to-deposit ratio (ADR)

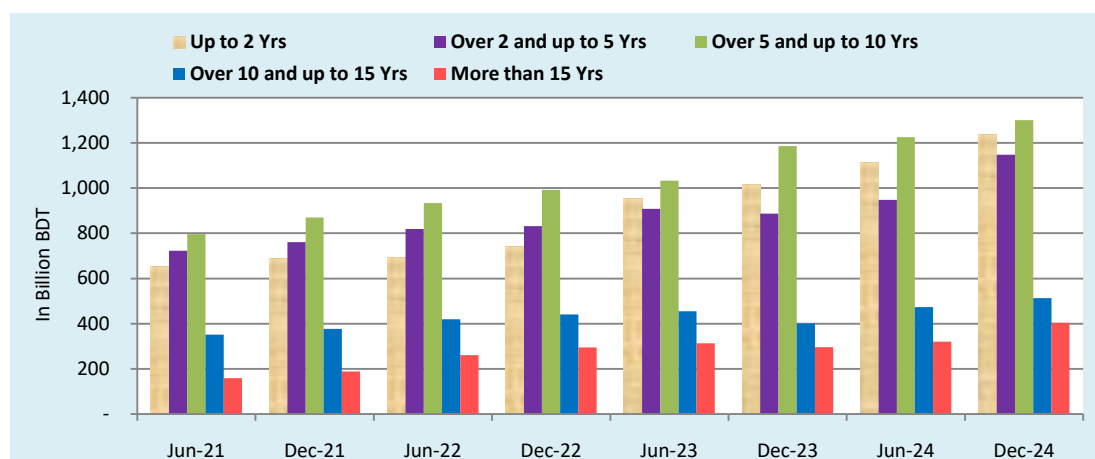


Source: DOS, BB.

*At the end of December 2024, the ADR of PCBs was higher than that of SOCBs, FCBs, and SBs, whereas the ADR of FCBs was significantly lower than others.*

### 3.5 Maturity profile of government's outstanding debt securities

#### a. Treasury Bond

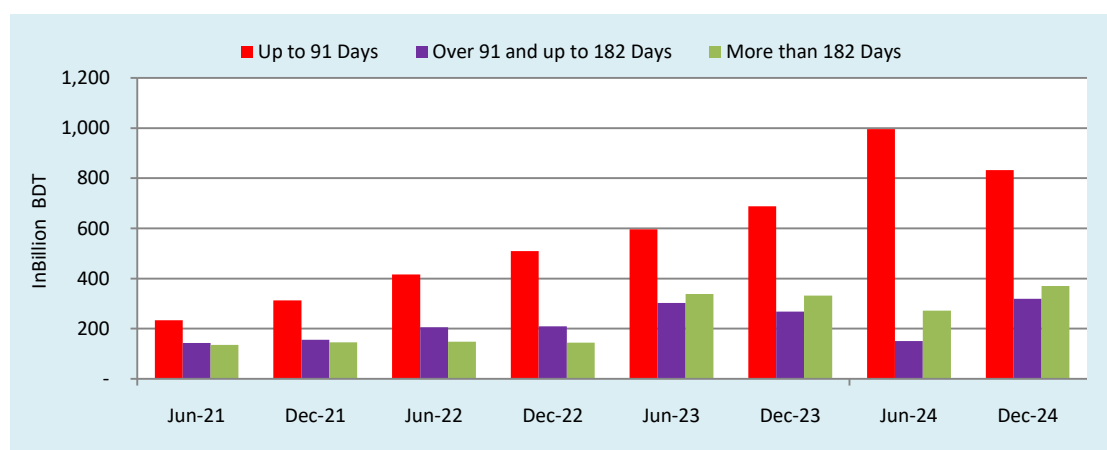


**Notes:** 1. The maturity profile refers to the residual maturity of long-term and short-term debt securities issued by Government of Bangladesh. Long-term debt securities include government Treasury bond with a maturity of more than 12 months. Data are based on amounts outstanding at the end of the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

**Source:** DMD, BB.

*In the second half of 2024, the outstanding amount of treasury bonds with all remaining maturities moderately rose due to new and reissuance of treasury bonds. In terms of volume, the ones with remaining maturities of more than 15 years remained smaller at the end of December 2024, while those with remaining maturities of 5 and up to 10 years remained the largest. BDT 190.00 billion in Shari'ah-based SUKUK bonds and BDT 511.25 billion in Special Purpose treasury Bonds (SPTB) have different maturities.*

#### b. Treasury Bill

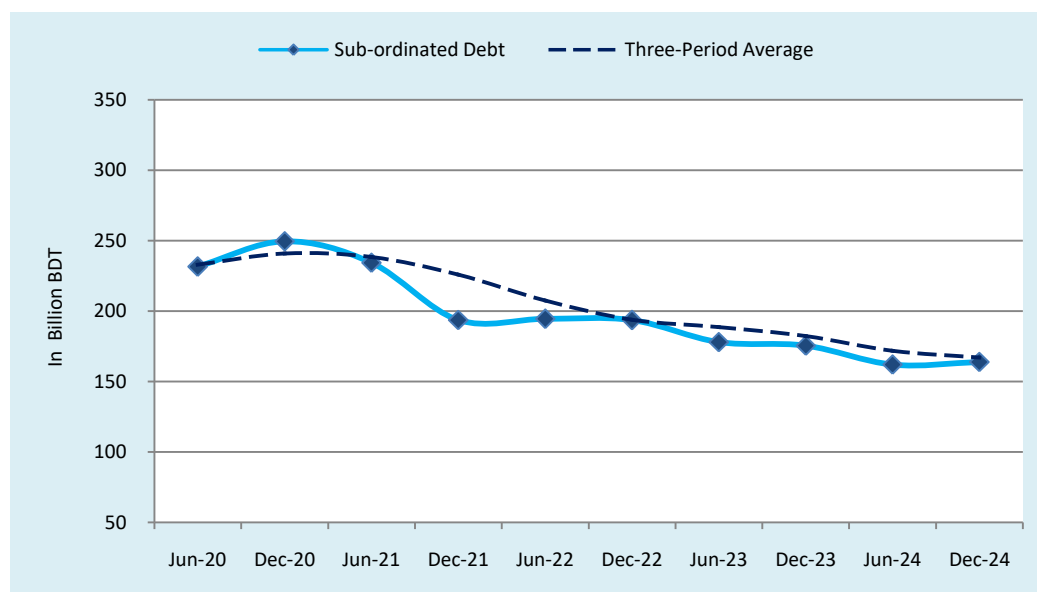


**Notes:** Short-term debt securities include government Treasury bill with a maximum maturity of 12 months. Data are based on amounts outstanding at the end of the corresponding period.

**Source:** DMD, BB.

*At the end of December 2024, the volume of treasury bills with remaining maturities up to 91 days declined significantly compared to the end of June 2024, while those with longer maturities increased. Notably, despite the decrease, treasury bills maturing within 91 days constituted the most significant share by volume, whereas treasury bills with maturity over 91 and up to 182 days remained comparatively less.*

### 3.6 Subordinated debt

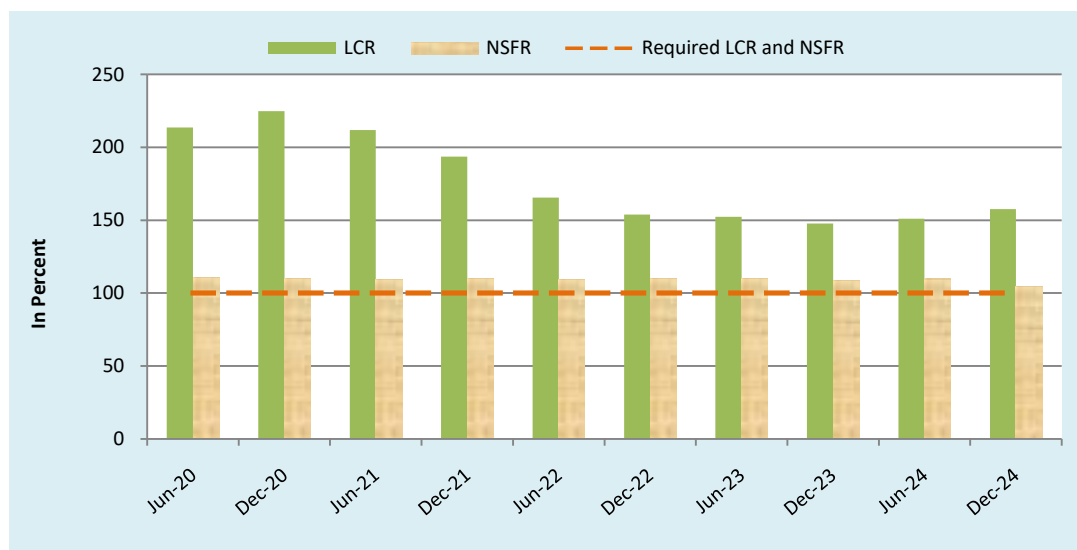


**Note:** Subordinated debts are eligible to be included as Tier-2 Capital for calculating the regulatory capital as per Basel III Capital Framework.

**Source:** DOS, BB.

*After a continuous decline starting on June 21, the amount of subordinated debt issued by banks increased slightly at the end of December 2024 compared to the end of June 2024.*

### 3.7 Banks' LCR and NSFR



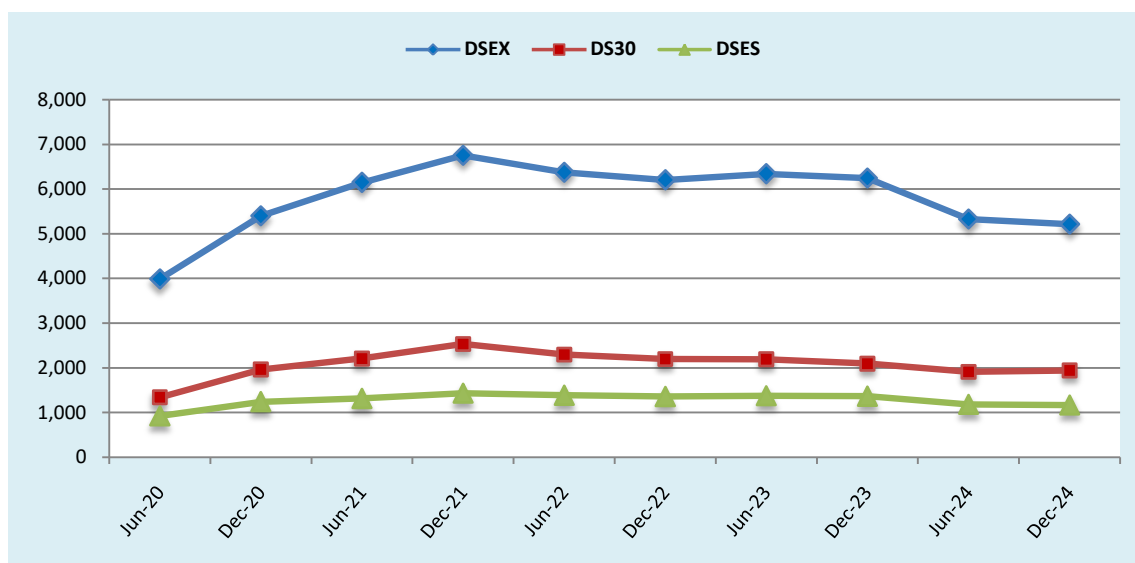
**Note:** 1) BDBL, BKB, PKB and RAKUB are exempted from maintaining LCR and NSFR. 2) The requirement for LCR is equal or greater than 100 percent and for NSFR, it is above 100 percent in Bangladesh.

**Source:** DOS, BB.

*At the end of December 2024, the banking sector's Liquidity Coverage Ratio (LCR) increased moderately whereas the Net Stable Funding Ratio (NSFR) witnessed a slight decline compared to the end of June 2024.*

## 4. Market risk

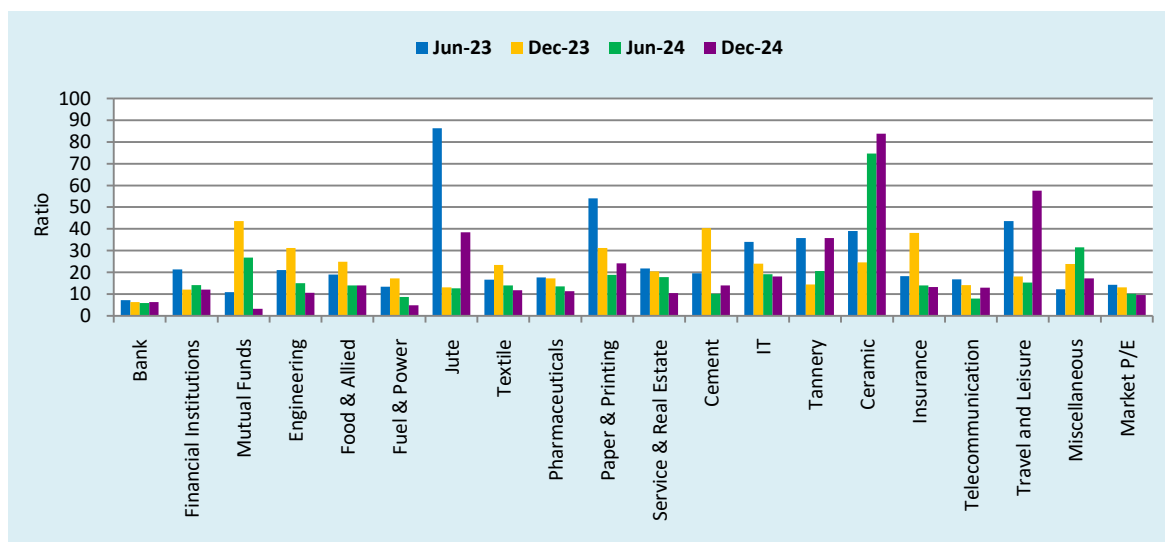
### 4.1 Equity indices



Source: DSE Website.

*The DSEX and DSES indices of the Dhaka Stock Exchange (DSE) recorded slight declines, whereas DS30 registered a modest increase at the end of December 2024 compared to the end of June 2024.*

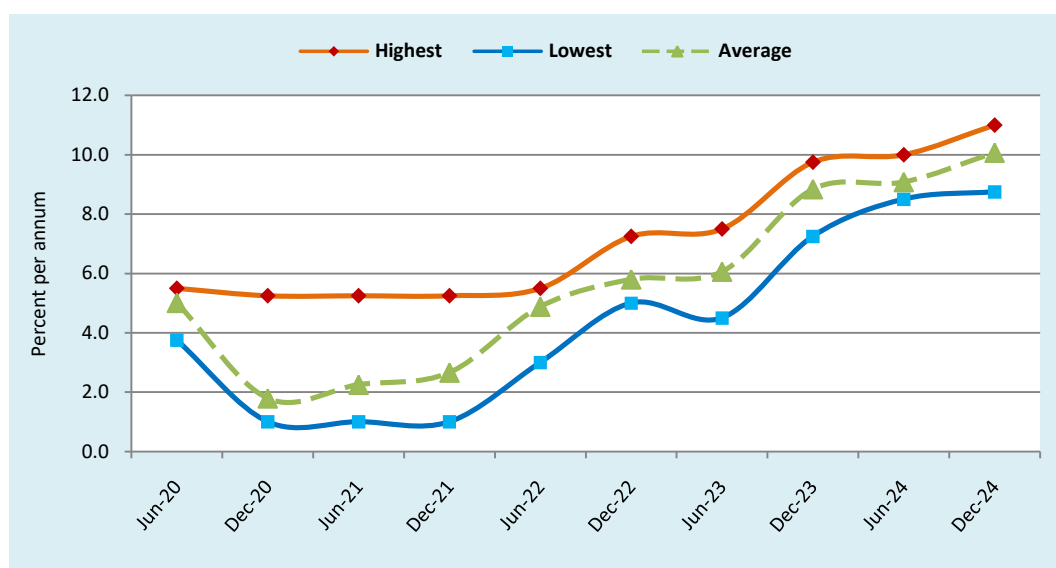
### 4.2 Price/earnings (P/E) ratio



Source: DSE Website.

*In the review period, the P/E ratio of 52.63 percent of the listed sectors declined compared to the preceding period. The overall market P/E ratio also decreased, reaching 9.50 at the end of December 2024, down from 10.22 at the end of June 2024.*

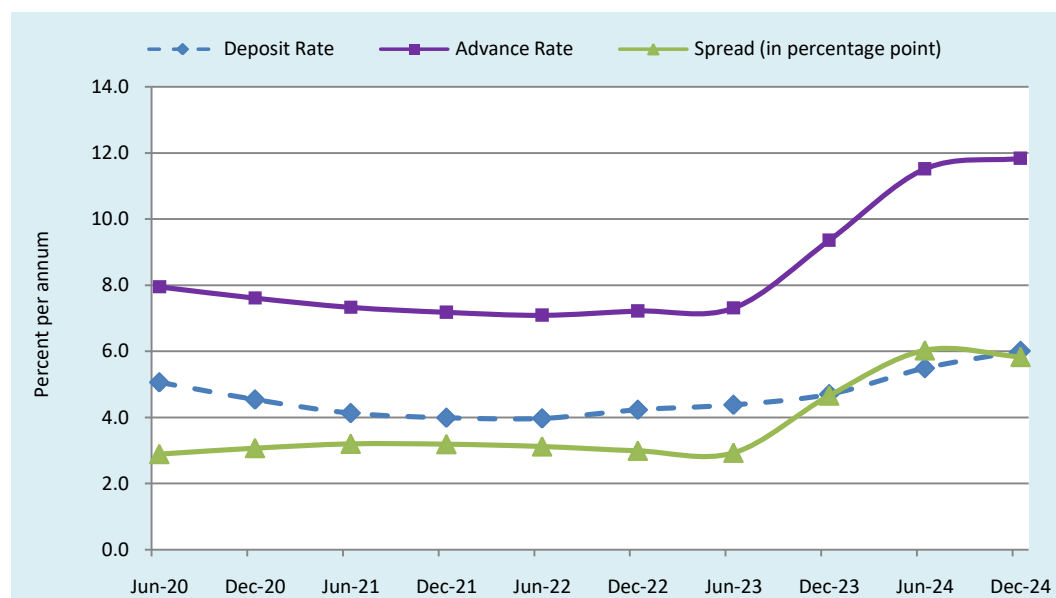
### 4.3 Weighted average call money market rates



Source: Monthly Economic Trends, Statistics Department, BB.

*At the end of December 2024, the weighted average call money borrowing rate rose to 10.07 percent, up from 9.08 percent at the end of June 2024.*

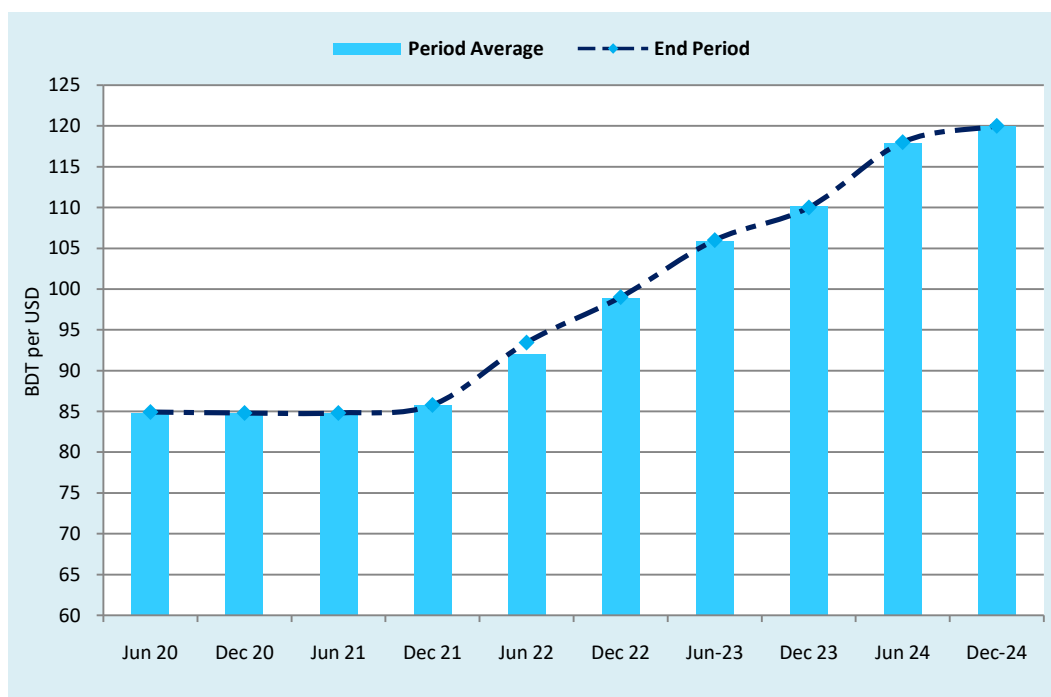
### 4.4 Scheduled banks' weighted average interest rate on deposits and advances



Source: Monthly Weighted Average Interest Rate (WAIR), Statistics Department, BB.

*The weighted average interest rate on deposits and advances has maintained continuous upward momentum since December 2022. In contrast, the spread narrowed by 0.20 percentage points at the end of December 2024 compared to the end of June 2024.*

## 4.5 Weighted average exchange rate (USD to BDT)



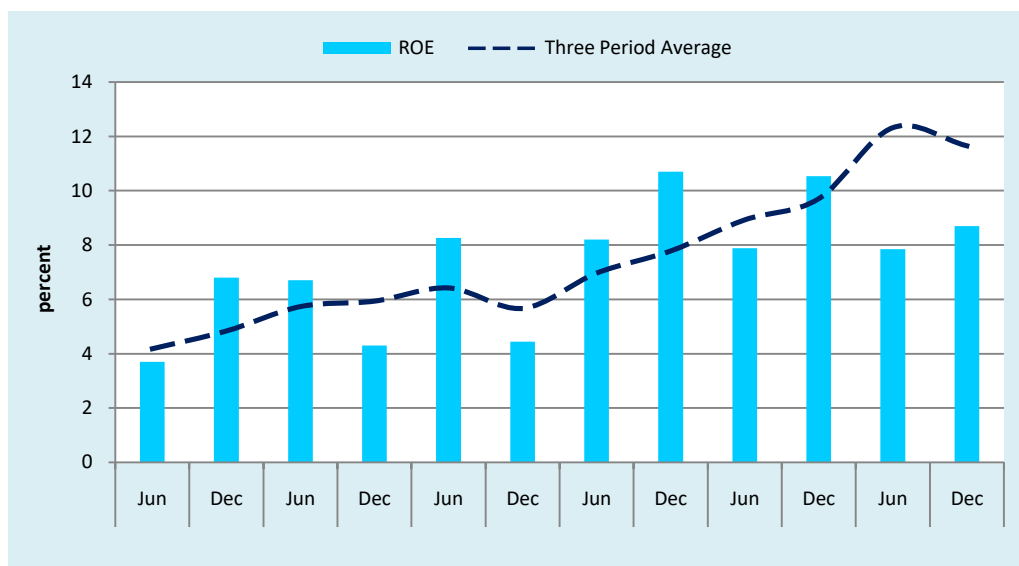
**Source:** Monthly Economic Trends, Statistics Department, BB.

*At the end of December 2024, the Bangladeshi Taka (BDT) further depreciated against the US Dollar, hitting its lowest value over the last several years. This depreciation was due to global economic volatility, trade deficit, low foreign direct investment (FDI), and rising costs of imported goods and raw materials.*

## 5. Profitability and solvency risk

### 5.1 Banks' profitability indicators

#### a. Return on equity (ROE)

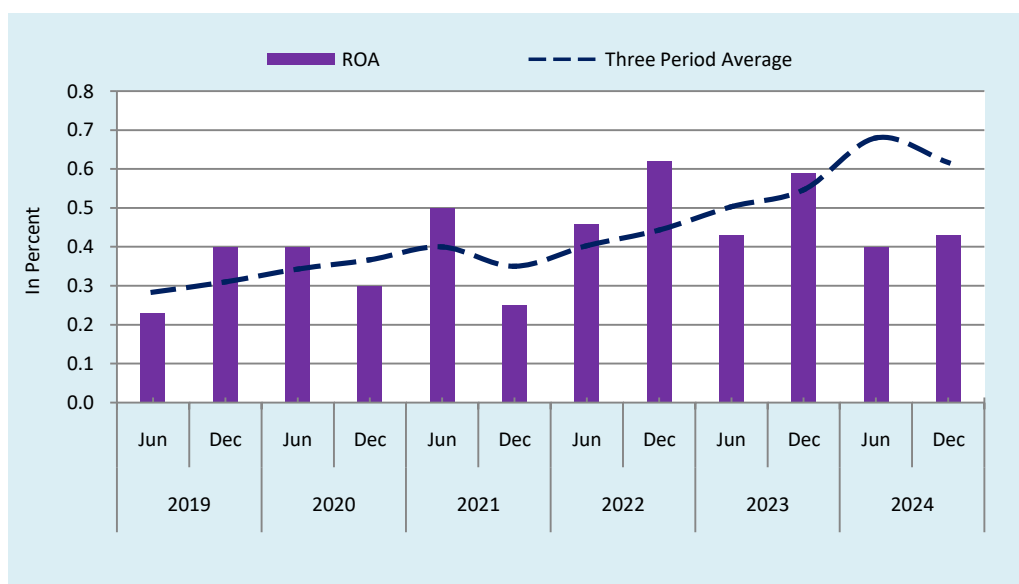


**Note:** Ratios of December period are annualized.

**Source:** DOS, BB; Computation: FSD, BB.

*Banks' ROE increased slightly in the second half of the year 2024 compared to that of the first half of 2024.*

#### b. Return on assets (ROA)



**Note:** Ratios of December period are annualized.

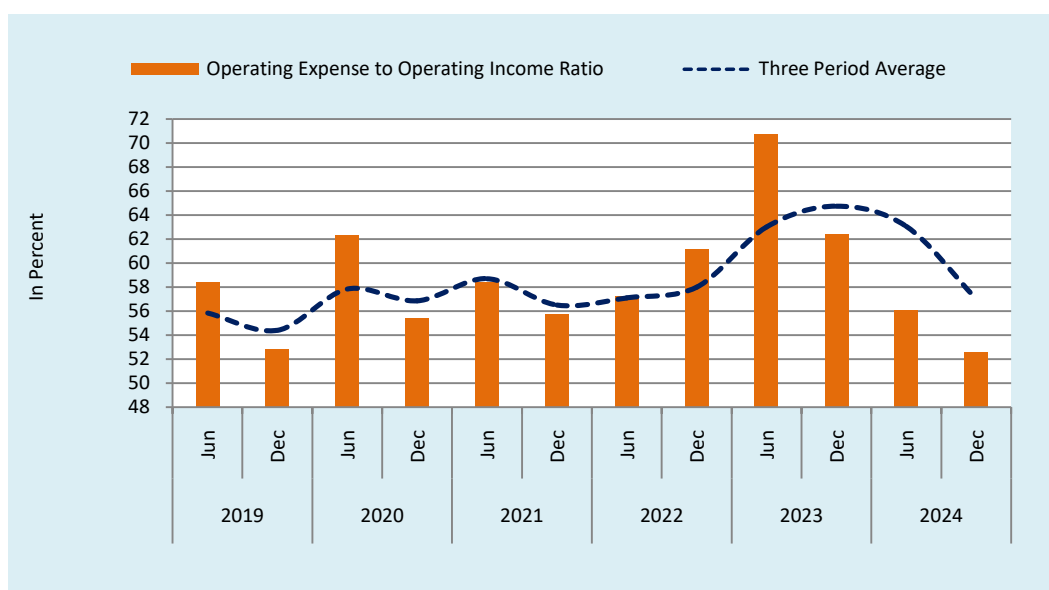
**Source:** DOS, BB; Computation: FSD, BB.

*Banks' ROA witnessed a slight increase in the review period compared to that of the first half of 2024.*



## 5.1 Banks' profitability indicators

### c. Operating Expense-to- Operating income ratio

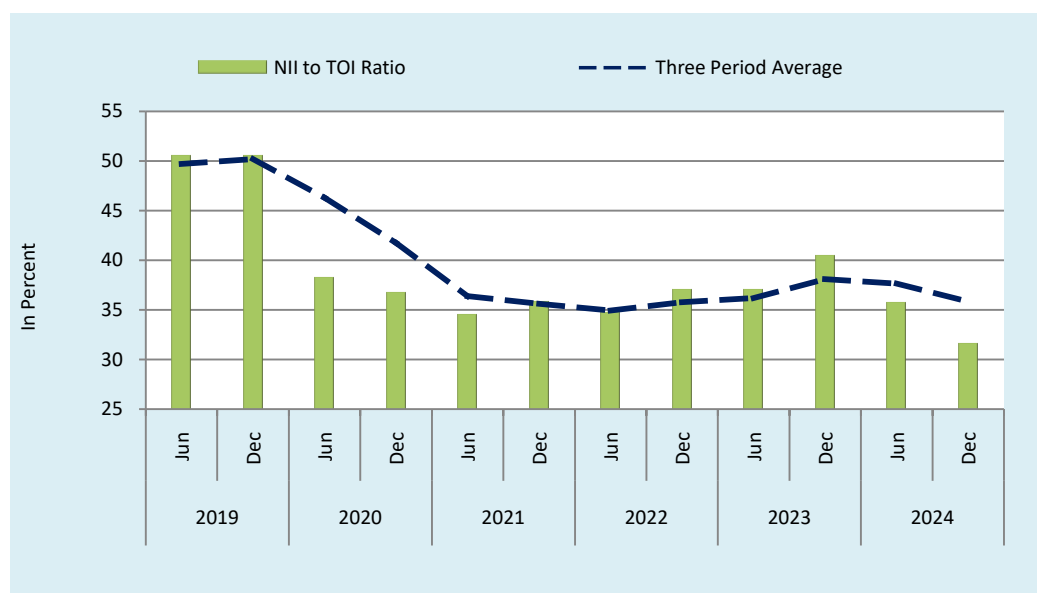


**Note:** Ratio of operating expenses and operating income.

**Source:** DOS, BB; Computation: FSD, BB

*Banks' Operating expense-to-operating income ratio started to exhibit a downward trend since December 2023 and decreased notably at end-December 2024.*

### d. Net interest income(NII) to total operating income (TOI)ratio



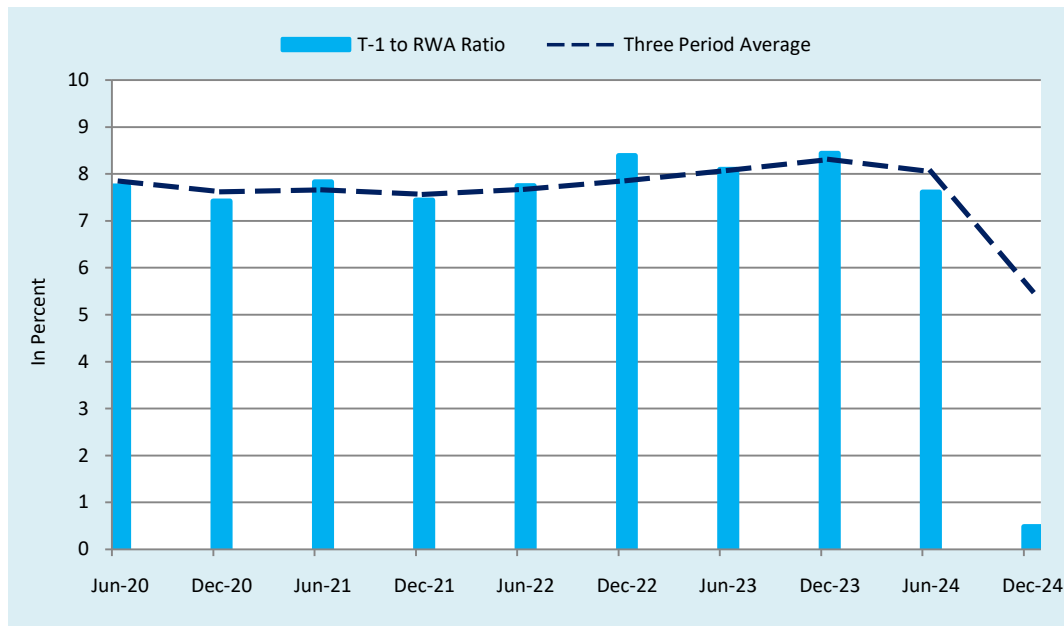
**Note:** Ratio of net interest income and total operating income.

**Source:** DOS, BB; Computation: FSD, BB.

*At end-December 2024, banks' net interest income to total operating income ratio declined considerably compared to that of the preceding period.*

## 5.2 Banks' solvency indicators

### a. Tier-1 (T-1) to RWA ratio

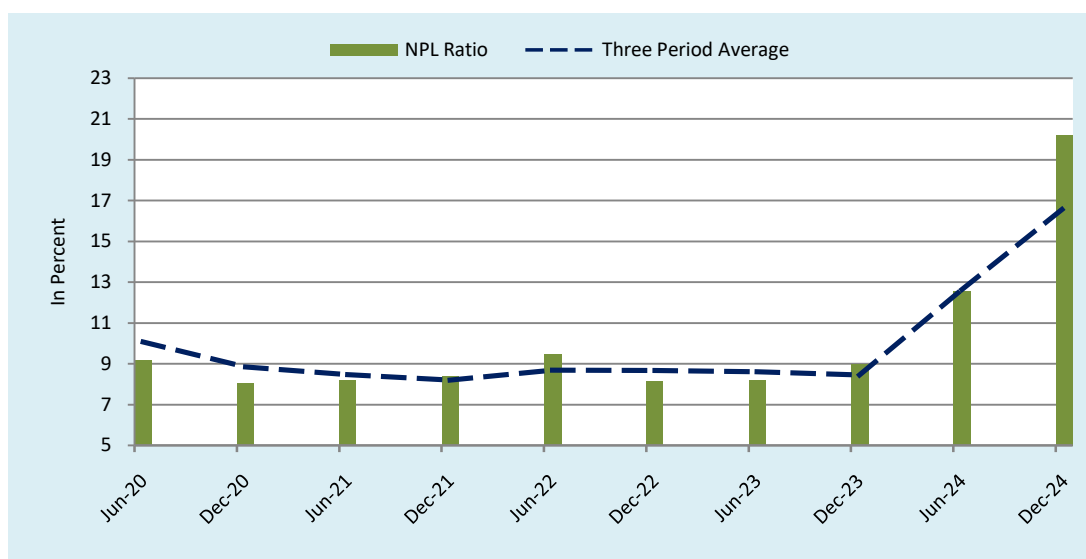


**Note:** Ratio of Tier-1 capital to total risk-weighted assets.

**Source:** DOS, BB.

*Banks' Tier-1 capital to total risk-weighted asset ratio recorded a significant decline in the second half of the year 2024 compared to that of the first half of the year and stood at 0.48 percent, trailing behind the regulatory requirement of 6.0 percent.*

### b. Gross non-performing loan (NPL) ratio



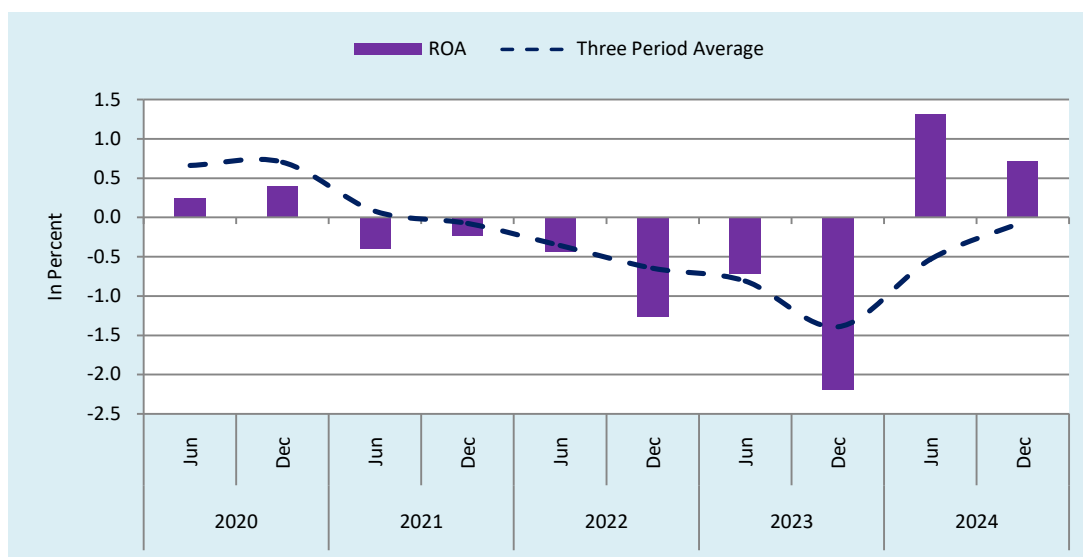
**Note:** Data up to September 2020 contains information without OBU.

**Source:** BRPD, BB.

*Banks' gross non-performing loan (NPL) ratio rose significantly at the end of December 2024 to 20.20 percent, up from 12.56 percent at the end of June 2024.*

## 5.3 FCs' profitability indicators

### a. Return on assets (ROA)

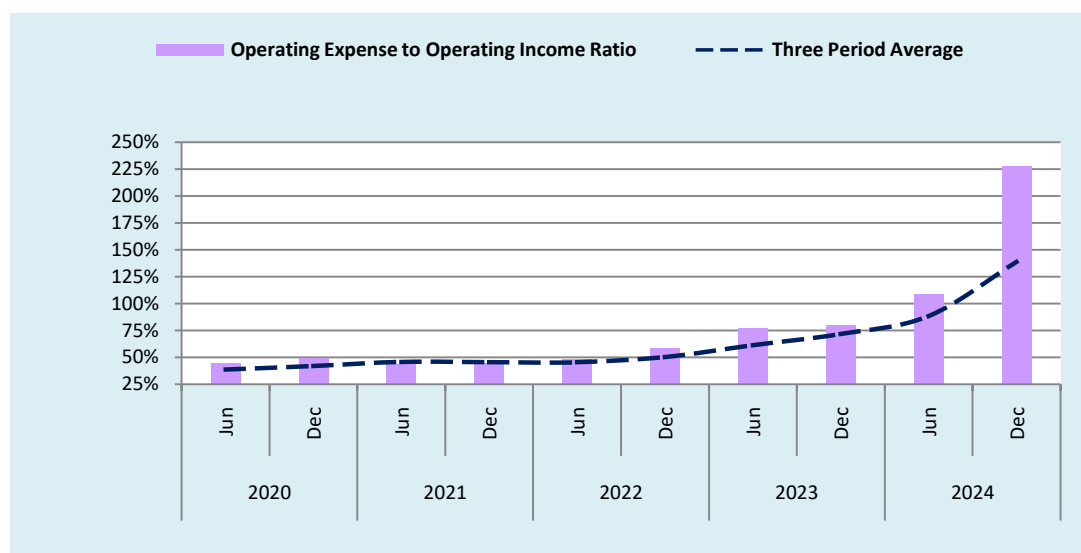


**Note:** Data for June-24 is revised and Dec-24 is provisional.

**Source:** DFIM, BB.

*FCs' ROA fell notably in the second half of 2024 compared to the first half of the year.*

### b. Operating Expense-to- operating income ratio



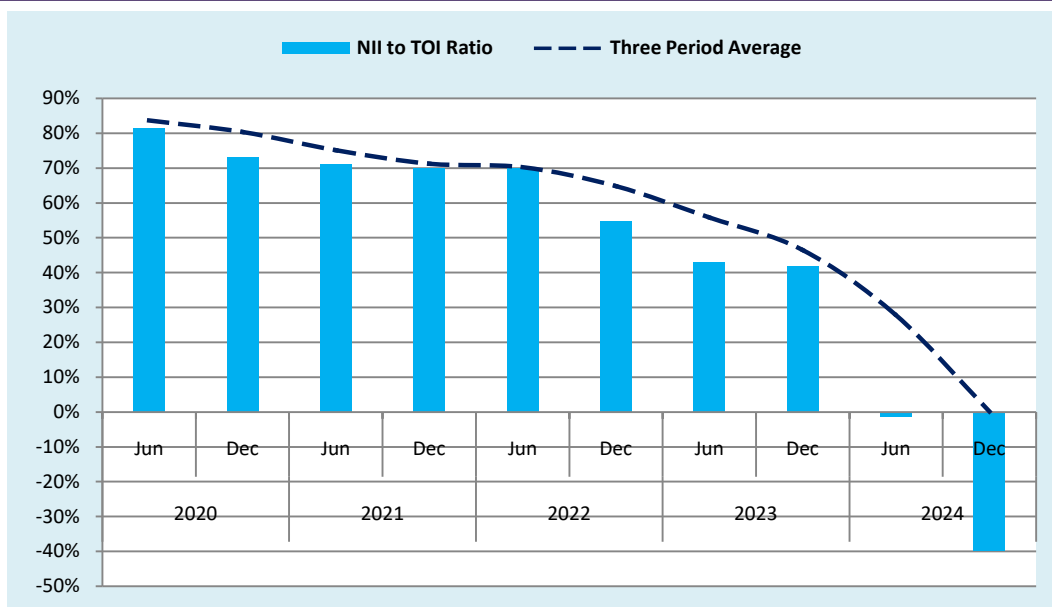
**Note:** 1) Operating expense to operating income ratio refers to the ratio of operating expenses and operating income.  
2) June -24 and Dec -24 data are provisional.

**Source:** DFIM, BB.

*The Operating expense-to-operating income ratio of FCs exhibited an increasing trend since December 2021. It escalated at end-December 2024 compare to that of end-June 2024.*

## 5.3 FCs' profitability indicators

### c. Net interest income(NII) to total operating income (TOI) ratio



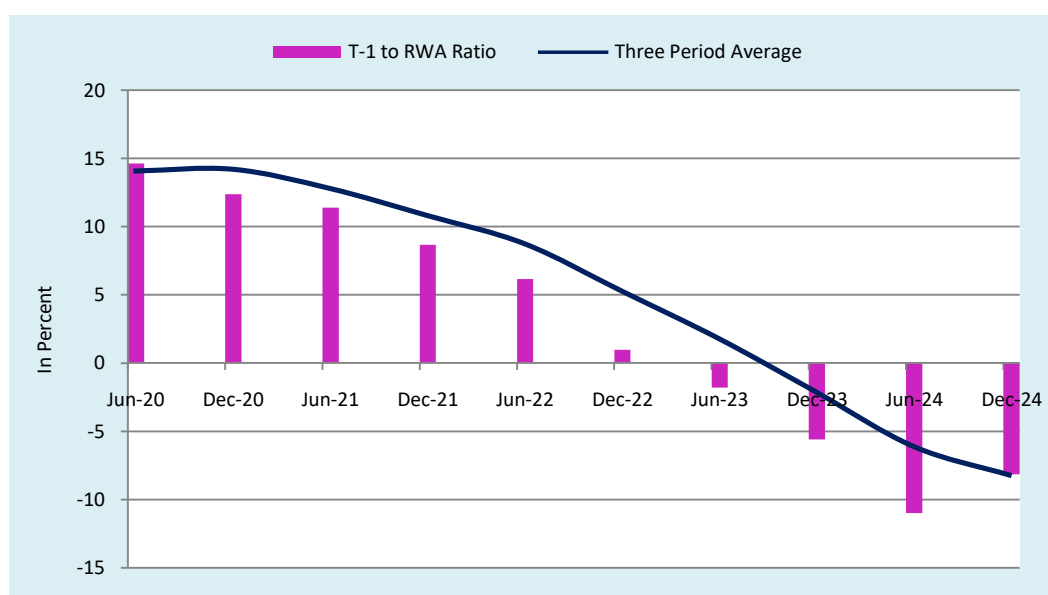
**Note:** 1) Ratio of net interest income and total operating income. 2) June -24 and Dec -24 data are provisional.

**Source:** DFIM, BB.

*At end-December 2024, net interest income to total operating income ratio dropped significantly and stayed negative in the review period compared to that of the previous period.*

## 5.4 FCs' solvency indicators

### a. Tier-1 (T-1) to RWA ratio



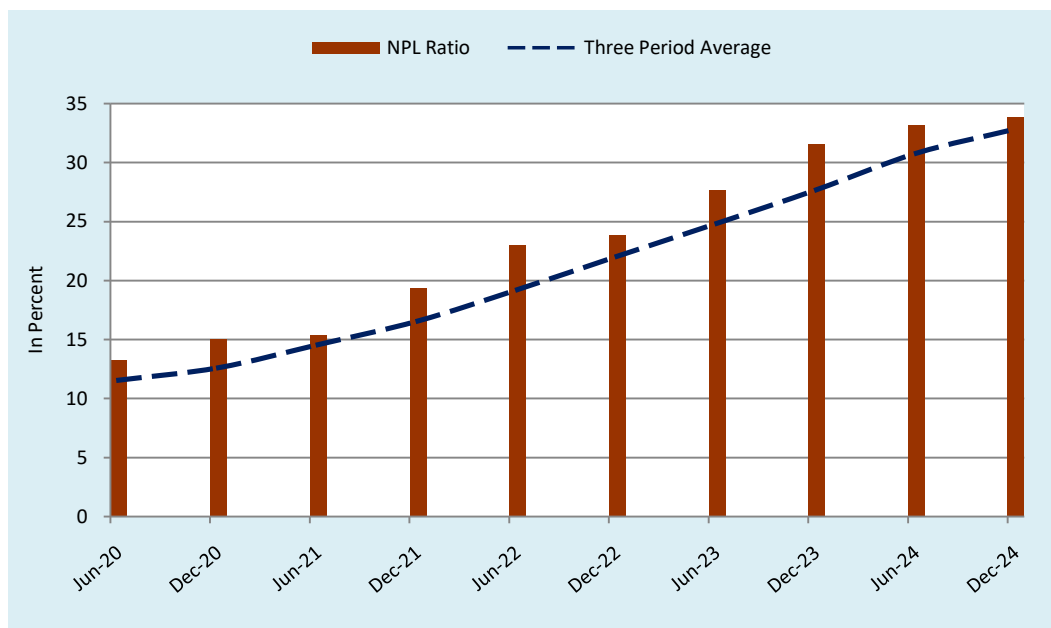
**Note:** 1) Ratio of Tier-1 (core) capital to total risk-weighted assets; 2) Data for Dec-24 are provisional.

**Source:** DFIM, BB.

*FCs' Tier-1 capital to RWA ratio with the residual negative value stood at -8.16 percent at the end of December 2024, narrowing from -10.98 at the end of June 2024.*

## 5.4 FCs' solvency indicators

### b. Gross non-performing loan (NPL) ratio



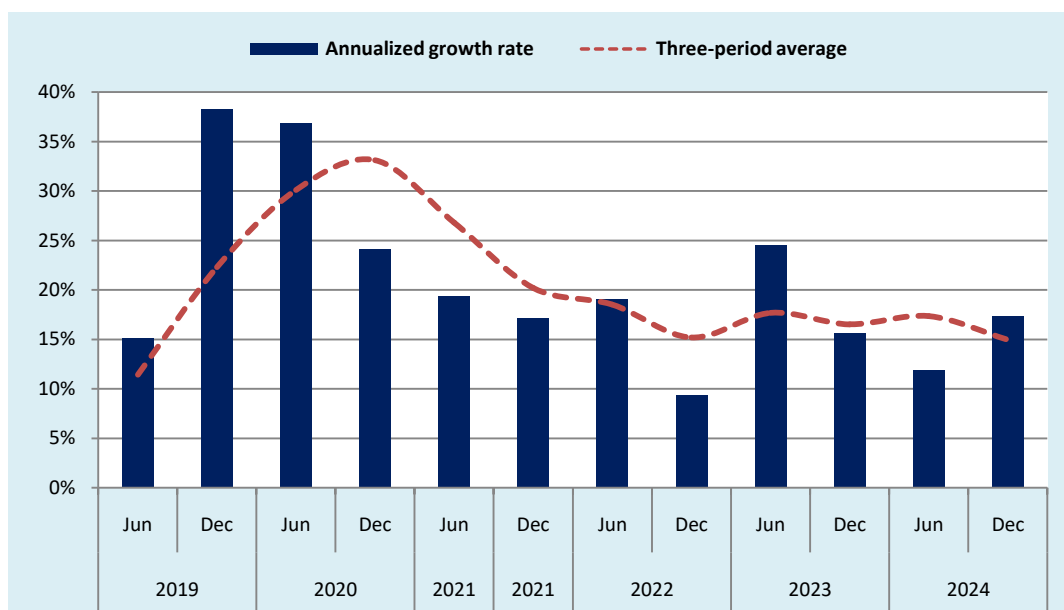
**Note:** 1) Ratio of non-performing loans and leases to total loans and leases. 2) Data for Dec-24 is provisional.

**Source:** DFIM, BB.

*FCs' gross NPL ratio continued to rise, reaching 33.83 percent at the end of December 2024, up from 33.15 percent at the end of June 2024.*

## 6. Inter-linkages

### 6.1 Growth of banks' credit (gross) to government

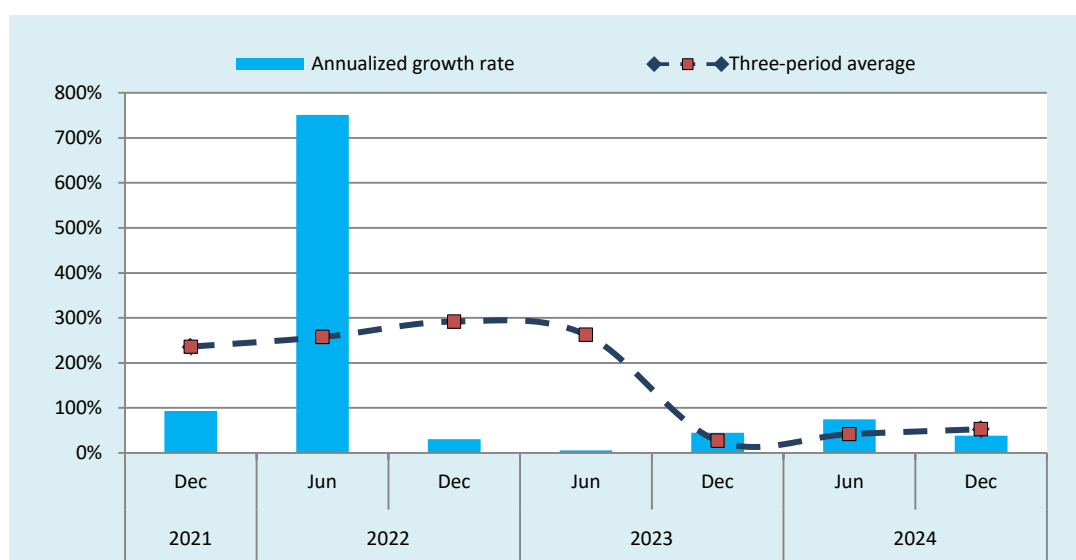


**Notes:** Credit extended to the government refers to gross amount.

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

*Government borrowings from the banking sector increased considerably in the review period compared to the prior period.*

### 6.2 Growth of NBDCs' credit (gross) to government



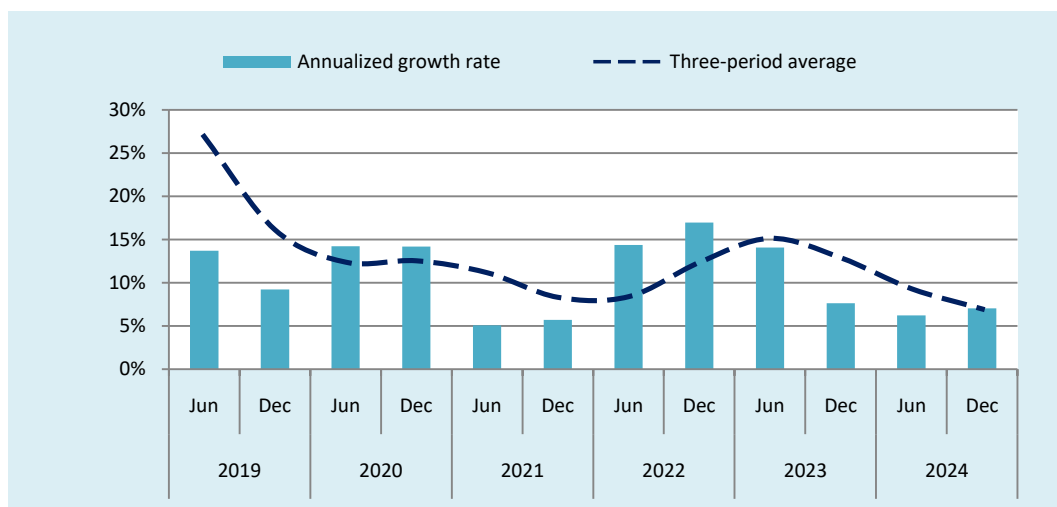
**Notes:** NBDCs include deposit taking FCs, Ansar-VDP Unnayan Bank, Karmasangsthan Bank, Grameen Bank, and Bangladesh Samabaya Bank.

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

*Government borrowings from the NBDCs decreased moderately at the end of December 2024 compared to the end of June 2024.*

## 6.3 Growth of banks' loans to housing sector

### a. Loans to residential housing

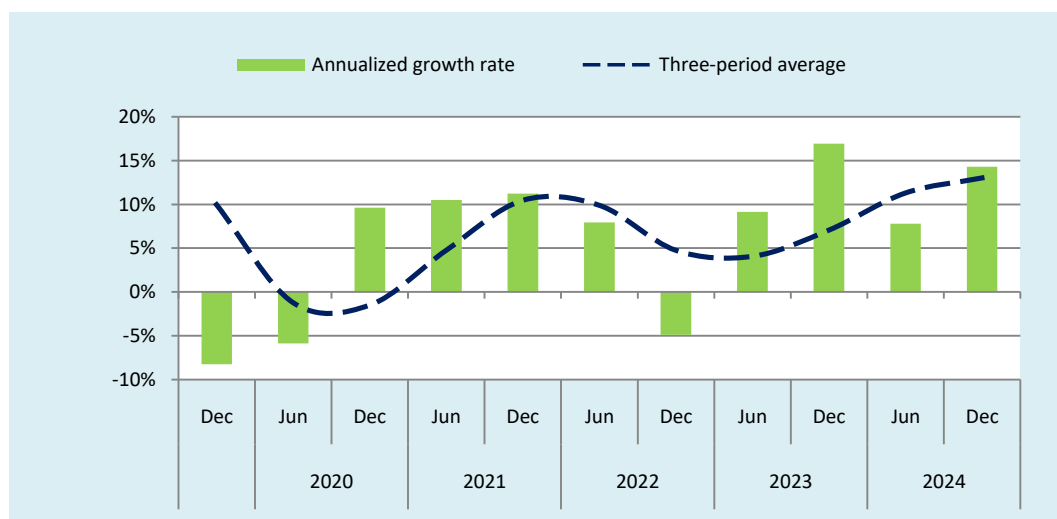


**Notes:** Data for Jun -24 and Dec -24 are provisional. 2) Loans refer to outstanding loans and advances excluding bills. 3) Loans to residential housing refer to loans extended to domestic households for house/flat/land purchase and repair/renovation/extension. 4) Loans to commercial housing refer to loans extended to commercial developers/contractors.

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

*Residential housing sectors experienced moderate loan growth in this review period compared to that of end-June 2024.*

### b. Loans to commercial housing

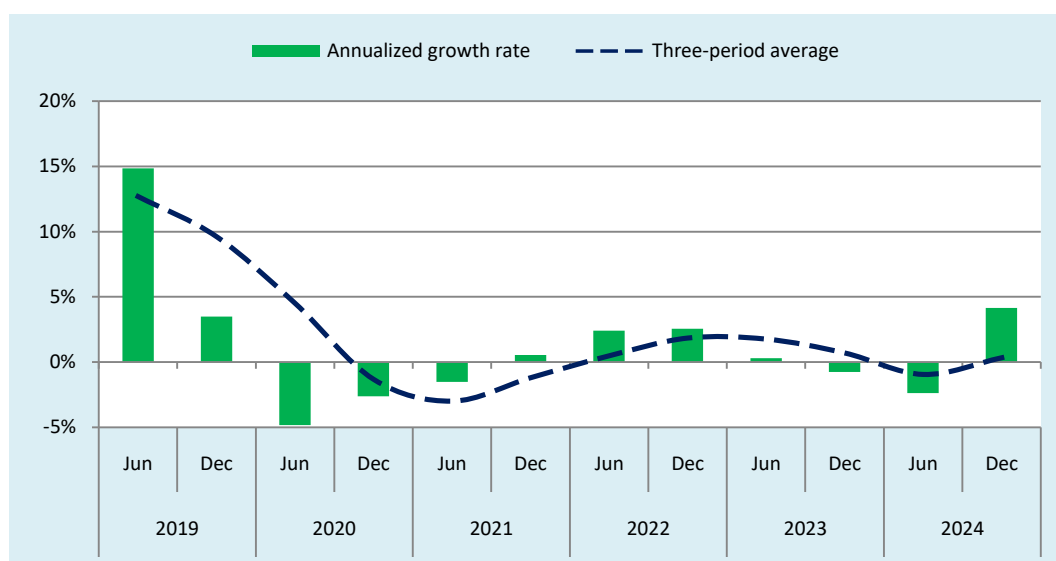


**Notes:** Data for Jun -24 and Dec -24 are provisional. 2) Loans refer to outstanding loans and advances excluding bills. 3) Loans to residential housing refer to loans extended to domestic households for house/flat/land purchase and repair/renovation/extension. 4) Loans to commercial housing refer to loans extended to commercial developers/contractors.

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

*At the end of December 2024, Commercial housing sectors experienced moderate loan growth in this review period compared to that of the previous period.*

## 6.4 Growth of FCs' loans to housing sector

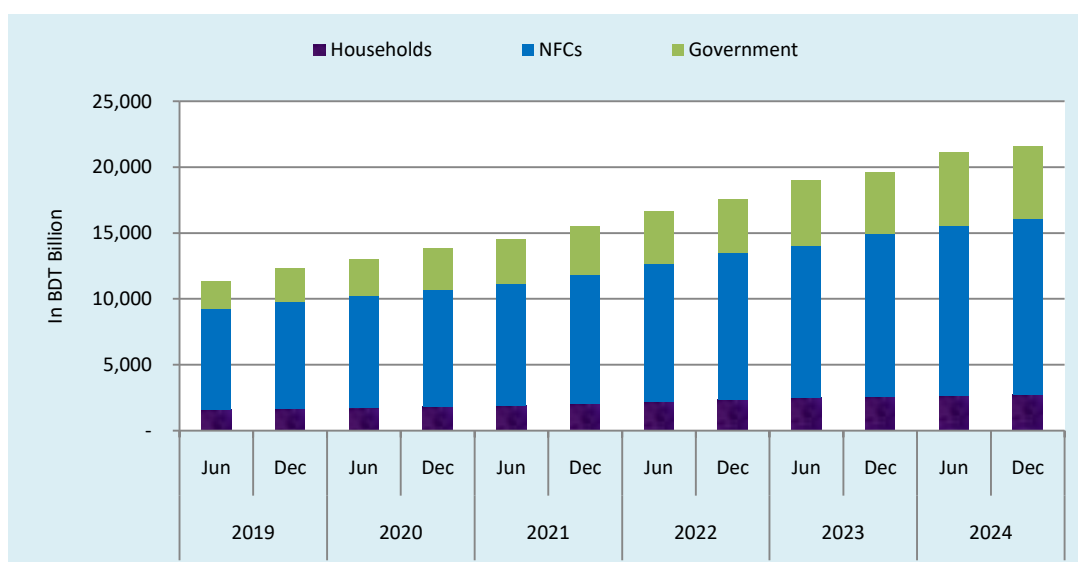


Notes: Data for June -24 and Dec -24 are unaudited.

Source: DFIM, Bangladesh Bank.

*After two consecutive periods of negative growth, FCs' loan growth to the housing sector demonstrated a positive change at the end of December 2024.*

## 6.5 Banks' loans to counterpart sectors



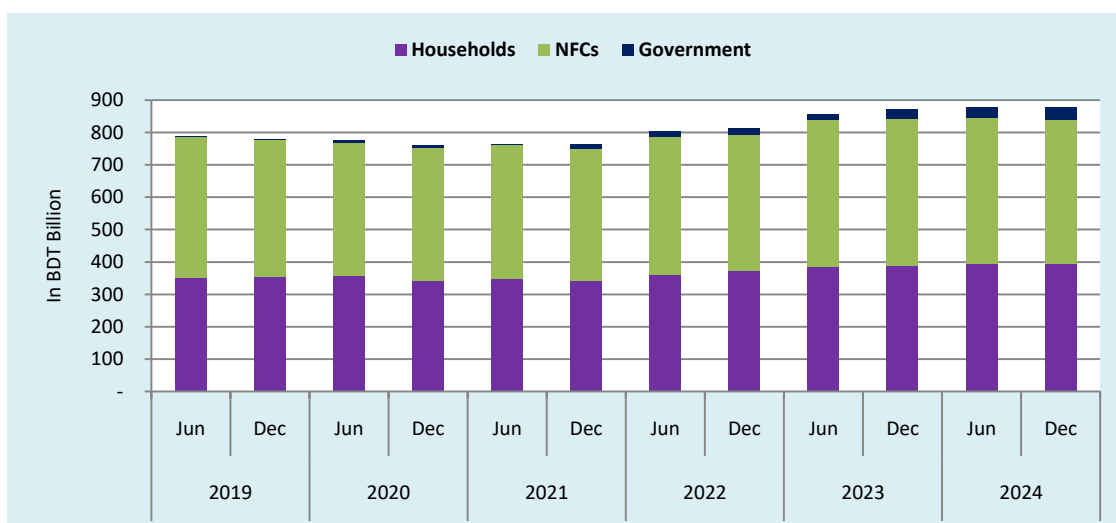
**Notes:** Loans extended to households and NFCs refer to outstanding loans and advances excluding bills. Loans to government refer to gross amount.

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

*At the end of December 2024, banks' lending to key public and private counterpart sectors, except the government sector, continued its upward trajectory. Loans to NFCs constituted the largest share of the banking sector's overall loan portfolio.*



## 6.6 NBDCs' loans to counterpart sectors

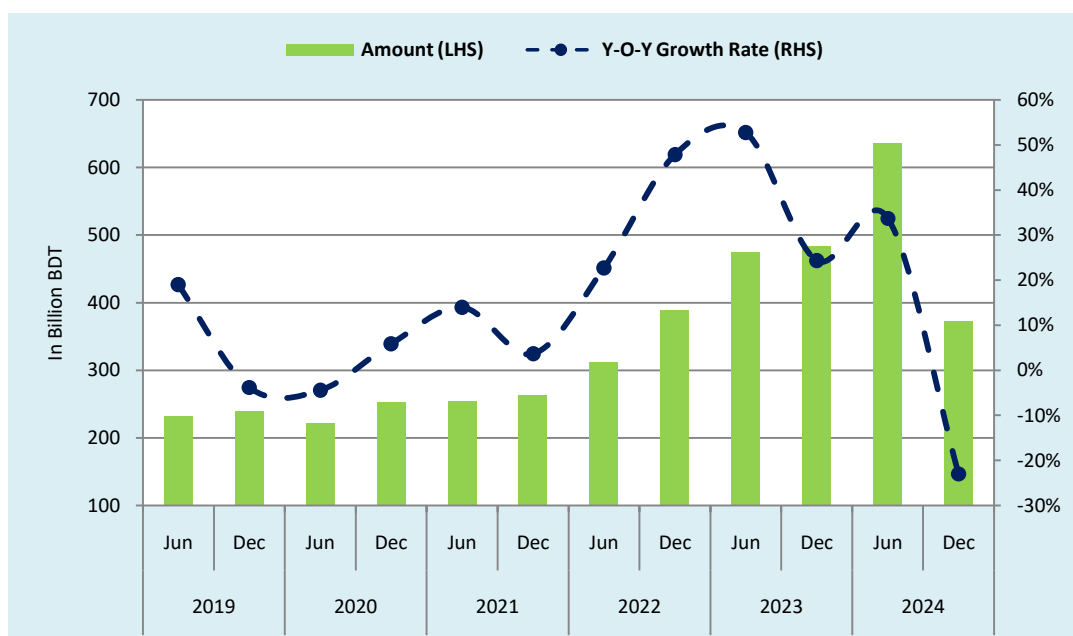


**Notes:** Loans to government refer to gross amount. NBDCs include deposit taking FCs, Ansar-VDP Unnayan Bank, Karmasangsthan Bank, Grameen Bank and Bangladesh Samabaya Bank.

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

*The growth of NBDCs' loans to counterpart sectors decreased slightly, except for the government sector, at the end of December 2024 compared to the end of June 2024.*

## 6.7 Banks' cross-border claim (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.

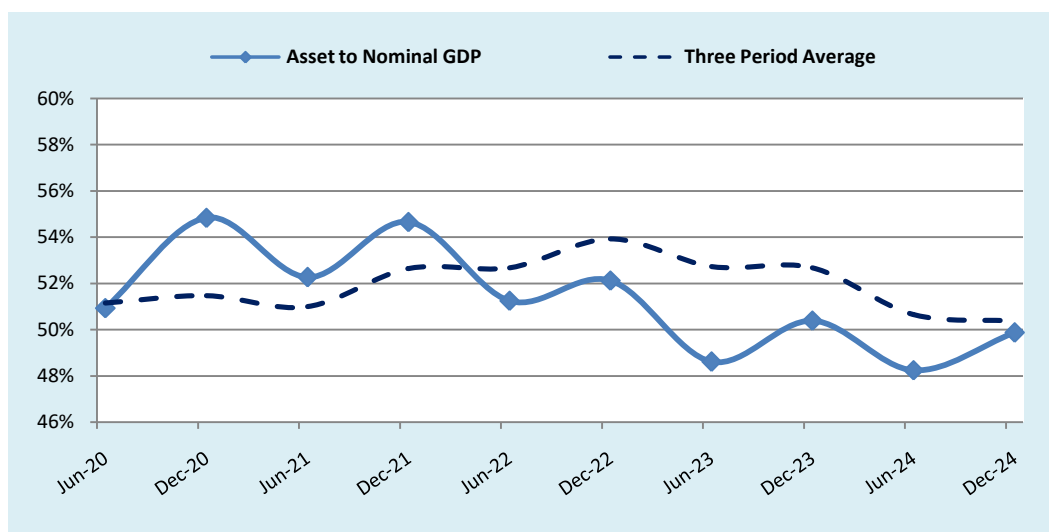
**Source:** Statistics Department, Bangladesh Bank.

*Banks' cross-border claim recorded a significant decline in the second half of 2024 compared to the first half of 2024.*

## 7. Structural risk

### 7.1 Banking sector size

#### a. Domestic Banks

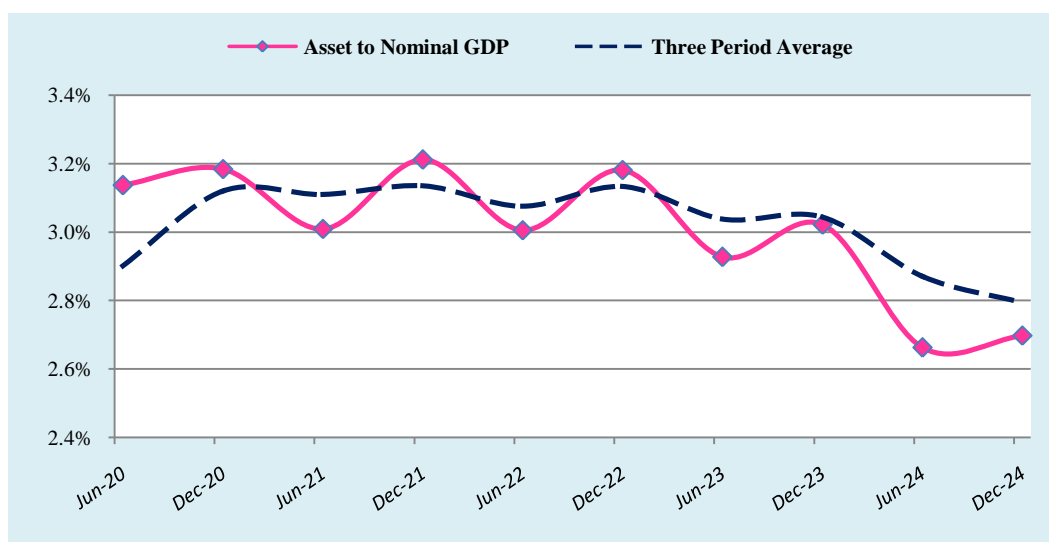


**Note:** Ratio of domestic banks' total assets to Nominal GDP. June based GDP data is used for December in calculating this ratio.

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

*Domestic banks' total assets to nominal GDP ratio rose to 50.38 percent in the second half of 2024 up from 48.24 percent in the first half of 2024.*

#### b. Foreign Banks

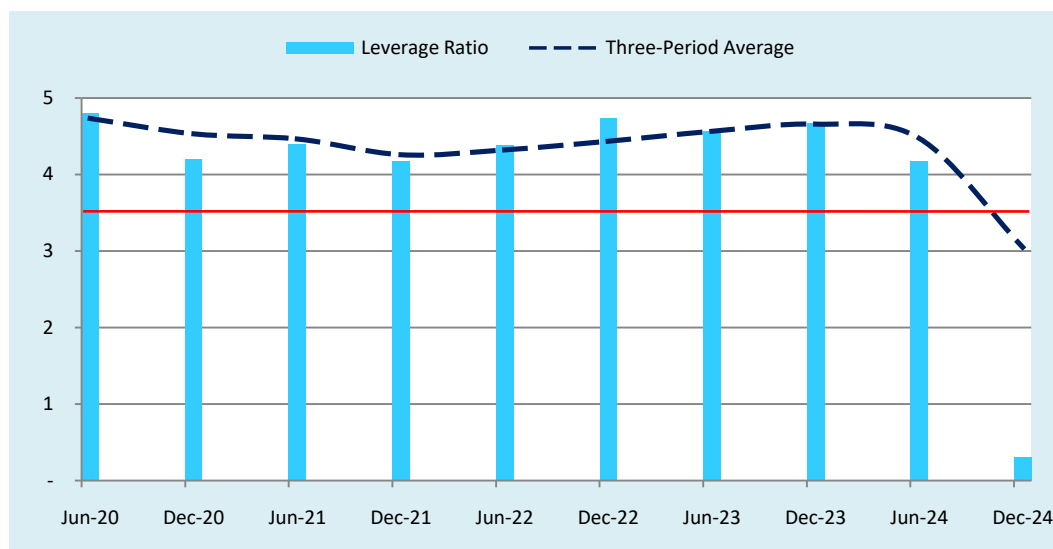


**Note:** Ratio of foreign banks' total assets to Nominal GDP. June based GDP data is used for December in calculating this ratio.

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

*Foreign banks' total assets to nominal GDP ratio increased at end-December 2024 compared to end-June 2024.*

## 7.2 Banking sector leverage



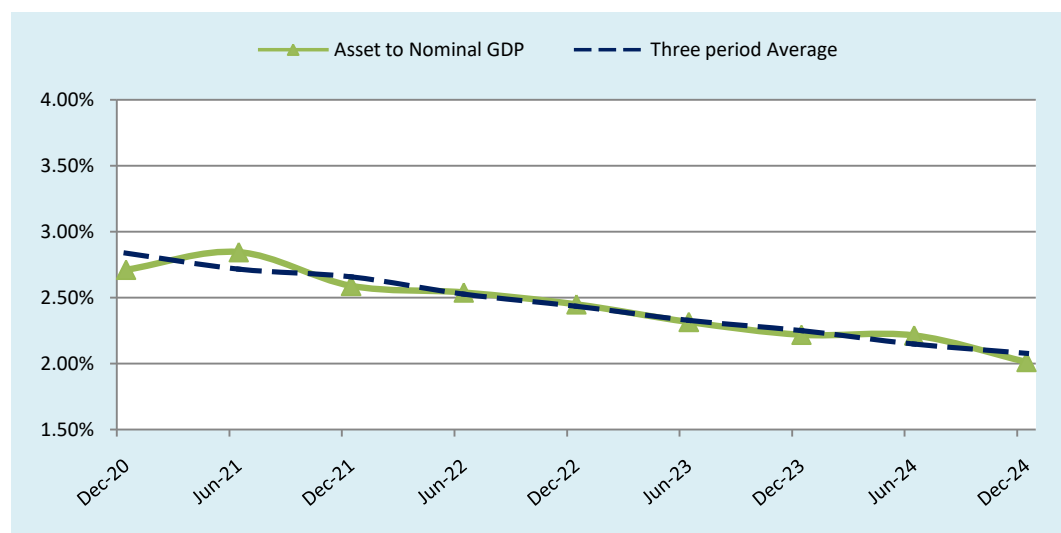
**Note:** Leverage ratio is defined as the ratio of Tier-1 capital after required deduction to total exposure after required deduction, in line with Basel III.

**Source:** DOS, BB.

*The banking sector's leverage ratio posted a remarkable decline at the end of December 2024 compared to the end of June 2024, stood at 0.30 percent, significantly below the regulatory threshold of 3.50 percent for 2024.*

## 7.3 Finance Companies' (FCs) sector size

### FCs' assets to nominal GDP

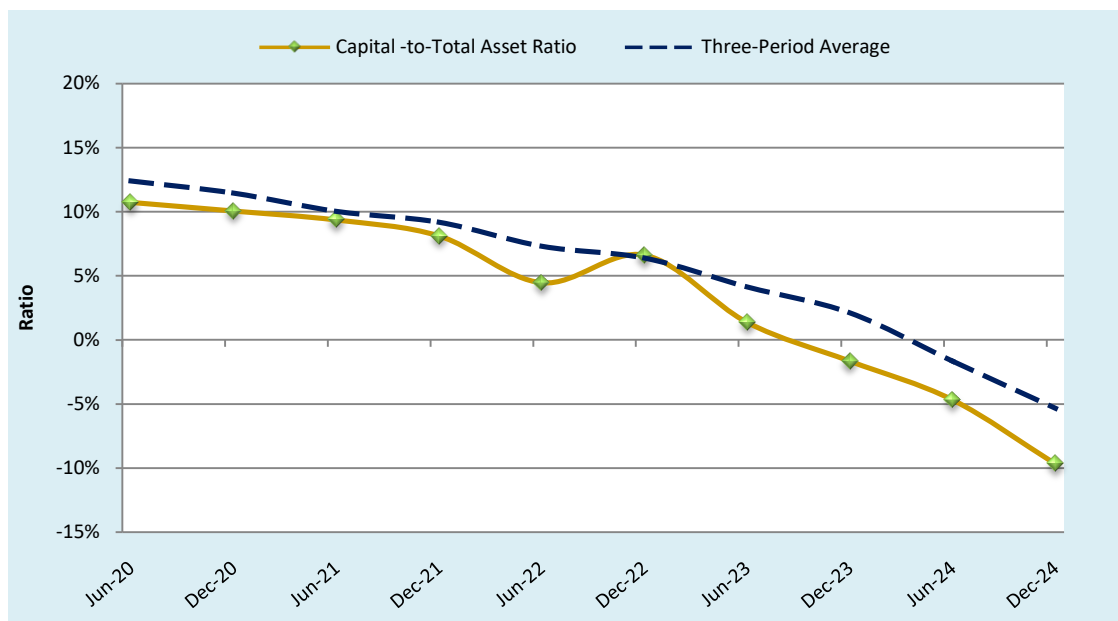


**Note:** June based GDP data is used for December in calculating this indicator.

**Source:** DFIM, BB.

*Continuing the downward trend observed since December 2021, FCs' assets-to-nominal GDP ratio declined further at the end of December 2024 compared to the end of June 2024.*

## 7.4 Finance Companies' (FCs) sector Leverage



**Note:** June based GDP data is used for December in calculating this indicator.

**Source:** DFIM, BB.

*FCs' leverage, defined as the total capital-to-asset ratio, experienced a discerned decline in the second half of the year 2024 compared to that of the first half of 2024.*

### **1. Macro risk:**

#### **1.1 Current and forecasted real GDP growth**

Current real GDP growth is the latest actual financial year-on-year growth at constant market price. Average of three periods is the three-year moving average of GDP growth rate. Forecasted real GDP growth rate is taken from IMF's World Economic Outlook Database, October, 2024.

#### **1.2 Current account balance-to-GDP ratio**

Current account balance represents the sum of the 6 months' current account balances. GDP is at current market price. Average of three periods is the three-period moving average of current account balance-to-GDP ratio.

#### **1.3 Revenue-to-GDP ratio**

The revenue-to-GDP ratio represents the measurement of government's total revenue as a percentage of the country's GDP. Average of three periods represents three-period moving average of the Revenue-to-GDP ratio.

#### **1.4 Remittance-to-GDP ratio**

The Remittance-to-GDP ratio represents the measurement of net remittance flow as a percentage of the country's GDP. Average of three periods represents three-period moving average of the Revenue-to-GDP ratio.

#### **1.5 Aggregate Debt-to-GDP ratio**

The aggregate debt as a percentage of GDP represents the sum of the debt-to-GDP ratio of non-financial corporations (NFCs), Government (net), households and external debt (gross).

#### **1.6 Government debt-to-GDP ratio**

Government debt includes both government's domestic debt and external debt. Average of three periods represents three-period moving average of the Government debt-to-GDP ratio.

#### **1.7 Government debt-to-Revenue ratio**

The Government debt-to-Revenue ratio represents the measurement of government's debt as a percentage of the country's GDP. Average of three periods represents three-period moving average of the Government debt-to-Revenue ratio.

#### **1.8 Government deficit-to-GDP ratio**

The government deficit-to-GDP ratio is shown as both deficits excluding grants and including grants to nominal GDP.

## **1.9 Household debt-to-gross national disposable income ratio**

Claims on other resident sector have been classified as Household debts. The resident sector has been classified according to the IMF's Monetary and Financial Statistics Manual (MFSM). Claims on resident sector exclude BB and ODCs (other depository corporations). Household debt-to-gross national disposable income ratio represents resident sector loans as a ratio of gross disposable national income over the financial year.

## **1.10 NFC debt-to-GDP ratio**

Debts of both public non-financial corporations and private non-financial corporations are considered for deriving non-financial corporations' debt. Public non-financial corporations are corporations owned or controlled by the Government that produce goods or services for sale to the public at a significant market price whereas private non-financial corporations encompass corporations and quasi corporations engaging primarily in the production of goods and non-financial services for sale to the public at a significant market price (profit motive).

## **2. Credit Risk:**

### **2.1 Annual growth rate of banks' loans to households**

It refers to loans extended by banks to domestic households (individual customers); it excludes bills purchased and discounted.

### **2.2 Annual growth rate of NBDCs' loans to households**

It refers to loans extended by non-bank depository corporations (NBDCs) to domestic households; NBDCs include depository finance companies (FCs), Ansar-VDP Unnayan Bank, Karmasangsthan Bank, Grameen Bank and Bangladesh Samabaya Bank.

### **2.3 Annual growth rate of banks' loans to private NFCs**

It refers to loans extended by banks to private non-financial corporations (NFCs); it excludes bills discounted and purchased.

### **2.4 Annual growth rate of NBDCs' loans to private NFCs**

It refers to loans extended by NBDCs to private NFCs.

### **2.5 Provision maintenance ratio of banks**

It refers to the ratio of loan-loss provision maintained by banks against their required provision.

### **2.6 Provision maintenance ratio of FCs**

It refers to the ratio of loan-loss provision, maintained by FIs, against their required provision.

## **2.7 Changes in banks' interest rates for housing loans**

It refers to the net percentage change in credit standards for housing loans by banks; changes in banks' announced interest rate for housing loans have been used as a proxy for changes in banks' credit standards; net percentage change is the difference between the share of banks reporting that interest rates have been tightened (increased) and the share of banks reporting that they have been eased (decreased).

## **3. Funding and liquidity risk:**

### **3.1 Bangladesh Bank's liquidity support to banks**

Bangladesh Bank's liquidity support comprises Repo, Special Repo (Standing Lending Facility-SLF), Assured Liquidity Support (ALS), Islamic Bank Liquidity Support (IBLF), Mudaraba Liquidity Support (MLS) and newly added two components named Assured Repo against SPTB and SLS (Special Liquidity Support to Shari'ah- based Bank) against SPTB. Repo facilities are provided on an overnight (one-day) or 7 and 14 day basis to the banks and FCs to resolve the temporary liquidity problem as well as to increase the money supply in the economy. BB also provides ALS facilities to the primary dealers (PDs) against government (govt.) securities received from the auction up to 60 days from the date of issuance for the same purpose. Furthermore, BB provides a special liquidity facility under the Special Repo.

### **3.2 Total deposits of Banks, NBDCs and NBFCs**

The total deposits represent the sum of banks, NBDCs, and NBFCs deposits. Bank and NBFCs data exclude Inter-bank Deposits, Government Deposits and NBDCs' deposits with DMBs & include deposits of Off-shore Banking Units (OBUs). NBFCs data refers to Principal Deposits excluding Inter NBFCs.

### **3.3 Banks' advance-to-deposit ratio**

It refers to the ratio between total outstanding loans and total deposits of the banking industry.

### **3.4 Cluster wise Banks' advance-to-deposit ratio**

It refers to the ratio between total outstanding loans and total deposits of cluster wise banks.

### **3.5 Maturity profile of govt.'s outstanding debt securities (treasury bills, treasury bonds)**

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 amounts outstanding at the end of the corresponding year or month.

### **3.6 Subordinated debt**

The subordinated debt refers to the debt instruments which will be subordinated to deposits and other liabilities of the banks. It implies that the claims of the subordinated debt holders will be junior to the claims of the depositors and the other creditors.

### **3.7 Banks' LCR and NSFR**

LCR refers to liquidity coverage ratio while NSFR refers to net stable funding ratio. These two liquidity indicators were introduced in Bangladesh in 2015 under Basel III framework. The minimum standard for LCR is greater than or equal to 100 percent and for NSFR it is greater than 100 percent.

## **4. Market risk:**

### **4.1 Equity indices**

The equity indices displayed are DSEX, DSE30 and DSES of Dhaka Stock Exchange (DSE). DSEX is considered as the benchmark general index of the market as it shows the exact price movement of the listed companies. As for DSE30, 30 companies based on profitability, market capitalization and share size were selected while the companies are changed every six months on the basis of performance. DSES index is launched for people and institutions willing to invest in Shari'ah-compliant securities and products.

### **4.2 Price/earnings ratio**

This ratio refers to the ratio between market price per share and earnings per share. Sectoral P/E ratio includes P/E ratio of Banks, Financial Institutions, Mutual Funds, Engineering, Food & Allied, Fuel & Power, Jute, Textile, Pharmaceuticals, Paper & Printing, Service & Real Estate, Cement, IT, Tannery, Ceramic, Insurance, Telecommunication, Travel & Leisure and Miscellaneous along with Market P/E.

### **4.3 Weighted average call money market rates**

The indicators reflect the nature of money market and include rate charged against exposures of scheduled banks and FCs with one another.

### **4.4 Scheduled banks' weighted average interest rate on deposits and advances**

The indicators reflect the condition of scheduled banks and show the difference between average rate received from advances and average rate paid on deposits.

### **4.5 Weighted average exchange rate (USD to BDT)**

The indicator reflects the exchange rate movement in BDT per US Dollar.



## **5. Profitability and solvency risk:**

### **5.1 Banks' profitability indicators**

#### **a. Return on equity (ROE)**

The indicator is based on the ratio between profit/loss for the period and total equity. Ratios of June period are annualized.

#### **b. Return on assets (ROA)**

The indicator is based on ratio between profit/loss for the period and total assets. Ratios of June period are annualized.

#### **c. Operating Expense to operating income ratio**

The indicator is based on the ratio between operating expenses and operating income.

#### **d. Net interest income to total operating income ratio**

The indicator is based on the ratio between net interest income and total operating income.

### **5.2 Banks' solvency indicators**

#### **a. Tier-1 capital to risk-weighted assets ratio**

The indicator is based on the ratio between Tier-1 capital and total risk-weighted assets.

#### **b. Gross non-performing loan (NPL) ratio**

The indicator is based on the ratio between non-performing loans and advances to total outstanding loans and advances.

### **5.3 FCs' profitability indicators**

#### **a. Return on assets (ROA)**

Source: Department of Financial Institutions and Market, BB.

The indicator is based on ratio between profit/loss after tax and provision for the period and total assets at the end of the corresponding period.

#### **b. Operating Expense to operating income ratio**

The indicator is based on the ratio between FCs' operating expenses and operating income.

#### **c. Net interest income to total operating income ratio**

The indicator is based on the ratio between FCs' net interest income and total operating income.

## **5.4 FCs' solvency indicators**

### **a. Tier-1 capital to risk-weighted assets ratio**

The indicator is based on the ratio between Tier-1 capital (core capital) and total risk-weighted assets.

### **b. Gross non-performing loan (NPL) ratio**

The indicator is based on the ratio between non-performing loans and leases to total loans and leases.

## **6. Inter-linkages:**

### **6.1 Growth of banks' credit (gross) to Government**

It refers to the growth in gross loan amount extended by banks to the Government.

### **6.2 Growth of NBDCs' credit (gross) to Government**

It refers to the growth in gross loan amount extended by NBDCs to the Government.

### **6.3 Growth of banks' loans to housing sector**

Loans to residential housing refers to loans extended by banks for residential housing in urban and rural areas, house renovation/repairing/extension, flat and land purchase; loans to commercial housing refers to loans extended by banks for commercial building and housing by developers/contractors.

### **6.4 Growth of FCs' loans to housing sector**

It refers to the growth in loans extended by FCs for both residential and commercial purposes.

### **6.5 Banks' loans to counterpart sector**

It refers to loans extended by banks to their three major institutional counterparts namely NFCs (both private and public), households and government; it excludes bills discounted and purchased.

### **6.6 NBDCs' loans to counterpart sector**

It refers to loans extended by NBDCs to their three major institutional counterparts namely NFCs (both private and public), households and government.

### **6.7 Banks' cross-border claims**

Cross-border claims of banks include foreign currency notes in hand, balances with banks abroad, bilateral trade credits, wage earners' balance abroad, foreign bills, foreign direct investments, portfolio investments and advances to non-residents; claims that are granted or

extended to non-residents are referred to as cross-border claims on an “immediate borrower” basis i.e. claims allocated to the actual non-resident borrowers with whom the original risk lies; it differs from “ultimate risk” basis which refers to claims allocated to the non-resident guarantors (of the non-resident borrower) with whom the final risk lies. For more details, see “Guidelines to the international consolidated banking statistics” available at [http://www.bis.org/statistics/consbankstatsguide\\_old.pdf](http://www.bis.org/statistics/consbankstatsguide_old.pdf).

## **7. Structural risk:**

### **7.1 Banking sector size**

#### **a. Domestic Banks**

The indicator is based on the ratio of total assets of domestic scheduled banks to nominal GDP; domestic scheduled banks include all scheduled banks except foreign commercial banks.

#### **b. Foreign Banks**

The indicator is based on the ratio of total assets of foreign commercial banks to nominal GDP.

### **7.2 Banking sector leverage ratio**

As per the Basel-III accord, this indicator is a ratio of Tier-1 capital after required deduction to total exposure after required deduction of the banking sector. In Bangladesh, up to 2022, the required leverage ratio is 3.0 percent.

### **7.3 FC sector size**

The indicator is based on the ratio of total assets of finance companies (FCs) to nominal GDP.

### **7.4 FC sector leverage**

The indicator is based on the ratio of capital of the FCs sector over its total assets.

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- This report is prepared by Financial Stability Department, Bangladesh Bank, Head Office, Motijheel, Dhaka-1000, Bangladesh.
  - The report is based on data and information available as of end-December 2024, unless stated otherwise.
  - The report can be accessed through internet at <https://www.bb.org.bd/en/index.php/publication/publicn/1/70>.
  - Feedback on the report may be sent to [gm.fsd@bb.org.bd](mailto:gm.fsd@bb.org.bd).