Annual Report

2023-2024



Bangladesh Bank

Annual Report

(July 2023-June 2024)



BANGLADESH BANK

(The central bank of Bangladesh)

Letter of Transmittal
BANGLADESH BANK

Dhaka
10 February 2025

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

Dear Secretary,

In accordance with Article 40 (2) of the Bangladesh Bank Order, 1972 (P. O Number 127) I have the honor to submit the Annual Report of Bangladesh Bank for the financial year 2023-2024 to the Government of the People's Republic of Bangladesh. Audited Accounts of the Bank for the said financial year has already been forwarded on 28 August 2024.

Yours faithfully,



(Dr. Ahsan H. Mansur)
Governor

Current Board of Directors*

Dr. Ahsan H. Mansur[(i)]	Chairman
Dr. Md. Khairuzzaman Mozumder[(ii)]	Director
Mr. Md. Abdur Rahman Khan, FCMA[(iii)]	Director
Ms. Nazma Mobarek[(iv)]	Director
Mr. Mahbub Ahmed[(v)]	Director
Dr. Rashed Al Mahmud Titumir[(vi)]	Director
Mr. A. K. M. Aftab Ul Islam, FCA[(vii)]	Director
Dr. Fahmida Khatun[(viii)]	Director
Dr. Md. Habibur Rahman[(ix)]	Director
Mr. Md. Forkan Hossain[(x)]	Secretary

*As on 10 February 2025

(i) Dr. Ahsan H. Mansur was appointed as Chairman with effect from 14 August 2024 following the resignation of the previous Chairman. His tenure will be for 4 years, ending on 13 August 2028.

(ii) Dr. Md. Khairuzzaman Mozumder has been serving as Director since 31 August 2023, and his term continues until further notice.

(iii) Mr. Md. Abdur Rahman Khan, FCMA was appointed as Director with effect from 29 August 2024 for a term of 3 years, subject to holding the current position.

(iv) Ms. Nazma Mobarek, has been serving as Director since 06 November 2024, and her term continues until further notice.

(v) Mr. Mahbub Ahmed was appointed as Director on 03 September 2019 for a term of 3 years, which ended on 02 September 2022. He was reappointed on 11 August 2022 for another 3 years, which will end on 02 September 2025.

(vi) Dr. Rashed Al Mahmud Titumir was appointed as Director with effect from 29 August 2024 for a term of 3 years, ending on 28 August 2027.

(vii) Mr. A. K. M. Aftab Ul Islam, FCA was appointed as Director on 01 January 2017. He was reappointed on 01 January 2020 for a term of 3 years, which ended on 31 December 2022. His third reappointment was on 01 January 2023 for another 3 years, ending on 31 December 2025.

(viii) Dr. Fahmida Khatun was appointed as Director with effect from 19 September 2024 for a term of 3 years, ending on 18 September 2027.

(ix) Dr. Md. Habibur Rahman was appointed as Director with effect from 01 October 2024. His term will continue subject to holding the current position.

(x) Mr. Md. Forkan Hossain was appointed as Secretary with effect from 11 September 2024.

Former Board of Directors*

Mr. Abdur Rouf Talukder	Chairman
Mr. Abu Hena Md. Rahmatul Muneem [(i)]	Director
Dr. Md. Khairuzzaman Mozumder [(ii)]	Director
Mrs. Fatima Yasmin [(iii)]	Director
Mr. Md. Abdur Rahman Khan,FCMA[(iv)]	Director
Mr. Sheikh Mohammad Salim Ullah[(v)]	Director
Mr. Mahbub Ahmed	Director
Mr. A. K. M Aftab Ul Islam, FCA	Director
Mr. Md. Nazrul Huda	Director
Mr. Kazi Sayedur Rahman[(vi)]	Director
Md. Zakir Hossain Chowdhury	Secretary

*As on 30 June 2024

(i) Mr. Abu Hena Md. Rahmatul Muneem was reappointed as Director of the Board with effect from 06 January 2024.

(ii) Dr. Md. Khairuzzaman Mozumder was appointed as Director of the Board in place of Mrs. Fatima Yasmin with effect from 31 August 2023.

(iii) Mrs. Fatima Yasmin has served as Director of the Board up to 13 August 2023.

(iv) Mr. Md. Abdur Rahman Khan,FCMA was appointed as Director of the Board in place of Mr. Sheikh Mohammad Salim Ullah with effect from 21 May 2024.

(v) Mr. Sheikh Mohammad Salim Ullah has served as Director of the Board up to 19 May 2024.

(vi) Mr. Kazi Sayedur Rahman was appointed as Director of the Board in place of Mr. Ahmed Jamal with effect from 21 July 2023 while Mr. Ahmed Jamal has served as Director of the Board up to 30 June 2023.

*As on 10 February 2025

Governor

Dr. Ahsan H. Mansur

Deputy Governors

Nurun Nahar
Dr. Md. Habibur Rahman
Md. Zakir Hossain Chowdhury
Dr. Md. Kabir Ahmed

Head of BFIU

A.F.M.Shahinul Islam

Advisor to the Governor

Md. Ahsan Ullah

Executive Directors

Dr. Md. Ezazul Islam[(i)]**
Mansura Parvin[(ii)]**
Dr. Sayera Younus[(i)]
Tarun Kanti Ghosh[(ii)]
Md. Forkan Hossain
S.M. Abdul Hakim
Kazi Rafiqul Hassan
Saiful Islam
Md. Mezbaul Haque
Md. Ruhul Amin
Md. Shakhawat Hossain Bhuiyan
Kakoli Jahan Ahmed
Md. Saiful Islam Khan
Md. Amzad Hossain Khan
Md. Mahbubul Haque
Rup Ratan Pine
Md. Ashraful Alam
Md. Sirajul Islam
Manoj Kumar Howlader
A.K.M. Ehsan
Md. Hanif Miah
Md. Rafiqul Islam
Mohammad Jamal Uddin
Arief Hossain Khan
Md. Sawkatul Alam
Husne Ara Shikha
Muhammad Zakir Hasan[(iii)]
Debdulal Roy[(iii)]
Md. Aminul Islam Akand
Md. Mazibur Rahman
Md. Osman Ghani
Madhusudan Banik
Md. Shakhawat Hossain
Bishnupada Kar
Sayed Ahmed
Shaikh Jahangir Hossain
Md. Kawsar Matin
Md. Shahed Ali
Md. Amir Uddin
Md. Khasru Parvez
Md. Ali Mahmud
Abu Md. Amimul Ehsan[(iv)]

** Indicates Executive Director, Grade -1.
Note: Inter se seniority of the officials, excepting contractual basis recruitment, has been determined on the basis of administrative Order No: 10 of HRD-1, dated 22 June 2023.
(i) Executive Director (Research)
(ii) Executive Director (Statistics)
(iii) Executive Director (ICTD)
(iv) Chief Legal Affairs Officer on Contractual Basis

*As on 30 June 2024

Governor

Abdur Rouf Talukder

Deputy Governors

Kazi Sayedur Rahman
Nurun Nahar
Md. Khurshid Alam
Dr. Md. Habibur Rahman

Head of BFIU

Md. Masud Biswas

Executive Directors

Md. Zakir Hossain Chowdhury**
Dr. Md. Kabir Ahmed**
Dr. Md. Ezazul Islam(i)
Dr. Sayera Younus(i)
Mansura Parvin(ii)
Tarun Kanti Ghosh(ii)
S.M. Hasan Reza
Md. Shafiqul Islam
Mohammad Mamunul Hoque
Md. Nurul Amin
Md. Forkan Hossain
S.M. Abdul Hakim
Kazi Rafiqul Hassan
Saiful Islam
Md. Anwarul Islam
Md. Mezbaul Haque
Md. Mortuz Ali
Md. Jaker Hossain
Md. Abdul Mannan

Md. Ruhul Amin
Md. Saiful Islam Khan
Md. Amzad Hossain Khan
Md. Mahbubul Haque
Rup Ratan Pine
Md. Ashraful Alam
Md. Sirajul Islam
Manoj Kumar Howlader
A.K.M. Ehsan
Md. Hanif Miah
Md. Rafiqul Islam
Mohammad Jamal Uddin
Arief Hossain Khan
Md. Sawkatul Alam
Husne Ara Shikha
Md. Rajab Ali
Muhammad Zakir Hasan(iii)
Debdulal Roy(iii)
Abu Md. Amimul Ehsan(iv)

** Indicates Executive Director, Grade -1.
Note: Inter se seniority of the officials, excepting contractual basis recruitment, has been determined on the basis of administrative Order No: 10 of HRD-1, dated 22 June 2023.
(i) Executive Director (Research)
(ii) Executive Director (Statistics)
(iii) Executive Director (ICTD)
(iv) Chief Legal Affairs Officer on Contractual Basis

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

Accounts and Budgeting Department	Md. Abul Bashar, Director
	Md. Moynul Islam, Director
Agricultural Credit Department	Kaniz Fatema, Director
	Debashish Sarkar, Director
Bangladesh Bank Training Academy	Dipankar Bhattacharjee, Director
	Kakoli Jahan Ahmed, Director
	Md. Aminul Islam Akand, Director
	Md. Shabbirul Alam Chowdhury, Director
	Dipti Rani Hazra, Director
	Debashis Chakravorty, Director
	Sarder Al Emran, Director
	Swapan Kumar Goswami, Director
	Md. Mamun Hossain, Director
	Khairul Alam Chowdhury Tutul, Director
	Md. Dewan Siraj, Director
	Anwar Aftab Ahmed, Director (Research)
	Md. Abdul Wahab, Director (Research)
	Md. Jasim Uddin, Director (Research)
	Dr. Muhammad Amir Hossain, Director (Statistics)
Bangladesh Financial Intelligence Unit	Mohammad Anisur Rahman, Director
	Md. Atiqur Rahman, Director
Bankers Selection Committee Secretariat	Md. Kawsar Matin, Director
Banking Regulation & Policy Department	Md. Harun Ar Rashid, Director
	Mohammad Shahriar Siddiqui, Director
	Kazi Tamanna Hoque, Director
Chief Economist Unit	Nurnaher Begum, Director (Research)
	Dr. Md. Salim Al Mamun, Director (Research)
Credit Guarantee Department	Nahid Rahman, Director
Common Services Department-1	Md.Mazibur Rahman, Director
Common Services Department-2	Md. Tafazzal Hossain, Director (Engineer-Civil)
	Sudhangshu Kumar Sarker, Director (Engineer-Electo-Mechanical)
Credit Information Bureau	Munshi Mohammad Wakid Director (Statistics)
Department of Banking Inspection-1	Swarup Kumar Chowdhury, Director
Department of Banking Inspection-2	Md. Mosarraf Hossain, Director
Department of Banking Inspection-3	Asim Kumar Chowdhury, Director
Department of Banking Inspection-4	Khaled Mahbub Morshed, Director
Department of Banking Inspection-5	Md. Khasru Parvez, Director
Department of Banking Inspection-6	A.K.M. Golam Mahmud, Director
Department of Banking Inspection-7	Gazi Md. Mahfuzul Islam, Director
Department of Banking Inspection-8	Md. Rafiqul Islam, Director
Department of Currency Management	Md. Muksuduzzaman, Director
	S.M. Kamaluzzaman, Director

* As per alphabetical arrangement.
As of 30 June 2024.

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

Department of Communications and Publications	Saeda Khanam, Director (Ex-Cadre-Publications)
Department of Foreign Exchange Inspection	Mahbubul Alam, Director
Department of Financial Institutions & Market	Md. Asaduzzaman Khan, Director
Deposit Insurance Department	Md. Salim Ahmed, Director
Debt Management Department	Istequemal Hussain, Director
Department of Off-site Supervision	Mizanur Rahman Akon, Director
	Md. Mostakur Rahman, Director
Expenditure Management Department-1	Md. Alauddin Hossain, Director
Expenditure Management Department-2	K.M. Ibrahim, Director
Foreign Exchange Investment Department	Abu Saleh Mohammed Shahab Uddin, Director
Foreign Exchange Operation Department	Md. Bayazid Sarker, Director
Foreign Exchange Policy Department	Md. Sarwar Hossain, Director
Financial Integrity and Customer services Department	Abu Hena Humayun Kabir, Director
	Shayema Islam, Director
Financial Inclusion Department	Md. Iqbal Mohasin, Director
Financial Institution Inspection Department	Madhusudan Banik, Director
Forex Reserve & Treasury Management Department	A.K.M. Kamruzzaman, Director
	Mohammad Mahbub Alam, Director
Financial Sector Support & Strategic Planning Department	Liza Fahmida, Director
Financial Stability Department	Md. Alauddin, Director
Human Resources Department-1	Md. Zabdul Islam, Director
Human Resources Department-1(Attached)	Mohammad Abdul Jabbar, Director
Human Resources Department-2	Nasima Sultana, Director
Internal Audit Department	Mamunur Rahman, Director
Information and Communication Technology Department	Chandan Saha, Director
	Md. Amir Hossain Pathan, Director
	Mohammad Abdur Razzaq, Director
	Pankaj Kumar Mallick, Director
Cyber Security Unit (CSU)	Md. Wahidul Islam Sarker, Chief Information Security Officer (CISO)
Integrated Supervision Management Department	Shabari Islam, Director
Law Department	Md. Hafizur Rahman, Director
Monetary Policy Department	Mahmud Salahuddin Naser, Director (Research)
NFIS Administrative Unit	Md. Nazrul Islam, Director
Payment Systems Department	Md. Sharafat Ullah Khan, Director
	Md. Motasem Billah, Director
	Nawshad Mustafa, Director
Research Department	Luthfe Ara Begum, Director (Research)
	Dr. Md. Golzare Nabi, Director (Research)
	Farida Parvin, Director (Research)
	Md. Sakhawat Hossain, Director (Research)
	Dr.Imam Abu Sayed, Director (Research)
	Mohammad Masuduzzaman, Director (Research)

* As per alphabetical arrangement.
As of 30 June 2024.

	Nurun Nahar Sultana, Director (Research)
Research Department-Library	Tasnim Fatema Director (Ex-Cadre-Library)
Secretary's Department	Salina Akhter Khatun, Director
Statistics Department	Md. Anis Ur Rahman Director (Statistics)
	Ashish Kumar Roy, Director (Statistics)
	Shabnam Shirin, Director (Statistics)
	Md. Shafiqul Islam, Director (Statistics)
	Md. Nurul Islam, Director (Statistics)
	Md. Habibour Rahman, Director (Statistics)
	Dr. Nargis Hasina, Director (Statistics)
	Md. Masud Aktar Talukder, Director (Statistics)
	Probir Kumar Sarker, Director (Statistics)
	Md. Saiful Islam, Director (Statistics)
	Mohammad Abu Sadat, Director (Statistics)
Security Management Department	Lt. Col. (Retd) Md Shamimur Rahman, PSC, Director (Ex Cadre-Security.-Contractual)
SME & Special Programmes Department	Mohammad Ashiqur Rahman, Director
Special Studies Cell	Afroza Khan, Director
Sustainable Finance Department	Chowdhury Liakat Ali, Director

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* As per alphabetical arrangement.

As of 30 June 2024.

Note: 1) Besides, Directors- Md. Obaid Ullah Chowdhury; Md. Osman Ghani; Md. Humayun Kabir; Md. Sakhawat Hossain Bhuiyan, A.K.M. Rezaul Karim, Dr. Mohammad Monirul Islam Sarker, Md. Syedul Islam; Shaikh Jahangir Hossain; Manoar Uddin Ahmed; Moni Shankar Kundu; Masuma Sultana; Munira Islam; Nargis Sultana; Prodip Ranjan Debnath; Md. Rokanuzzaman, Md. Mokbul Hossain, Md. Mofizur Rahman Khan Chowdhury, Md. Shafayet Arefin , Mohammad Zahir Hussain and Mohammad Shamsuddin Ahmed were on deputation with EEF Unit, Grihayan Tohbil and Fund Management, Microcredit Regulatory Authority, Bangladesh Institute of Bank Management, Institute of Bankers Bangladesh, Investment Promotion and Financing Facility II (IPFF II) Project Cell, Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments Sector Project, Foreign Direct Investment Promotion Project, Second Small and Medium-Sized Enterprise Development Project, COVID-19 Emergency and Crisis Response Facility Project, Supporting Post Covid-19 Small Scale Employment Creation Project, and The Security Printing Corporation Bangladesh Ltd respectively as on 30 June 2024.

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

Branch Offices* and Office Heads#

Barishal	Md. Abdul Mannan, Executive Director Md. Mahbubur Rahman, Director Bishnupada Kar, Director Md. Mojibur Rahman Sheikh, Director
Bogura	Md. Mortuz Ali, Executive Director Md. Shahed Ali, Director Md. Salah Uddin, Director Abu Sayeed Md. Arif-Ul-Islam, Director
Chattogram	Arief Hossain Khan, Executive Director Muhommad Badiuzzaman Dider, Director Md. Arifuzzaman, Director Md. Anisur Rahman, Director A.K.M. Zakir Hossain, Director (Cash)
Khulna	S.M. Hasan Reza, Executive Director Md. Ali Mahmud, Director Imtiaz Ahmed Masum, Director Milon Kumar Tarafder, Director Md. Zakir Hossain Chowdhury, Director
Motijheel	Md. Jaker Hossain, Executive Director Md. Amzad Hossain Khan, Executive Director (Currency Officer) Syed Ahmed, Director Md. Emdadul Haque, Director Shamima Nargis, Director Syeda Nasima Akther, General Manager (Cash) Dr. Shamima Akhand, Chief Medical Officer Dr. Rabeya Akther, Chief Consultant
Mymensingh	Mahbubul Haque, Executive Director Md. Enamul Karim Khan, Director
Rajshahi	Rup Ratan Pine, Executive Director Md. Niamul Kabir, Director Shamsul Arefeen, Director Md. Matiar Rahman Mollah, Director
Rangpur	Md. Ruhul Amin, Executive Director Md. Shakhawat Hossain, Director Md. Mezbah Uddin, Director Rathin Kumar Paul, Director Md. Obaid Ullah Chowdhury, Director
Sadarghat	Md. Amir Uddin, Director
Sylhet	Md. Saiful Islam Khan, Executive Director Khaled Ahmed, Director Md. Aminul Islam, Director Mohammad Abul Hashem, Director

* As per alphabetical arrangement.

As of 30 June 2024.

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List of Abbreviations

A2F	Access to Finance
a2ei	Access to Employee Information
A/C	Account
ACC	Anti Corruption Commission
ACD	Agriculture Credit Department
ACU	Asian Clearing Union
ACUD	Asian Clearing Union Dollar
ADB	Asian Development Bank
AUD	Australian Dollar
ADP	Annual Development Programme
ADR	Advance Deposit Ratio
ADs	Authorised Dealers
AFI	Alliance for Financial Inclusion
AFD	Agence Francaise de Developpement
AIIB	Asian Infrastructure Investment Bank
ALM	Asset-Liability Management
AML	Anti Money Laundering
API	Application Program Interface
ASEAN	Association of South East Asian Nations
ASCM	Agreement on Subsidies and Countervailing measures
ATDTL	Average Total Demand and Time Liabilities
ATM	Automated Teller Machine
B2B	Business to Business
B2P	Business to Person
BB	Bangladesh Bank
BBCA	Bangladesh Bank Certifying Authority
BBS	Bangladesh Bureau of Statistics
BBTA	Bangladesh Bank Training Academy
BCA	Bank Company Act
BD	Bangladesh
BDT	Bangladesh Taka
BEFTN	Bangladesh Electronic Fund Transfer Network
BFIU	Bangladesh Financial Intelligence Unit
BGIIB	Bangladesh Government Islamic Investment Bond
BGIS	Bangladesh Government Investment Sukuk
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BGTBs	Bangladesh Government Treasury Bonds
BHBFC	Bangladesh House Building Finance Corporation
BIDA	Bangladesh Investment Development Authority
BKB	Bangladesh Krishi Bank
BoD	Board of Directors
BoP	Balance of Payments
BPM6	Balance of Payment & International Investment Position Manual
BPs	Basis Points
BRDB	Bangladesh Rural Development Board
BRPD	Banking Regulation & Policy Department
BSBL	Bangladesh Samabaya Bank Limited
BSEC	Bangladesh Securities and Exchange Commission
BSRD	Bangladesh Systemic Risk Dashboard
BTMA	Bangladesh Textile Mills Association
CAMD	Capital Adequacy and Market Discipline
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk
CAPs	Corrective Action Plans
CASPI	CSE all share price Index
CAR	Capital Adequacy Ratio
CBS	Core Banking Solution
CAD	Canadian Dollar
CBS	Core Banking Solution
CC	Cash Crop
CCA	Controller of Certifying Authorities
CCB	Capital Conservation Buffer
CCTG	Coordination Committee Technical Group
CDLC	Central Depository for Large Credit
CDWSP	Chattogram Division Upazila and Union Road Widening & Strengthening Project
CECRFP	COVID-19 Emergency and Crisis Response Facility Project
CEO	Chief Executive Officer
CET1	Common Equity Tier-1
CFO	Chief Financial Officer
CFSI	Composite Financial Stability Index
CFT	Combating the Financing of Terrorism
CGA	Controller General Accounts
CGD	Credit Guarantee Department
CGS	Credit Guarantee Scheme
CIB	Credit Information Bureau
CIF	Cost, Insurance and Freight
CIPC	Customers Interest Protection Centre
CIRT	Computer Incident Response Team
CIS	Credit Information System
CMMS	Corporate Memory Management System
CMSE	Cottage, Micro and Small Enterprise
CMSMEs	Cottage, Micro, Small and Medium Enterprises
CNH	Chinese Yuan traded in the Offshore Market
CNY	Chinese Yuan Renminbi
COVID-19	Corona Virus Disease of 2019
CPMR	Crawling Peg Mid-rate
CPF	Contributory Provident Fund
CPI	Consumer Price Index
CRAR	Capital to Risk-weighted Asset Ratio
CRM	Comprehensive Risk Management
CRF	Climate Risk Fund
CRR	Cash Reserve Requirement
CSE	Chittagong Stock Exchange
CSR	Corporate Social Responsibility
CTS	Cheque Truncation System
CHF	Swiss Franc
CYFI	Child and Youth Finance International
DAB	Deposit Account Bivag
DBI	Department of Banking Inspection
DBI-1	Department of Banking Inspection-1

DBI-2	Department of Banking Inspection-2
DBI-3	Department of Banking Inspection-3
DBI-4	Department of Banking Inspection-4
DBI-5	Department of Banking Inspection-5
DBI-6	Department of Banking Inspection-6
DBI-7	Department of Banking Inspection-7
DBI-8	Department of Banking Inspection-8
DFEI	Department of Foreign Exchange Inspection
DFIM	Department of Financial Institutions & Market
DGFI	Directorate General of Forces Intelligence
DFIs	Development Financial Institutions
DIB	Dollar Investment Bond
DIS	Deposit Insurance System
DITF	Deposit Insurance Trust Fund
DMB	Deposit Money Bank
DMD	Debt Management Department
DOBB	Directives of Bangladesh Bank
DOS	Department of Off-site Supervision
DP	Depository Participant
DPB	Dollar Premium Bond
DPS	Deposit Premium Scheme
DSE	Dhaka Stock Exchange
DSEX	Dhaka Stock Exchange Broad Index
D-SIBs	Domestic Systemically Important Banks
DVS	Document Verification System
EC	Executive Committee
ECF	Extended Credit Facility
ECCMA	Environment and Climate Change Mitigation & Adaptation
EDF	Export Development Fund
EEF	Equity and Entrepreneurship Fund
EFD	Electric Fiscal Device
EFF	Extended Fund Facility
EFPF	Export Facilitation Pre-financing Fund
EI	Expenditure-Income
EMI	Equated Monthly Installment
EMT	Executive Management Team
EOI	Expression of Interest
EPB	Export Promotion Bureau
ePMS	Electronic Performance Management System
EPR	Expected Profit rate
EPZ	Export Processing Zone
ERP	Enterprise Resource Planning
ERP-SAP	Enterprise Resources Planning-System Application and Product
ESDD	Environmental and Social Due Diligence
ESF	Entrepreneurship Support Fund
ESI	External Sector Index
ESRM	Environmental and Social Risk Management
ESRR	Environmental and Social Risk Rating
ESSP	Employee Self Services Portal
ETP	Effluent Treatment Plant
EU	European Union
EUR	Official Currency of the European Union
EXIM	Export Import Bank of Bangladesh
EXP	Export
FAO	Food and Agriculture Organisation
FC	Foreign Currency
FCBs	Foreign Commercial Banks
FCK	Fixed Chimney Kiln
FCs	Finance Companies
FDI	Foreign Direct Investment
FDR	Fixed Deposit Ratio
FE	Foreign Exchange
FEPD	Foreign Exchange Policy Department
FIs	Financial Institutions
FICSD	Financial Integrity and Customer Service Department
FID	Financial Inclusion Department Financial Institutions Department
FIID	Financial Institutions Inspection Department
FIU	Financial Intellligence Unit
FPMU	Food Planning and Monitoring Unit
FoB	Free on Board
FPM	Financial Projection Model
FRTMD	Foreign Reserve and Treasury Management Department
FSD	Financial Stability Department
FSI	Fiscal Sector Index
FSM	Financial Stability Map
FSPDSME	Financial Sector Project for the Development of SME
FSSPII	Financial Sector and Support Project II
FSR	Financial Stability Report
FSSSPD	Financial Sector Support and Strategic Planning Department
FX	Foreign Exchange
FXTMS	Foreign Exchange Transaction Monitoring System
FY	Financial Year (July- June)
G2P	Government to Person
G-7	Group of Seven
G20	Group of Twenty
GBCSRD	Green Banking and CSR Department
GBP	British Pound Sterling
GCC	Gulf Cooperation Council
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
GDS	Gross Domestic Savings
GFET	Guidelines for Foreign Exchange Transactions
GHG	Green House Gas
GNI	Gross National Income
GNS	Gross National Savings
GoB	Government of Bangladesh
GTF	Green Transformation Fund

GVA	Gross Value Added
HDPE	High Density Polythylene
HTM	Held to Maturity
HHK	Hybrid Hoffman Kiln
HQLA	High Quality Liquid Asset
IAD	Internal Audit Department
IADI	International Association of Deposit Insurers
IAMCL	ICB Asset Management Company Ltd
IBF	Islamic Bond Fund
IBLF	Islamic Banks Liquidity Facility
IBS	Islamic Banking System
ICAAP	Internal Capital Adequacy Assessment Process
ICB	Investment Corporation of Bangladesh
ICC	Internal Control and Compliance
ICML	ICB Capital Management Ltd
ICRRS	Internal Credit Risk and Rating System
ICT	Information and Communication Technology
ICTD	Information and Communication Technology Department
ID	Identity Document
IDA	International Development Association
IDR	Investment Deposit Ratio
IDRA	Insurance Development and Regulatory Authority
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIFM	Islamic Inter-bank Fund Market
IMF	International Monetary Fund
INDCs	Intended Nationally Determined Contributions
IPFF	Investment Promotion and Financial Facility
IPO	Initial Public Offering
IRC	Interest Rate Corridor
IRF	Islamic Refinance Fund
IRM	Investment Risk Management
IRIDP-3	'Important Rural Infrastructure Development Project on Priority Basis-3
IRS	Integrated Recycling System
IsDB	Islamic Development Bank
ISDSD	Information Systems Development and Support Department
ISS	Integrated Supervision System
ISTCL	ICB Securities Trading Company Ltd.
IT	Information Technology
ITM	Interbank Transaction Matrix
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KYC	Know Your Customer
LC	Letter of Credit
LCR	Liquidity Coverage Ratio
LDC	Least Developed Countries
LDPE	Low-Density Polyethylene
LEA	Law Enforcement Agencies
LPG	Liquefied Petroleum Gas
LTD.	Limited
LTFF	Long Term Financing Facility
M1	Narrow Money
M2	Broad Money
M3	Broad Money
MCR	Minimum Capital Requirements
MD	Managing Director
MEUR	Million Euros
MF-CIB	Credit Information Bureau for Micro Finance Institutions
MFIs	Microfinance Institutions
MFS	Mobile Financial Services
MI	Market Infrastructure
MLA	Mutual Legal Assistance
MLT	Medium to Long Term
MLS	Mudarabah Liquidity Support
MoU	Memorandum of Understanding
MPD	Monetary Policy Department
MPS	Monetary Policy Statement
MRA	Microcredit Regulatory Authority
MSFSCIP	Marginal and Small Farm Systems Crop Intensification Project
MSI	Monetary Sector Index
MTDR	Mudarabah Term Deposit Receipt
MTRS	Medium Term Revenue Collection Strategy
NAFTA	North American Free Trade Agreement
NBFIs	Non-Bank Financial Institutions
NBR	National Board of Revenue
NCDP	Northwest Crop Diversification Project
NCTB	National Curriculum and Textbook Board
NDA	Net Domestic Assets
NEER	Nominal Effective Exchange Rate
NFA	Net Foreign Assets
NFAs	No-Frill Accounts
NFCs	Non Financial Corporations
NFCD	Nonresident foreign currency deposit
NFIS	National Financial Inclusion Strategy
NGOs	Non-Governmental Organisations
NID	National Identification Number
NIM	Net Interest Margin
NIS	National Integrity Strategy
NITAs	Non-resident Investor's Taka Accounts
NPI	Non-performing Investment
NPL	Non-performing Loan
NPLs	Non-performing Loans
NPM	Net Profit Margin
NPSB	National Payment Switch, Bangladesh
NRB	Non-resident Bangladeshi
NSFR	Net Stable Funding Ratio
NTPA	National Tripartite Plan of Action
OBO	Off-shore Banking Operation

OD	Overdraft
OEMS	Online Export Monitoring System
OMOs	Open Market Operations
P2B	Person to Business
P2G	Person to Government
P2P	Person to Person
PCA	Prompt Corrective Action
PCBs	Private Commercial Banks
PDs	Primary Dealers
PET	Polyethene Terephthalate
PFDS	Public Food Distribution System
PFI	Participating Financial Institution
PGL	Portfolio Guarantee Limit
PKSF	Palli Karma Sahayak Foundation
PLC	Private Limited Company
PMFIs	Participating Microfinance Institutions
POL	Petroleum, Oil and Lubricants
POs	Partner Organisations
POS	Point of Sale
PP	Polypropylene
PS	Polystyrene
PSD	Payment Systems Department
PSO	Payment Systems Operator
PSP	Payment Services Providers
PSR	Profit Sharing Ratio
PV	Photovoltaic
PVC	Polyvinyl Chloride
QFSAR	Quarterly Financial Stability Assessment Report
RAC	RBS Authority Committee
RAKUB	Rajshahi Krishi Unnayan Bank
RAB	Rapid Action Battalion
RBCA	Risk Based Capital Adequacy
RBS	Risk Based Supervision
RCF	Rapid Credit Facility
REER	Real Effective Exchange Rate
REPO	Repurchase Agreement
RFFO	Regulatory Fintech Facilitation Office
RFI	Raid Financing Instrument
RFCD	Resident Foreign Currency Deposit
RHS	Right Hand Side
RIT	Rationalized Input Template
RJSC	Registrar of Joint Stock Companies and Firms
RM	Reserve Money
RMG	Ready Made Garments
ROA	Return on Assets
ROE	Return on Equity
ROs	Reporting Organizations
RSF	Resilience and Sustainability Facility Risk-sharing Facilities
RSI	Real Sector Index
RTGS	Real Time Gross Settlement
RWA	Risk Weighted Assets
SAARC	South Asian Association for Regional Cooperation
SAP	Systems, Applications and Products in data processing
SARs	Suspicious Activity Reports
SBs	Specialized Banks
SCBs	State -owned Commercial Banks
SCDP	Second Crop Diversification Project
SDC	Sales Data Controller
SDC	Swiss Agency for Development and Cooperation
SDF	Standing Deposit Facility
SDGs	Sustainable Development Goals
SDR	Special Drawing Rights
SGD	Singapore Dollar
SFD	Sustainable Finance Department
SEIP	Skills for Employment Investment Programme
SFD	Sustainable Finance Department
SIEM	Security Information and Event Management
SLA	Subsidiary Loan Agreement
SLF	Standing Landing Facility
SLR	Statutory Liquidity Ratio
SLS	Special Liquidity Support
SMAP	Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project
SMART	Six-month Moving Average Rate of Treasury Bills
SME	Small and Medium-sized Enterprise
SMESPD	SME & Special Programmes Department
SOCBs	State Owned Commercial Banks
SPCBL	Security Printing Corporation (Bangladesh) Ltd.
SPCSSECP	Supporting Post COVID-19 Small Scale Employment Creation Project
SPM	Suspended Particulate Matter
SPV	Special Purpose Vehicle
SREP	Supervisory Review Evaluation Process
SREUP	Safety Retrofits and Environment Upgrades in RMG Project
SARs	Suspicious Activity Reports
STRs	Suspicious Transaction Reports
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TA	Technical Assistance
TCFD	Task Force on Climate-Related Financial Disclosures
TF	Terrorist Financing
TIN	Tax Identification Number
TMSS	Thengamara Mohila Sabuj Sangha
TO	Technical orientation
TSS	Technical Support Services

UAE	United Arab Emirates
UBSP	Urban Building Safety Project
UK	United Kingdom
US	United States
USD	United States Dollar
VAPT	Vulnerability Assessments and Penetration Testing
VAT	Value Added Tax
VSBK	Vertical Shaft Brick Kiln
WAIR	Weighted Average Interest rate
WAR-WIR	Weighted Average Resilience-Weighted Insolvency Ratio
WEDB	Wage Earner Development Board
WEDU	Women Entrepreneur Development Unit

Macroeconomic Performance and Prospect

Global Growth, Price Situation and Outlook

1.01 According to World Economic Outlook (WEO) projections, growth in global output is expected to reach 3.2 percent in 2024, down from 3.3 percent in 2023 (Table 1.01). Historically, the low pace of global output expansion is attributed to short-term factors such as high borrowing costs and withdrawal of fiscal support, and long-term effects such as COVID-19 pandemic, Russia's invasion of such as Ukraine, weak productivity growth and growing geo-economic fragmentation. Modest growth acceleration, however is now anticipated in advanced economies, mainly due to the euro area's recovery from 2023's weak growth. Through 2024 and 2025, emerging markets and developing economies are also expected to grow steadily. With advanced economies returning to their inflation targets sooner than emerging markets and developing economies, global inflation is expected to decrease gradually to 5.8 percent in 2024 and 4.3 percent in 2025 from 6.7 percent in 2023. It is anticipated that inflation in emerging markets and developing economies will be higher and will decline more slowly than in advanced economies. The decline in headline inflation since 2022 reflects fall in energy prices and monetary tightening by most central banks. World trade volume witnessed an unprecedented drop from 5.6 percent in 2022 to 0.8 percent in 2023. However, it is anticipated that global trade growth will rebound in 2024 and 2025. The anticipated trade volume growth is set to increase to 3.1 percent in 2024 and 3.4 percent in 2025 and will no doubt contribute to the expansion of the global GDP (WEO, October 2024).

1.02 For advanced economies, the projected growth for both 2024 and 2025 is 1.8 percent, a slight decrease from 1.7 percent in 2023 due to a slowdown in labour markets and gradual fiscal tightening. The growth in the euro area is projected to rise to 0.8 percent in 2024 from 0.4 percent in 2023 due mainly to more robust household consumption since the impact of the oil price shock is becoming less evidant and the decline in inflation is supporting real income growth.

1.03 The output growth in emerging markets and developing economies is projected to

Table 1.01 World Economic Outlook Projections for 2024 and 2025

(annual percentage change)

	Actual		Projections	
	2022	2023	2024	2025
World Output	**3.5**	**3.3**	**3.2**	**3.2**
Advanced Economies	**2.6**	**1.7**	**1.8**	**1.8**
United States	1.9	2.9	2.8	2.2
Euro area	3.4	0.4	0.8	1.2
Germany	1.8	-0.3	0.0	0.8
France	2.6	1.1	1.1	1.1
Italy	4.0	0.7	0.7	0.8
Spain	5.8	2.7	2.9	2.1
Japan	1.0	1.7	0.3	1.1
United Kingdom	4.3	0.3	1.1	1.5
Canada	3.8	1.2	1.3	2.4
Other Advanced Economies[1]	2.7	1.8	2.1	2.2
Emerging Market and Developing Economies	**4.1**	**4.4**	**4.2**	**4.2**
Emerging and Developing Asia	4.4	5.7	5.3	5.0
China	3.0	5.2	4.8	4.5
ASEAN-5[2]	5.5	4.0	4.5	4.5
South Asia				
Bangladesh	7.1	5.8	5.4	4.5
India[3]	7.0	8.2	7.0	6.5
Pakistan[4]	6.2	-0.2	2.4	3.2
Sri Lanka[5]	-7.8	-	-	-
World Trade Volume (goods and services)	**5.6**	**0.8**	**3.1**	**3.4**
Imports				
Advanced Economies	7.1	-0.7	2.1	2.4
Emerging Market and Developing Economies	3.9	3.0	4.6	4.9
Exports				
Advanced Economies	5.6	1.0	2.5	2.7
Emerging Market and Developing Economies	4.7	0.6	4.6	4.6
Commodity Prices (U.S. dollars)				
Oil[6]	39.2	-16.4	0.9	-10.4
Nonfuel (Average based on world commodity import weights)	7.9	-5.7	2.9	-0.2
Consumer Prices[7]	**8.7**	**6.7**	**5.8**	**4.3**
Advanced Economies[8]	7.3	4.6	2.6	2.0
Emerging Market and Developing Economies[7]	9.8	8.1	7.9	5.9
South Asia				
Bangladesh	6.1	9.0	9.7	10.7
India	6.7	5.4	4.4	4.1
Pakistan	12.1	29.2	23.4	9.5
Sri Lanka[5]	45.2	-	-	-

[1] It excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
[2] Indonesia, Malaysia, the Philippines, Singapore and Thailand.
[3] Data and projections are presented on a fiscal year (FY) basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.
[4] Data and forecasts are presented on a fiscal year basis.
[5] Data and projections for 2023–29 are excluded from publication owing to ongoing discussions on sovereign debt restructuring.
[6] Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was $80.59 in 2023; the assumed price, based on futures markets, is $81.29 in 2024 and $72.84 in 2025.
[7] Excludes Venezuela.
[8] The assumed inflation rates for 2024 and 2025, respectively, are as follows: 2.4 percent and 2.0 percent for the euro area, 2.2 percent and 2.0 percent for Japan, and 3.0 percent and 1.9 percent for the United States.
Source: World Economic Outlook, October 2024, International Monetary Fund.

decrease slightly to 4.2 percent both in 2024 and 2025 from 4.4 percent in 2023, primarily due to upward growth projections in sub-Saharan Africa, the Middle East, and Central Asia, offsetting downward growth in emerging and developing economies of Asia. China's output is projected to grow a little more slowly, by 4.8 percent in 2024 from the actual growth of 5.2 percent in 2023, due to the lessening impact of one-off factors like the post-pandemic boost to consumption and fiscal stimulus and the persistence of stagnancy in the property sector. On the other hand, India's output growth is projected to decline by 1.2 percentage points to 7.0 percent in 2024, down from the growth of 8.2 percent in 2023. This robust growth was attributed to a growing working-age population and persistently strong domestic demand.

1.04 On the whole, global inflation is expected to decline. In advanced economies, inflation has decreased to 4.6 percent in 2023 from 7.3 percent in 2022. Inflation in advanced economies is projected to decrease to 2.6 percent in 2024. Monetary tightening by central banks in major advanced economies during 2022–23 strongly influenced the lowering of energy prices owing to its high degree of synchronisation and the associated effects in curbing world energy demand, which largely contributed to declining inflation. Inflation for advanced economies is expected to fall further to 2.0 percent in 2025. However, inflation in emerging and developing economies has decreased considerably to 8.1 percent in 2023, down from 9.8 percent in 2022. It is projected to decrease even more to 7.9 percent in 2024 and to 5.9 percent in 2025.

1.05 The import growth for advanced economies decreased sharply to -0.7 percent in 2023 from 7.1 percent in 2022. Overall import growth in this region may increase gradually to 2.1 percent in 2024 and 2.4 percent in 2025. In emerging markets and developing economies, import growth decreased to 3.0 percent in 2023 from 3.9 percent in 2022, and is projected to increase to 4.6 percent in 2024 and 4.9 percent in 2025. Export growth in advanced economies was 1.0 percent in 2023, down from 5.6 percent in 2022, but is projected to increase gradually to 2.5 percent in 2024 and 2.7 percent in 2025. Export growth in emerging markets and developing economies experienced a sharp decrease of 0.6 percent in 2023, from 4.7 percent in 2022, but is anticipated to increase dramatically by 4.6 percent in 2024 and remain the same in 2025.

1.06 According to the World Economic Outlook, (October 2024) despite the strong global economic performance since October 2023, several risks to growth remain. Escalation of the Gaza-Israel conflict and ongoing instability in the Red Sea and Ukraine could lead to additional supply shocks, and increasing costs for food, energy, and transportation. Persistent core inflation in major economies, driven by tight labour markets or supply chain issues, might also raise interest rate expectations and lower asset prices. Any lag in the effects of past monetary tightening could heighten defaults, particularly in commercial real estate and firms, posing risks to financial stability. Fiscal consolidation is solely needed to manage debts and prepare for future shocks, but excessive austerity may slow growth and hinder reform efforts. There may be delays in making fiscal adjustments or an increase in expansionary measures because many countries will hold elections in 2024, which could result in higher deficits. On the other hand, unexpectedly rapid drops in core inflation or better supply circumstances could also come as a shock and squeeze profit margins.

1.07 The October 2024 World Economic Outlook emphasised adopting several crucial policy priorities to address global economic challenges. Advanced economies must manage inflation carefully while considering spillovers from G20 emerging markets, especially

supply-side shocks that could impact global growth and income equality. Emerging markets face significant challenges due to limited fiscal space and pandemic-related issues, necessitating strengthened monetary, fiscal, and financial frameworks. Structural reforms should be prioritised to sustain growth, particularly in governance, labour markets, and business regulations, even those with limited fiscal space. Adoption of protectionist measures and large-scale industrial policies should be avoided due to their potential to worsen cross-border tensions and increase inefficiencies. Instead, inclusive policies and targeted fiscal support can help sectors adapt to negative spillovers and improve labour reallocation and skill upgrades. Promoting competition and better credit access for firms will also support efficient economic reallocation.

1.08 According to the Global Financial Stability Report, October 2024, while interest rates have decreased globally, stock markets have risen about 20.0 percent, and borrowing spreads for corporate and sovereign entities have narrowed, leading to easier global financial conditions. The global effort to control inflation seems close to success, aided by favourable supply-side changes and monetary tightening. However, core inflation and wage pressures remain high, and future inflation may still lead to uncertainty. Fiscal adjustments could help finalise disinflation goals by rebuilding financial buffers, reducing term premiums, and managing debt levels. Progress on recovery and resolution frameworks for banks is crucial in addressing problems with weak or failing institutions in maintaining financial stability and protecting public funds. Current resolution planning primarily focuses on the largest banks, but many countries need to extend these efforts to smaller institutions. Effective regulatory coordination across sectors and jurisdictions is vital for identifying risks, implementing actions, and managing crises. Internationally coordinated reforms are necessary to minimise cross-border spillovers, regulatory arbitrage, and market fragmentation.

Table 1.02 Sectoral GDP Growth in Bangladesh

(at FY16 constant prices)

	FY21-FY24 (Average)	FY23	FY24
1. Agriculture	**3.22**	**3.37**	**3.30**
a) Crops and horticulture	3.01	3.15	4.00
b) Animal farming	3.07	3.17	3.07
c) Forest and related services	5.05	5.13	4.99
d) Fishing	2.59	2.80	0.79
2. Industry	**8.01**	**8.37**	**3.51**
a) Mining and quarrying	4.24	12.73	-1.15
i)Natural gas and crude petroleum	-3.63	-4.18	-5.98
ii)Other mining and coal	6.24	17.02	-0.14
b) Manufacturing	8.76	8.89	3.16
i) Large industry	8.92	8.38	1.02
ii) Small, medium and micro industry	8.14	9.15	4.66
iii) Cottage industry	9.58	10.01	6.92
supply	4.78	2.46	0.98
i)Electricity	6.09	3.40	1.55
ii)Gas	-0.70	-1.84	-1.78
d) Water supply; sewerage, waste management and remediation activities	7.26	8.88	3.95
e) Construction	7.35	6.98	5.63
3. Services	**5.61**	**5.37**	**5.09**
a) Wholesale and retail trade, and repair of motor vehicles, motorcycles	7.06	6.38	5.77
b) Transport and storage	5.11	5.49	5.14
i)Land transport	5.54	6.10	5.29
ii)Water transport	0.36	-2.16	0.59
iii)Air transport	4.05	8.21	6.15
iv)Warehousing and support activities	3.85	3.54	9.43
v)Postal and courier activities	2.85	3.77	2.53
c) Accommodation and food service activities	5.34	5.84	5.60
d) Information and Communication	5.58	6.35	4.06
e) Financial and Insurance Activities	3.86	2.55	1.21
i)Monetary intermediation (Banks)	3.92	2.55	1.09
ii)Insurance	2.13	1.08	1.09
iii)Other financial auxiliaries	5.32	4.39	2.91
f) Real estate activities	3.58	3.68	3.50
g) Professional, scientific and technical activities	6.45	8.80	7.64
h) Administrative and support service activities	7.10	7.51	8.86
i) Public administration and defence, compulsory social security	5.89	7.03	5.58
j) Education	6.44	5.53	6.56
k) Human health and social work activities	9.24	7.22	9.27
m) Arts, entertainment and recreation	6.15	6.34	6.42
n) Other service activities	3.16	3.24	3.14
GDP (at constant market price)	**6.01**	**5.78**	**4.22**

Source: Bangladesh Bureau of Statistics.

Developments in the Bangladesh Economy

1.09 Despite several external sector-related difficulties, Bangladesh's economy exhibited reasonably steady real GDP growth in FY24. In the current fiscal year, the government has implemented austerity measures in some areas while prioritising spending on public welfare and supply sector projects. Additionally, to ensure uninterrupted agricultural production, it has adopted swift and appropriate action to provide fertilisers at affordable prices. Bangladesh Bank (BB) has also taken a contractionary monetary policy and some policy initiatives.

Growth Performance

1.10 According to the, Bangladesh Bureau of Statistics (BBS) real GDP growth rate for FY24 was estimated to be 4.22 percent, down from 5.78 percent in FY23. The sectoral growth compositions are shown in Table 1.02.

1.11 The contribution of agriculture to GDP was 11.55 percent in FY24, with growth down from 3.37 percent in FY23 to 3.30 percent in FY24. During this period, the growth of animal farming, forest and related services, and fishing, subsectors decreased slightly compared to the previous year. However, crops and horticulture subsector growth increased significantly from 3.15 percent in FY23 to 4.00 percent in FY24.

1.12 The industrial sector contributed 35.27 percent to the GDP in FY24 and grew by 3.51 percent, which was much lower than the 8.37 percent recorded in FY23. Such growth was supported by manufacturing; electricity, gas, steam, and air conditioning supply; water supply, sewerage, waste management and remediation activities; and construction sub-sectors. On the other hand, the mining and quarrying sub-sector exhibited negative growth in FY24 as compared to the previous year.

1.13 The services sector accounts for the largest share of GDP. This sector contributed 53.18 percent of GDP in FY24, but recorded a slight decrease from 52.85 percent in FY23. The services sector grew by 5.09 percent in FY24, which is lower than the 5.37 percent recorded in FY23. Among the components of the services sector, administrative and support service activities; education; human health and social service activities; and arts, entertainment and recreation; exhibited higher growths in FY24 than the previous year. In contrast, transportation and storage; information and communication; financial and insurance activities; real estate activities; and public administration; defence, compulsory wholesale and retail trade, and repair of motor vehicles and motorcycles; accommodation and food service activities; social security; professional, scientific and technical activities; and other service activities showed lower growths in FY24 compared to FY23.

1.14 On the demand side of GDP, private consumption grew by 5.99 percent in FY24, while public consumption increased by 9.77 percent during the same period. As a result, total consumption spending grew by 6.32 percent, contributing 4.54 percentage points to the total growth of GDP. Total investment increased by 3.27 percent and contributed 1.05 percentage points to GDP growth. However, the contribution of net exports to GDP declined due to decrease in export growth and increase in import growth.

Savings and Investment

1.15 According to the final data released by BBS, total investment as a percentage of GDP decreased slightly to 30.70 percent in FY24, down from 30.95 percent in FY23. Also, the ratio of public investment to GDP decreased to 6.74 percent from 6.77 percent, and private investment to the GDP also decreased to 23.96 percent from 24.18 percent over the same period.

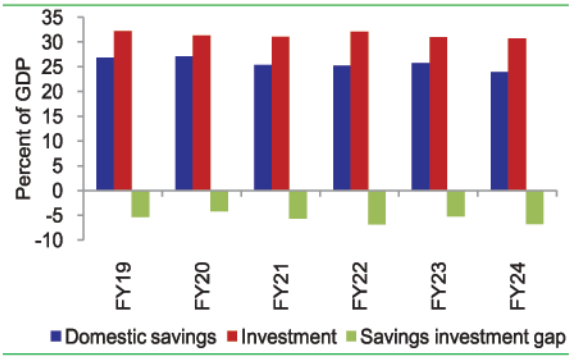
1.16 Gross national savings as a percentage of GDP decreased to 28.42 percent in FY24 from 29.35 percent in FY23. Gross domestic savings as a percentage of GDP also decreased to 23.96 percent from 25.76 percent during the same period. At current market prices, investment growth was 10.49 percent and gross domestic savings growth was 3.60 percent. Notably, higher growth in investment resulted in an increase in the domestic savings-investment gap as a percentage of GDP to -6.74 percent in FY24, down from -5.19 percent in FY23 (Chart 1.01).

Price Developments

1.17 During FY24, the twelve-month average CPI inflation showed an upward trend as was

also observed in the previous year. At the beginning of FY24 (July 2023), twelve-month average CPI inflation increased slightly to 9.22 percent from 9.08 percent in June 2023 and reached 9.76 percent at the end of FY24 (base: 2021-22=100), while inflation was 2.26 percentage points higher than the targeted ceiling of 7.50 percent in FY24 (Chart 1.02). The higher general CPI inflation was due to increases in food inflation in FY24 compared to the previous year. Food inflation increased to 10.67 percent in June 2024 from 8.80 percent in June 2023. In contrast, non-food inflation decreased to 8.72 percent in June 2024 from 9.54 in June 2023. The surge in food inflation indicates the strong inflationary pressure than emanated mainly from disruptions in the supply chains.

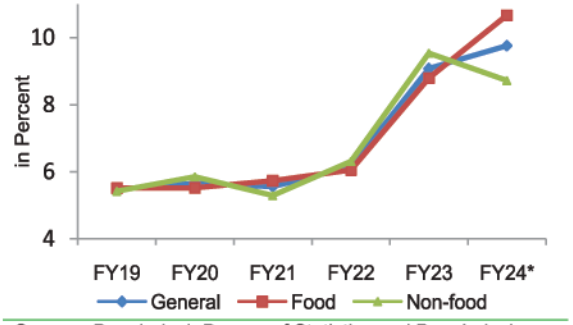
Chart 1.01 Trends in Domestic Savings and Investment



Source: Bangladesh Bureau of Statistics.

Chart 1.02 Trends in National CPI Inflation

(12 month average : base FY06=100, base FY22=100 for April23 - June24)



Source: Bangladesh Bureau of Statistics and Bangladesh Bank.

Money and Credit Developments

1.18 BB implemented a contractionary monetary policy for FY24. In line with the revised target of real GDP growth of 6.50 percent and CPI inflation of 7.50 percent, BB announced its money and credit programs for FY24. BB has made a significant change in monetary policy, switching from a monetary targeting framework to an interest rate-based targeting framework to better control inflation and improve the efficiency of the mechanisms used to transmit monetary policy. Accordingly, BB adopted several policy reforms: (i) the implementation of a policy interest rate corridor with the standing deposit facility (SDF) as its lower bound and the standing lending facility (SLF) as its upper bound, (ii) the establishment of Treasury bills six-month moving average rate (SMART) as a reference interest rate for lending, however it was discontinued later, (iii) the unification of the exchange rate, (iv) a revised methodology for calculating gross international reserves, aligning with the overall Balance of Payment and International Investment Position Manual (BPM6) and (v) cessation of the practice of devolvement of T-bills and T-bonds on BB, considering the multiplier effects of high-powered money on inflation. The policy interest rate rose, amounting to 200 basis points during FY24, while the policy interest rate corridor was narrowed from ±200 basis points to ±150 basis points. BB's regular foreign currency sales acted as an automatic quantitative tightening mechanism in the money market, significantly absorbing liquidity there. As part of its supply-side intervention to support growth-enhancing activities, BB provided comprehensive support through refinancing and pre-financing lines, ensuring liberal access to low-cost credit for agriculture and rural non-farm sectors, CMSMEs (cottage, micro, small, and medium enterprises), import substitution, and export-oriented industries.

1.19 Broad money (M2) growth decreased slightly by 7.75 percent in FY24 from the 10.48 percent growth registered in FY23, though it was lower than the programmed ceiling of 9.70 percent growth. The slower growth of broad money compared to its programmed path was due mainly to negative growth in net foreign assets (NFA), while net domestic assets (NDA) grew by 12.76 percent against the target growth of 12.13 percent set for FY24 and the 21.28 percent actual growth in FY23 (Chart 1.03). Net foreign assets decreased by (-)17.09 percent in FY24 against the anticipated negative growth of (-)2.36 percent and (-)23.35 percent actual growth in FY23.

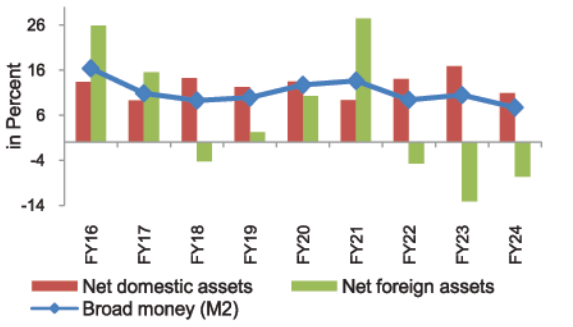
1.20 Despite the slight decrease in credit flows to the private sector, domestic credit grew by 9.98 percent, lower than the targeted growth rate of 13.91 percent set for FY24 and the actual growth of 15.28 percent in FY23, due mainly to increase in credit flows to the private sector from the banking system.

1.21 Private sector credit grew by 9.84 percent in FY24, lower than the targeted growth 10.00 percent set for FY24 and the actual growth of 10.58 percent in FY23. Sources of broad money are shown in Chart 1.04.

1.22 Reserve Money (RM) grew by 7.88 percent, which was targeted to reduce by (-)1.00 percent in FY24. RM grew by 10.49 percent in FY23. The positive growth of net domestic assets (NDA) driven by BB's significant liquidity support measures adopted for banks was the main reason behind the reserve money growth during FY24.

1.23 At the end of FY24, the weighted average interest rate on bank advances increased to 11.52 percent in June 2024 from 7.31 percent in FY23. The weighted average interest rate on bank deposits increased to 5.49 percent in June 2024 from 4.38 percent at the end of FY23. As the increase in interest rate on advances was higher than the increase in interest rate on deposits, the interest rate spread increased significantly to 6.03 percent in June 2024 from 2.93 percent in June 2023, due mainly to the withdrawal of lending caps and adoption of market-based interest rates.

Chart 1.03 Trends in Growth of Monetary Aggregates



Source: Statistics Department, Bangladesh Bank.

Public Finance

1.24 The government's budgetary strategy for FY24 aimed initially to achieve a GDP growth rate of 7.50 percent while maintaining annual inflation at approximately 6.50 percent. In the revised budget for FY24, an overall deficit (including grants) was set at 4.65 percent of GDP, which was 4.60 percent in FY23. The deficit was mainly financed from domestic sources, which increased to 3.13 percent of GDP in FY24 from 2.77 percent of GDP in FY23. Government borrowing from the banking system (net) increased to 3.12 percent of GDP in FY24 from 2.63 percent of GDP in FY23, while borrowing from non-bank sources decreased to 0.01 percent of GDP from 0.14 percent over the same period (Chart 1.05 and 1.06).

1.25 The revised target for revenue collection in FY24 is 30.90 percent higher than the actual revenue receipts in FY23. However, the total revenue-GDP ratio increased to 9.55 percent in FY24, which is higher than the 8.16 percent recorded in FY23.

1.26 Public expenditure as a percentage of GDP increased to 14.28 percent in FY24 from 12.78

percent in FY23 and the volume of public expenditure grew by 24.49 percent in FY24. Recurrent expenditure in FY24 stood at 8.68 percent of GDP, although it was 8.04 percent in FY23 (Chart 1.05).

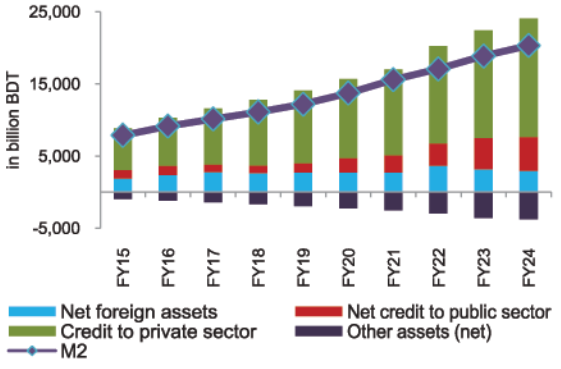
External Sector

1.27 According to BoP data, exports (f.o.b) decreased by (-)5.89 percent while imports (f.o.b) fell by (-)10.61 percent in FY24. Total exports (f.o.b) in FY24 stood at USD 40807 million, from USD 43364 million in FY23. In contrast, the total imports (f.o.b) decreased to USD 63240 million in FY24 from USD 70748 million in FY23. As a result, the trade deficit narrowed and stood at USD 22433 million in FY24, although it was USD 27384 million in FY23. Workers' remittance inflow grew by 10.65 percent and stood at USD 23912 million in FY24, down from USD 21611 million in FY23. Due to a drop in trade deficit and an increase in the inflow of remittances, the current account deficit reduced significantly to USD 6602 million in FY24 from USD 11633 million in FY23. The overall balance of payments improved and remained negative at USD 4300 million in FY24 from USD (-)8222 million in FY23. A significant current account deficit is the main cause of Bangladesh's economy's continuously negative overall balance of payments. (Chart 1.07, Appendix-3: Table-XVI).

1.28 According to National Board of Revenue (NBR) data, export shipments declined by 4.34 percent in FY24, down from 10.73 percent in the previous year. Export shipments as a percentage of GDP decreased slightly to 9.87 percent in FY24, down from 10.42 percent in FY23.

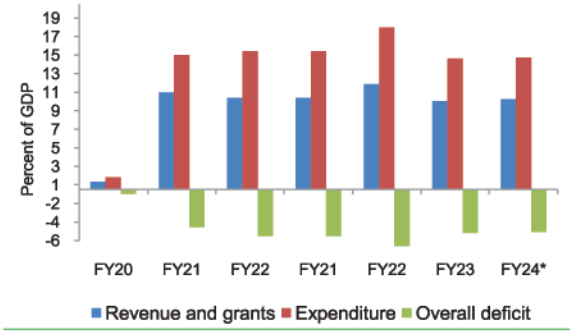
1.29 Gross international foreign exchange reserves stood at USD 26714.20 million at the end of June 2024, which is sufficient for covering five months of prospective import payments, which was USD 31202.98 million at the end of June 2023. A significant decrease in exports has led to a fall in foreign exchange reserves.

Chart 1.04 Trends in Sources of Broad Money



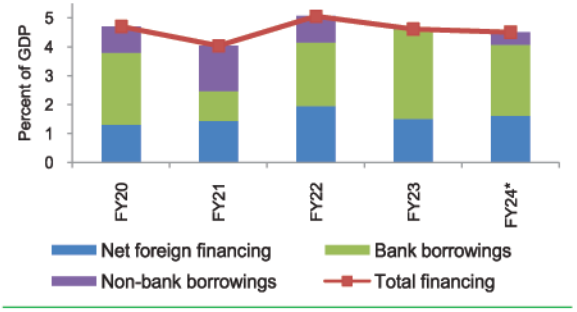
Source: Statistics Department, Bangladesh Bank.

Chart 1.05 Trends in Revenue, Expenditure and Overall Budget Deficit



*Revised Budget.
Source: Ministry of Finance.

Chart 1.06 Trends in Deficit Financing



*Revised Budget.
Source: Ministry of Finance.

1.30 Geopolitical tensions and global economic uncertainty arising from the ongoing conflicts in Ukraine and the Middle Eastern countries, along with monetary tightening by

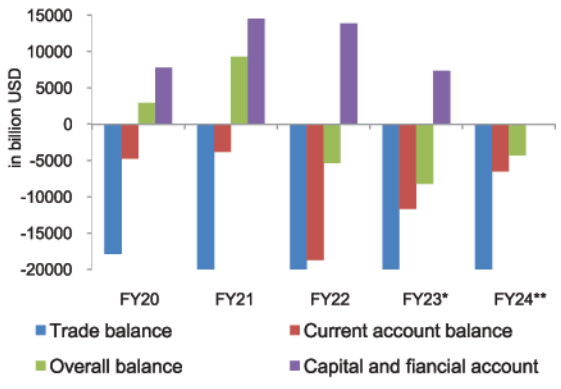
central banks worldwide, have impacted on the external sector of Bangladesh. The continued deficit of the overall balance of payments has created depreciating pressures on the exchange rate of BDT against USD. BB has had to introduce the crawling peg exchange rate system to reduce volatility and make the exchange rate market-oriented. Besides, BB has sold a net of USD 9.41 billion to banks to keep the exchange rate stable in FY24. However, the annual average exchange rate stood at BDT 111.06 per USD in FY24, which was BDT 99.46 per USD in FY23, indicating depreciating pressure on the nominal exchange rate. The nominal effective exchange rate (NEER) index, as calculated with a trade-weighted 18-currency basket (base: FY16 = 100), decreased by 6.82 percent in FY24. Similarly, the real effective exchange rate (REER) index decreased by 0.26 percent in the period under report (Charts 1.09 and 1.10), indicating depreciating pressure on BDT against the basket of currencies of Bangladesh's trade partner countries.

1.31 The outstanding external debt stock of the government increased to USD 68351.02 million at the end of FY24 down from USD 62406.25 million at the end of FY23. The government outstanding external debt to GDP ratio increased to 15.17 percent in FY23 up from 13.82 percent in FY23.

Near Term Outlook for Bangladesh Economy

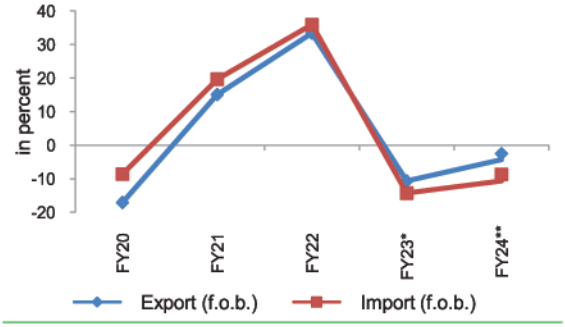
1.32 Though the growth of Bangladesh's economy in FY24, was slightly higher than in previous year, the deprecating pressure of BDT-USD exchange rate, diminishing foreign exchange reserves, and persistent high inflation impacted on credit available for the private sector and private investment. This is seen in the adversely decreasing demand from domestic and foreign markets, and also evident in the negative growths registered in imports and exports. Throughout FY24, the government and Bangladesh Bank took several policy initiatives

Chart 1.07 Trends in Balance of Payment



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

Chart 1.08 Trends in Export and Import Growth



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

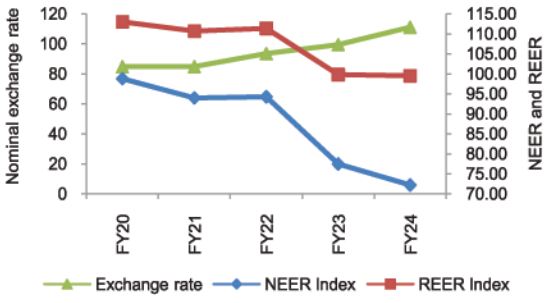
to reduce inflation, maintain exchange rates, and increase foreign exchange reserves. The targets for real GDP growth and inflation rate have been set at 6.75 percent and 6.50 percent respectively, for FY25 with a view to completion of the governments' ongoing development activities and providing opportunities for further growth in the transport sector, communications, and the power and energy sectors of the country. However, there may be some headwinds to impede such this growth and inflation may cause problems due mainly to exchange rate problems and inflationary pressures.

1.33 More investment in the private sector is essential for more growth. Rising interest and

inflation rates and the depreciating pressures on exchange rate may reduce investment growth in the private sector. The slower growth forecast for the world economy and uncertainty arising from continuing Middle East unrest and the Russia-Ukraine war could lower external demand. However, in the aftermath of the regime change in our country prudent government expenditure and increased investment can increase domestic savings and accelerate private investment. In recent years, as part of its Annual Development Program (ADP) the government has made a lot of investment in the transport, communication, power and energy sectors, which may lead to more employment, and expansion in the business sector. No doubt, the opening of railway bridges over the Padma and Jamuna rivers will further increase domestic economic activities in the western and northern region of the country. Inflation in Bangladesh has remained at a high level since FY23 due mainly to fuel price and global commodity price hikes, exchange rate pass-through effects, and supply chain disruptions. Since global commodity prices are projected to decline in 2025 (according to World Economic Outlook, October 2024), inflation in Bangladesh may decline through easing exchange rate pressure and monetary tightening. However, the unstable political situation in the beginning of FY25, the regime change of August 2024 severe floods in the central, eastern and southeastern regions and labour unrest in major industrial areas might be detrimental to the growth and inflation outlook.

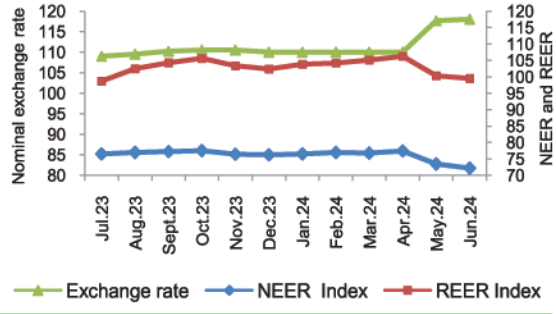
1.34 The growth projection of broad money for FY25 has been set at 8.4 percent, with 17.8 percent growth in credit set for the public sector and 9.8 percent growth projected for the private sector, indicating strict monetary policy stance. Higher growth in public sector credit is expected to help finance government expenditure, enabling more public investment for

Chart 1.09 Trends in NEER and REER Indices



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

Chart 1.10 Recent Movements in NEER and REER Indices



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

infrastructure development. In comparison, lower growth in private sector credit but more credit flow to productive and employment-generating sectors is anticipated to contain persistently high inflation. In case of no creation of high-powered money through the government's borrowing from BB, the policy and market interest rate may increase, negatively affecting gross investment and the overall growth outlook.

1.35 Lack of government's adequate revenue mobilisation for development activities has resulted in increased borrowing from domestic sources, which has tightened liquidity and raised the rate of interest. Although increased borrowing by the government can finance important investments and promote growth,

weak fiscal discipline carries risks such as increase in inflationary pressures and budget deficits, endangering the stability of the economy as a whole. It is anticipated that the deficit for FY25 budget will be lower than that for FY24, indicating improved fiscal management and sustainability. Nonetheless, a higher reliance on domestic financing for FY25 could crowd out the private sector credit and further increase interest rates.

1.36 The performance of Bangladesh's external sector as reflected in its balance of payment (BoP) statement shows an improved situation in FY24 because of the poloicies adopted by the Bangladesh Bank and the Government's efforts to limiting imports, increasing workers' remittances, raising net foreign investment aids and loans, and adopting a crawling peg exchange rate system aligned with real effective exchange rate(REER). However, large current account deficit position resulting mainly from high import payments is leading to deficits in the overall BoP. Such a situation has created pressures on foreign exchange reserves and the BDT-USD exchange rate. Acceleration of workers' remittances and other inflows of external funds will, however, ease the pressure on the deficit in the overall BoP.

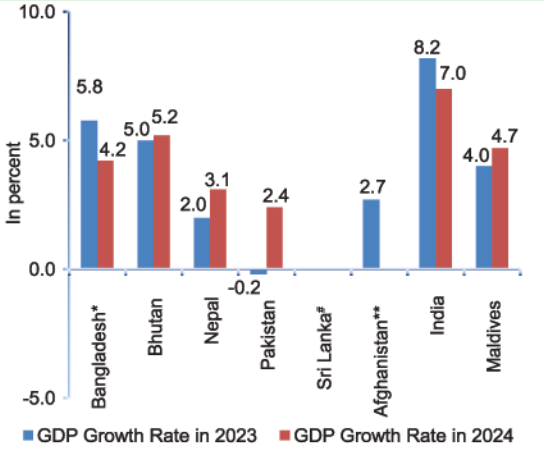
Trends of the Real Sector of Bangladesh Economy

2.01 Bangladesh's economy grew at a slightly lower rate in FY24 than the previous fiscal year due to some domestic and external headwinds. Prolonged conflicts in the Middle East and the Russia-Ukraine war, declining foreign exchange reserves, depreciation of the exchange rate, high inflation, and rising interest rates affected external demand and domestic economic activities. Bangladesh Bureau of Statistics (BBS), thus had to estimate a real GDP (base: FY16 = 100) growth of 4.22 percent in FY24 compared to the 5.78 percent growth achieved in FY23 (Table 2.01).

2.02 Among other South Asian nations, India's economy is expected to expand 7.0 percent in FY24, supported by robust industry and services growth. In FY24, growth in the Maldivian economy is expected to reach 4.7 percent, assuming a boost in the tourism sector after extension work was carried out at Maldives international airport. Nepal's economy is expected to achieve a growth recovery to 3.1 percent in FY24 from the previous year's weak economic performance, assuming higher prospects of hydropower exports amid robust growth of the Indian economy. Even Pakistan's economy is anticipated to expand by 2.4 percent in FY24, with rising foreign reserves and increased business confidence. However, no growth data is available for Afghanistan and Sri Lanka (World Economic Outlook, October 2024, and South Asia Development Update, April 2024).

2.03 GDP size at current market prices in Bangladesh is estimated at BDT 50026.54 billion for FY24, which is 11.40 percent higher than that of the preceding year. In FY24, per capita real GDP and GNI have been estimated at BDT 195000.75 and BDT 203397.98, respectively. The growth of per capita real GDP in FY24 is projected to be 3.77 percent, which is lower than the previous year. Per capita nominal GDP and GNI are estimated at BDT 291547 (USD 2625) and BDT 304102 (USD 2738), respectively, in FY24.

Chart 2.01 Movements of Growth in South Asian Countries in 2023 and 2024



Source: World Economic Outlook, October 2024, IMF (Projection for 2024).
* Bangladesh growth data are on a fiscal year basis (July-June) published by the Bangladesh Bureau of Statistics (BBS).
** Data are omitted by IMF because of a high degree of uncertainty.
Projection for 2024 is excluded from publication owing to ongoing discussions on sovereign debt restructuring.

Sectoral Growth Rate of GDP

2.04 The growth matrix depicts that the gradual acceleration of the economic growth drive is led by the industry sector, followed by the services sector and the agriculture sector in FY24.

Agriculture Sector

2.05 The growth of agriculture sector decreased to 3.30 percent in FY24 from 3.37 percent in FY23. The decline of growth in this sector occurred mainly from lower growth of crops and horticulture; animal farming; and forest and related services subsectors. In contrast, the growth of the fishing subsector increased slightly during the period covered by the report.

2.06 Among the various subsectors of agriculture, the growth of forest and related services was the highest at 4.99 percent in FY24, but was lower than 5.13 percent recorded in the FY23. The subsector of crops and

horticulture also experienced higher growth of 4.00 percent in FY24 up from 3.15 percent in FY23. Animal farming subsector decreased to 3.07 percent in FY24 compared to 3.17 percent in FY23. In contrast, the fishing subsector experienced only a 0.79 percent growth in FY24, although it was 2.80 percent in FY23 (Table 2.01).

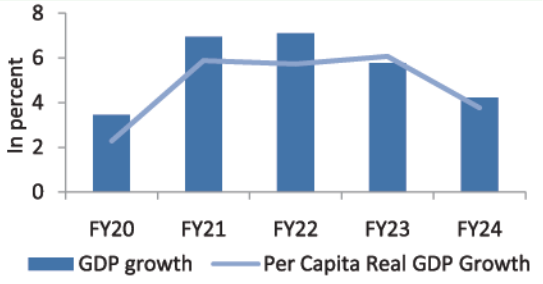
Industry Sector

2.07 The industrial sector is essential to domestic output and is expected to propel the growth of the Bangladesh economy. However, the decline in foreign exchange reserves in recent years has impacted on the imported supplies of raw materials and capital goods, which in turn has significantly affected the manufacturing sector's growth. This situation has led to a decrease in industrial growth to 3.51 percent in FY24, compared to 8.37 percent in the previous fiscal year. In the industrial subsectors, the mining and quarrying subsector growth decreased significantly to (-) 1.15 percent in FY24, down from 12.73 percent in FY23. Similarly, in all its parts, manufacturing subsector experienced a lower growth of 3.16 percent in FY24, compared to 8.89 percent in FY23. In the manufacturing subsectors, the growth of large industries declined sharply to 1.02 percent in FY24, down from 8.38 percent in FY23. The cottage industry also registered a lower growth rate of 6.92 percent in FY24, down from 10.01 percent in FY23. Small, medium and micro industry growth rates decreased to 4.66 percent in FY24 from 9.15 percent in FY23. Similarly, water supply, sewerage, waste management and remediation activities as well as the construction subsectors achieved lower growths of 3.95 percent and 5.63 percent, respectively, in FY24, compared to 8.88 percent and 6.98 percent, respectively, in FY23 (Table 2.01).

Services Sector

2.08 Through Its consistent growth, the service sector is providing vital support to the economy. Growth in the services sector, comprising more than half of gross value added (GVA), decreased slightly to 5.09 percent in FY24, as against 5.37 percent in FY23. Within the services sector, significant growth in FY24 primarily came from wholesale and retail trade, repair of motor vehicles and motorcycles; human health and social work activities; education; public administration and defense, and compulsory social divisions. Among various

Chart 2.02 Trends in Bangladesh's Real GDP Growth



Source: Bangladesh Bureau of Statistics (BBS).

Table 2.01 Sectoral Growth Rate of GDP

(Base Year: FY16)

	FY22	FY23	FY24
1. Agriculture	**3.05**	**3.37**	**3.30**
a) Crops and horticulture	2.61	3.15	4.00
b) Animal farming	3.10	3.17	3.07
c) Forest and related services	5.08	5.13	4.99
d) Fishing	2.64	2.80	0.79
2. Industry	**9.86**	**8.37**	**3.51**
a) Mining and quarrying	-1.12	12.73	-1.15
b) Manufacturing	11.41	8.89	3.16
i) Large industry	15.68	8.38	1.02
ii) Small, medium and micro industry	4.84	9.15	4.66
iii) Cottage industry	11.12	10.01	6.92
c) Electricity, gas, steam and air conditioning supply and remediation activities	6.15	2.46	0.98
d) Water supply, sewerage, waste management and remediation activities	9.54	8.88	3.95
e) Construction	8.71	6.98	5.63
3. Service	**6.26**	**5.37**	**5.09**
a) Wholesale and retail trade, repair of motor vehicles and motorcycles	8.46	6.38	5.77
b) Transport and storage	5.75	5.49	5.14
c) Accommodation and food service activities	5.37	5.84	5.60
d) Information and communication	4.79	6.35	4.06
e) Financial and insurance activities	5.87	2.55	1.21
f) Real estate activities	3.70	3.68	3.50
g) Professional, scientific and technical activities	4.25	8.80	7.64
h) Administrative and support service activities	6.01	7.51	8.86
i) Public administration and deference,compulsory social security	4.91	7.03	5.58
j) Education	7.87	5.53	6.56
k) Human health and social work activities	9.88	7.22	9.27
l) Arts, entertainment and recreation	6.07	6.34	6.42
m) Other service activities	3.19	3.24	3.14
Total GVA at constant price	**7.17**	**6.25**	**4.29**
GDP (at constant market price)	**7.10**	**5.78**	**4.22**

Source: Bangladesh Bureau of Statistics (BBS)

subsectors of services, human health and social work activities; administrative and support service activities; professional, scientific and technical activities; education; arts, entertainment and recreation; wholesale and retail trade, repair of motor vehicles and motorcycles; accommodation and food service activities; public administration and defense, compulsory social security; transport and storage; information and communication; real estate activities; other service activities; and financial and insurance activities registered growth rates of 9.27, 8.86, 7.64, 6.56, 6.42, 5.77, 5.60, 5.58, 5.14, 4.06, 3.50, 3.14 and 1.21 respactively in FY24 comparad to 7.22, 7.51, 8.80, 5.53, 6.34, 6.38, 5.84, 7.03, 5.49, 6.35, 3.68, 3.24 and 2.55 percent growths, respectively, in FY23 (Table 2.01).

Sectoral Share of GDP

2.09 Sectoral decomposition of the share of GDP shows that the service sector is continuing to be the largest contributor to GDP, followed by the industrial and agricultural sectors.

2.10 The service sector's share in GDP stood at 51.44 percent in FY24, compared to 51.05 percent in the preceding year. Among the subsectors of this sector, the shares of real estate activities; other service activities; and financial and insurance activities marginally went down to 7.86, 4.49 and 2.98 percent respectively in FY24 from 7.92, 4.54 and 3.07 percent, respectively, in FY23. In contrast, the shares of wholesale and retail trade, repair of motor vehicles and motorcycles; transport and storage; human health and social work activities; public administration and defense, compulsory social security; education; accommodation and food service activities; and administrative and support service activities increased slightly to 15.48, 7.35, 3.59, 3.52, 2.73, 1.09 and 0.76 percent respectively in FY24 compared to 15.26, 7.29, 3.43, 3.48, 2.68, 1.07 and 0.73 percent, respectively in FY23. However, the share of information and communication; and arts, entertainment and recreation sectors remained unchanged at 1.26 and 0.14 percent, respectively, during the same period (Table 2.02).

2.11 The Industrial sector's contribution to GDP decreased to 37.37 percent in FY24, down from 37.65 percent in FY23. Among the subsectors of the industry, the share of the

Chart 2.03 Trends in Sectoral Growth



Source: Bangladesh Bureau of Statistics (BBS).

Table 2.02 Sectoral Share of GDP

(Base Year: FY16)

	FY22	FY23	FY24
1. Agriculture	**11.61**	**11.30**	**11.19**
a) Crops and horticulture	5.46	5.30	5.29
b) Animal farming	1.91	1.85	1.83
c) Forest and related services	1.72	1.70	1.71
d) Fishing	2.53	2.45	2.36
2. Industry	**36.92**	**37.65**	**37.37**
a) Mining and quarrying	1.76	1.87	1.77
b) Manufacturing	24.29	24.89	24.62
i) Large industry	12.75	13.01	12.60
ii) Small, medium and micro industry	7.33	7.53	7.56
iii) Cottage industry	4.21	4.35	4.46
c) Electricity,gas, steam and air conditioning supply	1.23	1.19	1.15
d) Water supply, sewerage, waste management and remediation activities	0.10	0.10	0.10
e) Construction	9.54	9.60	9.73
3. Service	**51.48**	**51.05**	**51.44**
a) Wholesale and retail trade, repair of motor vehicles and motorcycles	15.24	15.26	15.48
b) Transport and storage	7.34	7.29	7.35
c) Accommodation and food service activities	1.08	1.07	1.09
d) Information and communication	1.26	1.26	1.26
e) Financial and insurance activities	3.19	3.07	2.98
f) Real estate activities	8.12	7.92	7.86
g) Professional, scientific and technical activities	0.17	0.17	0.18
h) Administrative and support service activities	0.72	0.73	0.76
i) Public administration and defence, compulsory social security	3.45	3.48	3.52
j) Education	2.69	2.68	2.73
k) Human health and social work activities	3.40	3.43	3.59
l) Arts, entertainment and recreation	0.14	0.14	0.14
m) Other service activities	4.67	4.54	4.49
Total GVA at constant basic price	**100.00**	**100.00**	**100.00**

Source: Bangladesh Bureau of Statistics (BBS)

construction are increased slightly to 9.73 percent in FY24, up from 9.60 percent in FY23. On the other hand, the share of the manufacturing; mining and quarrying; and electricity, gas, steam and air conditioning supply subsector dropped marginally to 24.62, 1.77 and 1.15 percent respectively in FY24, compared to 24.89, 1.87 and 1.19 percent, respectively, in FY23. However, the share of water supply, sewerage and waste management and remediation activities subsectors remained the same at 0.10 percent during the period under consideration (Table 2.02).

2.12 The contribution of the agriculture sector to GDP has been declining gradually, while the services and industry sector's share have been increasing as per the development paradigm, especially after the 1980s. The share of the agricultural sector decreased to 11.19 percent in FY24 from 11.30 percent in FY23. The share of the subsectors of agriculture, i.e., crops and horticulture; animal farming; and fishing to GDP declined to 5.29, 1.83, and 2.36 percent, respectively, in FY24 from 5.30, 1.85 and 2.45 percent, respectively, in FY23. The share of forest and related services subsector, however, increased slightly to 1.71 percent in FY24 from 1.70 percent in FY23 (Table 2.02).

GDP based on Expenditure

2.13 Looking at the expenditure-based GDP at the current market price, gross domestic product (GDP) was lower than gross domestic expenditure (GDE) by BDT 444.04 billion in FY24. This is reported as a statistical discrepancy which arises mainly due to the differences in BBS's data compilation technique. In FY23, the statistical discrepancy was BDT (-)234.89 billion (Table 2.03).

2.14 Gross domestic expenditure (GDE) reflects the aggregate demand from domestic economic activities, measured as the sum of domestic consumption and investment, along with resource balance (exports minus imports). Domestic demand was estimated at BDT 53399.98 billion at current market prices in FY24 which was 13.04 percent higher than FY23. Resource balance (net exports) was estimated at BDT (−) 2929.40 billion in FY24 (Table 2.03).

Table 2.03 GDP on Expenditure Method

(At current market price)
(Billion BDT)

Particulars	FY22	FY23	FY24
Domestic demand(1+2)	42427.02	47239.92	53399.98
Consumption(1)	29698.75	33340.23	38041.60
Private	27435.27	30796.09	35085.98
General Government	2263.48	2544.14	2955.60
Investment(2)	12728.27	13899.70	15358.40
Private	9736.71	10860.80	11984.60
Public	2991.56	3038.89	3373.78
Resource balance (3)−(4)	-3183.54	-2096.61	-2929.40
Exports(3)	5116.46	5908.67	5233.37
Imports(4)	8299.99	8005.28	8162.77
Gross domestic expenditure	39243.48	45143.30	50470.58
Gross domestic product	39717.16	44908.42	50026.54
Statistical discrepancy	473.68	-234.89	-444.04

Source: Bangladesh Bureau of Statistics (BBS)

Table 2.04 Savings and Investment

(As percent of GDP)

Particulars	FY22	FY23	FY24
Investment	**32.05**	**30.95**	**30.70**
Private	24.52	24.18	23.96
Public	7.53	6.77	6.74
Domestic Savings	**25.22**	**25.76**	**23.96**
National Savings	**29.35**	**29.95**	**28.42**

Source: Bangladesh Bureau of Statistics (BBS).

2.15 Total consumption and net exports accounted for 75.37 percent and (−) 5.80 percent of GDE, respectively in FY24. In nominal terms, investment and consumption increased by 10.49 and 14.10 percent, respectively during the same period.

Savings and Investment

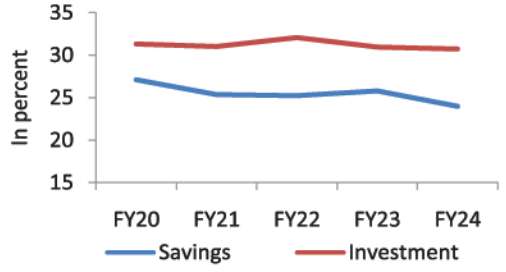
2.16 Gross domestic savings (GDS) at current market prices stood at 23.96 percent of GDP in FY24 from 25.76 percent of GDP in the previous fiscal year. Gross national savings (GNS) decreased to 28.42 percent of GDP in FY24 from 29.95 percent in FY23 (Table 2.04).

2.17 Investment as a percent of percentage GDP decreased slightly to 30.70 in FY24 from

30.95 in FY23. The private investment to GDP ratio decreased to 23.96 percent in FY24 from 24.18 percent in FY23 due mainly to import limitations and global supply chain disruptions. However, the public investment to GDP ratio decreased slightly to 6.74 percent in FY24 from 6.77 percent in FY23 (Table 2.04).

2.18 The gross domestic savings (GDS) and gross national savings (GNS) at current market prices increased by 3.60 and 5.71 percent, respectively, in FY24 as compared to FY23. Broadly domestic savings-investment gap in Bangladesh is negative. It was widened at 6.74 percent of GDP in FY24 from 5.19 percent of GDP in FY23. The ratio of domestic savings to GDP decreased during the same period (Chart 2.04).

Chart 2.04 Trends in Savings and Investment



Source: Bangladesh Bureau of Statistics (BBS).

Sectoral Growth Outlook

2.19 Despite several domestic and international challenges, including the protracted Middle East conflict and the Russia-Ukraine war, as well as pressures in money and foreign exchange markets, Bangladesh's economy grew moderately in FY24. However, the government has set the primarily growth target of 6.75 percent for FY25. This growth outlook requires more investment, especially in the private sector. The private sector investment growth may be slowed as the economy passes through depreciating pressures on exchange rates, a tight monetary stance, and high inflation. External demand may be lower as slower global economic growth is forecasted. Rising interest rates and high inflation could reduce investment in the private sector. However, prudent government spending in transportation, communication, power, and energy could boost investment, leading to economic growth.

2.20 Prolonged rainfall and recent floods in the central, eastern, and southeast regions would hamper the production of crops, fisheries, and livestock in the agricultural sector. On the other hand, recurrent labour unrest in major industrial areas could create disturbances in industrial production. However, the opening of railway bridges across the Padma and Jamuna rivers and other infrastructure development could boost service activities throughout the country. In the backdrop of falling global commodity prices, effective coordination of fiscal and monetary policies might ease inflation pressure and turn the economy to its targeted growth path.

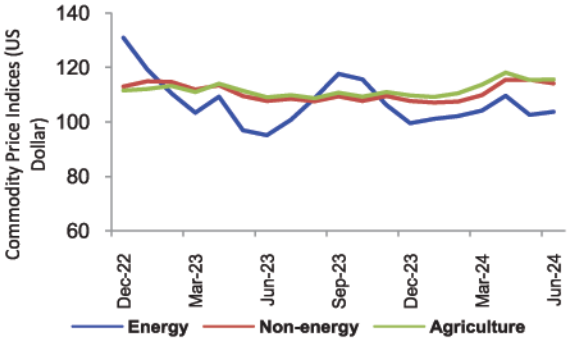
Price and Inflation

Global Inflation

3.01 The global economy has demonstrated surprising resilience since mid-2022, showing steady growth and overcoming predictions of stagflation and a global recession. Over the past four years, the world has faced numerous challenges, including a rare pandemic, escalating geopolitical tensions, and severe weather events. These factors have disrupted supply chains, caused energy and food crises, and forced governments to take unprecedented actions to protect their populations and economies. While the global economy as a whole appears to be recovering, this broad picture hides significant regional disparities and persistent vulnerabilities. Since 2020, many supply shocks have significantly impacted global output and inflation, affecting various countries and regions differently. The most notable disparities have been evident in advanced and developing economies. Global headline inflation is expected to decline from an annual average of 6.7 percent in 2023 to 5.8 percent in 2024, and further to 4.3 percent in 2025 (*World Economic Outlook,* October 2024). The projected decline in global inflation for 2024 and 2025 reflects widespread reduction in core inflation, in contrast to 2023, when headline inflation dropped, primarily due to falling fuel prices. Core inflation is expected to decrease by 1.3 percentage points in 2024, following a modest 0.1 percentage point dip in 2023, with advanced economies driving this decline. Contributing factors include the lagged effects of tight monetary policies and waning pass-through effects from previous price decreases, particularly in the energy sector.

3.02 Rising tensions in the Middle East have pushed up prices of some crucial commodities, especially oil and gold. According to the *Commodity Markets Outlook*, April 2024, overall commodity prices are forecasted to decline slightly

Chart 3.01 International Commodity Price Indices
(Base: 2010=100)



Source: Commodity Market Outlook, The World Bank, June 2024.

but are expected to remain about 38 percent above pandemic levels in 2024 and 2025. Unlike the prices of most other commodities, oil prices are set to increase in 2024 by 2 percent. The energy price and agriculture indices increased to 103.77 and 115.66 in June 2024, up from their lowest points during 2022-23, indicating a significant rise of 9.03 percent and 6.00 percent, compared to the situation in June 2023. Additionally, the non-energy index stood at 114.16 in June 2024, experiencing an increase of 6.03 percent compared to the situation in June 2023 (Chart 3.01). Notably, the price of crude oil increased to USD 81.21 per barrel in June 2024, down from the USD 73.26 per barrel recorded in June 2023 (*Commodity Price Data*, June 2024, The World Bank). Overall, the disinflationary effects from moderating commodity prices seem to have come to an end. Persistent high commodity prices, compared to pre-pandemic levels amid subdued global GDP growth, suggest several influencing factors: geopolitical tensions are driving up prices, investments in clean energy are increasing demand for metals, and rising industrial and infrastructure investment. Risks to price forecasts are skewed upward, also have influenced the economy primarily due to the potential for an escalation of conflicts in the Middle East. Such conflicts could

further increase commodity prices, exacerbating global inflation and delaying monetary easing. Additionally, food insecurity, which worsened significantly last year due to conflicts and high food prices, may continue to increase.

Inflation in SAARC and Other Asian Countries

3.03 Among SAARC countries, Pakistan is anticipated to experience the highest inflation rate of 23.4 percent in 2024, followed by Bangladesh (9.7 percent), Nepal (5.6 percent), Bhutan (4.6 percent), and India (4.4 percent). Maldives may be able to maintain the lowest inflation rate of 1.5 percent in 2024 in this region. Among other Asian countries, Myanmar is projected to have the highest inflation rate of 22.0 percent, while Thailand may experience the lowest 0.5 percent inflation rate in 2024 (Table 3.01, Chart 3.02).

Consumer Prices in Bangladesh

3.04 The CPI based 12-month average headline inflation continued to rise and reached 9.73 percent in June 2024, compared to 9.02 percent in June 2023. This average inflation rate was 2.23 percentage points higher than the revised target of 7.50 percent for FY24. However, the rate has remained the same in the last three months of FY24 (Table 3.02 and Chart 3.03). The inflation momentum was attributed to higher prices of food items, mostly originating from the depreciation of BDT, resulting in higher import costs, along with increased production costs due to higher transportation costs and increase in electricity prices. These adverse conditions have resulted in a prolonged period of high inflation.

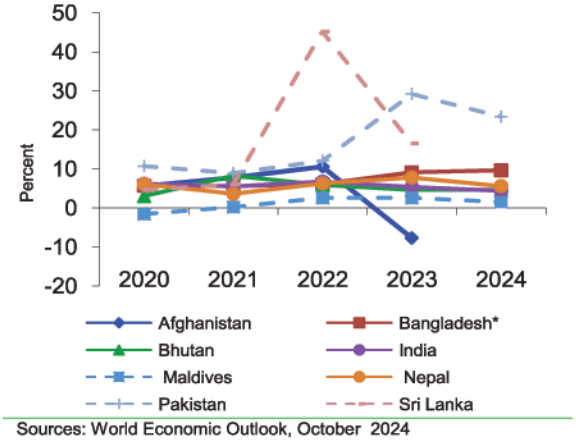
3.05 The point-to-point annual average headline inflation rate reached 9.73 percent in FY24, although it was 9.02 percent in FY23. The trend of point-to-point annual average national level CPI and inflation rate by consumption basket sub-groups are shown in Table 3.03. The

Table 3.01 Inflation in SAARC and Other Asian Countries

Countries	2020	2021	2022	2023	2024[P]
1. Afghanistan	5.6	7.8	10.6	-7.7	n/a
2. Bangladesh	5.7	5.6	6.1	9.2	9.7
3. Bhutan	3	8.2	5.9	4.6	4.6
4. India	6.2	5.5	6.7	5.4	4.4
5. Maldives	-1.6	0.2	2.6	2.6	1.5
6. Nepal	6.1	3.6	6.3	7.8	5.6
7. Pakistan	10.7	8.9	12.1	29.2	23.4
8. Sri Lanka	4.6	6	45.2	16.5	n/a
Other Asian countries					
9. Indonesia	2	1.6	4.1	3.7	2.5
10. Korea	0.5	2.5	5.1	3.6	2.5
11. Malaysia	-1.1	2.5	3.4	2.5	2.8
12. Myanmar	5.7	3.6	18.4	27.1	22.0
13. Singapore	-0.2	2.3	6.1	4.8	2.6
14. Thailand	-0.8	1.2	6.1	1.2	0.5

[P] Projection, n/a Not available
Sources: International Monetary Fund & World Bank, for other data on calendar year basis.

Chart 3.02 Inflation Situation in SAARC Countries



Sources: World Economic Outlook, October 2024

Table 3.02 Monthly Trends of Inflation in FY24
(12-month average: FY22=100)

Months	General	Food	Nonfood
Jul-23	9.20	8.84	9.64
Aug-23	9.24	9.08	9.55
Sep-23	9.29	9.37	9.44
Oct-23	9.37	9.73	9.33
Nov-23	9.43	9.95	9.17
Dec-23	9.48	10.08	9.05
Jan-24	9.59	10.22	9.02
Feb-24	9.66	10.32	8.98
Mar-24	9.69	10.37	8.98
Apr-24	9.73	10.48	8.95
May-24	9.73	10.60	8.90
Jun-24	9.73	10.66	8.86

Source: Bangladesh Bureau of Statistics.

point-to-point headline inflation rate was about 9.72 percent in June 2024, with the rise and fall of inflation over FY24, which was 9.74 percent in June 2023 (Chart 3.04).

Food and Nonfood Inflation

3.06 The 12-month average food inflation continued its upward trend throughout FY24. The 12-month food inflation stood at 10.66 percent in June 2024, although it was 8.71 percent in June 2023. Similarly, the 12 month average nonfood inflation experienced a declining trend throughout FY24, and went down to 8.86 percent in June 2024 from 9.39 percent in June 2023 (Table 3.03).

3.07 The point-to-point food inflation remains persistently high, always above 9.0 percent, and had increased to 10.42 percent in June 2024, although it was 9.73 percent in June 2023. The supply chain disruption due to global wars, depreciating currencies and high global oil prices continued to be reflected in the point-to-point food inflation dynamics in FY24. The point-to-point nonfood inflation decreased marginally from 9.60 percent in June 2023 to 9.15 percent in June 2024 through the rise and fall of nonfood inflation during FY24. However, point-to-point nonfood inflation remained above 9.0 percent since January 2024 (Chart 3.04). Supply-side constraints and substantial the rise in import costs have continued to weigh on nonfood inflation.

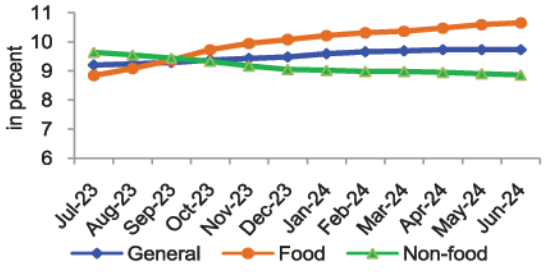
Core Inflation

3.08 The 12-month average core inflation (nonfood, non-fuel) decreased by 1.17 percentage points to 7.36 percent in June 2024, down from 8.53 percent in June 2023. Similarly, point- to-point core inflation increased by 0.33 percentage points to 8.10 percent in June 2024, up from 7.77 percent in June 2023 (Chart 3.05).

Rural and Urban Inflation

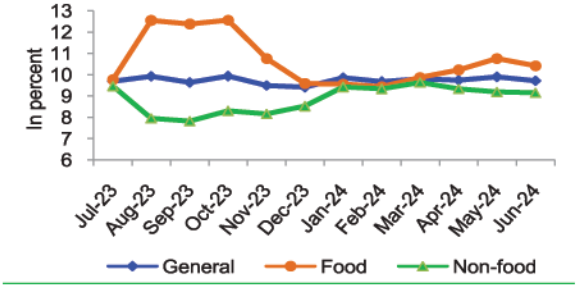
3.09 The point-to-point rural inflation rate stood at 9.77 percent in FY24, which stands 0.68 percentage points higher than the point-to-point rural inflation rate of 9.08 percent in FY23. The point-to-point rural food inflation increased to

Chart 3.03 Monthly Trends of Inflation in FY24
(12-month average: FY22=100)



Source: Bangladesh Bureau of Statistics.

Chart 3.04 Monthly Trends of Inflation in FY24
(Point-to-point : FY22=100)



Source: Bangladesh Bureau of Statistics.

Table 3.03 Annual Average CPI Based Inflation
(Base: FY06=100)

Group	Weight	FY21	FY22	FY23*	FY24*
a. National level					
General Index	100.00	288.44	306.18	109.02	119.63
		(5.56)	(6.15)	(9.02)	(9.73)
Food	56.18	313.86	332.86	108.71	120.30
		(5.73)	(6.05)	(8.71)	(10.65)
Nonfood	43.82	255.85	271.98	109.39	119.08
		(5.29)	(6.31)	(9.39)	(8.86)
b. Rural					
General Index	100.00	286.37	304.76	109.08	119.73
		(5.59)	(6.42)	(9.08)	(9.77)
Food	61.41	306.40	326.34	108.80	120.41
		(5.99)	(6.51)	(8.79)	(10.67)
Nonfood	38.59	254.51	270.42	109.54	119.10
		(4.85)	(6.25)	(9.54)	(8.71)
c. Urban					
General Index	100.00	292.27	308.81	108.87	119.30
		(5.49)	(5.66)	(8.87)	(9.58)
Food	46.52	332.08	348.75	108.53	120.09
		(5.15)	(5.02)	(8.52)	(10.65)
Nonfood	53.48	257.64	274.07	109.13	118.81
		(5.88)	(6.38)	(9.13)	(8.87)

Note: Figures in parentheses represent annual inflation
*FY22=100
Source: Bangladesh Bureau of Statistics.

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

(Base: FY06=100)

Group/sub-group	Weight	FY22	FY23*	FY24*	% Change FY24
General index	100	306.18	109.02	119.63	9.73
1. Food and Nonalcoholic Beverages	44.86	332.86	108.71	120.30	10.66
2. Nonfood of which	55.14	271.98	109.39	119.08	8.86
i) Alcoholic Beverages, Tobacco and Narcotics	2.64	-	-	121.23	-
ii) Clothing & footwear	6.11	320.14	106.71	115.73	8.45
iii) Housing, Water, Electricity, Gas, and Other Fuels	15.24	232.43	108.25	118.94	9.88
iv) Furnishings, Household Equipment, and Routine Maintenance of the House	3.84	320.30	109.68	123.81	12.88
v) Health	4.34	253.62	114.09	118.23	3.63
vi) Transport	9.37	313.00	109.67	117.62	7.25
vii)Communications	2.34	-	-	107.62	-
viii) Recreation and Culture	1.54	202.60	108.58	123.75	13.97
ix) Education	3.76	-	-	112.93	-
x) Restaurants and Hotels	2.17	-	-	140.32	-
xi) Miscellaneous goods and services	3.79	312.28	112.05	122.53	9.35

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

10.67 percent in FY24, up from 8.79 percent in FY23. On the other hand, point-to-point rural nonfood inflation decreased to 8.71 percent in FY24, down from 9.54 percent in FY23. However, the 12 month average rural inflation rate increased to 9.76 percent in June 2024, up from 9.08 percent in June 2023 (Table 3.03 and Chart 3.06).

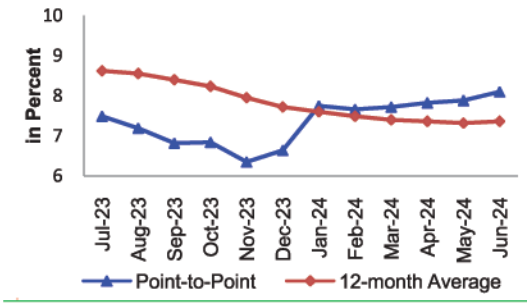
3.10 The point-to-point urban inflation rate stands at 9.58 percent in FY24, which is 0.70 percentage points higher than the point-to-point urban inflation rate of 9.45 percent in FY23. The 12 month average urban food inflation increased to 10.65 percent in June 2024, down from 8.52 percent in June 2023. The 12-month average urban nonfood inflation declined to 8.87 percent in June 2024, down from 9.13 percent in June 2023. However, the 12 month average urban inflation rate increased to 9.58 percent in June 2024 from 8.87 percent in June 2023 (Table 3.03 and Chart 3.07).

Food Grain Production

3.11 Total food grain production (*Aus* & *Aman*) decreased to 19.6 million metric tons in FY24 from 40.2 million metric tons in FY23. Only the production data for *Aus* and *Aman* rice was available during this period among the food grain items. Total government food grain procurement increased by 0.3 million metric tons to 2.2 million metric tons in FY24, up from 1.9 million metric tons in FY23. Total imports (government and private) increased by 1.7 million metric tons to 6.6 million metric tons in FY24, whereas it was 4.9 million metric tons in FY23. The government

Chart 3.05 Core Inflation

(Base : FY22=100))



Source: 1. Bangladesh Bureau of Statistics.
2. Research Department, Bangladesh Bank.

Table 3.05 Food Situation

(million metric tons)

Particulars	FY21	FY22	FY23	FY24
Production Target	39.6	40.7	42.7	44.7
Actual Production[1]	38.7	39.2	40.2	19.6
Total Imports (Government and Private)	6.7	5.0	4.9	6.6
Procurement	1.6	2.0	1.9	2.2
Public Food Distribution	2.3	3.1	3.0	3.3
Closing Stock	1.4	1.6	1.8	1.5

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

distributed 3.3 million metric tons of food grain under its Public Food Distribution System (PFDS) in FY24, which was also 0.3 million metric tons higher than FY23. However, the closing stock of government food grain at the end of FY24 decreased to 1.5 million metric tons, down from 1.8 million metric tons at the end of FY23 due mainly to a decrease in rice production (Table 3.05).

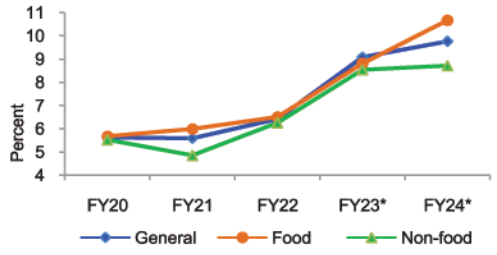
Wage Rate Trends

3.12 The growth of the general wage rate index stood at 7.74 percent in FY24, up from 7.04 percent in FY23. The growths of wage rate indices of three sub-sectors, namely agriculture, industry, and service sectors increased to 8.08, 7.24 and 8.29 percent respectively, in FY24 from 7.01, 7.02 and 6.42 percent, respectively, in FY23 (Table 3.06, Chart 3.08). Within the industry sub-sector, the growth of the wage rate index of construction (8.26 percent) was higher than that of production (7.70 percent).

Near-Term Inflation Outlook

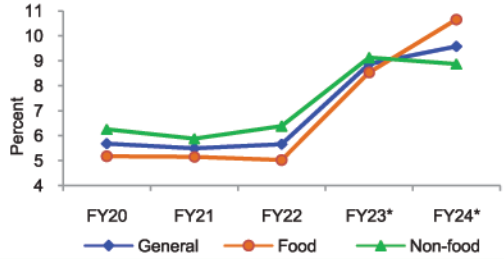
3.13 Projections from the October 2024 '*World Economic Outlook*' report indicate that a complex interplay of factors has influenced recent global inflation trends. Despite these complexities, global headline inflation is expected to decrease from an annual average of 6.7 percent in 2023 to 5.8 percent in 2024 and further to 4.3 percent in 2025 (Table 3.07). This anticipated decline for 2024 and 2025 reflects a broad reduction in core inflation, unlike in 2023, when the drop in headline inflation was mainly driven by decreasing fuel prices. Core inflation is expected to decrease by 1.3 percentage points in 2024, following a modest 0.1 percentage point dip in 2023, with advanced economies driving this decline. The delayed effects of earlier tight monetary policies and the lessening impact of past price reductions, particularly in the energy sector, are influencing current inflationary trends. Advanced economies will likely hit their inflationary targets before emerging markets and developing nations. Although global disinflation

Chart 3.06 Rural Inflation
(12-month average : FY06=100)



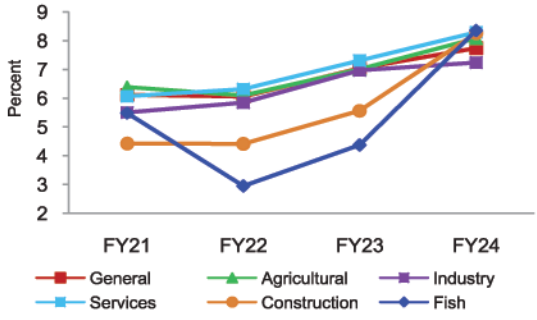
Note: *FY22=100
Source: Bangladesh Bureau of Statistics.

Chart 3.07 Urban Inflation
(12-month average : FY06=100)



Note: *FY22=100
Source: Bangladesh Bureau of Statistics.

Chart 3.08 Growth Rate of Wage Index
(base : FY22=100)



Source: Bangladesh Bureau of Statistics.

meets baseline expectations, challenges remain in achieving price stability. While goods prices have more or less stabilised, high inflation persists in the services sector in many regions. Such a situation underscores the need for a nuanced understanding of sector-specific dynamics and tailored adjustments in monetary policy. Disinflation is expected to proceed more

rapidly in advanced economies, where inflation has been forecast to drop by 2 percentage points, down from 2023 to 2024, and stabilise around 2 percent by 2025. In contrast, inflation in emerging markets and developing economies is expected to decrease more gradually, from 8.1 percent in 2023 to 7.9 percent in 2024, before accelerating to 5.9 percent in 2025. Inflation patterns at this time across emerging market economies reflect significant variability, with distinct differences noticeable between median and average inflation rates. In emerging Asia, inflation is forecasted to converge with the levels seen in advanced economies, and is projected at 2.1 percent in 2024 and 2.7 percent in 2025. Such trends are influenced by early monetary policy tightening and widespread price controls adopted in many countries in the region (Table 3.07). In contrast, regions like emerging and developing Europe, the Middle East and North Africa, and sub-Saharan Africa are expected to experience persistently high inflation, and remain in double digits. This is due mainly to factors such as the pass-through from earlier currency depreciations, regulatory price changes in countries like Egypt, and agricultural challenges in nations like Ethiopia. Meanwhile, most countries in Latin America and the Caribbean have seen significant drops in inflation from their peak levels and continued on a downward path.

3.14 The Food and Agriculture Organization (FAO), noted in its biannual report on Global Food Markets in June 2024, that production and the need for higher closing stocks of essential food items are expected to increase. However, global food production systems remain vulnerable to disruptions from extreme weather events, geopolitical tensions, policy adjustments, and other market developments. The northerm hemisphere's summer rains is expected to be a crucial factor. However, world rice production is expected to grow by 0.9 percent in 2024/25, and reach a record 534.9 million tons, and is anticipated to be supported by favourable prices and ongoing government assistance for plantings. In 2024, global wheat production is expected to dip slightly by 0.1 percent to 787 million tons. This decline is primarily due to anticipated reductions in output from the European Union, Ukraine, Türkiye, the United Kingdom, and Morocco. Recent adverse weather in the Black Sea region is also expected to contribute to lower global wheat production forecasts. International wheat export prices have declined consistently throughout 2023/24, driven

Table 3.06 Trends of Wage Rate Indices

(Base: FY22=100)

	FY21*	FY22*	FY23	FY24
General	180.83	191.8	205.3	115.33
	(6.12)	(6.06)	(7.04)	(7.74)
Agriculture	181.16	192.21	205.69	115.66
	(6.39)	(6.10)	(7.01)	(8.08)
Agriculture	181.23	192.39	205.98	115.81
	(6.41)	(6.16)	(7.06)	(8.17)
Fish	177.84	183.06	191.07	113.09
	(5.49)	(2.95)	(4.38)	(8.35)
Industry	177.52	187.83	201.01	114.72
	(5.51)	(5.85)	(7.02)	(7.24)
Construction	167.24	174.62	184.35	114.29
	(4.42)	(4.41)	(5.57)	(8.26)
Production	198.37	214.87	234.79	117.69
	(7.43)	(8.30)	(9.27)	(7.70)
Services	185.99	199.42	212.23	116.22
	(6.07)	(6.32)	(6.42)	(8.29)

Note: *=base: FY11=100, Figures in parentheses are annual percentage changes.
Source: Bangladesh Bureau of Statistics (BBS).

Table 3.07 Global Inflation Situation

(in percent)

	2022	2023	2024^{P}	2025^{P}
World	8.7	6.7	5.8	4.3
Advanced Economies	7.3	4.6	2.6	2.0
Euro Area	8.4	5.4	2.4	2.0
Emerging Market and Developing Economies	9.6	8.1	7.9	5.9
Emerging and Developing Asia	3.9	2.4	2.1	2.7
Bangladesh	6.1	9.0	9.7	10.7
China	2.0	0.2	0.4	1.7
India	6.7	5.4	4.4	4.1
Pakistan	12.2	29.2	23.4	9.5
Sri Lanka	45.2	n/a	n/a	n/a
United States	8.0	4.1	3.0	1.9

n/a Not available, ^{P}Projection.
Source: World Economic Outlook, October 2024.

by ample supplies and intense competition among exporters, notably from competitively priced Russian Federation exports. As 2024/25 approaches, world wheat prices are lower than last year and below the five-year average. With anticipated reductions in global usage and increased harvests in several major exporting countries, wheat markets are expected to remain under downward pressure in 2024/25.

3.15 The global economy has undergone significant challenges, including the prolonged impact of the COVID-19 pandemic followed by the Russia-Ukraine conflict that started in February 2022. As global inflation descended from its peak, economic activity grew steadily, defying warnings of stagflation and global recession. The resilience in global economic activity was compatible with falling inflation. In parallel with the global economy, Bangladesh also faced multiple challenges, including high inflationary and exchange rate pressures and substantial erosion of foreign exchange reserves. To address these challenges, BB undertook several policy initiatives focused on controlling inflation, improving the current account balance, managing exchange rate instability, stabilising the financial sector, and strengthening the capital market. Recognising the importance of controlling inflation and ensuring the flow of funds to productive sectors, the central bank shifted its policy from monetary aggregate-based targeting to an interest rate-targeting monetary policy framework. In line with this tighter monetary policy stance, the central bank has raised its policy rates, increasing the repo rate to 8.50 percent, the standing lending facility rate to 10.00 percent, and the standing deposit facility rate to 7.00 percent in May 2024. These measures aim to raise borrowing costs, which is expected to limit CPI inflation. CPI-based average inflation in Bangladesh continues to rise, exhibiting an upward trend during the nine months of FY24. However, CPI-based inflation remained at 9.73 percent in the last three months of FY 2024. This rise in prices was attributed to higher food and nonfood prices driven by elevated global commodity prices, supply shocks, increased transport costs due to fuel and energy price adjustments, and domestic currency depreciation. However, due to the policy initiatives of the BB, the exchange rate is gradually approaching an optimal level, and a unified and single rate. As a result, the depreciation pressure on the Bangladesh Taka (BDT) is expected to ease, which will assist in containing inflation in FY24.

Money and Credit

Performance of Monetary and Credit Policy in FY24

4.01 BB pursued a contractionary monetary policy throughout FY24 to rein in persistently high inflation while assuring ample liquidity to nurture productive sectors to support the country's long term growth aspirations. BB's money and credit projections were designed in line with the projected real GDP growth of 7.50 percent and CPI inflation of 6.00 percent, as outlined in the national budget for FY24. With regards to monetary policy, BB underwent a notable shift, switching from a monetary targeting framework to an interest rate targeting framework to manage inflation better, and to enhance the effectivenes of monetary policy transmission mechanisms. To facilitate interest rate targeting, an interest rate corridor (IRC) system was introduced on 01 July 2023. IRC is a symmetric corridor with an upper bound known as the standing lending facility (SLF), and a lower bound, known as the standing deposit facility (SDF). It was created with the expectation that the interbank call money rate will closely align with the policy rate (the overnight repo rate). For bank lending, BB introduced the reference lending rate which is tied to the six months moving average rate of treasury bills titled SMART, with an added margin of up to 3.00 percent. However, in order to transition to market-based lending rate determination, BB finally decided to abandon using SMART on 08 May 2024.

4.02 Bangladesh faced some inflationary and exchange rate depreciating pressures during FY24. The headline inflation rate (twelve-month average) went up to 9.72 percent in FY24, exceeding the target ceiling of 6.00 percent set for FY24. Supply chain disruptions, commodity price hikes, increase of fuel and gas prices also played a vital role in raising inflation rates. Real GDP growth was 5.82 percent (provisional) for

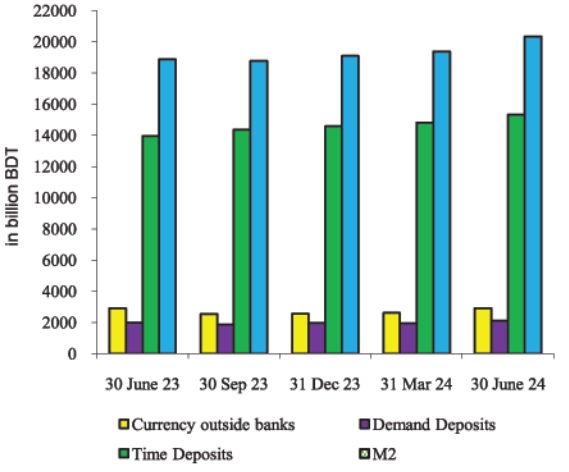
Table 4.01 Monetary and Credit Programme vs Actual Developments

(In billion BDT)

Particulars*	End June 2023	End June 2024	
	Actual	Projection	Actual
Net foreign assets	3167.28	3092.66	2625.93
	(-23.35)	(-2.36)	(-17.09)
Net domestic assets	15697.70	17602.22	17700.68
	(21.28)	(12.13)	(12.76)
Domestic Credit	19145.43	21808.85	21056.83
	(15.28)	(13.91)	(9.98)
Credit to the public sector[1/]	4202.87	5372.03	4644.44
	(35.75)	(27.82)	(10.51)
Credit to private sector	14942.56	16436.82	16412.40
	(10.58)	(10.0)	(9.84)
Other items (net)	-3447.74	-4206.63	-3356.16
Broad Money	18864.98	20694.88	20326.61
	(10.48)	(9.70)	(7.75)
Narrow money	4912.18	-	5003.54
	(15.50)	-	(1.86)
Currency outside banks	2919.14	-	2904.37
	(23.46)	-	(-0.51)
Demand deposits	1993.04	-	2099.17
	(5.53)	-	(5.33)
Time Deposits	13952.80	-	15323.07
	(8.82)		(9.82)

Note: Figures in the parentheses indicate growth (y-o-y) in percent.
*As per program definition and calculated using constant exchange rate of June 2023.
[1/]This includes net credit to government and government lending fund has been treated as deposit in calculating claims on government (net).
Source: Monetary Policy Department, and Statistics Department, Bangladesh Bank.

Chart 4.01 Movements in the Components of Broad Money (M2)



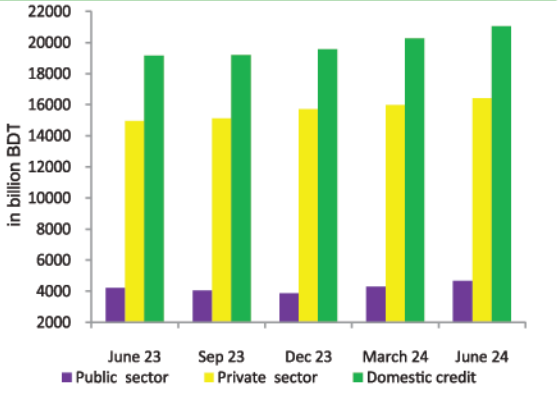
Source: Monetary Policy Department, and Statistics Department, Bangladesh Bank.

FY24, lower than the targeted real GDP growth of 7.50 percent due mainly to lower contributions of the agriculture and service sectors in this period.

4.03 In FY24, the current account balance recorded a deficit of USD 6.60 billion, compared to the deficit of USD 11.63 billion during FY23. Despite this lowering of the deficit, a surplus in the banks financial account of USD 4.52 billion resulted in the lower deficit in the overall balance of USD 4.30 billion during FY24, compared to the USD 8.22 billion deficit during FY23. The current account deficit is primarily due to a trade deficit of USD 22.43 billion during FY24. Export growth decreased to 4.34 percent in FY24 due to the fall of both knitwear and woven garments. However, remittance inflows increased 10.65 percent in FY24 compared to the 2.75 percent increase registered in FY23. Giving cash incentives of 2.50 percent to the remitters, and the steep depreciation of BDT against USD played vital roles in increasing inflows of remittances. Customs-based imports fell by 11.11 percent (y-o-y) in FY24. The decline in imports could be attributed to the depreciation of the local currency and the adoption of various measures by the central bank and government since April 2022, such as stringent monitoring of LC openings, price rationalisation, as well as other cost-cutting initiatives.

4.04 The deficit in the country's balance of payment (BOP), the persistence of contractionary monetary policies in major advanced and emerging market economies, and increasing uncertainties arising from war-induced geo-economic fragmentation and geopolitical tensions have exerted depreciation pressure on the exchange rate of BDT against USD. To alleviate BOP pressure, tackle the depletion of foreign exchange reserves, and make the exchange rate more market oriented, BB introduced a crawling peg system, setting the crawling peg mid-rate (CPMR) at BDT 117.00 per USD on 08 May 2024. Besides, BB also sold USD 9.42 billion to banks to keep the exchange rate stable in FY24. Bangladesh's economy faced enormous pressure on foreign exchange

Chart 4.02 Movements in Domestic Credit and its Components



Source: Monetary Policy Department, and Statistics Department, Bangladesh Bank.

Table 4.02 Actual and Programmed Growth of Reserve Money and its Components

(In billion BDT)

Particulars*	End June 2023	End June 2024	
	Actual	Projection	Actual
Net foreign assets	2742.33	2678.30	2089.76
Net domestic assets	1086.82	1112.56	2040.98
Domestic Credit	1878.72	1748.72	2173.38
	(166.94)	(-6.92)	(15.68)
Credit to the public sector[1/]	1495.66	1345.66	1396.05
	(173.81)	(-10.03)	(-6.66)
Claims on deposit money banks[2/]	383.06	403.06	777.33
	(143.13)	(5.22)	(102.93)
Other items (net)	-791.90	-636.16	-132.39
Reserve money	3829.15	3790.86	4130.74
	(10.49)	(-1.00)	(7.88)
Currency issued	3119.48	3030.30	3203.09
	(21.77)	(-2.86)	(2.68)
Deposits of banks with BB[3/]	709.67	760.56	927.65
	(-21.48)	(7.17)	(30.72)
Money multiplier	4.93	-	4.92

Note: Figures in the parentheses indicate growth (y-o-y) in percent.
*As per program definition and calculated using constant exchange rate of end June 2023.

[1/] Govt. lending fund is treated as deposit in calculating net credit to Govt.

[2/] Considers only loans and advances to DMBs.

[3/] Considers only DMB's balances of Taka A/C with BB. Excluding foreign currency clearing account balance and non-bank deposits.

Source: Monetary Policy Department, and Statistics Department, Bangladesh Bank.

reserves as the trade deficit was widened. Consequently, BB's foreign exchange reserves as per BPM6 stood at 21.69 billion at the end of FY24, down from 24.75 billion at the end of FY23.

Money and Credit Situation

4.05 To achieve price stability, the growth of major anchor variables such as broad money (M2), and domestic credit were projected to be within 9.70 percent and 13.91 percent, respectively in FY24. Regarding the monetary scenery, broad money (M2) as an indicative target of monetary policy, experienced a growth of 7.75 percent (y-o-y) in June 2024. However, it is worth noting that this downcast growth remained below the projected path due to the notable decrease in net foreign assets (NFA) in the banking system. NFA decreased by 17.09 percent (y-o-y) and stood at BDT 2625.93 billion in June 2024. On the other hand, NDA increased by 12.76 percent (y-o-y) and stood at BDT 17700.68 billion in June 2024. Besides, the availability of domestic credit, which reflects the national investment landscape, remained below the target set in FY24 because of the lower availability of credit in the public sector. Public sector credit actually grew by 10.51 percent in FY24, up from the previous fiscal year's actual growth of 35.75 percent. The actual growth of private sector credit edged down slightly to 9.84 percent from the projected rate and previous year's growth of 10.00 percent and 10.58 percent respectively. The monetary and credit projections of their actual outcome and development of the major components of broad money are presented in Table 4.01 and Chart 4.01 respectively. The movement of domestic credit and its components are shown in Chart 4.02.

Reserve Money developments

4.06 BB uses reserve money (RM) as another indicative target of monetary policy to modulate liquidity consistent with the overall monetary projection and to keep broad money (M2) in line with the projection path for maintaining price stability. Monetary policy instruments, along with government's treasury bills and bond are used to track RM for maintaining M2 growth within the projected level.

4.07 In line with the projected broad money growth, reserve money (RM) was projected at -1.00 percent for FY24. Reserve money actually grew by 7.88 percent (y-o-y) in June 2024. RM actually stood higher than the projection because of increases in net domestic assets (NDA) of BB. net foreign assets (NFA) of BB

Table 4.03 Income Velocity of Money

(in billion BDT)

Year	GDP at current market prices	Broad Money (M_2) (end period)	Income velocity of money
FY 20	31704.69	13731.10	2.31
			(-4.65)
FY 21	35301.85	15603.09	2.26
			(-2.01)
FY 22	39717.16	17075.26	2.33
			(2.81)
FY 23	44908.42	18864.98	2.38
			(2.34)
FY 24	50026.54	20326.61	2.46
			(3.39)

Note: Figures in parentheses indicate percentage changes over previous fiscal year.
Source: 1) Monetary Policy Department, and Statistics Department, Bangladesh Bank.
2) Bangladesh Bureau of Statistics.

Table 4.04 Quarterly Positions of Bank Credit*

(in billion BDT)

Outstanding as of	Advances	Bills	Total
30 June 23	14728.09	392.61	15120.70
	(97.40)	(2.60)	
30 Sep 23	14985.87	339.31	15325.18
	(97.79)	(2.21)	
31 Dec 23	15616.97	308.59	15925.56
	(98.06)	(1.94)	
31 Mar 24	15837.80	343.93	16181.73
	(97.87)	(2.13)	
30 June 24	16211.82	391.31	16603.13
	(97.64)	(2.36)	

Note: Figure in parentheses indicate percentage shares of total bank credit.
*Import and Inland bills purchased and discounted.
* Excluding inter bank credit.
Source: Statistics Department, Bangladesh Bank.

declined by BDT 652.57 billion at the end of FY24 from the previous fiscal year and stood at BDT 2089.76 billion in June 2024. On the other hand, Net Domestic Assets (NDA) of BB increased by BDT 954.16 billion at the end of June 2024 and stood at BDT 2040.98 billion in June 2024. NDA increased significantly in FY24 due to an increase in domestic credit of BB. Domestic credit of BB rose to 15.68 percent and reached BDT 2173.38 billion in June 2024. Domestic credit growth also increased because of the increase in claims on deposit money banks (DMB's). BB's credit to the public sector went down by 6.66 percent and stood at BDT 1396.05 billion in June 2024. On the other hand, BB's credit to DMBs increased by 102.93 percent and amounted to BDT 777.33 billion in June 2024. The actual and projected M2 and RM movement for FY24 are presented in Table 4.02 and Chart 4.03.

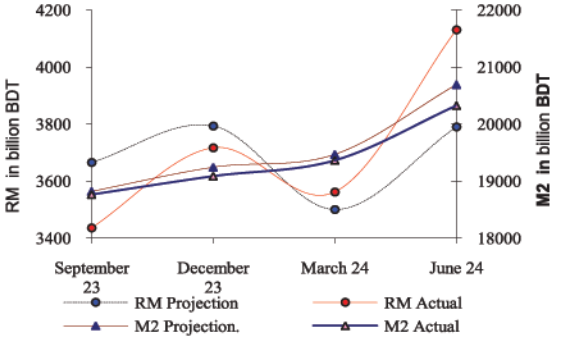
Money Multiplier

4.08 Money multipliers slightly decreased to 4.92 in FY24, down from 4.93 in FY23. The money multiplier is usually affected by the behavior of banks, individuals, and the central bank; these are reflected in the change in the reserve-deposit ratio and currency-deposit ratio. Currency-deposit ratio decreased slightly to 0.17 in June 2024 from 0.18 in June 2023 due to increase in bank deposits. Reserve Deposit Ratio stood marginally higher at 0.07 in June 2024 from 0.06 in June 2023 because of an increase in balances of banks with BB.

Income Velocity of Money

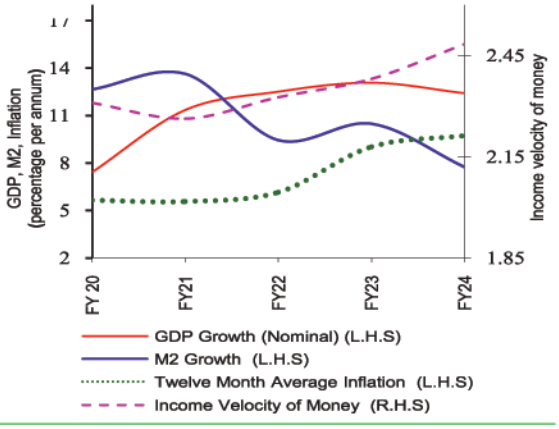
4.09 The income velocity of money increased to 2.46 in FY24, up from 2.38 in FY23, reflecting an increase in nominal GDP compared to Broad Money (M2). The magnitude of income velocity of money and its changes during FY20-FY24 are shown in Table 4.03. Movements of the growth of GDP at current market prices, broad money (M2) growth, 12 month average headline inflation rates and income velocity of money during FY20-FY24 are represented in Chart 4.04.

Chart 4.03 Programmes and Actual Developments of M2 and RM



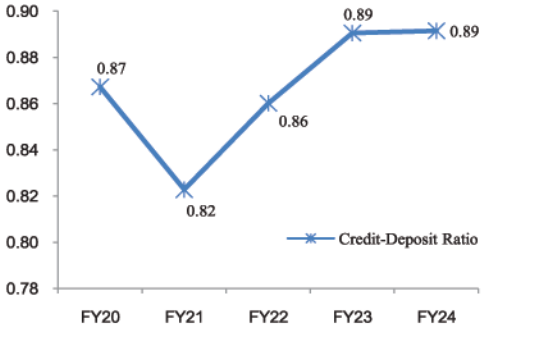
Source: Monetary Policy Department, and Statistics Department, Bangladesh Bank.

Chart 4.04 Movement of GDP Growth, M2 Growth, Twelve Month Average Inflation rate and Income Velocity of Money



Source: 1) Monetary Policy Department, and Statistics Department, Bangladesh Bank.
2) Bangladesh Bureau of Statistics.

Chart 4.05 Credit-Deposit Ratio of the Scheduled Banks from FY20-FY24



Source: Statistics Department, and Monetary Policy Department, Bangladesh Bank

Bank Credit

4.10 Outstanding bank credit (excluding inter-bank) in FY24 rose by BDT 1482.43 billion or 9.80 percent to BDT 16603.13 billion against the increase of BDT 1529.56 billion or 11.25 percent to BDT 15120.70 billion in FY23. Bank credit rose because of economic recovery and trade financing stemming from higher import prices. Advances edged up by BDT 1483.72 billion or 10.07 percent to BDT 16211.82 billion in FY24, against the rise of BDT 1478.67 billion or 11.16 percent to BDT 14728.09 billion in FY23. Bills went down by BDT 1.29 billion or 0.33 percent to BDT 391.31 billion in FY24, against the increase of BDT 50.88 billion, or 14.89 percent, to BDT 392.61 billion in FY23. The quarterly position of bank credit and its components are depicted in Table 4.04.

Bank Deposits

4.11 Bank deposits (excluding inter-bank items) increased by BDT 1644.37 billion or 9.68 percent to BDT 18623.72 billion during FY24, compared to the increase of BDT 1179.40 billion or 7.46 percent to BDT 16979.35 billion in FY23. Total bank deposits increased due to rise in per capita income, interest rates and inflows of remittances. Demand deposits increased by BDT 106.13 billion, or 5.33 percent to BDT 2099.17 billion in FY24, against the increase of BDT 104.45 billion, or 5.53 percent to BDT 1993.04 billion in FY23. Time deposits increased by BDT 1370.27 billion or 9.82 percent to BDT 15323.07 billion in FY24 compared to the increase of BDT 1130.63 billion or 8.82 percent to BDT 13952.80 billion in FY23. Besides, government deposits also increased by BDT 167.97 billion or 16.25 percent to BDT 1201.48 billion in FY24 as opposed to the decrease of BDT 55.68 billion or 5.11 percent to BDT 1033.51 billion in FY23. The quarterly position of bank deposits has been shown at Table 4.05.

Credit-Deposit Ratio

4.12 The credit-deposit ratio of scheduled banks remained the same and was 0.89 at the end of June 2024, compared to June 2023. The ratio of credit to deposit remained the same in FY24, reflecting that credit demand and deposit demand increased almost in the same proportion. Chart 4.05 shows the credit-deposit

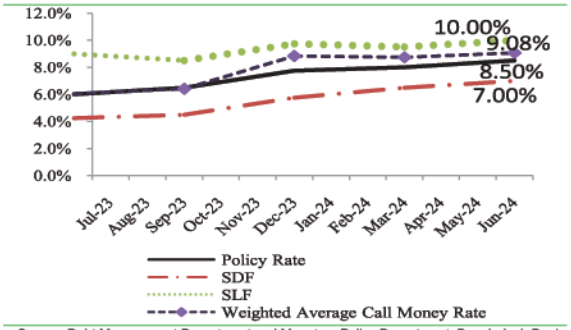
Table 4.05 Quarterly Positions of Bank Deposits*

(in billion BDT)

Balances as of	Demand deposits	Time deposits	Govt. deposits	Total deposits
30 June 23	1993.04	13952.80	1033.51	16979.35
30 Sep 23	1859.11	14372.29	1043.26	17274.66
31 Dec 23	1963.25	14574.20	1063.31	17600.76
31 Mar 24	1936.26	14818.67	1044.51	17799.44
30 June 24	2099.17	15323.07	1201.48	18623.72

*Excluding inter-bank deposits.
Source: Statistics Department, Bangladesh Bank.

Chart 4.06 Movement of Weighted Average Call Money Rate under IRC



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

Table 4.06 Weighted Average Interest Rate (WAIR) on Deposit and Advances of Scheduled Banks and Their Spreads

Items	As of end June (in %)		
	FY22	FY23	FY24
WAIR on Deposits			
1. Below 1 Year (FDR)	5.52	6.56	8.72
2. 1 year and above but less than 3 year (FDR)	5.76	6.71	8.39
3. 3 year and above (FDR and DPS)	7.58	7.62	8.60
4. Overall	3.97	4.38	5.49
WAIR on Advances			
1. Agriculture	7.26	7.48	11.48
2. Large Industry	6.92	7.23	11.58
3. SME	7.05	6.99	11.80
4. Overall	7.09	7.31	11.52
Spread*	3.12	2.93	6.03

*Spread is calculated by deducting WAIR on overall deposits from WAIR on overall advances.
Source: Statistics Department, Bangladesh Bank

ratio of scheduled banks from FY20-FY24.

Scheduled Banks' Borrowing from BB

4.13 Scheduled banks' borrowings from BB increased by BDT 676.70 billion or 64.38 percent to BDT 1727.88 billion in FY24, compared to the increase form BDT 134.58 billion or 14.68 percent to BDT 1051.18 billion in FY23.

Scheduled Banks Balances with BB and Their Cash in Tills

4.14 Balances of scheduled banks with BB increased by BDT 217.98 billion or 30.72 percent to BDT 927.65 billion at the end of June 2024 as against the decrease of BDT 194.16 billion or 21.48 percent to BDT 709.67 billion at the end of June 2023. Balances of scheduled banks with BB increased due to huge liquidity support extended to some Islamic banks by BB at the end of June 2024. Besides, cash in the tills of scheduled banks increased by BDT 98.38 billion or 49.11 percent to BDT 298.72 billion at the end of June 2024, compared to the increase of BDT 3.00 billion or 1.52 percent from BDT 200.34 billion at the end of June 2023.

Cash Reserve Requirement (CRR)

4.15 The cash reserve requirement (CRR) for scheduled banks with BB remained unchanged in FY24. Banks are still required to maintain CRR at the rate of 4.0 percent on a biweekly average basis, provided that the CRR is less than 3.5 percent on any day, as has been the case from 15 April 2020.

Statutory Liquidity Ratio (SLR)

4.16 According to the amendment of sub section (2) under section 33 of the Bank Company Act, 1991, banks must maintain SLR separately: (a) for conventional banks, the statutory liquid assets inside Bangladesh, including excess reserves with BB, must not be less than 13.0 percent of their total demand and time liabilities, and (b) for *Shariah*-based Islamic banks, this rate

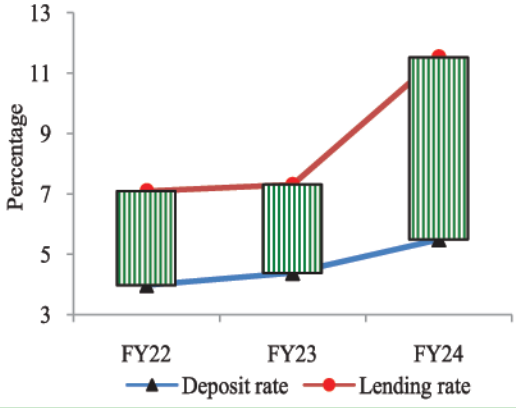
Table 4.07 Liquidity Indicators

As On	Advance Deposit Ratio (ADR)[1] (%)	Liquidity Coverage Ratio (LCR)[2] (%)	Net Stable Funding Ratio (NSFR)[3] (%)	Call Money Rate (%)
30 June 23	78.51	152.37	109.71	6.06
30 Sep 23	78.08	154.69	110.28	6.41
31 Dec 23	80.38	147.69	108.45	8.84
31 Mar 24	80.98	145.46	108.58	8.75
30 June 24	80.20	157.88	109.73	9.08

1. Banks were instructed in September 2019 to maintain their ADR within maximum 85 (81.5 percent + 3.5 percent of special consideration) percent for conventional banks and 90 (89.0 percent + 1.0 percent of special consideration) percent for Islamic Shari'a*h* based banks respectively according to DOS circular no.05 dated 17 September 2019.
2. LCR measures a bank's need for liquid assets in a stressed environment over the next 30 calendar days: minimum requirement for LCR is greater or equal to 100 percent.
3. NSFR measures a bank's need for liquid assets in a stressed environment over one year period: minimum requirement for NSFR is greater than 100 percent.

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

Chart 4.07 Weighted Average Interest Rates of Scheduled Banks



Source: Statistics Department, Bangladesh Bank.

Table 4.08 Excess Liquid Assets of Various Bank-groups

(in billion BDT)

As On	State-owned Banks	Private Banks (Other than Islamic)	Islamic Banks	Foreign Banks	Total
30 Jun 23	636.15	656.43	27.46	342.85	1662.88
30 Sep 23	602.47	673.05	12.16	356.73	1644.40
31Dec 23	520.18	675.34	79.51	358.03	1633.05
31 March 24	533.60	767.53	26.47	349.49	1677.09
30 June 24	707.72	881.86	100.73	267.94	1958.24

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

shall not be less than 5.5 percent. This role became effective on 01 February, 2014, and remains unchanged in FY24. The maintained SLR (Maintained SLR=Required SLR+Liquidity in excess of Maintained SLR) of all banks stood at BDT 1958.24 billion and 1662.88 billion in June 2024 as also in June 2023.

Bank Rate

4.17 In response to the changing market interest rate situation, the bank rate was reduced from 5.00 percent to 4.00 percent on 29 July 2020, after remaining unchanged for 17 years. This move was strategised to rationalise the bank rate in line with market conditions.

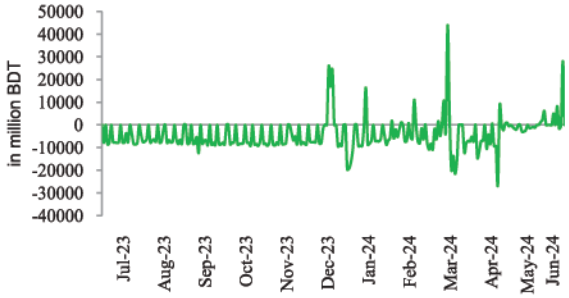
Policy Rate and Interest Rate Corridor (IRC)

4.18 Initially, the IRC width was set at a range of ±200 basis points based on the policy rate. However, on 21 January 2024, BB narrowed the corridor to ±150 basis points to allow more accurate and efficient liquidity management. To maintain price stability, BB had to increase the policy rate five times in FY24, amounting to 250 basis points, and re-fix the policy rate at 8.50 percent. The standing lending facility rate, the upper bound of IRC, has been re-fixed at 10.00 percent, and the standing deposit facility rate, the lower bound of IRC has been re-fixed at 7.00 percent, and has been effective from 09 May 2024. The movement of the weighted average call money rate and policy rate is shown in Chart 4.06.

Interest Rates on Deposits and Advances

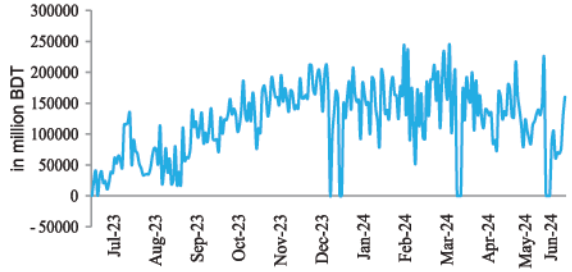
4.19 The weighted average interest rate (WAIR) on advances and deposits of all banks exhibited an upward trend, commensurate with the rise in the weighted average call money rate up from 6.06 percent in FY23 to 9.08 percent in FY24. The WAIR on advances rose to 11.52 percent in FY24, up from 7.31 percent in FY23, along with the WAIR on deposits, which also increased to 5.49 percent in FY24 from being 4.38 percent in FY23. The spread between the WAIR

Chart 4.08 Liquidity Movement during FY24 through FX Transactions



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

Chart 4.09 Liquidity Movement during FY24 through Repo, AR, SLF and LS



Source: Motijheel Office, Bangladesh Bank.

on advances and deposits surged to 6.03 percent in FY24, up from 2.93 percent in FY23. Table 4.06 and Chart 4.07 represent the weighted average interest rates on deposits and advances of scheduled banks and their spreads from FY22 to FY24.

Liquidity Situation

4.20 Total excess reserves (after maintaining CRR) increased by 66.20 percent and stood at BDT 193.29 billion in June 2024. Total liquid assets (after maintaining SLR) increased by 17.76 percent, and stood at BDT 1958.24 billion in June 2024. Bangladesh's banking sector has faced a tight liquidity situation since June 2021, mainly because of substantial USD sales by the BB, which had to absorb a large amount of local

currency. This situation was further intensified by the implementation of contractionary monetary policies to curb inflationary pressures. By FY24, the focus had shifted noticeably to deal with the challenges of liquidity crunch and to maintain economic stability in the face of high interest rates and global uncertainties. The liquidity situation has improved significantly since February 2024 due to several actions taken by the BB. Besides, taking market demand for money into account, BB also injected cash amounting to BDT 30287.80 billion through repo and liquidity support facilities during FY24. In contrast, BB intervened in the local foreign exchange market by net sales amounting to USD 9.41 billion to uphold exchange rate stability and to maintain the external competitiveness of the BDT in FY24. Table 4.07, 4.08, and chart 4.08, 4.09 depict the liquidity indicators for FY24.

Near-term Macroeconomic Outlook and Monetary Policy Stance

4.21 Over the last two years, the Bangladesh economy has had to deal with pressure emanating from exchange rates and inflation. BB might have to continue its tight monetary policy stance in the form of escalation of policy interest rate to arrest stubborn inflation in the future. The continuous turmoil in the Middle East and the confrontation between Russia and Ukraine may impact on commodity and energy prices significantly. BB will have to pursue a tight monetary policy until it achieves price stability.

Banking Sector Performance, Regulation and Bank Supervision

Banking Sector Performance

5.01 Maintaining the stability of the banking system and the economy at large is the key goal of the Bangladesh Bank (BB), which oversees the banking sector. Bangladesh's economy recovered robustly from the COVID-19 pandemic's economic disruptions because of BB's carefully considered and controlled policy measures. While some adjustments may still be necessary, BB has stressed continuing the prudential measures implemented at the beginning of the epidemic to ensure the seamless operation of the scheduled banks and finance companies (FCs) during this crucial period. However, the ongoing conflict between Russia and Ukraine is making it very difficult to boost growth. Specific supply chain shocks, such as increased gasoline and commodity costs, and disruptions in the international delivery system have put an extra pressure on the nation's external balances, which have subsequently impacted the banking sector's balance sheet through the exchange rate shock. BB has decided to shift towards an interest rate and currency rate regime that is appropriately market-based to mitigate external shocks. However, the banking industry continues to see severe liquidity strain in FY24, particularly the several Islamic banks. BB has established specific liquidity support facilities for such banks and will keep offering them help until the risks to lessen the liquidity shocks and stop them from impacting on other areas of the economy. With the technical support of the IMF and IFC, BB has implemented several reform programmes to fortify the supervisory framework, including adopting a risk-based supervisory framework. Additionally, BB has started a three-year special supervisory programme to strengthen the governance of the few banks experiencing declining financial health. Selected banks are being closely monitored under the terms and conditions of the Memorandum of Understandings (MoU) and have been given specific, time-bound aims under this programme. BB has continued its onsite inspections and offshore supervision throughout the year as part of its routine supervisory efforts.

5.02 Depending on the ownership structure, there are four categories of scheduled banks in Bangladesh: state-owned commercial banks (SCBs), specialised banks (SBs), private commercial banks (PCBs), and foreign commercial banks (FCBs). The total number of scheduled banks operating in FY24 was 61. The number of bank branches increased to 11165 at the end of June 2024 from 11,088 at the end of

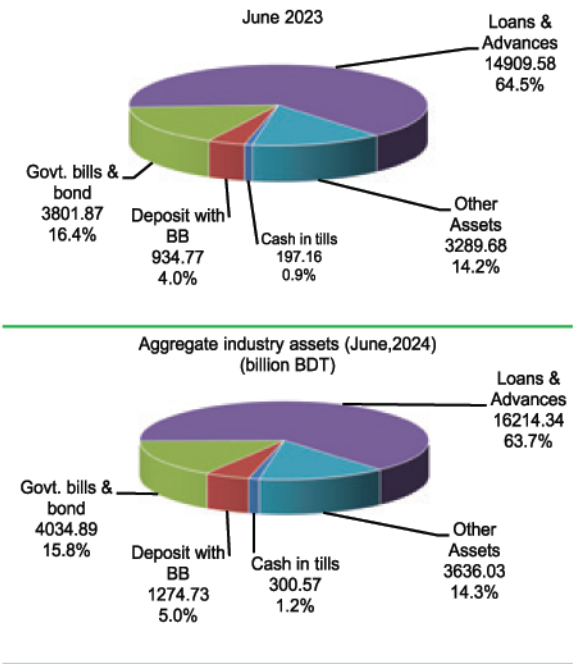
Table 5.01 Bank Types, Number of Banks and Their Assets and Deposits Shares

(in billion BDT)

Bank Types	June 2023						June 2024					
	Number of Banks	Number of Branches	Total Assets	Share in Industry Assets (in Percent)	Total Deposits	Share in Industry Deposits (in Percent)	Number of Banks	Number of Branches	Total Assets	Share in Industry Assets (in Percent)	Total Deposits	Share in Industry Deposits (in Percent)
SCBs	6	3836	5600.7	24.2	4324.6	25.4	6	3846	6011.62	23.61	4496.29	24.42
SBs	3	1523	539.1	2.3	467.8	2.8	3	1543	541.50	2.32	519.69	2.82
PCBs	43	5666	15688.3	67.8	11385.7	67.1	43	5713	17527.45	68.84	12566.47	68.25
FCBs	9	63	1314.7	5.7	802.9	4.7	9	63	1332.04	5.23	830.03	4.51
Total	**61**	**11088**	**23142.8**	**100**	**16981.2**	**100**	**61**	**11165**	**25412.76**	**100.00**	**18412.48**	**100**

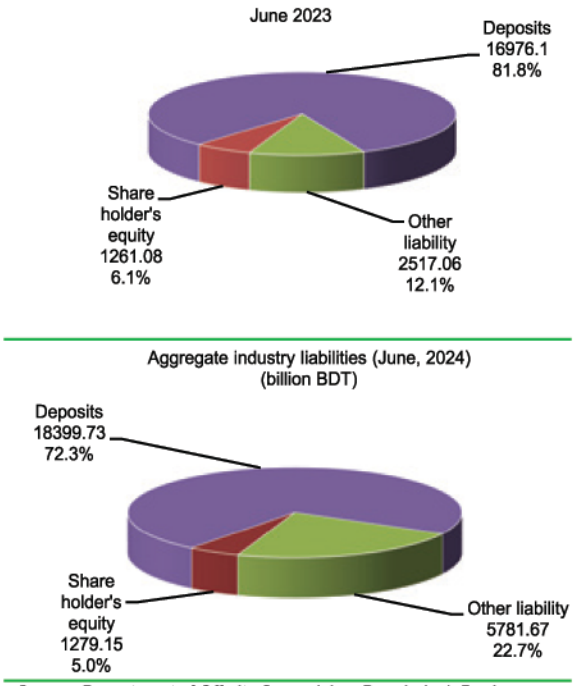
Note: 1. All banks, except BKB and RAKUB, prepare their balance sheet on calendar year basis, and are obliged to submit their audited balance sheet at the end of every calendar year. That is why banks' performance-related figures are stated in calendar year basis.
2. Figures reported by Department of Off-site Supervision are different from those of Statistics Department due to different data collecting methods.
Source: Department of Off-site Supervision and Banking Regulation and Policy Department, Bangladesh Bank.

Chart 5.01 Aggregate Industry Assets
(in billion BDT)



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

Chart 5.02 Aggregate Industry Liabilities
(in billion BDT)



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

June 2023. (Appendix 4, Table I). On the other hand, depending on the mode of operations (e.g., conventional and Islamic *Shariah*-based), there continues to be three types of banks: full-fledged conventional banks, full- fledged Islamic *Shariah*-based banks, and banks with dual operations. Information on the banking structure and activities arranged according to the types of banks is shown in Table 5.01.

5.03 In June 2024, the SCBs held a 23.61 percent share of the total assets, which was 24.2 percent in June 2023. PCBs' share of the total assets was 68.84 percent in June 2024, compared to the 67.8 percent in June 2023. The FCBs held a 5.23 percent share of total assets in June 2024, which was 5.7 percent in June 2023. The SBs' share of total assets was 2.32 percent in June 2024 and 2.3 percent in June 2023. At the end of June 2024, the banking sector's total assets stood at BDT 25412.76 billion, which was 9.81 percent higher than the previous year (Table 5.01).

5.04 Total deposits in the banking sector stood at BDT 18412.48 billion in June 2024, compared to BDT 16981.2 billion in June 2023, showing an increase of 7.77 percent. From June 2023 to June 2024, taking into account the share in the total deposit of the banking sector, SCBs' share decreased to 24.42 percent from 25.4 percent, while PCBs' share increased to 68.25 percent from 67.1 percent, and FCBs' share decreased to 4.51 percent from 4.7 percent, even as SBs' share increased to 2.82 percent from 2.8 percent (Table 5.01).

Banking Network by Branches

5.05 As of 30 June 2024, the total number of branches of the 61 scheduled banks was 11,165 of which 44.92 percent (5015) were in rural areas, and the remaining 55.08 percent (6143) branches were in urban areas. SCBs had 1978 rural branches and 1862 urban branches. Specialised banks had 1154 rural branches and 389 urban branches. Private commercial

banks had 1882 rural branches and 3830 urban branches. As of June 2024 foreign commercial banks had 1 rural branch and 62 urban branches.

Aggregate Balance Sheet

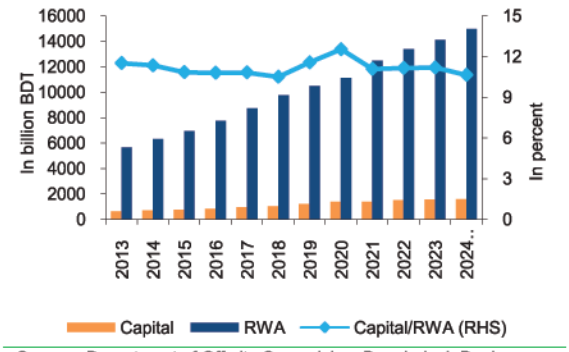
5.06 In June 2024, the banking sector's total assets stood at BDT 25,460.55 billion, indicating an increase of 10.06 percent over total assets in June 2023. During this period, SCBs' assets rose by 7.34 percent, and that of PCBs' increased by 11.72 percent. Aggregate banking sector assets consisted of BDT 16214.34 billion as loans and advances (65.61 percent of total assets), BDT 300.57 billion as cash in tills, including foreign currencies, BDT 1274.73 billion as deposits with BB, including foreign currencies, BDT 4034.89 billion as investment in treasury securities (government bills and bonds) and the remaining BDT 3636.03 billion as other assets during the period (Chart 5.01).

5.07 Deposits continue to be the main sources of funds for the banking industry in FY24. They (excluding inter-bank) constituted 72.27 percent of the total amount of liability and shareholders' equity in June 2024. The total shareholders' equity of the banks was BDT 1279.15 billion at the end of June 2024, although it was BDT 1261.08 billion at the end of June 2023 (Chart 5.02).

Capital Adequacy

5.08 Capital adequacy focuses on the overall position of a bank's capital and the protection of its depositors and other creditors from potential losses that the bank might incur. It helps banks to absorb possible losses due to credit, market and operational risks that they might be exposed to during their normal course of business. Under Basel-III, banks in Bangladesh are instructed to maintain a minimum capital requirement (MCR) at 10.0 percent of the risk weighted assets (RWA), or BDT 5.0 billion as capital, whichever is higher. The aggregate amount of the regulatory capital of the banking sector was BDT 1625.53 billion as of 31 December 2023 (audited), which decreased to BDT 1594.57 billion at the end of June 2024.

Chart 5.03 Aggregate Capital Adequacy Position



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

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

(In percent)

Bank Types	2015	2016	2017	2018	2019	2020	2021	2022	2023	End of June 2024
SCBs	6.4	5.9	7.0	10.3	5.0	9.6	8.1	7.2	6.43	5.44
DFIs	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-33.6	-40.3	-40.80	-41.31
PCBs	12.4	12.4	12.2	12.8	13.6	13.7	13.7	13.7	13.08	12.29
FCBs	25.6	25.4	23.3	25.9	24.5	28.4	25.9	31.7	37.16	39.46
Total	**10.8**	**10.8**	**10.8**	**12.1**	**11.6**	**12.5**	**12.0**	**11.7**	**11.44**	**10.64**

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

5.09 Table 5.02 reveals the capital to risk weighted assets ratio (CRAR) according to the type of banks. CRAR of SCBs, PCBs and FCBs were 5.44, 12.29 and 39.46 percent, respectively, as of 30 June 2024. The two DFIs, BKB and RAKUB, failed to maintain MCR on risk weighted assets basis. Besides, 4 SCBs and 5 PCBs could not maintain the required minimum capital. The CRAR of the banking industry as a whole was 10.64 percent at the end of June 2024 (Chart 5.03).

Asset Quality

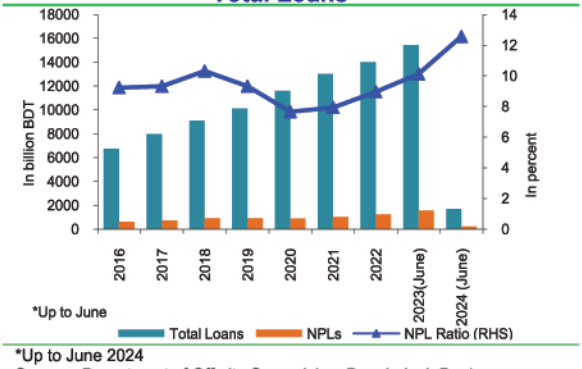
5.10 The most important indicator showing demonstrate asset quality is the ratio of gross Non-performing Loans (NPLs) to total loans and net NPLs to net total loans. At the end of June

2024, the gross NPL ratio of the banking sector stood at 12.56 percent. Table 5.03(a) indicates that FCBs had the lowest, and SCBs the highest gross NPL ratio at the end of June 2024. FCBs' gross NPL ratio was 4.74 percent, whereas those of SCBs, PCBs, and SBs were 32.77, 7.94, and 13.11 percent respectively, at the end of June 2024.

5.11 From Table 5.03 (a), it can be observed that the ratio of gross NPLs to total loans and advances reveals an overall upward trend in the banking sector between 2014 to June 2024, except for 2015, 2019, and 2020. The banking sector's NPL ratio was 9.7 percent in 2014, but came down to 8.8 percent due to the large loan restructuring facilities in 2015. Afterwards, it increased to 9.2 percent in 2016 and reached 10.3 percent in 2018. However, the NPL ratio reduced to 9.3 percent in 2019 due to the amendment to a term loan's definition of past due/overdue, and special loan rescheduling and one-time exit facility. Subsequently, NPLs in the banking sector stood at the noticeably lower rate of 7.66 percent in 2020, after allowances made to provide a debt moratorium for all loans in response to the COVID-19 pandemic. However, BB provided soft repayment facilities in 2021 and 2022. At the end of December 2023, the NPL ratio of the overall banking sector increased to 9.00 percent after withdrawal of the COVID-19 measure. At the end of June 2024, it stood at 12.56 percent.

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

Chart 5.04 Aggregate Position of NPLs to Total Loans



*Up to June 2024
Source: Department of Off-site Supervision, Bangladesh Bank.

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

(In percent)

Bank Types	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024
SCBs	22.2	21.5	25.0	26.5	30.0	23.86	20.89	19.28	20.28	20.99	32.77
SBs	32.8	23.2	26.0	23.4	19.5	15.13	13.32	12.02	12.80	13.87	13.11
PCBs	4.9	4.9	4.6	4.9	5.5	5.78	4.66	5.31	5.13	5.93	7.94
FCBs	7.3	7.8	9.6	7.0	6.5	5.74	4.46	4.29	4.91	4.82	4.74
Total	**9.7**	**8.8**	**9.2**	**9.3**	**10.3**	**9.32**	**7.66**	**7.93**	**8.16**	**9.00**	**12.56**

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

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

(In percent)

Bank Types	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024
SCBs	6.1	9.2	11.1	11.2	11.3	6.12	0.003	2.53	5.22	6.21	18.32
SBs	25.5	6.9	10.5	9.7	5.7	3.00	1.32	0.40	1.41	1.68	1.14
PCBs	0.8	0.6	0.1	0.2	0.4	-0.07	-1.54	-1.07	-1.31	-0.72	0.77
FCBs	-0.9	-0.2	1.9	0.7	0.7	0.19	--0.56	-0.73	-0.56	-0.41	-0.50
Total	**2.7**	**2.3**	**2.3**	**2.2**	**2.2**	**1.02**	**-1.18**	**-0.43**	**-0.08**	**0.59**	**3.68**

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

5.13 Table 5.03(b) shows that the ratio of net NPLs (net of provisions and interest suspense) to net total loans (net of provisions and interest suspense) of the banking sector was 0.59 percent at the end of December 2023. The net NPL ratios for SCBs, SBs, PCBs and FCBs were 6.21, 1.68, -0.72 and -0.41 percent respectively, at the end of December 2023. At the end of June 2024, the net NPL ratio of the overall banking sector stood at 3.68 percent. The net NPL ratios for SCBs, SBs, PCBs, and FCBs were 18.32, 1.14, 0.77, and -0.50 percent, respectively.

5.14 Table 5.04 indicates that the amount of NPLs of four types of banks from 2014 to June 2024. The amount of NPLs of SCBs increased from BDT 227.6 billion in 2014 to BDT 657.81 billion in 2023. PCBs recorded a total NPL of BDT 184.3 billion in 2014 and BDT 709.82 billion in 2023. The amount of NPLs of FCBs also increased from BDT 17.1 billion in 2014 to BDT 32 billion in 2023. However, the amount of NPLs of SBs showed a decreasing trend from 2016 to 2021. However, it showed a slight upward movement in 2023 and June 2024. At the end of June 2024, the total NPLs of the banking sector stood at BDT 2113.91 billion.

5.15 Table 5.05 exhibits the aggregate amount of NPLs, the required loan-loss provision, and the actual provision maintained by all banks from 2014 to June 2024. The table shows that banks failed to maintain the required level of provision against their NPLs from 2014 to 2024. Banks maintained 82.63 percent of the required provisions in 2021; which increased a little to 86.92 percent in 2022. However, the ratio decreased slightly to 80.53 percent at the end of December 2023.

5.16 The comparative position of provisions against loans (for both classified and unclassified) of four types of banks for 2021, 2022, 2023 and June 2024 is illustrated in Table 5.06. From the table, it can be observed that all SBs and FCBs except SCBs and PCBs were able to maintain the required provision against loans in 2022. However, at the end of June 2024, although SBs and FCBs fulfilled the required provision, SCBs and PCBs could not do so.

Management Soundness

5.17 Sound management is an important prerequisites for the strength and growth of any financial institution. Although there are no direct means to measure management soundness, total expenditure to total income, operating expenses to total expenses, earnings and operating expenses per employee, and interest rate spread are generally used to determine the management soundness of financial institutions. Besides, issues such as technical competence and leadership of mid and senior-level management, compliance with banking laws and regulations, implementation of internal policies, ability to implement strategic plans and undertake timely initiatives, etc., are considered to assess the quality of management.

Table 5.04 Amount of NPLs by Types of Banks

(In billion BDT)

Bank Types	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024
SCBs	227.6	237.45	310.3	373.3	487.0	439.94	422.73	449.77	564.60	657.81	1024.84
SBs	72.6	49.69	56.8	54.3	47.9	40.59	40.62	39.91	47.09	56.69	57.57
PCBs	184.3	207.60	230.6	294.0	381.4	441.74	403.61	515.21	564.39	709.82	999.21
FCBs	17.1	18.97	24.1	21.5	22.9	21.04	20.38	27.85	30.48	32	32.29
Total	**501.6**	**513.71**	**621.8**	**743.1**	**939.2**	**943.31**	**887.34**	**1032.74**	**1206.57**	**1456.33**	**2113.91**

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

Table 5.05 Required Provision and Provision Maintained by all Banks

(In billion BDT)

All Banks	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024
Amount of NPLs	501.6	513.71	621.7	743.0	939.1	943.31	887.34	1032.74	1206.57	1456.33	2113.91
Required Provision	289.6	308.93	362.1	443.0	570.4	613.17	648.02	806.54	841.57	989.41	1141.65
Provision maintained	281.6	266.10	307.4	375.3	504.3	546.62	646.78	666.47	731.48	796.80	893.55
Excess(+)/ shortfall(-)	-7.9	-42.83	-54.7	-677	-66.14	-66.55	-1.24	-140.07	-110.09	-192.61	-248.10
Provision maintenance ratio (%)	97.2	86.14	84.9	84.7	88.4	89.15	99.18	82.63	86.92	80.53	78.26

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

5.18 Table 5.08 shows that the banking sector's expenditure to total income (EI) ratio was 80.19 percent at the end of June 2024. As evident from the table, the EI ratio of SBs was 139.29 percent, the highest among the bank categories in 2023, mainly due to the high operating expenses of these banks. The EI ratios of the SCBs, PCBs and FCBs were 89.24, 79.11 and 32.35 percent respectively in June 2024. EI ratios of all bank categories showed an decreasing trend compared to the previous year, except for SCBs. Expenses to total expenses had a negative impact on the net profits of the banks.

Earnings and Profitability

5.19 Although various indicators are used to determine earnings and profitability, the most representative and widely used ones are return on assets (ROA), return on equity (ROE) and net interest margin (NIM).

5.20 Earnings as measured by ROA and ROE differ among the bank categories. Table 5.09 shows the ROA and ROE of four types of banks during 2015 to June 2024. The table illustrates that the ROA of the SCBs and SBs were always less than the industry average ROA. The ROA of SCBs reduced to (-0.37 percent) in June 2024, as compared to what it was in 2023 (0.08 percent). In contrast, after showing an increasing trend from 2015 to 2016, ROA of PCBs has declined gradually in recent years. Though ROA of FCBs revealed a decreasing trend from 2015 to 2021 (except 2019), it always remained in a strong position. ROA of the banking sector stood at 0.40 percent in June 2024.

5.21 ROE of SCBs stood at -11.40 percent in June 2024, although it was 2.26 percent in 2023. The ROE of SBs also stood at -10.08 percent in June 2024, whereas ROE of PCBs increased to 8.75 percent in June 2024, up from 7.66 percent in 2023. ROE of FCBs rose to 19.33 percent in June 2024 up from 17.27 percent in 2023. ROE of the banking sector stood at 7.85 percent in June 2024. Trends in aggregate profitability for all banks are given in Chart 5.09.

5.22 Table 5.10 shows that the banking industry's net interest margin (NIM) stood at 2.94 percent in June 2024, although it was 2.51 percent in 2023. The NIM for all banks improved in June 2024 compared to 2023. Analysis of the relevant indicator reveals that NIM for PCBs and FCBs is always higher than the industry average. NIM for SCBs showed a positive trend from 2015 to June 2024. However, NIM for the overall banking sector exhibited a downward trend from 2014 to 2022, except for a slight increase in 2018, 2023 and June 2024 (Table 5.10).

Table 5.06 Comparative Position of Provision Adequacy

(In billion BDT)

Year	Items	SCBs	SBs	PCBs	FCBs
2021	Required provision	370.28	23.29	390.81	22.17
	Provision maintained	199.73	23.63	414.35	28.76
	Provision maintenance ratio (%)	53.94	101.46	106.02	129.72
2022	Required provision	301.43	24.73	491.33	24.08
	Provision maintained	213.15	24.82	463.87	29.64
	Provision maintenance ratio (%)	70.71	102.38	93.77	118.77
2023	Required provision	334.36	28.04	601.75	25.25
	Provision maintained	233.51	31.53	501.44	30.29
	Provision maintenance ratio (%)	69.83	112.44	83.33	119.96
2024 June	Required provision	376.51	28.14	710.92	26.06
	Provision maintained	262.23	30.48	570.07	30.76
	Provision maintenance ratio (%)	69.64	108.21	80.18	118.03

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

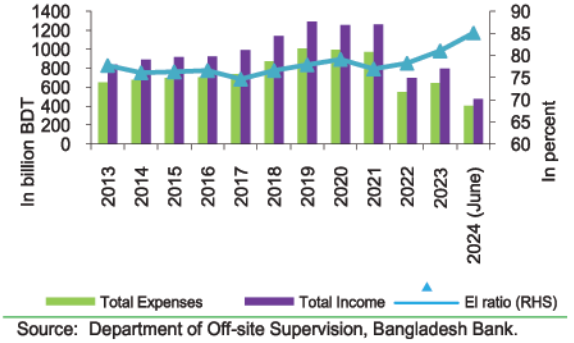
Table 5.07(a) Written-off Loans by Types of Banks

in billion BDT

Types of banks	2017	2018	2019	2020	2021	2022	2023	June 2024
SCBs	226.2	231.9	232.6	232.9	239.9	228.8	252.2	253.59
SBs	5.6	5.6	6.0	6.1	6.1	6.1	6.1	6.13
PCBs	239.9	280.4	303.0	316.2	344.7	354.7	400.6	472.24
FCBs	10.3	11.0	12.37	13.3	14.3	14.4	15.5	17.97
Total	**481.9**	**528.8**	**554.3**	**568.5**	**605.0**	**604.0**	**674.4**	**749.93**

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

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



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

5.23 Effective liquidity management helps to ensure a bank's ability to meet cash flow obligations, which are uncertain whenever are affected by external events and other agents' behaviour. Indicators like advance-deposit ratio (ADR), statutory liquidity ratio (SLR), interbank call money rate, and repo rate reveal the actual state of banking sector liquidity. In contrast, one

can evaluate a bank's ability to survive any liquidity-stressed situation through the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

Liquidity

5.24 In December 2023, the banking sector's overall advance/investment deposit ratio (ADR/IDR) stood at 80.38 percent. The prudential limits of ADR for conventional and IDR Islamic *Shariah*-based banks were 87 percent and 92 percent, respectively.

5.25 All scheduled banks are required to maintain cash reserve ratio (CRR) on a bi-weekly basis at 4.00 percent against their average total demand and time liabilities (ATDTL) of the second preceding month, with an obligation to maintain a daily minimum of 3.50 percent cash against the same ATDTL held by the bank. The current rate of statutory liquidity ratio (SLR) for conventional banks is 13.00 percent of ATDTL. In case of Islamic *Shariah*-based banks, the rate of SLR is 5.50 percent of their ATDTL of the second preceding month. Three banks (specialised) have been exempted from the maintenance of SLR, but they must maintain CRR at the same rate as other scheduled banks.

5.26 Banks with off-shore banking operation (OBO) have to maintain SLR for liabilities arising from such operations. Scheduled banks having OBO are required to maintain a statutory liquidity ratio (SLR). The current rate of statutory liquidity ratio (SLR) for conventional banks is 13.00 percent of ATDTL. For Islamic *Shariah*-based banks, this rate is 5.50 percent of the same ATDTL of the second preceding month.

5.27 As on 30 June 2024, the liquidity coverage ratio (LCR) of the banking sector was 151.01 percent (against the minimum requirement of 100 percent), indicating that banks had the requisite buffer of high quality assets to cover cash outflow for a minimum of 30 calendar days under any stress scenario. The net stable funding ratio (NSFR) of the banking sector, as a whole, was 109.70 percent in June 2024, indicating that at this time banks were dependent more on stable funding than volatile funding to expand their business activities.

Table 5.07(b) Total outstanding of written-off loan by Types of Banks

(in billion BDT)

Types of banks	2017	2018	2019	2020	2021	2022	2023	June 2024
SCBs	224.4	226.2	232.2	179.4	232.9	228.8	182.7	180.20
SBs	5.6	5.6	5.8	3.8	6.1	6.1	3.4	3.45
PCBs	216.7	246.5	294.3	239.4	316.3	354.7	317.4	381.44
FCBs	8.6	10.7	12.3	10.1	13.6	14.4	12.1	14.24
Total	**455.3**	**489.0**	**544.6**	**432.7**	**568.9**	**604.0**	**515.6**	**579.33**

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

Table 5.08 Expenditure-Income Ratio by Types of Banks

(In percent)

Bank types	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024
SCBs	84.1	84.5	90.2	81.3	80.5	84.9	83.2	86.13	82.33	81.88	89.24
SBs	99.5	113.9	137.8	124.0	144.6	159.8	158.1	162.94	169.07	172.64	139.29
PCBs	75.8	75.5	73.5	73.8	76.7	77.6	79.6	75.32	76.28	80.97	79.11
FCBs	46.8	47.0	45.7	46.6	47.5	48.8	46.2	43.89	35.23	53.04	32.35
Total	**76.1**	**76.3**	**76.6**	**74.7**	**76.6**	**78.0**	**79.2**	**76.97**	**78.29**	**81.08**	**80.19**

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

Legal Framework and Prudential Regulations

Risk Based Capital Adequacy (RBCA) for Banks

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

5.29 Banks have been submitting capital adequacy reports/statements following the new

Table 5.09 Profitability Ratio by Types of Banks

(in percent)

Bank Types	ROA										ROE									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024
SCBs	-0.04	-0.16	0.21	-1.30	-0.61	-1.07	-0.68	-0.21	0.08	-0.37	-1.47	-6.02	3.45	-29.61	-13.68	-29.57	-21.61	5.43	2.26	-11.40
SBs	-1.15	-2.80	-0.62	-2.77	-3.31	-3.01	-3.03	-3.31	-3.53	-2.54	-5.79	-13.88	-3.07	-13.47	-17.04	-13.85	-13.21	-13.68	-14.29	-10.08
PCBs	1.00	1.03	0.89	0.79	0.77	0.70	0.62	0.59	0.47	0.48	10.75	11.09	12.01	10.98	11.16	10.22	9.34	9.38	7.66	8.75
FCBs	2.92	2.56	2.24	2.23	2.30	2.13	1.17	2.57	3.09	4.08	14.59	13.08	11.31	12.42	13.43	13.10	7.79	16.03	17.27	19.33
Total	**0.77**	**0.68**	**0.74**	**0.25**	**0.43**	**0.25**	**0.25**	**0.52**	**0.43**	**0.40**	**10.51**	**9.42**	**10.60**	**3.86**	**6.83**	**4.28**	**4.44**	**9.37**	**7.88**	**7.85**

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

Basel III accord from the quarter that ended in March 2015. It was found then that capital-to-risk weighted asset ratio (CRAR) of the banking industry stood at 10.64 percent at the end of June 2024 while CET1 was then 6.95 percent, fulfilling Basel III Capital Adequacy Requirements. However, at the individual level, 11 banks out of the 61 scheduled banks failed to maintain CET1 and minimum capital requirements.

5.30 Under Basel III, banks will have to build up an additional capital conservation buffer (CCB). Maintenance of CCB has ended at 2.50 percent in 2019. CCB of the banking industry stood at 0.64 percent at the end of June 2024. Besides, at the individual level, 44 banks have already fulfilled the CCB requirements.

5.31 In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, Bangladesh Bank introduced the minimum requirement of leverage ratio as 3.50 percent. This ratio of the banking industry stood at 4.18 percent at the end of June 2024 whereas at the individual level, 50 banks have already fulfilled the minimum requirements set.

Loan Classification

5.32 At the beginning of FY13, BB reformed its loan classification and provisioning policy to align it with international best practices. However, due to the COVID-19 pandemic, the economic and business environment became worse. With a view to facilitating the existing business environment and aligning it with the macroeconomic situation, some relaxations were introduced to the objective criteria of loan classification policy declared in 2012. To combat the negative impact of COVID-19, and to encourage borrowers through ease of repayments, BRPD issued several directives regarding loan classification and provisioning every now and then in order to facilitate local and international trade and commerce. While formulating the policy to be put into place, sector specific and category-wise considerations such as CMSMEs, agricultural sector, large loans, etc. as well as current international and local

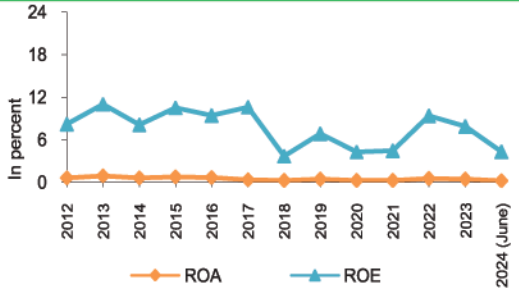
Table 5.10 Net Interest Margin by Types of Banks

(in billion BDT)

Bank Types	2015	2016	2017	2018	2019	2020	2021	2022	2023	June 2024
SCBs	1.62	1.75	1.98	2.35	1.94	1.75	1.57	1.89	1.80	1.83
SBs	1.43	0.76	2.05	0.62	0.01	-0.21	-0.58	-0.63	-0.46	-0.12
PCBs	3.85	3.89	3.52	3.55	3.52	2.97	2.87	2.54	2.63	3.10
FCBs	6.08	4.99	4.35	4.30	4.21	4.05	3.03	3.04	5.11	6.88
Total	**3.28**	**3.27**	**3.13**	**3.22**	**3.12**	**2.67**	**2.49**	**2.35**	**2.51**	**2.94**

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

Chart 5.06 Trends in Aggregate Profitability in the Banking Industry



Source : Department of off-site Supervision, Bangladesh bank.

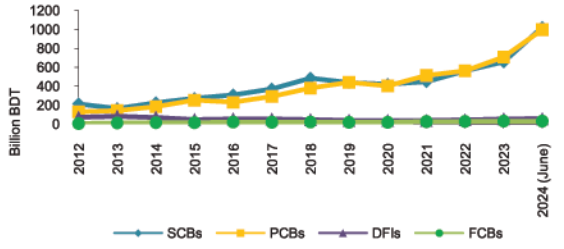
economic conditions due to COVID-19, political unrest emanating from war, flood hazard in Bangladesh, etc. were taken into consideration. BB is moving towards the Basel III standard for loan classification to treat material exposure as non-performing after they are more than 90 days past due. Moreover, to enhance the risk management capability of banks and ensure transparency in financial regulation BB hopes to adopt the International Financial Reporting Standard (IFRS 9).

Implementation of Risk Based Supervision in Bangladesh Bank

5.33 BB has taken initiatives to implement Risk Based Supervision (RBS) with an aim to strengthening its supervisory capacity and align its current supervisory framework with global best principles and practices. This endeavor has been receiving technical assistance (TA) from the IMF and development partners like the World Bank and IFC. According to the Memorandum of Economic and Financial Policy signed between the Bangladesh Government and IMF, BB is committed to implementing RBS by 2025. An interdepartmental working group and a fully dedicated RBS Implementation cell are working seamlessly towards facilitating this effort with the overall guidance of a high-powered RBS Advisory Committee (RAC) chaired by the Deputy Governor. Besides TA from development partners, BB has been exploring the prospect of gathering knowledge and experiences from regional central banks continuously to benefit from their RBS implementation process. Based on the knowledge and insights gathered from the TA and its experience-sharing sessions with some neighbouring central banks, BB has made the following progress towards the RBS implementation effort:

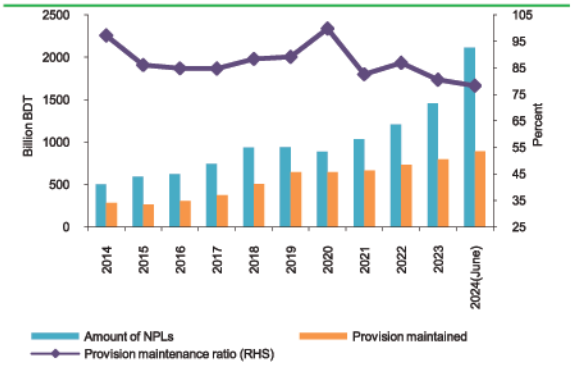
- A customised RBS model has been developed along with necessary documents, including assessment guidance notes, to assist supervisors in assessing various risks and ensure quality of risk management of the banks under the proposed RBS framework. Risk assessment of selective scheduled commercial banks has there by been initiated on a pilot basis.
- A strong data management platform is one

Chart 5.07 Comparative position of NPLs by Type of Banks



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

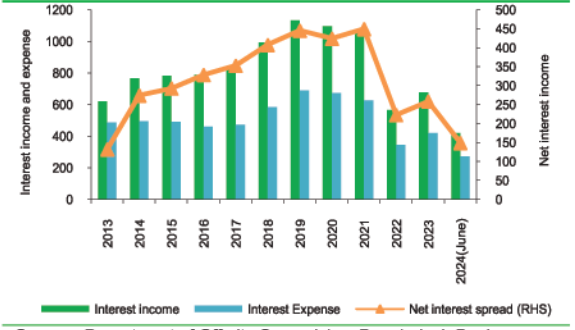
Chart 5.08 Provision Adequacy Position of all Banks



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

Chart 5.09 Aggregate NII of the industry

(In billion BDT)



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

of the major prerequisites for effective implementation of RBS. A comprehensive data collection template has been prepared to gather information from banks under the RBS framework. Based on the data template, a rationalised input template (RIT) is being generated, and a comprehensive RBS dashboard is being planned.

- Capacity building on RBS through various trainings, workshops and knowledge-sharing programme (both local and international) is going on with the participation of officials from various supervisory (onsite and offsite) and regulatory departments of BB to equip them with robust grasp of the RBS framework and deal with its potential transformative impact on Bangladesh's banking sector;

With the full-scale implementation of RBS, BB will replace its current rule-based, compliance-oriented bank supervision approach with a dynamic and forward-looking one that will enable continuous evaluation and monitoring of banks' risk profiles, leading to the identification and prevention of risks. Supervisors will place greater emphasis on the risk areas exhibiting the highest threat to banks and apply flexible, customised risk management strategies based on bank-specific needs. As a result, more efficient and effective allocation of supervisory resources will be ensured, and the overall effectiveness of supervision will hopefully increase by improving supervisory outcomes. To sum up the effective implementation of RBS will not only ensure a healthy and vibrant banking sector, increasing its resiliency against future financial crises, but will also guarantee enhanced protection for depositors against potential losses.

5.34 Under the continuous supervision/ surveillance system, the overall financial condition of the banks operating in Bangladesh is monitored throughout the year based on periodic onsite inspections conducted by the concerned departments of BB. As part of the statutory function, currently ten departments of BB, namely, Department of Banking Inspection-1 (DBI-1), Department of Banking Inspection-2 (DBI-2), Department of Banking Inspection-3 (DBI-3), Department of Banking Inspection-4 (DBI-4), Department of Banking Inspection-5 (DBI-5), Department of Banking Inspection-6 (DBI-6), Department of Banking Inspection-7 (DBI-7), Department of Banking Inspection-8 (DBI-8), Department of Foreign Exchange Inspection (DFEI) and Financial Integrity and Customer Services Department (FICSD) have been conducting onsite inspection activities. These ten departments conduct onsite inspections on SCBs, SBs, PCBs (including banks operating under Islamic *Shariah*), FCBs and other financial institutions, including the Investment Corporation of Bangladesh (ICB) and money changers. These departments conduct different types of inspections, which may be divided into three major categories: (i) comprehensive/regular/ traditional inspection (ii) core risks evaluation and (iii) special/surprise inspection.

5.35 The overall performance of banks (such as capital adequacy, asset quality, liquidity, earnings, management competence, etc.) is improved through comprehensive inspection, and banks are rated from '1' to '5' scale in ascending order based on such evaluation. The onsite inspection departments also monitor compliance with the suggestions or recommendations made in the inspection reports. Inspection is also conducted to examine the compliance of the core risk management guidelines regarding asset liability management, credit/investment risk management, internal control and compliance, and the information systems security issued by the Bangladesh Bank. Special/surprise inspections are conducted for specific purposes, or to investigate complaints received from banks customers. During FY24, BB's eight banking inspection departments conducted 2304 onsite

Table 5.11 A Summary of On-site Banking Inspections in FY24

Name of the Departments	Comprehensive Inspections		Special Inspections	Core Risk Inspections	SREUP and AML Inspections	Quick Summary Inspections	**Total Inspections**
	Head Offices	Branches					
DBI -1	4	156	06	-	8	80	**254**
DBI -2	7	506	02	08	-	-	**523**
DBI -3	11	345	12	52	-	-	**431**
DBI -4	11	236	11	88	22	47	**415**
DBI -5	10	77	23	44	21	91	**267**
DBI -6	05	47	22	10	15	46	**145**
DBI -7	05	40	39	05	15	45	**149**
DBI -8	12	73	03	11	19	02	**120**
Total	**77**	**1480**	**118**	**218**	**100**	**311**	**2304**

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

inspections of various banks under their jurisdiction where the total number of comprehensive inspections and special inspections were 1557 and 118 respectively. A number of head offices of local banks and country offices of foreign commercial banks were also taken under the core risk evaluation process in FY24. Moreover, BB's inspection departments carried out a number of inspections to review the accuracy of the statement of internal capital adequacy assessment process (ICAAP) of banks. A summary of onsite supervision carried out by BB's eight departments of banking inspection (DBI) is depicted in Table 5.11.

5.36 The Department of Foreign Exchange Inspection (DFEI) is devoted to conducting inspection on issues related to foreign exchange transactions, foreign trade financing and foreign exchange risk management of banks. The inspections of this department are carried out broadly in two dimensions regular and special which are carried out through on-site inspection. But foreign exchange risk management inspection is done by on-site inspection only on those banks where speculative and/or derivative transactions have taken place and whereas off-site supervision is done on the banks where speculative and/or derivative transaction is absent in the inspection period. The function of DFEI can be broadly categorised into the following types: Comprehensive Inspection on Authorised Dealer (AD) branches, Special Inspection on Authorised Dealer (AD) branches, FX Risk Management Inspection, Cash Incentive Inspection, Comprehensive Inspection on Money Changers, Special Inspection on Money Changers, Inspections on Offshore Banking Units, Exchange houses and overseas branches operations of local banks have been caried out. In FY24, the number of inspections conducted by DFEI are depicted in Table 5.12.

Table 5.12 Inspection by DFEI

Comprehensive inspections of authorised dealer branches	112
Special inspections of foreign trade and foreign exchange related irregularities	97
Inspections of foreign exchange risk management	58
Comprehensive inspections of money changers	80
Special inspections of money changers	161
Inspections of offshore banking units	10
Exchange houses and overseas branches operations of local banks.	-
Total	**518**

Source: Department of Foreign Exchange Inspection, Bangladesh Bank

5.37 BB's Financial Integrity and Customer Services Department (FICSD) is dedicated to maintaining a customer-friendly banking environment. This department aims to ensure convenient and reliable transactions and services from banks, finance companies (FCs), and mobile financial service (MFS) providers. The use of banking services and the number of customer complaints is growing daily. FICSD is actively

working to resolve complaints received for both banking and non-banking services. The platform ensures easy resolution for everyone, including those in underserved areas. The department introduced a hotline, '16236', to make complaint submissions easier. Experienced officials promptly handle these calls to provide instant support. Complaints can also be submitted via email, an Android app, BB website, and postal or courier services. The skilled and dedicated team at FICSD diligently addresses each complaint, and have earned local and international recognition for their efforts. To ensure accountability, the department has issued a comprehensive guideline called 'Guidelines for Customer Services and Complaint Management' for scheduled banks and finance companies. The department also monitors compliance with these guidelines. FICSD has been working tirelessly to protect customers' interests and maintain discipline and transparency in the financial sector. In FY24, they resolved 14,402 out of 14,421 received complaints. Table 5.12 compares the resolution rates for complaints received over the last four financial years (FY21, FY22, FY23, FY24).

5.38 FICSD is dedicated to maintaining BB's reputation as a regulatory body, both locally and internationally. They resolve complaints, answer customer queries, and contribute to various banking and financial sector activities such as import and export, foreign exchange flow, general banking, loans and advances, human resource management, and mobile financial services. In FY24, the department handled 218 writ petitions and lawsuits from various stakeholders, always taking action promptly as directed by the court. Additionally, hotline 16236, part of the 'Customers Interest Protection Centre (CIPC),' is now listed on the government's information portal, Tottho Batayon. In addition to serving customers, FICSD has taken the lead in identifying irregularities in banks, FCs, and MFS. It does so through on-site inspections based on instructions from the authorities, tip-offs, or sensitive complaints. In FY24, the department has carried out 169 special inspections, including 23 on state-owned commercial banks (SCBs), 96 on private commercial banks (PCBs), 40 on Islamic *Shariah*-based banks (ISBs), 3 on foreign commercial banks (FCBs), 6 on finance companies (FCs) and 01 on an unauthorised bank. Additionally, FICSD has been working closely with other departments, such as BB's Law Department, to properly address legal issues arising from writ petitions and lawsuits. FICSD will also carefully analyse the root causes of complaints and recommend policy changes to the relevant departments as and what needed.

5.39 A nation needs a robust, solid and resilient financial system in order to achieve stable economic growth and development. In this respect, the Financial Stability Department (FSD) of BB has been playing a significant role since its inception in developing and implementing a variety of macroprudential and risk monitoring tools and measures. From the perspective of financial stability, the department has also been analysing plausible risks and vulnerabilities in the financial system. In addition, the department has been conducting studies on widely acknowledged stability challenges. The outcomes of the risk assessment tools and analytical works are shared with concerned departments of BB to provide them with important and significant inputs towards enhancing the capacity for improving the resilience of the overall financial system. Alongside focusing on different contemporary financial issues, the department publishes the *Financial Stability Report* (FSR), *the Quarterly Financial Stability Assessment Report* (QFSAR), *the Bangladesh Systemic Risk Dashboard* (BSRD), and *the Composite Financial Stability Index* (CFSI). Moreover, reports on some other areas, namely, the Central Database for Large Credit (CDLC) and Financial Projection Model (FPM), are prepared and shared with other related departments of BB.

5.40 The *Financial Stability Report* (FSR), prepared annually by FSD is intended to provide stakeholders with important insights into the strengths, and risks to, and the vulnerabilities of the financial system thus enablies them to devise preemptive and forward-looking measures. The department also publishes the *Quarterly Financial Stability Assessment Report* (QFSAR), which depicts the main developments in the financial system and analyses threats to them and their potential to impact on the stability of the financial system and the economy of Bangladesh. During every quarter, individual banks and the banking sector are subject to forward-looking exercises like stress testing to determine their resilience under different plausible shock scenarios. Scheduled banks are advised to take necessary measures to reduce the risks observed in stress testing. In addition, key findings of the test are shared with the relevant departments of BB so that necessary actions can be taken by them. In Addition, FSD publishes the aggregate findings of stress testing in the FSR and QFSAR to increase awareness among stakeholders of the financial system in place.

5.41 The Financial Projection Model (FPM) is a forecasting tool that has been developed with the technical assistance of the World Bank. It is prepared twice a year to predict the performance of banks in selected indicators under three different hypothetical scenarios. This model projects different aspects of the banking industry for the next twelve quarters. To formulate assumptions and project the performance of banks under favourable, baseline and stressed scenarios, the model incorporates historical micro-data, notes the current and makes banks aware of the anticipated situation of the financial sector and macroeconomic conditions, and recent regulatory developments.

5.42 Sometimes, highly interconnected banks and FCs may pose risks to themselves. When a risk is revealed to be systemic, it will not remain confined to a single institution but spread throughout the interconnected banks and finance companies. Using the Interbank Transaction Matrix (ITM), those risks are identified and investigated. Considering funded (deposit, call money, investments, loans) and non-funded (guarantee, commitment, off-balance sheet) exposures in ITM, a report is prepared every quarter to follow up the liquidity management systems of banks and FCs. Based on ITM's findings, selected banks and FCs are advised to mitigate the potential risks of interbank loans, director loans and deposits to ensure the stability of the money market. Using this tool, the composition and functions of the interbank network are analysed, through which contagion and its peripheral effects can be understood clearly. In this way, prudent and timely policy decisions can be made and promulgated effectively and efficiently.

5.43 FSD identifies Domestic Systemically Important Banks (D-SIBs) semi-annually to mitigate any potential negative impact on the domestic financial system in the event of a D-SIB's failure, since failure of such banks could have a greater adverse impact on the financial system and real economy compared to that of a non-systemic bank. Additionally, the threats evolved from Non-Financial Corporations (NFCs) are assessed quarterly by the 'Central Database for Large Credit (CDLC)' report to create a safeguard for large credit concentration and identify assets in advance that may fall into financial distress.

5.44 The Financial Stability Department has also been publishing the *Bangladesh Systemic Risk Dashboard* (BSRD) on a half-yearly basis since the second half of 2016 to identify systemic risks and reveal BB's analysis of such risks to the stakeholders of the financial system. So far, 14 (fourteen) issues of the *Dashboard* have been uploaded to the website of BB. BSRD portrays broader aspects of Bangladesh's macro-financial system, following mostly a graphical presentation

style. It covers seven systemic risk areas of Bangladesh's macro-financial system, namely, macro risk, credit risk, funding and liquidity risk, market risk, profitability and solvency risk, inter-linkages and structural risk. The department also prepares the Composite Financial Stability Index (CFSI) semi-annually to assess the level of risks in the macro-financial system and the state of domestic financial stability. To be more precise, this tool is designed to evaluate the level of volatility seen in different economic sectors and its impact on the broader financial system. It is an aggregated form of nineteen different indicators under four sub-indices: Real Sector Index (RSI), Fiscal Sector Index (FSI), External Sector Index (ESI) and Financial and Monetary Sector Index (MSI). Those nineteen indicators combine the major soundness aspects of the four main sectors of the economy, namely, the real sector, the external sector, the fiscal sector, and the financial and monetary sector, to create a single composite indicator that indicates the stability condition of the financial system as well as the build-up of any systemic stress. Annual data from different sources is used to prepare this index. The CFSI report is published in the FSR regularly.

5.45 A Coordination Council Technical Group (CCTG), a forum of financial sector regulators, was formed under the framework titled 'Coordinated Supervision Framework for Bangladesh Financial System.' It was established to minimise any systemic crisis that could threaten Bangladesh's financial stability and to provide technical support to the Coordination Committee headed by the Honorable Governor. Besides BB officials, the group includes members from BSEC, RJSC, IDRA, MRA and the Department of Cooperatives. The CCTG members met once during FY24 to exchange ideas and information and promote cooperation among various financial system regulators.

5.46 FSD has been publishing the *Financial Stability Map* (FSM) to identify and analyse potential threats to Bangladesh's macro-financial system. This model, based on global best practices and tailored to Bangladesh's unique financial landscape, takes into account eight components: external economy, domestic economy, households, non-financial corporations, fiscal condition, financial market condition, capital and profitability, funding and liquidity. It is comprised of 37 indicators related to Bangladesh's macro-financial system. The FSM provides a comprehensive stability assessment, with a summary of published regularly in the FSR. Notably, the first FSM was incorporated into the FSR in 2018.

Table 5.13 Statistics of Special Inspections conducted by FICSD

Types of Banks	Number of special inspection, FY23	Number of special inspection, FY24
State-owned Commercial Banks (SCBs)	18	23
Specialized Banks (SBs)	01	0
Private Commercial Banks(PCBs)	50	96
Islami Shariah based Banks (ISBs)	21	40
Foreign Commercial Banks (FCBs)	01	03
Financial Companies	4	06
Unauthorised 'Banks'	0	01
Total	**94**	**169**

Source: Financial Integrity and Customer Services Department, Bangladesh Bank.

5.47 Deposit insurance is a system for protecting banks' depositors. It appears to be an essential component of a sound and stable banking system while maintaining discipline in the financial sector.

5.48 In Bangladesh, the deposit insurance system (DIS) was introduced to protect bank depositors in August 1984 as 'The Bank Deposit Insurance Ordinance 1984'. In July 2000, the Ordinance was replaced by an Act called 'Bank Amanat Bima Ain, 2000'. In accordance with the Act, Bangladesh Bank (BB) has been authorised to carry out a fund called the Deposit Insurance Trust Fund (DITF). In Bangladesh, if any bank becomes liquidated or declared bankrupt, the Deposit Insurance System (DIS) will follow payment of compensation as per international

practice. The Board of Directors of Bangladesh Bank (BB) acts as the Trustee of DITF.

5.49 Bangladesh's Deposit Insurance System (DIS) is limited to pay-box system. The main functions of DIS are carried out by BB and are as follows:

i. To collect premium from all scheduled banks in Bangladesh on a half-yearly basis (June 30 and December 31);

ii. Invest the funds in long term(2 year, 5 year,10 year & 15 year) BGTBs, BGIS and BB Bills;

iii. The accumulated profit of invested securities is reinvested in the mentioned sectors; and

iv. In case of winding up of an insured bank, Bangladesh Bank (BB) will take the required steps to pay each depositor of that bank an amount equal to his/her deposits which will not exceed BDT one hundred thousand, as per the provision of 'Bank Amanat Bima Ain, 2000'.

5.50 Under the World Bank Financial Sector and Support Project II (FSSPII) project, DIS expert has recently completed a preliminary mission to assess compliance against the International Association of Deposit Insurers (IADI) core principles over the Deposit Insurance System of Bangladesh. In the Assessment Report, they have made some suggestions regarding the amendment of 'Bank Amanat Bima Ain, 2000'. The enactment of new Deposit Protection Ordinance 2025 is being readied. As per this Ordinance, finance companies will come under the umbrella of the Deposit Insurance System (DIS), along with the scheduled banks. The per depositor coverage limit (mostly aligned with international best practices) will be increased. The current position of DIS is shown in Table 5.15.

5.51 The Credit Information Bureau (CIB) was set up in BB on 18 August 1992 with the objective of minimising the extent of default loans. In an attempt to make the report generation system

Table 5.14 The recent position of DITF

Particulars	Unaudited Figure (as on 31 December 2023)	Premium Rate*	Coverage Amount
Total Fund	151.52 billion BDT	---	Limited up to BDT 100 Lac (per bank per depositor)
Total Investment	149.58 billion BDT		
Fully insured Depositors	91.21%(Approximately)		
Sound Bank Categories	---	0.08%	
Early Warning Bank Categories	---	0.09%	
Problem bank Categories	---	0.10%	

Source: Deposit Insurance Department, Bangladesh Bank.

faster, the Bureau started its online services on 19 July 2011, aligning itself with the 'Digital Bangladesh' agenda. The CIB database consists of detailed credit information of the borrowers (individual/proprietorship/company/partnership) and their guarantors who have loans and credit cards outstanding in amounts of BDT 1 and above. The CIB report generated from the system contains information on all loans (living and terminated) along with the 24 month credit history of the borrower. The CIB online system plays an important role in maintaining risk-free lending procedures in the banking industry.

5.52 The newly developed credit information system (CIS) started its live operation on 17 September 2023 with a new feature of updating the classification status of loans due to adjustment, rescheduling, renewal, enhancement, restructuring or any other reason on a real time basis. The new borrowers can also be reported in CIB database at real time as a result of the introduction of this new system.

5.53 The total number of banks borrowers was 75,93,820 at the end of June 2024, while it was 72,49,644 during the same period of the previous year. This number reflects an increase of around 5 percent compared to the same period of the previous year. The total number of classified borrowers in banks/FCs was 10,12,721 at the end of June 2024, which is around 08 percent higher compared to the previous year. In June 2023 the number was 9,38,822.

The total outstanding loans and advances of banking and finance companies stood at BDT 21,452. 03 billion in June 2024, which was 29 percent higher than that in the same period of the previous year. The classified amount (including the written-off amount) soared to BDT 2,934.83 billion in June 2024, up from BDT 2,257.78 billion in June 2023. This amount is around 30 percent higher than that of the amount last year.

5.54 Moreover, the Bangladesh Bank CIB started to develop a collateral information system in order to prepare a Collateral Database of immovable assets (land/building, flats, capital machineries). In this database, information on collateral that is mortgaged by borrowers against sanctioned loans/advances of banking/ finance companies will be stored. The main purpose of developing such a system is to prevent fraud/forgery arising from mortgaging unlawfully the same property against new loans sanctioned by banks/FCs. At this moment the development of the collateral information system is under process.

5.55 The MF-CIB has been inaugurated this year, its live operation began on 8 February 2024.

Box 5.01 Bank Company (amendment) Act 2023: An overview

The Bank Company (Amendment) Act 2023 was passed on 21 June 2023 in the Bangladesh parliament with a view to improving the prevailing condition of defaulted loans and ensuring more discipline and good governance in the banking sector. In view of this action, Bangladesh Bank (BB) issued BRPD Circular Letter No.25, dated 24 July 2023 regarding the Bank Company (amendment) Act 2023. In the amended act, several provisions regarding willful defaulters, good governances, credit discipline, prompt corrective action framework and recovery plan, resolution through forced merger/amalgamation, restructuring, and other measures of the stressed bank company, etc. have been incorporated.

Major amendments and related regulations

Section 5: Definition of willful defaulter borrower under section 5 (KaKakaka) for the first time is set apart from defaulter borrower under section 5(GaGa) of Bank Company Act (BCA), 1991 together with section 27Kha in which BB has been given the power to enforce punitive actions/measures against willful defaulters borrowers. In view of these, BB issued BRPD Circular No. 06 dated 12 March 2024.

Section 15, 15KaKaKa and 23: Provisions regarding appointing directors, independent directors, and altemate directors in banks have been incorporated under sections 15, 15KaKaka and 23. In pursuance of these sections, BB has issued comprehensive regulation vide BRPD Circular No. 02, dated 11 February 2024 regarding formation of board of directors and their responsibilities in banks.

Section 15(9): Provisions regarding appointing independent directors in banks have been incorporated under sections 15(9). In pursuance of section 15(9), in a separate policy vide BRPD Circular No. 03, dated 14 February 2024.

Section 15(10): Provisions regarding the number of directors in the board from a single family has been reduced to maximum three from the existing four.

Sections 26Ga and 27: Provisions have been included under sections 26Ga and 27 regarding restrictions, limit for transactions with bank-related persons, and collateral and securities requirement for directors and their family member's loans.

Section 29Ka and 27Kaka: To mitigate the risks associated with collaterals, maintaining credit discipline and transparency in the assessment of collateral during loan disbursement, provisions have been included under section 29Ka regarding collateral appraisers/valuation companies/institutions to be enlisted with BB. In pursuance of the said provisions, BB has issued policies vide BRPD Circular No. 16, dated 28 November 2023.

Sections 44Ka and 44Kha: BB's inspection scope has been enhanced through amendment of section 44 and incorporation of the new sections 44Ka and 44Kha. BB can now inspect institutions and foundations financed or managed by the bank company constituted under the Societies Registration Act, 1860. BB can also collect information or examine financial transactions of any person, institution or company under other regulators or the government.

Section 46: Section 46(6) has been deleted to keep power with BB for the removal of state-owned bank directors instead of existing government powers and a new provision has been added as 46(7) for enabling banks to sue and claim compensations from the removed managing director and director to cover up the financial losses caused by them

Section 77Ka: A special provision, namely 77Ka, has been incorporated regarding Prompt Corrective Action (PCA) by BB for recovery, and resolution of the stressed bank company through amalgamation, restructuring and other measures. In pursuance of section 77Ka, BB introduced the PCA Framework vide BRPD Circular No. 17, dated 05 December 2023. Besides, in exercise of the legal power of 77ka, BB formulated policy on amalgamation of bank companies, and accordingly issued BRPD Circular No.08, dated 04 April 2024. The policy contains guidelines for both, voluntary and mandatory amalgamations. According to BRPD Circular No.03, dated 24 February 2022, banks are required to submit recovery plan to BB with approval from the respective banks' board of directors.

Box 5.02 Prompt Corrective Action (PCA) Framework, Recovery and Resolution: An overview

Legal background: A special provision, namely, section 77Ka, has been incorporated in the Bank Company (amendment) Act, 2023 regarding Prompt Corrective Action by Bangladesh Bank (BB) in case of stressed/weak bank companics. The said provision, along with section 77, entrust BB to introduce and enforce Prompt Corrective Action (PCA) Framework, for recovery, and resolution of a stressed/weak bank company. Thereby, in pursuance of the section 77Ka, BB issued BRPD Circular No. 17, dated 05 December 2023 regarding rule based 'Prompt Corrective Action (PCA) Framework'. In view of this action, BB has also issued two related circulars, i.e. BRPD Circular No.03, dated 24 February 2022, regarding 'Recovery Plan for Banks', and BRPD Circular No. 08, dated 04 April, 2024, regarding guidelines to be followed for amalgamation of banks

Purpose of the system: The PCA framework/system is a rule-based transparent system with clear indicators to follow. In the framework, financial indicators of the banks are monitored by the central bank/regulator. Banks with stressed/weak financial conditions are divided into several categories based on various financial indicators-based matrix i.e. capital to risk weighted assets ratio (CRAR), tier 1 capital ratio, common equity tier 1 (CET1) ratio, net non-performing loan (NPL), liquidity, and corporate governance. Accordingly, to recover from the stressed condition of a bank, mandatory and discretionary forceful corrective actions/measures/restrictions are to be imposed on them by the central bank. However, actions/measures/restrictions are to tailored as each bank's risks will be different from others. The purpose of the PCA framework is to bring the weak bank back to normal operation/condition within a certain period through proactive nursing. If this system fails, then the resolution of the bank will be required using various tools/options (i.e. amalgamation/merger, sale/ purchase and acquisition, restructuring, bail-in, others arrangements, and liquidation).

Initiation of PCA Framework: The provisions of the PCA framework will be effective from 31 March 2025, based on the annual audited financials of the period that ended on 31 December 2024. The audited annual financial statements and onward periodic supervisory returns submitted by the banks to BB including the ongoing on-site and off-site supervisory assessment conducted by BB, will be the primary source of information for operationalising the PCA framework.

There are 4 annexes in the PCA framework circular (Annex-1: PCA Framework-PCA initiation, approval, monitoring. and exit: Annex-2: PCA matrix-capital and NPL parameters, liquidity, corporate governance, Annex-3: Illustrative mandatory/compulsory actions/measures and Annex-4: Illustrative discretionary corrective actions/measures. Based on these parameters, the weak banks are divided into 4 categories (Category-1, Category-2, Category-3, and Category-4) with specific actions/measures/ restrictions and in the ascending order of the category; the more stressed/weak banks will be subject to stricter actions/measures/restrictions.

Upon initiation of PCA, a directive with corrective actions/measures/restrictions, namely, 'Directives of Bangladesh Bank'or 'DOBB' to the bank company will be issued for the improvement of the bank's deteriorated financial and operational conditions to a normal state within a specified time frame. The board of directors of the concerned bank will have to carry out/implement all the corrective measures and instructions contained in the DOBB. According to the circular, if the concerned bank under PCA framework achieves normal condition in the relevant indicators, and the Board of Directors of BB is satisfied with the status of the bank company's compliance, the obligation of PCA framework for that bank company will be lifted. Moreover, in line with the PCA framework, BB has formulated policy on amalgamation of bank companies through BRPD Circular No.08, dated 04 April 2024 under section 77ka of the BCA, 1991. The policy contains guidelines for both voluntary and mandatory amalgamations.

Performance and Prospect of the Islamic Banking System (IBS) in Bangladesh

6.01 Islamic banking has become a significant and integral part of global financial systems due to its asset-based nature and risk-sharing aspects although it strictly prohibits *Riba* (interest) and encourages ethical investing. The unique feature of Islamic banking is the *Shariah* compliance function that distinguishes it from conventional banking. It has grown rapidly in value and geographical reach in many countries of the world. In Bangladesh, as well Islamic banking has become an important part of the country's financial system since the establishment of the first Islamic bank, 'Islami Bank Bangladesh Limited' in 1983. Since then it has been able to record its continued expansion over the span of four decades, driven by the desire of a predominantly Muslim populations towards *Shariah*-compliant banking services and continued policy supports from the government and the Bangladesh Bank (BB) as well.

Overview of Islamic Banking in Bangladesh

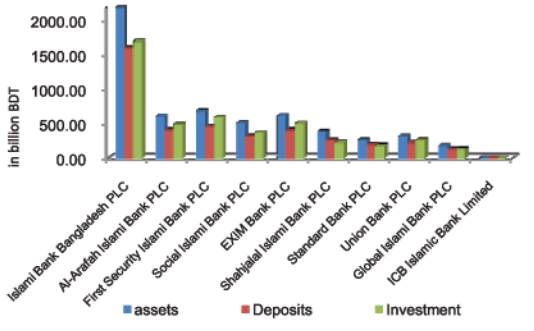
6.02 The Islamic banking sector in Bangladesh is made up of 10 full-fledged Islamic banks having 1678 branches, out of a total 11297 branches, of the whole banking sector. In addition, 33 Islamic banking branches of 16 conventional commercial banks and 688 Islamic banking windows of 18 conventional commercial banks have also been providing Islamic financial services in Bangladesh as of end June 2024. Islamic banking services networks through bank branches have consistently increased over time. At the end of June 2024, the total number of Islamic banking branches (including Islamic branches and windows of conventional banks) reached 2399, of which 10 full-fledged Islamic banks have 1678 branches, consisting of 1070 in urban and 608 in rural areas; out of 33 branches of the 16 conventional commercial banks, 32 are in urban and 1 in rural areas; and out of the 688 windows of 18 conventional banks, 521 are in urban and 167 in rural areas (Table 6.01). Chart 6.01 shows assets, deposits and the overall investment situation of 10 full-fledged Islamic banks in Bangladesh at a glance.

Table 6.01 Number of Islamic Banks, Branches and Windows

SL	Full-fledged Islamic Banks	No. of Branches	Conventional Banks having Islamic Branches	No. of Branches	Conventional Banks having Islamic Windows	No. of Windows
1.	Islami Bank Bangladesh PLC	395	Prime Bank PLC	5	NRBC Bank PLC	320
2.	Al-Arafah Islami Bank PLC	220	Southeast Bank PLC	5	Agrani Bank PLC	60
3.	First Security Islami Bank PLC	205	Bengal Commercial Bank PLC	3	The City Bank PLC	60
4.	Social Islami Bank PLC	179	Dhaka Bank PLC	2	Sonali Bank PLC	58
5.	EXIM Bank PLC	151	Premier Bank PLC	2	Mercantile Bank PLC	45
6.	Shahjalal Islami Bank PLC	140	Jamuna Bank PLC	2	Trust Bank Limited	30
7.	Standard Bank PLC	138	One Bank PLC	2	Premier Bank PLC	25
8.	Union Bank PLC	114	Bangladesh Commerce Bank Limited	2	Pubali Bank PLC	21
9.	Global Islami Bank PLC	103	The City Bank PLC	1	Mutual Trust Bank PLC	15
10.	ICB Islamic Bank Limited	33	AB Bank PLC	1	One Bank PLC	14
11.			Bank Al-Falah Limited	1	Meghna Bank PLC	10
12.			NRB Bank Limited	1	United Commercial Bank PLC	10
13.			United Commercial Bank PLC	1	South Bangla Agriculture & Commerce Bank PLC	10
14.			National Credit & Commerce Bank PLC	1	Bank Asia PLC	5
15.			Mercantile Bank PLC	1	Standard Chartered Bank	1
16.			Pubali Bank PLC	3	Midland Bank PLC	1
17.					Rupali Bank PLC	2
18.					AB Bank PLC	1
Total	10	1678	16	33	18	688

* Up to end June 2024.
Source: Banking Regulation and Policy Department, Bangladesh Bank.

Chart 6.01 Bank wise Assets, Deposits and Investment of Islamic Banks in end June 2024 (in billion BDT)



Source: Respective Islamic banks.

Performances of the Islamic Banking System

6.03 BB has taken a series of measures cautiously aimed at providing adequate liquidity support in the financial system, reducing NPLs/NPIs, and promoting good governance in order to maintain resilience and stability in the

financial sector. In line with this policy, BB has also continued its support for *Shariah*-based Islamic banks through *Mudarabah* liquidity support (MLS), Islamic banks liquidity facility (IBLF), and special liquidity support (SLS) throughout the year. Because of heightened global uncertainty, exceptionally high inflationary pressures, banking sector stresses, and persistent geopolitical tensions, the banking industry, including the Islamic banking system, has been confronting huge challenges. The banking sector as a whole continues the efforts to augment capital and improve bank's asset qualities throughout the year. In this situation, the Islamic banking sector in Bangladesh in particular has experienced acute consecutive challenges like liquidity constraints throughout the year.

Assets

6.04 Total assets of the Islamic banking system stood at BDT 5857.19 billion at the end of December 2023, registering an increase of BDT 528.61 billion, or 9.92 percent, as compared to total assets of BDT 5328.58 billion at end December 2022. The share of the Islamic banking system accounted for 24.12 percent of total assets of the whole banking industry in the December 2023 (Table 6.02). This increase in assets of IBS was mainly backed by growth in investments, which went up by 11.00 percent from the previous year's investment. Among the total assets, investment secured the highest position at 76.81 percent, followed by other assets at 11.29 percent, deposits with BB at 4.68 percent, sukuk and BGIIB at 4.44 percent, EDF at 1.38 percent, cash in tills at 1.20 percent, and refinance at 0.20 percent. At the end of June 2024, total assets of IBS stood at BDT 6309.22 billion with an increase of 7.72 percent from December 2023 (Chart 6.02(a)).

Deposits/Liabilities

6.05 Total deposits of the Islamic banking system stood at BDT 4410.84 billion at the end of December 2023, showing an increase of BDT 315.56 billion or 7.71 percent, up from BDT 4095.27 billion at end of December 2022. The share of the Islamic banking system was recorded

Table 6.02 Industry Progress and Market Share of the Islamic Banking System

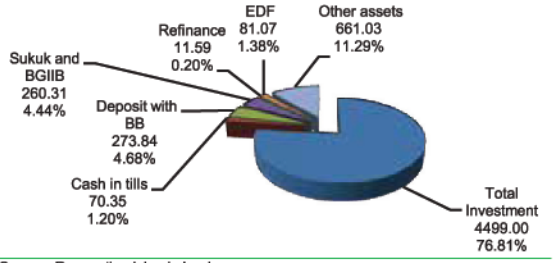
(In billion BDT)

Particulars	All Banks			Islamic Banks (Yearly Growth in percent)			Share in Overall Banking Industry (in percent)		
	2022	2023	2024*	2022	2023	2024*	2022	2023	2024*
Assets	23142.80	24280.84	24274.07#	5328.58 (8.88)	5857.19 (9.92)	6309.22 (7.72)	23.02	24.12	25.99
Deposits	16981.20	17491.30	18388.40	4095.27 (4.60)	4410.84 (7.71)	4518.59 (2.44)	24.12	25.22	24.57
Investment	13429.61	15383.40	15971.00	4209.23 (16.53)	4672.24 (11.00)	4956.47 (6.08)	31.34	30.37	31.03
Gross NPLs	1206.53	1456.33	2113.91	182.70 (20.32)	217.84 (19.24)	242.26 (11.21)	15.14	14.96	11.46
Export** (Million USD)	54695.37	55787.88	24002.33	13650.46 (27.11)	11759.17 (-13.86)	5023.77 (-57.28)	24.96	21.08	20.93
Imports** (Million USD)	86683.00	65133.33	32642.78	19812.47 (6.55)	15554.60 (-21.49)	7921.88 (-49.07)	22.86	23.88	24.27
Remittances** (Million USD)	21285.41	21917.12	13112.54	5483.03 (-23.35)	8328.44 (51.89)	3892.51 (-53.26)	25.76	38.00	29.69
Branches	10963	11283	11297	1681 (4.22)	1700 (1.13)	1711 (0.59)	15.33	15.07	15.14
Liquidity excess(+) /Short fall(-)	1445.22	1633.05	1958.24	91.05 (-73.72)	91.67 (0.68)	116.03 (26.57)	6.30	5.61	5.93
Written-off bad debts	604.02	674.41	654.83#	28.21 (0.78)	37.42 (32.63)	37.27 (-0.39)	4.67	5.55	5.69
Employment (In Person)	201133	207692	-	49851 (10.14)	50019 (0.34)	53933 (7.83)	24.79	24.08	-

*End June 2024, #End March 2024,** During January-June 2024.
Source: Data of respective banks, Department of Off-site Supervision, Bangladesh Bank, Bangladesh Bank (BB) Annual report, Monthly Economic Trends and Major Economic Indicator.

Chart 6.02(a) Total Assets of Islamic Banks in 2023

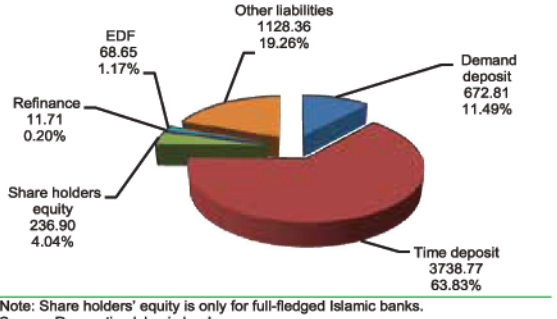
(in billion BDT)



Source: Respective Islamic banks.

Chart 6.02(b) Total Liabilities of Islamic Banks in 2023

(in billion BDT)



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

at 25.22 percent of total deposits of the entire banking industry in December 2023 (Table 6.02). During 2023 (January-December), deposits (time + demand) continued as the main sources of funding for Islamic banks, which stood at 75.32 percent of total liabilities. Among the total liabilities, other liabilities were 19.26 percent, shareholders' equity was 4.04 percent, EDF was 1.17 percent and refinance was 0.20 percent. At the end of June 2024, total deposits of IBS stood at BDT 4518.59 billion, with an increase of 2.44 percent from the end of December 2023 (Chart 6.02(b)).

Investments

6.06 Total investments (loans and advances) of the Islamic banking system stood at BDT 4672.24 billion in December 2023, which went up by BDT 463.01 billion, or 11.00 percent, as compared to BDT 4209.23 billion in December 2022. Further, it increased to BDT 4956.47 billion or 6.08 percent at the end of June 2024.The share of the Islamic banking system accounted for the 30.37 percent of total loans and advances of the whole banking sector in 2023 (Table 6.02).

Capital Adequacy

6.07 Capital adequacy focuses on the total position of banks' capital, which ensures their solvency by backing risk exposure with assets. Within the framework of Basel-III standards, banks in Bangladesh have been instructed to maintain a minimum capital adequacy ratio of 10.00 of the capital base to risk-weighted assets (RWA), or BDT 4.00 billion as capital, whichever is higher to cover credit, market, and operational risks. The aggregate amount of regulatory capital of full-fledged Islamic banks stood at BDT 370.58 billion as on 31 December 2023, but increased to BDT 372.93 billion at the end of June 2024. The capital-to-risk-weighted assets ratio (CRAR) of full-fledged Islamic banks increased slightly to 12.66 percent as of 31 December 2023, up from 12.61 percent on 31 December 2022. However, at the end of June 2024, it came down to 11.96 percent. This capital adequacy figure reflected only for full-fledged Islamic banks' branches where branches and windows of conventional banks are not included (Table 6.03).

Table 6.03 Capital to Risk Weighted Assets of IBS

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Total capital	237.97	266.44	334.96	351.13	370.58	372.93
Risk weighted assets	1950.86	2128.14	2575.94	2785.29	2926.99	3117.42
Capital to risk weighted assets(ratio in percent)	12.20	12.52	13.00	12.61	12.66	11.96

* End June 2024.
Source: Data of respective banks.

Table 6.04 Ratio of Gross NPIs to Total Investments of Islamic Banks

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Total investment	2754.27	3088.64	3612.18	4208.94	4672.24	4956.47
Gross NPIs	128.95	125.82	151.85	182.70	217.84	242.26
Ratio of gross NPIs to total investments (in percent)	4.68	4.07	4.20	4.34	4.66	4.89
Gross NPI by types of Islamic banks						
Full-fledged	121.04	118.37	146.45	176.59	201.06	220.36
Branches	4.00	3.23	3.28	4.28	6.69	14.26
Windows	3.91	4.21	2.11	1.82	10.09	7.63

* End June 2024.
Source: Data of respective banks.

Table 6.05 Ratio of Net NPIs to Total Net Investments of Islamic Banks

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Total net investment	2690.14	3017.83	3529.67	4113.53	4532.65	4823.37
Net NPIs	73.53	62.59	80.25	90.57	109.36	115.81
Ratio of net NPIs to total net investments (%)	2.73	2.07	2.27	2.20	2.41	2.40
Net NPI by types of Islamic banks						
Full-fledged	67.35	56.53	76.18	87.69	100.44	101.02
Branches	3.51	2.85	2.84	3.18	5.29	12.54
Windows	2.67	3.22	1.22	-0.30	3.63	2.24

* End June 2024.
Source: Data of respective banks.

Asset Quality

6.08 Asset quality in the Islamic banking system is measured by the ratio of gross non-performing investments (NPIs) to total investments and net NPIs to net total investments. The gross NPI ratio of IBS stood at 4.66 percent of the end of December 2023. It was higher than the 4.34 percent recorded on

end December 2022.The NPI of Islamic banks further increased to 4.89 percent at the end of June 2024. As on June 2024, the amount of gross NPIs of the Islamic banking system was BDT 242.26 billion, of which the full-fledged Islamic banks, branches and windows of conventional banks were valued at BDT 220.36 billion, BDT 14.26 billion and BDT 7.63 billion, respectively (Table 6.04). As of June 2024, the amount of net NPIs of the Islamic banking system was BDT 115.81 billion, of which the full-fledged Islamic banks, branches, and windows of conventional banks were BDT 101.02 billion, BDT 12.54 billion and BDT 2.40 billion respectively. The ratio of net NPIs (net of provisions and profit suspense) to net total investment (net of provisions and profit suspense) of the Islamic banking system increased to 2.41 percent at the end of December 2023, up from 2.20 percent of end December 2022 (Table 6.05). Table 6.06 shows the aggregate amount of NPIs, the required provisions and the actual provisions maintained by the Islamic banking system from 2019 to 2024. It is observed that at the end of December 2023 the aggregate provision maintained by the Islamic banking system was lower than the required provision, which was also lower at December 2022. At the end of June 2024, the ratio of required provision to provision maintained stood at 84.56 percent. Banks may now write off bad/loss investments (loans) complying with the conditions covered by the new policy guidelines of BB introduced in February 2019. The cumulative amount of investments written-off by the full-fledged Islamic banks, branches, and windows of conventional banks are recorded in Table 6.07.

Table 6.06 Required Provision and Provision Maintained by Islamic Banks

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Amount of Gross NPI	128.95	125.82	151.85	182.70	217.84	242.26
Required Provision	106.56	118.94	135.89	150.80	208.36	211.30
Provision maintained	105.14	116.77	133.08	147.34	177.90	178.67
Ratio of provision maintained to required provision	98.68	98.18	97.93	97.71	85.38	84.56
Excess(+)/Shortfall(-)	-1.41	-2.17	-2.81	-3.46	-30.46	-32.63
Provision excess/shortfall by types of Islamic banks						
Full-fledged	-1.52	-2.46	-3.11	-3.36	-1.63	-2.46
Branches	0.01	0.06	0.05	0.00	-29.09	-30.20
Windows	0.10	0.23	0.25	-0.10	0.25	0.04

* End June 2024.
Source: Data of respective banks.

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

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Total bad debts	120.12	122.84	143.50	146.00	155.36	176.96
Written-off bad debts	22.30	19.88	27.99	28.21	37.42	37.27
Ratio written-off bad debts to total bad debts (%)	18.56	16.18	19.51	19.32	24.08	21.06
Written-off bad debts (investment) in percentage by types of Islamic banks						
Full-fledged	18.52	15.87	19.15	18.32	24.08	20.23
Branches	26.59	37.42	35.35	41.94	38.04	53.03
Windows	11.34	11.64	26.23	54.77	13.62	22.11

* End June 2024.
Source: Data of respective banks.

Table 6.08 Expenditure-income Ratio of Islamic Banks

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Total income	255.92	254.08	265.39	317.73	346.44	214.08
Total expenditure	192.01	202.42	204.46	245.02	269.16	170.51
Ratio of expenditure to income (%)	75.03	79.67	77.04	77.12	77.69	79.65
Ratio of expenditure to income by types of Islamic banks						
Full-fledged	75.08	79.98	78.05	78.15	78.97	80.77
Branches	62.67	62.57	51.64	58.65	62.84	76.43
Windows	79.80	83.20	70.58	67.88	59.97	52.89

*End June 2024.
Source: Data of respective banks.

Management Soundness

6.09 Although there is no direct means to measure management soundness, total expenditure to total income, operating expenses to total expenses, earnings and operating expenses per employee, and profit rate spread are some of the means generally used to determine the management soundness of a financial institution. In addition, *Shariah* compliance issues with other Islamic banking laws and regulations are considered as the vital baton to measure the quality of management of Islamic banks. The expenditure to total income (EI) ratio of the Islamic banking system increased slightly to 77.69 percent at end December, 2023, up from 77.12 percent from end of December, 2022. It has further increased to 79.65 percent at end June, 2024. The EI ratio of full-fledged Islamic banks then stood at 78.97 percent, the highest among the Islamic banking system in December 2023. The EI ratios of the

branches and windows were 62.84 and 59.97 percent respectively, at end of December, 2023 (Table 6.08).

Earnings and Profitability

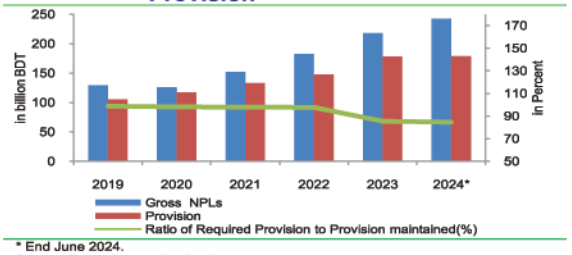
6.10 Return on assets (ROA), return on equity (ROE), and net profit margin (NPM) are the most widely used technique to determine the earnings and profitability of a bank. Earnings might, however, vary among different types of banks if measured using ROA and ROE. The ROA of the Islamic banking system increased slightly in December 2023 (0.58 percent) as compared to December 2022 (0.54 percent). But at end June 2024, it declined to 0.27 percent. Among the Islamic banking system, ROA of the branches was the highest (2.11 percent), followed by windows (1.91 percent) and full-fledged banks (0.46 percent) in December 2023 (Table 6.09). Table 6.10 presents the ROE of the full- fledged Islamic banks. It shows that ROE was in mixed trend during 2019 to 2024. At end December 2023, it stood at 10.53 percent. Branches and windows of Islamic banks have no ROE due mainly to lack of shareholder's equity. Net profit margin of the Islamic banking system stood at 1.52 percent in December 2023, up from 1.27 percent in December 2022. It stood at 0.79 at end June 2024. Individually, the net profit margins for full-fledged, branches, and windows were 1.44, 3.25 and 1.97 percent respectively in 2023 (Table 6.11).

Liquidity

6.11 In case of Islamic banks, the investment-deposit ratio and statutory liquidity ratio reveal the real picture of the state of liquidity in this sector. Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are also used to evaluate a bank's strength to survive in any liquidity-strained situation.

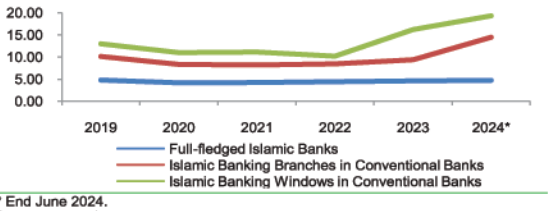
i) At present, Islamic banks, like other scheduled banks are required to maintain a cash reserve ratio (CRR) bi-weekly 4.00 percent against their average total demand and time liabilities (ATDTL) of the preceding two months, with an obligation to maintain a daily minimum of 3.50 percent. The statutory liquidity ratio (SLR) for Islamic banks is 5.50 percent of their ATDTL of the preceding two months. The SLR eligible assets as percentage of ATDTL of Islamic banks are shown in Table

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



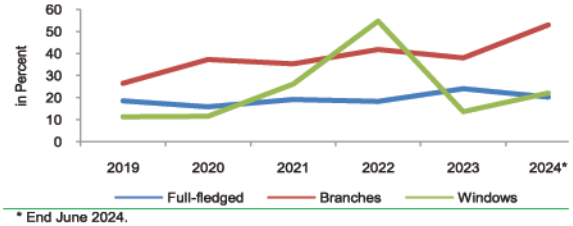
* End June 2024.
Source: Data of respective banks.

Chart 6.04 Ratio of Gross NPLs to Total Investments of Islamic Banks



* End June 2024.
Source: Data of respective banks.

Chart 6.05 Written-off Bad Investment to Total Bad Investment



* End June 2024.
Source: Data of respective banks.

Table 6.09 Profitability ratio (ROA) of Islamic Banks

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Net income	20.86	22.23	24.87	28.79	33.99	16.89
Total assets	3402.95	3925.58	4683.71	5301.92	5847.69	6304.19
ROA	0.61	0.57	0.53	0.54	0.58	0.27
ROA by types of Islamic banks						
Full-fledged	0.51	0.47	0.43	0.48	0.46	0.22
Branches	2.85	2.74	2.83	1.45	2.11	0.76
Windows	1.03	0.77	1.36	1.51	1.91	0.87

*End June 2024.
Source: Data of respective banks.

6.12.

ii) The investment-deposit ratio (IDR) of the Islamic banking system stood at 93.92 percent at end June, 2024 against their prudential IDR limit of 92.00 percent (Table 6.12).

iii) The liquidity coverage ratio (LCR) promotes the short-term resilience of a bank's liquidity risk profile by ensuring that they have sufficient high quality liquid asset (HQLA) to survive a significant stress scenario lasting 30 calendar days. As of 30 June 2024, LCR of Islamic banks was 80.89 percent (against a minimum requirement of 100 percent), indicating that these banks had insufficient buffer of high quality assets to cover the cash outflow for a minimum of the next 30 calendar days under a stressed scenario (Table 6.13).

iv) The net stable funding ratio (NSFR) requires banks to maintain a stable funding profile in relation to its off-balance sheet assets and liabilities. The NSFR of the Islamic banks was 107.58 percent in June 2024, indicating that banks were more dependent on stable rather than volatile funding to expand their business activities. As of 30 June 2024, the Islamic banks maintained CRR and SLR higher than the required rates (Table 6.13).

v) Excess liquidity of the Islamic banking system stood at BDT 91.67 billion in December 2023, which was slightly higher at BDT 0.62 billion, or 0.68 percent compared to BDT 91.05 billion in December 2022. The share of the Islamic banking system accounted for 5.61 percent of the total excess liquidity of the whole banking sector in December 2023, although it was 5.93 percent in end June, 2024 (Table 6.02).

Table 6.10 ROE for Full-fledged Islamic Banks

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Net income	15.65	16.91	18.88	23.64	24.80	12.59
Share holders' equity	155.63	167.03	201.62	221.87	235.55	242.65
ROE	10.05	10.12	9.36	10.65	10.53	5.19

* End June 2024.
Source: Data of respective banks.

Table 6.11 Net Profit Margin of Islamic Banks

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
Net profit income	51.90	49.44	58.00	55.81	67.80	38.14
Profit earning assets	2853.93	3183.56	3804.87	4388.04	4455.89	4855.54
Profit margin (ratio)%	1.82	1.55	1.52	1.27	1.52	0.79
Profit margin ratio by types of Islamic banks						
Full-fledged	1.78	1.51	1.44	1.22	1.44	0.75
Branches	4.14	3.99	4.32	2.00	3.25	1.24
Windows	1.29	1.01	1.99	2.27	1.97	1.31

* End June 2024.
Source: Data of respective banks.

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

(in billion BDT)

Particulars	2019	2020	2021	2022	2023	2024*
SLR eligibility assets	471.88	720.87	731.54	437.99	275.62	300.98
Total ATDTL	4920.03	5602.46	6425.69	6655.71	3846.34	3911.05
SLR eligibility assets as percentage of ATDTL	9.59	12.87	11.38	6.58	7.17	7.70
Liquidity maintained	497.17	746.75	786.36	443.71	294.99	320.97
Liquidity excess(+)/Shortfall(-)	25.29	25.88	54.83	5.72	19.37	19.99

* End June 2024.
Source: Data of respective banks.

Table 6.13 Liquidity information of Islamic Banks*

Indicators	Required (%)	Maintained (%)
LCR	100.00	80.89
NSFR	100.00	107.58
CRR	3.50	6.31
SLR	5.50	8.18
IDR	92.00	93.92

*End June 2024.
Source: Department of Off-site Supervision, Bangladesh Bank.

Imports

6.12 Total imports (L/C settlement) through the Islamic banking system was USD 15554.60 million during 2023 (January-December) although it was lower by 21.49 percent of USD 19811.94 million in December 2022. Among them, full-fledged Islamic banks settled USD 14551.73 million, while Islamic branches and windows in conventional banks settled USD 538.19 million and USD 464.68 million, respectively during 2023 (January-December). During January-June 2024, total import payments of IBS was recorded at USD 7921.88 million (Table 6.14).

Exports

6.13 During 2023 (January-December), total export receipts by the Islamic banking system was USD 11759.17 million, lower than the 13.86 percent of USD 13650.43 million recorded in 2022 (January-December). The full-fledged Islamic banks fetched USD 11096.25 million, while Islamic banking branches and windows in conventional banks fetched USD 394.99 million and USD 267.93 million, respectively, during 2023 (January-December). During January-June 2024, total export receipts of IBS stood at USD 5023.77 million (Table 6.15).

Remittances Mobilisation

6.14 Total inward remittances mobilised through the Islamic banking system stood at USD 8328.44 million during 2023 (January-December), registering an increase of 51.89 percent from USD 5483.03 million of 2022 (January-December). Full-fledged Islamic banks alone mobilised USD 8263.95 million and Islamic banking branches and windows in conventional banks contributed USD 40.34 million and USD 24.15 million respectively, during 2023 (January-December). During January-June 2024, total remittances mobilised by IBS stood at USD 3892.51 million (Table 6.16).

CSR Initiatives of the Islamic Banking System

6.15 Corporate social responsibility (CSR) influences an organisation's decisions on its ethical and social need approaches in corporate practices and is also important for sustaining long-term development. Presently, the Islamic banking sector has taken over a significant portion of the total banking industry in Bangladesh and has been contributing to the socio-economic and environmental development of the country through its CSR activities. Total expenditure on CSR activities of the Islamic banking sector stood at BDT 46.61 billion at end of December, 2023, although it was BDT 68.35 billion in December 2022. At the end of June 2024, CSR expenditure of IBS stood at BDT 28.90 billion (Table 6.17).

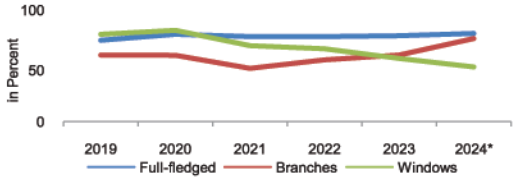
Table 6.14 Imports by the Islamic Banking System

(in million USD)

Types of banks	2019	2020	2021	2022	2023	2024*
Full-fledged	11603.28	10620.16	17324.40	18437.19	14551.73	7031.45
Branches	589.56	558.13	897.48	849.05	538.19	506.79
Windows	111.62	135.49	372.45	525.70	464.68	383.64
Total	12304.45	11313.79	18594.33	19811.94	15554.60	7921.88

*During January-June 2024.
Sources: Data of respective banks.

Chart 6.06 Expenditure-income Ratio of Islamic Banks



* End June 2024.
Source: Data of respective banks.

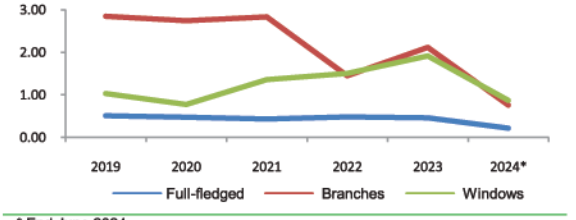
Table 6.15 Exports by the Islamic Banking System

(in million USD)

Types of banks	2019	2020	2021	2022	2023	2024*
Full-fledged	7525.31	7120.07	10155.77	12955.37	11096.25	4668.93
Branches	279.28	247.05	402.71	448.64	394.99	167.69
Windows	41.56	63.95	180.44	246.42	267.93	187.15
Total	7846.15	7431.07	10738.92	13650.43	11759.17	5023.77

* During January-June 2024.
Sources: Data of respective banks.

Chart 6.07 ROA by Types of Islamic Banks



* End June 2024.
Source: Data of respective banks.

Islamic Financial Instructions for Liquidity Management in Bangladesh

6.16 In contrast to its dealings with conventional banks, BB has very limited policy instruments and financial products for Islamic banks to manage their liquidity. These are the

eligible securities available for Islamic banks in Bangladesh for maintaining SLR. Islamic banks maintain their SLR at a concessional rate compared to the conventional banks in the absence of enough *Shariah*-compliant SLR-eligible instruments in the market. Presently, BB makes use of the following instruments to manage liquidity in the Islamic banking sector.

Bangladesh Government Islamic Investment Bond (BGIIB)

6.17 The Bangladesh government has introduced a Mudaraba Bond named 'Bangladesh Government Islamic Investment Bond' in October 2004 with a view to mitigating the long-felt need for a *Shariah*-based monetary instrument that can be used as approved security for the purpose of maintaining SLR as well as providing an outlet for investments or procurement of funds by Islamic banks. As per their rules, Bangladeshi institutions, individuals and non-resident Bangladeshis who agree to share profit or loss in accordance with Islamic *Shariah* may invest in this bond. The operation of 6-month BGIIB was introduced in FY04, while 3-month BGIIB was introduced in January 2015. Currently, 3-month and 6-month maturity BGIIBs are operated in accordance with the rules of Islamic *Shariah*. At the end of June 2024, the total sales of BGIIB stood at BDT 126.72 billion, whereas the total amount of financing against this bond amounted to BDT 125.89 billion, while the net balance against BGIIB stood at BDT 0.82 billion. As of end June 2023, the total sale of BGIIB was BDT 81.36 billion and the financing was BDT 72.04 billion, while the net balance was BDT 9.32 billion. During this period, the sales amount of BGIIB and the amount of financing against the said bond increased significantly, whereas net balance decreased sharply compared to 2023, due mainly to higher demand for funds by the Islamic banks, which indicates liquidity pressure on the Islamic money market. The overall transaction of BGIIBs are summarised in Table 6.18.

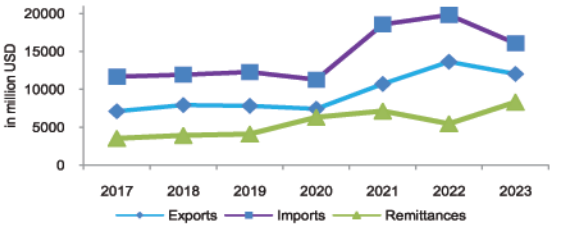
Table 6.16 Remittance Mobilization by the Islamic Banking System

(MillionUSD)

Types of banks	2019	2020	2021	2022	2023	2024*
Full-fledged	4079.41	6256.76	7074.98	5408.14	8263.95	3850.89
Branches	53.81	55.34	49.13	49.84	40.34	29.67
Windows	6.54	14.27	29.59	25.05	24.15	11.95
Total	4139.76	6326.37	7153.70	5483.03	8328.44	3892.51

* During January-June 2024.
Sources: Data of respective banks.

Chart 6.08 Export, Import and Remittances of the Islamic Banking System



Source: Data of respective banks.

Table 6.17 Expenditures on CSR Activities by Islamic Banks

(in billion BDT)

Types of banks	2019	2020	2021	2022	2023	2024*
Full-fledged	81.68	83.30	81.66	67.85	46.40	28.89
Branches	0.15	0.18	0.26	0.50	0.21	0.01
Windows	0.014	0.205	0.020	0.003	0.004	0.001
Total	81.84	83.69	81.94	68.35	46.61	28.90

* End June 2024.
Sources: Data of respective banks.

Bangladesh Government Investment *Sukuk* (BGIS)

6.18 The Bangladesh government issued its maiden investment Sukuk for raising funds aiming at implementing a project titled 'Safe Water Supply for the Whole Country' on 28 December 2020. The nature of this Sukuk was Ijara. There are usually three parties involved in an Islamic Sukuk, they are termed originator, special purpose vehicle (SPV), and investors. The government is the originator of the Sukuk. BB acts as an SPV. Investors receive profits upon their aggregate investment in the Sukuk bond. Profit is paid on a half-yearly basis. Generally, the rental rate of Sukuk is determined by taking into consideration several aspects, such as respective project return, existing market rates of different types of government securities,

current MTDR (Mudaraba Term Deposit Receipt) of Islamic banks and the latest profit rate of BGIIB. A single investor must invest at least BDT 10,000.00 to qualify for investment in Sukuk without any upper limit. Sukuk certificates held by banks and finance companies on their own account also qualify as approved security documents for the central bank's SLR requirement. In June 2024, an auction of Bangladesh Government investment Sukuk was held, named as the 'CDWSP Social Impact Sukuk' for the project entitled 'Chattogram Division Upazila and Union Road Widening & Strengthening Project (CDWSP)'. As in previous auctions, BB acted as the SPV, whereas the government was the originator. In that auction, in all 21 bids for BDT 44.14 billion were received, of which all bids worth BDT 10.00 billion were accepted. As per the latest available information, the total outstanding amount of BGIS was BDT 190.00 Billion at the end of June 2024 (Table 6.19).

Table 6.18 Bangladesh Government Islamic Investment Bond

(In billion BDT)

Particulars	FY 21	FY 22	FY 23	FY 24
i. Sale of BGIIB	170.21	86.64	81.36	126.72
ii. Financing against BGIIB	12.74	33.49	72.04	125.89
iii. Net balance	157.47	53.14	9.32	0.82

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

Table 6.19 Bangladesh Government Investment Sukuk (BGIS)

(In billion BDT)

Auction Date	28 December 2020	09 June 2021	29 December 2021	19 April 2022	5 June 2024
No of bid received	39	67	34	19	21
Face value of bid received	151.53	327.26	233.04	123.06	44.14
No of bid accepted	39	67	34	19	21
Face value of bid accepted	40.00	40.00	50.00	50.00	10.00
Weighted average profit rate (%)	4.69	4.69	4.65	4.75	10.40
Outstanding on issue date	40.00	80.00	130.00	180.00	190.00

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

Islamic Inter-bank Fund market

6.19 An Islamic Interbank Fund Market (IIFM) was introduced on 27 December 2011 for the integration of the liquidity management of the Islamic banking sector. Islamic banks and branches or windows of conventional scheduled banks can transfer their funds daily to the Islamic Bond Fund (IBF) after their investment daily. IBF acts as a custodian; profit on investment is distributed among recipients of funds on a daily basis temporarily, which are then adjusted on annual (January-December) final rate of profit announced by recipient of funds. Providers of funds do not receive any profit if the fund is not invested. All transactions are carried out on the basis of Mudaraba. Recipients of funds (Islamic *Shariah*-based schedule banks and branches or windows of conventional scheduled banks) receive it depending on availability according to the profit-sharing ratio (PSR) determined by IBF. Period of received funds is for 1(one) day (overnight), but in case of holiday this duration can be extended to the next working day. The Islamic inter-bank fund market has been established in line with the call money market so that conventional banks can eliminate temporary and short-term liquidity mismatches of Islamic banks. However, this fund market is not yet, as active as was expected. Islamic banks have not been participating in this market due to lower yield rates, a problem which will have to be solved duly by proper activation of the market.

Islamic Banks Liquidity Facility (IBLF)

6.20 The Islamic Banks Liquidity Facility (IBLF) is a liquidity support mechanism for *Shariah*-based banks under the Mudarabah contract where BB acts as the investors and other banks perform as investment manager under an agreed profit sharing ratio (PSR). The profit rate is calculated by considering 03 (three) month MTDR (Mudaraba Term Deposit Receipt) rates of respective banks. The tenures are fixed for 07, 14 and 28 days. The collateral for availing the IBLF is the unencumbered BGIS. The applicable haircut of the collateral security for IBLF will be 5.00 percent of its face value, and the

institutions involved will be eligible to receive interim profits from BGIS to be used as collateral for IBLF. A total of 171 IBLF auctions were held during FY24. In FY24, in all 452 bids for BDT 1876.91 billion were received, of which all bids worth BDT 1876.90 billion were accepted. The expected profit rates (EPR) range from 3.25 to 9.25 percent during the whole financial year.

Mudarabah Liquidity Support (MLS)

6.21 The MLS has been devised under a Mudarabah contract with *Shariah*-based banks where BB will act as the investor and the other banks as investment managers under an agreed PSR. Under MLS, *Shariah*-based banks will be eligible to claim liquidity support against remittance incentives, financial stimulus packages, or other incentives. The tenure of the MLS will be 07, 14 and 28 days. The anticipated profit rate will be measured on the basis of the prevailing 03 month MTDR (Mudarabah Term Deposit Receipt) rate of a respective bank. A total of 08 MLS auctions were held during FY24. In FY24, in all, 12 bids for BDT 13.21 billion were received, of which all bids worth the entire offered amount were accepted. The expected profit rate (EPR) ranges from 6.75 to 8.50 percent during the whole financial year.

Special Liquidity Support (SLS)

6.22 BB introduced special liquidity support (SLS) in January 2024 to provide liquidity facilities in favor of *Shariah*-based banks as against '*Shariah*-based Special Bond' which is issued by the government. BB does not charge any interest for financing of SLS in alignment with Islamic finance principles. In FY24, a total of 09 SLS auctions were held. In all, 10 bids for BDT 65.52 billion were received, of which all bids worth the entire offered amount were accepted.

Supervision in the Islamic banking system

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

- Based on data from 31st December, quick summary inspection is conducted every year. Asset quality, calculation of required provisions and accuracy of income-expenditure of the banks are verified through such inspection.
- Comprehensive inspection is conducted on the head offices and branches of the banks being inspected during a quick summary inspection. Small branches are inspected as on 30th September each year.
- The 30th June based core risk inspection consists of focusing on asset-liability management (ALM), investment risk management (IRM), internal control and compliance (ICC) risks, and ICT security risks which are conducted on head offices and branches of banks.
- In order to review the accuracy of the statements of Internal Capital Adequacy Assessment Process (ICAAP) of banks, the departments carry out supervisory review evaluation process (SREP) inspection on the head offices of the banks based on 31st December deadline.
- Self-assessment of anti-fraud internal control inspection and AML inspection are also conducted.
- *Shariah* compliance is also examined based on principles of Islamic *Shariah* and guidelines on Islamic banking (BRPD circular no-15/2009) in quick summary inspections as

Box 6.01 Islamic Credit Cards in Bangladesh

The Islamic credit card is one of the prominent Shariah compliant financial products, and is used in Islamic banking. An Islamic credit card offers some benefits and features like conventional credit card,but it must be *Shariah* compliant and free from any activities that are deemed to be unlawful in Islam. The main differences between Islamic credit cards and conventional credit cards are the prohibition of *riba* and *gharar*. *Riba* is interest, while *gharar* is overcharging from uncertainty. There are no compound charges such as overcharging in Islamic credit card as this is also prohibited under *Shariah* law. So an Islamic credit card must have a filtering system to ensure that the credit card will only be utilised for *halal* transactions and will remain free from all prohibited rules of *Shariah*.

Main features of Islamic Credit Cards

- Card must meet *Shariah* requirements of lending i,e. be free from *riba*;
- *Gharar* must be banned, so better access to credit must be provided without the fear of overcharging;
- Absence of risky and illegal purchase like *Maysir* (gambling) ;
- An Islamic credit card should not allow transactions prohibited in Islam;
- The card should be used to purchase essential items and not luxuries;
- Islamic credit card must be compatible with all kinds of *Shariah* law;
- Nil to lower cost of funds in Islamic credit card.

Advent of Islamic Credit Cards

Islamic Credit Cards first emerged in the world in 2001 when Am Bank of Malaysia, introduced an Islamic credit card named 'Al-Taslif' based on the *Shariah* contract of 'Bai Al Inah' in that country. Then in 2002 ABC Islamic Bank in Bahrain introduced its Islamic credit card called 'Al Buraq' based on the 'Qard Hasan' concept. Now Islamic credit cards are being offered in many countries,such as Saudi Arabia, Qatar, Kuwait, Indonesia, Pakistan and other countries, including Bangladesh. In Bangladesh, Standard Chartered Bank PLC came forward by introducing the first ever Islamic credit card of the country based on the *Shariah* contract of '*Ujrah* (fees)' model in 2007. Under this model, bank gives credit facilities to a card holder through a credit card account and maintains credit card facilities and charges appropriate fees (*ujrah*) for such services. It is used specifically in relation to a fee charged in exchange of a service. The customer will pay charges according to the usage of the card.

***Shariah* Perspective of Islamic Credit Cards**

Some Islamic scholars have low enthusiasm for the use of credit cards as they find credit card trigger impulse spending and debt proliferation, things strongly discouraged by *Shariah*. However, according to *Shariah* if one has to use a credit card as a modern mode of payment,and also satisfy *Shariah* rules a cardholder must be confident about his or her ability and must actually pay off the amount before the deadline.

Islamic Credit Cards used in Bangladesh

As a Muslim-majority country, the popularity of interest free Islamic credit cards among the devout in the Muslim community has been progressively increasing in the last two decades in Bangladesh. It has become one of the most popular retail banking products among the Muslim community due to its *Shariah*-compliant features. It appears not only to be an instrument of mitigating short-term funding

needs, it also reduces the risk of carrying cash and facilitates the advantage of buying things from anywhere in the world. Presently in Bangladesh most of the Islamic credit cards are operated and used based on '*Ujrah* (fees)' model, among which the prominent credit cards are mention in the table below.

Name of Islamic Bank	Name of the Credit Card	When Introduced	mode of Transaction
Standard Chartered PLC	Saadiq Credit Card	2007	Ujrah
EXIM Bank PLC	EXIM Investment Card	2008	Bai-Murabaha principles
Social Islami Bank PLC	SIBL Visa Islamic Credit Card	2010	Bai-Murabaha principles
Prime Bank PLC	Hasanah Credit Card	2013	Quard based
Islami Bank Bangladesh PLC	Khidma Credit Card	2014	Ujrah
Global Islami Bank PLC	GIB Islamic Credit Card	2015	Ujrah
Al-Arafah Islami Bank PLC	La-Riba Islamic Credit Card	2016	Quard based
Shahjalal Islami Bank PLC	Shahjalal Bank Credit Card	2019	Ujrah
Standard Bank PLC	Tijarah Credit Card	2021	Ujrah
City Bank PLC	The City Islamic AMEX Card	2021	Ujrah
Dhaka Bank Limited	Tayyebah Islamic Credit Card	2022	Quard
Mutual Trust Bank PLC	MTB Yaqeen Ujrah Card	2022	Ujrah
NRB Bank	NRB Visa Islamic Card	2023	Ujrah & Quard
Marcantile Bank PLC	Taqwa Card	2023	Ujrah
Southeast Bank PLC	Tijarah Credit Card	2024	Ujrah

Source: Respective banks.

Future Challenge for Islamic Credit Cards

While providing credit card services, Islamic banks now depend on Master Card, Visa and American Express, etc. which are doing business based on conventional banking systems. Islamic banks have no alternative to these global players as there is no Islamic alternative available now. Though the current size of the industry is not big enough to support such a venture, it may show the way forward to introduce of an Islamic brand which provides the basis for *Shariah*-compliant credit cards or makes an alliance with existing conventional global players to develop platform for an Islamic window. At the same time Islamic banks in Bangladesh may put in more effort to fortify their competitive edge over others in the fast growing economy of the country.

well as comprehensive inspections of banks and their selected branches. Income filtering, based on Islamic *Shariah* principles, is also ensured. The internal *Shariah* audit conducted by the Internal *Shariah* Audit Department of respective banks is also scrutinised. Besides, at the request of different departments, special inspections are conducted. Compliance and implementation progress of the recommendations made in the inspection reports of bank branches and head offices are also monitored on a regular basis.

BB's Initiatives for Development of Islamic Banks and *Shariah* Based Financial Institutions during FY24

6.24 BB has taken various initiatives for the development of the financial sector as a whole during FY24. Among the major initiatives

undertaken for Islamic banks and *Shariah*-based financial institutions are:

- BB has given special instructions to all banks, including *Shariah*-based Islamic banks for repaying Industrial term loans and house finance under consumer loans, which have been disbursed before 1 July, 2023 (Source: BRPD Circular Letter No. 29, Date: 25/06/2024).
- Aligning with international best practices for introducing a full-fledged market-based interest rate system for banks, the SMART-based interest rate system has been withdrawn. In determining the market-based interest/profit rates of bank loans/investments, BB has given some instructions to all banks, including *Shariah*-based Islamic banks (Source: BRPD Circular Letter No. 10, Date: 08/05/2024).
- In order to follow an uniform collection procedure of supervision charges and to ease the payment of the supervision charges in an efficient way, BB has issued guidelines to be followed by all banks, including *Shariah*-based Islamic banks (Source: BRPD Circular Letter No-14, Date: 18/03/2024).
- To streamline trade transactions, promote paperless processes, and to ease business, BB has launched the Online Foreign Exchange Transaction Monitoring and Management System (FX Dashboard). Banks have been instructed to upload information on overdue exports (EXPs) to the Online Monitoring System instead of submitting hard copies (OEMS) (Source: FEOD Circular No: 01, Date: 03/03/2024).
- As bank companies now face greater challenges and technical risks than ever before, BB has given clear instructions to all scheduled banks, including Islamic banks regarding the appointment of the Managing Director or Chief Executive Officer (CEO) to ensure good governance in the banking sector (Source: BRPD Circular Letter No-04, Date: 27/02/2024).
- To ensure the recovery of write-off loans/investments, BB has instructed all banks, including *Shariah*-based Islamic banks, to follow certain rules/regulations and form a separate unit named 'Written off Loans/Investment Recovery Unit' in the head office under the direct supervision of MD or CEO of banks (Source: BRPD Circular Letter No-04, Date: 18/02/2024).
- Considering local foreign exchange market dynamics, BB has decided to introduce a currency swap between Bangladesh Bank and commercial banks. For *Shariah*-based Islamic Banks, the conditions imposed are as follows:

  a. At the near-leg, BDT will be sold in exchange for approved foreign currencies at the spot rate. At the far-leg, the deal shall be settled applying the same exchange rate.

  b. The swap deal shall be executed within the counterparty limit to be set by the Forex Reserve and Treasury Management Department (FRTMD) of BB.

  c. Each deal shall be multiples of 1.00 (one) million of the foreign currency, starting from a minimum value of 5.00 (five) million and equivalent BDT, with a time span of 07 to 90 days.

  d. Rollover may be allowed applying prevailings rates (Source: FE Circular No. 06, Date: 15/02/2024).
- BB has revised its policies regarding credit guarantee facilities against two refinance schemes of BDT 3,000 crore for women entrepreneurs of small enterprises and BDT 1,400 crore for processing of agricultural products. Islamic *Shariah* -based banks and finance companies may avail such guarantee facilities by adhering to this policy

(Source: CGD Circular No-1, Date: 08/11/2023).

- Due to the non-compliance of the instructions stated in FE Circular Letter No. 15/2014 regarding the distribution of remittance to beneficiaries, BB has further instructed all schedule banks, including *Shariah*-based Islamic banks, to ensure the distribution of remittance to beneficiaries within two working days (Source: FE Circular Letter No-17, Date: 18/10/2023).
- BB has issued an 'Important Rural Infrastructure Development Project' on Priority Basis (IRIDP-3)' Social Impact Sukuk worth BDT 50.00 billion on 20 April 2022 have been issued through the *Istisna* and *Izara* methods at an annual rental rate of 4.75 percent, which was once tradable only at face value. Now BB has instructed that it will be tradable in the secondary market at a negotiated price, according to the conditions of the prospectus, as the project has already implemented its one-third portion (DMD Circular Letter No-07, Date: 17/09/2023).
- BB has amended its policies relating to investment in capital markets by banks and finance companies. As per the amendment brought in 2023 under Section 26A of the Bank Companies Act 1991, bonds, debentures, and islamic *Shariah*-based certificates for investment in the capital market by the bank company will not be included in the investment cell specified for the exposure limit (DOS Circular No-02, Date: 31/08/2023).
- To accelerate eco-friendly financing, Bangladesh Bank has created a fund named the 'Refinancing Scheme for Eco-Friendly products/projects/initiatives' containing BDT 4.00 billion alloted out of its own funds. *Shariah*-based Islamic banks and finance companies can now invest for their customers under this fund on the basis of their approved 15 investment methods without violating the terms and conditions specified in the circular issued by BB (SFD Circular No-02, Date: 30/08/2023).
- As per Bangladesh Government Investment Sukuk Guidelines 2020, BB has introduced a policy to distribute Sukuk to investors on the basis of Sukuk issuance. According to this policy, *Shariah*-based banks, finance companies and insurance companies will get 85.00 percent, Islamic banking branches, and windows of conventional banks 10.00 percent, and individual investors, provident funds, deposits insurance, etc. will get 5.00 percent of the sukuk on the basis of Sukuk issuance (DMD Circular Letter No-06, Date: 27/08/2023).
- Considering the immense importance of cold storage in storing agricultural perishable food products, BB has created a special facility for loan rescheduling in the agro-based cold storage industry. Banks may now reschedule existing projects and ongoing loan/investment accounts in the agro-based cold storage industry on the basis of banker-customer relationships. *Shariah* -based Islamic banks may also adopt measures to recover through the rescheduling of their investment accounts, following the above principles of loan rescheduling (BRPD Circular Letter No-13, Date: 13/07/2023).

Moving Forward: Prospects of Islamic Banking in Bangladesh

6.25 The prospects of the Islamic banking sector in Bangladesh are progressive and based on a demand-based outlook, as 90.00 percent of the population are the Muslims. This *Shariah*-based banking system has been expanding not solely driven by religious emotions and significance; rather, it is supported by its unique features and mechanisms. Its asset-based and asset-backed sustainable financing mechanism has extended its support to

promote a green economy and economic development. During the last four decades, Islamic banking sector now in Bangladesh has secured a substantial market presence in various sectors. Islamic banking sector now represents 24.57 percent in deposits, 31.03 percent in investments, 20.93 percent in export earnings, 24.27 percent in import payments, 29.69 percent in remittance mobilisation, and 17.35 percent in agricultural investments of the total banking sector in June 2024. These notable market shares underscore the growing preference for Islamic financial products and services in Bangladesh. Although the number of rural branches of full-fledged Islamic banks has not kept pace with demand. As Islamic banking can play a significant role in promoting financial inclusion, especially among the rural population, this sector has enormous prospects of expanding further in these endeavours. For further development of the Islamic banking sector in Bangladesh, it must address the challenges ahead of it while a comprehensive regulatory and supervisory framework must be set up to cater the needs of this sector. To introduce separate legislation and apply international prudential Islamic standards it will be essential for the rapid growth of this specialised kind of banking on which BB has been working to keep the sector in sync with the changing and evolving global financial system, and to promote soundness and stability of the Islamic financial sector in Bangladesh. Liquidity management is one of the major challenges for Islamic banks due to the inadequate Islamic money market and Islamic instruments. As there is vast opportunity and prospects for this sector in the country, establishing an inter-bank money market for Islamic banks, and launching more Islamic monetary instruments through BB and the government may enhance the future progress of this sector. The sector must also deal with a shortage of skilled personnel and lack of Islamic banking literacy among the population. Promotion of awareness about Islamic finance and financial literacy are thus critically important for further development of this sector. Additionally, technological innovations by Fintech solutions and digitisation in banking may enable the sector to realise the full potential of Islamic financial services and move towards a cashless society in Bangladesh. The existing guidelines on Islamic banking in the country issued by BB in 2009 needs alignment with contemporary developments, BB has been working in this direction to ensure uniformity and international standards in Islamic banking practices, which may thereby enhance to the future prospects of the Islamic banking sector in Bangladesh.

Sustainable and Inclusive Banking

Sustainable Banking

7.01 Sustainability, sustainable finance and sustainable banking are terms that are very much correlated and intensively supplementary. There is no doubt that decisions made under current circumstances could shape the real economy and financial ecosystem for the coming years. The newly evolved sustainable finance policy aims to support the financing of the transition to a sustainable economy by ensuring action through financing with inclusiveness and resilience and through the contributions of the financial system and to fulfill national aspirations. In an emerging economy like Bangladesh, environmental management must be the key focus area of the business fraternity, as a especially the banking industry as a major intermediary. Addressing environmental and social risks associated with financing activities by banks/finance companies (FCs) is a 'must-do' step in credit approval, monitoring and evaluation. Accordingly, Bangladesh Bank (BB) has been working as a regulator of the banking industry by providing timely guidelines so that financing by banks and FCs could be at the desired level to ensure meeting present needs, but definitely without compromising the ability to meet ones future. BB has always been keen to incentivise sustainable banking and has already issued guidelines for green and sustainable finance, environmental and social risk management and more, considering the time frame. Introduction of a sustainable finance policy has given ample opportunities for banks and FCs to contribute to inclusive, sustainable green growth where green finance, sustainable agriculture, sustainable CMSME, socially responsible financing and other financing and CSR activities linked to sustainability are structurally addressed. Sustainable banking mainly focuses on three broad categories: sustainable finance (including green banking),

Table 7.01 BB's Policy and Regulation for Bank and FCs on Sustainability

Circular/Circular Letter No.	Date	Particulars
BRPD Circular No. 02/2011	27.02.2011	Green Banking Policy Guidelines for Banks was been issued.
GBCSRD Circular No. 04/2013 and Letter No. 05/2013	11.08.2013 and 11.09.2013	Policy Guidelines for Green Banking was also issued for the financial companies and for the banks scheduled in 2013.
GBCSRD Circular No. 04/2015	09.07.2015	Banks and Financial Companies were instructed to form a 'Climate Risk Fund' having an allocation of at least 10% of their corporate Social responsibility budget.
SFD Circular No. 02/2016	04.12.2016	All banks and financial companies must establish Sustainable Finance Unit and Sustainable Finance Committee by abolishing both Green Banking and CSR units.
SFD Circular No. 02/2017	08.02.2017	Guidelines on Environmental and Social Risk Management (ESRM) for Banks and Financial Companies along with an Excel-based Risk Rating Model have been issued.
SFD Circular No. 03	16.03.2017	Master Circular: Refinance Scheme for Green Products/Initiatives
SFD Circular No. 02/2018	05.04.2018	Master Circular for Islamic Refinance Scheme.
SFD Circular No. 01/2019	04.04.2019	Accreditation of all the scheduled banks and finance companies' investment in impact fund as green finance.
SFD Circular No. 03	08.07.2020	Refinancing/on lending scheme of USD 200 million and Euro 200 million under Green Transformation Fund (GTF).
SFD Circular No. 05	31.12.2020	Sustainable Finance Policy for Banks and Financial Companies.
SFD Circular No. 06	31.12.2020	Sustainability Rating for Banks and Financial Companies.
SFD Circular No. 01	11.01.2021	Target and achievement of sustainable finance and green finance.
SFD Circular No. 02	17.01.2021	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
SFD Circular No. 03	26.06.2022	Guidelines on Environmental and Social Risk Management (ESRM) for Banks and NBFIs in Bangladesh.
SFD Circular No. 04	24.07.2022	Refinance Scheme for Environment -Friendly Products/ Projects/Initiatives
SFD Circular Letter No.02	18.09.2022	Regarding the dedicated Sustainable Finance Help Desk
SFD Circular No. 05	20.09.2022	Policy on Green Bond Financing for Banks and Financial Companies
SFD Circular No. 07	07.12.2022	Green Transformation Fund (GTF) in BDT for export and manufacturing-oriented industries.
SFD Circular No. 01	23.03.2023	Showing the expenditure related to promote use of Bangla-QR as CSR
SFD Circular Letter No. 01	08.06.2023	Refinance Fund for Technology Development/Upgradation of Export- Oriented Industries.
SFD Circular No. 02	30.08.2023	Refinance Scheme for Environment- Friendly Products/Projects/Initiatives
SFD Circular No. 03	22.10.2023	Sustainable Finance Policy
SFD Circular No. 04	22.10.2023	Sustainability Rating of Banks and Financial Companies
SFD Circular No. 05	23.11.2023	Formation, Management Procedure of Climate Risk Fund and Reporting of Half Yearly CSR Activities
SFD Circular Letter No. 02	28.11.2023	Sustainable Finance Reporting Format
SFD Circular No. 06	26.12.2023	Guideline on Sustainability and Climate-related Financial Disclosure
SFD Circular Letter No. 01	09.05.2024	Sustainability Rating of Banks and Finance Companies

Source: Sustainable Finance Department, Bangladesh Bank

Table 7.02 Summary of Sustainable Finance (FY24)

(In million BDT)

Type of Bank/FC	Sustainable Agriculture	Sustainable CMSME	Sustainable Liked Socially Responsible Financing	Other Sustainable Linked Finance	Total SLF	Green Finance	Sustainable Finance
SOCBs	30,986.66	10,298.86	6,083.84	1,814.86	49,184.21	7,934.84	57,119.05
SCBs	112,370.64	360.00	0.00	0.00	112,730.64	24.89	112,755.53
PCBs	124,543.41	472,514.13	152,141.81	1,379,068.60	2,128,267.95	173,143.00	2,301,410.95
FCBs	1,730.76	219.12	62,032.92	119,924.64	183,907.44	8821,69	192,729.13
ISBs	46,522.57	122,778.95	10,831.10	308,864.51	488,997.12	39,673.25	528,670.37
Total	**316,154.03**	**606,171.05**	**231,089.67**	**1,809,672.61**	**2,963,087.36**	**229,597.67**	**3,192,685.03**
FCs	5,953.34	15,688.08	6,253.35	36,030.10	63,924.87	40,125.29	104,050.16
Grand Total	**322,107.38**	**621,859.12**	**237,343.02**	**1,845,702.71**	**3,027,012.23**	**269,722.96**	**3,296,735.19**

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

corporate social responsibility and financial inclusion.

Sustainable Finance

7.02 The sustainable banking initiatives of BB have been categorised broadly into the following aspects: policy initiatives, monitoring of sustainable finance-related activities of banks and FCs, refinance support from BB in diverse green products/sectors, and BB's own initiatives for environmental management.

Policy Initiatives

7.03 BB initiated green banking policy guidelines for banks in 2011. In 2013, Policy Guidelines for Green Banking was also issued for the FCs and the banks scheduled in 2013. All banks and FCs were brought under the structured reporting system through these guidelines. Besides, to expedite ongoing initiatives of banks and FCs at a faster pace from January 2016 onwards the minimum target of direct green finance was set at 5.00 percent of total funded loan disbursement/investment for all banks and FCs. In 2021, the minimum green finance target was set at 5.00 percent of total term loan disbursements and the sustainable finance target was set at 20.00 percent of total loan disbursement. BB instructed all banks and FCs to establish a Sustainable Finance Unit and a Sustainable Finance Committee by abolishing both the Green Banking and CSR units in 2016. BB issued sector specific ESRM Guidelines in 2022. It has been disclosing sustainability rating of banks and FCs every year since 2020 to promote sustainable finance. BB issued a Green Bond Policy for Banks and FCs in 2022. It has also issued a Green Bond Policy to meet the SDGs, INDC prioritising long term investment in the energy, transport, and industrial sectors. In 2023, a sustainable finance policy was updated. BB has also issued a sustainable finance policy, addressing gender equality and gender aspect; in accordance with various national and international frameworks, including SDGs, Perspective Plan 2021-2041, 8th Five Year Plan, Vision 2041, Intended Nationally Determined Contributions (INDCs), Mujib Climate Prosperity Plan 2022-2041, Bangladesh Delta Plan 2100, etc. In the sustainable finance policy, 3 taxonomy have been elaborated, namely—sustainable finance taxonomy and green taxonomy and climate finance taxonomy. BB also issued guidelines on sustainability and climate related financial disclosure in 2023. Table 7.01 depicts green banking policy initiatives.

7.04 Sustainable finance has been defined for the first time in sustainable finance policy on 30 December 2020. Banks and FCs have been contributing to sustainable finance since January 2021. During FY24, the total disbursement amount as sustainable finance was BDT 3192.68 billion by banks and BDT 104.05 billion by FCs. Percentage of sustainable finance against total loan disbursement during this period is 28.38 percent. Category-wise amount of sustainable finance by banks and FCs is given in Table 7.02. Chart 7.02 shows trend in sustainable finance disbursed by banks and FCs during the last 4 years.

Table 7.03 Summary Sheet of Green Finance in FY24

(In million BDT)

Types of Bank/FC	Sectors of Green Finance													
	Renewable Energy	Energy and Resource Efficiency	Alternative Energy	Liquid Waste Management	Solid Waste Management	Circular Economy and Eco-Projects Financing	Environment-Friendly Brick Production	Green/ Environment-Friendly Establishments	Green Agriculture	Green CMSME	Green Socially Responsible Financing	Blue Economy Financing	Information and Communication Technology	Miscellaneous
SOCBs	273.65	89.68	0.45	220.83	10.00	129.70	1,579.38	0.00	683.20	1,391.52	3,556.42	0.00	0.00	0.00
SCBs	17.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.18	0.40	0.00	0.00	0.00	0.00
PCBs	3,118.62	57,779.57	5.50	3,248.65	0.00	14,383.83	1,529.65	32,515.87	4,909.94	6,768.83	38,387.70	1,874.45	6,657.09	1,963.29
FCBs	1,224.64	4,635.58	0.00	230.50	0.00	3.42	0.00	1,042.05	208.74	330.80	1,145.96	0.00	0.00	0.00
ISBs	325.80	12,446.06	1.00	2,672.07	0.00	4,038.56	2,721.66	14,341.67	85.74	252.35	115.25	4.00	561.11	2,107.97
Bank's Total	**4,960.03**	**74,950.90**	**6.95**	**6,372.05**	**10.00**	**18,555.51**	**5,830.69**	**47,899.59**	**5,894.80**	**8,743.91**	**43,205.33**	**1,878.45**	**7,218.20**	**4,071.26**
FCs	17,875.63	15,698.20	95.30	620.00	0.00	374.21	223.00	1,374.41	308.05	978.40	1,801.44	44.00	725.64	7.00
Grand Total	**22,835.66**	**90,649.10**	**102.25**	**6,992.05**	**10.00**	**18,929.72**	**6,053.69**	**49,274.00**	**6,202.85**	**9,722.31**	**45,006.77**	**1,922.45**	**7,943.84**	**4,078.26**

Source: Sustainable Finance Department, Bangladesh Bank.

Green Finance

7.05 The total amount disbursed as green finance during FY24 was BDT 229.59 billion by banks and BDT 40.12 billion by FCs. The percentage of green finance against total term loan disbursement was 11.47 percent. Category-wise amounts of green finance by banks and FCs and category-wise percentages are given in Table 7.03 and Chart 7.01 respectively. Chart 7.03 shows the trend in green finance disbursed by banks and FCs in the last 7 years.

Environmental and Social Risk Management (ESRM)

7.06 Environmental and social risk rating (ESRR) is obligatory in line with guidelines on ESRM for banks and FCs. During FY24, 5,27,076 projects were rated by environmental and social due diligence (ESDD) checklist. BDT 4729.72 billion was disbursed in 3,93,299 rated projects in FY24. Chart 7.04 presents the trends in ESRR by banks and FCs during the last 7 years.

Climate Risk Fund

7.07 BDT 0.73 billion was utilised from the climate risk fund setup by banks and FCs in FY24. This amount was utilised as a grant and concessional loan.

Online Banking and Energy Efficiency

7.08 Green banking policy has wanted banks to establish online branches and increase the number of branches powered by solar energy. The number of branches powered by solar energy was 573 at end FY24. The percentage of online branches was 95.96 percent at the end FY24. Table 7.03 reveals in-house green banking activities of banks and FCs.

Sustainability Rating

7.09 Sustainability rating methodology for banks and FCs was circulated on 31 December 2021. Sustainability rating is defined as the rating of banks and FCs according to their performance in five major components, namely (i) sustainable finance (ii) CSR, (iii) green refinance, (iv) core banking sustainability, and (v) banking services coverage. Banks and FCs are financial intermediaries, and they are going to be rated on their performance in environmental, social and governance attributes, especially their policies and performance. This rating has been disclosed annually since 2020. Good performers with higher rating scores are incentivized in line with BB's year-wise ranking as one of the top banks and top FCs. This rating system has been motivating banks and FCs to get back on track. According to this circulated methodology, the sustainability rating of banks and FCs for the year 2023 was prepared and the names of the top ten banks and the top three FCs in this rating was published on BB's website.

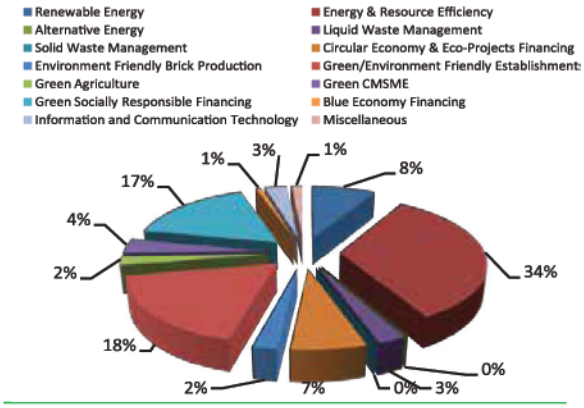
Bangladesh Bank Refinance Scheme for Green Products/Projects/Initiatives

7.10 A revolving refinance scheme of BDT 2.0 billion was established in 2009 to increase finance for green products or initiatives at lower cost of funds which increased to 10.0 billion subsequently. Initially, 6 green products or initiatives were singled out to extend refinance facilities under this scheme. Afterwards, considering the market demand and expert opinion from the technical advisory committee, time to time experts, and stakeholder's consultations, BB enhanced the green products/initiatives eligible for refinance under the scheme to 55 products in FY20, 68 products in FY22, and 70 products in FY23. Under the scheme, participatory banks/financial institutions (PFI) have been allowed to charge a maximum interest rate of 5.00 percent on financing in green products/initiatives. However, due to the consideration of the government's priority to the agriculture sector, its 'Solar Irrigation Pumping System' has been given priority over conventional diesel and electricity-run pumps. In accordance with government policy, BB has set a maximum interest rate of 3.00 percent for financing participatory banks/financial institutions (PFI) in the 'Solar Irrigation Pumping System' under the refinance scheme. The cumulative amount refinanced under the scheme up to June 2024 stood at BDT 10,219.02 million. In FY24, the total disbursement under BB's refinance was BDT 2,622.56 million. The disbursement trend from FY20 to FY24 and product-wise disbursement figures are depicted in Table 7.05 and Chart 7.05, respectively.

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

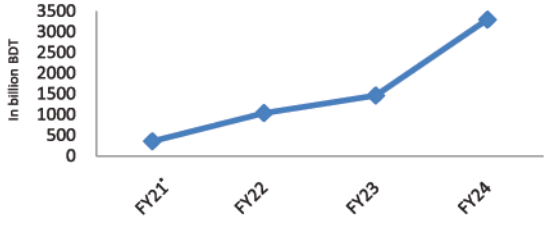
7.11 The Asian Development Bank (ADB) supported revolving relending facility–Financing Brick Kiln Efficiency Improvement Project–was established in BB June 2012 with a view to improving the brick industry, especially its environment-friendly brick kilns, through energy efficient technology suitable for reducing greenhouse gas (GHG) and suspended particulate matter (SPM). This relending facility amounted to USD 50.00 million. The project has two parts–Part A (ordinary capital resources): USD 30.00 million equivalent Bangladeshi currency for conversion of Fixed Chimney Kiln (FCK) to Improved Zigzag Kiln, and Part B (special fund resources): USD 20.00 million equivalent Bangladeshi currency for establishment of new Vertical Shaft Brick Kiln (VSBK), Hybrid Hoffman Kiln (HHK) and Tunnel Kiln. A total of USD 50.00 million equivalent to BDT 4039.70 million relending facility was disbursed to 19 subprojects through 20 PFIs till December 2019.

Chart 7.01 Share of Category-wise Green Finance in FY24



Source: Sustainable Finance Department, Bangladesh Bank.

Chart 7.02 Trend in Total Sustainable Finance



*FY21(January-June)
Source: Sustainable Finance Department, Bangladesh Bank.

The duration of project ended in December 2019 with full disbursement.

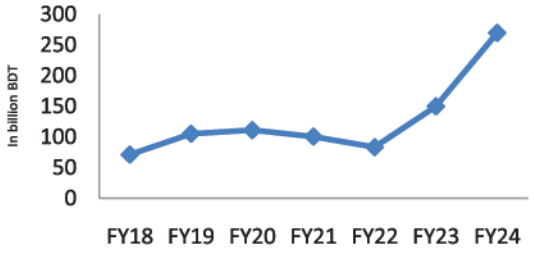
Green Transformation Fund

7.12 The latest step undertaken by BB to fostering sustainable finance was to create the Green Transformation Fund. In February 2016, BB announced its intention to create a new long-term refinancing window of USD 200.00 million, namely, the Green Transformation Fund (GTF). Though initially the fund was available only for the export-oriented textile, leather, and jute sectors, it became available for all export-oriented sectors in June 2019 to ensure sustainable export growth of the country in the process of its transformation to a greener economy. It is intended to facilitate access to financing in foreign exchange by all manufacturer-exporters in export-oriented sectors to import capital machinery and accessories for implementing environment-friendly initiatives. The initiatives taken include water use efficiency in wet processing, water conservation and management, waste management, resource efficiency and recycling, renewable energy, and energy efficiency, heat and temperature management, air ventilation and circulation efficiency and work environment improvement initiatives (FE Circular No. 02/2016). In April 2020 a fund of Euro 200.00 million, in addition to the existing USD 200.00 million, was introduced in GTF. The disbursement from GTF up to FY24 is USD 140.94 million for 47 projects, and Euro 71.21 million for 31 projects. On 7 December 2022, the Green Transformation Fund (GTF) in local currency was introduced to extend support to all exporters and manufacturers having funds of BDT 50.00 billion. Till 30 June 2024, BDT 9341.5 million was disbursed to 35 clients of 14 banks from this local currency GTF fund.

Refinance Scheme for Islamic Banks and Financial Institutions for Investment in Green Products/Initiatives

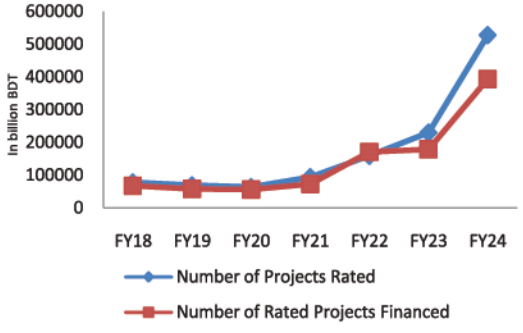
7.13 In September 2014, BB introduced the

Chart 7.03 Trend in Total Green Finance



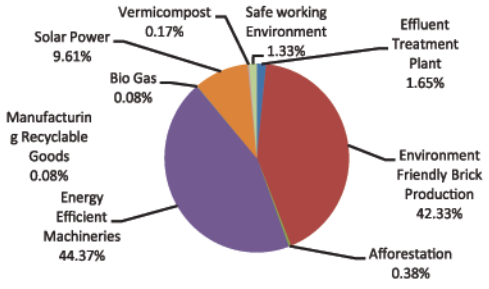
Source: Sustainable Finance Department, Bangladesh Bank.

Chart 7.04 Trend in ESRR by Banks and Finance Companies



Source: Sustainable Finance Department, Bangladesh Bank

Chart 7.05 Product-wise Refinance Disbursement in FY24



Source: Sustainable Finance Department, Bangladesh Bank.

'Islamic Refinance Fund' with the surplus liquidity of SLR of *Shariah*-based Islamic banks. To encourage further involvement of the *Shariah*-based banks and FCs in green finance, BB launched a refinance scheme for Islamic banks and FCs operated under the 'Islamic

Refinance Fund'. Over time, considering modifications in the country's economic structural conditions, advanced technology, and gradually rising demand for eco-friendly products/initiatives, BB issued an integrated and comprehensive SFD 'Master Circular' on 05 April 2018. According to it, the scheme was re-titled as 'Refinance Scheme for Islamic Banks and Financial Companies for Investment in Green Products/Initiatives'. Under this scheme, BB enhanced the product range from 50 to 51 and segregated these products into 8 categories, viz; renewable energy, energy-efficient and energy-savings technology, alternative energy, waste management, recycling and recyclable products, environment-friendly brick production, environment-friendly installations and miscellaneous. The cumulative refinance amount under the scheme up to June 2021 stood at BDT 476.73 million. Total disbursement under this scheme during FY21 was BDT 37.91 million.

Refinance Fund for Technology Development /Upgradation of Export-Oriented Industries

7.14 BB introduced a BDT 10.00 billion refinance scheme for technology development/up-gradation. The fund has subsequently been circulated among banks and FCs (SFD circular no. 02 dated 17 January 2021). It offers a refinance facility for the modernisation and technological development/up-gradation of export-oriented industries in Bangladesh. Initially at the time of the scheme opening, the fund facilitated the 32 industrial sectors mentioned in Export Policy, 2018-2021, under 11 initiatives/categories. After the declaration of Export Policy, 2021-2024 by the government, the Sustainable Finance Department of BB made a few amendments to the SFD Circular No. 02 dated 17 January 2021, which was published as SFD Circular Letter No. 01 dated 08 June 2023. After the amendment, the fund was able to facilitate the 35 industrial sectors mentioned in Export Policy, 2021-2024 under 11 initiatives/categories. The interest rate

Table 7.04 List of Eligible Green Products/ Initiatives under 'Refinance Scheme for Green Products/Initiatives'

Sl. No.	Green Product/Initiatives
1	Solar home system
2	Solar pico grid
3	Solar nano grid
4	Solar micro grid
5	Solar mini grid
6	Solar park
7	Net metering rooftop solar system
8	Solar irrigation pumping system
9	Solar pump for drinking water
10	Solar photo voltaic (PV) assembly/manufacturing plant
11	Solar cooker assembly/manufacturing plant
12	Solar water heater assembly/manufacturing plant
13	Solar air heater and cooling system assembly/manufacturing plant
14	Solar-powered cold storage
15	Small size biogas plants - 1.2, 1.6, 2.0, 2.4, 3.2 and 4.8 cubic meters gas production per day.
16	Medium size biogas plant varies between 6.0 to 25 cubic meters gas productions per day
17	Large size of biogas plant is 26 cubic meters gas production per day to 200 cubic meters gas production per day and above.
18	Integrated cow rearing and setting up of bio-gas plant
19	Wind power plant
20	Hydropower plant (pico, micro, mini)
21	Installation of energy auditor-certified machineries including boilers in industries
22	Auto sensor power switch assembling plant
23	Energy-efficient cook stove assembling plant
24	LED bulb/tube manufacturing/assembling plant
25	Energy efficient lime kiln
26	Improved rice parboiling system
27	Pyrolysis oil/bio-crude oil/biofuel manufacturing plant
28	Lithium battery manufacturing plant
29	Biological ETP
30	Combination of biological and chemical ETP
31	Conversion of chemical ETP into a combination of biological and chemical ETP
32	Central ETP
33	Wastewater treatment plant
34	Sewage water treatment plant
35	Methane recovery and power production from municipal waste plant
36	Compost production from municipal waste plant
37	Hazardous waste management unit/plant
38	Medical waste management unit/plant
39	E-Waste management unit/plant
40	Sludge management unit/plant
41	PET bottle recycling plant
42	Plastic waste (PVC, PP, LDPE, HDPE, PS) recycling plant
43	Paper recycling plant
44	Recyclable bag manufacturing plant
45	Recyclable polypropylene thread and bag manufacturing plant
46	Battery (solar/led acid/lithium Ion) recycling plant
47	Compressed block-brick
48	Foam concrete brick
49	Environment-friendly/brick kiln efficiency improvement project
50	Establishment of certified green industries
51	Establishment of certified green buildings
52	Establishment/installation of 'green featuring' in the buildings/industries
53	Affordable green housing
54	Safety and work environment of factory related projects
55	Production of vermicompost
56	Production of organic fertilizer from slurry

Source: Sustainable Finance Department, Bangladesh Bank

of refinance scheme was revised from a maximum of 6.00 percent to a maximum of 5.00 percent at client level, and from 3.00 percent to 1.00 percent at PFI level, to expedite the growth of export oriented industries. In FY24, the total disbursement under the refinance scheme was BDT 4431.56 million.

Refinance Scheme of Preshipment Credit

7.15 In COVID-19, exports were hampered because of stopping and cancelling export contracts from Bangladesh. To ensure uninterrupted exports, in response BB formed a scheme named 'Refinance Scheme of Pre-shipment Credit' for all export-orient industries. The scheme was fully funded by BB and its amount was BDT 0.50 billion for the tenure of 3 years starting from 13 April 2020.

Interest Rate and Duration of the Scheme

7.16 Initially, as per BRPD Circular No.9, dated 13 April 2020 and SFD Circular No.1, dated 22 April 2023, the interest rate at the client end was 6.00 percent, BB then charged a 3.00 percent interest rate on participatory financial institutions (PFI). The rate was reduced to 5.00 percent, for which BB charges 2.00 percent interest rate on PFI to enhance the contribution of exports. In each case, the facility was limited to a maximum of 180 days (starting from the date of credit to the bank's current A/C maintained with BB, Motijheel office).

Eligibility of the Scheme

7.17 Any exporter not a defaulter and one who has no 3 consecutive overdue export bills (under this scheme) to be paid can be eligible for the facility. Furthermore, the refinance facility will not be approved against any contract/ export LC issued by SHELL company/bank.

Scheme Update as of 30 June 2024

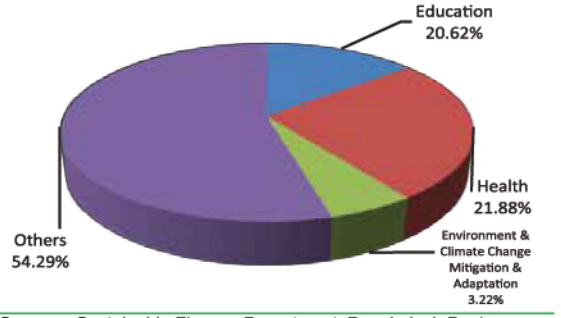
- Total PFIs signed agreement for the facility: 41
- Total PFIs taken in the facility: 27
- Total amount disbursed: BDT 123.09 billion
- Total export institutes: 609
- Sector: Textile and RMG.

Table 7.04 (Contd.) List of Eligible Green Products/ Initiatives under 'Refinance Scheme for Green Products/Initiatives'

Sl. No	Green Product/Initiatives
57	Forestation (social/integrated/agro)
58	Organic farming
59	Rooftop agriculture/vertical farming or gardening
60	Fish cultivation in cage
61	Biofloc fish cultivation
62	Integrated Recycling System (IRS) fish cultivation/Bottom clean fish cultivation
63	Financing in coastal aquaculture
64	Floating system cultivation, hydroponic cultivation/farming
65	Financing in cottage industry
66	Community investment for addressing climate resilience and disaster management
67	Financing in green/clean transportation projects
68	Financing in sand-witch panel
69	Financing in Govt. approved eco-tourism project
70	Jute products manufacturing industry

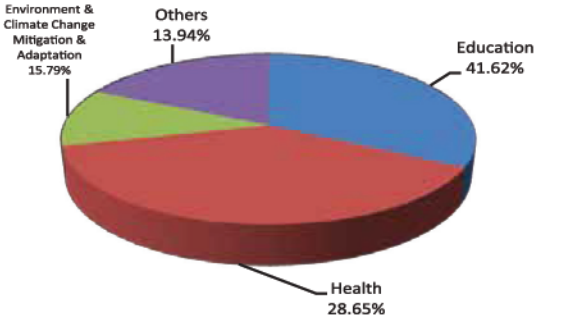
Source: Sustainable Finance Department, Bangladesh Bank

Chart 7.06 Share of Sector-wise CSR Expenditure of Banks in FY24



Source: Sustainable Finance Department, Bangladesh Bank.

Chart 7.07 Share of Sector-wise CSR Expenditure of FCs in FY24



Source: Sustainable Finance Department, Bangladesh Bank.

- Total direct beneficiary: 21,33,000

Impact of the Scheme

7.18 The scheme enables exporters to get money at an interest rate of 5.00 percent instead of the minimum 7.00 percent which is what commercial banks impose on their clients. Now, exporters can pay salaries to the workers in time with money from this scheme and can thereby run their business smoothly. As a whole, the preshipment credit scheme and other stimulus packages replaced pandemic uncertainty with signs of recovery of the export sector in Bangladesh's economy.

Corporate Social Responsibility

7.19 To simplify, emphasise and organise CSR activities for the environmental, social, equitable, and sustainable development of the country, a policy guideline on corporate social responsibility (CSR) for banks and FCs was issued on 9 January 2022 (vide SFD Circular No.1). The guidelines clearly specify the sectors and subsectors of CSR, the budgetary allocation and administrative setups, screening and monitoring processes of CSR, and prohibitions on CSR activities. On 23 November 2023, through circular No. 5, BB revised the previous reporting format for scheduled banks FCs. The circular also provided specific guidelines on forming, utilising, and managing a Climate Risk Fund (CRF).

Table 7.05 Disbursement Trend of BB Refinance Scheme for Green Products/Initiatives

(In million BDT)

Products	FY20	FY21	FY22	FY23	FY24
Bio Gas	1.24	2.17	4.70	1.47	2.09
Solar Home System	0.45	1.32	3.61	0.93	3.11
Solar Mini Grid	0.00	27.50	0.00	0.00	90.64
Net Metering Rooftop Solar System	0.00	0.00	9.00	0.00	158.19
Effluent Treatment Plant	132.50	193.14	20.00	67.10	43.16
Environment Friendly Brick Production	100.00	0.00	55.00	152.50	1,110.17
Vermicompost	1.26	1.67	3.37	1.16	4.54
Green Industry	198.70	400.00	200.00	393.37	0.00
Green Building	0.00	0.00	400.00	433.59	0.00
Safe working Environment	88.10	60.00	59.90	23.11	34.96
Energy Efficient Machineries	46.29	200.00	34.50	48.76	1,163.77
Led Bulb/Tube Manufacturing/Assembly Plant	0.00	24.00	0.00	0.00	0.00
Afforestation	0.00	0.00	0.00	0.00	9.93
PET Bottle Recycling Plant	0.00	0.00	2.50	0.00	2.00
Total	**568.54**	**994.81**	**792.58**	**1,121.99**	**2,622.56**

Source: Sustainable Finance Department, Bangladesh Bank.

CSR Activities of Banks

7.20 The total amount of CSR expenditure by banks in FY24 was BDT 6620.27 million. The sector-wise expenditure scenarios of banks are stated in Table 7.06. Banks contributed major shares in sectors like , health, and education to 54.29 percent, 21.88 percent, and 20.62 percent, respectively, of the total CSR activities. On the other hand, CSR expenditure on the environment and climate change mitigation and adaptation sector was only 3.22 percent. The shares of expenditure in banks' CSR programme in FY24 are shown in Chart 7.06.

Table 7.06 CSR Expenditure of Banks in FY24

(In million BDT)

Sectors	Banks					
	Amount (July-December 23)	Sectoral Share (percent)	Amount (January-June 24)	Sectoral Share (percent)	Total	Percentage
Education	720.91	20.65	630.64	20.58	1351.55	20.62
Health	720.30	20.48	710.98	23.28	1431.28	21.88
Environment and Climate Change Mitigation and Adaptation	140.32	4.06	70.35	2.38	210.67	3.22
Others (Income generating activities, Disaster management, Infrastructure development, Sports and Culture, other)	1930.54	54.81	1660.22	53.76	3590.76	54.29
Total	3530.07	100.00	3090.20	100.00	6620.27	100.00

Source: Sustainable Finance Department, Bangladesh Bank

CSR Activities of Finance Companies

7.21 FCs reported CSR expenditure of BDT 74.19 million in FY24. The sector-wise expenditure scenarios of FCs are stated in Table 7.07. The major shares of CSR expenditure by FCs went to education (41.62 percent), health (28.65 percent), and environment and climate change mitigation and adaptation (15.79 percent). However, in the other sectors, they spent 13.94 percent during the period. The sector-wise share of CSR expenditure by finance companies in FY24 is depicted in Chart 7.07.

Financial Inclusion through Alternative Channels

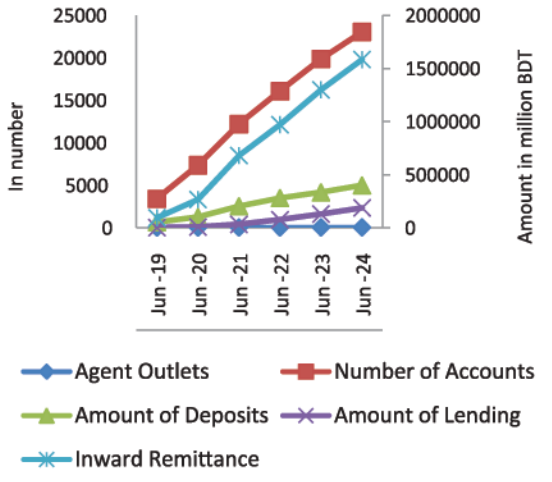
Agent Banking

7.22 BB allowed scheduled banks to extend the banking services through agents in 2013. Agents are able to offer limited-scale banking and financial services under valid agency agreements. Through this system, banks can extend their services to remote areas without setting up a branch or employing their own officials. This system is cost-efficient for banks and suitable for local entrepreneurs to represent banks in their locality. As a result, agent banking is gaining a lot of popularity in remote areas.

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

7.24 As of June 2024, 31 banks were engaged in agent banking. A total of 15,991 agents were deployed with 21,473 outlets in FY24, which was 3.10 percent and 0.87 percent higher than the 15,510 agents and 21,288 outlets

Chart 7.08 Trends in Agent Banking Activities



Source: Financial Inclusion Department, Bangladesh Bank.

Table 7.07 CSR Expenditure of Finance Companies in FY24

(In million BDT)

Sectors	Banks				Total	Percentage
	Amount (July-December 23)	Sectoral Share (percent)	Amount (January-June 24)	Sectoral Share (percent)		
Education	16.217	20.23	10.891	53.01	27.11	41.62
Health	20.334	37.91	3.984	19.39	24.32	28.65
Environment and Climate Change Mitigation and Adaptation	11.17	20.82	2.21	10.76	13.38	15.79
Others (Income generating activities, Disaster management, Infrastructure development, Sports and Culture, the other)	5.918	11.03	3.461	16.85	9.38	13.94
Total	53.639	100.00	20.546	100.00	74.19	100.00

Source: Sustainable Finance Department, Bangladesh Bank

listed respectively, in FY23. The total number of accounts till June 2024 was 23,034,538, and the total balance of these accounts was BDT 400.73 billion. The distribution of foreign remittances through agent banking in FY24 was BDT 1,583.13 billion. Trends in agent banking activities are shown in chart 7.08.

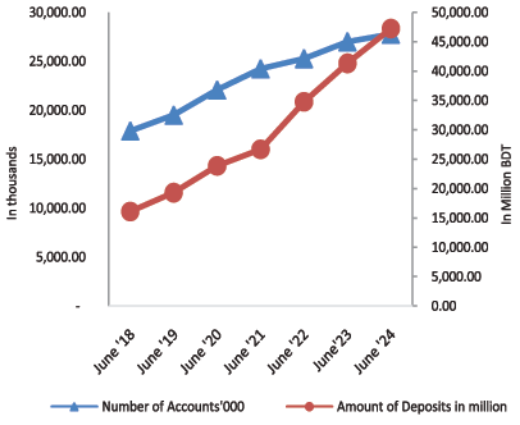
Initiatives for Marginal and Specialised Segments

No-Frill Accounts

7.25 The focus of financial inclusion in Bangladesh is mainly on low-income groups. Since financial services are regarded as important prerequisites for poverty alleviation and improving living standards, BB has issued a set of directives to commercial and specialised banks to incorporate the poor, marginalized, and special segments of the population into the formal banking system and to retain them in it through opening special type of bank accounts with zero or nominal charges and free of unnecessary fees or frills. Those accounts are commonly known as 'no-frill accounts' (NFA). NFAs need simplified know-your-customer requirements and documentation. BB guides commercial banks in opening NFAs for farmers, recipients of a social security programme, freedom fighters, small life insurance policyholders, garment workers, cleaning workers of city corporations, footwear, and leather goods makers, small-scale factory workers, physically challenged persons, street urchins, dwellers of former enclaves, flood-affected marginal people, small business people, etc. In addition, banks have been instructed to offer a higher interest rate on deposits in those accounts. NFAs have thereby been playing a pivotal role in financial inclusion strategies over the years.

7.26 As of June 2024, 27,777,448 NFAs were opened under the financial inclusion programme. The number was 27,007,752 in June 2023, indicating an increase of 2.85 percent. The total amount of deposits in the NFAs reached

Chart 7.09 Trends in No-frill Accounts



Source: Financial Inclusion Department, Bangladesh Bank.

BDT 47,216.08 million in June 2024 compared to BDT 41,306.41 million in June 2023, indicating an increase of 14.31 percent. Trends in NFAs are depicted in Chart 7.09.

School Banking

7.27 One of the most significant milestones in the financial inclusion initiatives undertaken by BB is the introduction of school banking. The programme has introduced banking services and modern banking technology to students under the age of 18 to develop their savings habits from early age. BB issued directives for the banks to introduce school banking in November 2010 and later framed a comprehensive policy in October 2013. These policies have preceded the directive to convert school banking accounts to general savings accounts once students reach the age of 18 years (subject to the account holder's consent).

7.28 In light of these policies, banks can open student accounts with a minimum deposit of BDT 100, where no service charges are applicable. Moreover, these accounts offer attractive interest rates, debit card facilities, and school-centric financial education services. So far, 59 banks have offered school banking. The total number of students' accounts under school

banking initiatives increased to 4,411,916 in June 2024, registering total deposits of BDT 24,069.02 million. The number of accounts, and deposits increased by 445,110 (11.22 percent) and BDT 484.52 million (2.05 percent), respectively, in June 2024, compared to June 2023. Chart 7.10 shows a picture of school banking accounts in Bangladesh.

Banking for the Working Children

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

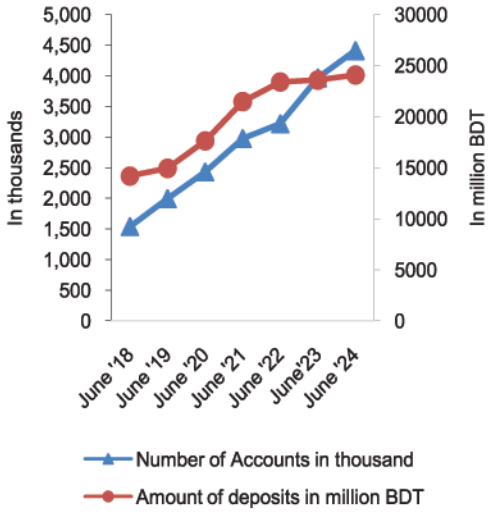
7.30 Up to June 2024, 19 banks have opened 39,633 street urchin and working children accounts with the help of 53 NGOs. The total amount of deposits in these accounts was BDT 4.96 million. The number of accounts for street urchins and working children increased by 5,827 in June 2024 from 29,037 in June 2023, indicating a 17.24 percent increase over the last year.

Introduction of Refinance Packages

BDT 5.0 Billion Refinance Scheme for BDT 10/50/100 Account Holders

7.31 In 2014, BB created a refinance scheme with a revolving fund of BDT 2.00 billion to facilitate income-generating activities of low-income people with BDT 10.00 accounts. Under the scheme, the banks were able to lend without collaterals. After successful disbursement and recovery, the scheme ended in March 2024. In September 2021, BB took several measures to facilitate the rapid recovery of the rural economy from the COVID-19

Chart 7.10 Trends in School Banking Activities



Source: Financial Inclusion Department, Bangladesh Bank.

pandemic set backs and to make this scheme more attractive both for banks and for targeted borrowers. As a part of those measures, the fund size of the refinance scheme was increased from BDT 2.00 billion to BDT 5.00 billion. Individual loan size in the revised scheme increased from BDT 50,000 to BDT 500,000. The most significant revision of the scheme lies in the interest rate, which is now 7.0 percent at the borrower level and 1.00 percent at the bank level, replacing the earlier rates of 9.00 percent at the borrower level and 4.00 percent at the bank level. Besides, *Shariah*-based banks are now permitted to participate in the scheme. So far, 47 banks have signed in the scheme.

7.32 Up to June 2024, a total of 145,028 borrowers have received BDT 9.83 billion from both the BDT 2.0 billion and BDT 5.0 billion schemes.

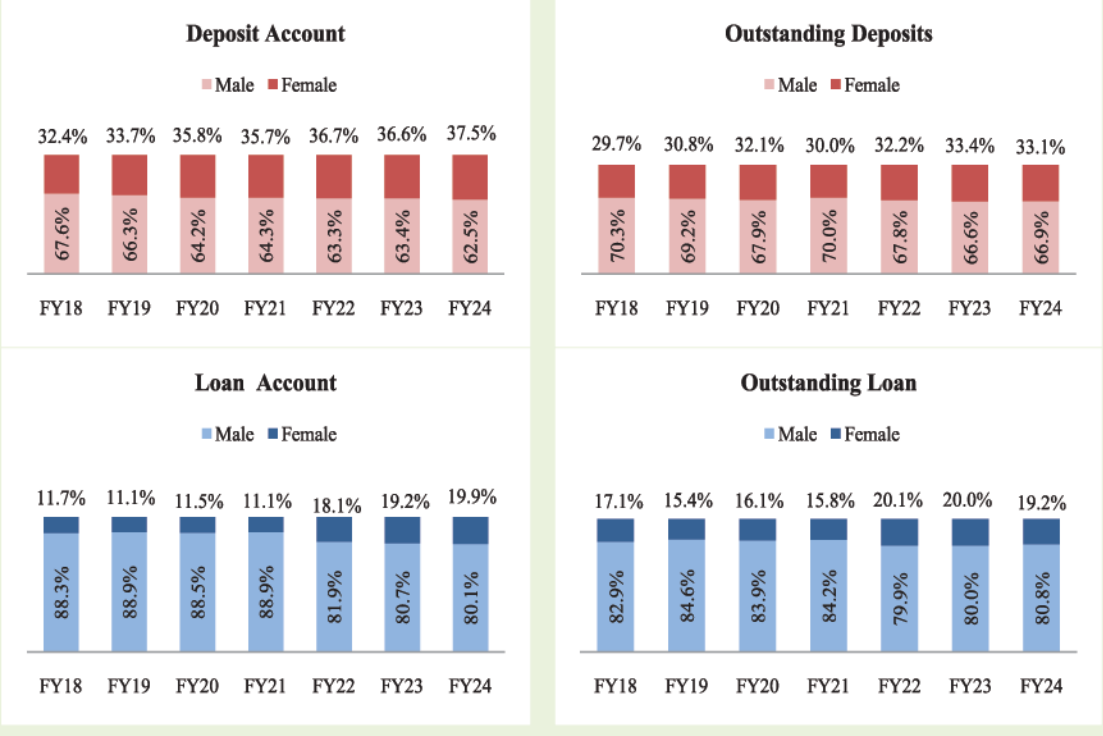
Refinance Scheme of BDT 30.00 Billion for COVID-19 Affected Marginal People

7.33 In line with achieving the targets set for sustainable development goals (SDG), the

Box 7.01 Deposits & Advances Classified by Gender

Bangladesh, having embanked on ambitious scheme for women's empowerment, has set a precedent for women to become economically independent, reduce gender gaps and make substantial contributions to the prosperity of the country. It has provided ample opportunities for financial services, advanced financial literacy, and encourage a women to start their own businesses.

Bangladesh made significant strides in promoting women's financial inclusion through scheduled banks: between FY18 and FY24, the financial gender gap was reduced to 25.00 percent for number of deposit accounts, whereas 33.8 percent for outstanding deposits amount made one third portion of the market contribution of women. On the other hand, the momentous contribution of women can be seen in the number of loans accounts and outstanding loan amounts with 19.9 percent and 19.2 percent respectively.



Source : Statistics Department, Bangladesh Bank.

Arguably, the most significant approach to promoting financial inclusion in Bangladesh was to offer women access to agent banking and mobile financial services. Through these channels, women have been empowered to acquire credit, save money safely, and handle their finances on an individual basis. Though many women remain excluded from the formal financial system, the government has been implementing various initiatives to remedy the situation such as, set up projects to address cultural barriers, improve financial literacy, and expand access to financial services in remote areas.

Financial Inclusion Department (FID) of BB is working relentlessly to stimulate the economic growth of the country by connecting marginalized people with financial inclusion activities. In this connection, BB has taken several initiatives in recent days. To overcome the possible negative impacts of the worldwide outbreak of the COVID-19 pandemic, BB launched a revolving refinance scheme of BDT 30.0 billion on 20 April 2020 for COVID-19-affected low-income professionals, farmers, and micro/small businesses to help them recover from the negative consequences of the pandemic. Remittance-providing workers, who returned from abroad due to the pandemic were encouraged had to get credit under the scheme. As per directives issued on 28 October 2021 (FID Circular No: 02/2021), this facility was disbursed indirectly through microfinance institutions (MFIs) as well as directly by scheduled banks via their branches and sub-branches in order to ensure that the facility reached grassroots levels. At this point, the interest rate of loan at the end-user level was a maximum of 9.00 percent and 7.00 percent in case of disbursing by MFIs and scheduled banks respectively. The scheduled banks would pay 0.50 percent interest to BB against the refinance facility and provide the same facility to MFIs at 3.00 percent interest. As of 30 June 2024, around 0.79 million targeted people availed of the financing facility of BDT 48.23 billion through this scheme. By this time, BB has recovered BDT 40.46 billion from scheduled banks against the refinanced amount. The percentage of female borrowers under this scheme was 87.24 percent as of 30 June 2024. This refinance scheme offered a great hope for the marginal people to pursue on their livelihoods amidst the COVID-19 pandemic. The third and last phase of the scheme ended on 30 June 2023. The last refinance was made on 22 February 2024 against the disbursed loan/ investment of the bank during the said period. At present, the loan recovery process is still going on.

Digital Nano Loan

7.34 Bangladesh is moving at some pace on the highway of development with the help of the strategy it has adopted of an inclusive economy. BB has been working relentlessly to stimulate inclusive economic growth. Access to credit for marginal and unbanked people through the banking channel is a prerequisite for achieving sustainable and inclusive economic growth. Prioritising the needs of marginal people, BB has introduced a refinance scheme of BDT 1.0 billion on a revolving basis named 'Refinance Scheme for Digital Nano Loan' in June 2022. Under this scheme, low-income, unbanked, and marginal people can get credit facilities ranging from BDT 500 to BDT 50,000 by using digital platforms (MFS, mobile apps, e-wallet, and e-banking, etc.) without any paper documents for a maximum period of six months. These conveniences ensure credit facilities to their beneficiaries without any collateral within a very short time. The whole process of the facility documentation, credit disbursement, and recovery is performed digitally. As of 30 June 2024, credit facilities amounting to BDT 6.74 billion was refinanced to participating banks against disbursed digital loans under this scheme, The total number of beneficiaries was 6,37,337, of which 22.00 percent were female. Considering the demand for this product, BB enhanced the fund size for this scheme to BDT 5.0 billion in July 2023. In the near future, this facility should contribute significantly in stepping up financial inclusion among the people of the country. The tenure of this scheme has been fixed at 3 years, starting from 2 June 2022. The scheme has been contributing to habituate marginal people to digital transactions among them and spread digital financial literacy, and will impact positively in transforming Bangladesh. It provides end users of the facility to borrow at a maximum of 9.00 percent interest rate from banks. In contrast, BB charges 1.00 percent interest for the banks.

Financial Literacy and Consumer Empowerment

7.35 The financial literacy of citizens is a prerequisite for sustainable financial inclusion. With a view to making such inclusion initiatives more successful, BB has taken numerous steps. BB has identified strengthening financial education and financial literacy initiatives as an important core objective its strategic plan for 2020-2024. To increase public awareness and formulate financial literacy and financial education policies, BB designed a special programme named 'School Banking Conference' in 2014. Such conferences are now arranged at the district level in Bangladesh. Through them, students from different educational institutions, parents, teachers, government officials, and journalists of that locality participate, learn, and share financial knowledge through various activities. Considering financial literacy as a fundamental learning skill needed by future citizens, BB has collaborated with the National Curriculum and Textbook Board (NCTB) to include a special chapter on financial literacy in the national curriculum in both primary and secondary level education. Including a chapter in primary level (class III & V) and secondary level (class VI, VII, VIII & IX) text books has been possible by now.

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

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

7.37 Following the instructions of BB financial literacy guidelines, banks, and FCs have been conducting different programmes countrywide. During the piloting year (2023) of the implementation of the guidelines, they arranged 2,322 general and target group-based finance literacy programmes in different regions of the country, where financial literacy was provided to 2,42,272 people directly. They also have been working to arrange around 3,592 programmes in 2024. Besides, banks and FCs have also performed various other activities, such as establishing financial literacy corners in their branches, the inclusion of financial literacy tabs on their websites, financial literacy-related thematic campaigning, etc., as shown in the guidelines.

7.38 In accordance with the Financial Literacy Guidelines, Financial Literacy Day and Financial Literacy Week are being celebrated. On Financial Literacy Day on the first Monday of March, as per Financial Literacy Guidelines, banks and FCs organise meetings with the target population (both men and women), send mobile messages, and exhibit banners/ festoons/leaflets in their local branches as well as in websites/social media. As part of celebrating Financial Literacy Week for the first time in Bangladesh during 18-24 March 2024, banks and FCs took various initiatives. These included rallies with banners/festoons, financial literacy workshops, discussions with local people, including young entrepreneurs regarding the importance of financial literacy, and playing informative video content from the BB website, etc. In addition, BB published a special supplement in two national dailies on the occasion of Financial Literacy Week. BB also

arranged meetings with stakeholders about the progress of Financial Literacy Guidelines and its future work plans regarding financial literacy activities.

7.39 In addition to the above-mentioned programme and initiatives, BB arranges different financial awareness campaigns such as an open credit disbursement programme, an awareness-raising campaign under different schemes and projects, special fairs such as banking fair, SME fair, women entrepreneur fair, etc.

International Collaboration and Knowledge Sharing

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

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

7.42 The Maya Declaration, member institutions self-commitment regarding financial inclusion, was introduced by AFI in September 2011 at the AFI Global Policy Forum in Riveria Maya, Mexico. BB signed the Maya declaration and adopted 70 commitments to it from time to time, of which 58 commitments have been successfully realized till June 2024. This year, BB has made 26 new commitments. BB was declared the regional champion of financial inclusion of the Asia region in the '2022 Maya Declaration Progress Report' for its noteworthy advancements in Maya Declaration commitments. BB was also nominated by AFI as the finalist of the Maya Declaration Commitment Award category in 2022 and 2023.

7.43 Due to the significant progress made in financial inclusion, BB was awarded the AFI Policy Award in 2014, the Child and Youth Finance International (CYFI)'s Global Inclusion Award for 2016 and 2017, and the AFI Gender Inclusive Ambassador Award in 2018. BB was also nominated as a finalist for the Global Youth Financial Inclusion Award in 2022 by AFI.

Performance, Regulation and Supervision of Finance Companies (FCs)

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

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

i. Issue cheques, pay orders or demand drafts;

ii. Receive demand deposits; and

iii. Transact gold or foreign currencies.

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

License and Regulation

8.03 The authority to grant licenses to FCs and formulate their regulations was vested in BB by the Finance Company Act, 2023. Furthermore, BB has issued various prudential regulations and guidelines from time to time to regulate the operations of FCs. A FC is required to maintain a minimum paid-up capital of BDT 1.0 billion (DFIM Circular no.5, dated 24 July 2011). However, paid-up capital and reserves must not fall below the minimum ratio of risk weighted assets set by BB, which is currently 10.00 percent (according to the prudential guidelines issued by BB on 'Capital Adequacy and Market Discipline for Finance Companies'). FCs may access public funds either directly or indirectly through term deposits (with a minimum duration of 3 months), commercial papers, bonds, and debentures. FCs are subject to prudential guidelines concerning income recognition; asset classification and provisioning norms; single and group borrower exposure limits; capital market exposures; classification and valuation for the investment portfolios; the cash reserve requirement (CRR) /statutory liquidity ratio (SLR); accounting and disclosure; and supervisory reporting requirements.

Number of FCs and their Branches

8.04 Among the existing thirty-five (35) FCs, three (3) are government-owned, thirteen (13) are joint ventures with foreign participation, and the remaining nineteen (19) privately owned companies. As of 30 June 2024, the total number of branches of FCs was 276. Four (4) new branches were opened, and two (2) closed during FY24. Among the branches, 77 have been set up in the district of Dhaka, while the rest, 199, are located in 39 districts across the country. The ownership structure of the FCs and their branch expansion-related data are shown in Table 8.01.

Assets

8.05 The total assets of FCs at the end of June 2024 stood at BDT 1007.17 billion, although it was BDT 996.85 billion at end June, 2023. (Table 8.02)

Investment (Loans & Leases)

8.06 Finance Companies invest in different economic sectors, but their investments are mostly concentrated in the industrial sector. Sector-wise composition of FCs' investment at the end of June 2024 was as follows: trade and commerce 14.99 percent, industry 47.71 percent, agriculture 2.05 percent, housing 17.33 percent, financial corporation 6.24 percent, service 6.14 percent, consumer finance 3.83 percent and others 1.64 percent (Chart 8.01).

Investment in Capital Market

8.07 FCs are allowed to invest in the capital market up to 25.00 percent of their paid-up capital and reserves as per Section 26(1) of the Finance Company Act, 2023. As of 30 June 2024, total investment of FCs in the capital market stood at BDT 44.44 billion, which accounted for 4.41 percent of the total assets of all FCs (as per DFIM Circular No. 3, dated 15 February 2022). Besides, to protect depositors' interests and bring credit discipline to this sector, same directions have been given through DFIM Circular No. 12 to FCs on 29 September 2022. As per the circular, FCs must obtain prior approval from BB to provide loans or investments, waive interest or profits, and write off loans to their subsidiaries or associates.

Deposits

8.08 The total deposits of the FCs at the end of June 2024 stood at BDT 475.14 billion, down from the BDT 477.22 billion, recorded at the end of June 2023 (Table 8.02).

Liabilities and Equity

8.09 At end of June 2024, the total liabilities of the FCs increased to BDT 1054.38 billion, recorded down from the BDT 983.19 billion recorded, at end June, 2023 (Table 8.02).

Performance and Rating of FCs

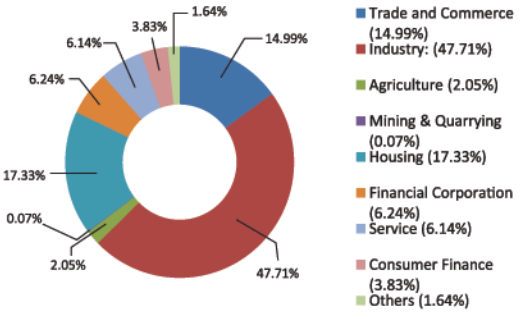
8.10 Like banks, FCs' performance is also evaluated through the CAMELS rating, which involves analysing and evaluating six crucial dimensions. These system are capital adequacy, asset quality, management efficiency, earnings, liquidity and sensitivity to market risks.

Table 8.01 Trends in the Structure of FCs

Period	2018	2019	2020	2021	2022	2023	2024*
No. of finance companies	34	34	35	35	35	35	35
Government-owned	3	3	3	3	3	3	3
Joint-venture	12	12	13	13	13	13	13
Private	19	19	19	19	19	19	19
New branches	8	11	3	1	8	5	4
Total branches	**262**	**273**	**276**	**277**	**271**	**274**	**276**

* As on 30 June 2024.
Source: Department of Financial Institutions and Markets, Bangladesh Bank

Chart 8.01 Investment Pattern of FCs



* As on 30 June 2024.
Source: Department of Financial Institutions and Markets, Bangladesh Bank

Capital Adequacy

8.11 Capital adequacy requirement focus on the total amount of a FC's capital essential for depositors in reducing risk of a FC's insolvency and the potential cost of a FC's failure. It helps FCs to absorb possible losses due to credit, market and operational risks that a FC might be exposed to during its normal course of business. FCs in Bangladesh have been instructed under the Basel II accord to maintain a capital adequacy ratio (CAR) of not less than 10.00 percent of total risk-weighted assets (RWA), with at least 5.00 percent in core capital.

Asset Quality

8.12 A Non-Performing Loan (NPL) ratio is an indicator of asset quality. It is the ratio of gross non-performing loans/leases to total loans/leases. At the end of June 2024, the NPL for FCs was 33.15 percent. In the total asset composition of all FCs, the share of loans/leases was 74.42 percent as of end June, 2024. The trends of the ratio of gross non-performing loans/leases to total loans/leases are shown in Table 8.03.

Earnings and Profitability

8.13 A FC's earnings and profitability reflect its efficiency in managing resources and long-term sustainability. Among various measures of earnings and profitability, the best and most widely used indicator is returns on assets (ROA), which is supplemented by the returns on equity (ROE). The industry ROA and ROE at the end of June 2024 were -2.46 and 1.98 respectively (Table 8.04).

Liquidity

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

Sensitivity to Market Risk

8.15 Sensitivity to market risks reflect the degree of changes in asset-liability position, earnings and capital in response to changes in interest rates or equity prices. The vulnerability of FCs in a stressed situation emanates from either an interest rate or equity price shock, or both. When evaluating the sensitivity component, emphasis should be given to the management's ability to identify, measure and control market risks through the implementation of an effective core risk management system. For many FCs, the primary source of market risks arise from non-trading positions and their sensitivity to changes in interest rates.

Table 8.02 Trends in Assets, Liabilities and Deposits of FCs

(billion BDT)

Period	2017	2018	2019	2020	2021	2022	2023*	2024*
Total assets	839.90	851.6	871.5	902.16	896.56	920.01	996.85	1007.17
Total liabilities	725.95	739.6	753.12	815.84	823.96	859.22	983.19	1054.38
Liabilities -assets ratio	86.43	86.84	86.42	90.43	91.90	93.39	98.63	-47.21
Total deposit	467.98	466.2	451.93	453.20	444.20	443.55	477.22	475.14
Deposit as % of Total liabilities	64.41	63.03	60.0	55.55	53.91	51.62	48.53	45.06

* As on 30 June, 2024.
Source: Department of Financial Institutions and Markets, Bangladesh Bank

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

(billion BDT)

Period	2017	2018	2019	2020	2021	2022	2024
Loan/lease	615.96	662.45	671.77	669.31	673.54	704.36	745.33
Classified loan/lease	45.23	54.39	63.99	100.59	130.17	168.21	247.11
Classified loan/ lease as % of total loan/lease	7.34	8.21	9.53	15.03	19.33	23.88	33.15

* As on 30 June, 2024.
Source: Department of Financial Institutions and Markets, Bangladesh Bank

Composite CAMELS Rating

8.16 At the end of December 2022, out of 35 FCs, the composite CAMELS rating of 8 was "2 or Satisfactory", 7 was "3 or Fair", 11 was "4 or Marginal", 4 was "5 or Unsatisfactory", while 4 are still under process. The remaining one is exempted from the rating process because of special circumstances.

Legal Reform and Prudential Regulations

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

Capital Adequacy and Progress of BASEL Accord Implementation in FCs

8.18 The Basel-II norms were implemented on 1 January 2012. Prudential guidelines on capital adequacy and market discipline (CAMD) have been issued to follow international best practices and make the capital of FCs more risk-sensitive and more shock resilient. FCs have to follow the guidelines set for statutory compliance. FCs operating in Bangladesh are instructed to maintain the minimum capital requirement (MCR) at 10.00 percent of the risk-weighted assets (RWA), or BDT 1.00 billion, whichever is higher according to Basel-II guidelines. Basel-III has yet to be introduced in this sector in view of the capacity constraints of FCs to implement the principles of the accord.

Corporate Governance in FCs

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

Table 8.04 Trends in Profitability of FCs

(in percent)

	2018	2019	2020	2021	2022	2023*	2024*
Return on equity (ROE)	7.45	-25.2	-1.99	-2.79	-19.26	-52.30	1.98
Return on asset (ROA)	0.98	-2.56	-0.19	-0.23	-1.27	-0.72	-2.46

* As on 30 June, 2024.
Source: Department of Financial Institutions and Markets, Bangladesh Bank.

Asset Classification and Provisioning

8.20 FCs are required to maintain provisions for expected losses on loans, advances, leases, and investments considering some objective criteria and qualitative judgment. Assets are classified as standard, special mention accounts, sub-standards, doubtful and bad/losses, requiring FCs to keep provisions of 1.00 percent (0.25 percent for CMSME sector), 5.00 percent, 20.00 percent, 50.00 percent and 100.00 percent respectively. At end June, 2024 the total outstanding loan/lease was BDT 745.33, billion, of which NPL was BDT 247.11 billion (33.15 percent of total loan/lease, Table 8.03). A master circular was issued on 26 July 2021 to ensure proper utilisation of loans/leases/ advances.

Credit Policy

8.21 FCs must follow Integrated Risk Management Guidelines in the disbursement of loans/leases/investments. As per BB regulations FCs have to release loan amounts to their respective client's account; and FCs have also been asked to ensure proper utilisation of the disbursed amount before the disbursement of subsequent installments. In addition FCs have to preserve loan/lease/investment files. It is also mandatory for FCs to take adequate collateral

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

Core Risk Management

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

Stress Testing

8.23 Stress testing is the simulation technique used to test the resilience of different FCs under a set of exceptional, but plausible assumptions through a series of tests. Stress testing alerts finance company managements to adverse unexpected outcomes related to various risks (interest rate, credit, equity and liquidity). A stress test rating scale of 1 to 5 and zonal positioning through a weighted-average resilience-weighted insolvency ratio (WAR-WIR) matrix have been introduced to develop an auto-generated recommended action plan. All FCs have carried out stress testing every quarter since 30 June 2012 using the stress testing methodology and following the scenarios provided by the BB.

Table 8.05 Inspections Conducted by FIID in FY24

Name of Inspection	Number
Head office comprehensive inspection of finance companies	24
Branch comprehensive inspection	14
Core risk inspection	01
FICL inspection (Quick Summary Report)	57
Special Inspection	23

* As on 30 June 2024
Source: Financial Institutions Inspection Department, Bangladesh Bank

Finance Companies Inspection

8.24 During FY24, the Financial Institutions Inspection Department (FIID) conducted a total of 24 comprehensive inspections on FCs head offices. Details of the inspections are shown in Table 8.05. This department also monitors the implementation of the recommendations made in the inspection reports.

Consumer Protection Regulations

Schedule of Charges

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

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

Guidelines on Products and Services, and Commercial Paper of Finance Companies in Bangladesh

8.26 Along with banks, FCs, with their customised products and services have emerged as competitive financial intermediaries to meet customers' growing and changing demands. The guidelines on products and services of FCs have outlined the different characteristics of products and services that help financial institutions adapt to a changing environment, promote sound risk management systems, and bring discipline in launching new products and services. To set some regulations regarding commercial papers, guidelines for FCs have been introduced. They allow FCs to get involved in commercial papers, as investors, issuers, guarantors, are issuing and paying agents by fulfilling terms and conditions, as mentioned in the guidelines. The existing guidelines have been revised (DFIM Circular Letter No. 02, dated 27 February 2020) to ensure best practices and to set standards that will facilitate FCs to perform efficiently regarding commercial papers in more organised ways.

Cost of Funds Index for Finance Companies

8.27 FCs regularly submit their monthly statements of base rates and cost of funds to BB as per guidelines published in 2013. Based on these statements, BB prepares an aggregate cost of funds index, uploads it on the BB website and updates monthly. The cost of funds index is used as an acceptable reference rate. The base rate system facilitates the interest rate-determining process and ensures more transparency and accountability in finance companies. The cost of funds of FCs in June 2023 was 7.09 percent, although it increased to 8.54 percent in June 2024.

Regulations on Corporate Memory Management System (CMMS) for FCs

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

Financial Market

9.01 A well-performing financial market plays a fundamental role in promoting economic growth and financial stability by raising and allocating funds efficiently, managing risks prudently, determining competitive asset prices effectively and smoothing the transmission mechanism of monetary policy. During FY24, Bangladesh Bank (BB) continued its proactive role in mitigating adverse challenges and ensuring a stable financial system. Major initiatives taken by BB involved a policy rate hike, narrowing down the interest rate corridor (IRC), discontinuing any devolvement on BB, abolishing a SMART[1]-based interest rate cap, initiating a comprehensive credit support to priority sectors, introducing a crawling peg exchange rate regime, and announcing a roadmap to reduce non-performing loans (NPLs).

Markets' Highlights, FY24

- Call money interest rates experienced a sharp increase in FY24. The rising call money rate implied increasing demand in the money market due to sluggish deposit growth and a tightening liquidity situation in the banking sector.
- To curb higher inflation, the repo rate (policy rate) was raised fourfold, amounting to a total of 200 basis points (bps). Besides, IRC was narrowed down to ± 150 bps.
- Both bourses experienced a decline in market capitalisation along with a fall in their respective share index in FY24.
- In FY24, the BDT-USD exchange rates kept reflecting a depreciating track due to higher import costs. Hence, foreign exchange reserves diminished noticeably to USD 26.71 billion.

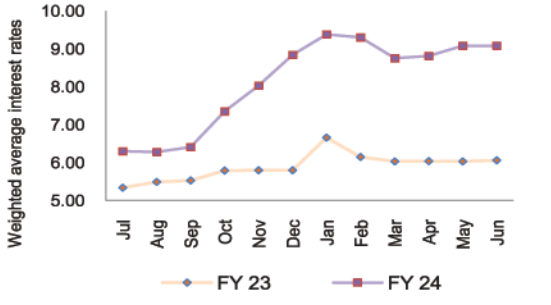
The outlook for FY25 is a mix of positive responses and uncertainties regarding resolving the liquidity crisis and reinstating depositors' confidence in coming days.

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

Periods	Volume of trade (Billion BDT)	Weighted average interest rates (%)	Volume of trade (Billion BDT)	Weighted average interest rates (%)
	FY23		FY24	
July	1135.57	5.34	1541.51	6.30
August	1294.62	5.49	1743.34	6.28
September	993.91	5.53	984.61	6.41
October	1064.15	5.79	937.96	7.35
November	1050.67	5.80	945.08	8.03
December	631.52	5.80	675.18	8.84
January	1027.74	6.66	766.13	9.38
February	1142.34	6.15	483.72	9.30
March	1075.96	6.03	576.27	8.75
April	1054.82	6.04	621.87	8.81
May	1324.87	6.03	701.95	9.08
June	1300.34	6.06	825.64	9.08
Average	**1091.38**	**5.89**	**900.27**	**8.13**

Source: Debt Management Department, Bangladesh Bank.

Chart 9.01 Movements of Call Money Rate



Source: Monetary Policy Department, Bangladesh Bank.

Markets' Summary

9.02 The formal sector of the financial system covers the money (banks and finance companies), capital (stock markets), and bond markets, microcredit institutions, the foreign exchange and insurance markets. Operational activities of these markets are controlled by different regulators: BB (for money and foreign exchange markets), Bangladesh Securities and Exchange Commission (for the capital market), Insurance Development and Regulatory Authority (IDRA) (for insurance companies), and

[1] Six Months Moving Average Rate Of Treasury Bill (SMART)

Table 9.02 Repo Auctions in FY24

Total auctions held during the year	Tenor	Bids received		Bids accepted		Interest rate of the accepted bids (%)@
		Number of bids	Face value (Billion BDT)	Number of bids	Face value (Billion BDT)	
241	1-Day	13811	14672.45	13811	14669.26	6.50-10.00
	7-Day	18695	15102.48	18695	14685.30	6.60-8.60
	14-Day	727	717.41	727	717.41	8.20-8.70
	28-Day	510	215.83	510	215.83	8.25-8.75
	Total	**33743**	**30708.17**	**33743**	**30287.80**	**6.50-10.00***

* Overall interest rate range of different tenors.
@ Overnight policy rate was revised to 10.00 percent from 9.50 percent, which made effective from 27 October 2024.
Source: Monetary Policy Department, Bangladesh Bank.

Microcredit Regulatory Authority (MRA) (for microcredit institutions). However, the semi-formal and informal sectors, not overseen by appropriate regulators, have also contributed to the financial market scenario.

I. Money Market

Call Money Market, FY24

9.03 Open market operations (OMOs) and debt management tools are used to balance the call money market in ensuring liquidity for the banking system. The weighted average call money interest rate showed a significant rise, up from 6.28 percent to 9.38 percent in FY24 (Table 9.01 and Chart 9.01). Average volume of interbank trade in call money reduced by BDT 191.11 billion in FY24 (17.51 percent lower than FY23). The rising call money rate implied a tightening liquidity situation in the banking sector, whereas sluggish growth in deposits also contributed to increasing demands in the call money market.

Repo Auctions, FY24

9.04 Different repo (overnight and term repos, assured liquidity support facilities, standing lending facilities, assured repo, and repo for investment in capital market, etc.) auctions are conducted to provide liquidity support to banks against collaterals: market and face value of government treasury bills, bonds and BB bills. The repo rate has changed four-fold with an increase of 200 bps, and settled at 8.50 percent during FY24. The repayment duration of a repo ranges from 1 day to 28 days as per regulations. In FY24, a total of 241 repo auctions were held, while 33743 bids for BDT 30287.80 billion were accepted (Table 9.02). The interest rate of the bids accepted ranged from 6.50 to10.00 percent per annum in FY24.

9.05 In FY24, assured repo was made available in favour of banks to settle outstanding liabilities of fertiliser and electricity. Under the said facility, the policy rate is considered the interest rate, while eligible collateral is the unencumbered special treasury bond issued by the government. During FY24, a total of 26 assured repo auctions were held, and 48 bids for BDT 255.06 billion were accepted.

9.06 Repo for investment in capital market was introduced in 2020 to ensure an uninterrupted liquidity flow. In FY24, 07 auctions were held, of which 10 bids for BDT 8.85 billion were accepted. In addition, a repo auction regarding liquidity support against remittance

Table 9.03:Standing Deposit Facility (SDF) Auctions FY24

Total auctions held during the year	Tenor	Bids received		Bids accepted		Interest rate of the accepted bids (%)@
		Number of bids	Face value (Billion BDT)	Number of bids	Face value (Billion BDT)	
3	1-Day	3	19.00	2	9.00	7.00

@ SDF rate was reset to 8.50 percent from 8.0 percent, which made effective from 27 October 2024.
Source: Monetary Policy Department, Bangladesh Bank.

Table 9.04 Auctions of Government Treasury Bills in FY24

Tenor of bills	Bids offered		Bids accepted		Outstanding bills as of end June 2024 (Billion BDT)	Weighted average annual yield (WAR) range (%)	
	Number	Face value (Billion BDT)	Number	Face value (Billion BDT)		FY23	FY24
14-Day	457	406.48	226	212.44	0.00	-	7.96-9.90
91-Day	8265	3338.37	6264	1784.78	639.01	5.71-7.43	7.06-11.65
182-Day	2665	1299.49	1334	426.63	146.54	6.44-7.61	7.13-11.80
364-Day	3986	1962.51	2169	627.77	632.17	6.73-8.17	7.85-12.00
Devolvement on BB			-	90.04	-	-	-
Total	**15373**	**7006.85**	**9993**	**3141.66**	**1417.71**	**5.71-8.17**	**7.06-12.00***

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

incentives in favour of banks was also held in FY24, in which a bid for BDT 1.10 billion was accepted.

Standing Deposit Facility Auctions, FY24

9.07 For the broad objective of upholding a monetary stance, a standing deposit facility (SDF), formerly known as the reverse repo auction is applied to mop up liquidity from the banking system in order to keep reserve money and money multipliers on track. A total of 3 SDF auctions were held during FY24, of which 2 bids for BDT 9.00 billion were accepted (Table 9.03). Under SDF, the interest rate of the accepted bids was 7.00 percent in FY24.

Bangladesh Bank Bill Auctions

9.08 For effective management and to sterilise liquidity of the banking system, operations of 7-day and 14-day BB Bills were initiated in April 2016, alongside the earlier commenced 30-day BB Bill. To keep interest rates stable, exchange rates, inflation, and optimum return on bank deposits, BB applied selective BB Bill as a tool of OMOs with lower returns for banks (institutional investors) meticulously. However, no auction of any BB Bill was held in FY24.

Government Securities Market

Government Treasury Bills Auctions, FY24

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

9.10 In FY24, a total of 24 primary dealers (PDs) banks acted as underwriters and market makers with commitments made to bid in auctions, though as per norms, the auction committee could devolve any unsubscribed amount on BB and PD banks considering the auction rate, timing, and the macroeconomic and liquidity situations. It is worth noting that devolvement on BB was made to discontinue since September FY24 due to the multiplier effects of high-powered money on inflation.

9.11 Weekly auctions of 14-day, 91-day, 182-day, and 364-day treasury bills were continued in FY24. Weighted average annual yields of the treasury bill increased significantly in FY24 compared to FY23 (Table 9.04), implying a liquidity shortage in the money market. In FY24, a total of 9993 bids for BDT 3051.62 billion from banks were accepted , and BDT 90.04 billion was devolved on BB. The weighted average yield-to-maturity ranged from 7.06 to 12.00 percent during the period.

Table 9.05 Auctions of Bangladesh Government Treasury Bonds FY24

Tenor of bonds	Bids offered		Bids accepted		Outstanding bonds as of end June 2024 (Billion BDT)	The range of annual weighted average yield (%)
	Number	Face value (Billion BDT)	Number	Face value (Billion BDT)		
2-Year	2279	608.21	1770	242.81	540.95	8.6460-12.2510
Devolvement on BB				33.14		
5-Year	2675	535.40	2097	186.25	1072.40	8.9937-12.4278
Devolvement on BB				45.53		
10-Year	1527	457.09	990	154.73	1251.65	9.0870-12.5913
Devolvement on BB				24.76		
15-Year	822	220.61	445	63.71	598.51	9.4927-12.6954
Devolvement on BB				-		
20-Year	644	214.05	283	73.35	614.81	9.7641-12.7937
Devolvement on BB				-		
Total	**7947**	**2035.35**	**5585**	**824.28**	**4078.32**	**8.6460-12.7937***

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

Bangladesh Government Treasury Bonds (BGTBs) Auctions, FY24

9.12 Treasury bonds, bearing a half-yearly coupon rate with tenors of 2, 5, 10, 15 and 20 years are auctioned every month following a pre-announced auction calendar. BGTBs are issued at par through yield based multiple price auctions. The auction committee decided that the cut-off yield will also be considered the annual coupon rate in case of original issuance. However, re-issued bonds will carry the same maturity, coupon payment date, and coupon rate as original bonds. Banks will use BGTBs for SLR purposes in the form of held to maturity (HTM). Both T-bills and bonds will be eligible for trading in the secondary market using the market infrastructure (MI) module of BB.

9.13 In FY24, a total of 7947 bids for BDT 2035.35 billion were received, of which 5585 bids for BDT 720.85 billion were accepted from banks, and BDT 103.43 billion was devolved on BB. Outstanding bonds increased by BDT 417.49 billion and stood at BDT 4078.32 billion at end FY24. The weighted average annual yield-to-maturity for treasury bonds ranged from 8.6460 to 12.7937 percent in FY24 (Table 9.05).

Government Islamic Securities

Bangladesh Government Islamic Investment Bond (BGIIB)

9.14 The government provides a guarantee against the Bangladesh Government Islamic Investment Bond (BGIIB), a pool of funds formed by Islamic banks in order to develop the Islamic banking money market. Bangladeshi institutions, individuals, and non-resident Bangladeshis who agree to share profit or loss as per Islamic *Shariah* rule may buy BGIIB. The return of BGIIB depends on investment in line with the *Shariah* savings rate and other related factors reflected on the balance sheet of respective Islamic banks that borrowed money from this fund. Currently 3-month and 6-month maturity BGIIBs operate following the rules of Islamic *Shariah.*

9.15 At end June 2024, net balance against BGIIB declined to BDT 0.82 billion from BDT 9.32 billion at end June 2023, because of both higher sales and financing of the fund. The sale amount stood at BDT 126.72 billion in FY24, whereas it was BDT 81.36 billion in FY23. Financing against the BGIIB fund also went up notably to BDT 125.89 billion at end FY24, implying a major liquidity crisis in the Islamic banking sector. In FY23, financing from the BGIIB was BDT 72.04 billion (Table 9.06).

Bangladesh Government Investment *Sukuk* (BGIS)

9.16 Widening *Shariah*-based financing in investment opportunities and development, the Bangladesh Government Investment Sukuk (BGIS) Bond was introduced in FY21. So far, four *Sukuk* (BGIS) bonds under *Ijarah and Istisna'a* mode

have been issued; however, holder institutions of *Sukuk* certificates on their own accounts qualify as approved securities for SLR requirements. With the new auction of BDT 10.0 billion BGIS held in FY24, the outstanding amount of *Sukuk* went up to BDT 190.0 billion at end June 2024.

Diaspora Bonds

9.17 To encourage savings and remittance inflows, 03 sorts of diaspora bonds namely, the wage earner development bond (WEDB), US dollar investment bond (DIB) and US dollar premium bond (DPB) was introduced. WEDB, with a 5-year maturity available for any amount of foreign currency (equivalent to BDT), had an applicable interest rate of 12.00 percent for investments up to BDT 1.5 million, while further investment slabs decided subsequent return rates. In contrast, DIB and DPB, both 3-year maturities issued in USD against bond holder's foreign currency (FC) account, had interest rates of 6.50 percent and 7.50 percent, respectively, up to USD 0.1 million. Subsequent return rates of DIB and DPB would depend on the next investment slabs. Total sales of diaspora bonds decreased by 12.11 percent and stood at BDT 10.31 billion in FY24, down from BDT 11.73 billion in FY23.

Capital Market

Capital Market Activities, FY24

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

9.19 Chart 9.02 shows the market behaviour of DSE. In the first half of FY24, market capitalisation was nearly unchanged, while the DSE broad index (DSEX) had a moderate downturn. In the latter half of FY24, DSEX recorded a notable fall, along with a considerable decline in market capitalisation. Accordingly, at end December, 2023, DSEX and market capitalisation stood at 6246.5 and BDT 7808.5 billion, respectively, and then fell markedly to 5328.4 and BDT 6621.6 billion at end June 2024 (Chart 9.02).

Table 9.06 Bangladesh Government Islamic Investment Bond (BGIIB)

(Billion BDT)

Particulars	FY 22	FY 23	FY 24
Sale of BGIIB	86.64	81.36	126.72
Financing against BGIIB fund	33.49	72.04	125.89
Net balance	53.14	9.32	0.82

Source: Motijheel office, Bangladesh Bank.

Primary Issuance

9.20 Nine companies collected new equity of BDT 8.4 billion through initial public offerings (IPOs) in FY24, compared to the BDT 7.3 billion collected by 9 companies in FY23. Against retained profits, 37 listed companies declared BDT 18.9 billion bonus shares in FY24, whereas BDT 17.6 billion was declared by 61 companies in FY23. Besides, two companies raised BDT 0.4 billion capital through right share issuance in FY24, whereas no such share issuance was recorded in FY23.

Secondary Market Activities

9.21 As a percentage of market capitalisation, the secondary market is dominated through the manufacturing sector (43.0 percent), followed by the services and miscellaneous sector (32.3 percent), the financial sector (23.6 percent), and bonds (1.2 percent) in FY24. In DSE, market capitalisation decreased by 14.2 percent to BDT 6621.6 billion at end FY24, and was 13.1 percent of the GDP (current market price). In CSE, market capitalisation declined by 8.7 percent to BDT 6915.8 billion at end FY24 and was 13.7 percent of GDP (current market price). In FY24, the amount of turnover in the secondary

market at DSE and CSE decreased by 21.6 percent and 20.0 percent respectively. The DSEX declined by 16.0 percent to 5328.40, and CSE all-share price index (CASPI) showed a 19.4 percent decline to 15066.8 in FY24 (Tables 9.07 and 9.08).

Non-Resident Portfolio Investment

9.22 Gross investment inflow in shares and securities listed on stock exchanges by non-residents through non-resident investor's Taka accounts (NITA) increased to BDT 19.1 billion in FY24 up from BDT 10.2 billion in FY23. In parallel, gross outflow as sale proceeds and dividends increased to BDT 40.6 billion in FY24 up from BDT 28.0 billion in FY23. From its inception (April 1992) to June 2024, gross portfolio investment inflow reached BDT 537.0 billion against gross outflow of BDT 545.9 billion as sale proceeds and dividends.

Investment Corporation of Bangladesh

9.23 The Investment Corporation of Bangladesh (ICB) contributes crucially to the development of a vibrant stock market through portfolio management. The sale of unit certificates and investments in the secondary market through their own portfolio by ICB and its subsidiary companies were BDT 3.5 billion and BDT 23.6 billion in FY24 respectively. Three subsidiary companies of ICB as follows: ICB Asset Management Company Ltd. (IAMCL), ICB Capital Management Ltd. (ICML) and ICB Securities Trading Company Ltd. (ISTCL).

Scheduled Banks' Investments in Equities and Securities

9.24 Holdings of capital market assets (equities and debentures) by scheduled banks excluding investment in Government Treasury Bills, Bonds and BGIIB decreased to BDT 606.5 billion in FY24, compared to BDT 620.5 billion in FY23. Outstanding advances of scheduled banks against shares and securities declined and reached BDT 77.18 billion at end June, 2024 down from BDT 82.5 billion at the end of June 2023.

Measures Promoting Capital Market, FY24

9.25 To ensure investors' interest and compliance with securities laws and coordination, BSEC took the following measures in FY24:

- BSEC signed a Memorandum of Understanding (MoU) with the United Nations Development Programme on 'Technical Cooperation for Strengthening the Ecosystem of SDG Bonds in Bangladesh' on 03 July 2023.
- In a joint initiative undertaken by BSEC and the Bangladesh Investment Development Authority (BIDA), the 'Investment Flash Mobile Networking Lunch' summit was held in Frankfurt, Germany on 01 November 2023.
- BSEC took 691 enforcement measures, and issued new certificates to 383 market intermediaries.
- An AML/CFT system check was conducted in 25 institutions related to the capital market.
- Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023 and Real Estate Investment Trust Fund Rules, 2024 were notified.
- BSEC provided training to 9642 people as part of its nationwide financial literacy programme.

II. Credit Market

Scheduled Banks' Advances by Economic Purposes

9.26 Advances of scheduled banks for economic purposes showed an upward trend in FY24 (Table 9.09). As of June 2024, the total advance was BDT 15970.9 billion, which is 10.4 percent higher than in FY23. Noteworthy

growth rates were registered in industry (17.1 percent), working capital (13.5 percent), trade and commerce (9.0 percen) and other sectors (6.0 percent) during FY24. Yet, the construction sector and agriculture, fishing and forestry sector recorded lower growth rates of 5.9 percent and 1.3 percent, respectively, in FY24.

9.27 It is worth mentioning that the trade and commerce sector contributed the most (Chart 9.03) in sector-wise share (33.4 percent) during FY24, followed by industry (21.5 percent), working capital (20.2 percent), other sectors (11.9 percent), construction (7.7 percent), agriculture, fishing, and forestry (4.5 percent), and transport (0.7 percent).

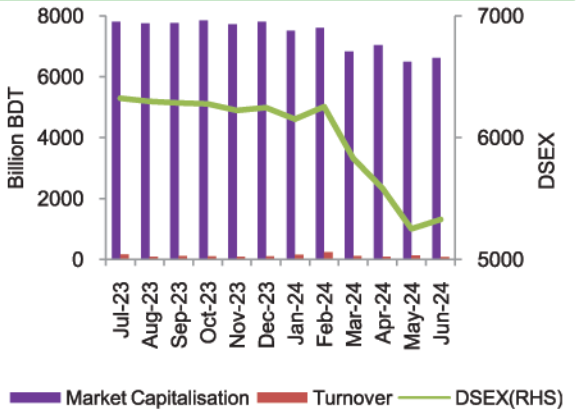
Industrial Term Loans of Banks and Finance Compinies

9.28 Disbursement of industrial term loans by banks and finance companies increased by 12.4 percent to BDT 1069.4 billion in FY24 as compared to FY23. However, recoveries decreased by 9.2 percent to BDT 965.9 billion in FY24. Therefore, outstanding industrial term loans increased by 11.9 percent and stood at BDT 4424.9 billion in FY24. Overdue loans also increased by 31.5 percent in FY24 and the percentage of outstanding loans was recorded at 17.7 percent at end June 2024 (Table 9.10).

9.29 Private commercial banks (PCBs) had major shares (67.1 percent) in outstanding industrial term loans at the end of June 2024 (Table 9.10 and Chart 9.04). Though six SCBs and two specialised banks (BKB and RAKUB) together registered 23.7 percent shares of the outstanding loans with higher levels of overdue loans their actual role in current lending seemed minor (covering 6.6 percent of the disbursement) in FY24. As per disbursing credit, PCBs recorded the largest portion (BDT 850.1 billion) in FY24.

9.30 Foreign banks had very few overdue loans (4.2 percent of outstanding) at end June, 2024. As a percentage of outstanding loans PCBs

Chart 9.02 Trends in Market Behaviour of DSE



Source: Dhaka Stock Exchange.

Table 9.07 Activities of Dhaka Stock Exchange (DSE)

Particulars	End June		
	FY22	FY23	FY24
No. of listed securities*	625	653	660
Issued equity and debt* (Billion BDT)	1521.6	4177.8	4399.6
Equity through IPOs (Billion BDT)	14.5	7.3	8.4
Market capitalisation (Billion BDT)	5177.8	7720.8	6621.6
Turnover in value (Billion BDT)	3186.1	1910.9	1498.6
Turnover in volume (no. in Billion)	83	35	42
DSE Broad Index (DSEX)@	6376.94	6344.09	5328.40

*Including mutual funds and debentures
@ DSE introduced the benchmark DSE Broad Index (DSEX) as per 'DSE Bangladesh Index Methodology' designed and developed by S&P Dow Jones Indices with effect from January 28, 2013.
Source: Dhaka Stock Exchange.

Table 9.08 Activities of Chittagong Stock Exchange (CSE)

Particulars	End June		
	FY22	FY23	FY24
No. of listed securities*	381	615	623
Issued equity and debt* (Billion BDT)	1023.4	4167.0	4433.1
Market capitalisation (Billion BDT)	4484.2	7577.9	6915.8
Turnover in value (Billion BDT)	120.7	60.7	72.8
Turnover in volume (no. in Billion)	4.3	1.6	1.9
All-share Price Index (CASPI)	18727.8	18702.2	15066.8

*Including mutual funds and debentures.
Source: Chittagong Stock Exchange PLC

had also lower overdues (12.5 percent), compared with SCBs (31.8 percent), finance companies (25.0 percent), and SBs (22.1 percent) at end June, 2024. However, since the two specialised banks (BKB and RAKUB) are agricultural credit lenders, their role in industrial term loans is considered insignificant.

Investment Promotion and Financing Facility II (IPFF II) Project

9.31 On behalf of the Ministry of Finance, BB implemented the Investment Promotion and Financial Facility II (IPFF II) Project (July 2017-April 2024) co-financed by the government and the World Bank to promote private sector-led long-term infrastructure financing and to build the capacities of various stakeholders. Under on-lending component of IPFF II, long-term infrastructure financing was extended against eligible sectors, while BDT 7.84 billion was disbursed in FY24 through listed participating financial institutions (PFIs). As a part of the technical assistance (TA) component, 69 officials of different ministries, agencies, and organisations were also trained.

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

9.32 The Equity and Entrepreneurship Fund (EEF) was formed by the government with an initial allocation of BDT 1.0 billion in FY01 to encourage investments in agro-based/ food processing and ICT industries. As per the sub-agency agreement signed between BB and ICB on 01 June 2009, ICB is now conducting operational activities of the fund, while BB is overseeing policy formulation, management, and monitoring tasks. It is noteworthy that a loan policy named the 'Entrepreneurship Support Fund (ESF)' was approved in 2018 instead of the equity model. Under ESF, expressions of interest (EOI) received in the food-processing, agro-based and ICT sectors were 5080 and 22 respectively, as of 30 June 2024.

9.33 As of June 2024, a total of 2063 projects

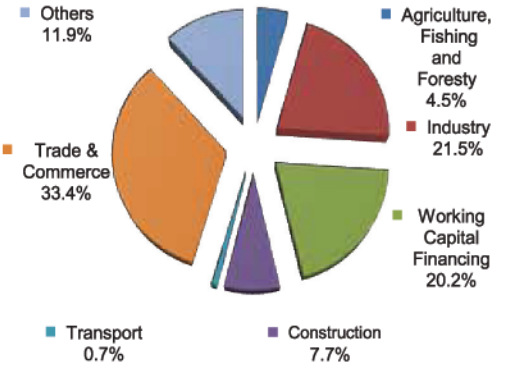
Table 9.09 Advances of Scheduled Banks by Economic Purposes

(Billion BDT)

Sector	End June		
	FY23	FY24[P]	% change
Agriculture, Fishing and Forestry	710.2	719.6	1.3
Industry	2938.2	3439.9	17.1
Working Capital Financing*	2846.4	3229.3	13.5
Construction	1168.2	1236.5	5.9
Transport	116.6	115.6	-0.8
Trade and Commerce	4893.5	5335.5	9.0
Others	1787.8	1894.5	6.0
Grand Total	14460.7	15970.9	10.4

[P] Provisional
* excluding export and import financing
Source: Statistics Department, Bangladesh Bank.

Chart 9.03 Sector-wise Shares of Total Advances in FY24



Source: Statistics Department, Bangladesh Bank.

(including 1923 food processing and agro-based projects, worth BDT 34.6 billion and 140 ICT projects worth BDT 2.2 billion) received financial support from EEF/ESF. Cumulative disbursement stood at BDT 14.9 billion in 934 food processing and agro-based projects, and BDT 1.3 billion in 105 ICT projects at end FY24. World-class software developed by EEF-assisted ICT projects was used domestically and exported, while rural infrastructure was positively influenced by the implementation of agro-based projects.

Housing Finance

9.34 Outstanding housing loans from banks

Table 9.10 Industrial Term Loans of Banks and Financial Institutions

(Billion BDT)

Lender	Disbursement		Recovery		Outstanding		Overdue		Overdue as % of outstanding	
	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
SCBs	47.06	39.85	43.67	40.18	974.13	1017.1	216.54	323.43	22.23%	31.80%
PCBs	771.76	850.13	901.38	768.95	2573.05	2969.97	289.34	370.15	11.25%	12.46%
Foreign banks	32.93	79.67	24.04	47.29	67.09	88.65	3.38	3.7	5.03%	4.18%
Specialised banks (BKB, RAKUB)	29.98	30.83	17.07	29.63	20.1	31.99	4.95	7.07	24.61%	22.10%
Finance companies	69.99	68.96	77.77	79.83	318.81	317.14	81.7	79.16	25.63%	24.96%
Total	**951.72**	**1069.44**	**1063.93**	**965.89**	**3953.18**	**4424.86**	**595.9**	**783.52**	**15.07%**	**17.71%**

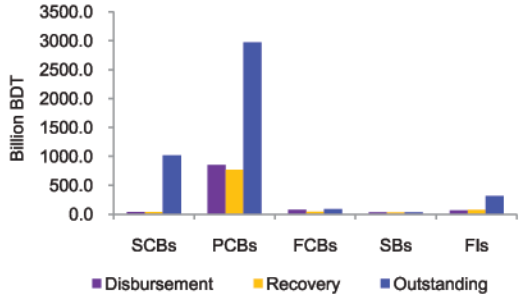
Source: SME and Special Programmes Department, Bangladesh Bank.

and finance companies at the end of June 2024 stood at BDT 1283.8 billion (Table 9.11), which was 7.8 percent of private sector credit. PCBs with major deposit collections engaged in housing loan business and positioned themselves dominantly (Table 9.11) with BDT 734.2 billion outstanding housing loans in FY24. SCBs scored the second highest amount of BDT 320.7 billion, and other banks registered BDT 56.3 billion in FY24. Besides, specialised housing finance companies with long-term deposits collection also had noticeable credit of BDT 101.1 billion in FY24.

9.35 Bangladesh House Building Finance Corporation (BHBFC), the only state-owned housing loans lender, had outstanding amount of BDT 48.0 billion in FY24. The primary source of BHBFC fund is the paid-up capital contributed by the government. Besides, BHBFC raises funds by selling government-guaranteed debentures with the assistance of the Ministry of Finance from BB and other commercial banks. In FY24, BHBFC disbursed BDT 9.1 billion against a recovery of BDT 6.9 billion.

9.36 To provide housing facilities for marginalised communities, *Grihayan Tahobil* was formed by the government in 1998 under the management of BB. This fund supplies loan facilities to NGOs at a 1.5 percent simple interest rate for disbursing the credit to the rural poor at a 5.5 percent simple interest rate with a recovery period of maximum 7 years. As of June 2024, the fund released BDT 6.1 billion among enlisted

Chart 9.04 Industrial Term Loans of Banks and Financial Institutions in FY24



Source: SME and Special Programmes Department, Bangladesh Bank.

NGOs, with a recovery rate of 94.5 percent. With the fund received 1,01,793 houses had already been built in FY24.

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

IV. Foreign Exchange Market

9.38 The Foreign exchange market plays a significant role in smoothing international trade and transactions. Market participants are BB, authorised dealers (ADs), and customers. BB is

empowered by the Foreign Exchange Regulation Act of 1947 to regulate the exchange regimes, but in practice, BB carefully monitors the market and intervenes if necessary by circulating essential guidelines. In addition, inter-bank foreign exchange market also has significant contribution, which comprises of the spot market, forward market and futures market.

Exchange rate

9.39 A crawling peg exchange rate system was introduced in FY24 for spot purchases and sales of USD. Under the new regime, a crawling peg mid rate (CPMR) was set at BDT 117.00 per USD, while banks may purchase and sell USD freely around the CPMR with their customers and through interbank deals. During FY24, the BDT-USD exchange rate showed a depreciating track due to higher import costs. Notably, the exchange rate depreciated by 10.17 percent in FY24 and stood at BDT 118.0 at end June, 2024. Crawling Peg started in May 2024, making the exchange rate move up with a sharp hike (Chart 9.05).

Foreign Exchange Reserves

9.40 Foreign exchange reserves refers to foreign assets controlled by the central bank. It is an important measure for macroeconomic indicators of shock absorbance. As a consequence of higher import payments, foreign exchange reserves diminished markedly to USD 26.71 billion (equivalent to 4.4 months of imports of goods and services) at end June, 2024.

Outlook for FY25

9.41 Currently, Bangladesh financial markets encounter various problems such as slower growth in deposits and credit, higher NPLs, rising financial costs, liquidity shortages of *Shariah*-based banks, pressure on the exchange rate and a weak performing capital market. In addition, changing political circumstances as well as ongoing liquidity stress through sizeable deposit-withdrawing pressure

Table 9.11 Outstanding Housing Loans

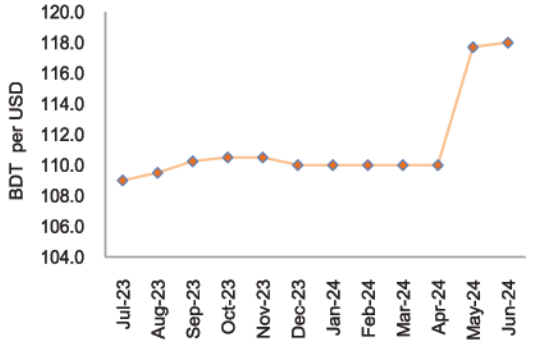
(Billion BDT)

Lenders	Outstanding as of end June		
	FY22	FY23	FY24[P]
a. Specialised housing finance providers	94.3	96.8	101.1
i. BHBFC	39.3	42.2	48.0
ii. Delta-Brac Housing Finance	41.4	41.0	39.7
iii. National Housing Finance and Investment limited	13.6	13.6	13.4
b. Banks	894.8	1024.3	1111.2
i. PCBs	590.2	681.5	734.2
ii.SCBs	259.3	293.8	320.7
iii. Other banks (foreign and specialised)	45.3	49.0	56.3
c. Other financial institutions	70.1	70.9	70.0
d. Micro-credit lenders			
Grameen Bank	1.2	2.1	1.5
Total	**1060.4**	**1194.1**	**1283.8**

[P] Provisional

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

Chart 9.05 BDT-USD Exchange Rates Movement (End Month) in FY24



Source: Monetary Policy Department, Bangladesh Bank.

may worsen the consequences of the stated near-term risks. However, to address these challenges, selected policy measures have already been undertaken.

9.42 Major adopted measures include forming a taskforce to reform the financial sector, dissolving the b oard of directors of selected banks, providing liquidity support to crisis-hit banks from the interbank through BB guarantees, continuing with the of contractionary monetary stance, stopping dollar sales from the reserves, and imposing a cash withdrawal limit. These initiatives are considered promising to lower import costs, reduce strain in the exchange

rate, mitigate risk in the financial sector and maintain price stability. Moreover, some policy measures may still be initiated for smoothing import financing of raw materials, providing required liquidity support to Islamic banks, following a fully flexible market-based exchange rate regime, offering credit support for priority-based real sectors, reinstating depositors' confidence, and floating shares of high ranking companies to further stabilise the financial market.

Agricultural and CMSME Finance

10.01 The economy of Bangladesh is directly dependent on the agricultural sector. According to the estimation of Bangladesh Bureau of Statistics, the contribution of the agricultural sector to the country's gross domestic product (GDP) in FY24 is 11.19 percent. According to the Labor Force Survey 2023, 44.41 percent of the country's workforce is directly involved in agriculture. The agricultural sector contributes indirectly to the growth of the industries and service sectors. Agriculture plays a vital role in nutritious food production, and increase of export earnings, and in creating employment as well as overall economic growth of the country. Furthermore, the sector mitigates significantly the adverse effects of environmental disasters and climate change. To ensure food security and nutrition, there is no alternative to agricultural systems based on technology. Due to the development of the agricultural sector, it has been possible to alleviate poverty and improve the quality of life in all rural areas. In short, the agricultural sector has the potential to play a leading role in the sustainable development of the country.

10.02 In line with the broad-based objectives of the development agenda of the government of Bangladesh (GoB), every year, Bangladesh Bank (BB) formulates' its 'Agricultural and Rural Credit Policy and Programme' to ensure adequate flow of funds to the agricultural and rural economy properly and timely, in easier and hassle-free ways to farmer's. With a view to improving the country's socio-economic condition and underscoring the role of the agricultural and rural sector, 'Agricultural and Rural Credit Policy and Programme' is implemented through all scheduled banks. The policy hopefully, will play a helpful role in increasing the scope of agricultural credit, financial inclusion, and in increasing the use of technology in expanding banking activities in rural areas, strengthening food security through increasing credit flow in favour of farmers, poverty alleviation, and revitalising the rural economy. Loans are disbursed under this policy to the different sectors and subsectors of agriculture, including crops, fisheries, livestock, income generating activities, and the poverty alleviation sectors of rural areas. During FY24, BDT 371.54 billion (106.15 percent of the target) was disbursed as agricultural and rural credit against the target of BDT 350.00 billion through all scheduled banks (Table 10.01).

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

(Billion BDT)

	Disbursement	FY22	FY23	FY24
1.	**Disbursement (target)**	**283.91**	**308.11**	**350.00**
	a) Crops loan (other than tea)	169.41	184.87	210.00
	b) Fisheries	31.04	30.81	45.50
	c) Livestock	32.84	30.81	52.50
	d) Others	50.61	61.62	42.00
2.	**Actual disbursement**	**288.34**	**328.30**	**371.54**
	a) Crops loan (other than tea)	128.35	146.55	164.56
	b) Purchase and installation of irrigation equipment	4.78	4.99	4.12
	c) Livestock	54.29	75.13	89.84
	d) Marketing of agricultural goods	1.75	1.67	1.96
	e) Fisheries	35.93	41.99	54.97
	f) Poverty alleviation	21.07	21.88	21.52
	g) Other agricultural activities	42.17	36.08	34.57
3.	**Term structure of loan disbursed**	**288.34**	**328.30**	**371.54**
	a) Short term	238.86	268.96	304.23
	b) Long term	49.48	59.34	67.31
4.	Recovery	274.63	330.10	355.72
5.	Due for recovery	351.19	409.10	463.30
6.	Total outstanding loan	498.02	527.04	581.20
7.	Overdue	59.49	65.41	93.68
8.	Overdue as a percentage of outstanding	11.95	12.41	16.12

* Excluding Bangladesh Rural Development Board and Bangladesh Samabaya Bank Limited

Source: Agricultural Credit Department, Bangladesh Bank.

Major Achievements of the Agricultural Credit Programme in FY24

10.03 The major features and achievements of the programmes implemented in FY24 were as follows:

- Around 3.74 million farmers availed agricultural and rural credit, of whom 1.92 million women got BDT 139.57 billion from different banks.
- Around BDT 12.38 billion was disbursed

among approximately 0.13 million farmers through the 21,881 open credit disbursement programmes arranged by different banks.

- Around 2.82 million small and marginal farmers availed BDT 248.45 billion in agricultural loans from different banks.
- About BDT 0.26 billion of agricultural and rural credit was disbursed among approximately 4,375 farmers living in less-developed areas like haor, char, etc.
- Around 10.40 million bank accounts were opened by farmers in state-owned commercial banks and other scheduled banks with an initial deposit of BDT 10 only.
- In the three hill tract districts, BKB disbursed more than BDT 1.17 billion among 20,954 tribal farmers at a 5.00 percent interest rate.

Credit Disbursement to the Agriculture Sector

10.04 In recent years, agricultural and rural finance programmes seem to have been boosted as private commercial banks (PCBs) and foreign commercial banks (FCBs), along with state-owned commercial banks (SCBs) came forward to disburse agricultural credit in the country. The actual disbursement was BDT 371.54 billion in FY24 against the disbursement target of BDT 350.00 billion, 13.17 percent higher than the actual disbursement of BDT 328.30 billion in FY23. Table 10.01 reveals the comparative position of overall agricultural loan disbursement and recovery, and Charts 10.01 and 10.02 show the target and actual agricultural loan disbursement, respectively, in FY24.

10.05 Short-term loans accounted for approximately 81.88 percent of total disbursement, while long-term loans for irrigation equipment, agricultural machinaries, livestock and other purposes accounted for the remaining 18.12 percent. During FY24, credit for crop production accounted for 54.09 percent of total short-term loans (Table 10.01).

10.06 Total outstanding loans in the agricultural sector (all banks) in FY24 increased by BDT 54.16 billion, or 10.28 percent, to BDT 581.20 billion from BDT 527.04 billion in FY23 (Table 10.02).

10.07 Two specialised banks–Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB), and the six SCBs played a key role in the disbursement of agricultural and rural credit. The contributions of foreign and private commercial banks was also noteworthy in this regard. BKB, RAKUB, FCBs, SCBs, and PCBs exceeded the disbursement target set by 12.91, 12.15, 15.47, 0.06, and 3.99 percent, respectively, in FY24 (Table 10.02). Additionally, the Bangladesh Rural Development Board (BRDB) disbursed BDT 15.60 billion from its funds and the Bangladesh Samabaya Bank Limited (BSBL) disbursed BDT 1.70 million, which increased the total disbursement to BDT 387.14 billion (including all banks) during FY24.

Credit Recovery

10.08 It is essential for banks to conduct proper intensive supervision to ensure smooth recovery and to take appropriate measures to disburse

Table 10.02 Agricultural Credit Performance by Lenders*

(Billion BDT)

	FY22	FY23	FY24					
			SCBs	BKB	RAKUB	PCBs	FCBs	**Total**
Disbursement target	283.91	308.11	32.80	68.00	19.50	219.23	10.47	**350.00**
Actual disbursement	288.34	328.30	32.82	76.78	21.87	227.97	12.09	**371.54**
Recovery	274.63	330.11	28.34	90.72	26.21	195.06	15.38	**355.72**
Overdue	59.49	65.42	47.25	23.75	11.76	10.91	0.00	**93.68**
Outstanding	498.02	527.05	145.46	207.67	27.36	197.59	3.12	**581.20**

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

credit to the field-level farmers. During FY24, the recovery of agricultural credit increased by 7.76 percent to BDT 355.72 billion, up from BDT 330.11 billion in FY23. Consequently, the recovery rate as a percentage of outstanding loans was 61.20 percent during FY24, less than that of the 62.63 percent in FY23 (Table 10.02).

10.09 The overdue as percentage of outstanding agricultural loans increased from 12.41 percent in FY23 to 16.12 percent at end June, 2024 (Table 10.01 and 10.02).

Sources of Agricultural Finance

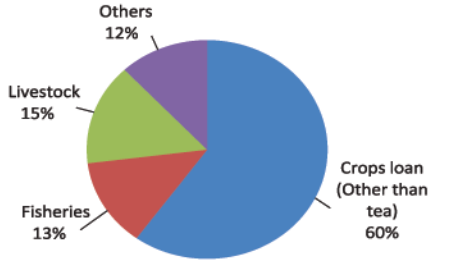
10.10 Two specialised banks (BKB and RAKUB) and six SCBs have played key roles in disbursement of agricultural and rural finance. In addition, PCBs play significant roles in the annual disbursement of agricultural loans. In FY24, two specialised banks (BKB and RAKUB) and SCBs, PCBs, and FCBs disbursed BDT 131.48 billion or 35.39 percent, BDT 227.97 billion or 61.36 percent, and BDT 12.09 billion or 3.25 percent, respectively, of the total disbursement of BDT 371.54 billion (Table 10.02). SCB overdue loans stood at 32.48 percent of their agricultural outstanding loans at end FY24. In comparison, overdue loans of RAKUB and BKB were recorded at 42.98 and 11.44 percent, respectively, of their outstanding loans (Table 10.02). The PCBs' overdue loans as a percentage of their outstanding loans stood at 5.52 percent at end FY24.

Interest Subsidy from the Government (Budgetary Allocation)

Credit Disbursement at Concessional Interest Rate for Specified Crops

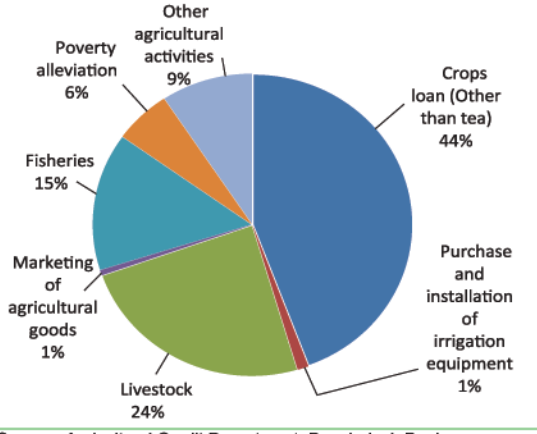
10.11 There is a huge demand for pulses, oilseeds, spices and maize in the country. But, the production of these crops is not sufficient. To encourage the production of such crops, state-owned commercial and specialised banks disbursed loans to this sector at concessional interest rates to the farmers' level;

Chart 10.01 Target for Agricultural Credit Disbursement in FY24



Source: Agricultural Credit Department, Bangladesh Bank.

Chart 10.02 Actual Agricultural Credit Disbursement in FY24



Source: Agricultural Credit Department, Bangladesh Bank.

the interest rate has been set at 4.00 percent from 01 July, FY11 under the interest-loss subsidy facilities of the government. Along with the state owned commercial and specialised banks, private and foreign commercial banks disbursed loans to this sector from FY12 against their annual agricultural and rural credit targets under the government's facility of providing interest subsidy. The overall scenario of credit disbursement for the specified crops is shown in Table 10.03.

10.12 During FY24, 49 banks availed BDT 0.025 billion as 4.00 percent interest subsidies against their disbursement and proper recovery of FY23, in the sector of import substitute crops (pulse, oilseed, spices and maize).

Refinance Facility from Bangladesh Bank

Refinance Schemes for Milk Production and Artificial Insemination

10.13 In order to ensure nutrition security for the people of the country, and to reduce dependency on imported milk and milk products as well as to promote self-employment for unemployed youths, BB introduced a refinance scheme for milk production and an artificial insemination scheme with a fund of BDT 2.00 billion in 2015. Fourteen participating banks and finance companies (FCs) signed participation agreements with BB to avail of a refinance facility with an interest subsidy of 5.00 percent. Following recovery of loans from the borrowers, the banks and FCs would be eligible for a 5.00 percent interest subsidy from the government on the amount disbursed, subject to the fulfilment of terms and conditions. The tenure of the scheme was extended to December 2024, in order to to subsidise the loans disbursed among the borrowers. Under this scheme, participating banks and financial institutions (PFIs) disbursed BDT 2.00 billion to the ultimate borrowers. From 2015 to June 2024 a total of BDT 2.00 billion was recovered from participating banks and finance companies. A total of 18,429 borrowers benefited from the scheme.

Refinance Scheme to Assist the Jute Sector

Credit Disbursement at Concessional Interest Rates for Specified Crops

10.14 In FY19, BB undertook a revolving refinance scheme of BDT 3.00 billion to revive the jute and jute industries, help farmers get a fair price for the jute they produce, and provide working capital to jute goods manufacturing companies, jute exporters, and raw jute traders. BDT 0.019 billion was refinanced among 2 beneficiaries during FY24. The cumulative refinance amount upto FY24 was BDT 0.87 billion.

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

(Million BDT)

FY	Target	Actual Disbursement	Achieved
FY23	2395.35	2070.51	86.44%
FY24	2691.20	2282.97	84.83%

Source: Agricultural Credit Department, Bangladesh Bank.

Special Stimulus Refinance Scheme for the Agriculture Sector

10.15 Due to the Russia-Ukraine war and other global problems, food production decreased and the food supply chain is often drastically disrupted. We need to increase our food production to overcome such situations and stabilise the food supply chain stable. This is why Bangladesh Bank introduced a refinance scheme of BDT 50.00 billion for the agriculture sector to ensure the food security of the country. Under this refinance scheme, PFIs can disburse agricultural loans for paddy cultivation, fish farming, vegetable, fruit and flower farming, poultry, goat/sheep farming, and for the dairy and beef fattening sectors. Under this non-revolving refinance scheme, 51 participatory banks disbursed agricultural loans at the borrowers' level at a 4.00 percent interest rate. The PFIs, on the other hand, were refinanced by BB at a 0.50 percent interest rate. Under this scheme, PFIs could distribute loans to customers by December 2024. At end June, 2024, BDT 43.55 billion was disbursed among 2,54,607 beneficiaries.

Refinance Scheme of BDT 5 Billion to Create Employment and to Eliminate Poverty for the People Who Have Returned Home Due to COVID- 19 Pandemic and Other Reasons

10.16 Due to the COVID-19 pandemic, a significant number of employed part of the urban population suddenly lost their jobs and were forced to return to their villages. Most of these people

Table 10.04 Target and Achievement of CMSME outstanding (up to June 2024)

(Billion BDT)

Period	Net outstanding based target by Banks and FCs	Net outstanding amount (at the end of the year)				Women entrepreneur	Achievement
		Sub-categories					
		Manufacturing	Service	Trading	Total		
2023	3458.19	1118.21	652.19	1272.01	3042.41	196.13	87.98%
2024	3893.19	1148.16	645.25	1267.79	3061.20	199.39	78.63%

Source : SME and Special Programmes Department, Bangladesh Bank.

still stay in villages, forced to live subhuman lives. It is imperative to bring them under the benefits of the incentive package announced by the government. Otherwise, there is a risk of adverse impact on the rural economy. If it is possible to create suitable employment in the village for all these people, the rural economy will be strengthened. In turn, it will have a positive impact on the overall economy. With this end, BB introduced a own- funded refinance scheme named 'Refinance scheme of Taka 5.00 billion' to create employment and to eliminate poverty for people who returned home due to COVID -19 pandemic and other reasons in low-capital based local businesses, for the purchase of small and medium vehicles in the transport sector, small engineering industries, fisheries, livestock, and for purchase of agricultural machinery and sale of crops, small business for creating employment for physically challenged people and the poor (ACD Circular No. 01, dated 03 January 2022 women). The tenure of the scheme was from January 2022 to December 2024. The interest rate at the beneficiary level was 6.00 percent and at PFI level, was 0.5 percent. During FY24, 16 PFIs disbursed BDT 1.39 billion among 8,997 beneficiaries.

Refinance Scheme of BDT 10.00 billion for Increasing the Production of Wheat and Maize

10.17 Domestic production of wheat and maize is insufficient despite the high demand for these items. As a result, Bangladesh has to import huge amounts of wheat and maize to meet demand. Because of this situation, BB introduced a refinance scheme named 'Special Refinance scheme of BDT 10.00 billion', to increase the production of wheat and maize. The scheme is funded by BB's own resources, and the nature of the fund is non-revolving. Under this scheme, PFIs can disburse loans to borrowers till June 2025. The interest rate at the beneficiary level is 4.00 percent, and at the PFI level 0.5 percent. During FY24, BDT 3.43 billion were disbursed among 39,853 beneficiaries by 21 PFIs.

Re-finance Facility under Government Guarantee

10.18 To improve the country's economy and provide more food security, BB has been supporting BKB and RAKUB by providing refinance facilities under government guarantee. During FY24, RAKUB availed BDT 10.00 billion as refinance facilities from BB in accordance with their agricultural and rural credit finance schemes.

Demand Loans

10.19 Apart from the refinance schemes of BB and refinance facilities backed by government guarantee, a special type of finance is provided by BB to meet instant agricultural credit requirements. Those are demand loan with 90 days of maturity against DP note. During FY24, BKB availed BDT 120 billion and RAKUB availed BDT 80.00 billion of demand loans.

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

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

Table 10.05 Statement of Refinance on CMSMEs under Different Refinance Schemes of BB (up to June 2024)

Name of Fund	Amount refinance (Billion BDT)				No. of beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
1. Refinance Scheme for Agro-based Industries in Rural Areas	10.69	10.42	9.99	31.11	4798	-	-	4798
2. Small Enterprises Refinance Scheme	13.47	61.14	10.35	84.96	19074	35106	7744	61924
3. New Enterprises Refinance Fund for CMSMEs	0.39	2.47	0.02	2.88	719	2607	352	3678
4. Islamic *Shariah*-based Refinance Fund	3.91	1.39	1.82	7.12	316	778	91	1185
5. JICA FSPDSME	1.10	9.03	5.10	15.23	1473	34	1040	2547
6. JICA UBSP	-	-	1.50	1.50	9	-	-	9
7. COVID-19 Refinance Scheme	103.42	-	-	103.42	228107	360877	89040	678024
8. SREUP	-	-	4.68	4.68	191931	-	-	191931
9. COVID-19 related CECRFP Project	-	-	-	29.89	269013	37668	63318	369999
10. SPCSSECP	2.18	9.90	0.42	12.50	12,929	7,058	920	20,907
11. LFSSP	0.51	0.11	0.11	0.73	21	35	8	64
12. Tk 25,000 Crore Scheme for Financing CMSME Sector	-	-	-	205.28	-	-	-	15090*
Grand Total	**135.67**	**94.46**	**33.99**	**499.30**	**728390**	**444163**	**162513**	**1350156**

*No. of beneficiary of refinance only
Source : SME and Special Programmes Department, Bangladesh Bank.

10.20 The government of the People's Republic of Bangladesh and Japan International Cooperation Agency (JICA) signed a loan agreement for the 'Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project (SMAP)' on 16 June 2014. The objectives of the SMAP project are to improve productivity and to diversify the agriculture, livestock and agro-machinery sectors through ensuring credit facilities. Moreover, a unique and special feature of this project is providing technical orientation (TO) and technical support services (TSS) to small and marginal-sized farmers at no cost. The project was implemented through 11 participating microfinance institutions (PMFIs). The tenure of the project was completed in September 2021. However, to ensure sustainable development of the agricultural sector, the project will continue till September 2029 under the same terms and conditions as the revolving fund. This revolving prefinance project formed and started its journey in 2015. JICA is the donor agency for this project while the GoB portion of this project is contributed by Bangladesh Bank. Total project cost is BDT 8.23 billion. To avail prefinance facilities from the projects, 11 participating microfinance institutions (PMFIs) signed an agreement with BB. During FY24, BDT 6.39 billion was disbursed to 97,870 end borrowers through 11 PMFIs. From the beginning of this project (2015) to 30 June 2024, total loans of about BDT 45.27 billion was disbursed to about 8,03,427 farmers nationwide. The future planning/projection of the project is financing, as well as providing, technical support to borrower farmers for institutionalisation within the PMFIs. To establish this project, Bangladesh Bank is now providing all sorts of supports for the capacity building of PMFIs. SMAP will underscore disbursing credit in diversified products of agriculture, and livestock and an agro-machinery. In addition to improving credit quality and TSS activities, review meeting with senior officials of PMFIs, and a capacity building programme for mid-level officials of PMFIs have been planned for FY25.

ADB Funded Second Crop Diversification Project (SCDP)

10.21 The project was built on the successful activities of NCDP which expanded its activities to new project areas. Loan components of the project are USD 26.00 million sanctioned by ADB. The project started its operation in 2011. For

wholesale of credit, BB signed a participation agreement with BASIC Bank Ltd. and Eastern Bank PLC in 2011. The project implementation area covers 54 *Upazilas* of 25 districts of the north and south-western zones of Bangladesh. Up to 30 June 2024, a total fund of BDT 2.04 billion was disbursed to the end borrowers from the inception of the project. The number of farmers covered by the project is 2,04,000. At end FY24, the principal amount outstanding of participating banks stood at BDT 0.82 billion.

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

10.22 The project is financed by the International Fund for Agricultural Development (IFAD) and its loan component is BDT 0.14 billion. It is being implemented at nine *thana*s of Kurigram district. Four PFIs has signed a participation agreement with BB. The project period was from 1987 to 1997, but refinancing is still going on as a revolving fund. PFIs availed refinance funds from BB at the existing bank rate. At the beneficiary level, interest rate is determined by PFI. As of 30 June 2024, the balance of the revolving fund was estimated at BDT 0.04 billion.

Prefinance under Government Guarantee

Ansar-VDP Unnayan Bank

10.23 BB provides prefinance facilities to Ansar-VDP Unnayan Bank for implementing its agricultural and micro-credit programmes. The objective of such facilities is to extend credit facilities to members of Ansar-VDP to alleviate poverty and expand income-generating activities. These loans have a government guarantee covering the loan amount and interest accrued thereon. As of June 2024, the outstanding principal loan amount was BDT 9.00 billion. BB provided this loan at 2.00 percent (BDT 4.00 billion) and 4.00 percent (BDT 5.00 billion), while the maximum interest rate was 5 percent (BDT 4.00 billion) for agricultural credit and 8 percent (BDT 5.00 billion) for agricultural and micro-credit at the borrower level. At end June, 2024, 39713 beneficiaries were financed from this prefinance facility since its inception. Besides, BB has sanctioned BDT 10.00 billion at the bank rate, of which BDT 5.00 billion has been allocated. At end June, 2024, a total of 24450 beneficiaries were financed from this prefinance facility since its inception, of them 10,336 beneficiaries recived financial support in FY24. The remaining amount will be provided gradually by fulfillment of the terms and conditions of the sanction letter.

Karmasangsthan Bank

10.24 Karmasangsthan Bank also avails prefinance facilities from BB against a government guarantee. It offers credit facilities to its customers in the fishing and livestock sectors (including the sectors mentioned in the 'Bangabandhu Youth Loan Policy') out of the traditional loan facility. As of 30 June 2024, a total of BDT 14.00 billion was provided to Karmasangsthan Bank, of which the outstanding amount was BDT 10.00 billion. BB offers these loans at bank rates, whereas Karmasangsthan Bank currently charges its customers a maximum interest rate of 8.00 percent. The loans provided to its customers should comply with the annual agricultural and rural credit policies published by BB and the bank's 'Bangabandhu Youth Loan Policy' and 'Fish and Livestock Loan Support (4th phase)'. By 30 June 2024, a total of 71,073 beneficiaries had received finance from this prefinance facility of amongst them 10 beneficiaries received finance in FY24.

Rajshahi Krishi Unnayan Bank

10.25 Bangladesh Bank provides prefinance facilities to Rajshahi Krishi Unnayan Bank (RAKUB) to increase the production of crops, livestock, fisheries, poultry, horticulture and other agriculture-based income generating activities. The objective of this facility is to provide funds to increase food production in the

Box 10.01 Improving CMSMEs access to finance: Initiatives taken by Bangladesh Bank

Bangladesh Bank (BB) has given the highest priority to ensure supportive policies for easing access to finance towards CMSME. Accordingly, Bangladesh Bank issued the CMSME Financing Policy in September 2019 in line with the National Industrial Policy 2016 (revised in 2022) and National SME Policy 2019. BB's stance will be facilitating implementation of the Eighth Five Year Plan of the Government for the prosperity of people and for fostering inclusiveness. BB's mission is indeed accommodating as well to achieve the Sustainable Development Goals.

BB has instructed banks and financial companies (FCs) to disburse at least 25% of the total loan portfolio to the CMSME sector by 2024. To encourage diversified distribution of overall CMSME credit portfolio,a sector-wise distribution target has also been set by BB This policy stance is compatible to balance the need to provide to finance to different sectors of CMSME. With a view to creating a vibrant CMSME sector, as well as to create an enabling environment, BB has taken a number of initiatives to establish a sustainable and effective institutional system for enhancing access to finance for the sector. These initiatives have been taken considering the following perspectives

Strengthening the financial infrastructure

- **Credit guarantee facility**: Bangladesh Bank has introduced risk-sharing facilities (RSF) through credit guarantee as an alternative financing option in order to partially cover the risks of CMSME lending. The guarantee issued by BB helps de-risk lending decisions by banks. Bangladesh Bank has formed a BDT 20 billion credit guarantee fund to support cottage, micro and small enterprises that lack adequate assets as pledges for bank loans

Addressing specific market niches

- **Promoting female entrepreneurs:** Participation of women entrepreneurs in the CMSME sector is vital for further expansion of the Bangladesh economy. Considering this goal, BB has established the 'Women Entrepreneur Development Unit (WEDU)' at its head office and in all regional offices of Bangladesh Bank. Meanwhile, the Bangladesh Bank has taken appropriate steps and formulated guidelines for banks and FCs to ensure more institutional financial facilities for women entrepreneurs in the sector. Major features of the initiatives are given below:
  - A target has been set to provide at least 15 percent of CMSME loan portfolio of banks and FCs to women entrepreneurs by 2024.
  - Banks and FCs have to establish 'Women Entrepreneurs' Development Unit' at head office and regional office levels
  - Each branch of all banks and FCs has to identify at least 3 new women entrepreneurs from the area it is located, train them and sanction them loans (at least 1 woman entrepreneur per year)
- **Cluster financing policy:** Bangladesh Bank considers that proper support to the clusters would enhance the capacity of the entrepreneurs to compete in domestic and intemational markets Accordingly, Bangladesh Bank has issued a circular to facilitate increased access to finance for the CMSMEs operating in clusters. According to the BB circular:
  - All banks and FCs to make separate policy in line with BB's rules and regulations to boost financing in the clusters.
  - 12 percent of the total loans financed to the CMSME sector till December 2024 should be given to the clusters.

- 19 priority sectors have been identified which are to be given preference.

- **Supporting the start-ups**: Bangladesh Bank has taken necessary initiatives for developing a mechanism for funding Start-ups, and has worked out a policy for the startup fund to establish two separate funds as follows:

  - Bangladesh Bank has created BDT 5 billion refinancing revolving fund from its own source for a tenure of five years,

  - Commercial banks will set up their own startup funds with 1 percent of their net profit considering 2020 as the starting year for the setting up of these funds.

- **Collateral free loans:** Lack of collateral of small entrepreneurs is deemed as a major hindrance to the expansion of CMSME credit. Keeping this drawback in mind, Bangladesh Bank has issued a circular for sanction of collateral free loans. Banks and FCs will apply using their own due diligence method in selecting clients/entrepreneurs.

  - Collateral free credit facilities can be provided against personal, group or social guarantee.

  - Banks and FCs have been instructed not to pressurise CMSMEs so that multiple guarantors can avail collateral-free loans.

- **Entrepreneurship development**: Bangladesh Bank has been endeavoring for the development of CMSMEs in the country with the objective of creating self-employment opportunities and upgrading the relevant skills of existing and potential entrepreneurs. In order to promote establishment of new enterprises and creation of new entrepreneurs, Bangladesh Bank has been administrating relevent programmes.

- **Pursuing effective central bank support mechanisms**: Access to finance is vital for CMSME sector development. In many instances, entrepreneurs have complained regarding the high rates of interest. Indeed, the high rate of interest is a major hindrance, but availability of adequate funds is very important as well. With this consideration, Bangladesh Bank channels low-cost funds to entrepreneurs through eligible participating financial institutions (PFIs). The objective of these funds is to provide access to financing at affordable/reasonable costs and flexible terms and conditions for CMSMEs.

BB has been implementing 12 refinance schemes for CMSMEs to help them with loans/advances with flexible terms and concessional rates of interest. Out of these schemes, 5 refinance schemes are being financed from BB's own sources (BDT 300 billion) while the remaining 7 schemes/projects are being implemented with the financial assistance (amounting to approximately BDT 50 billion) of different development partners.

Table 10.06 Refinance Scheme for Agro-based Product Processing Industries (up to June 2024)

Banks/FCs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total
Bank	9.61	4.02	2.37	16.08	3585	-	-	3585
FCs	1.08	6.40	7.62	15.03	1213	-	-	1213
Total	**10.69**	**10.42**	**9.99**	**31.11**	**4798**	**-**	**-**	**4798**

Source: : SME and Special Programmes Department, Bangladesh Bank.

north-western region of the country to ensure food safety, including generating agriculture based employment. BB offers this loan to RAKUB at the prevailing bank rate (currently 4 percent) while RAKUB charges a maximum interest rate of 8.00 percent to its borrowers. This prefinance facility has a government guarantee covering the amount and interest accrued thereon. At the end of June 2024, a total of 51,001 beneficiaries have received finance from this prefinance facility since its inception. RAKUB has disbursed about BDT 6.04 billion under this facility so far.

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

10.26 SME & Special Programmes Department (SMESPD) of Bangladesh Bank (BB) play a pivotal role in fostering the growth and development of the CMSME sector within the country. As one of the core departments of the central bank, it formulates policy, provides financial support and offers guidance to SMEs, contributing significantly towards financial inclusion, economic empowerment and employment generation. With a focus on sustainable growth, SMESPD has been working towards ensuring access to finance for all. It has been providing different refinance facilities such as refinance fund for new entrepreneurs in cottage, micro and small industry; refinancing fund against Islamic-*Shariah* based financing; BDT 250.00 billion scheme for financing CMSME sector; COVID-19 refinance scheme; revolving fund account of Japan International Co-operation Agency (JICA) assisted financial sector project for the development of SME (FSPDSME) fund, and JICA assisted urban building safety project (UBSP); programme to support safety retrofits and environmental upgrades in the Bangladeshi ready-made garment (RMG) sector project (SREUP); line of finance to support SMEs project under the IsDB SPRP for COVID-19, restore track; supporting post COVID-19 small scale employment creation project (SPCSSECP). Total loan and advance outstanding in the CMSME sector at the end of June 2024 was BDT 3061.20 billion, representing 78.6 percent of the annual CMSME outstanding loan based target of BDT 3893.19 billion set by banks and finance companies (FCs). In year 2024 (January to June), banks and FCs altogether disbursed an amount of BDT 1073.34 billion against 679524 CMSMEs. On the other hand, 148672 women led SME enterprises received finance worth BDT 77.28 billion from January to June 2024 (Table10.04).

Refinance Schemes

10.27 Presently, BB's SMESPD is running 6 refinance schemes from its own funds and 6 projects with assistance from JICA, AIIB, and European development partners in the CMSME sector, which are revolving in nature. A total amount of BDT 499.30 billion was provided to different banks and FCs under different refinance/pre-finance schemes up to June 2024. These refinance facilities help CMSMEs expand their businesses and create new job opportunities. Details of BB's refinancing facilities for promoting CMSMEs are outlined in Table 10.05.

Table 10.07 Refinancing under the Small Enterprise Refinance Scheme (Up toJune 2024)

Banks/ FCs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)				No. of Beneficiary (Gender wise)		
	Working capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total	Male	Female	Total
Bank (47)	12.11	35.40	4.31	51.82	12250	26166	4765	43181	7888	35293	43181
FCs (28)	1.36	25.74	6.04	33.14	6824	8940	2979	18743	4838	13905	18743
Total	**13.47**	**61.14**	**10.35**	**84.96**	**19074**	**35106**	**7744**	**61924**	**12726**	**49198**	**61924**

Note: Figures in parentheses show number of banks and FCs.
Source: SME and Special Programmes Department, Bangladesh Bank.

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

Refinance Scheme for Agro-based Product Processing Industries

10.28 To boost agro-based product-processing industries in areas outside divisional headquarters, Bangladesh Bank launched a scheme of BDT 1.00 billion in 2001. Responding to the huge demand for this fund, its size was increased to BDT 2.00 billion in 2012, BDT 4.00 billion in 2013, BDT 4.50 billion in 2015, BDT 7.00 billion in 2018. It was finally increased to BDT 14.00 billion in 2020. As per SMESPD Circular Letter No. 2, dated 07 May 2020, under this scheme, the maximum interest rate is 7 percent at customer level refinancing. BDT 31.11 billion was disbursed under this scheme till June 2024 to 4798 enterprises on revolving basis (Table10.06).

Small Enterprise Refinance Scheme for Women Entrepreneurs

10.29 Bangladesh Bank introduced a refinancing scheme named Small Enterprise Refinance Scheme of BDT 1.00 billion out of its own funds for supporting the development of small enterprises in the country in 2004. To address the increasing demand from end borrowers, the fund has undergone multiple augmentations. It currently stands at BDT 30.00 billion (after the latest augmentation vide SMESPD Circular Letter No. 06, dated 25 June 2023). To encourage women entrepreneurs to take initiatives, refinance facilities have been allocated only for women and made available at low interest rates (maximum 5.00 percent). In order to encourage women entrepreneurs to take CMSME loans from this scheme and recover them in due time. BB has also adopted incentive programmes for both bank/finance companies and CMSME women entrepreneurs (SMESPD Circular No. 08, dated 17/08/2021). According to this circular, bank/finance companies and entrepreneurs will get 2.00 percent as incentives (1.00 percent + 1.00 percent incentive respectively) if the loan is fully recovered by the expiry date. This facility will be applicable for loans disbursed from 1 July 2021 to 31 December 2024. At the end of June 2024, BDT 84.96 billion was refinanced from this fund to 61,924 enterprises on a revolving basis; among them 49,198 were run by women entrepreneurs.

Refinance Scheme for New Entrepreneurs in Cottage, Micro and Small Enterprise (CMSE) Sector

10.30 To provide start-up capital to new cottage, micro and small enterprises, BB provides up to BDT 2.5 million to prospective entrepreneurs as CMSE loan with collateral security, and up to BDT 1.00 million as CMSE loans without collateral. Under this scheme, the interest rate ceiling at the entrepreneur level is 7.00 percent (3.00 percent for BB + a maximum of 4.00 percent spread). Under this scheme by 30 June, 2024, 3678 new entrepreneurs were refinanced with BDT 2.88 billion (Table 10.08).

Table 10.08 CMSME Refinancing from New Entrepreneurs Fund (up to June 2024)

Banks /FCs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Banks	0.03	0.82	0.02	0.87	415	544	197	1156
FCs	0.36	1.65	0.00	2.01	371	2063	155	2522
Total	**0.39**	**2.47**	**0.02**	**2.88**	**719**	**2607**	**352**	**3678**

Source: : SME and Special Programmes Department, Bangladesh Bank.

Refinance Scheme for Islamic *Shariah*-Based Financing

10.31 To increase the involvement of Islamic banks and FCs in financing CMSMEs, a special refinance fund under the Islamic *Shariah* mode was created in Bangladesh Bank vide BRPD Circular No. 13, dated 18 September 2014. Under this fund, Islamic banks and FCs get refinance against their financing of 'agro-based industries', 'small entrepreneurs' (including women entrepreneur)' and 'new entrepreneurs' in cottage, micro and small enterprise sector'. At end June 2024, BDT 7.12 billion was refinanced to banks and FCs against their financing of 1185 enterprises (Table 10.09).

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

10.32 Though a loan agreement signed by JICA, Japan and the government of Bangladesh (GoB), BB has been implementing the 'Financial Sector Project for the Development of Small and Medium-Sized Enterprise (FSPDSME)-BD-P67' project. The fund size is 5.00 billion Japanese Yen (JPY), and it has a technical assistance component. Bangladesh Bank (BB) is still providing re/pre-financing facilities to participating financial institutions (PFIs) at the bank rate of 4.00 percent for lending to CMSME sub-projects for productive investment for medium to long-term duration at the market rate. As of June 2024, BDT 15229.4 million was pre-financed/refinanced against 2547 enterprises (Table 10.05).

Urban Building Safety Project (UBSP)

10.33 To create a safe working environment in the RMG sector through retrofitting, rebuilding, relocation and fire safety logistic of vulnerable RMG industries, the "Urban Building Safety Project (UBSP)" has been taken under the 36th Japanese ODA package. As per the loan agreement between the governments of Japan (represented by JICA) and Bangladesh, JICA has provided JPY 3.14 billion. A total of 26 banks and 10 FCs signed participating agreements with BB. As of June 2024, BDT 1.50 billion was refinanced against nine (09) enterprises under UBSP (Table 10.05).

New Entrepreneurs Creation and Entrepreneurship Development

10.34 The GoB has launched a project titled 'Skills for Employment Investment Programme (SEIP)' with the assistance of the Asian Development Bank (ADB) and the Swiss Agency for Development and Cooperation (SDC) to scale up the skills of young workers and new entrants. The SME and Special Programmes Department of Bangladesh Bank is serving as one of the implementing agencies of the project. Under the SEIP project-Tranche-I, 11,484 unemployed individuals received skill development training in 10 different trades arranged by 42 outsourced training institutes, resulting in employment of 75.22 percent of trainees, of whom 33 percent were females. Besides, a memorandum of understanding (MoU) was signed on 01 November 2021 between SDCMU, Finance Division, Ministry of Finance and

Table 10.09 Summary information on CMSME Refinance Scheme For Islamic *Shariah*-Based Financing (Up to June 2024)

Banks/FCs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Banks (4)	3.52	0.14	0.00	3.66	117	555	44	716
FCs (1)	0.39	1.25	1.82	3.46	199	223	47	469
Total	**3.91**	**1.39**	**1.82**	**7.12**	**316**	**778**	**91**	**1185**

Note: Figures in parentheses show number of banks and FCs.
Source: SME and Special Programmes Department, Bangladesh Bank

SMESPD of BB to create 1,000 entrepreneurs, by December 2023 under Tranche-III. A total of 1000 trainees have been trained till December 2023, out of whom 969 have been successfully engaged in business or production as entrepreneurs after the training. Among the trainees, the number of female participants was 592. It is expected that more new employment opportunities will be created in the CMSME sector through the establishment of new businesses.

Implementation of New Projects

Programme to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-made Garment (RMG) Sector Project (SREUP)

10.35 Bangladesh Bank is implementing by a project specially designed to strengthen the economic sustainability of the RMG sector named 'Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garment (RMG) Sector Project (SREUP)'. The project aims to make accessing funds easier for RMG factories to ensure a very high levels of safety for RMG factories (safety: fire, electricity and building structures) and help them design their investment plans as recommended by the Corrective Action Plans (CAPs) prepared by Accord, Alliance or the National Tripartite Plan of Action (NTPA), as well as to mitigate the E&S (Environmental and Social) impact of their business activities (environment: effluent treatment plant, better management of solid waste, reduction of water and power consumption, etc. and social: better aeration, installation of air-conditioning, improvement of bathrooms, construction of canteens, childcare facilities, safety/health/ hygienic facilities of workers and workplace environment). This project helps them remain competitive by ensuring that exporters' activities are not harmful to workers, or to the environment, as well as enhancing the likelihood of availing business opportunities. With the Euro 50 million credit and Euro 14.29 million grant facilities alloted by AFD and other developing partners, viz. EU, KfW, GIZ and BB, this project is designed to support sustainability by providing financial and technical support for safety retrofits and for environmental and social upgradation of the RMG sector. For the end borrower (i.e. RMG factories), interest rate will not be above 7 percent to attract factories. The repayment period of loans would be a maximum of 7 years. Maximum loan amount will be BDT-equivalent of 1 MEUR (3 MEUR in special cases). The project implementation period was from 1 January 2018 to 31 December 2024. Based on positive assessment from the ex-post technical assessment, the performance-based investment grant will be awarded to eligible factories as a deduction from the loan account. The investment grant took into account 10 percent of the loan amount related to safety remediation investments, and 20 percent of the loan amount related to environmental and/or social investments. The breakdown of performance -based investment grants among eligible companies and PFIs will be 90:10. Bangladesh Bank has signed participation agreements with 14 banks and 2 finance companies. RMG

owners can take loans from these banks/FCs under this project. Up to June 2024, approximately 47 RMG factories availed loan facilities from the project. For more information about the project, those interested can easily access the project-related dedicated website (http://rmg-finance.com.bd).

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

10.36 Under the CMSME stimulus packages, a revolving refinance scheme of BDT 100.00 billion was introduced by BB to ensure the liquidity flow of banks and FCs to provide credit facilities to the COVID-19 affected CMSME enterprises. Up to June 2024, BDT 103.42 billion was refinanced through banks and FCs against 15090 enterprises.

Credit Guarantee Scheme

10.37 Bangladesh Bank launched its Credit Guarantee Scheme (CGS) in July 2020 to tackle the financing hurdles encountered by cottage, micro, small, and medium-sized enterprises (CMSMEs) and marginalised groups. This initiative was launched in response to the economic downturn caused by the COVID-19 pandemic, with an initial government allocation of BDT 20.0 billion as part of a broader financial stimulus package. The primary objective was to support businesses' survival in these vulnerable sectors, as well as safeguarding employment and promoting economic resilience. Such empowerment enables entrepreneurs to expand their enterprises, bolster job opportunities, and uplift marginalised communities. The scheme encompasses term loans and working capital, catering to diverse sectors such as manufacturing, services, and trading. CGS, currently, has five distinct facilities, each designed to address specific financing needs within the broader CMSME sector. The first facility provides credit guarantees for working capital and term loans to CMSMEs adversely affected by the COVID-19 pandemic. Though this facility was discontinued in June 2023, renewal facilities for existing beneficiaries remain active. The second facility, the financial inclusion credit guarantee, targets marginalised farmers, low-income professionals, school banking account holders, and small business owners. This facility is linked to a BDT 5.00 billion refinance scheme managed by the Financial Inclusion Department. The third one is credit guarantee facility for the CMSME sector through a BDT 250.00 billion pre-finance scheme managed by the SME & Special Programmes Department. In addition, the fourth and fifth facilities focus on providing credit guarantees for loans in the agro-product processing sector and for women entrepreneurs through BDT 14.00 billion and BDT 30.00 billion refinance schemes respectively. These facilities offer coverage for loans ranging from BDT 25,000 to BDT 5.00 bilion, with guarantee coverage of between 70 percent and 80 percent, depending on the schemes. The impact of the CGS has been substantial, with a marked increase in CMSMEs, women entrepreneurs, and marginalised individuals benefiting from these guarantees. The number of beneficiaries grew from 274 in the scheme's inaugural year of 2020 to over 8,250 by the first half of 2024, highlighting both the demand for and the effectiveness of the CGS's initiative. To further support women's access to finance, a specific policy mandates that 10.00 percent of the portfolio guarantee limit (PGL) be reserved for women entrepreneurs, who have accounted for almost 9.11 percent of total guaranteed loans issued from 2020 to June 2024. The scheme also features an affordable fee structure, with participating financial institutions (PFIs) required to pay a 0.50 percent fee of the total loan amount in the first year, and 0.25 percent of the outstanding principal loan amount in subsequent years, with effect from July 2024. Additionally, these PFIs benefit from reduced risks, as they are exempt from maintaining specific provisions against classified loans up to 50.00 percent of the outstanding principal amount. Furthermore,

PFIs are not required to file suits for loans under BDT 500,000 before submitting a guarantee claim to the Credit Guarantee Department, streamlining the process, and making it easier for smaller businesses to access much-needed funds.

COVID-19 Emergency and Crisis Response Facility Project (CECRFP)

10.38 A loan agreement for USD 300 million was signed by the Government of the People's Republic of Bangladesh (GoB) with the Asian Infrastructure Investment Bank (AIIB) on 26 February 2021 to implement the COVID-19 Emergency and Crisis Response Facility Project (CECRFP) to support credit expansion and reduce the liquidity constraints of CMSMEs brought on by the COVID-19 pandemic. In pursuance of this goal, subsidiary loan agreement (SLA) was signed between the Finance Division of the Ministry of Finance and Bangladesh Bank. Bangladesh Bank has been assigned to carry out the project. The project is aligned with the stimulus package for CMSMEs announced by the GoB amounting to BDT 200 billion (SMESPD Circular No. 01 dated 13 April 2020) and Bangladesh Bank's refinance scheme amounting to BDT 100 billion (SMESPD Circular No. 02 dated 26 April 2020). It is also aligned with subsequent changes made through different circulars issued later. The said refinance facility from AIIB amounting to USD 300 million can be accessed to provide liquidity support to banks and FCs parallel to BB's own refinance facility to the CMSME stimulus package being implemented by banks and FCs. Under this facility, participating financial institutions will be able to get additional refinance up to 50 percent of their lending under the CMSME stimulus package, which would raise the facility to 100 percent under the combination of the AIIB facility and BB's own refinance schemes. Twenty-six banks and six finance companies (FCs) are participating in the project. BDT 29.89 billion (100 percent of project fund) was disbursed to 29 PFIs against 24,912 sub-loans till 30 June 2024. Recovery of the project fund started from December 2022 and BDT 17.78 billion had already been recovered and transferred to the government till June 2024.

Supporting the Post-COVID-19 Small Scale Employment Creation Project (SPCSSECP)

10.39 Asian Development Bank (ADB) has provided USD 150 million credit to the government of the People's Republic of Bangladesh under Supporting Post COVID-19 Small Scale Employment Creation Project (SPCSSECP). Bangladesh Bank is playing an important role as an implementing agency and is contributing to employment creation programmes of the country with the support of ADB. This loan is facilitating access to finance for cottage, micro and small enterprises (CMSEs) operated by returning migrants workers, unemployed youths and rural entrepreneurs. The interest rate of this loan is a maximum of 5.5 percent for sub borrowers/end borrowers and the loan limit is a maximum of BDT 5.00 million. The budget of this project for FY23 and FY24 were BDT 6.5 billion and 5.00 billion respectively. At end June, 2024, a total of BDT 12.50 billion was disbursed as refinance facility under this project to 20,907 enterprises.

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

10.40 The financing facility mainly supports the CMSME sector all over Bangladesh through increasing access to finance under Islamic *shariah* based financing to overcome the peak effects of the pandemic for the sustainable growth of our economy. The project is funded by the Islamic Development Bank (IsDB). Islamic banks and conventional banks with Islamic windows and branches are eligible to participate in the project. So far 09 (Nine) Islamic banks and 01 (one) finance company (Islamic Finance and Investment Ltd.) have signed the Master Facility Agreement with BB as PFIs under this project.

The total project cost is USD 47.00 million (Approx. BDT 3980.00 million). Meanwhile, ISDB has disbursed USD 7.42 million (equivalent to BDT 0.73 billion approximately). For FY24, budget allocation by FID, the Ministry of Finance under the project was BDT 0.92 billion. Disbursement to the field was 100 percent (out of the disbursed USD 7.42 million so far from IsDB) and project implementation rate upto FY24 is 15.79 percent till now.

BDT 250 Billion Scheme for Financing CMSME Sector

10.41 Bangladesh Bank introduced a new scheme named 'BDT 250 Billion Scheme for Financing CMSME Sector' (SMESPD Circular No. 04, dated 19 July 2022) to ensure loans/investments to CMSME entrepreneurs through banks/finance companies (FCs) at relatively low interest rates and on easy terms. The scheme is revolving in nature. At end June, 2024, BDT 205.28 billion as pre-finance and refinance was disbursed from this fund among 15090 beneficiaries.

Steps Taken by BB for the Development of CMSMEs until June 2024

10.42 The major initiatives undertaken by BB for increasing credit flow to the CMSME sector are as follows:

- Banks and FCs are instructed to set their target to at least 25.0 percent of their net outstanding amount of all loans and advances by 2024 while maintaining a minimum of 1.00 percent enhancement each year. (SMESPD Circular No. 2/2019)
- Women Entrepreneur Development Unit (WEDU) have been formed at all offices of Bangladesh Bank including SME & Special Programmes Department of Head Office vide Administrative Circular No. 21 of Human Resources Department-1, dated 30 November 2014. This Unit renders business friendly services to women entrepreneurs, receives complaints and resolves them, carries out promotional activities for the development of women entrepreneurs, and also monitors and evaluates the women entrepreneur's development initiatives of banks and finance companies. To encourage women entrepreneurs to take appropriate measures to be successful, WEDU operates small enterprises refinance schemes to provide low-cost funds. This unit is also entrusted with the responsibility of promoting women entrepreneurship and supporting women entrepreneurs.
- Banks and FCs are instructed to disburse 50.00 percent of total SME loans to cottage, micro and small sectors by 2024.
- The new entrepreneurs refinance scheme allows collateral security free financing of more than BDT 1.00 million on case to case basis and collateral security supported financing up to BDT 2.5 million for new entrepreneurs (SMESPD Circular No. 2/2019).
- To expedite cluster-based financing in the CMSME Sector, Bangladesh Bank has formulated guidelines for strengthening existing clusters and developing new owes (SMESPD Circular No. 5/2022).
- To ensure loan facilities for women entrepreneurs, banks and FCs have been instructed to maintain at least 15.00 percent of the net outstanding of total loans and advances for women entrepreneurs.
- Instructions have been given for establishing separate, 'Women Entrepreneurs Dedicated Help Desk' in each branch of every bank and FC. If possible, they are also to employ female officials at desks to provide suggestions and services towards women entrepreneurs regarding project preparation, loan application process, etc. (SMESPD Circular No. 2/2019).
- Instructions were given to banks and FCs to consider sanctioning loan up to BDT 2.5 million to women entrepreneurs without

Table 10.10 Disbursement and Recovery of Industrial Loans

(Billion BDT)

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

Source: SME & Special Programmes Department, Bangladesh Bank.

collateral security but against personal guarantee under the refinance facilities provided by Bangladesh Bank (SMESPD Circular No. 2/2019).

- All banks and FCs have been advised to find out and train at least three (03) prospective SME women entrepreneurs who have not received any financing yet per branch, and of finance at least one (01) of them each year.
- The fund for BB's 'Small Enterprise Refinance Scheme for Women Entrepreneurs' was enhanced from BDT 15.00 billion to 30.00 billion. A circular letter (No. 07, dated 26 July 2023) has been circulated directing the incentive calculation for this scheme. It includes instructions forwarded take into account to consider the quantity and tenure of all regular loans/investments for calculating the amount of incentives; continuous/revolving loans/investments (CC, OD, etc.) will get incentive if renewed within their stipulated tenure.
- In the refinancing scheme for agro-based product processing, the interest rate on banks/FCs has been reduced from 3.00 percent to 2.00 percent.
- On 3 September 2023, the SME and SPD department directed all MDs and CEOs of scheduled banks to display all the initiatives and facilities that have taken by Bangladesh Bank on CMSME in a coloured poster in front of all branches, sub-branches and agent outlets. This poster will help boost awareness among the root level entrepreneurs. Promotional activities including arrangement of CMSME fair and rallies, meeting, workshops and so on, are being regularly held to create awareness of CMSME financing.
- A credit guarantee scheme for cottage, micro and amall (CMS) enterprises has been introduced to overcome the collateral problem of CMSEs.
- BB has instructed all banks and FCs to establish help desks in each of their branches to guide entrepreneurs in availing its facilities under a stimulus package. In addition, banks and FCs have been instructed to form a special monitoring team in their head offices to evaluate loan/investment activities of that institution.
- A 3-year refinancing scheme of BDT 250.00 billion titled 'Refinancing Scheme against Term Loan to CMSEMEs' launched by

Bangladesh Bank (SMESPD Circular No. 04, dated 19 July 2022). Under this scheme, the annual interest rate for participating banks and finance companies is 2.00 percent (two percent) while the maximum annual interest rate charged by banks and finance companies at the customer level is 7.00 percent (seven percent). Later, as demand for working capital loans/ investments of CMSME sector entrepreneurs increased, loans/investments were disbursed as working capital, term loans/ investments given/payable in manufacturing, services and business sectors were also covered under this scheme. Of total loans, at least 65.00 percent are to go to the manufacturing and services sectors and the rest to the trading sector.

- Banks and FCs have been instructed to provide three 3-6 month grace period for 01 to 05 year medium to long-term loan based on banker-customer relationships. (SMESPD Circular No. 2/2019)
- To enhance CMSME activities, quarterly monitoring meetings are to regularly held with SME heads of banks and FCs. Banks and FCs are also performing three (03) tiers of SME monitoring for better outcomes.

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

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

Table 10.11 Microcredit Operations of the Grameen Bank and Large MFIs

(Billion BDT)

	FY22	FY23	FY24
1. Disbursement	**1203.04**	**1628.89**	**1655.20**
a) Grameen Bank	206.58	247.57	246.87
b) BRAC	500.34	646.52	687.78
c) ASA	309.29	483.4	456.06
d) Proshika	10.11	20.46	22.54
e) TMSS	63.51	88.58	94.84
f) BURO Bangladesh	113.21	142.36	147.11
2. Recovery	**1085.34**	**1475.29**	**1624.29**
a) Grameen Bank	203.23	232.02	242.43
b) BRAC	448.30	568.57	658.40
c) ASA	273.88	444.26	468.90
d) Proshika	10.19	18.38	19.58
e) TMSS	55.94	80.96	88.38
f) BURO Bangladesh	93.80	131.1	146.60
3. Outstanding loans	**863.65**	**986.84**	**1010.62**
a) Grameen Bank	145.95	161.49	165.93
b) BRAC	329.02	374.25	397.01
c) ASA	250.89	290.02	277.18
d) Proshika	8.46	12.86	15.32
e) TMSS	44.22	51.84	58.30
f) BURO Bangladesh	85.11	96.38	96.88
4. Loans overdue	**91.08**	**41.77**	**51.44**
a) Grameen Bank	3.18	4.16	4.17
b) BRAC	28.44	16.81	13.93
c) ASA	49.79	13.38	22.41
d) Proshika	1.39	0.49	0.89
e) TMSS	6.06	4.26	6.82
f) BURO Bangladesh	2.22	2.67	3.19
5. Overdue as percentage of outstanding	**10.55**	**4.23**	**5.09**
a) Grameen Bank	2.17	2.58	2.51
b) BRAC	8.64	4.50	3.51
c) ASA	19.85	4.61	8.09
d) Proshika	16.45	3.00	5.83
e) TMSS	13.70	8.22	11.71
f) BURO Bangladesh	2.61	2.78	3.30

Source: Microcredit Regulatory Authority (MRA)

Industrial Credit

10.44 Rapid industrialisation is required to achieve the desired economic growth level for developing country like Bangladesh. In this context, the role of the industrial sector is very crucial. To promote SMEs along with the large- scale industries, the government of Bangladesh has been providing industrial loans and other ancillary supports through banks and finance companies in recent years. As a result, the volume of industrial loans disbursed and recovered has gradually increased. Disbursement of industrial loans stood at BDT 6223.99 billion in FY 24 (Table 10.10).

Start-up Fund

10.45 BB has instructed all scheduled banks to set up a 'Start-up Fund' by transferring 1.00 percent of their annual net profit each year, starting from 2020 for the next five years through SMESPD Circular/Circular Letter No. 04 and 05 dated 29 March 2021 and 26 April 2021 respectively. The amount of the start-up fund was BDT 5.05 billion till 30 June 2024. BDT 0.33 billion was disbursed to 153 customers under the 'Start-up Fund' during this period. Furthermore, BB raised a fund of BDT 5.00 billion then to support refinance facilities for start-up financing.

Microcredit Operations of the Grameen Bank and the Large MFIs

10.46 To institutionalise microfinance operations and build up an inclusive financial market for the economic development of the country, the Microcredit Regulatory Authority (MRA), designed to be the regulator of the microfinance sector, has been working effectively and dynamically. Since its inception, MRA has been regulating MFIs' activities as per the respective MRA Act, issuing required circulars/ guidelines, and conducting both off-site and on-site supervision. In addition to issuing licences, MRA assumes comprehensive responsibilities to ensure effective management of these microcredit institutions, improve their managerial skills, protect customer rights, and facilitate the overall development of microcredit accounts through various laws and regulations.

10.47 To broaden and smoothen the microfinance process, Palli Karma Sahayak Foundation (PKSF) has been working as the apex microcredit funding and capacity building organisation for alleviating poverty by providing microcredit to the poor through its partner organisations (POs). PKSF provided BDT 55.56 billion loan to 284 POs in FY24 and BDT 49.07 billion in FY23.

10.48 Grameen Bank was also established for poverty eradication and for the advancement of the social status of the poor. The total amount of loans disbursed by Grameen Bank was BDT 246.87 billion while its recovery stood at BDT 242.43 billion in FY24. Available information suggests that Grameen Bank and five other large MFIs, namely BRAC, ASA, Proshika, TMSS and BURO Bangladesh disbursed a total of BDT 1655.20 billion and their recovery stood at BDT 1624.29 billion in FY24. Total outstanding and overdue loans were BDT 1010.62 billion and 51.44 billion, respectively, in FY24, which were BDT 986.84 and BDT 41.77 billion, respectively, in FY23. In FY24, total overdue loans as percentage of total outstanding loans of these large MFIs increased significantly to 5.09 percent from 4.23 percent in FY23. The microcredit operations of the Grameen Bank and large MFIs are shown in Table 10.11.

Public Finance

11.01 Global economic disruptions—rising commodity prices, supply chain disruption, and market volatility—have pressurized Bangladesh's economic growth a lot. These challenges, coupled with increased government spending and the overall balance of payments gap, have driven up import costs and led to a depreciating Taka, as well as have fueled inflation. Despites these challenges, speeding up foreign-aided projects and efforts to enhance export earnings repatriation can pave the way for improved financial stability. While the Taka has faced devaluation and some industries are experiencing temporary liquidity problems, these obstacles present opportunities for reform and innovation. By enhancing export performance and ensuring timely aid, the economy can work towards a more stable and prosperous future. To address these issues, the government and Bangladesh Bank have taken from time to time policy measures with a view to maintaining production, safeguarding food security, controlling inflation, and stabilising the currency. Despite such obstacles, Bangladesh has achieved a GDP growth rate of 4.22 percent in FY24, though below the targeted 6.50 percent; according to the revised estimate by the Bangladesh Bureau of Statistics (BBS).

Revised Budget for FY24 and Fiscal Outcome

Revenue Receipts

11.02 The target for revenue collection of FY24 was 4780.00 billion in the revised budget. A range of innovative measures has been put into action now to attain the revenue target. These include administrative reforms and the integration of automation and digital tools into the tax collection process, such as e-payment services for seamless online tax payments. An automated treasury challan system (A-Challan) and offline over-the-counter services are now in place to expand the tax base and encourage greater taxpayer participation. To further boost compliance, it is now mandatory for individuals and entities to have a Taxpayers Identification Number (TIN) to access various utility services. Businesses are increasingly adopting Electronic Fiscal Devices (EFDs) and Sales Data Controllers (SDCs) to streamline tax reporting. At the same time the newly operational Document Verification System (DVS) enhances transparency by authenticating audited documents submitted by companies. The National Board of Revenue (NBR) is also developing a 'Medium Term Revenue Collection Strategy (MTRS)' to sustain these gains and meet revenue targets. With the ongoing modernisation of income tax and customs laws, these efforts have already led to a notable increase in revenue collection for FY24, marking a significant improvement over previous years.

Table 11.01 Budget at a glance

(In billion BDT)

Items	Volume			As percentage of GDP		
	FY23	FY24[R]	FY25[P]	FY23	FY24[R]	FY25[P]
1. Total revenue	3666.58	4780.00	5410.00	8.16	9.55	9.67
a. Tax	3277.25	4290.00	4950.00	7.30	8.58	8.84
b. Non-tax	389.33	490.00	460.00	0.87	0.98	0.82
2. Total expenditure	5738.57	7144.18	7970.00	12.78	14.28	14.24
a. Operating	3698.64	4532.28	5069.71	8.24	9.06	9.06
b. ADP	1919.27	2450.00	2650.00	4.27	4.90	4.73
c. Others	120.66	161.90	250.29	0.27	0.32	0.45
3. Budget deficit	2071.99	2364.18	2560.00	4.61	4.73	4.57

[R] Revised, [P] Proposed.
Source : Budget in Brief, 2024-25, Ministry of Finance
: Bangladesh Bureau of Statistics (BBS)

11.03 In the revised budget for FY24, total revenue receipts were targeted at BDT 4780.00 billion, 30.37 percent higher than the actual revenue receipts in FY23. The revised target for tax revenue collection was 89.75 percent of the total revenue receipts, 30.90 percent higher than the actual tax revenue collected in FY23. However, the revised target for non-tax revenue collection for FY24 had 25.87 percent higher than that in FY23 (Table 11.01).

11.04 In the revised budget for FY24, total revenue receipts as a percentage of provisional

GDP stood at 9.55 percent, which was 8.16 percent in FY23. In FY24, the target the total tax revenue receipts as a percentage of the GDP was raised to 8.58 percent from 7.30 percent in FY23. Similarly, total non-tax revenue as a percentage of GDP was set at 0.98 percent in FY24, which was 0.87 percent in FY23.

11.05 In the revised budget for FY24, taxes on income, profits and capital gains was set to increase by 36.14 percent to BDT 1458.65 billion from BDT 1071.45 billion in FY23. In FY24, the revised targets for receipts from sales of stamps (non-judicial), land development tax, value added tax (VAT), supplementary tax, excise duty, and import duty were set with increases of 194.63, 150.00, 25.22, 24.50, 21.87 and 21.28 percent respectively, compared to the actual collection of these impositions in FY23. In FY24, the revised target for receipts from narcotics and liquor duty and taxes on vehicles were set with increases of 63.93 and 50.89 percent, respectively, compared to the actual collection in FY23 (Table 11.02).

11.06 Under the non-tax revenue items, administrative fees, tolls, non-commercial sales, and service fees were set to increase by 89.93, 36.67, 26.79, and 13.00 percent respectively in the revised budget for FY24, compared to the actual collection for these in FY23. Dividend and profits, rents and leases, and capital receipts were also set to increase by 399.43, 33.33, and 24.00 percent respectively, over the same period (Table 11.02)

Expenditure

11.07 The total expenditure in the revised budget for FY24 was set at BDT 7144.18 billion (14.28 percent of GDP), 24.49 percent higher than the actual expenditure in FY23. The operating expenditure in the revised budget for FY24 was set at BDT 4532.28 billion (9.06 percent of GDP), 22.54 percent higher than the actual operating expenditure of BDT 3698.64 billion in FY23 (Table 11.01).

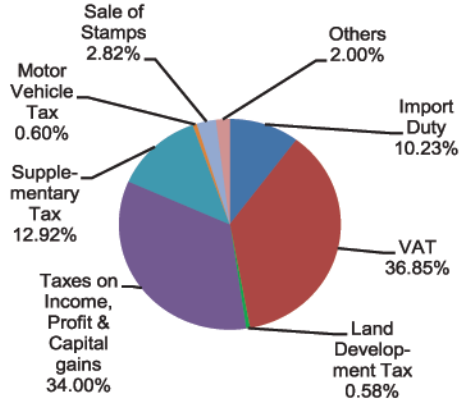
Table 11.02 Composition of Revenue Receipts

(in billion BDT)

Items	FY23	FY24[R]	FY25[P]
1. Tax revenue	**3277.25**	**4290.00**	**4950.00**
A. NBR Tax revenue	**3197.31**	**4100.00**	**4800.00**
i. Taxes on income, profit & capital gains	1071.45	1458.65	1756.20
ii. Import duty	361.81	438.76	494.64
iii. Export duty	0.03	0.62	0.70
iv. Supplementary tax	445.33	554.37	642.78
v. Value Added Tax	1262.25	1580.66	1827.83
vi. Excise duty	40.66	49.58	58.05
vii. Other taxes	15.78	17.36	19.80
B. Non-NBR Tax revenue	**79.94**	**190.00**	**150.00**
i. Narcotics and liquor duty	6.11	10.00	5.00
ii. Motor vehicles taxes	16.91	25.50	15.00
iii. Land development tax	9.96	25.00	22.50
iv. Sale of stamps (non-judicial)	40.96	120.76	100.00
v. Surcharge	6.00	8.74	7.50
2.Non-tax revenue	**389.34**	**490.00**	**460.00**
i. Administrative fees	26.82	50.93	58.02
ii. Dividends and profits	17.46	87.41	76.76
iii. Interest	53.14	120.55	61.14
iv. Capital receipts	2.46	3.06	1.05
v. Service fee	59.97	67.81	91.26
vi. Tolls	8.99	12.31	19.15
vii. Fines, penalties and forfeiture	12.48	12.50	6.43
viii. Non-commercial sales	22.40	28.42	34.60
ix. Rents and leases	11.10	14.81	7.26
x. Other non-tax revenue and receipts	174.52	92.20	104.33
Total	**3666.59**	**4780.00**	**5410.00**

[R] Revised, [P] Proposed.
Source : Budget in Brief, 2024-25, Ministry of Finance

Chart 11.01 Composition of Tax Revenue Receipts : FY24[R]



[R] Revised.
Source: Budget in Brief, 2024-24, Ministry of Finance.

11.08 From the sector-wise allocation of the total expenditure in FY24, a total of BDT 1656.51 billion was allocated to the social sector (such as education & technology, health, social security, and welfare) compared to the BDT 1424.96 billion spent in this sector in FY23. In FY24, allocation in this social sector was 16.25 percent higher than the actual expenditure in FY23. It constitutes approximately 23.19 percent of the total allocation. Of the other sectors, allocation in public service, interests on domestic debts, transport and communication, and agriculture increased to BDT 1514.17, 895.00, 752.40, and 560.02 billion respectively, in FY24 (Table 11.05).

11.09 The allocation for the Annual Development Programme (ADP) in the budget for FY24 was revised at BDT 2450.00 billion (4.90 percent of provisional GDP), 27.65 percent higher than the actual ADP in FY23 (Table 11.01).

Budget Deficit and its Financing in FY24

11.10 In the revised budget for FY24, the total deficit (excluding grants) was revised at BDT 2364.18 billion, this was 4.73 percent of the GDP. The government finances its budget deficit both from domestic and external sources. Government domestic borrowings consists of borrowings from the banking system and other than banks (non-bank). The domestic borrowing component of deficit financing was BDT 1566.25 billion (3.13 percent of GDP) in FY24. Of this component, BDT 1559.35 billion (3.12 percent of GDP) was bank borrowings, and BDT 6.90 billion (0.01 percent of GDP) was non-bank borrowing, mainly through sales of national savings certificates (Chart 11.02). Foreign financing (including grants) for the overall budget deficit was BDT 797.93 billion (1.59 percent of GDP) (Table 11.04).

Table 11.03 Sector-wise Composition of Expenditure

(in billion BDT)

Sectors	FY23	FY24[R]	FY25[P]
Social sector	1424.96	1656.51	2029.35
Public services	897.07	1514.17	1757.74
Interest on domestic debt	826.70	895.00	930.00
Defense	316.24	378.02	420.14
Public order and safety	257.93	309.59	335.20
Interest on foreign debt	94.37	158.00	205.00
Agriculture sector	489.86	560.02	473.32
Transport and communication	650.47	752.40	829.18
Energy and power	270.62	283.18	303.17
Local government and rural development	411.16	512.54	479.53
Housing	77.44	70.26	69.29
Others	21.76	54.49	138.08
Total:	5738.58	7144.18	7970.00

[R] Revised, [P] Proposed.
Source : Budget in Brief, 2024-25, Ministry of Finance

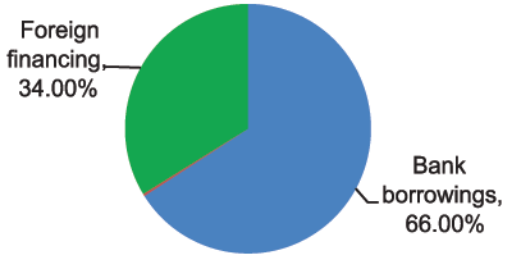
Table 11.04 Composition of Deficit Financing

(in billion BDT)

Items	FY23	FY24[R]	FY25[P]
Domestic Financing	1243.61 (2.77)	1566.25 (3.13)	1609.00 (2.87)
Bank borrowing	1180.25 (2.63)	1559.35 (3.12)	1375.00 (2.46)
Non-bank borrowing	63.36 (0.14)	6.90 (0.01)	234.00 (0.42)
Foreign financing (incl. grants)	819.08 (1.82)	797.93 (1.59)	951.00 (1.70)
Budget Deficit (incl. grants)	2044.47 (4.55)	2329.18 (4.66)	2516.00 (4.49)
Budget Deficit (excl. grants)	2071.99 (4.61)	2364.18 (4.73)	2650.00 (4.57)
GDP (Memorandum Item)	44908.42[#]	50026.54[#]	55974.14

[R] Revised, [P] Proposed.
() indicates the percent of GDP for the corresponding fiscal year
Source : Budget in Brief, 2024-25, Ministry of Finance
: [#]Bangladesh Bureau of Statistics (BBS)

Chart 11.02 Deficit Financing (excluding grants) : FY24[R]



[R] Revised.
Source : Budget in Brief, 2024-25, Ministry of Finance
: Bangladesh Bureau of Statistics (BBS)

Major changes in Revenue Measures in the budget for FY24

Direct Tax

11.11 Direct taxes on incomes, profits and capital gains is considered one of the principal sources of government revenue. They account for 34.00 percent of the targeted total tax revenue collection in the revised budget for FY24, which was 32.69 percent in FY23. Some marginal changes were made on direct taxes in the national budget for FY24; these are depicted below:

Taxes on Individual Income in FY24

- The tax exempted income limit for general taxpayers has been increased to BDT 350000 , up from the existing BDT 300000;
- The tax exemption threshold for women and senior citizens aged 65 years or above was increased to BDT 4,00,000, up from the existing BDT 3,50,000;
- The exempted income limit for physically challenged persons has been increased to BDT 4,75,000, up from existing BDT 4,50,000;

Taxes on Corporate Income

- Tax rates for publicly-traded companies that issue shares of more than 10 percent of their paid- up capital, have been kept unchanged at 20 percent;s
- Tax rates for the publicly-traded company that issues shares of less than 10 percent or less of its paid-up capital, have been kept unchanged at 22.5 percent;
- Tax rates for non-publicly traded companies have been kept unchanged at 27.5 percent;
- Tax rates for a one-person company remain unchanged at 22.5 percent.

Value Added Tax (VAT)

11.12 Value Added Tax (VAT) is Bangladesh's single largest source of tax revenue collection. In the revised budget for FY24, targeted collection from VAT represents 36.85 percent of total tax revenue. The revised target of VAT revenue collection in FY24 was set at BDT 1580.66 billion, which is 25.22 percent higher than BDT 1262.25 billion in FY23. In the budget for FY24, several amendments have been proposed for the Value Added Tax and Supplementary Duty Act, 2012, and Value Added Tax and Supplementary Duty Rules, 2016, to mitigate functional and procedural complications. The main objective of this year's budget is to simplify the new VAT law to facilitate the collection of the targeted amount of revenue. Various initiatives have been taken to address the challenges faced by the business community in adopting the new VAT law. Some of the major changes in VAT administration are stated below:

VAT Impositions and Expansions

- VAT has been increased to 7.50 percent from the existing 5.00 percent on local manufacturing of LPG cylinders;
- In order to increase revenue collection, 15.00 percent VAT has been imposed on ball point pen at the manufacturing stage;
- A 5.00 percent VAT has been imposed on software production and customisation services to increase revenue collection;
- A 5.00 percent VAT has been imposed at the local manufacturing stage on polypropylene staple fiber to boosts revenues;
- To enhance revenue collection, VAT has been increased to 7.50 percent from the existing 5.00 percent on plastic tableware, kitchenware, household articles, hygiene and toilet articles, including any similar products (except tiffin boxes and water bottles);
- A 15.00 percent VAT has been imposed on cashew nuts, dates (fresh and dried), non-fortifieds such as *basmoti* rice to save foreign currency,;
- At the import stage of databases, operating

systems, development tools, security softwares used only for data or information protection, word processing, spreadsheets, internet collaboration and presentation tools, 15.00 percent VAT has been proposed.

VAT Exemptions

- To reduce tax burdens at the local manufacturing stage, the VAT exemption limit for 'Handmade Biscuits' was raised to BDT 200 from the existing BDT 150 per kg and for 'Cakes (excluding Party Cake)' to BDT 300 per kg from the existing BDT 250;
- For the development of information technology and the computer industry, chargers and interactive displays have been exempted from VAT at the manufacturing stage;
- To reduce tax burdens, VAT has been exempted at the manufacturing stage on 'cut fabrics and waste pieces (not exceeding one meter in length),' 'fabrics supplied free of cost as samples to the Bangladesh Standards and Testing Institution (size below three square meters),' and 'Taps and Braids' of man-made fabric;
- For the protection of women and children, VAT has been exempted on imports of certain raw materials used in the production of sanitary napkins and diapers;
- To ensure proper health services for the people of the country, VAT has been exempted at the production stage on anti-malarial and anti-tuberculosis drugs;
- To reduce production costs, rice transplanters, dryers, all types of sprayer machines, and potato planters used in agriculture have been exempted from advance taxation;
- Exemption on advance tax has been proposed on insulated containers and all other containers;
- The import of aircraft by registered organisations has been proposed to be exempted from advance taxation to reduce the tax burden;
- The existing VAT exemption facility provided for production blenders, juicers, mixers, grinders, electric kettles, multi-cookers and pressure cookers, washing machines, microwave ovens, electric ovens has been proposed to be continued;
- Existing VAT exemption facility provided to the industries for the production of refrigerators and freezers has been proposed to be continued.

Customs Duty and taxes

11.13 In response to the challenges posed by the ongoing global economic crisis, Bangladesh aspires to boost employment opportunities and shield its domestic industries while nurturing export-oriented sectors, preserving competitiveness, and enhancing the ease of doing business. To facilitate these measures, necessary adjustments have been made to duty-tax systems to promote domestic industries and rectify discrepancies to counter activities like smuggling and fraudulent declarations. In the revised budget for FY24, import duty was increased by 21.28 percent to BDT 438.76 billion from BDT 361.81 billion in FY23. Some of the major changes on custom duties and taxes in the budget for FY24 include:

- To protect the domestic software industry and to prevent false declarations and duty evasions, a 25.00 percent customs duty has been imposed on the import of software;
- For the protection and development of the local manufacturing industry, an increase of 10.00 percent customs duty has been proposed, from the existing 1.00 percent imposed on electric panels;
- In order to protect the interest of the

concerned domestic industry, a 15.00 percent regulatory duty was imposed on adhesives/glues;

- A 150.00 percent supplementary duty was imposed on cigarette papers imported by commercial importers, from the existing 100.00 percent to make the existing tariff burden more consistent;
- In order to provide more protection to the local industry, the customs duty of sand papers/abrasive clothes has been increased to 15.00 percent, from the existing 10.00 percent;
- Customs duties on electric cigarettes and similar personal electric vaporising devices have been increased to 25.00 percent from the existing 5.00 percent;
- Regulatory duty has been increased to 20.00 percent from the existing 5.00 percent on soaps; organic surface-active products and preparations for use as soaps, coated or covered with soaps or detergents;
- The import duty on electric motor parts with winding wires has been increased to 15.00 percent from the existing 1.00 percent to protect the local industry;
- The customs duty of shelled cashew nuts has been increased to 25.00 percent from the existing 5.00 percent;
- The minimum price of every 10 sticks of lower slab cigarettes was increased to BDT 45 and supplementary duty to 58.0 percent;
- The minimum price of every 10 sticks of middle slab cigarettes was increased to BDT 67 or above, high slab 10 sticks cigarettes to BDT 113 or above, and premium slab 10 sticks cigarettes to BDT 150 or above. However, the supplementary duty rate for all three slabs has been kept unchanged at 65.0 percent;
- The price of handmade non-filter 25-sticks *bidi* at BDT 18, 12-sticks at BDT 9 and 8-sticks at BDT 6 have been kept unchanged. Supplementary duty has also been kept unchanged at the existing 30.0 percent;
- The price of 20-stick filter *bidi* and 10-stick filter *bidi* have been kept unchanged at BDT 19 and BDT 10, respectively.The Supplementary duty has been kept unchanged at the existing 40.0 percent;
- The minimum retail price remains unchanged at BDT 45 per 10 grams of *jarda* and BDT 23 per 10 grams of *gul*. The supplementary duty has been kept unchanged at the existing 55.0 percent for both items.

FY25 Budget: March towards Smart Bangladesh Following the Path of Sustainable Development

11.14 The budget for FY25 was formulated and focused on restoring macroeconomic stability, curbing inflation, and easing pressure on foreign currency reserves. It prioritized substantial investments in education and healthcare to ensure accessibility for all and strongly emphasised food security. These strategic priorities were designed to set the stage for robust economic growth and development in coming years. The proposed budget for FY25 was set at BDT 7970.00 billion, 14.24 percent of provisional GDP, and 11.56 percent higher than the revised budget for FY24. In the budget for FY25, the target for GDP growth was set at 6.75 percent, average inflation at 6.50 percent and the budget deficit was projected at 4.57 percent of GDP.

Revenue Receipts for FY25

11.15 Revenue receipts in FY25 were targeted to grow by 13.18 percent to BDT 5410.00 billion compared to BDT 4780.00 billion, of the revised budget for FY24. The tax revenue receipts are expected to increase by 15.38 percent, but non-tax revenue receipts are expected to decrease by 6.12 percent compared to those of

the revised budget for FY24. The total revenue-GDP ratio is targeted to be 9.67 percent in FY25, which was 9.55 percent in FY24 (Table 11.01).

11.16 Receipts from the direct taxes on income, profits and capital gains were targeted to increase by 20.39 percent in FY25, compared to the revised budget for FY24. It constitutes 35.48 percent of total tax revenues. On the other hand, 15.20 percent growth was targeted for indirect taxes (VAT, supplementary duties, import duties, export duties, and excise duties) (Table 11.02).

11.17 Receipts from other non-tax revenue and receipts such as tolls & levies, service fees, non-commercial sales and administrative fees were targeted to rise by 56.10, 34.66, 21.83 and 13.95 percent, respectively, in FY25, compared to those of the revised budget for FY24. In contrast, capital receipts, rents, interest, fines, penalties and forfeiture, and dividends & profits were targeted to decrease by 64.52, 50.68, 49.34, 48.80 and 12.13 percent, respectively, in FY25, compared to the revised budget for FY24.

Expenditure for FY25

11.18 Total expenditure in FY25 is expected to increase by 11.56 percent to BDT 7970.00 billion compared to the revised budget for FY24. Of which amount, the operating expenditure for FY25 was set at BDT 5069.71 billion (9.06 percent of GDP), 11.86 percent higher than the revised operating expenditure of BDT 4532.28 billion in FY24. ADP and other expenditures are expected to grow by 8.16 and 54.60 percent, respectively in FY25 compared to the revised budget for FY24 (Table 11.01).

11.19 Different ministries and divisions have been categorised into three groups based on their allocation of businesses. These are social infrastructure, physical infrastructure and general services. In the budget for FY25, expenditure on the social sector was targeted to increase by 22.51 percent to BDT 2029.35 billion (25.46 percent of the total expenditure) up from 1656.51 billion in the revised budget for FY24 (Table 11.05). The central portion of this sector will go to education and technology, social security and welfare, and the health sector (Table 11.06). Of the other sectors, BDT 1757.74 billion (22.05 percent) was for public service, BDT 829.18 billion (10.40 percent) for transport and communication, BDT 930.00 billion (11.67 percent) for interest payment on domestic debt, BDT 479.53 billion (6.02 percent) for local government and rural development, BDT 473.32 billion (5.94 percent) for agriculture, BDT 303.17 billion (3.80 percent) for the energy and power sector was allocated in this proposed budget for FY25 (Table 11.03).

11.20 The proposed outlay for Annual Development Programme (ADP) in the budget for FY25 stands at BDT 2650.00 billion, or about 4.73 percent of GDP. This developmental expenditure turns out to be 8.16 percent higher than the revised ADP in FY24 (Table 11.01). ADP expenditure was restructured at 15 sectors and 72 subsectors, effective from FY21. As usual, in the ADP for FY25, transport and communication gets the highest priority. A total of BDT 706.87 billion has been allocated in this sector, which was 26.67 percent of the total ADP allocation in FY25. Of the other sectors, BDT 407.51 billion (15.38 percent) in the power and energy sector, BDT 206.82 billion (7.80 percent) in the health sector, BDT 350.20 billion (13.22 percent) in the education, religion, culture and recreation sector, BDT 179.86 billion (6.79 percent) in the local government and rural development sector have been allocated from ADP in this budget (Table 11.03).

Deficit Budget and its Financing in FY25

11.21 The budget deficit (excluding grants) for FY25 is estimated at BDT 2560.00 billion, which is BDT 195.82 billion higher than that of the revised budget for FY24. In that budget, deficit-GDP ratio for FY25 turned out to be 4.57 percent, although it was 4.73 percent in the

revised budget for FY24. The deficit is expected to be financed through domestic financing from banks and non-bank sources to the tune of BDT 1609.00 billion (2.87 percent of GDP) and external financing to the tune of BDT 951.00 billion (1.70 percent of GDP) in FY25 (Chart 11.04) against BDT 1566.25 billion (3.13 percent of GDP) and BDT 797.93 billion (1.59 percent of GDP) respectively in the revised budget for FY24. Of total domestic borrowing, BDT 1375.00 billion is targeted to be financed from the banking system and BDT 234.00 billion from non-banking sources (Table 11.04).

Near- term Fiscal Outlook

11.22 The global economy is expected to recover, in the coming years with improved financing and decreased inflation. However, public financial risks remain high. In 2023, 85 percent of economies maintained restrictive monetary policies, while only 50 percent tightened their fiscal policies. The push for normalizing fiscal policy to return budgets to pre-pandemic levels slowed down. Given the high public debts, lower medium-term growth prospects, and ongoing high interest rates, strong fiscal consolidation will be needed to ensure sustainable public finances and rebuild reserves in the future. Adjusting fiscal policies will also help reduce inflation, especially in overheating economies (source: Fiscal Monitor, April 2024).

11.23 In emerging market economies, primary deficits rose by one percentage point to an average of 1.3 percent of GDP in 2023. Most commodity-exporting countries saw significant drops in revenue as global commodity prices fell, while high spending, driven by inflation, continued. Interest expenses also increased, averaging 0.4 percentage points of GDP. Primary deficits are projected to decrease to an average of 1.2 percent of GDP in 2024, mainly due to cuts in spending, while revenues are projected to remain stable. Economies with higher deficits are projected to pursue stronger

Table 11.05 Composition of Social Sector Expenditure

(in billion BDT)

	FY23	FY24[R]	FY25[P]
Education and technology	754.29	890.14	1111.57
Health	225.21	297.82	414.08
Recreation, culture and religious affairs	67.56	59.27	67.00
Labor and employment	3.30	3.73	4.62
Social security and welfare	374.60	405.55	432.08
Total :	1424.96	1656.51	2029.35

[R] Revised, [P] Proposed.
Source : Budget in Brief, 2024-25, Ministry of Finance

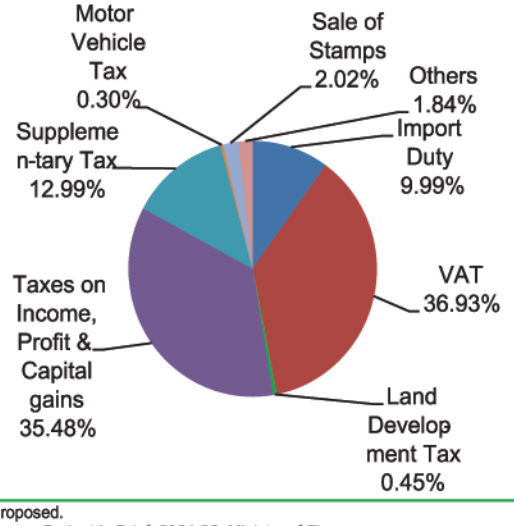
Table 11.06 Sector-wise share of ADP expenditure

(in percent)

Sectors	FY23	FY24[R]	FY25[P]
Agriculture	4.13	4.21	4.99
Transport and communication	27.16	25.82	26.67
Education, religion, culture and recreation	9.98	8.11	13.22
Power and energy	16.84	15.47	15.38
Housing and Community utilities	11.40	11.43	9.38
Local government and rural development	8.92	8.15	6.79
Health	5.60	4.93	7.80
Environment, climate change and water resources	5.54	5.87	4.18
Others	10.43	16.01	11.59
Total	100.00	100.00	100.00

[R] Revised, [P] Proposed.
Source : Revised Annual Development Programme 2022-23, 2023-2024, Annual Development Programme 2024-2025, Ministry of Planning

Chart 11.03 Composition of Targeted Tax Revenue Receipts: FY25[P]



[P] Proposed.
Source : Budget in Brief, 2024-25, Ministry of Finance

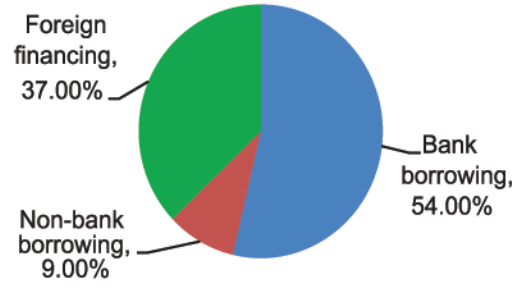
fiscal consolidation in the medium term, while economies implementing fiscal reforms are projected to strengthen fiscal frameworks and promote growth. Average public debt in emerging market economies rose by 3 percentage points to about 58 percent of the GDP in 2023, and is projected to stay mostly the same in the medium term (source: Fiscal Monitor, April 2024).

11.24 The government of Bangladesh is currently facing significant economic challenges in mobilising revenue against the target set. This situation has reduced fiscal space and increased the government's dependence on borrowing from both domestic and foreign sources, leading to tighter liquidity, rising prices for essential goods, and worsening external sector balance. To tackle these issues, the government has been prioritising the restoration of macroeconomic stability. While government borrowing can effectively finance critical investments and stimulate growth, mismanagement will pose risks; these include inflationary pressures and exacerbated budget deficits that can threatens overall economic stability.

11.25 The budget deficit for FY25 is projected to be lower than that of FY24. The deficit-to-GDP ratio is expected to improve, indicating better fiscal management toward fiscal sustainability. However, total domestic financing for FY25 is projected to be higher than that of FY24. Increased reliance on domestic financing, particularly from banks, is raising concerns about the potential crowding out of private-sector borrowing and inflationary pressures. The rising need for domestic and external financing, coupled with development activities with interest expenses, necessitates carefully considering sustainability and its broader economic implications.

Chart 11.04 Deficit Financing (excluding grants) : FY25[P]

(percentage of GDP)



[P] Proposed.

Source: Budget in Brief, 2024-25, Ministry of Finance.

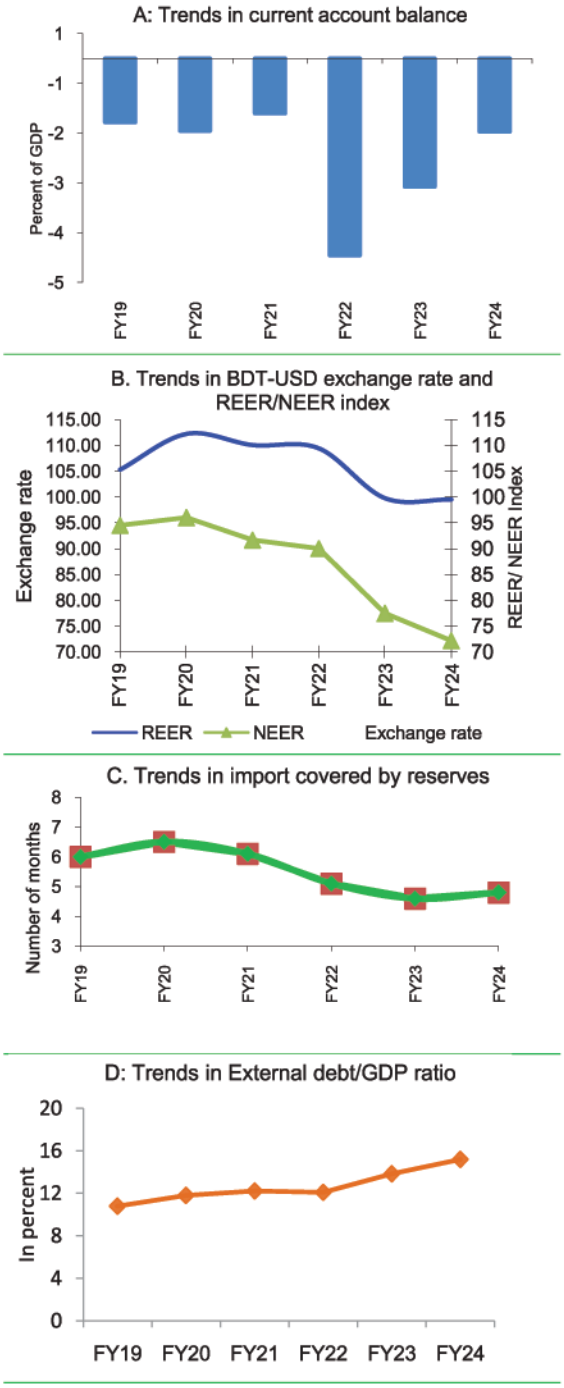
External Sector Developments

External Trade and the Balance of Payments

12.01 Despite the synchronised and significant tightening of monetary policies worldwide, the global economy has demonstrated notable resilience during the disinflationary period, successfully avoiding a global recession. The October 2024 *World Economic Outlook* update predicts that global economic growth will remain stable at 3.2 percent in both 2024 and 2025. However, several low-income developing countries have faced substantial downward growth revisions, often driven by heightened conflicts, including oil-related owes, civil unrest, and extreme weather consequences. Bangladesh's external sector also encountered significant challenges in FY24 due to the spillover effects of global uncertainties, including the prolonged Russia-Ukraine conflict, ongoing tensions in the Red Sea region, and instability in the Middle East. These challenges included the depreciation of the Bangladeshi Taka (BDT), a decline in foreign exchange reserves, and a sustained overall balance of payments deficit.

12.02 The current account deficit reduced to 1.47 percent of GDP in FY24, down from 2.58 percent of GDP in FY23 (Chart 12.01: A). This improvement was driven by the implementation of stringent measures, including strict controls on imports of nonessential goods to limit unnecessary foreign exchange spending, increased margin requirements for specific import items, tighter regulations on foreign exchange transactions to stabilise the currency and preserve foreign exchange reserves, and policy adjustments aimed at boosting remittance inflows and export earnings to increase foreign currency inflows. The interbank exchange rate lacked sufficient flexibility to balance the foreign exchange market, leading to a severe dollar shortage in domestic banks. Therefore, to mitigate market volatility and ensure stability in foreign exchange market, Bangladesh Bank (BB) strategically sold USD 12.80 billion to the

Chart 12.01 Key Indicators of External Sectors



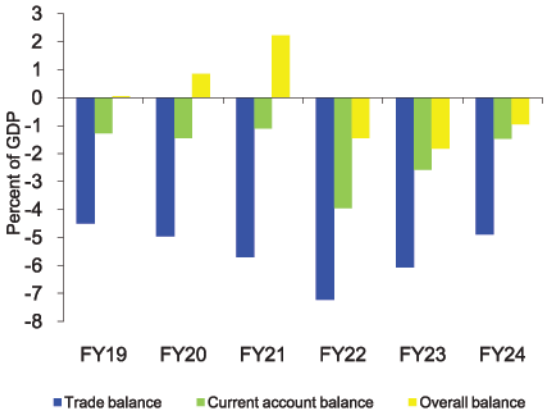
Source: Statistics Department, Bangladesh Bank.

interbank foreign exchange market in FY24. This intervention reduced BB's gross foreign exchange reserves to USD 26.71 billion by end June ,2024, down from USD 31.20 billion at the end of June 2023. Despite the decline, reserves remained sufficient to cover 4.8 months of Bangladesh's prospective imports (Chart 12.01: C). Outstanding external debts of Bangladesh also increased to 15.17 percent of GDP in FY24, up from 13.82 percent of GDP in FY23 (Chart 12.01: D).

Balance of Payment

12.03 Despite a narrower current account deficit, Bangladesh's balance of payments (BoP) remained in deficit in FY24 due to limited financial inflows. However, the BoP situation improved significantly, declining to USD 4,300 million in FY24 from USD 8,222 million in FY23. This improvement was primarily driven by a substantially reduced trade deficit and a surplus in secondary income, largely attributed to workers' remittances (Appendix-3, Table XVI). The current account deficit declined significantly, reaching USD 6,602 million in FY24, compared to USD 11,633 million in FY23. This improvement was largely driven by reduced imports due to import restrictions. As a result, the trade deficit saw an unprecedented reduction of 18.08 percent in FY24, decreasing to USD 22,433 million from USD 27,384 million in the previous fiscal year, supported by lower import volumes and increased earnings from garment exports. The deficit in the service account rose by 35.10 percent, reaching USD 4229 million in FY24 compared to USD 3131 million in FY23. Similarly, the primary income account deficit widened by 26.97 percent, increasing to USD 4326 million in FY24 from USD 3,407 million in FY23. Remittance inflows experienced healthy 10.65 percent growth, leading to a 9.41 percent increase in secondary income, which rose to USD 24,386 million in FY24 from USD 22,289 million in FY23. The capital account balance also improved, reaching USD 553 million in FY24, up from USD 475 million in FY23. However, the financial account shrank to USD 4,516 million in FY24, compared to USD 6,889 million in FY23, due to reduced foreign direct investment (FDI) inflows, higher interest payments on short-term loans, and increased outflows. FDI declined to USD 4,160 million in FY24 from USD 4,428 million in FY23. Detailed analyses of recent trends in external sector accounts, including FDI, exports, imports, and other relevant aspects of the balance of payments (BoP) are presented in subsequent ections of this chapter.

Chart 12.02 Trends in Trade, Current Account and Overall Balances



Source: Statistics Department, Bangladesh Bank.

Table 12.01 The Composition of Top 10 Merchandise Exports

(in million USD)

Items	FY23	FY24	% Changes in FY24
1. Knitwear products	20357.83	19268.01	-5.35
2. Woven garments	17817.74	16862.40	-5.36
3. Home textiles	1030.93	782.14	-24.13
4. Agricultural products	832.71	965.21	15.91
5. Jute goods (excluding carpets)	979.49	925.38	-5.52
6. Footwear (including leather footwear)	1080.10	960.02	-11.12
7. Engineering products	512.21	507.73	-0.88
8. Frozen shrimps and fish	385.19	326.23	-15.31
9. Leather and leather products (other than leather footwear)	483.06	495.97	2.67
10. Chemical products	302.57	349.64	15.56
11. Others	2712.77	3032.18	11.77
Total	**46494.60**	**44474.91**	**-4.34**

Source: National Board of Revenue, compiled by Statistics Department, Bangladesh Bank.

Exports

12.04 Amid subdued global economic growth in FY24, Bangladesh's export earnings experienced a slight decline of 4.34 percent, dropping to USD 44,474.91 million from USD 46,494.60 million in FY23 (Table 12.01). To support recovery in export earnings, the government and Bangladesh Bank implemented various prudential policy measures during FY24. These included offering moratorium facilities, extending timeframes for settling export receipts and import payments, and expanding the Export Development Fund (EDF). Notably, the apparel sector, comprising woven garments and knitwear, accounted for over four-fifths of the country's total export earnings.

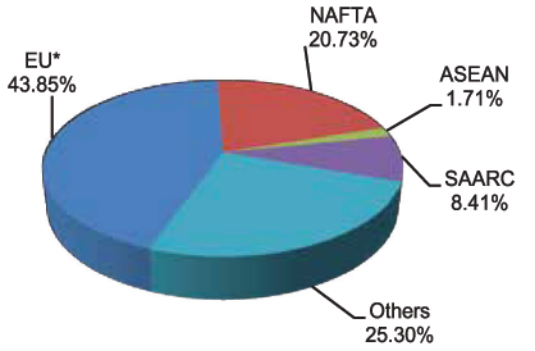
Composition of Export Items

12.05 Woven and knitwear products, which jointly constitute about 81.24 percent of total export earnings, registered receipts to USD 36,130.41 million in FY24 from USD 38,175.57 million in FY23. Export receipts fell 4.34 percent driven by the fall of both knitwear products and woven garments that contributed to the lower growth of 5.35 percent and 5.36 percent respectively in FY24, compared to FY23. However, the product-wise composition of merchandise exports reveal that export receipts from agricultural products, leather and leather products, and chemical products increased in FY24 than in FY23. Exportable items like home textiles, jute goods, footwear, engineering products, and frozen shrimps and fish had negative growths in FY24, as compared to the preceding fiscal year. The composition of the top 10 merchandise export items covers 93.18 percent of total exports, which are given in Table 12.01. An extended listing of item-wise merchandise exports is also given in Appendix 3, Table XVII.

Destination of Exports

12.06 Geographical diversity of export destination countries across the globe is an important feature for export diversification. By looking at the share of different regions, it observes that Bangladesh's exports to NAFTA, SAARC, ASEAN, the EU and other regions have expanded over the years. In FY24, 43.85 percent of exports (45.42 percent in FY23) were destined for the EU area, while 20.73 percent (21.24 percent in FY23) entered into the NAFTA bloc. Exports to the SAARC, ASEAN, and other countries in FY24 were 8.41 percent (4.25 percent in FY23), 1.71 percent (1.66 percent in FY23), and 25.30 percent (27.43 percent in FY23), respectively (Chart 12.03).

Chart 12.03 Destination Pattern of Total Exports Shares (%) in FY24



*Including Great Britain.
Source: National Board of Revenue (NBR) and Statistics Department, Bangladesh Bank.

Export Development Fund (EDF)

12.07 To boost exports of the country, EDF commenced its operation in 1989 with the volume of USD 30.16 million supported by the International Development Association (IDA) and the Government of Bangladesh (GoB). As exports saw significant growth, Bangladesh Bank increased the EDF fund periodically. The fund was enhanced to USD 6.00 billion from USD 3.50 billion to overcome COVID-19 related disruptions in the export business. Subsequently, the fund was temporarily enhanced to USD 7.00 billion from USD 6.00 billion to meet the increasing demand of the exporters.

12.08 Industries such as textiles, garments, knitwear, ceramicware, leather goods, footwear, plastic goods, accessories, bicycles, and other small industries can access EDF facilities within their individual limits. Both direct and deemed exporters can obtain EDF facilities for input procurements against export L/Cs, firm export contracts, or inland back-to-back L/Cs through authorised dealer (AD) banks. Type B and Type C industries in export processing zones (EPZs) can also avail EDF facilities against back-to-back import L/Cs for input procurements.

12.09 The borrower-wise maximum exposure limit is followed to streamline the credit discipline. However, it is USD 20.00 million for member mills of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Textile Mills Association (BTMA). For knitwear, the limit is USD 15.00 million; for leather goods and footwear USD 15.00 million; for ceramicware and dyed yarn USD 10.00 million; for accessories and packaging USD 2.00 million; and for plastic goods manufacturers USD 1.00 million. Irrespective of sector, any exporter can avail the amount of USD 0.50 million for input procurements.

12.10 The interest rate of the EDF loan is 4.50 percent for manufacturer-exporters, whereas Bangladesh Bank's share is 3.00 percent, while the rest is 1.50 percent for respective commercial banks. Generally, reimbursements from the EDF are initially made for a period of 180 days. But there is a provision for a further extension of up to 90 days, if there is a delay in the repatriation of the related export proceeds.s

12.11 In FY24, the total disbursement of EDF on a revolving basis was USD 6.02 billion, although it was USD 10.65 billion in FY23. As of end June 2024, the outstanding balance stood at USD 2.68 billion. A total of 51 banks are enjoying EDF refinancing facilities and the total number of borrowers was 1217 at the end of June 2024.

Table 12.02 Composition of Merchandise Import Payments (based on customs records)

(Million USD)

Items	FY23[R]	FY24[R]	% changes in FY24
A. Food grains	**2599.2**	**2057.9**	**-20.83**
1. Rice	571.5	25.4	-95.56
2. Wheat	2027.7	2032.5	0.24
B. Consumer goods	**5652.1**	**4927.5**	**-12.82**
1. Milk & cream	374	395	5.61
2. Spices	417.3	480.9	15.24
3. Edible oil	2892.7	2192.5	-24.21
4. Pulses (all sorts)	938.4	704.1	-24.97
5. Sugar	1029.7	1155	12.17
C. Intermediate goods	**44269.7**	**40263.8**	**-9.05**
I) Petroleum goods	**5772.8**	**6128.3**	**6.16**
1. Crude petroleum	627.6	944.4	50.48
2. POL	5145.2	5183.9	0.75
II) RMG related goods	**17314.7**	**16758.2**	**-3.21**
1. Raw cotton	4273.8	3609.7	-15.54
2. Yarn	2794.7	3221.2	15.26
3. Textile & articles thereof	7943.8	7718.1	-2.84
4. Staple fibre	1448.4	1375.5	-5.03
5. Dyeing and tanning materials	854	833.7	-2.38
III) Other intermediat goods	**21182.2**	**17377.3**	**-17.96**
1. Clinker	1164.4	938.6	-19.39
2. Oil seeds	1239.3	1187.9	-4.15
3. Chemicals	3491.3	3313.4	-5.10
4. Pharmaceutical products	364.3	334.8	-8.10
5. Fertilizer	4913.3	2698	-45.09
6. Plastics &rubber articles thereof	3349	2964.9	-11.47
7. Iron, steel & other base metals	6660.6	5939.7	-10.82
D. Capital goods	**13580.7**	**10602.3**	**-21.93**
1. Capital machinery	4847.3	4144.3	-14.50
2. Other capital goods	8733.4	6458	-26.05
E. Others	**8959.9**	**8873.6**	**-0.96**
Total Import (cif)	**75061.6**	**66725.1**	**-11.11**
Total Import (fob)	**70747.7**	**63241.5**	**-10.61**
Of which: EPZ	3914.9	3706.4	-5.33

[R]Revised
Source: Compiled by Statistics Department, Bangladesh Bank using data of National Board of Revenue.

Imports

12.12 In the midst of global business uncertainties and the ongoing stress of the dollar crisis, import growth experienced a drastic decline in FY24 caused also by a notable depreciation of BDT, along with initiatives taken by the central bank, as well as the government, to discourage luxury and unnecessary imports, like austerity measures, close monitoring of LC opening, along with price rationalisation. Total imports (fob) dropped by 10.61 percent to USD 63241.53 million in FY24 from USD 70747.73

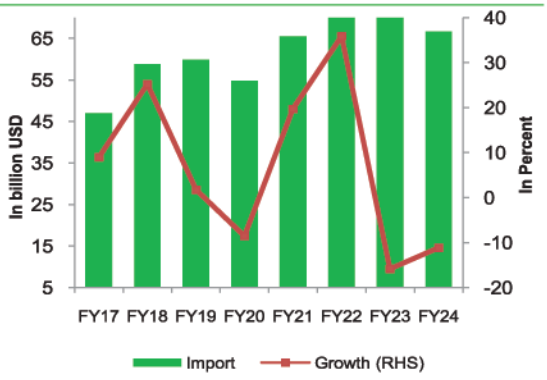
million in FY23. As a result, import payments of almost all imported items, like food grains (20.83 percent), consumer goods (12.82 percent), intermediate goods (9.05 percent), and capital goods (21.93 percent) declined significantly in FY24.In contrast, import payments for few items such as wheat, milk & cream, spices, sugar, petroleum goods (crude petroleum and POL) and yarn increased in FY24 due to continuous rising domestic demand. The composition of item-wise import payments and their percentage changes during FY24 are given in Table 12.02.

Workers' Remittances

12.13 Remittances are regarded as a crucial source of foreign currency earnings in Bangladesh. They contribute significantly the country's GDP. In the context of global uncertainties and declining trends in foreign exchange reserves, remittances are crucial for improving the country's external situation in FY24. Remittance earnings registered a significant growth by 10.65 percent in FY24, jumping to USD 23912.22 million in FY24 from USD 21610.73 million in FY23.

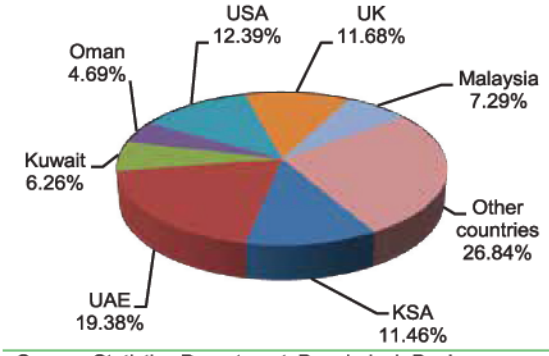
12.14 In spite of the heightening of the war in Ukraine, along with the conflict in the Middle East, volatility of oil prices and currency exchange rates, remittance earnings increased in FY24 because of steady economic growth and stable labour market conditions in several high-income migrant-hosting countries. Besides, numerous supportive policy measures such as increased cash incentives, ranging from 2.0 percent to 2.5 percent for remitters, withdrawal of interest ceilings on non-resident foreign currency deposits and the ceiling on internet banking transfers simplified transfer procedures for quicker remittances and strengthened ties with financial institutions helping improve service access and competitive rates, and increasing awareness of expatriates about the benefits of using formal remittance channels, and steps taken to ensure security and reliability taken by the government and the bangladesh Bank, all encouraged

Chart 12.04 Trends of Imports Recorded at Customs



Source: Compiled by Statistics Department, Bangladesh Bank using data of National Board of Revenue.

Chart 12.05 Country-wise Shares (%) of Total Wage Earners' Remittances in FY24



Source: Statistics Department, Bangladesh Bank.

expatriates to remit more remittances throughout the fiscal year.

12.15 Because of the significant upswing in remittances sent from the United Arab Emirates (19.38 percent of the total amount), it became the top contributor in FY24 followed by the United States of America (12.39 percent), the United Kingdom (11.68 percent), Saudi Arabia (11.46 percent), Malaysia (7.29 percent), Kuwait (6.26 percent), and Oman (4.69 percent). The remaining countries contributed to 26.84 percent of total remittances sent in FY24. Country-wise percentage shares of the sstotal wage earners' remittances in FY24 are shown in Chart 12.05.

Foreign Direct Investment

12.16 As one of the fastest-growing economies in South Asia, Bangladesh has become an attractive destination for foreign investors, attracted by its strategic location, favourable demographic trends, and government incentives.The country's 8th Five-Year Plan (2020-2025) emphasises the importance of FDI in achieving sustainable economic growth and transforming Bangladesh into a middle-income country. This plan outlines key strategies taken to enhance the business environment, improve infrastructure, and foster sectors such as manufacturing, services, and technology, aiming to increase FDI inflows and ensure that the benefits of investment are widely shared across the economy. As Bangladesh navigates the challenges of globalisation and seeks to bolster its development, FDI remains a pivotal component of its strategic vision for the future. The net FDI inflow increased somewhat by 2.91 percent to USD 1697 million in FY24. However, portfolio investment showed an outflow of USD 62 million in FY24, although it was USD 30 million in the preceding fiscal year due to economic slowdown, rising interest rates and high inflation (Appendix 3, Table XVI).

Foreign Aid

12.17 In FY24, Total official foreign aid receipts decreased by 1.72 percent and stood at USD 9891.96 million, down from the USD 10065.38 million received in FY23 (Table 12.04). Total foreign aid commitments stood at USD 10723.40 million , although it was USD 9070.57 million in FY23. The disbursement of food aid reduced by 42.86 percent and stood at USD 30.00 million in FY24. The disbursement of project aid reduced by 1.51 percent and stood at USD 9861.96 million in FY24.

12.18 Total outstanding official external debts as of 30 June 2024 stood at USD 68351.02 million (15.17 percent of GDP) compared to USD 62406.25 million as of 30 June 2023 (13.82 percent of GDP). Repayment of official external debts and services amounted to USD 3371.59 million (excluding repurchases from the IMF) in FY24 which was 26.19 percent higher than the repayment of USD 2671.74 million in FY23. Out of the total repayments of external debts, principal payments amounted to USD 2021.79 million, while interest payments were USD 1349.80 million in FY24, compared to USD 1744.66 and USD 927.08 million respectively, in FY23. The external debt service payment as a percentage of exports rose 8.26 percent in FY24 although it was 6.16 percent in FY23.

Table 12.03 Trends of Gross Foreign Exchange Reserves of Bangladesh Bank

(End month, in million USD)

Months	FY20	FY21	FY22	FY23	FY24
July	32093.25	37288.43	45842.20	39599.91	31182.53
August	32775.77	39040.14	48059.99	39065.79	29720.64
September	31831.92	39313.98	46199.80	36476.41	29216.39
October	32437.74	41005.79	46459.27	35808.73	26938.96
November	31728.99	41269.22	44881.14	33786.26	26426.28
December	32689.18	43166.52	46153.93	33747.74	24870.39
January	32381.20	42862.52	44951.22	32222.55	27074.00
February	32986.51	44016.54	45947.76	32266.97	25078.99
March	32570.16	43440.79	44146.78	31142.72	25983.24
April	33111.06	44950.42	44017.55	30965.25	25256.02
May	33409.89	44960.52	42202.00	29873.91	25361.50
June	36037.03	46391.44	41826.73	31202.98	26804.59

Source: Accounts & Budgeting Department, Bangladesh Bank.

Table 12.04 Foreign Aid Receipts and Debt Repayments*

(In million USD)

Particulars	FY22	FY23	FY24[R]
1. Receipts	**10988.25**	**10065.38**	**9891.96**
i) Food aid	18.96	52.50	30.00
ii) Project aid	10969.29	10012.88	9861.96
2. Repayments (MLT)*	**2017.96**	**2671.74**	**3371.59**
i) Principal	1526.71	1744.66	2021.79
ii) Interest	491.25	927.08	1349.80
3. Outstanding external debt (MLT) as of end June	**55601.72**	**62406.25**	**68351.02**
4. Outstanding debt as percentage of GDP	**12.08**	**13.82**	**15.17**
5. External debt services payment (MLT) as percentage of exports	**4.10***	**6.16***	**8.26***

[R]=Revised, *Excluding Transactions with the IMF
Source: Economic Relations Division, Ministry of Finance and Statistics Department, Bangladesh Bank.
*Export Data source is National Baord of Revenue and EPB which was compiled by Statistics Department, Bangladesh Bank.

Foreign Exchange Market Operations and Exchange Rate Movements

12.19 Bangladesh had to face several challenges in it's external sector derived from the Russia-Ukraine

conflict along with significant appreciation of USD due to Fed interest rate hikes. Moreever, BB's policy response, including continued tight monetary policies, along with realignment of the exchange rate, allowing the large depreciation and shifting of the crawling peg exchange rate regime, and proactive foreign exchange liquidity management and supervision, ensured relatively stable and smooth market activities throughout FY24. During FY24, BB sold USD 12798.85 million in the local interbank market, and purchased USD 3382.91 million. The nominal average exchange rate (BDT to USD) depreciated by 11.67 percent and stood at 111.06 in FY24, up from 99.46 in FY23. The nominal effective exchange rate (NEER) index of BDT, calculated against a trade-weighted 18-currency basket (base: FY16 =100), declined by 6.82 percent in FY24. Similarly, the real effective exchange rate (REER) index of BDT also declined by 0.26 percent in FY24 (Chart 12.01: B). The declining trends of the NEER indices reveal that Bangladeshi currency faced more depreciating pressure than its partner countries in FY24. On the other hand, despite facing higher inflation compared to its peer countries, REER indices also indicated a declining trend,owing to higher depreciation of BDT.

Foreign Exchange Reserves

12.20 Foreign exchange reserves give a central bank sufficient mobility to achieve a exchange rate stability and to carry out monetary policy activities efficiently. They also serve as buffers against any disruption of the capital flow. BB's gross foreign reserves comprise major currencies (G-7) as well as gold and Special Drawing Rights (SDR). At the beginning of FY24, foreign exchange reserves were USD 31.18 billion, although it depleted to USD 26.80 billion by the end of the year.

12.21 As of June 2024, Bangladesh's total outstanding principal liabilities under various IMF facilities given to it amounted to SDR 2,153.14 million. Meanwhile, the country's SDR allocation stood at SDR 1,532.69 million, of which SDR holdings totaled SDR 1,891.29 million.

Table 12.05 Receipts and Payments of Bangladesh Under the ACU

(In million USD)

Head of transaction	FY22	FY23	FY24	% Change in FY24
1. Receipts	351.72 (3286.82)	201.82 (2139.33)	176.16 (2078.72)	-12.72%
2. Payments	11827.82 (110530.98)	7718.85 (81819.83)	8359.99 (98647.84)	8.31%
Net surplus (+)/ Deficit (-)	-11476.10 (-107244.16)	-7517.03 (79680.50)	-8183.83 (96569.12)	8.87%

1 .Figures in parentheses indicate amount of taka in crore
2. Closing Weighted Average Exchange rate as of 30-06-2024 i.e. 1 ACUD = 1 USD, USD/BDT = 118.00
Source: Forex Reserve and Treasury Management Department, Bangladesh Bank.

Table 12.06 Outstanding Principal Liabilities against the existing Facilities Received from the IMF

(In million SDR)

Existing Facilities	Amount drawn/ purchased up to June 2024	Outstanding principal liabilities as of end June 2024	Installment Repayment in FY24	Charge of payment in FY24	Outstanding principal liabilities as of end June 2023
ECF[1]	639.96	54.86	63.99		118.85
RFI	355.53	177.76	177.76		355.53
RCF	177.77	177.77	0.00	102.21	177.77
EFF	939.60	939.60	0.00		234.90
ECF[2]	469.80	469.80	0.00		117.45
RSF	333.35	333.35	0		0
Total	**2916.01**	**2153.14**	**241.8**	**102.21**	**1004.50**

Source: Forex Reserve and Treasury Management Department, Bangladesh Bank.
Notes: (1) approved by the Executive Board of the IMF on April 11, 2012. in April 2012; (2) approved by the Executive Board of the IMF on January 30, 2023; (*)= Excluding fully repaid facilities.

12.22 Through diversifying the foreign asset portfolio into bonds (issued by sovereign, supranational, and highly rated foreign commercial banks), US Government Treasury Bills and Notes, and short-term deposits with globally reputed foreign commercial banks, BB did its best to ensure optimum return on foreign exchange reserve investments. BB is also active in the New York Fed's Repo process which yields fair returns at a very low risk. Moreover, BB offers foreign exchange refinance schemes to local exporters through the Export Development Fund (EDF) and the Green Transformation Fund (GTF). In addition, with the assistance of the International Development Association (IDA), BB provides long-term support to Bangladesh's manufacturing sector through a separate window named as the Long Term Financing Facility (LTFF).

Reserve Management Strategy

12.23 During FY24 both BB's reserve management strategy and operational procedures were strongly influenced by developments in both domestic and international financial markets as well as various key aspects of macroeconomic policy steps undertaken . The most important elements of the policy framework are the monetary policy structure, the exchange rate policy and regime, the external debt situation, and the geopolitical scenario. Currently, the reserve management operations of BB are carried out following Reserve Management Guidelines (RMG) approved by the Board of Directors of BB. Generally, reserves are held to absorb external shocks, ensure smooth payment obligations, and maintain the stability of the domestic currency. To keep counterparty risks at a minimum level, BB maintains current accounts with other major central banks and invests in the money market through commercial banks having strong credit ratings assigned by international rating agencies (e.g., Standard and Poor's, Moody's & Fitch). To minimise exchange rate risks and ensure the value of reserves, currency composition has been diversified among major currencies and is reviewed periodically to keep pace with developments in international monetary and exchange rate policies. To meet the payment obligations of the government and others by maintaining adequate liquidity and generating optimum returns, reserves were divided into two tranches viz. the liquidity tranche and the investment tranche.

12.24 Investment duration and currency benchmarks, as set out in the RMG, are carefully followed to minimise interest rate risks and exchange rate risks, while reserve management and investment functions have been segregated among three independent reporting units, viz. Front Office, Middle Office, and Back Office to mitigate operational risks. However, in line with stipulated liquidity restrictions and market and credit risk limits, BB has diversified its portfolio investments into gold, T-bills, repos, short-term deposits, and high-rated sovereign, supranational, and corporate bonds. BB has always been adopts a prudent and vigilant approach regarding the placement of funds with reputed overseas commercial banks and investments in securities out of its own foreign exchange reserves.

Transactions under the Asian Clearing Union (ACU)

12.25 Transactions with ACU (Asian Clearing Union) member countries during FY24 have increased substantially in terms of net volume compared to the preceding year. Receipts decreased from ACUD 201.82 million to ACUD 176.16 million and payments increased significantly from ACUD 7718.85 million to ACUD 8359.99 million during this period. In the ACU transaction scenario, the overall position of Bangladesh remained as a net debtor during FY24. Transactions with ACU member countries during the last three years are shown in Table 12.05.

Transactions with the IMF

12.26 Since Bangladesh gained membership in the International Monetary Fund (IMF) on 17 August 1972, it has received a total of SDR 4683.73 million from the IMF under various facilities up until June 2024. The cumulative amount of repayment of principal and charges, inclusive of all facilities of Bangladesh with the IMF stood at SDR 3167.08 million and SDR 675.54 million, respectively till June, 2024.

12.27 The IMF Executive Board approved a total amount of SDR 639.96 million as a three-year arrangement for Bangladesh under the Extended Credit Facility (ECF[1]) in April 2012.By now, Bangladesh has received the full amount of ECF[1] and repayment started in October 2017. The IMF also approved a disbursement of SDR 355.53 million under the Rapid Financing Instrument (RFI) and SDR 177.77

million under the Rapid Credit Facility (RCF) on 29 May , 2020, approved for Bangladesh. By June 2020, Bangladesh had drawn a total amount of approved RFI and RCF. The repayment of RFI started on 31 August 2023, and repayment of RCF will commence on 02 December 2025. The Executive Board of the IMF further approved SDR 1645.64 million under the Extended Fund Facility (EFF), SDR 822.82 million under the ECF[2], and SDR 1000.00 million under the Resilience and Sustainability Facility (RSF) on 30 January, 2023. Bangladesh has sstarted drawing money under EFF, ECF[2] and RSF arrangements in February 2023.

12.28 Bangladesh had drawn a total amount of SDR 939.60 million under EFF, SDR 469.80 million under ECF[2], SDR 333.35 million under RSF till June 2024. Repayment of EFF, ECF and RSF will commence on 29 July 2027, 01 August 2028 and 14 June 2034 respectively. The repayment for ECF[1] and RFI was SDR 63.99 million and SDR 177.76 million respectively, in FY24. Total charges paid to the IMF were SDR 102.21 million in FY24. Total principal outstanding liability of ECF[1] stood at SDR 54.86 million at end FY24 (Table 12.06). Total outstanding principal liabilities to the IMF (including all existing facilities) stood at SDR 2153.14 million at end June, 2024. Under the 14th General Review of quotas, Bangladesh's quota in the IMF stood at SDR 1066.6 million. The latest financial arrangements between the IMF and Bangladesh are provided in Table 12.06

Anti-money Laundering Surveillance

12.29 With the power conferred by the Money Laundering Prevention Act 2012, and Anti-Terrorism Act, 2009, the Bangladesh Financial Intelligence Unit (BFIU) became the central agency for coordinating all kinds of AML/CFT activities in Bangladesh. BFIU took a number of initiatives during FY24 in order to prevent money laundering, combating financing of terrorism, and financing of proliferation. Some of them are as follows:

Reporting Agencies and their Regulatory Regime

- BFIU announced the proscription of the militant group 'Jama'atul Ansar Fil Hindal Sharqiya' in Bangladesh, as declared by the government of the People's Republic of Bangladesh. (Circular No. 01, dated 21 August 2023).

Receiving Suspicious Transaction Reports (STR) and Dissemination of the Same

- During FY24, BFIU received a total of 17,345 reports comprising 11,736 suspicious transaction reports (STRs) and 5,609 suspicious activities reports (SARs) from various reporting organisations. BFIU analysed these reports along with available media reports and complaints to prepare 114 intelligence reports, which were subsequently disseminated to relevant law enforcement agencies for further action.

Onsite Supervision on ROs

- During FY24, BFIU conducted 95 system check inspections and 42 special inspections on reporting organisations

Information Exchange with LEAs

- BFIU exchanged 1045 information with the law enforcement agencies and other government agencies against 1049 requests received from different law enforcement agencies and other government agencies.

BFIU's Initiatives to Fight *Hundi*, Illegal Gaming and Betting, Forex Trading, and Cryptocurrency Trading

12.30 In recent years, the proliferation of digital technology has led to a rise in illicit financial activities, posing significant challenges to global economies. Recognising the urgency of these threats, Bangladesh has undertaken substantial

measures to address them. BFIU showed unwavering commitment during FY24 to led tackle illegal activities such as *hundi,* illegal gaming and betting, forex trading, and cryptocurrency trading. Key initiatives include:

- During FY24, BFIU took stringent actions against 6201 MFS agents, 129 MFS merchants, and 1 MFS distributor. Their details have been forwarded to law enforcement agencies and other government agencies for further action, demonstrating the agency's commitment to holding wrongdoers accountable.
- A number of 6201 MFS agents involved in illicit activities were suspended, serving as a strong deterrent against illegal financial practices.
- BFIU blocked 455 websites, 35 apps, and 707 social media pages associated with illegal gaming activities, forex transactions, and cryptocurrency trading. Such an proactive approach helps prevent offenders from exploiting digital platforms.
- Transactions from 37,809 MFS accounts suspected of being involved in *hundi* activities were suspended. Notably, 2048 of these accounts have been regularised, resulting in the recovery of 3.07 crore BDT in illegal remittances. This demonstrates the positive impact of BFIU's actions in promoting legitimate financial flows.

National Initiatives

- The Working Committee on AML and CFT, the second-highest body for preventing money laundering and combating financing in the country, was convened once during FY24. The committee was made several key decisions, including accelerating the preparation of TF Risk Assessment, amending the Public Gambling Act of 1867, preparing a background paper on the Mutual Legal Assistance (MLA) Treaty, and monitoring the progress of signing MLA treaties with countries as recommended by ACC and BFIU.
- BFIU conducted 04(four) meetings of the Central Taskforce on Preventing Money Laundering and Combating Terrorist Financing. These meetings brought together stakeholders from law enforcement agencies, financial sector regulators, banks, finance companies, insurance companies, MFS, NGOs and cooperative societies. Key decisions were made to enhance Bangladesh's AML/CFT framework and ensure the country's financial stability.
- BFIU provided resource persons for AML/CFT training on 176 occasions, organised by reporting organisations. Additionally, BFIU arranged 19 lead bank training programmes across various regions of Bangladesh.
- BFIU supported 70 capacity-building programmes on financial crime investigations conducted by various stakeholders, including different units of Bangladesh Police, Anti-Corruption Commission, Bangladesh Securities and Exchange Commission, Bangladesh Academy for Securities Market, Bangladesh Institute of Capital Market, Bangladesh Institute of Bank Management, Customs Intelligence and Investigation Directorate, Department of Cooperatives, Directorate General of Forces Intelligence (DGFI), Dhaka Stock Exchange Ltd. and RAB Forces Head Quarters.

International Cooperation

- During FY24, BFIU received 31 requests from foreign FIUs for information related to money laundering, terrorist financing, and proliferation financing and accordingly provided the requested information. Additionally, BFIU submitted 128 requests to FIUs in various countries and jurisdictions

and disseminated the responses received to the relevant law enforcement agencies.

- In the same period, BFIU signed a Memorandum of Understanding (MoU) with the Financial Intelligence Unit of Oman. This brings the total number of MoUs signed by BFIU to 81, enhancing global information-sharing capabilities concerning money laundering, terrorist financing, and proliferation financing.

Near-Term Outlook

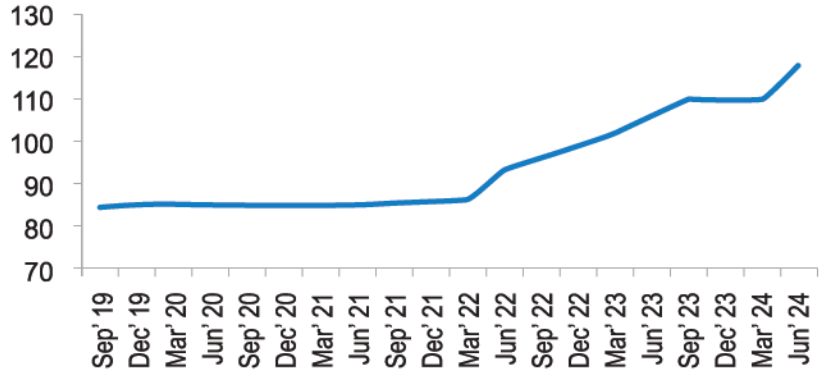
13.31 Looking ahead, with the narrowing trade deficit we expect the current account balance to improve, supported by robust remittance inflows in the near future. However, challenges remain, as high import payments driven by significant depreciation pressures on the Bangladeshi Taka (BDT) could pose risks to the current account position. Nevertheless, With declining global inflation, a strong labour market in the United States, and increasing demand for both skilled and semi-skilled workers in GCC countries, remittance inflows are projected to grow substantially. Government initiatives encouraging remittance inflows through formal channels, coupled with greater exchange rate flexibility introduced by Bangladesh Bank in May 2024 to ease the deficit pressure in the balance of payments (BoP), are expected to further encourage remitters to use officially approved banking channels. On the other hand, financial inflows, primarily driven by external borrowing, are likely to follow a positive trajectory in the near term, as bilateral loans continue to rise. However, the growing external debt service-to-exports ratio signals an increasing debt burden, underscoring the need for careful management of external liabilities.

Box 12.01: Exchange Rate Regime of Bangladesh: Introduction of Crawling Peg System

BB officially adopted a market-based free floating exchange rate regime on 31 May 2003 to purchase and sell foreign currency with a view to maintaining a market driven exchange rate. This step replaced a policy of occasionally adjusting exchange rates, BB had to intervene continuously in the foreign exchange market to avoid excessive fluctuations of this rate.

However, volatility in Bangladesh's foreign exchange market started in the middle of 2022, when the exchange rate of BDT against USD began to encounter severe depreciating pressure due to a substantial shortfall of foreign currency supply (Chart-1). To alleviate the strain on the foreign exchange market, BB has been applyinga number of strategies. BB's measures include: selling a large quantity of foreign currency from its reserve on the local foreign exchange market; restraining the outflow of foreign exchange; and enabling BDT to depreciate significantly against USD. Nonetheless, the crisis in the foreign exchange market of Bangladesh persists.

Chart-1: Nominal Exchange rate (BDT/USD)



BB introduced a crawling peg exchange rate regime on 8 May 2024 to stabilise the domestic foreign exchange market. In the new regime, a Crawling Peg Mid-Rate (CPMR) has been set at BDT 117.00 per USD and Authorized Dealer (AD) banks are allowed to buy and sell foreign currency around this mid-rate. BB has been monitoring vigilantly the market and making adjustments as needed. In light of the present state of Bangladesh's macroeconomic fundamentals, BB has decided to implement the crawling peg system temporarily before transitioning to a completely flexible market-based exchange rate regime.

To support effective functioning of the crawling peg with a band in Bangladesh, BB has drafted an intervention strategy for foreign exchange operations. Exchange rate developments must be in line with the crawling peg (with the band) arrangement for the interventions to be effective. As part of its crawling peg exchange rate policy, BB introduced the foreign exchange auction.

The intervention strategy clearly lays out the conditions of the auctions to be held for purchasing and selling USD in order to ensure credibility and transparency in the foreign exchange markets. The strategy also covers topics such as eligibility for ADs, regulations for auctions, the allocation process and settlement, disqualifications, and penalties. However, the terms and conditions for foreign exchange operations of the strategy may be amended by the BB if and when necessary.

Payment and Settlement Systems

13.01 A significant portion of people in Bangladesh now adopt digital payment systems, finding them more secure, convenient and time-saving ways of making daily transactions. Over the years, Bangladesh Bank (BB) has continued its endeavour to increase efficiency, improve customer convenience, expand its outreach and ensure the safety and security of such payment systems. In short, payment and settlement systems, especially digital payment platforms, now play an important role in keeping the economy vibrant and resilient.

13.02 A well-functioning and efficient payment system is indispensable for the economy. It supports the financial activities of individuals and corporations, thereby proping up financial intermediation by facilitating payments and settlements of transactions among participants at affordable costs. Any failure or disruption in the payment system can destabilise financial markets and cause widespread economic meltdown. Therefore, as the regulator of the financial system, BB is vigilant to ensure the smooth functioning of the country's payment ecosystem through the formulation of effective regulations, and by ensuring a congenial atmosphere for all concerned stakeholders.

13.03 In this backdrop, this chapter discusses the performance of Bangladesh's payment and settlement systems over fiscal year, FY24. It also discusses different measures taken by the Payment Systems Department (PSD) in the stated fiscal year.

Payment Systems

13.04 Interbank digital payment systems (such as online banking, mobile financial services and inter-bank payment systems) registered hefty growth during FY24. Both in terms of volume and value digital payments in FY24 grew by 21.5 percent and 4.6 percent, respectively, compared to the growth rate recorded for the previous fiscal year, FY23 (Appendix 3, Table XXIV). Growth of the volume is mainly attributable to paperless transactions, such as internet banking fund transfers (IBFT), the Bangladesh electronic funds transfer network (BEFTN), ATM transactions, real-time gross settlement (RTGS) and MFS transactions. In the case of value, growth is mainly amplified by IBFT, ATM, BEFTN and MFS transactions. Paperless digital payments have been increasing at an accelerated rate compared to paper-based transactions (e.g., BACPS) (Appendix 3, Table XXIV). The development of a favourable digital payment ecosystem has also supported the increase of the use of all major modes of digital payment systems, especially paperless methods.

13.05 Meanwhile, the depth of digital payments (i.e., inter-bank digital transactions and mobile payments) has improved further. Retail transactions (i.e., regular value cheques, ATM, POS, e-commerce, internet banking, and electronic fund transfers), high-value transactions (i.e., high value cheques, and real- time gross settlements), and mobile payments/e-money transactions showed increased velocities in terms of narrow money (M1). However, in terms of gross domestic product (GDP), it was almost the same compared to FY23. During FY24, digital payments rolled-over the narrow money 22.8 times compared to that of 22.2 times in FY23. In the same period, the size of digital payments decreased to 2.3 times of GDP, compared to 2.5 times of the previous year. However, the higher rollover of money reflects the efficiency of the payment system and augmented economic activities, which supports the effective and efficient formulation and implementation of monetary policy (Table 13.01).

13.06 Notably, intra-bank digital payments are markedly larger than inter-bank transactions. Internet and app-based transactions within

banks largely increased during the period. Exccluding MFS transactions, the chapters considers inter-bank transactions only. In this view, the later part of the chapter considers the actions of different payment platforms operated by BB, and underscores notable activities of PSD.

Bangladesh Automated Clearing House (BACH)

13.07 Involving two payment wings, namely Bangladesh Automated Cheque Processing Systems (BACPS) and BEFTN, Bangladesh Automated Clearing House (BACH) offers inter-bank payment services. Both systems operate in the batch processing and deferred net settlement (DNS) modes. The central BACH system receives transactions (through instruments or instructions) from member banks on a 24/7 basis, while these are processed and settled at a pre-fixed time. After each clearing cycle, a single multilateral netting figure for each participating bank is settled by posting it to their respective current accounts maintained with BB. Currently, BEFTN is being done by BB's own software 'NIKASH-BEFTN' through which the capacity of the number of daily transactions has increased.

13.08 Using the cheque imaging and truncation (CIT) technology for clearing paper-based instruments (i.e., cheques, pay orders, dividends, refunds warrants, etc.), BACPS has introduced several conventional physical clearing houses countrywide into a single clearing and settlement platform. During FY24, 18,755 thousand regular-value instruments valuing BDT 9294.97 billion were cleared through BACPS, where there was almost a 4.6 percent decrease in volume and a 7.7 percent decrease in value than those of FY23. At the same time, during FY24, about 2,420 thousand high-value instruments valuing approximately BDT 14,751.13 billion were cleared, which decreased by 0.8 percent and 3.3 percent, respectively, as compared to the ones

Table 13.01 Depth of Digital Payments in Bangladesh

(Value in billion BDT)

Item	Value		M1 (Value/M1)		GDP (Value/GDP)	
	FY23	FY24	FY23	FY24	FY23	FY24*
Retail Transactions	22587	25722	4919 (4.6)	5009 (5.1)	44393 (0.5)	50480 (0.5)
High-value Transactions	74413	73111	4919 (15.1)	5006 (14.6)	44393 (1.7)	50480 (1.5)
MFS/e-Money Transactions	12174	15416	4919 (2.5)	5009 (3.1)	44393 (0.3)	50480 (0.3)
Total Digital Payments	109174	114248	4919 (22.2)	5009 (22.8)	44393 (2.5)	50480 (2.3)

*Provisional
Source: Payment Systems Department and Statistics Department, Bangladesh Bank.

cleared in FY23. In terms of both regular-value and high-value, declining growth both in volume and value was observed. Such growth may have resulted from easy and secured access to other intra-bank digital payment options, namely BEFTN, RTGS, IBFT, etc. (Charts 13.01 and 13.02).

13.09 As a paperless, cost-effective, secured, and efficient payment method, BEFTN can settle a wide range of credit transfers (e.g., salary payments, foreign and domestic remittances, social safety net payments, interest and principal payment of national savings certificates, company dividends, retirement benefits, etc.) and debit transfers (e.g., utility bill payments, loan repayments, insurance premiums, corporate to corporate payments, etc.). A total of 2,56,659 thousand credit transfers valuing BDT 7,253 billion were settled during FY24, having grown by 11.75 percent and 30.25 percent, respectively, compared to FY23. In contrast, a total of 6,712 thousand debit transfers valued at BDT 1,829.4 billion were settled during FY24, growing 17.40 percent and 39.58 percent, respectively, as compared to growth in FY23.Such huge growth in the value of credit transfers is mainly attributable to the government's transfer payments, and rapid growth in the value of debit transfers is mainly owed to users's fast adoption of digital payment systems (Charts 13.03 and 13.04).

Real Time Gross Settlement (RTGS) System

13.10 By delivering instant settlement facilities for large-value and time-critical payments, RTGS has been fostering the velocity of money and economic activities in the country. As of June 2024, 60 scheduled banks and 19 financial companies (FCs) are now connected to this system in settling high-value (BDT 1,00,000 or more) transactions. Currently, the system offers some notable features, such as customs duty e-payment, inland foreign currency settlement, etc. In addition to individual interbank. transactions, the system can also settle all other DNS batches, such as BACPS, BEFTN, NPSB, and IDTP.

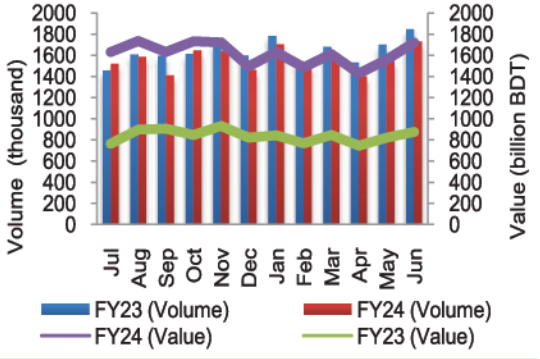
13.11 During FY24, 9,763 thousand transactions valued at BDT 55,510.72 billion were settled by RTGS, having increased by 8.4 percent and decreased by 3.3 percent, respectively, compared to those in FY23. Since September 2022, US dollar transactions have been introduced through the RTGS system. During FY24, 744 thousand transactions valuing USD 25,895 million were settled by RTGS. Overall, RTGS transactions have sincreased sharply due primarily to its growing popularity among business houses and government agencies (Chart 13.05 and 13.06).

National Payment Switch Bangladesh (NPSB)

13.12 On 27 December 2012, BB introduced the National Payment Switch Bangladesh (NPSB) to facilitate interbank electronic payments originating from different alternative delivery channels, such as automated teller machines (ATM), point of sale (POS), the internet, etc. The main objective of NPSB is to act as a mother switch to gradually connect all child switches owned or shared by banks or FC entities.

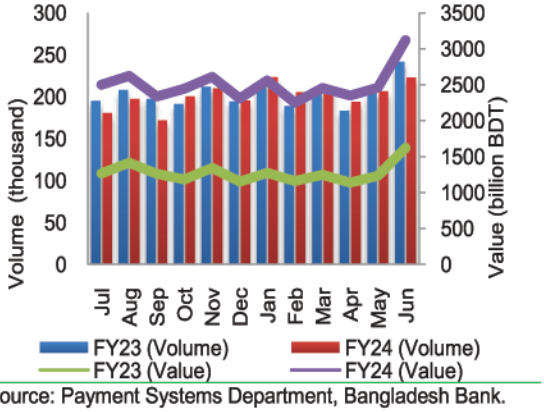
13.13 In terms of volume, approximately 79,365.65 thousand ATMS, 13,002.14 thousand POS, and 41,194.53 thousand IBFT transactions were settled during FY24 using NPSB, whereas ATM, POS and IBFT

Chart 13.01 Regular Value Cheque Transactions



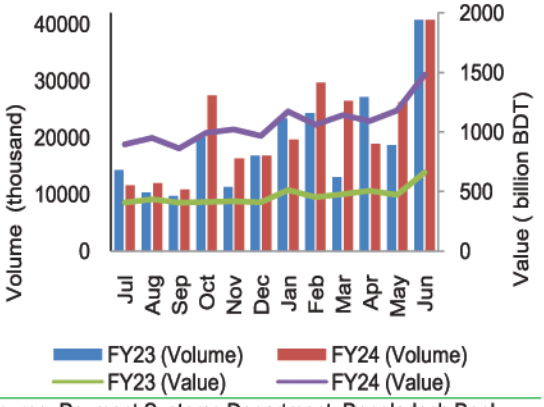
Source: Payment Systems Department, Bangladesh Bank.

Chart 13.02 High Value Cheque Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.03 BEFTN (Credit) Transactions



Source: Payment Systems Department, Bangladesh Bank.

transactions increased by 28.6 percent, 33.8 percent and 128.2 percent, respectively, compared to those of FY23. At the same time, value of ATM, POS, and IBFT transactions were increased to BDT 682.6 billion, 47.4 billion, and 2,030.1 billion, using the NPSB, showing increases of 30.0 percent, 34.1 percent and 130.6 percent, respectively, compared to those of the previous year (Chart 13.07, 13.08, and 13.09).

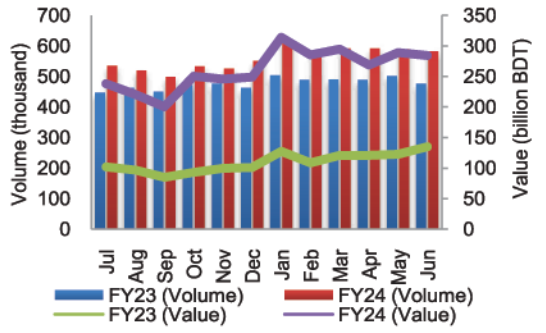
13.14 During the pandemic,hand-to-hand service deliveries were discouraged, and service delivery time was curtailed. Instead, the limit and number of transactions at ATM booths was increased. As a result, the volume and value of ATM transactions increased significantly during that period. Meanwhile, interbank fund transfers observed a whopping increase amid the growing popularity of the adoption of digital lifestyles by the middle-class. In addition, POS transactions showed a sharp increase in terms of volume and value because of the convenience of using them to perform transactions without carrying any cash. BanglaQR-based merchant payment and e-commerce transactions have now been incorporated in NPSB; these transactions are gaining popularity day by day.

13.15 It is worth mentioning that beyond NPSB, there are some other private and international switches where ATM, POS, and e-commerce transactions are settled. Overall ATM, POS, and e-commerce transactions increased during FY24 (Appendix 3, Table XXIV).

Mobile Financial Services (MFS)

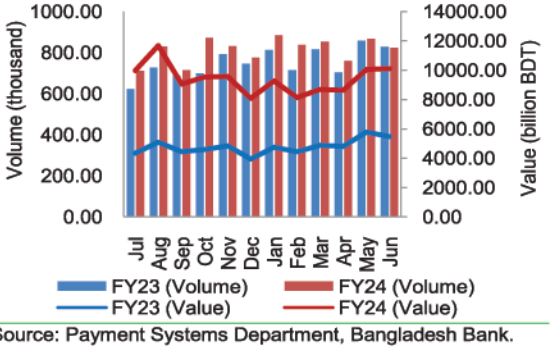
13.16 Mobile financial services (MFS) has been playing a crucial role in attaining BB's target of 'Financial Inclusion for All by 2024; Indeed, nationwide advancement in power connectivity, the rapid growth of mobile phone users, digitalisation of payment procedures, and adoption of IT-based financial systems have augmented country-wide network coverage of mobile operators and widened the prospects of financial inclusion through MFS. With a simple account opening procedure, user-friendly features, and cost-effectiveness, along with innovative services, MFS in Bangladesh opened up the opportunities of access to payments and finance for the underserved, unbanked/under-banked, and low-income groups of the population to reach the country's sustainable development goals

Chart 13.04 BEFTN (Dedit) Transactions



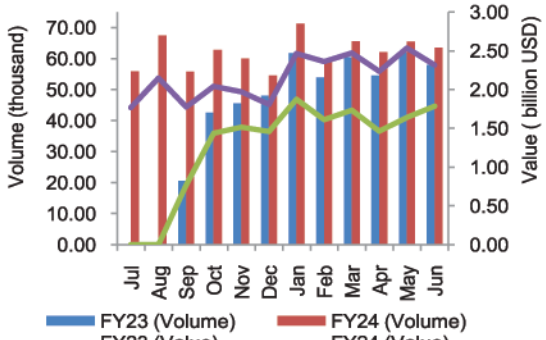
Source: Payment Systems Department, Bangladesh Bank.

Chart 13.05 RTGS Transactions (BDT)



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.06 RTGS Transactions (USD)



Source: Payment Systems Department, Bangladesh Bank.

(SDGs).

13.17 As of 30 June, 2024, 13 MFS providers were competing for the growing market of mobile-based payment and banking services. BB believes that there is ample room for growth and innovation in the MFS sector. Growth in this sector will contribute significantly towards financial inclusion and building a digitalised economy. With that end in view, BB is continuously updating its regulations to accommodate innovations and encourage the competition in MFS sector. Currently, BB allows MFS providers to offer the following payment/ intermediation services to operate in the country under some broad categories, such as:

i. 'Cash-in' to and 'Cash-out' from MFS accounts through agent locations, bank branches, ATMs, linked bank accounts and other methods determined by BB;

ii. Person-to-business (P2B) payments like utility bill payments, educational institutional fees payments, merchant payments, mobile top up, deposits into savings accounts/schemes with banks/FCs, loan repayments to banks/FCs/non-governmental organisations-microfinance institutions (NGO-MFIs), insurance premium payments to insurance companies, and so forth;

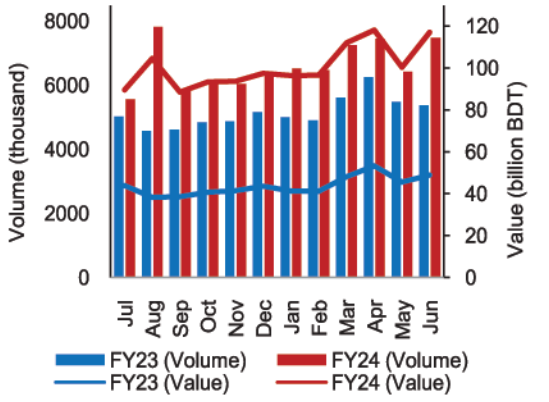
iii. Business-to-person (B2P) payments like salary disbursements, dividend/refund warrants/ discount payments, etc.;

iv. Person-to-person (P2P) payments (one MFS personal account to another MFS personal account with the same MFS, or another MFS provider, as well as the payments from one MFS account to a bank account and vice versa with the same parent bank or another bank);

v. Business-to-business (B2B) payments like vendor payments, supply chain management payments, etc.;

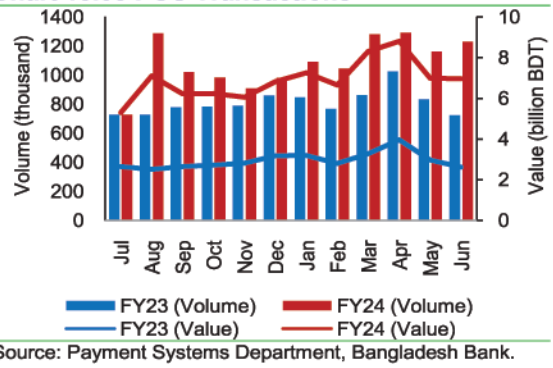
vi. Online and e-commerce payments;

Chart 13.07 ATM Transactions



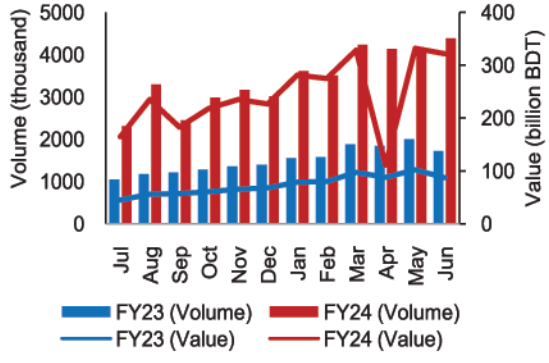
Source: Payment Systems Department, Bangladesh Bank.

Chart 13.08 POS Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.09 IBFT Transactions



Source: Payment Systems Department, Bangladesh Bank.

vii. Government-to-person (G2P) payments such as pension payments, old-age and freedom-fighter allowances, subsidy payments to farmers, and so forth;

viii. Person-to-government (P2G) payments such as tax, fee, levy payments, toll charge, fine, etc;

ix. Disbursement of BDT against inward foreign remittances collected by designated banks;

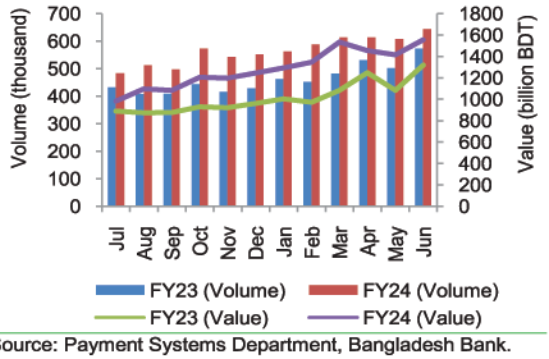
x. Loan disbursements to borrowers, vendor payments, etc;

xi. Deposit installment payments to banks, etc.

13.18 At end June, 2024, the number of agents and registered accounts of MFS increased to 1.8 million and 232.4 million, respectively, compared to 1.6 million and 207.3 million in the previous fiscal year. At end June, 2024, among all registered MFS accounts 231.1 million were personal MFS accounts and 1.3 million is merchant and personal retail accounts. During FY24, around 6,784 million transactions valued at BDT 15,416.35 billion were settled, having increased by 22.5 percent and 26.6 percent, respectively, compared to FY23 (Chart 13.10).

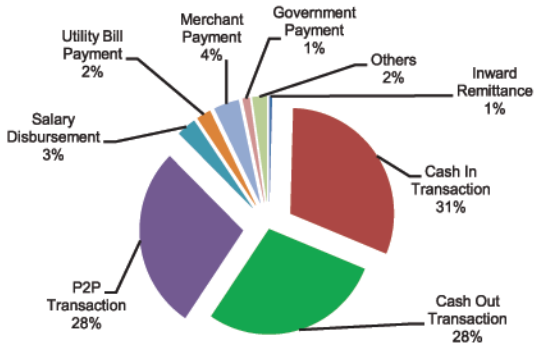
13.19 The increase in the number and value of MFS transactions is mainly due to the paradigm shift of the nation in adopting digital payments. The sustained growth of the availability and accessibility of MFS helped to increase the usage of the service. Also, the number of agents employed in the management of MFS's distribution channel is about 1807 thousand. It has thereby created employment opportunities for a large part of the country's unemployed population. Besides,through promoting digital transactions, the number of personal retail accounts has risen to 832 thousand, having reached a transaction volume of BDT 15.0 billion in June 2024. Moreover, to reach beneficiaries directly and conveniently, GoB now prefers MFS to transfer various payments under the social safety-net programme. It is to be remembered that GoB has provided soft loans to export-oriented industries to pay workers' salaries to be distributed only through their bank or mobile wallet accounts. Cash assistance to 5 million families who lost their livelihoods due to the COVID-19 pandemic are to be through through mobile wallet accounts. Four major MFS providers are used as distribution channels to reach beneficiaries. All these issues have increased the access and usage of MFS significantly.

Chart 13.10 MFS Transactions



Source: Payment Systems Department, Bangladesh Bank.

Chart 13.11 Nature of Usage of MFS in June 2024



Source: Payment Systems Department, Bangladesh Bank.

13.20 The nature of the usage of MFS also shows a positive shift among the citizens towards digital payments. In meantime, MFS's reliability resulted in increases in transactions within the same mobile operators can now keep money in MFS wallets. In June 2024, the growing share of cash-out transactions in the volume increased to 30.1 percent, compared to

28.3 percent in June 2023 (Chart 13.11). The shares of cash-in and P2P transactions in volume were 30.4 percent and 26.7 percent, respectively, in FY24. There has been a sharp growth in inward remittances, utility bill payments, and government payments, during FY24, compared to FY23.

Alternative Delivery Channel and Licensing

13.21 To promote and ensure efficient, secured, and cashless payments in the country, BB issues licences to FinTech businesses in two major categories: payment service providers (PSP) and payment system operators (PSO). Generally, PSPs deliver e-wallet services, while PSOs provide merchant aggregation, merchant acquisition, white label ATM, payment gateway, and switching solution services. Currently, 10 PSOs and 8 PSPs are fully operational, while some others remain in different phases of the licensing process. In line with BB's vision of building a robust tech-based payment infrastructure, BB is emphasising digitalisation in merchant payments. It is working toward creating a fast and secure merchant payment infrastructure with minimal risk of digital fraud. To protect customers at such risks, BB issued 'Guidelines for Merchants Acquiring and Escrow Services, 2023' on 26 September 2023. The guideline focuses on merchants acquiring rules, legal documentation, monitoring, and escrow services for advance payment collection. 'Guidelines for issuing Prepaid Instrument (PI) by Non-payment System Entities, 2024' was also issued on 6 June 2024 to regulate the merchants prepaid instruments (i.e. vouchers, gift cards, cash cards, and so on). The purchase and sale of such prepaid instruments are increasing rapidly with the increased uses of the internet and smart phones; hence creating default risks for issuers. According to the guideline, the issuer of such prepaid instruments must take prior approval from BB and must as well comply with certain qualifying criteria.

Legal and Regulatory Framework

13.22 BB is entrusted with managing and regulating the country's payment systems and issuing rules, regulations, and guidelines to for them. Currently, BB regulates the payment system of the country mainly through:

A. Payment and Settlement System Act, 2024

B. Bangladesh Payment and Settlement Systems Regulations (BPSSR), 2014; and

C. Bangladesh Mobile Financial Services (MFS) Regulations, 2022

Consequently, BB published several legal and regulatory guidelines supporting both paper-based and electronic transactions within the country. The existing legal and regulatory frameworks of the payment and settlement system of Bangladesh are as follows:

i. Bangladesh Automated Cheque Processing Systems (BACPS) Operating Rules and Procedures, 2010 (Revised Version, 2019).

ii. Bangladesh Electronic Funds Transfer Network (BEFTN) Operating Rules, 2010 (Revised Version, 2020).

iii. Bangladesh Real Time Gross Settlement (BD-RTGS) System Rules, 2015.

13.23 In this line of action, during FY24, some more guidelines/regulations were released to support growth of the economy and market demands to maintain discipline in payment systems, such as:

iv. Determination of Platform Fees, Interoperable Fees and Service Charges for transactions through the Interoperable Digital Transaction Platform (IDTP) "Binimoy", dated 10 November, 2022.

13.24 The 'Payment and Settlement System Bill, 2024' was passed in parliament to make provisions for reducing the risk of financial transactions and protecting customers' interests through integration, supervision, and regulation of payments, clearing, and settlements systems. It was published as the 'Payment and Settlement System Act, 2024' in the supplement of the Bangladesh Gazette with the assent of the President on 4 July 2024.

13.25 Appositely, in global networking and connectivity, PSD works closely with relevant international associations to develop a safe, secure, and efficient national payments infrastructure adhering to international best practices. It is essential to identify, mitigate, and induce changes (if necessary) in financial market infrastructure to protect the countrty's payment ecosystems from internal and external shocks.Keeping this end in view, and with the active support of the World Bank, BB has studied the country's Financial Market Infrastructure (FMI's) and carried out a self-check against the standard set in Prininciple 17 of FMI. Following the report, BB has already emphasised migrating to the new environment by increasing human resources and software/hardware capability. BB is also working on assessing the vulnerability of FMIs, achieving certification, and creating a state-of-the-art monitoring system.

13.26 In tandem with growing transactions through different switches and channels, occasionally disputes may arise between banks. However, the nature of such disputes is not widely varied. They mainly take place on account of technical and operational errors. PSD thus offers dispute resolution and arbitration services to solve such issues for banks and participants if and when necessary.

Payment System Oversight

13.27 To effectively supervise payment, clearing, and settlement systems operated by central banks and their participants nationwide, BB established a dedicated 'Payment System Oversight' section in 2015. After it was restructured PSD on 15 February 2024, the section emerged as a separate division to enhance its capacity. This division has been formed to oversee the payment platforms operated by BB and payment services of all banks and non-bank payment institutions, including the MFSPs, PSPs, and PSOs operating in the country. It remains vigilant to achieve the safety and efficiency of payment systems by monitoring and assessing existing and planned payment system infrastructures and implementing necessary policy changes. The Payment System Oversight Division follows the 'Oversight Policy Framework' to apply its duties, and conducts regular onsite vigilance alongside its off-site supervision to accomplish its responsibilities. This division focuses on the following activities:

1. Gathering onsite and off-site data from payment systems and payment participants regarding day-to-day operations; analyzing financial flows and transaction patterns, risk exposures, risk management procedures, and practices; monitoring backup and business continuity plans; mitigating disruptions and disputes, etc.;
2. Ensuring that systems and participants comply with applicable rules and regulations; identifying gaps and provides recommendations with periodic follow -ups;
3. Identifying weaknesses in systems, participants, or schemes, and determining areas requiring improvement or intervention by BB;
4. Encouraging systems and participants to conduct self-assessments based on regulatory requirements and international standards.

Regulatory Fintech Facilitation Office

13.28 The financial services landscape is undergoing rapid transformation due to technological advancements. Fintech (short for financial technology) encompasses a wide range of innovations that leverage digital tools to enhance financial processes, improve efficiency, and create new opportunities. Innovation in digital financial services is playing a critical role in building the digital financial infrastructure by creating new business models and use cases. These innovations span various domains, including payments, lending, investment, insurance, and more. From mobile payment apps to blockchain-based solutions, fintech is reshaping how we interact with money. To reap the benefits of fintech innovations, it is essential to facilitate the integration of innovative technologies in our local financial system by coordinating necessary policy frameworks, and by balancing associated risks. Understanding the granular aspects of fintech innovations and how they can affect the experience of fintech users, is key to promoting an appropriate regulatory framework that facilitates innovations working for us all.

13.29 BB took a proactive step in this process by establishing the Regulatory Fintech Facilitation Office (RFFO). This office serves as a bridge between regulators, innovators, and financial institutions. RFFO assesses the capabilities and demands of fintech business models. Through simulations and experiments, it evaluates their suitability and potential impact in a controlled environment. RFFO aims to foster collaboration by bringing together banks and financial institutions, and other regulatory bodies and by promoting harmony in the fintech ecosystem.

Strategic Plan 2020-2024: Advancements

13.30 Intending to develop a digitalised, automated, knowledge-based and customer-focused banking sector, BB is implementing its third strategic plan 2020-2024. Aligning with BB's vision, mission and core values, PSD has set two objectives comprising nine action plans and fourteen key performance indicators (KPI) for the given period. In particular, the objectives are i) to improve the payment systems for increasing efficiency and reducing settlement risk; and ii) to establish the necessary legal and regulatory framework for an efficient payment system. The existing plan is supposed to be completed by the year 2024 and PSD has successfully completed 8 KPIs by now. Hopefully, PSD will be able to complete the rest of the KPIs by the stipulated time.

Conclusion

13.31 In brief, BB is engaged in modernising the payment landscape of Bangladesh by introducing state-of-the-art payment platforms and instruments to ensure the smooth execution of payment needs of all stakeholders and thereby aid the economy in achieving desired macroeconomic targets. Transactions through BACPS, BEFTN, RTGS, NPSB, and MFS are growing with economic expansion. BB is working diligently to incorporate safer and more sophisticated technologies to ensure the secure execution of transactions through electronic systems. BB has been regularly modernising the payment infrastructure so that the environment for payment participants can have their payment needs met in safe and cheap ways. In the realm of cross-border networking and regional cooperation, BB is intensely monitoring and working with the latest developments in international payment systems. In this course, converging efforts from different departments of BB, as well as different Government agencies are vital to adopt such developments with a view to disseminate their results throughout the nation equitably.

Human Resources and Organisational Management

14.01 This chapter endeavors to detail the initiatives taken to improve Bangladesh Bank's governance structure and manage its human resources. It also describes the functions of different committee of BB's Board. It highlights as well the kind of information and communication technology (ICT)-related activities and ICT strategies upgraded in FY24.

Governance Structure

Board of Directors

14.02 Under section 9(3) of the Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972), later amended as Bangladesh Bank (Amendment) Act 2020, the Board of Directors is considered to be the apex body in the governance structure of Bangladesh Bank (BB). The Board comprises the Governor, one Deputy Governor, four Directors who are not government officials, and three government officials. All the Directors of the Board are nominated by the government. The Board of Directors of BB for FY24 has in part been reconstituted. Mr. Abdur Rouf Talukder, Governor of the Bangladesh Bank, was the Chairman of the Board of Directors. He was appointed as Chairman of the Board with effect from 12 July 2022. Mr. Abu Hena Md. Rahmatul Muneem was reappointed as Director of the Board with effect from 06 January 2024. Dr. Md. Khairuzzaman Mozumder was appointed as Director of the Board in place of Mrs. Fatima Yasmin with effect from 31 August 2023, while Mrs. Fatima Yasmin served as Director of the Board up to 13 August 2023. Mr. Md. Abdur Rahman Khan, FCMA, was appointed as Director of the Board in place of Mr. Sheikh Mohammad Salim Ullah with effect from 21 May 2024, while Mr. Sheikh Mohammad Salim Ullah served as Director of the Board up to 19 May 2024. Mr. Kazi Sayedur Rahman was appointed as Director of the Board in place of Mr. Ahmed Jamal with effect from 21 July 2023, while Mr. Ahmed Jamal served as Director of the Board up to 30 June 2023. There were 08 members on the Board of Directors as of 30 June, 2024; one more member was to be appointed to the Board. During FY24, 06 (Six) meetings of the Board of Directors were held.

Executive Committee

14.03 Under section 12(1) of Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972) later amended as Bangladesh Bank (Amendment) Act 2020, the Executive Committee (EC) was constituted with the following officials on 30 June 2024 :

Mr. Abdur Rouf Talukder	Chairman
Mr. Md. Abdur Rahman Khan, FCMA	Member
Mr. Sheikh Mohammad Salim Ullah	Member
Mr. Mahbub Ahmed	Member
Mr. Kazi Sayedur Rahman	Member

Mr. Abdur Rouf Talukder, the ex-Governor of the Bangladesh Bank, was made the Chairman of the Executive Committee. He was appointed as the Chairman of the Executive Committee of BB with effect from 12 July 2022. Mr. Md. Abdur Rahman Khan, FCMA, was appointed as a Member of the Executive Committee, in place of Mr. Sheikh Mohammad Salim Ullah with effect from 21 May 2024, while Mr. Sheikh Mohammad Salim Ullah served as a Member of the Executive Committee up to 19 May 2024. Mr. Kazi Sayedur Rahman was appointed as Member of the Executive Committee in place of Mr. Ahmed Jamal with effect from 21 July 2023, while Mr. Ahmed Jamal served as a Member of the Executive Committee up to 30 June 2023. During FY24, 05 (Five) meetings of the Executive Committee were held.

Audit Committee of the Board

14.04 In line with international best practices for strengthening good governance, an Audit

Committee was formed by the Board of Directors on 12 August 2002 comprising four non-executive directors to assist the Board in discharging its oversight responsibilities on financial reporting, internal control and compliance and the auditing process. The composition of the Audit Committee, as of 30 June 2024, was as follows:

Mr. Mahbub Ahmed	Convener
Mr. Md. Abdur Rahman Khan, FCMA	Member
Mr. Sheikh Mohammad Salim Ullah	Member
Mr. A. K. M. Aftabul Islam, FCA	Member
Mr. Md. Nazrul Huda	Member

Mr. Md. Abdur Rahman Khan, FCMA, was appointed as Member of the Audit Committee in place of Mr. Sheikh Mohammad Salim Ullah with effect from 28 May 2024, while Mr. Sheikh Mohammad Salim Ullah served as Member of the Audit Committee up to 19 May 2024. During FY24, 04 (Four) meetings of the Audit Committee were held.

14.05 The Internal Audit Department (IAD) conducts internal audit in accordance with the IAD Charter approved by the Board of Directors (BoDs) of BB. IAD develops an annual audit plan using an appropriate risk-based methodology which includes risks and control concerns identified by the management. The annual audit plan includes comprehensive audit and information system (IS) audit. This plan is submitted to the Audit Committee for review and approval. As approved, the annual audit plan is implemented by IAD; periodic updates are also placed in Committee meetings. In FY24, coverage of IAD's comprehensive and IS audit included 73 (seventy-three) auditable units (offices, departments and affiliates). Considering the limitation of manpower and man-days requirement, the Audit Committee approved comprehensive audit and IS audit on 45 units and 30 units, respectively. Auditors of IAD conducted audits round the year to implement the approved annual audit plan. Summarised results of audit activities had been submitted to the audit committee and management on a quarterly basis.

14.06 The audit reports are submitted to the Audit Committee in committee's meetings. If any review of the audit plan is required, approval is taken from the Audit Committee with authorisation of the Board and the BB Governor, following existing practices. During FY24, 04 (Four) meetings of the Audit Committee were held. The guidance/directives/recommendations received from the Governor and the Audit Committee was conveyed to the relevant auditable units for the betterment of the internal control system. IAD has been functioning as a strategic partner for the management to create good governance, risk management and internal control with international standards within BB so that its objectives can be accomplished appropriately.

Executive Management Team (EMT)

14.07 The Executive Management Team (EMT) consists of the Governor, 04 Deputy Governors and all Executive Directors. This team reviews the implementation status of the overall activities of BB. During FY24, no meeting of the Executive Management Team was held.

Human Resources Initiatives

New Appointment in Different Posts

14.08 A total of 580 officials/staff have been appointed in different posts during FY24. New appointments in FY24 were as follow

Assistant Director	262
Assistant Director (ICT)	20
Assistant Director (Research)	20
Assistant Director (Statistics)	28
Medical Officer	4
Officer	182
Officer (Ex Cadre-Library)	4
Officer (Engineering)	28
Data Entry/Control Operator	32
Total	**580**

Creation/Abolition of Posts

14.09 In FY24, 56 new posts of officials and 02 posts of staff were created. Considering the importance of their position, 37 posts of staff were upgraded during this period. At the end of the period the total number of sanctioned posts stood at 9913, as compared to 9815 of the previous year.

Sanctioned and Working Strength of Officials and Staff

14.10 The sanctioned and working strength of BB as of 30 June 2024 were as follows:

Category	Sanctioned Strength	Working Strength	Vacant
Class-I	6,232	4,387	1,845
Class-II	1,321	842	479
Class-III	1,480	869	611
Class-IV	880	128	752
Total	**9,913**	**6,226**	**3,687**

In FY24, working strength of officials (Class-I & Class-II) was increased by 4.43 percent to 5,229 from 5,007, while the number of staff (Class-III & Class-IV) was decreased by 5.6 percent to 997 from 1053. At the end of the period, the ratio of officials to staff remained nearly 5.24:1. Apart from regular employees, 1,482 outsourced employees worked during this period.

Promotion

14.11 During FY24, 626 officials and 129 were promoted to their next higher grade.

Number of Officials on Deputation/ Lien

14.12 At end FY24, 85 bank officials were on deputation at various institutions, both domestically and internationally. As of June 30 2024, 08 officials were on lien; 06 of these were stationed within the country, while 2 were stationed abroad.

Reorganisation/ Newly Established Units/ Divisions

14.13 During FY24, several organisational changes were implemented, which were as follows: Collateral Valuation Firm Monitoring Section, Bancassurance Section and Digital Banking Unit , these were established under Division-1 of the Banking Regulations and Policy Department. To ensure efficient operations, the Payment Systems Department was reorganised into three divisions according to their Terms of Reference. The Forex Reserve and Treasury Management Department was also restructured into two divisions, with the Forex Reserve Market Study and Analysis Cell created under division 2 of this department. The Taka Museum, previously part of the Department of Currency Management, was reconstituted as an independent department. In line with the push towards digitalisation the Cashless Bangladesh Scheme and Taka Pay Section was established under the Payments Systems Department. The Offshore Banking Section and Price Monitoring Unit were formed under the Foreign Exchange Policy Department. To facilitate the smooth operation of the three schools under BB in Dhaka, a School Desk was created under Human Resources Department-2.

Regulations

14.14 Bangladesh Bank Video Surveillance Policy, 2023; Bangladesh Bank (Expenditure) Regulations, 2024; Lien Policy, 2024 and Policy for Promotion up to the Post of Grade 10 have been issued. Previously issued policies have been reviewed, and necessary amendments made. Some designations for general side and cash side employees were also changed.

Step towards Automation and Paperless Environment

14.15 BB has taken the initiative to develop a medical information system called 'Niramoy'. It

aims to ease appointments, dispensing, queue management, prescription and central stock procedures by enabling officers to perform these actions through the BB Intranet. This system will greatly reduce the usage of paper by replacing existing medical file numbers with SAP ID. Niramoy will help providing quick service, lessening the sufferings of the beneficiaries since every action will be recorded on the system, accountability and transparency will be ensured.

14.16 Under the Digital Office Management System, the development of an eDesk system is underway. It is expected that the system will go-live by end 2024. The eDesk system will replace the traditional paper-based noting process and every noting will be written, approved and documented by this software throughout BB. This surely will reduce the usage of paper in daily activities. Once fully functional, the system will greatly automate official activities in BB by materialising the principles of green banking.

14.17 BB has undertaken an endeavour to collect and disseminate innovative ideas from its officers. An application called 'Bangladesh Bank Innovation Corner' has already been developed and incorporated in the BB Intranet. Via this application, officers will be able to submit innovative ideas, both as an individual and as a team. This initiative will ensure innovation, dynamism, a better work environment, robustness, and enhanced streamlining in the overall functions of the central bank.

Retirement, Voluntary Retirement, Resignation, Death, Compulsory Retirement, Removal, Suspension and Dismissal

14.18 The number of officials/staff of BB retired/ resigned/died/compulsorily/retired/removed/ suspended or dismissed during FY24 were as follows:

Retirement	227
Voluntary Retirement	5
Resignation	77
Death	15
Compulsory Retirement	2
Removal	0
Suspension	0
Dismissal of Service	2
Total	**328**

Welfare Activities and Approval of Scholarship

14.19 During FY24, an amount of BDT 4.59 million was provided to children of officials and staff as scholarships established under the patronages of the Governor. Besides, an amount of BDT 114.38 million was allocated to BB schools, mosques, clubs, daycare and freedom fighters welfare center to carry out their recreation and welfare activities during the said period.

Foreign Training and Study

14.20 During FY24, a total of 453 officials of the bank participated in different training courses/ seminars/workshops. Moreover, 55 officials were on deputation/leave for higher study programmes abroad.

Domestic Training and Study

14.21 During FY24, a total of 228 officials of the bank participated in different local training courses/seminars/workshops organised by different institutions (other than BBTA) within the country. Moreover, 06 officials were allowed to participate in higher study within the country.

Training Courses, Workshops and Seminars Conducted by the Bangladesh Bank Training Academy (BBTA) during FY24

14.22 The Bangladesh Bank Training Academy (BBTA) conducts a wide range of activities to attain the objectives of transforming a world-class center of excellence for imparting quality training to officers of BB as well as commercial banks, financial institutions, and government and

non-government organisations. To add value to the knowledge management process, apart from trainings and workshops, different types of seminars are also arranged by BBTA. With a view to enhancing the capacity of its faculty members and updating them with changing knowledge frontiers in various fields relating to economics, finance and banking, BBTA also arranges various programmes for the trainers with the help of trained personnel from advanced and specialised institutions at home and abroad. Keeping these goals in mind, BBTA conducted a total of 82 training courses, workshops and seminars (including 14 outreach programmes) during FY24. BBTA launched a new course titled 'Certified Supervision Specialist (CSS) Course,' this is a comprehensive 3-month course designed to enhance the capacity of BB employees engaged in bank supervision activities. A total of 2892 participants took part in courses, workshops, and seminars. The list of courses, workshops, and seminars conducted by BBTA during FY24 is shown in Table 14.01.

Bangladesh Bank Long Term Financing Facility (BB LTFF)

14.23 Based on the successful completion of the recently completed Long Term Financing Facility (LTFF) programme under the Financial Sector Support Project implemented by BB with the assistance of the International Development Association (IDA), BB now has decided to continue providing long-term financing support to private sector firms, mainly the export-oriented manufacturing industries of Bangladesh. The aim of this programme is to generate employment and promote growth of the industrial sector, and fostering real output of the economy, with a view to adopting sustainable means of digital transformation of the Fourth Industrial Revolution (4IR) in Bangladesh.

14.24 The name of this financing facility is 'Bangladesh Bank Long Term Financing Facility (BB LTFF)' offering in US Dollars (USD). Under LTFF, a total of USD 273.76 million was disbursed.

Table 14.01 Different Training Courses, Workshops and Seminars Organied by Bangladesh Bank Training Academy during FY24

Sl. No	Subject	Number of Courses	Number of Participants
1	2	3	4
A.	**Foundation Courses**	**8**	**435**
1.	47th Foundation Training Course -AD (General)	1	65
2.	48th Foundation Training Course -AD (General)	1	44
3.	49th Foundation Training Course -AD (General)	1	55
4.	50th Foundation Training Course -AD (General)	1	55
5.	4th Foundation Training Course Cash Officer (Promoted to Assistant Manager - Cash)	1	55
6.	13th Foundation Training Course -Officer (General)	1	65
7.	14th Foundation Training Course -Officer (General)	1	54
8.	15th Foundation Training Course -Officer (General)	1	42
B.	**Other Training Course:**	**82**	**2892**
i.	**For the Officials of Bangladesh Bank**	**32**	**884**
1.	Agricultural Credit and CMSME	1	26
2.	Artificial Intelligence (AI) in Banking	1	30
3.	Banking Laws and Regulations	1	32
4.	Calculation of Residential Property Price Indices	1	13
5.	Capital Market and Sukuk in Bangladesh	1	24
6.	Certified Supervision Specialist (CSS)	1	30
7.	Currency Management and Payment System	1	36
8.	Depositing Notes in Bangladesh Bank	1	32
9.	Digital Financial Services	1	34
10.	Effective Communication Skills for the Workplace	1	21
11.	Environmental and Social Risk Management	1	19
12.	Ethics in Banking	1	32
13.	Etiquette & Personal Grooming	1	14
14.	Foreign Exchange Inspection	1	24
15.	International Trade and Finance	1	44
16.	Islamic Banking System and Supervision	1	26
17.	Islamic Finance and Banking	1	24
18.	IT Security and Awareness	1	27
19.	Laws and Practices of Banks and FIs	1	30
20.	Monetary Policy Formulation and Implementation	1	21
21.	Payment and Settlement System in BD	1	26
22.	Prevention of Money Laundering and Terrorist Financing	1	22
23.	Procurement Management	1	40
24.	Risk-based Supervision	1	29
25.	System Applications and Products in Data Processing (SAP)- Enterprise Resource Planning (ERP) Software at Bangladesh Bank, Barishal Office	1	25
26.	System Applications and Products in Data Processing (SAP) -Enterprise Resource Planning (ERP) Software at Bangladesh Bank, Rajshahi Office	1	44
27.	Techniques of Bank Inspection (4th Phase)	1	17
28.	Techniques of Inspection and Report Writing	1	21
29.	Trade-based and Credit -based Money Laundering	1	32
30.	Training Course on Foreign Exchange Inspection at Bangladesh Bank		

	Chattogram Office	1	40
31.	Training Program for BBTA Faculty " Access to Finance (A2F)"	1	18
32.	Understanding Economic Indicators	1	31
ii.	**For the Officials of Commercial Banks:**	**39**	**1314**
1.	AAOIFI and IFSB Standards	1	27
2.	Access to Finance (A2F) at BB Rangpur Office	1	40
3.	Access to Finance(A2F) System at BB Sylhet Office	1	40
4.	Capital Adequacy for Banks Under BASEL III	1	30
5.	CIB Business Rules & Online Systems	1	80
6.	CIB Business Rules and Online System at BB Mymensingh Office	1	80
7.	CIB Business Rules and Online Systems at BB Chattogram Office	1	80
8.	Credit Risk Management	1	40
9.	Credit Risk Management at BB Rajshahi Office	1	40
10.	Detection, Disposal of Forged and Mutilated Notes	1	40
11.	Digital Banking Regulatory Framework	1	34
12.	Enterprise Resource Planning (ERP) (MM Module Training on Medicine Procurement)	1	18
13.	FDI & External Debt Reporting	1	32
14.	FDI & External Debt Reporting at BB Chattogram Office	1	40
15.	Fintech and its Challenges	1	32
16.	Foreign Exchange Transaction Reporting	2	80
17.	Guidelines on ICT Security for Banks and NBFIs at BB Sylhet Office	1	40
18.	Guidelines on ICT Security on Banks and NBFIs at BB Khulna Office	1	40
19.	Internal Credit Risk and Rating System (ICRRS)	1	29
20.	International Trade and Finance at BB Khulna Office	1	40
21.	ISS Reporting at Rajshahi Office	1	80
22.	Money and Banking Data Reporting	3	120
23.	Money and Banking Data Reporting at BB, Rangpur Office	1	40
24.	Offshore Banking	1	32
25.	Orientation Course (Bank Al -Falah)	1	01
26.	Orientation Course (HSBC)	1	02
27.	Orientation Course: Commercial Bank of Ceylon PLC	3	03
28.	Orientation Course: Standard Chartered Bank	1	01
29.	Orientation Course: Woori Bank	1	01
30.	Sustainable Agriculture and Socially Responsible Rural Financing	1	29
31.	ToT Course on "CIB Business Rules and Online Reporting System"	1	32
32.	ToT Course on "ISS Reporting of Banks and NBFIs"	1	19
33.	ToT on Foreign Exchange Transaction Reporting	1	40
34.	ToT on Money and Banking Data Reporting	1	32
C.	**Workshops/Seminars/Lecture Sessions:**	**3**	**259**
1.	Seminar on "Central Bank and Its Roles: Present and Future Challenges"	1	110
2.	Seminar on "Policy Dialogue to Improve Supervisory Tools and Techniques"	1	91
3.	Workshop on Training of Trainers (ToT) program on Risk Based Supervision (RBS)	1	58

Source: Bangladesh Bank Training Academy.

BB LTFF has been introduced from the installments recovered against the said loans of LTFF and the funds generated through the installments due in the future (other than the share of BB) with the approval of the Board of Directors of BB. In this regard, FSSSPD circular no. 01 has been issued on 16/07/2023 for the commercial banks. In order to participate in the BB LTFF programme, 29 commercial banks have signed Participating Financial Institutions (PFI) agreements with BB. Till 2024, USD 4.975 million has been approved under this facility.

Strategic Planning

14.25 BB formulated its very first 'Strategic Plan 2010-2014' in 2010 to ensure more effective functioning of the central bank, reinforcing dynamic, resilient and digital financial system to be set up based on the vision, the mission statement and the core values of the central bank. The concept of formulating a Five- year Plan for BB was first introduced in the 'Strategic Planning and Management Strengthening Workshop' held during 13-14 November 2009. Accordingly, after the successful implementation of the 1st Strategic Plan, the 2nd venture 'Strategic Plan 2015-2019', was inaugurated on 19 September 2015 with the title 'Heading towards a New Horizon'.

14.26 The ongoing 3rd 'Strategic Plan 2020-2024' was formally announced sometime during 06-08 February 2020 in the 12th Strategic Planning Workshop with the title 'Fostering Stable Financial System'. Consisting of 11 strategic goals, this plan will be implemented through the 50 departments and all offices of BB.

14.27 Updates of implementation of the Five Year Strategic Plan are presented in the Strategic Planning Workshop, arranged yearly by the Financial Sector Support and Strategic Planning Department (FSSSPD). A total of 13 Strategic Planning Workshops have been arranged by the department with the participation of Directors and above officials of BB. The latest 13th Strategic Planning Workshop was held at BRAC-CDM, Khagan, Savar during 19-21 May 2022 with the theme

"Embracing the LDC Graduation Challenges". Besides, the 1st Strategic Workshop for the Strategic Communication Team (SCT) members from all the departments and offices of BB was arranged on 19 December 2023 as well.

14.28 For the effective monitoring of this Strategic Plan, a Strategic Follow-up Meeting is arranged every six months headed by the Executive Director of FSSSPD. Half-yearly Strategic Progress Summary Report, based on the implementation updates of the previous six months, were prepared in June and December of 2022. Besides, goal-wise SCT meetings are arranged every year with the goal related SCT members, presided over by the Director (FSSSPD). A portal named 'Strategic Planning Unit' has been created in BB Intranet, and all the updates related to the Strategic Plan are uploaded in that portal regularly.

Information and Communication Technology (ICT)

14.29 During FY24, Information and Communication Technology Department (ICTD) performed its regular software development and data processing activities through existing applications software. It also carried out various IT systems procurement and implementation activities. The following information systems and its related tasks were completed during this period.

ICT Strategy Implementation

14.30 In FY24, ICTD has implemented several ICT strategies as per the defined strategy in ICT strategy 2020-2024 for BB.

IT Security and Awareness Building

14.31 To build more secure ICT infrastructure as a part of its remediation plan, several security devices and technology have been deployed in BB to secure the IT systems. Besides, training on IT security awareness is a continuous process, which is going on in association its other departments to build IT security awareness among BB officials.

Information Systems Development

14.32 Information systems and related tasks completed during FY24 are shown in the following table 14.02.

Table14.02 Statement on Information Systems and Related Tasks Completed during FY24

Sl No.	Name of the Software/ Information Systems	Brief description (Function)
1	2	3
1.	a2ei	In the a2ei (Access to Employee Information) system, basic information regarding all the employees of BB is being stored and provided through API in various systems. The objective of this system is to automatically obtaining uniform updated basic information of employees in various systems such as ePMS, ESSP, BB-Directory, etc.
2.	BBMIS	BBMIS software automates and manages several aspects of prescription generation, medicine procurement, dispensing, inventory and stock management. It ensures that medications are dispensed accurately and efficiently, minimising the risk of errors and enhancing safety. It is noted that "Niramoy", a web version of the BBMIS system is under development with extended facilities such as online appointment, queue management, dashboard, integration to SAP, etc.
3.	BB Online Authenticati on Portal	Authentication Portal is an API-based authentication process that allows a user to log in to multiple applications or systems with a single set of credentials (typically a username and password). The authentication process is managed centrally. Already, ePMS, ESSP, BB-Directory, Reconciliation Portal, Niramoy, etc. systems are incorporated with this system.
4.	CTS	CTS (Cheque Truncation System) is a system where govt. cheques are authorised or rejected for payment by viewing the cheque images online and matching them with related payment advices coming from CGA office through

		ibas++ system and intimation inventory. Deposit Account Bivag (DAB) and Public Account Department (PAD) are the users of the system.
5.	FMI	FMI (Financial Market Infrastructure) is an online platform where govt. treasury bill/bond and BB bill issue/re-issue through auctions, trading in primary and secondary market (OTC and TWS), transaction with stock exchange trading platform, etc. can be performed among related parties who are connected through FMI extranet. REPO, Reverse REPO, Special REPO, Interbank REPO, etc can also be performed here. BB, scheduled banks and stock exchanges of Bangladesh are the users of the system.
6.	eRefinance System	An online application to facilitate the operational activities of different refinance and pre-finance schemes of BB. Schemes with various currencies, interest rates, calculation method, etc. can be managed in the system. 35 pre-finance and refinance schemes have been incorporated in the system for different departments till now. Six new schemes are added in the last financial year.
7.	Permission Management System:	BB's 57 services of 6 departments will be provided through 'Permission Management System' software. The software has been developed and is live now.
8.	eDesk	All the activities regarding noting, letter, circular and order will be performed through 'eDesk' software. First version of the software has been developed and will be piloting soon.
9.	Online CIS	All the Bank and Finance Company (FC) send their credit information daily through 'Online CIS'. The s oftware has been developed and is live now.
10.	API Integration	API integration between 'Permission Management System' of BB and 'One Stop Service' of BIDA has been completed and is live now. API integration between the 'FxTMS' System of BB and custom bond has been completed and is live now.
11.	Cash Incentive Module in OEMS	Exporter can get cash incentive based on export realisation amount from government through this system. Cash Incentive Module has been developed in online export monitoring system and the module is live now.
12.	Web portal of BBTA	BBTA web portal is an attractive and user-friendly hub, rich with current and relevant content and resources. It showcases the facilities, faculty, and training information of BBTA, offering a comprehensive view of what the academy has to offer.
13.	eRecruitment website version-2.0	The eRecruitment website has been developed with a fresh, modern look and enhanced user-friendliness both in web as well as mobile devices.
14.	BB Website content upload	For all content on the BB website uploaded solely by ICTD (formerly ISDSD). The concerned departments sent these contents in softcopy via email, helpdesk file transfer, and also in hardcopy. This process has been decentralised to all concerned departments and offices through the BB website's Content Management Panel, making the process faster and easier.
15.	Tax Module	An online tax calculation system to BB employee as per NBR Rules under ERP-SAP has been developed for all offices of BB.
16.	FINMAS	All modules of web-based Financial Intelligence Management System (FINMAS) for BFIU has been developed and on live. The human resource management of BFIU is automated through this system.
17.	Pension Management System	Pension Management System has been developed and on live in head office.
18.	Stationery System	Stationery System of ESSP has been developed and on live in head office, Motijheel Office and Rajshahi Office. Users can now apply online for their required stationary when eligible; they can check their application status as well as see the previously received items from the dashboard through this application.
19.	Payment System applications	NPSB system (application, database, network, server, storage) has been upgraded. NPSB is used for inter-bank card and internet banking transactions. TakaPay infrastructure preparation and piloting among 12 participating banks has been completed.
20.	Application Platform up-gradation and migration	In-house developed CIS, NFIS tracker and different modules of CBS have been provided with a new platform and all the other applications have been migrated from the old system to the latest system and database. These have ensured smooth performance and seamless communication of those systems
21.	System centre and backup solution upgradation	System center has been upgraded to ensure latest security patch in windows systems. Backup and restore solution with backup system has been implemented.

		Backup of important IT based systems are done regularly to prevent data loss.
22.	Network and security solution upgradation	Software defined network (NSX, ACI) has been implemented and upgraded to ease the core communication of information systems. SIEM solution has been implemented. SIEM can detect and respond to potential information systems threats in real-time.
23.	Bangladesh Bank Certifying Authority (BBCA) Unit	Bangladesh Bank Certifying Authority (BBCA) has introduced digital certificate in BB, other banks and financial institutions to implement the digital signature. BBCA is providing digital certificates to the employees and the systems as well as providing training to the users. Necessary awareness programmes have been arranged for BB high officials in collaboration with the Controller of Certifying Authorities (CCA), Bangladesh. CA system maintenance, certificate generation and arranging associated training for the users are going on regularly.
24.	Software Quality Assurance	During FY24, a vulnerability assessment was conducted by the Information and Communication Technology Department (ICTD) itself over eight systems to minimise the cyber security risk in BB information ecosystem. The systems that went through the assessment process are the certifying authority system, biometric fingerprint system, treasury management system, credit guarantee information management system, Bangladesh Bank Innovation Corner, and customer integrity management system. Besides those, vulnerability assessment and penetration testing (VAPT) on Nikash-BEFTN and eKYC is completed by BGD eGov CIRT as an external party during FY24. Currently, VAPT on NPSB, RTGS, and SWIFT system is being performed by BGD eGov CIRT. Along with those, Agri-credit MIS system is being prepared to conduct vulnerability assessment by internal team of ICTD.
25.	Application Monitoring	A fully automated tool is in service to monitor real-time status of applications. The tool also generates alert to software owner and management body by Email notification. Currently, the system up-gradation is going on to incorporate the status monitoring of database, firewall, etc.
26.	ICT Policy/ Guidelines/ Framework	Backup and Restore Policy, Version 2.0, 2024 Secure Coding Practices, version 1.0, 2024 Cyber Security Framework Patch Management Policy Core Banking Solution (CBS) Features And Controls, Version 2.0, May 2024 Core Business Solution (CBS) Features And Controls, Version 1.0, 2024 Guideline On ICT Security For Banks And NBFIs, 2023 Guidelines On Cloud Computing March 2023.
27.	Core Risk ICT Inspection	Conducting regular core risk ICT inspection in association with DBI(1-8), PSD, DOS, FIID and NBFIs, etc.
28.	ICT Compliance	All compliance related tasks of BB ICT and other scheduled Banks. Internal compliance: Compliance of all departments and offices. External compliance: Compliance with all relevant guidelines. Departments/Offices: Various activities to all departments and offices
29.	CIRT compliance	Implementing different types of agenda/instructions given by BGD eGOV CIRT for Banks and NBFIs.
30.	Implementation of CBS guidelines	Implementing CBS guidelines for all Banks and FCs. Monitoring CBS implementation status of Banks and FCs.

Source: Information and Communication Technology Department, Bangladesh Bank.

Bangladesh Bank's Accounts for 2023-2024

15.01 All financial statements of Bangladesh Bank (BB) for FY24 are prepared in accordance with International Financial Reporting Standards (IFRSs). This chapter presents a summary of the solo financial statement of BB.

Total Income

15.02 Total income, except revaluation gain/(loss) for period from financial assets of the bank, stood at BDT 240.04 billion, which was 54.98 percent higher than that of the previous year. The sources of income are shown in Table 15.01.

Income from Foreign Currency Financial Assets

15.03 The bank's income from foreign currency financial assets, except revaluation, increased by 9.27 percent to BDT 65.56 billion in FY24, compared to BDT 60.00 billion in FY23.

Income from Local Currency Financial Assets

15.04 The bank's income from local currency financial assets increased by 83.89 percent to BDT 174.48 billion in FY24 compared to BDT 94.88 billion in FY23.

Total Expenses

15.05 Total expenses of the bank increased by 69.98 percent to BDT 78.48 billion in FY24, compared to BDT 46.17 billion in FY23. The details of the expenditure increased are shown in Table 15.02.

Financial Expenses

15.06 Financial expenses increased by 12.50 percent to BDT 26.00 billion in FY24, compared to BDT 23.11 billion in FY23.

Other Expenses

15.07 Other expenses increased by 127.68 percent to BDT 52.48 billion in FY24 compared to BDT 23.05 billion in FY23.

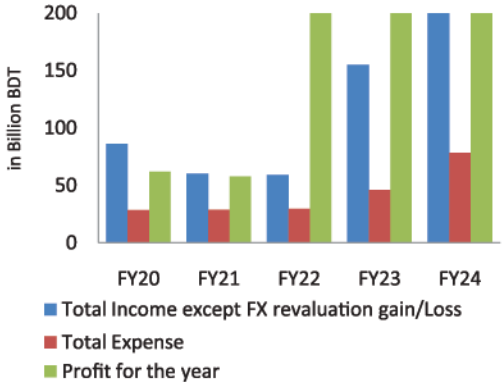
Table 15.01 Sources of BB's Income

(in Billion BDT)

Particulars	FY23	FY24
Income		
A. Income from foreign currency financial assets	**60.00**	**65.56**
Interest income	59.34	64.90
Commission and discounts	0.66	0.66
B. Income from local currency financial assets	**94.88**	**174.48**
Interest income	90.28	156.99
Commission and discounts	2.04	7.19
Dividend income	0.72	0.84
Other Income	1.84	9.46
Total : (A+B)	**154.88**	**240.04**
C. Foreign currency revaluation gain (loss)	**363.97**	**243.98**
Total : (A+B+C)	**518.85**	**484.02**

Source: Accounts and Budgeting Department, Bangladesh Bank

Chart 15.01 Trends of BB's Income, Expenditure and Profit



Source: Accounts and Budgeting Department, Bangladesh Bank.

Foreign Currency Revaluation Gain/Loss

15.08 The bank has made a gain of BDT 243.98 billion (228.78 billion realised and 15.20 billion unrealised) on foreign currency revaluation in FY24, which is 32.96 percent lower than BDT 363.97 billion in FY23.

Profit for the Year

15.09 The profit before FC revaluation gain/(loss) of the Bank was BDT 161.56 billion in FY24, compared to BDT 108.72 billion in FY23. In contrast, profit for the year, after foreign currency revaluation gain/loss, decreased to BDT 405.54 billion in FY24, which is 14.20 percent lower than that of the previous year (Table 15.03).

Other Comprehensive Income

15.10 During the year under consideration, the bank experienced a total revaluation loss of BDT 47.63 billion. The loss incurred was mainly due to the decrease in value of financial instruments in the international market. This valuation loss has been appropriated to the reserve account. The sources are shown in Table 15.04.

Total Comprehensive Income

15.11 Total comprehensive income decreased by 27.81 percent to BDT 357.91 billion in FY24 compared to BDT 495.78 billion in the previous year.

Profit Appropriation

15.12 Out of BDT 161.56 billion in distributable profit, an amount of BDT 0.55 billion was transferred to statutory funds, BDT 1.60 billion, to the Bangladesh Bank Disaster Management and Social Responsibility Fund, BDT 0.45 billion to the Asset Renewal and Replacement Fund, BDT 0.03 billion as a credit rating fee paid on behalf of the government, and BDT 4.92 billion as adjustment for commission and fees for issue and management of government debts, along with 0.08 billion as a prior year adjustment factor. After the adjustments made , BDT 153.91 billion was transferred to the government account.

Statement of Financial Position of Banking and Issue Department

Assets

15.13 Foreign currency financial assets decreased by 5.00 percent to BDT 3,277.07

Table 15.02 Bangladesh Bank's Expenditure

(in Billion BDT)

Particulars	FY23	FY24
A. Financial expenses	**23.11**	**26.00**
Expenses on foreign currency financial liabilities	**12.52**	**19.84**
Interest expense on foreign currency financial liabilities	9.56	18.59
Commission and other expenses on foreign currency financial liabilities	2.96	1.25
Expenses on local currency financial liabilities	**10.59**	**6.16**
Interest expense on local currency financial liabilities	0.24	0.24
Commission and other expenses on local currency financial liabilities	10.35	5.92
B. Other expenses	**23.06**	**52.48**
Note printing	3.74	3.37
General and administrative expenses	19.31	18.28
Allowances for Expected Credit Loss	0.00	38.83
Total expenditure (A+B)	**46.18**	**78.48**

Source: Accounts and Budgeting Department, Bangladesh Bank.

Table 15.03 Profit of the Year

(in Billion BDT)

Particulars	FY23	FY24
Total income	154.88	240.04
Total expenses	46.16	78.48
Profit before FC revaluation	108.72	161.56
FC revaluation gain/(loss)	363.97	243.98
Profit for the year	472.68	405.54

Source: Accounts and Budgeting Department, Bangladesh Bank.

Table 15.04 Other Comprehensive Income

(in Billion BDT)

Particulars	FY23	FY24
Profit for the year	**472.68**	**405.54**
Other Comprehensive Income	**23.09**	**-47.63**
Gold Revaluation gain/(loss)	14.84	33.01
Silver Revaluation gain/(loss)	0.07	0.18
Revaluation gain/(loss) on financial instruments	-23.20	-80.82
Revaluation gain/(loss) on property, plant and equipment	31.39	0.00
Total Comprehensive Income	**495.78**	**357.91**

Source: Accounts and Budgeting Department, Bangladesh Bank.

billion in FY24, compared to BDT 3,449.21 billion in FY23 (Table 15.05).

15.14 Local currency financial assets increased by 40.20 percent to BDT 3,122.44 billion in FY24, compared to BDT 2,226.99 billion in FY23.

15.15 Non-financial assets of the bank increased by 0.33 percent to BDT 73.10 billion in FY24 compared to BDT 72.86 billion in FY23.

Liabilities

15.16 Foreign currency financial liabilities increased by 29.12 percent to BDT 910.92 billion in FY24, up from BDT 705.48 billion in FY23. All the broad heads of foreign currency liabilities increased except deposits from banks and financial institutions (Table 15.05).

15.17 Local currency financial liabilities increased by 6.75 percent to BDT 4,220.94 billion in FY24, compared to BDT 3,953.94 billion in FY23.

Notes in Circulation

15.18 Notes in circulation increased by 2.66 percent to BDT 3,184.09 billion in FY24 compared to BDT 3,101.56 billion in FY23. The increase was backed by BDT 118.95 billion with gold and silver, BDT 2,009.55 billion with approved foreign exchange, BDT 1,024.50 billion with Bangladesh Government securities, BDT 1.20 billion with Taka coins, and BDT 29.88 billion with other domestic assets.

Equity

15.19 Total equity of the bank increased by 23.04 percent to BDT 1,340.75 billion in FY24, compared to BDT 1,089.65 billion in the previous year. The equity of the bank is enumerated below:

i. Capital of the Bank remained unchanged at BDT 0.03 billion;

ii. The revaluation reserve decreased by BDT 31.53 billion to BDT 617.08 billion in FY24, compared to BDT 648.61 billion in FY23;

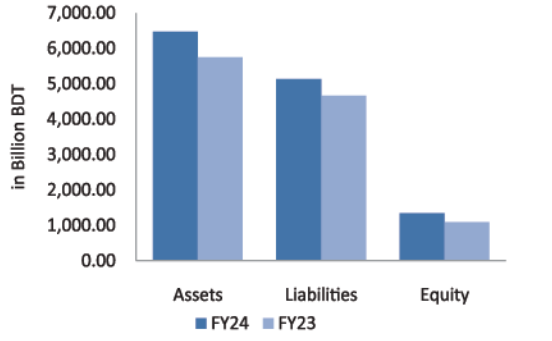
Table 15.05 Statement of Financial Position

(in Billion BDT)

Particulars	FY23	FY24
Total Financial Assets	**5,676.20**	**6472.62**
Foreign currency financial assets	3449.21	3277.07
Local currency financial assets	2226.99	3122.44
Non financial assets	**72.86**	**73.10**
Total financial liabilities	**4,659.43**	**5131.87**
Foreign currency financial liabilities	705.48	910.92
Local currency financial liabilities	3953.94	4220.94
Equity	**1,089.65**	**1340.75**

Source: Accounts and Budgeting Department, Bangladesh Bank

Chart 15.02 BB's Assets, Liabilities and Equity



Source: Accounts and Budgeting Department, Bangladesh Bank.

iii. Currency fluctuation reserve increased by BDT 228.78 billion to BDT 509.87 billion in FY24, compared to BDT 281.09 billion in FY23;

iv. The balance of statutory funds increased by BDT 0.55 billion to BDT 19.62 billion in FY24, compared to BDT 19.07 billion in FY23. This increase was due to appropriation to the rural credit, agricultural credit, and industrial credit funds;

v. Other reserves increased by 0.46 billion to BDT 13.80 billion in FY24, up from BDT 13.34 billion in FY23;

vi. General reserve of the Bank remained unchanged at BDT 4.25 billion.

Consolidation

15.20 During the year, the accounts of the Security Printing Corporation (Bangladesh) Ltd.

(SPCBL), a 100-percent owned subsidiary of BB, have been consolidated with the accounts of BB.

Auditors

15.21 The financial statements of BB for FY24 were jointly audited by Howladar Yunus & Co. Chartered Accountants, Bangladesh and Hoda Vasi Chowdhury & Co., Chartered Accountants, Bangladesh.

BANGLADESH BANK

AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS

As at and for the year ended 30 June 2024

Independent Auditors' Report
To the Government of the People's Republic of Bangladesh
Report on the Audit of the Financial Statement

Opinion

We have audited the consolidated financial statements of Bangladesh Bank and its subsidiary ("the Group") as well as the separate financial statements of Bangladesh Bank (the Bank), which comprise the consolidated and separate statements of financial position as at 30 June 2024, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, comprising a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank present fairly, in all material respects, the consolidated financial position of the Group and the separate financial position of the Bank as at 30 June 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh's (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Without modifying our opinion, we draw attention to the following matters:

1. As stated in note #3.05 and note #42.2 of the financial statements, the Bank's entire portfolio of financial assets other than those measured at "Fair Value Through Profit or Loss" are subject to impairment assessment. Out of the total portfolio, Bangladesh Bank has assessed BDT 399,276 million of local currency loan to banks as stage- 2 & 3 category. For calculation of impairment provision under Lifetime Expected Credit Loss (ECL), Probability of Default (PD) is made @15% considering significant recovery at subsequent period and future strategy of Board of Bangladesh Bank.
2. As disclosed in note # 3.17 of the financial statements, the Bank follows revaluation model for recognition on of Property, Plant and Equipment (PPE) and revalued its lands as on 01 January 2022 and other items of PPE were revalued on 31 January 2018, but updated revaluation is yet to be made. While, as disclosed in note # 45 the actuarial valuation of the Bank's defined benefit plans was made in 2016, but updated valuation is pending.

3. As described in note # 10 of the financial statements, a fraudulent activity took place in 2016 with Bangladesh Bank through unauthorized SWIFT transactions. Against this fraud case, a receivable has been created and the outstanding balance of this receivable as of 30 June 2024 is BDT 522.41 crore. Legal proceedings are still in progress to recover this amount.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters.

1. Foreign Investments

Foreign Investments includes short term deposits and overnight investment with overseas commercial banks, foreign bonds and US treasury notes equivalent to BDT 2,280,499 million which is 35 percent of the Bank's total assets. The existence, valuation and presentation of these foreign investments in the financial statements pose significant audit risk.

Our audit procedures to address the risks of material misstatement relating to foreign investments included:

- Assessment of the design and testing of the operating effectiveness of management's key control throughout the year in assessing the carrying value of foreign investments and recognition of related revenue.
- Sending direct confirmation to the related counterparties to confirm the balances and upon receipt of the confirmation, necessary reconciliations were made.
- Detailed analysis of exchange rates used and valuation processes, recalculation of interest income, and evaluation of recognition, measurement, presentation, expected credit loss on the investment and disclosures in the financial statements in accordance with the related IFRSs.
- Finally, review the impairment assessment and calculation done by management under ECL model of IFRS 9.

The Bank's disclosures about foreign investments are included in note # 3.07 and note #5 to the financial statements.

2. Loans to Banks

Loans to Banks includes foreign currency loans amounting to BDT 328,927 million and local currency loans to banks and financial institutions amounting to BDT 798,881 million. The aggregate amount of the above is 17 percent of the total assets of Bangladesh Bank. The existence and valuation of these loans in the financial statements pose significant audit risk.

Our audit procedures to address the risk of material misstatement relating to these items include:

- Evaluation of the effectiveness of controls over the disbursement process of these loans including proper approval and execution of required documentation.
- Assessment the existence of loan balance at year-end through external confirmations from respective banks and financial institutions.

- Verification of translation of foreign currency (i.e. EDF, LTFF and GTF Investments) loan balances using the prevailing exchange rate on cut-off date.
- Verification of interest calculation which are mostly automated and calculated in e- Refinance software and confirmed with the General Ledgers; and
- Finally, review the impairment assessment and calculation of provision done by the management under ECL model of IFRS 9.

The Bank's disclosures about Foreign Currency Loans to Banks are included in note #9 and local currency loans to banks and financial institutions are included in note # 14 to the financial statements.

3. Information technology (IT) systems used in financial reporting process

The Bank's operational and financial reporting processes are dependent on multiple IT systems run through Core Banking Solutions (CBS), SAP and other integrated software with automated controls and processes large volume of transactions. Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements and the same was considered as Key Audit Matter.

Our audit procedures to address the risk of material misstatement relating to the above items include:

- Understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit.
- Assessment of design and implementation of the Bank's General IT controls over the key IT systems that are critical to financial reporting.
- Review of Bank's periodic review of user access controls including segregation of duties and management of changes/updates to systems; and
- Review of the process to upload data from CBS to SAP and assess related controls.

Other Information

Management is responsible for the other information. The other information comprises all the information in the Annual Report other than the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial

statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the Group's ability to continue as a going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the

group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequence of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Terms of Reference (ToR) issued by the Ministry of Finance Financial Institutions Division, Government of the People's Republic of Bangladesh, we also report the following:

- Nothing has come to our attention which indicates that the IT based accounting systems generated information are not free from material error and non-compliance.
- Nothing has come to our attention which indicates that charging of depreciation on Deadstock (Capital Assets) and immovable properties are not in line with applicable financial reporting framework except as mentioned in under #2 of 'Emphasis of Matters' section mentioned earlier.
- Internal control measures undertaken by the Bank appeared to be adequate except for some insignificant control deficiencies.
- We have reviewed the compliances of audit observations of previous year and the same are being reported in the Management Report.
- We have checked the authenticity of financial information and data supplied to the International Monetary Fund (IMF) by the Bank; and
- We have reviewed the compliance of decisions taken by the Board of Directors of the Bank.

Howladar Yunus & Co.
Chartered Accountants



Muhammad Farooq FCA
Managing Partner
ICAB Enrolment # 521
DVC No.: 2408280521AS272745

Dated: Dhaka, 28 August 2024

Hoda Vasi Chowdhury & Co
Chartered Accountants



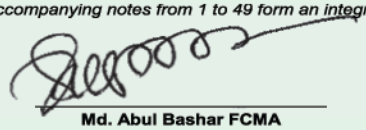
Sabbir Ahmed FCA
Partner
ICAB Enrolment # 770
DVC No.: 2408280770AS917473

BANGLADESH BANK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

in thousand BDT

Particulars	Notes	30-Jun-24	30-Jun-23
ASSETS			
Foreign currency financial assets			
Foreign currency accounts	4	80,037,105	88,946,844
Foreign investments	5	2,280,383,483	2,324,639,709
Assets held with International Monetary Fund	6.01	446,650,988	415,910,328
Gold and silver	7	101,195,822	54,093,399
Claims from gold transactions	8	25,507,529	37,757,643
Foreign currency loans to banks	9	328,927,368	511,418,327
Other foreign currency financial assets	10	14,369,258	16,450,320
Total foreign currency financial assets		**3,277,071,553**	**3,449,216,570**
Local currency financial assets			
Taka coin and cash balances	11	2,391,082	3,582,958
Securities purchased under agreement to resell		748,186,830	169,462,750
Loans to the Government of Bangladesh	12	567,454,700	178,018,700
Local currency investments	13	756,895,136	1,318,131,179
Local currency loans to banks, financial institutions and employees	14	851,787,072	475,816,678
Other local currency financial assets	15	204,115,321	90,531,418
Total local currency financial assets		**3,130,830,141**	**2,235,543,683**
Total financial assets		**6,407,901,694**	**5,684,760,253**
Non-financial assets			
Property, plant and equipment	16	80,020,972	80,099,350
Intangible assets	17	576,845	758,615
Other non-financial assets	18	6,940,570	5,959,259
Total non-financial assets		**87,538,387**	**86,817,224**
Total assets		**6,495,440,081**	**5,771,577,477**
LIABILITIES & EQUITY			
LIABILITIES			
Foreign currency financial liabilities			
Deposits from banks and financial institutions	19	311,018,502	248,898,292
Liabilities with International Monetary Fund	6.02	493,095,097	400,326,205
Other foreign currency financial liabilities	20	106,814,242	56,260,118
Total foreign currency financial liabilities		**910,927,841**	**705,484,615**
Local currency financial liabilities			
Notes in circulation	21	3,184,097,642	3,101,560,298
Deposits from banks and financial institutions	22	932,764,069	714,863,215
Other local currency financial liabilities	23	105,574,334	138,816,051
Total local currency financial liabilities		**4,222,436,045**	**3,955,239,564**
Total liabilities		**5,133,363,886**	**4,660,724,179**
EQUITY			
Capital	24	30,000	30,000
Retained earnings	31	174,005,788	122,020,617
Revaluation reserves	25	621,703,613	653,256,585
Currency fluctuation reserve	26	509,875,432	281,090,590
Statutory funds	27	19,617,046	19,067,046
Non statutory funds	28	17,345,023	16,445,330
Other reserves	29	13,798,793	13,342,630
General reserve	30	5,700,500	5,600,500
Total equity		**1,362,076,195**	**1,110,853,298**
Total liabilities and equity		**6,495,440,081**	**5,771,577,477**

The accompanying notes from 1 to 49 form an integral part of these financial statements.



Md. Abul Bashar FCMA
Director (A&BD)
Accounts & Budgeting Department



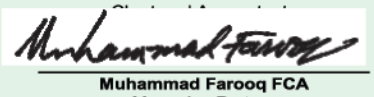
Dr. Md. Habibur Rahman
Deputy Governor



Dr. Ahsan H. Mansur
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Howladar Yunus & Co.



Muhammad Farooq FCA
Managing Partner
ICAB Enrolment # 521
DVC No.: 2408280521AS272745

Hoda Vasi Chowdhury & Co



Sabbir Ahmed FCA
Partner
ICAB Enrolment # 770
DVC No.: 2408280770AS917473

Dated: 28 August 2024
Dhaka, Bangladesh

BANGLADESH BANK
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

in thousand BDT

Particulars	Notes	2024	2023
ASSETS			
Foreign currency financial assets			
Foreign currency accounts	4	80,037,105	88,946,844
Foreign investments	5	2,280,383,483	2,324,639,709
Assets held with International Monetary Fund	6.01	446,650,988	415,910,328
Gold and silver	7	101,195,822	54,093,399
Claims from gold transactions	8	25,507,529	37,757,643
Foreign currency loans to banks	9	328,927,368	511,418,327
Other foreign currency financial assets	10	14,369,258	16,450,320
Total foreign currency financial assets		**3,277,071,552**	**3,449,216,570**
Local currency financial assets			
Taka coin and cash balances	11.01	1,271,949	2,345,632
Securities purchased under agreement to resell	11.02	748,186,830	169,462,750
Loans to the Government of Bangladesh	12	567,454,700	178,018,700
Local currency investments	13.01	752,362,565	1,313,565,685
Local currency loans to banks, financial institutions and employees	14.01	850,013,802	473,927,804
Other local currency financial assets	15.01	203,152,295	89,667,613
Total local currency financial assets		**3,122,442,141**	**2,226,988,184**
Total financial assets		**6,399,513,693**	**5,676,204,754**
Non-financial assets			
Property, plant and equipment	16.01	71,247,196	71,203,229
Intangible assets	17	576,845	758,615
Other non-financial assets	18.01	1,282,033	907,462
Total non-financial assets		**73,106,074**	**72,869,306**
Total assets		**6,472,619,767**	**5,749,074,060**
LIABILITIES & EQUITY			
LIABILITIES			
Foreign currency financial liabilities			
Deposits from banks and financial institutions	19	311,018,502	248,898,292
Liabilities with International Monetary Fund	6.02	493,095,097	400,326,205
Other foreign currency financial liabilities	20	106,814,242	56,260,118
Total foreign currency financial liabilities		**910,927,841**	**705,484,615**
Local currency financial liabilities			
Notes in circulation	21	3,184,097,642	3,101,560,298
Deposits from banks and financial institutions	22	932,764,069	714,863,215
Other local currency financial liabilities	23.01	104,083,975	137,518,285
Total local currency financial liabilities		**4,220,945,686**	**3,953,941,798**
Total liabilities		**5,131,873,527**	**4,659,426,413**
EQUITY			
Capital	24	30,000	30,000
Retained earnings	31.01	158,744,549	106,807,347
Revaluation reserves	25.01	617,084,897	648,614,204
Currency fluctuation reserve	26	509,875,432	281,090,590
Statutory funds	27	19,617,046	19,067,046
Non statutory funds	28	17,345,023	16,445,330
Other reserves	29	13,798,793	13,342,630
General reserve	30.01	4,250,500	4,250,500
Total equity		**1,340,746,240**	**1,089,647,647**
Total liabilities and equity		**6,472,619,767**	**5,749,074,060**

The accompanying notes from 1 to 49 form an integral part of these financial statements

Md. Abul Bashar FCMA
Director (A&BD)
Accounts & Budgeting Department

Dr. Md. Habibur Rahman
Deputy Governor

Dr. Ahsan H. Mansur
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Howladar Yunus & Co.

Muhammad Farooq FCA
Managing Partner
ICAB Enrolment # 521
DVC No.: 2408280521AS272745

Hoda Vasi Chowdhury & Co

Sabbir Ahmed FCA
Partner
ICAB Enrolment # 770
DVC No.: 2408280770AS917473

Dated: 28 August 2024
Dhaka, Bangladesh

BANGLADESH BANK
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

in thousand BDT

Particulars	Notes	2023-24	2022-23
INCOME			
Income from foreign currency financial assets			
Interest income	32	64,895,960	59,344,153
Commission and discounts	33	659,530	660,756
Total income from foreign currency financial assets		**65,555,490**	**60,004,909**
Income from local currency financial assets			
Interest income	35	158,495028	91,426,303
Commission and discounts	36	7,193,103	2,047,115
Sales to other parties by subsidiary		1,987,862	1,979,813
Other income		9,477,237	1,865,480
Total income from local currency financial assets		**177,153,230**	**97,318,711**
Total income		**242,708,720**	**157,323,620**
EXPENSES			
Expenses on foreign currency financial liabilities			
Interest expense	34	(18,596,117)	(9,563,573)
Commission and other expenses		(1,247,118)	(2,962,133)
Total expenses on foreign currency financial liabilities		**(19,843,235)**	**(12,525,706)**
Expenses on local currency financial liabilities			
Interest expense	38	(235,751)	(242,684)
Commission and other expenses	39	(5,924,145)	(10,353,407)
Total expenses on local currency financial liabilities		**(6,159,896)**	**(10,596,091)**
Other expenses			
General and administrative expenses	41	(22,959,259)	(24,200,763)
Allowances for Expected Credit Loss		(30,831,289)	-
Total other expenses		**(53,790,546)**	**(24,200,763)**
Total expenses		**(79,793,677)**	**(47,322,560)**
Foreign currency revaluation gain/(loss) - unrealised		15,202,385	193,451,299
Foreign currency revaluation gain/(loss) - realised		228,784,842	170,522,226
Profit before tax		**406,902,271**	**473,974,585**
Current tax expense		(840,479)	(547,435)
Deferred tax income/(expense)		73,283	15,320
Prior year tax adjustment		(473,293)	-
Profit for the year		**405,661,781**	**473,442,470**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Gold revaluation gain/(loss)		33,012,684	14,843,380
Silver revaluation gain/(loss)		183,181	72,268
Revaluation gain/(loss) on financial instruments	40	(80,824,050)	(23,207,021)
Revaluation gain on property, plant and equipment		-	31,390,039
Total other comprehensive income		**(47,628,185)**	**23,098,666**
Total comprehensive income for the year		**358,033,596**	**496,541,135**

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Abul Bashar FCMA
Director (A&BD)
Accounts & Budgeting Department

Dr. Md. Habibur Rahman
Deputy Governor

Dr. Ahsan H. Mansur
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Howladar Yunus & Co.
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Muhammad Farooq FCA
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DVC No.: 2408280770AS917473

Dated: 28 August 2024
Dhaka, Bangladesh

BANGLADESH BANK
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

in thousand BDT

Particulars	Notes	2024	2023
INCOME			
Income from foreign currency financial assets			
Interest income	32	64,895,960	59,344,153
Commission and discounts	33	659,530	660,756
Total income from foreign currency financial assets		**65,555,490**	**60,004,909**
Income from local currency financial assets			
Interest income	35.01	156,985,665	90,279,045
Commission and discounts	36	7,193,103	2,047,115
Dividend income		840,000	720,000
Other income	37	9,462,737	1,837,450
Total income from local currency financial assets		**174,481,505**	**94,883,610**
Total income		**240,036,995**	**154,888,519**
EXPENSES			
Expenses on foreign currency financial liabilities			
Interest expense	34	(18,596,117)	(9,563,573)
Commission and other expenses		(1,247,118)	(2,962,133)
Total expenses on foreign currency financial liabilities		**(19,843,235)**	**(12,525,706)**
Expenses on local currency financial liabilities			
Interest expense	38	(235,751)	(242,684)
Commission and other expenses	39	(5,924,145)	(10,353,407)
Total expenses on local currency financial liabilities		**(6,159,896)**	**(10,596,091)**
Other expenses			
Note printing expenses		(3,372,948)	(3,740,385)
General and administrative expenses	41.01	(18,279,379)	(19,315,360)
Allowances for Expected Credit Loss	41.02	(30,831,289)	-
Total other expenses		**(52,483,616)**	**(23,055,745)**
Total expenses		**(78,486,747)**	**(46,177,542)**
Foreign currency revaluation gain/(loss) - unrealised		15,202,385	193,451,299
Foreign currency revaluation gain/(loss) - realised		228,784,842	170,522,226
Profit for the year		**405,537,475**	**472,684,502**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Gold revaluation gain/(loss)		33,012,684	14,843,380
Silver revaluation gain/(loss)		183,181	72,268
Revaluation gain/(loss) on financial instruments	40	(80,824,050)	(23,207,021)
Revaluation gain/(loss) on property, plant and equipment		-	31,390,039
Total other comprehensive income		**(47,628,185)**	**23,098,666**
Total comprehensive income for the year		**357,909,290**	**495,783,168**

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Abul Bashar FCMA
Director (A&BD)
Accounts & Budgeting Department

Dr. Md. Habibur Rahman
Deputy Governor

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These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

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Partner
ICAB Enrolment # 770
DVC No.: 2408280770AS917473

Dated: 28 August 2024
Dhaka, Bangladesh

BANGLADESH BANK
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

in thousand BDT

Particulars	Non - distributable										Distributable	Equity
		Revaluation reserves						Other reserves				
	Capital	Gold and silver	Foreign currency accounts	Financial instruments	Property, plant & equipment	Currency fluctuation reserve	Statutory funds	Non-statutory funds	Asset renewal & replacement fund	Interest reserve	General reserve	Retained earnings	
Balance as at 01 July 2022	**30,000**	**46,074,964**	**387,978,796**	**(37,260,698)**	**39,752,523**	**110,568,363**	**18,517,046**	**15,635,542**	**5,377,761**	**7,522,114**	**5,500,500**	**43,208,378**	**642,905,288**
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Dividend paid for 2021-22	-	-	-	-	-	-	-	-	-	-	-	(28,476,987)	(28,476,987)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	(875)	(875)
Total comprehensive income for the year	-	14,915,648	-	(23,207,021)	31,390,039	-	-	-	-	-	-	473,442,469	496,541,135
Utilization of funds	-	-	-	-	-	-	-	(100,212)	-	-	-	-	(100,212)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	184,948	(23,912)	-	-	-	-	-	-	23,912	184,948
Appropriation of profit to other funds	-	-	193,451,299	-	-	170,522,226	550,000	910,000	442,755	-	100,000	(365,976,280)	-
Balance as at 30 June 2023	**30,000**	**60,990,612**	**581,430,095**	**(60,282,771)**	**71,118,650**	**281,090,589**	**19,067,046**	**16,445,330**	**5,820,516**	**7,522,114**	**5,600,500**	**122,020,617**	**1,110,853,298**
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(57,276)	(57,276)
Transfer to Disaster Management and Social Responsilibity Fund	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Dividend paid for 2022-23	-	-	-	-	-	-	-	-	-	-	-	(106,526,304)	(106,526,304)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	(23,304)	(23,304)
Total comprehensive income for the year	-	33,195,865	-	(80,824,050)	-	-	-	-	-	-	-	405,661,781	358,033,596
Utilization of funds	-	-	-	-	-	-	-	(900,307)	-	-	-	-	(900,307)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	896,493	(23,664)	-	-	-	-	-	-	23,664	896,493
Appropriation of profit to other funds	-	-	15,202,385	-	-	228,784,842	550,000	1,800,000	456,163	-	100,000	(246,893,390)	-
Balance as at 30 June 2024	**30,000**	**94,186,477**	**596,632,480**	**(140,210,328)**	**71,094,986**	**509,875,431**	**19,617,046**	**17,345,023**	**6,276,679**	**7,522,114**	**5,700,500**	**174,005,788**	**1,362,076,195**

BANGLADESH BANK
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

in thousand BDT

Particulars	Non distributable										Distributable	Equity
		Revaluation reserves						Other reserves				
	Capital	Gold and silver	Foreign currency accounts	Financial instruments	Property, plant & equipment	Currency fluctuation reserve	Statutory funds	Non-statutory funds	Asset renewal & replacement fund	Interest reserve	General reserve	Retained earnings	
Balance as at 01 July 2022	**30,000**	**46,074,964**	**387,978,795**	**(37,260,698)**	**35,086,230**	**110,568,363**	**18,517,046**	**15,635,542**	**5,377,761**	**7,522,114**	**4,250,500**	**28,676,987**	**622,457,664**
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Dividend paid for 2021-22	-	-	-	-	-	-	-	-	-	-	-	(28,476,987)	(28,476,987)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	(875)	(875)
Total comprehensive income for the year	14,915,648	-	(23,207,021)	31,390,039	-	-	-	-	-	-	-	472,684,502	495,783,168
Utilization of funds	-	-	-	-	-	-	-	(100,212)	-	-	-	-	(100,212)
Derecognition of reserve on account of sale and maturity of assets	-	-	184,948	-	-	-	-	-	-	-	-	-	184,948
Appropriation of profit to other funds	-	193,451,299	-	-	-	170,522,226	550,000	910,000	442,755	-	-	(365,876,281)	-
Balance as at 30 June 2023	**30,000**	**60,990,612**	**581,430,094**	**(60,282,771)**	**66,476,269**	**281,090,589**	**19,067,046**	**16,445,330**	**5,820,516**	**7,522,114**	**4,250,500**	**106,807,347**	**1,089,647,647**
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(57,276)	(57,276)
Transfer to Disaster Management and Social Responsibility Fund	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Dividend paid for 2022-23	-	-	-	-	-	-	-	-	-	-	-	(106,526,304)	(106,526,304)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-	(23,304)	(23,304)
Total comprehensive income for the year	33,195,865	-	(80,824,050)	-	-	-	-	-	-	-	-	405,537,475	357,909,290
Utilization of funds	-	-	-	-	-	-	-	(900,307)	-	-	-	-	(900,307)
Derecognition of reserve on account of sale and maturity of assets	-	-	896,493	-	-	-	-	-	-	-	-	-	896,493
Appropriation of profit to other funds	-	15,202,385	-	-	-	228,784,842	550,000	1,800,000	456,163	-	-	(246,793,390)	-
Balance as at 30 June 2024	**30,000**	**94,186,477**	**596,632,479**	**(140,210,328)**	**66,476,269**	**509,875,431**	**19,617,046**	**17,345,023**	**6,276,679**	**7,522,114**	**4,250,500**	**158,744,548**	**1,340,746,240**

BANGLADESH BANK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

in thousand BDT

Particulars	2023-24	2022-23
Profit for the year	405,661,781	473,442,470
Adjustments:		
Depreciation	1,770,875	1,628,924
Loan loss provision	30,831,289	1,755,257
Foreign currency revaluation gain - unrealised	(15,202,385)	(193,451,299)
Investment income from short term deposit, foreign bills and bonds	(28,538,687)	(32,114,724)
Investment Income from local treasury bills and bonds	(139,521,504)	(79,974,172)
Interest from claims from gold transactions	(12,466,104)	(8,049,207)
	242,535,263	**163,237,249**
Tax paid during the year	(1,313,773)	(532,115)
Payment from WPPF	(105,794)	(101,431)
Provision to WPPF	116,042	105,794
(Increase) / decrease in foreign currency loans to banks	182,490,959	194,222,158
(Increase) / decrease in other receivable on foreign currency loans	4,018,854	(2,950,115)
(increase) / decrease in loans to government	(389,436,000)	(170,750,200)
(increase)/ decrease in local currency loans to banks, financial institutions and employees	(376,085,998)	(242,730,572)
increase/(decrease) in interest payable on SDR allocation	240,046	1,169,487
(increase)/decrease in other local currency financial assets	(114,235,087)	(85,578,876)
(increase)/decrease in other non-financial assets	(464,912)	(1,603,279)
increase/(decrease) in notes in circulation	82,537,344	556,326,385
increase/(decrease) in other local currency financial liabilities	(33,043,896)	(38,243,764)
	(645,282,213)	**209,333,471**
Net cash from operating activities	**(402,746,950)**	**372,570,720**
Cash flows from investing activities		
Settlement with liabilities with IMF	62,028,232	23,832,689
Investment Income from short term deposit, US treasury notes, foreign bills and bonds	41,004,792	40,163,931
Net investment in foreign bills, US treasury notes and bonds	419,258,313	(123,892,692)
Net investment in foreign short term deposits	(4,026,550)	400,260,220
Investment income from local treasury bills and bonds	139,521,504	79,974,172
Net investment in local treasury bills and bonds	561,202,574	(766,596,482)
Other local investment	1,315,729	967,742
Income from claims from gold transactions	12,466,104	8,049,207
Gain on asset sale or derecognition	1,116	852
Addition of fixed assets and intangible assets	(1,683,983)	(2,665,022)
Net cash used in investing activities	**1,231,087,831**	**(339,905,383)**
Cash flows from financing activities		
Dividend paid to the Government of Bangladesh	(106,526,304)	(28,476,987)
Net cash (used in)/from financing activities	**(106,526,304)**	**(28,476,987)**
Net increase/(decrease) in cash and cash equivalents	**721,814,577**	**4,188,350**
Opening balance of cash and cash equivalents	265,122,401	260,934,051
Cash and cash equivalents as at 30 June	**986,936,978**	**265,122,401**
Cash and cash equivalents includes		
Foreign currency accounts	80,037,105	53,978,419
Foreign investments with short-term maturity	1,400,104,532	1,001,859,781
Taka coin and cash balances	2,391,082	3,582,958
Securities purchased under agreement to resell	748,186,830	169,462,750
Foreign currency deposits from banks and financial institutions	(311,018,502)	(248,898,292)
Deposits from banks and financial institutions	(932,764,069)	(714,863,215)
Cash and cash equivalents as at 30 June	**986,936,978**	**265,122,401**

BANGLADESH BANK
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

In thousand BDT

Particulars	2023-24	2022-23
Cash flows from operating activities		
Profit for the year	405,537,475	472,684,502
Adjustments:		
Depreciation	1,440,363	1,298,412
Loan loss provision	30,831,289	1,755,257
Foreign currency revaluation gain - unrealised	(15,202,385)	(193,451,299)
Investment income from short term deposit, foreign bills and bonds	(28,538,687)	(32,114,724)
Investment income from local treasury bills and bonds	(139,521,504)	(79,974,172)
Interest from claims from gold transactions	(12,466,104)	(8,049,207)
Dividend income	(840,000)	(720,000)
	241,240,448	**161,428,769**
(Increase) / decrease in foreign currency loans to banks	182,490,959	194,222,158
(Increase) / decrease in other receivable on foreign currency loans	4,018,854	(2,950,115)
(increase) / decrease in loans to government	(389,436,000)	(170,750,200)
	(376,085,998)	(242,918,177)
increase/(decrease) in interest payable on SDR allocation	240,047	1,169,487
(increase)/decrease in other local currency financial assets	(113,484,682)	(85,556,417)
(increase)/decrease in other non-financial assets	(374,571)	(621,969)
increase/(decrease) in notes in circulation	82,537,344	556,326,385
increase/(decrease) in other local currency financial liabilities	(33,434,310)	(38,426,118)
	(643,528,359)	**210,495,032**
Net cash from operating activities	**(402,287,911)**	**371,923,801**
Cash flows from investing activities		
Settlement with liabilities with IMF	62,028,232	23,832,689
	41,004,792	40,163,931
Net investment in foreign bills, US treasury notes and bonds	419,258,313	(123,892,692)
Net investment in foreign short term deposits	(4,026,550)	400,260,220
Net investment in local treasury bills and bonds	561,202,574	(766,596,482)
Investment income from local treasury bills and bonds	139,521,504	79,974,172
Addition of fixed assets and intangible assets	(1,549,099)	(2,597,813)
Gain on asset sale or derecognition	1,116	852
Income from claims from gold transactions	12,466,104	8,049,207
Dividend received	840,000	720,000
Net cash used in/ (from) investing activities	**1,230,746,986**	**(340,085,914)**
Cash flows from financing activities		
Dividend paid to the Government of Bangladesh	(106,526,304)	(28,476,987)
Net cash (used in)/from financing activities	**(106,526,304)**	**(28,476,987)**
Net increase/(decrease) in cash and cash equivalents	**721,932,771**	**3,360,900**
Opening balance of cash and cash equivalents	263,885,075	260,524,175
Cash and cash equivalents as at 30 June	**985,817,845**	**263,885,075**
Cash and cash equivalents includes		
Foreign currency accounts	80,037,105	53,978,419
Foreign investments with short-term maturity	1,400,104,532	1,001,859,781
Taka coin and cash balances	1,271,949	2,345,632
Securities purchased under agreement to resell	748,186,830	169,462,750
Foreign currency deposits from banks and financial institutions	(311,018,502)	(248,898,292)
Deposits from banks and financial institutions	(932,764,069)	(714,863,215)
Cash and cash equivalents as at 30 June	**985,817,845**	**263,885,075**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

1 Reporting entity

Bangladesh Bank ("the Bank"), a statutory body, is the central bank and apex regulatory body for the monetary and financial system of Bangladesh and established on the 16th day of December, 1971 under the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972). The Bank is domiciled in Bangladesh and the head office of the Bank is situated at Motijheel C/A, Dhaka-1000.

The Bank has 10 (ten) branch offices situated at the following locations:

Location	Address
Motijheel Office	Motijheel C/A, Dhaka-1000
Chattogram Office	Notun/617, Shahid Sohrawardi Road, Chattogram
Rajshahi Office	Natore Road, Majhi Hata, Boalia, Rajshahi-6000
Bogura Office	Holding - 1683, Thonthonia, Bogura-5800
Rangpur Office	Bangladesh Bank Rangpur Office, Rangpur-5400
Khulna Office	1, Ratan Sen Road, Khulna-9100
Barishal Office	Deen Bondhu Sen Road, Barishal-8200
Sylhet Office	VIP Road, Taltola, Sylhet-3100
Sadarghat Office	Bahadurshah Road, Sadarghat, Dhaka-1000
Mymensingh Office	Barara, Mymensingh Sadar, Mymensingh

The Bank has exclusive agency arrangement with Sonali Bank Limited, state owned commercial bank, for carrying out certain specific treasury related functions across the country. As of 30 June 2024, 734 branches of Sonali Bank Limited were engaged in daily treasury functions under the referred agency arrangement with the Bank.

As per the Article 7A of the Bangladesh Bank Order, 1972, the main functions of the Bank shall be:

- to formulate and implement intervention policies in the foreign exchange market;
- to give advice to the Government on the interaction of monetary policy with fiscal and exchange rate policy, on the impact of various policy measures on the economy and to propose legislative measures it considers necessary or appropriate to attain these.
- to hold and manage the official foreign reserves of Bangladesh;
- to promote, regulate and ensure a secure and efficient payment system including the issue of bank notes; and
- to regulate and supervise banking companies and financial institutions.

The Bank also acts as the Banker to the Government as per Article 16(18) of the Bangladesh Bank Order, 1972.

The entire capital of the Bank had been allotted to the Government of Bangladesh as per Article 4(2) of the Bangladesh Bank Order, 1972.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

The Bank has a fully owned subsidiary company named The Security Printing Corporation (Bangladesh) Ltd. ("SPCBL" or "the subsidiary") which was formed on 22nd April, 1992 for the purpose of printing and supplying of currency notes. The Bank and its subsidiary are collectively referred to as "the Group". Refer to note 3.01 and 13.01.

2 Basis of preparation of the financial statements

2.01 Statement of compliance

In preparing the financial statements, the Bank's ability to continue as a going concern is subject to the article no. 76 of Bangladesh Bank Order, 1972 (President's order No. 127 of 1972) - the bank shall not be placed in liquidation save by order of the Government and in such manner and on such terms and conditions as it may direct." Subject to the mentioned article no. of Bangladesh Bank Order, 1972, the Group prepares its financial statement as going concern basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The compliance status of these IASs and IFRSs are as follows:

	Compliance status
IAS 1: Presentation of Financial Statements	Complied
IAS 2: Inventories	Complied
IAS 7: Statement of Cash Flows	Complied
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS 10: Events after the Reporting Period	Complied
IAS 12: Income Taxes	Complied
IAS 16: Property, Plant and Equipment	Complied
IAS 19: Employee Benefits	Complied
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23: Borrowing Costs	Complied
IAS 24: Related Party Disclosures	Complied
IAS 26: Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS 27: Separate Financial Statements	Complied
IAS 28: Investment in Associates and Joint Ventures	Not applicable
IAS 29: Financial Reporting in Hyperinflationary Economies	Not applicable
IAS 32: Financial Instruments: Presentation	Complied
IAS 33: Earnings Per Share	Not applicable
IAS 34: Interim Financial Reporting	Not applicable
IAS 36: Impairment of Assets	Complied
IAS 37: Provisions, Contingent Liabilities and Contingent assets	Complied

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	Compliance status
IAS 38: Intangible Assets	Complied
IAS 40: Investment Property	Not applicable
IAS 41: Agriculture	Not applicable
IFRS 1: First time Adoption of International Financial Reporting Standards	Not applicable
IFRS 2: Share based Payment	Not applicable
IFRS 3: Business Combinations	Not applicable
IFRS 4: Insurance Contracts	Not applicable
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not applicable
IFRS 6: Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS 7: Financial Instruments: Disclosures	Complied
IFRS 8: Operating Segments	Not applicable
IFRS 9: Financial Instruments	Complied
IFRS 10: Consolidated Financial Statements	Complied
IFRS 11: Joint Arrangements	Not applicable
IFRS 12: Disclosure of Interests in Other Entities	Complied
IFRS 13: Fair Value Measurement	Complied
IFRS 14: Regulatory Deferrals Accounts	Not applicable
IFRS 15: Revenue from Contract with Customers	Complied
IFRS 16: Leases	Complied
IFRS 17: Insurance Contracts	Not applicable

Adoption of new and revised Standards

a) New and amended IFRS Standards that are effective for the current year

The following are the amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 16 Leases- Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements-Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- IFRS S1 General Requirements for Disclosure of Sustainability- related Financial Information
- IFRS S2 Climate-related Disclosures

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b) New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the Bank.

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Amendments to IAS 1
- Amendments to IAS 7 and IFRS 7
- Classification of Liabilities as Current or Non-current Liabilities with Covenants Supplier Finance Arrangements
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The Board does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Bank in future periods.

2.02 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following material items in the consolidated and separate statements of financial position ("the statement of financial position"):

- Financial instruments held at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) are measured at fair value.
- All assets, except for low value assets and value amounting less than BDT 1 Lac, under Property Plant & Equipment (PPE) are measured at cost at the time of acquisition and subsequently at revalued amounts less accumulated depreciation and impairment losses.
- The net defined-benefit liability/asset of employee benefit plans, which is recognized as the net of fair value of plan assets and the present value of the defined-benefit obligations.

2.03 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (Taka/Tk/BDT), which is the Group's functional and presentation currency. Except as indicated, financial information presented in Bangladeshi Taka has been rounded off to the nearest thousand

2.04 Relationship between Issue Department and Banking Department

Under the Bangladesh Bank Order, 1972, issue of banknotes shall be conducted by the Bank in an Issue Department, which shall be separated and kept wholly distinct from the Banking Department. Accordingly, the Issue Department is solely concerned with notes issued and the assets

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backing the issued notes. The Banking Department comprises all other activities of the Bank. The separation into departments is made within the Bank and reports on both the Banking and Issue Departments (together referred as "statement of affairs") are prepared and submitted to the Government throughout the year at weekly interval. The annual financial statements are prepared on a combined basis to include all the assets and liabilities of the Bank. The assets backing the note issued as at the year end are disclosed in note 21.

2.05 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses that are not readily available.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of judgments about the carrying values of assets and liabilities, income and expenses that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognized in the financial statements are as follows:

- Fair value of financial instruments without active quoted market.
- Impairment assessment of financial assets.
- Business model consideration for financial instruments under IFRS 9.
- Effective interest rate calculation.
- Economic lives of property, plant and equipment and intangible assets for calculation of depreciation and amortization.
- Revaluation of property, plant and equipment.
- Calculation of post retirement defined benefit plan obligations for employee.

2.06 Comparative information

In presentation of the financial statements, comparative information in respect of the previous year is given in accordance with IAS-1 & IAS-8. The narrative and descriptive information are disclosed in notes to the financial statements, where relevant, for the understanding of the current year's financial statements.

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2.07 Restatement / Reclassification

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors require an entity to correct material prior period errors/estimates properly for the prior period presented when required. While preparing the consolidated financial statements for the year ended 30 June 2024, Other local currency financial liabilities have been reclassified to Other foreign currency financial liabilities.

3 Material accounting policy information

Accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group entities.

3.01 Basis of consolidation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS):10 Consolidated Financial Statements.

Subsidiary

The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) is the subsidiary of the Bank. The Bank holds 11,998,994 shares in SPCBL. For compliance with the requirements of the minimum number of seven shareholders of a public limited company as per the Companies Act 1994, One thousand shares were allotted to the Governor of Bangladesh Bank and Deputy Governor of Bangladesh Bank, Managing Director of The SPCBL, Secretary of Financial Institution Division of Ministry of Finance, Additional Secretary of Ministry of Home Affairs, Joint Secretary of Internal Resources Division and Director General of Bangladesh Postal Department were allotted one share each. However, Bangladesh Bank is the beneficial owner of all these shares. As per the definition "Equity in a subsidiary not attributable, directly or indirectly, to parent" of Non-Controlling Interest (NCI) set out in Appendix A of IFRS 10- Consolidated financial statements, the Bank does not need to recognize the NCI since the shareholders are directly or indirectly related to the Bank. SPCBL is responsible for printing and supplying the Bank with bank notes based on the requirements from time to time. It sells these notes to the Bank at a specified mark-up agreed beforehand between the Bank and SPCBL. SPCBL is also engaged in printing of security products for other parties besides the Bank.

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with the subsidiary are eliminated to the extent of the Group's interest in the subsidiary. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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3.02 Foreign currency transactions

Foreign currency transactions are translated into Taka at the rates prevailing on the dates of transactions in compliance with IAS 21 : The Effects of Changes in Foreign Exchange Rates. Foreign currency denominated monetary assets and liabilities are translated to the functional currency at the exchange rate at the reporting date. Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates prevailing at the transaction dates. Foreign currency gains and losses are reported in profit or loss on a net basis as either exchange gain or loss depending on whether foreign currency movements are in a net gain or net loss position. At the reporting date the exchange rates of Taka against major foreign currencies held by the Group used in preparing the financial statements were as follows:

Foreign currency	Exchange rates (in BDT)	
	30-Jun-24	30-Jun-23
US Dollar	118.0000	106.0000
Australian Dollar	78.6706	70.6596
Canadian Dollar	86.2762	80.0846
EURO	126.4134	115.6460
Pound Sterling	149.1756	134.6624
CNY	16.1659	14.5853
JPY	0.7337	0.7345
SDR	155.2054	140.9906
SGD	87.0592	78.4024
SEK	11.1418	9.8349

3.03 Foreign exchange gain/loss

Realized foreign exchange gain/loss is calculated using average cost methodology. At the end of each month, the change in the average cost balance is calculated on a currency by currency basis by applying (a) where there is a net increase in the currency position, the increase to the average value is the average rate for the month multiplied by the currency amount of the increase and (b) where there is a net decrease in the currency position, the decrease to the average value is calculated by applying the opening average rate to the carrying amount of the decrease. The difference between the book value at the period end exchange rate and the average value by currency is determined. The balance is considered as realized revaluation reserve.

The difference between realized revaluation reserve account and the ledger balance is accounted as unrealized exchange gain/loss for the period and is recognized in the statement of profit or loss for the year. Subsequently the realized and unrealized gain/loss is transferred to currency fluctuation reserve and foreign currency revaluation reserve respectively in the statement of financial position.

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3.04 Accounting treatment of revaluation gain/loss

Revaluation gain/loss of foreign currencies, gold, silvers, financial instruments and Property, Plant and Equipment (PPE) arises from the changes in fair value of assets and currency exchange rates following the international financial reporting standards. In line with the objectives and functions of Bangladesh Bank of maintaining a competitive external par value of the Taka, intervening foreign exchange market and holding and managing the official foreign reserves, the revaluation gain/loss is transferred to the `Reserve Account' under the coverage of Article 64 (read with Article 7 & 16) of the Bangladesh Bank Order, 1972 (President's order No. 127 of 1972). These Reserve Account' are maintained to provide for contingencies and risk of losses arising from change in fair value of assets, exchange rate volatility, unforeseen global economic shocks and other financial risks. Maintaining such reserve is a common practice by many other central banks.

3.05 Financial assets and liabilities

Financial assets comprise foreign currency accounts, foreign investments, assets held with International Monetary Fund (IMF), gold and silver, claims from gold transactions, foreign currency loans to banks, other foreign currency financial assets, taka coin and cash balances, securities purchased under agreement to resell, loans to Government of Bangladesh, local currency investments, local currency loans to banks, financial institutions and employees and other local currency financial assets.

Financial liabilities comprise deposits from banks and financial institutions in both local and foreign currencies, liabilities with IMF, notes in circulation, short term borrowing and other local currency financial liabilities.

(a) Recognition and initial measurement

Loans and advances are initially recognized in the Statement of Financial Position on the date they are originated. Regular purchases or sales of financial assets are recognized or derecognized, as applicable, on the settlement date at which the assets are received or, as the case may be, delivered by the Group. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provision of the instruments. Financial assets and liabilities are initially measured at fair value.

(b) Classification and subsequent measurement

Classification of financial assets and liabilities for the purpose of measurement subsequent to initial recognition in accordance with IFRS 9 Financial Instruments is made in the following manner:

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(1) Financial Assets & liabilities carried at amortized cost :

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Foreign bonds, US dollar treasury bills, Bangladesh Government treasury bills, advances to Government, investment in REPO, equity investment in HBFC debentures and foreign and local currency loans to Banks and Financial Institutions are measured at amortized cost using the effective interest rate method less ECLs (Expected Credit Losses), if any. Swift shares are measured at cost as there is no quoted market price for these shares.

Shares of The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) are measured at cost in the separate financial statements of the Bank in accordance with IAS 27 Separate Financial Statements.

Short term borrowing, notes in circulation, deposits from banks and financial institutions and liabilities with IMF are classified as financial liabilities carried at amortized cost.

(2) Fair value through other comprehensive income :

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

US Treasury Notes, gold and silver, claims from gold transactions, Bangladesh Govern ment treasury bonds, swift share and shares of ICB Islamic Bank Limited are classified as fair valuethrough other comprehensive income.

If readily available market is not available for swift share or other equity instruments, then the cost value will be considered as the fair value.

(3) Financial assets and financial liabilities at fair value through profit or loss:

A financial asset is measured at fair value through profit or loss

- unless it is measured under above stated two classification.
- However an entity may make an irrevocable election at initial recognition for particular invest ments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

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(c) Amortized cost measurement principles

Amortized cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, minus any reduction for impairment or irrecoverability.

Effective interest method is a method of calculating the amortized costs of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating effective interest rate, the Group estimates the cash flows considering all contractual terms of the financial instruments, and any revisions to these estimates are recognized in profit or loss. The calculation includes amounts paid or received that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums and discounts.

(d) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument

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is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(e) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of the financial assets categorized as Fair Value through Other Comprehensive Income (OCI) recognized in other comprehensive income. Gains and losses arising from a change in the fair value of financial assets and financial liabilities classified as at fair value through profit or loss are recognized in the statement of profit or loss. Gains and losses on subsequent measurement of the financial assets categorized as amortized cost are recognized in the statement of profit or loss. The gains and losses on subsequent measurement are in line with the principle of IFRS 9 : Financial Instruments.

(f) De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other

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comprehensive income is recognized in the statement of profit or loss.

Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, claims from gold transactions and repurchase transactions. Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets categorized as amortized cost are de-recognized on its maturity and financial assets in the category of fair value through OCI and fair value through profit and loss are de-recognized when sold or on its maturity. The corresponding receivables arising from the sale of the asset are de-recognized when the asset is delivered to the buyer.

(g) Identification and measurement of impairment

Judgment is required when determining whether there is objective evidence that impairment exists and, if so, the appropriate amount of ECLs to recognize. The measurement of ECLs reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date regarding past events, current conditions and forecasts of future economic conditions. Financial assets are categorized into the following three stages depending on their assessed credit risk:

Stage 1 Financial assets are categorized as Stage 1 when first recognized. The Bank records an allowance for 12-month ECLs in profit or loss, and interest revenue is calculated on the gross carrying amount of the asset.

Stage 2 Financial assets are categorized as Stage 2 when they have experienced a significant increase in credit risk since initial recognition. The Bank records an allowance for ifetime ECLs, and interest revenue is calculated on the gross carrying amount of the asset.

Stage 3 Financial assets are categorized as Stage 3 when they are considered credit-impaired. The Bank records an allowance for lifetime ECLs, and interest revenue is calculated based on the net carrying amount of the asset (gross carrying amount less the loss allowance), rather than on its gross carrying amount.

ECLs are estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate.

Being Central Bank, the Bank always manages the financial assets in a prudent way with

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high-quality counterpart. Thus in assessing ECLs on these instruments, the Bank has applied the minimal risk practical expedient available under IFRS 9 due to their high credit quality. The Bank continuously monitors relevant economic and financial developments. The Bank continuously reviews the risk associated with these financial instruments.

All the Bank's financial assets which are measured at amortized cost are considered to have low credit risk and therefore are subject to impairment assessments under Stage 1 . There were no transfers of financial instruments between stages during the reporting period. The Bank records 12-month ECLs on its financial instruments which are measured at amortized cost (local and foreign currency loans given to Banks and Financial institutions) as at June 30, 2024 and adequately disclosed in notes 14(a).

(h) Off-setting

Financial assets and liabilities are offset and the net amount presented in Statement of Financial Position when and only when, the Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Bank has offset the cash at vault with the currency in circulation and presented the net amount of currency in circulation as liabilities in Statement of Financial Position.

(i) Materiality and Aggregation

Each material class of similar item is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

(j) Contingent Liabilities and Commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. All outstanding letter of credit issued, capital commitments, litigation amount and unclaimed amount recognized as income, which are not recognized as liabilities in Statement of Financial Position, are shown under respective headings disclosed as Contingent Liabilities and Capital Commitments items. Where applicable, such amounts are measured at best estimates.

3.06 Foreign currency accounts

Foreign currency accounts comprise balances held in the current accounts maintained with different central banks and foreign commercial banks in the designated foreign currency. These are measured at each reporting date by translating to the functional currency at the exchange rates prevailing on that date. Gains and losses arising upon translation are recognized in the statement of profit or loss and are subsequently transferred from retained earnings to revaluation reserve Foreign

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foreign currency accounts and currency fluctuation reserve (refer to note 3.04 explaining the rationale of the accounting policy on foreign exchange gain/loss).

3.07 Foreign investments

investments comprise short term interest bearing deposits (held with overseas commercial banks for periods less than 1(one) year in designated foreign currencies), overnight investment, foreign currency treasury bills purchased at a discount and interest bearing foreign bonds and treasury notes. The carrying amount of these investments in foreign currency at each reporting date is translated to the functional currency at the exchange rate on that date. Gains and losses arising upon translation are recognized in the statement of profit or loss and are subsequently transferred to revaluation reserve-foreign currency accounts.

3.08 Foreign currency loans to bank

Foreign currency loans to banks are generated out of the pool of foreign currency funds like Export Development Fund (EDF), Long Term Financing Facility (LTFF) under Financial Sector Support Project (FSSP) and Green Transformation Fund (GTF). Major portion of the foreign currency loans disbursed to banks are attributed to EDF. Current size of EDF is USD 7.00 billion and interest rate currently charged by Bangladesh Bank is 3.00 percent p.a. The exchange rate risk and credit risk due to potential default by the end user lies with the concerned bank.

3.09 Other foreign currency financial assets

Other foreign currency financial assets comprise swift shares, interest receivable and other receivable. If readily available market is not available for swift share, then the cost value will be considered as the fair value.

3.10 Taka coin and cash balances

Taka coin and cash balances represents the face value of one, two and five taka coins and notes held by the Bank through purchase from the Government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.

3.11 Statement of Cash Flows

The cash flow statement has been prepared by using the "Indirect Method" in accordance with the IAS 7- Statement of Cash Flow. For the purposes of the Statement of Cash Flow, cash and cash equivalents include foreign currency accounts and investments (those with short-term maturity, local currency coins that are realizable in known amounts of cash within short-term (normally less than three months) from the date of original investments and which are subject to insignificant changes in value. Balances in the local and foreign currency deposit accounts with banks and financial institutions are deducted from cash and cash equivalent calculation.

3.12 Loans to the Government of Bangladesh

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Loans to the Government of Bangladesh (the Government) consist of "Ways and Means" advances, as well as credit facilities in the form of Overdraft.

Ways and Means Advance (WMA)

When total payments to the Government exceed total deposits from the Government, the excess of payment over receipt, with a limit not exceeding BDT 80,000 million (2023: BDT 80,000 million), is treated as WMA with interest being charged thereon at the reverse repo rate. WMA is realized only after full recovery of Government overdraft account balance.

Overdraft

Government borrowing in excess of the BDT 80,000 million limit set for WMA are recognized as overdraft with a limit not exceeding BDT 80,000 million (2023: BDT 80,000 million). Interest is charged thereon at a rate one percent higher than the reverse repo rate. Any recovery or surplus realized by the Bank from the Government is first applied to the overdraft account balance. Any surplus remaining after full recovery of overdraft account balance is then adjusted against WMA. Government may in its capacity suspend the limit considering the borrowing amount at hand.

3.13 Local currency investments

Group investment comprises investment in debenture of Bangladesh House Building Finance Corporation (BHBFC), shares of the ICB Islamic Bank Ltd and short term deposit with local commercial banks . Investment in debentures are measured at amortized cost and shares are measured at fair value.

Treasury bills and bonds

Government treasury bills and bonds are the securities which are purchased and held by the Bank when commercial banks and financial institutions do not purchase those from the Government.

These are measured at fair value at each statement of financial position date.

3.14 Local currency loans to banks, financial institutions and employees

These comprise loans to state owned, private, specialized commercial and other scheduled banks & financial institutions in the form of refinances scheme, demand loan and loans to Bank employees. Major refinances schemes are as follows:

- Refinance Scheme for CMSME working capital facility to deal COVID
- Refinance Scheme for low income people, farmer and marginal small business
- Refinance scheme Working Capital loan/investment facility for large industry
- Refinance under Pre-Shipment Credit Scheme
- Refinance Scheme for 10/50/100Tk A/C holders
- Refinance Scheme against Term Loans to CMSMEs

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- Refinance scheme for Technology Development/Up-gradation Fund
- Prefinance Scheme against Term Loans to CMSMEs
- Export Facilitation Prefinance Fund (EFPF)

The credit risk due to potential default by the end user of the loans is with the concerned bank disbursing the loan. These loans are reported net of allowances for loan impairment losses (if any).

3.15 Gold and silver

Physical gold and silver are stored at Motijheel branch of the Bank and Bank of England. Such physical gold owned by the Bank is an element of foreign reserves which is consistent with the global practice followed by most of the central banks around the world. Hence, these are considered as 'Monetary Gold'. Although, IFRS has generally considered gold as a commodity, IFRS does not distinguish between monetary and non-monetary gold. Monetary gold has many characteristics which are similar to a financial asset not like a commodity.

However, IFRS has not provided any specific accounting for monetary gold. As a result management has followed the requirement specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" paragraphs 10-12, and concluded that the policies established for the accounting of financial instruments, can also be applied to gold as the Bank regards it as a monetary asset.

Accordingly, gold and silver has been initially recognized at cost, and after initial recognition measured at fair value with valuation gains and losses are recognized in OCI and reported under gold and silver revaluation reserves in the statement of changes in equity. This accounting policy adopted by the Bank is also in line with Article 30 of the Bangladesh Bank Order, 1972.

In managing its investment portfolio, the Bank lends part of its gold holdings to first-class foreign financial institutions. It receives interest in return. Gold lending transactions are effected on a secured basis. The gold price risk remains with the Bank. Gold loans are entered in the statement of financial position under 'claims from gold transactions' and measured at market value.

3.16 Swap Agreement with the Central Bank of Sri Lanka

A swap agreement between Bangladesh Bank and Monetary Board of the Central Bank of Sri Lanka (CBSL) had come into effect on 03 August 2021 for a period of one year. Under this swap agreement, the total amount of USD 200 million was given to CBSL in three installments in the month of August and September 2021 in an exchange of an equivalent amount of Sri Lankan Rupee (LKR). The outstanding amount under the Swap will be charged at an interest rate equal to 6 months US$ LIBOR (or LIBOR equivalent benchmark in case of non availability of LIBOR) prevailing on the date of each drawal / rollover plus 200 basis points. As per agreement, the total amount of USD 200 million was given initially for a period of three months with the provision of rolling over twice in the same period. The amount was rolled over in November 2021 and December 2021 with due date on February and March 2022. Later on, 31 May 2022,

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an addendum was made and entered into between Bangladesh Bank and Monetary Board of the CBSL. According to the addendum, the agreement shall be effective till 17 May 2023 and it permits the swap transaction to be renewed by mutual consent for a maximum of 5 times. CBSL has rolled over the amount accordingly.

Subsequently, the second addendum is made and entered into the 13th day of February 2023 Bangladesh Bank and Monetary Board of the CBSL. According to the second addendum, the swap transaction may be renewed by mutual consent for maximum of 7 (seven) times."

3.17 Property, plant and equipment (PPE)

(a) Recognition and measurement

Items of PPE are initially recognized at cost and subsequently carried at revalued amounts, being fair values at the date of the revaluation, less subsequent accumulated depreciation and impairment losses if any. However, the bank is actively considering to change the subsequent measurement policy from revaluation model (land) to revaluation & Cost model (other than land).

Land and buildings, appearing as items of PPE, are used for its operating, administrative and staff's residence purposes.

(b) Revaluation

If an asset's carrying amount increases as a result of a revaluation, the increased amount is recognized in Other Comprehensive Income (OCI) and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decreased amount is recognized in profit or loss. However, the decrease is recognized in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decreased amount which is recognised in OCI reduces the amount accumulated in equity under the heading of revaluation reserve.

The Bank revalued its land as at 01 January 2022 and other items of PPE were revalued as at 31 January 2018 by an independent valuer, S.F. Ahmed & Co. Significant methods and assumptions for revaluation of items of property, plant and equipment were as follows:

(i) Land was revalued on a reasonable approximation basis. The valuer applied their knowledge of recorded land sales in the respective areas to land measurement estab lished at last valuation;

(ii) Buildings, furniture and fixtures, mechanical equipment, motor vehicles, computer &

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networking, artifacts and currency museum, intangible assets, electrical installation and gas installation were revalued using a combination of approaches which include depre ciated replacement cost for building and civil construction and market considerations for other assets.

(iii) The Bank revalued its non-financial assets as per the policy set by the bank manage ment. For further reference see note 3.17 (a).

The Subsidiary's property, plant and equipment were revalued as at 1 January 2022 by S.F. Ahmed & Co., chartered accountants. The revalued property, plant and equipment reflecting the fair values of the assets are incorporated in the consolidated financial statements

(c) Subsequent costs

Cost of replacing a part of PPE is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PPE are recognized in the statement of profit or loss as incurred.

(d) Capital work in progress

Capital work in progress is recognized when it is incurred and depreciated after being recognized as capital asset when it is ready for use.

(e) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Class of Property, plant and equipment (PPE)	Bank	SPCBL
Building and other construction	5%	2% - 20%
Mechanical and office equipment	10%	2.5% - 20%
Computer and networking	20%	-
Fixture and fittings	10%	10%
Motor vehicles	20%	20%
Electrical installation	20%	-
Gas installation	20%	-
Low Value Assets	100%	-
Security Equipment	20%	-
Currency Museum and Artifacts	5%	-

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(f) Borrowing cost capitalization

The Bank capitalizes borrowing costs in accordance with the provision of IAS 23: Borrowing Costs as part of the cost of assets that are directly attributable to the acquisition, construction, or production of a qualifying asset if following conditions are met:

- It is probable that they will result in future economic benefits to the entity;
- The costs can be measured reliably.

If borrowing costs do not meet both the criteria, they are recognized as expenses. For the purpose of capitalization, a qualifying assets is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(g) Impairment

The carrying value of the Bank's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of that asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account. For the assets that have indefinite useful life, the recoverable amount is estimated at each balance sheet date. The recoverable amount of asset is the greater of net selling price and value in use. The estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease as in IFRS 16:Leases. This policy is applied to contracts entered into (or changed) on or after 1 January 2019. The Bank recognizes a right-of-use leased asset and lease liability at the lease commencement date.

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The Bank recognizes right-of-use assets and lease liabilities for the leases – i.e. these leases are on-balance sheet. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Right-of-use assets are measured at the amount of the lease liability on adoption. Leases are recognized at the commencement of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method.

The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term. The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicated in the lease or if that rate cannot be determined, the Bank's incremental borrowing rate.

The Bank presents right-of-use assets in "Property Plant and Equipment" (Note 16) and lease liabilities in "Other Local Currency Financial Liabilities" (Note 23.01) in the Statement of Financial Position.

3.18 Intangible assets and their amortization

Software acquired by the Group is measured at cost less accumulated amortization and accumulated impairment losses if any.

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortized on a straight line basis in profit or loss over its estimated useful life, from the date that it is available for use.

The estimated useful life of software for the current and comparative period is five years. Amortization methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

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3.19 Transactions on Repurchase Obligations (Repo) and Reverse Repo

Repurchase Arrangements (Repo) and Reverse Repo of securities are recorded as follows:

a. Securities purchased under Repurchase Agreement (Repo) are recognized as loans and advances to Banks and Financial Institutions. Interest income on Repo facility is recognized as per effective interest rate method. The difference between the purchase price and sale price is recognized as interest income over the tenure of the facility using effective interest rate.

b. Securities sold under Reverse Repurchase Agreement ('Reverse Repo') are recognized as short term borrowings. Interest expense on Reserve Repo is recognized as per effective interest rate method. The difference between the sale price and purchase price is recognized as interest expense over the tenure of the facility using effective interest rate.

Securities lent to counterparties are also retained in the statement of financial position.

3.20 Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by an employee. Employee benefits are recognized as:

(a) A liability (accrued expense) when an employee has provided service in exchange for employee benefits to be paid in the future; and

(b) An expense when the entity consumes the economic benefit arising from service provid ed by an employee in exchange for employee benefits.

3.21 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus, medical allowances or any others are charged as expenses in the statement of profit or loss.

3.22 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. The Group operates a number of post-employment benefit plans and recognises expenses for these plans in the statement of profit or loss.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

(i) Contributory Provident Fund (CPF)

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The Bank and employees contribute to the fund, which are invested in various securities. The Bank commits a return of 13 percent on the balance of the contributed amount. In the event that the return from securities is lower than the committed return of 13 percent, the shortfall, if any, would be paid by the Bank and is recognized in the statement of profit or loss. Bank's obligations for contributions to the above fund are recognized as an expense in the statement of profit or loss as incurred.

(b) Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(i) General Provident Fund (GPF)

Employees contribute at various rates (within 5-25 percent) of their basic salaries to the fund. No contributions are made by the Bank for the above fund. The provident fund invests in various securities and the Bank has committed a return of 13 percent at the beginning balance of the fiscal year 2023-24 up to BDT 1.5 million, 12 percent return over the balance ranged from BDT 1.5 million to BDT 3.00 million and 11 percent return for the remaining balance over BDT 3.00 million. Any shortfall in the return from investments is funded by the Bank by charging in its statement of profit or loss.

(ii) Pension scheme

Employees are entitled to pension on amounting to maximum of 90 percent (2023: 90 percent) of their last basic salary. 50 percent of the pension amount is paid as a lump sum computed at the rate of BDT. 230 (2023: BDT. 230) per BDT. 1 surrendered from the pension. Employees will receive their pension monthly over the remaining lifetime against remaining 50 percent of the pension amount.

All employees irrespective of joining date are entitled to medical allowance in cash (BDT. 1,500 per month up to age 65 years and BDT. 2,500 after 65 years) even after retirement as prescribed by the government.

The Bank actuarially valued its pension liabilities as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognized in other comprehensive income.

(iii) Gratuity scheme

The Bank actuarially valued its gratuity scheme and measured its liability for defined benefit obligation as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognized in the statement of profit or loss and other comprehensive income.

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When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the statement of profit or loss when the plan amendment or curtailment occurs.

(iv) Leave encashment

Those employees who have unutilized leave up to one year or more at the time of retirement age of 59 are allowed to leave with salary for one year. The remaining unutilized leave is encashed (maximum eighteenth months). Employees are not allowed to encash their unutilized leave until reaching retirement age.

3.23 Other long-term employee benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related service. All employees after retirement are entitled a maximum of Taka 1,000 per year in the form of medicine.

3.24 Provisions

Provisions are recognised in respect of restructuring, redundancy and legal claims arising from past events where it is probable that an outflow of resources will be required to settle the obligations and the amount can be reliably estimated.

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

A legal obligation is an obligation that derives from a contract, legislation or other operation of law. A constructive obligation is an obligation that derives from an entity's actions such as by an established pattern of past practice, published policies etc. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and any changes in the estimates are applied prospectively.

3.25 Notes in circulation

Bank notes issued by the Bank as legal tender under the Bangladesh Bank Order 1972 represents a claim on the Bank in favor of the holder. The liability for bank notes in circulation is recorded at face value in the financial statements and as per the requirements of Article 30(1) of the Bangladesh Bank Order,1972 specified assets of the bank are held as backing of those issued notes.

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The cost of printing of notes is charged to the profit and loss account as and when incurred. Any fresh banknotes not yet issued and remain with the Group are not reflected in note # 21 to the financial statements.

3.26 Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to the statement of profit or loss over the useful lives of the related assets.

3.27 Interest income and expenses

Interest income and expenses are recognised in the statement of Profit or Loss and Other Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Interest income and expenses include the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

3.28 Commission and discounts

Commission income arises on instruments issued by the Group, long outstanding entries of the sundry accounts, sale proceeds of sundry items, car and bus fares realized from the staff and other miscellaneous items.

3.29 Dividend income

Dividend income is recognised in the separate financial statements of the Bank when the right to receipt of income is established.

3.30 Revenue from sale of other security products by the Subsidiary

Revenue from net sales of the Group reported in the consolidated financial statements represents printing and supply of Other Security Products (OSP), which are recognized after fulfillment of the criteria as mentioned in the five-step model following IFRS 15: Revenue from contracts with Customers. Revenue from OSP is recognized when the said products are delivered to relevant customers, as this is the point where the Group discharges its performance obligation.

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3.31 Income tax

(a) Bangladesh Bank

The Bank is not subject to income taxes on any of its income, stamp duties, and customs duties on gold, silver, coins, currency notes, security papers and any other goods that may be specified by the Government as per Article 73, 74 and 75 of the Bangladesh Bank Order, 1972.

(b) Subsidiary

The Subsidiary is subject to income tax. Income tax on the profit or loss for the year comprises of current tax and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity. Present applicable income tax rate is 25.0 percent (2023: 27.5 percent).

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiary to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3.32 Subsequent events

Events after the reporting date that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period which are not adjusting events, are disclosed in the notes when material in compliance with IAS 10 Events after the Reporting Period. Up to the date the financial statements were authorized for issue, no events have occurred which require to disclose in the financial statements.

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		2024	2023
4	**Foreign currency accounts**		
	Represents the equivalent accumulated value of different foreign currency accounts held with other central banks and with foreign commercial banks located outside Bangladesh.		
	Balance held with		
	Other central banks	63,705,832	67,409,046
	Foreign commercial banks	16,331,273	21,537,798
	Total	**80,037,105**	**88,946,844**
5	**Foreign currency accounts**		
	Overnight investment	551,584,340	469,186,507
	Short term deposits with overseas commercial banks	254,260,196	250,233,646
	US Dollar treasury bills	-	23,067,946
	Foreign bonds	856,865,677	925,811,866
	*Impairment - Foreign Bonds	(116,192)	-
	US treasury notes	617,789,461	656,339,744
	Total	**2,280,383,483**	**2,324,639,709**
	* Amount arises from ECL. Details are disclosed in note 42.2.		
6	**International Monetary Fund related assets and liabilities**		
6.01	**Assets held with International Monetary Fund**		
	Quota	165,519,596	150,377,636
	Quota(IMF) paid by Government*	(14,546,568)	(14,546,567)
	SDR holding	293,537,977	278,149,209
	Refundable Commitment fee to IMF	24,695	47,699
	Interest receivable on SDR holding	2,115,288	1,882,351
	Total	**446,650,988**	**415,910,328**
	*The amount represents 25% of increased quota amount (SDR 533.30 million) which was paid in foreign currency. The increased quota was effected in 2016.		
6.02	**Liabilities with International Monetary Fund**		
	IMF securities	295,183,674	212,779,364
	Advances to Government against RFI from IMF**	(20,634,215)	(41,268,430)
	Advances to Government against ECF from IMF***	(34,794,051)	(7,937,849)
	Advances to Government against EFF from IMF***	(69,588,102)	(15,954,887)
	IMF-1 and IMF-2 account	1,997,314	1,917,565
	SDR allocation	237,882,248	216,095,322
	IMF Extended Credit Facility (ECF)	81,429,056	33,315,994
	Interest payable	1,619,173	1,379,126
		493,095,097	**400,326,205**

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Bangladesh has been a member of the International Monetary Fund ("IMF") since 1972. According to the Articles of agreement of IMF(Article V and Article XIII), The Bank acts as both the fiscal agent and the depository for the IMF. As fiscal agent, Bangladesh Bank is authorized to carry out all operations and transactions with the IMF. As depository, Bangladesh Bank maintains the IMF's currency holdings and ensures that the assets and liabilities of IMF membership are properly reflected in its accounts and presented in its financial statements. Following the guidelines of IMF Financial Operations 2018, Bangladesh Bank presents the financial position with the IMF in the Bank's financial statements on gross basis.

The quota of Bangladesh is its membership subscription. Quota is the amount of money that each IMF member country is required to contribute to the IMF. A member must pay its subscription in full upon joining the fund; up to 25 percent must be paid in SDRs or widely accepted currencies such as the US Dollar, the EURO, the YEN or the Pound Sterling, while the rest is paid in the member's own currency. The subscription is granted mainly by the issue of promissory notes in favour of the IMF and partly paid in reserve assets, partly by the Government of Bangladesh and partly by deposits to the IMF account maintained with the Bank.

Special Drawing Rights (SDR) are allocated by the IMF to members on the basis of members' quota at the time of the SDR allocation. Bangladesh Bank pays interest on its SDR allocations and earns interest on its holdings of SDR.

Bangladesh Bank updated the IMF's BDT account; IMF Account- 1 & 2, maintained with Bangladesh Bank and other accounts namely IMF Securities, SDR Allocation, IMF Extended Credit Facility etc. are translated to Taka at the exchange rate ruling at 30 June 2024.

"**On request of the Government of Bangladesh for emergency financing due to COVID-19 pandemic, IMF approved a purchase of SDR 355.53 million (about US dollar 488 million or 33.33 percent of quota) under the Rapid Financing Instrument (RFI) to address the urgent balance-of-payments and fiscal needs of Bangladesh. As depository, Bangladesh Bank received the fund on 02.06.2020 and deposited the same amount to a Government account as per prior consent of IMF. However, Ministry of Finance has a promissory note against RFI financing to fulfill the requirement of IMF and is recorded by Bangladesh Bank in the Securities Account, an account maintained on behalf of IMF as depository, against creating a contra account named " Advances to Government against RFI from IMF".

It requires to be disclosed that under that arrangement SDR 177,770,000.00 (USD 243,903,777.58) was received as Rapid Credit Facility (RCF) and as per MoU signed by Bangladesh Bank and Ministry of Finance the whole amount was transferred to the Government of Bangladesh (GoB) account.

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***Against the backdrop of Bangladesh's request for an extended arrangement under the Extended Fund Facility (EFF), an arrangement under the Extended Credit Facility (ECF) and an arrangement under the Resilience and Sustainability Fund (RSF)- the first installment of ECF and EFF was received by the amount of SDR 117,450,000.00 (USD 158,756,978.14) and SDR 234,900,000.00 (USD 317,513,956.28) respectively. The second and third installment of EFF and ECF was received on 14 December 2023 and 26 June 2024 respectively. Amount received as EFF by the second and third installment was SDR 234,900,000.00 (USD 312,206,766.21) and SDR 469,800,000.00 (USD 618,678,072.74) respectively. Whereas amount received as ECF by the second and third installment was SDR 117,450,000.00 (USD 156,103,383.10) and SDR 234,900,000.00 (USD 309,339,036.37) respectively. As per the arrangement, 50% (fifty percent) of the amount received from EFF and ECF has been subsequently transferred to the Government of Bangladesh (GoB) account by creating contra asset accounts named "Advances to Government against ECF from IMF" and "Advances to Government against EFF from IMF". In addition to those, first and second installment of RSF was received on 14 December 2023 and 26 June 2024 respectively by the amount corresponding to SDR 166,670,000.00 (USD 221,521,931.56) and SDR 166,680,000.00 (USD 219,500,343.05) and as per the agreement the whole amount was transferred to the Government of Bangladesh.

IMF Quota account, IMF Securities account and IMF 1 and 2 account are revalued by the exchange rate taken from the General Resources Account (GRA) department. Other than those accounts, all IMF related accounts are revalued using the rate disclosed in note 3.02.

The borrowing is repayable within around 10 years, by the Government through the accounts of the Bank with the IMF. The Government shall deposit in its accounts at the Bank sufficient funds to repay all principal, interest and any other expenses associated with the above tranches as such repayments fall due. In relation to this borrowing, the Ministry of Finance issued promissory notes in favor of the IMF.

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		2024	2023
7	**Gold and silver**		
	Gold	100,612,800	53,693,558
	Silver	583,022	399,841
	Total	**101,195,822**	**54,093,399**

The Bank has in total 458,542.34 troy ounces of gold and 168,728.28 troy ounces of silver under its holding. Out of the total holding, 282,463.42 troy ounces of gold is held at the Bank of England which is subject to lending operation and 83,339.85 troy ounces of gold & 168,728.28 troy ounce of silver is stored at the own local vault of Bangladesh Bank.

8	**Claims from gold transactions**	**25,507,529**	**37,757,643**

Out of the total Gold holdings mentioned in note 7, remaining 92,739.07 troy ounces is invested in SCB-London which are presented as claims from gold transactions.

9	**Foreign currency loans to banks**		
	Export Development Fund (EDF) Dollar investment	302,942,813	458,023,377
	Long Term Financing Facility (LTFF) Investment under FSSP*	11,657,780	13,801,487
	Green Transformation Fund	15,950,319	18,301,769
	Deposit in Central Bank of Sri Lanka	-	21,291,694
	Impairment- FC Loans**	(1,623,544)	-
	Total	**328,927,368**	**511,418,327**

*Duration of LTFF investment under FSSP was from July 2015 to March 2021. No disbursement is made under this project rather the BB-LTFF Revolving fund has been created with the recovered amount.

** The amount arises from ECL model. Details are discussed in note 42.2.

10	**Other foreign currency financial assets**		
	SWIFT shares	80	80
	Interest receivable	9,145,034	11,226,096
	Other receivable*	5,224,144	5,224,144
	Total	**14,369,258**	**16,450,320**

Bank has bought one share of SWIFT as part of membership of the said organization. Face value of the share is equivalent to Taka 80,474.57.

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*On 04 February 2016 USD 101 million was heisted from the reserve account of Bangladesh Bank maintained with the Federal Reserve Bank of New York through cyber hacking. Out of the heisted money, USD 20 million was recovered immediately from Sri Lanka and later on USD 14.6 million was recovered from the Philippines. Coordinated efforts of all relevant parties are ongoing to recover the remaining USD 66 (approx.) million.

Bangladesh Bank filed a case against 20 defendants including Rizal Commercial Banking Corporation (RCBC) in the US Federal Court on 31 January 2019. The defendants filed Motion to Dismiss against the case and the court dismissed their appeal. In addition, the court dismissed the only Federal claim of Bangladesh Bank i.e.: RICO (Racketeers Influenced Corrupt Organization) claim in the same judgment. Following the dismissal of Bangladesh Bank's only RICO claim in the Federal Court, a case was filed against the same defendants in the New York County Supreme Court (State Court) on 27 May 2020 against which the defendants filed Motion to dismiss. On 13 January 2023, the court dismissed the Motion to Dismiss and instructed the defendants to file their reply. Kim Wong (defendant) appealed against the judgment and on 30 May 2023, the US Appellate Court dismissed the appeal, which means the case filed against him by Bangladesh Bank will continue in the US Court. The state court also ruled in favor of Bloombery (Solaire) and Eastern Hawaii's Motion to dismiss. Bangladesh Bank appealed against the judgment but the court dismissed the appeal. On 29 February 2024, the Appellate Court gave its verdict on RCBC's appeal against the State Court's order. Bangladesh Bank won the said verdict.

In response to Bangladesh's Mutual Legal Assistance Request, the Department of Justice (DoJ) of the Philippines has been providing necessary legal assistance to Bangladesh. DoJ has filed a number of cases against concerned defendants which are ongoing in the Courts of the Philippines. In a case, the court convicted Ms. Maia Santos Deguito, the then manager of RCBC's Makati branch and sentenced her to 32-56 years of imprisonment and a fine of USD 109 million. She appealed against the judgment and on 19 April 2023 the court of Appeal dismissed the appeal. In another case, a Philippines court sentenced Ms. Angela Ruth Torres (Torres), former Branch Senior Customer Relations Officer of RCBC Bank's Jupiter branch, to 4-5 years of imprisonment and a fine of 1.5 million Philippine pesos. In addition, hearing on 15 cases filed against the president and treasurer of the Philrem Service Corporation were held in the three courts of the Philippines during the period of 30 January - 03 February 2023.

On 15 March 2016 a case was filed on behalf of Bangladesh Bank at the Motijheel Police Station, Dhaka, which is currently under investigation by the Criminal Investigation Department (CID) of Bangladesh Police. It is known that the forensic report of the said case has been completed and the completion of the investigation report of the case is ongoing.

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		2024	2023
11	**Consolidated Taka coin and cash balances**		
	Taka coin	1,204,462	2,319,221
	Cash balances	1,186,620	1,263,737
	Total	**2,391,082**	**3,582,958**
11.01	**Taka coin and cash balances**		
	Taka coin	1,204,462	2,319,221
	Cash balances	67,487	26,411
	Total	**1,271,949**	**2,345,632**

Taka coin and cash balances represent the face value of one, two and five taka coins and notes held by the Bank purchased through SPCBL from the Government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.

11.02	**Securities purchased under agreement to resell**		
	BB's Invest in Repo	748,288,724	169,462,750
	Impairment - Repo	(101,894)	-
	Total	**748,186,830**	**2,345,632**

This represents collateralized lending made to various banks under resell arrangement. The collaterals held by the Bank consists of treasury bills, bonds and sukuk. The tenure of Securities purchased under agreement to resell is from 1 day to 90 days. Impairment value arises from the ECL model. Details are discussed in note 42.2.

12	**Loans to the Government of Bangladesh**		
	Ways and means advance (WMA)	80,000,000	80,000,000
	Overdraft*	487,454,700	98,018,700
	Total	**567,454,700**	**178,018,700**

During the year, Overdraft Credit (ODC) was given to the Government more than the approved limit of BDT 80,000 million. However, such excess loan extended to the Government was approved subsequently on 20 August 2024 vide letter # 07.00.0000.137.63.022.17-28 issued by Ministry of Finance.

* policy aspect has been discussed in note 3.12.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		2024	2023
13	**Consolidated local currency investments**		
	Treasury bills	4,048,668	504,989,926
	Treasury bonds	732,369,443	792,630,759
	Short term money market investments*	16,525,119	16,558,042
	Debenture - Bangladesh House Building Finance Corporation	3,945,000	3,945,000
	Impairment- Debenture*	(545)	-
	Shares- ICB Islamic Bank Limited**	7,452	7,452
	Total	**756,895,136**	**1,318,131,179**

*These represent the total amount of term deposits by SPCBL with different local commercial banks.

**SPCBL holds 745,200 shares of Tk.10 each of ICB Islamic Bank Ltd. (Formerly the Oriental Bank Ltd.) as per Bangladesh Bank Circular No - BRPD (R-1) 651/9(10)/2007-446 dated 2 August, 2007.

13.01	**Consolidated local currency investments**		
	Treasury bills	4,048,668	504,989,926
	Treasury bonds	732,369,443	792,630,759
	Debenture - Bangladesh House Building Finance Corporation	3,945,000	3,945,000
	Impairment- Debenture*	(545)	-
	Investment in subsidiary	12,000,000	12,000,000
	Total	**752,362,565**	**1,313,565,685**

*Impairment value arises from the ECL model. Details are discussed in note 42.2.

14	**Consolidated local currency loans to banks, financial institutions and employees**		
	(i) Local currency loans to banks and financial institutions		
	State owned banks:		
	Commercial banks	1,207,755	5,633,896
	Specialized banks*	88,728,744	94,438,830
	Total	**89,936,499**	**100,072,726**
	Other banks and financial institutions:		
	Private banks	369,090,677	12,552,780
	Other loans and advances	370,404,224	317,522,107
		739,494,901	**330,074,887**
	Credit loss allowance - Demand Loan (Note 14.a)	(34,724,286)	(6,511,400)
		794,707,114	**423,636,213**
	Interest receivable	4,174,073	2,829,655
	Total (i)	**798,881,187**	**426,465,868**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	2024	2023
(ii) Local currency loans and advances to employees		
Loans and advances to employees	52,905,885	49,979,835
Provision for loan losses (Note 14.b)	-	(629,025)
Total (ii)	**52,905,885**	**49,350,810**
Total loans (i+ii)	**851,787,072**	**475,816,678**

14.01 Local currency loans to banks, financial institutions and employees

State owned banks:		
Commercial banks	1,207,755	5,633,896
Specialized banks*	88,728,744	94,438,830
	89,936,499	**100,072,726**
Other banks and financial institutions:		
Private banks	369,090,677	12,552,780
Other loans and advances	370,404,224	317,522,107
	739,494,901	**330,074,887**
Credit loss allowance - Demand Loan (Note 14.a)	(34,724,286)	(6,511,400)
	794,707,114	**423,636,213**
Interest receivable	4,174,073	2,829,655
Total (i)	**798,881,187**	**426,465,868**
(ii) Local currency loans and advances to employees		
Loans and advances to employees	51,132,615	48,090,961
Provision for loan losses (Note 14.b)	-	(629,025)
Total (ii)	**51,132,615**	**47,461,936**
Total loans (i+ii)	**850,013,802**	**473,927,804**

*Specialized banks include banks catering the specific needs of different economic sectors as described below:

Banks	**Specialized Sectors**
Bangladesh Krishi Bank	Agriculture
Rajshahi Krishi Unnayan Bank	Agriculture

14.a Impairment - Demand Loan

Opening balance	6,511,400	6,511,400
Charged/(Released) during the year	28,212,886	-
Total	**34,724,286**	**6,511,400**

The total impaired value reflects the amount derived from the Expected Credit Loss (ECL) model. Details about the ECL model including the amount arising from ECL has been further disclosed in note 42.2.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		2024	2023
14.b	**Provision for loan losses**		
	Opening balance	629,025	629,025
	Charged/(Released) during the year	(629,025)	-
	Total	-	**629,025**

Provision for loan losses is for adjusting loss (both principal and interest) from staff advance which were kept previously but to implement the IFRS-9 in its entirety the amount has been written back to income with the approval of the Governor.

15	**Consolidated other local currency financial assets**		
	Investment in Islami Bank Liquidity Facility (IBLF)*	109,800,000	64,420,000
	SLS Quard Account**	65,515,568	-
	Impairment- Islamic Investment***	(23,703)	-
	Interest receivables	23,764,817	26,107,283
	Others	5,058,640	4,135
	Total	**204,115,321**	**90,531,418**

15.01	**Other local currency financial assets**		
	Investment in Islami Bank Liquidity Facility (IBLF)*	109,800,000	64,420,000
	SLS Quard Account**	65,515,568	-
	Impairment- Islamic Investment***	(23,703)	-
	Interest receivables****	22,805,926	25,247,613
	Other Receivable*****	5,054,504	-
	Total	**203,152,295**	**89,667,613**

*Sukuk bond is kept as collateral against the facility provided to the Islami Bank.
**SLS quard account is a non-interest bearing special liquidity support for shariah based banks. Special treasury bond is kept as collateral.
***Impairment value arises from the ECL model. Details are discussed in note 42.2.
****Interest receivables include interest receivable on Government Treasury bills and bonds, REPO, IBLF, Debenture-HBFC etc.
*****Other receivable mainly includes commission of issue and management of treasury bills and bonds.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at & for the year ended 30 June 2024

16 Property, plant and equipment

Consolidated

in thousand BDT

30 June 2024

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
Cost														
As at 1 July 2023	70,079,827	6,973,639	5,681,342	3,838,388	802,017	343,404	1,129,682	2,696	145,332	9,247	71,526	746,060	769,507	**90,592,667**
Addition during the year	-	106,558	187,522	153,942	56,038	15,400	7,313	-	7,539	-	1,587	76,571	879,938	**1,492,409**
Transfers during the year	-	19,779	68,786	226,571	9,750	-	78,758	-	-	-	-	-	(411,514)	**(7,872)**
Disposals during the year	-	-	(336)	(12,720)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	**(21,996)**
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
As at 30 June 2024	**70,079,827**	**7,099,976**	**5,937,314**	**4,206,181**	**867,596**	**355,909**	**1,210,498**	**2,696**	**152,871**	**9,247**	**72,532**	**822,631**	**1,237,931**	**92,055,209**
Accumulated depreciation														
As at 1 July 2023	-	3,891,961	1,422,146	2,893,240	546,977	333,639	860,690	2,555	85,501	744	68,931	386,933	-	**10,493,317**
Prior year adjustment	-	-	-	-	-	-	1,352	-	-	-	-	-	-	**1,352**
Charge for the year	-	373,735	364,729	426,643	77,901	8,193	118,723	37	17,079	462	2,105	171,363	-	**1,560,971**
Disposals during the year	-	-	(336)	(12,127)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	**(21,402)**
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
As at 30 June 2024	**-**	**4,265,696**	**1,786,539**	**3,307,756**	**624,669**	**338,937**	**975,510**	**2,592**	**102,580**	**1,206**	**70,455**	**558,296**	**-**	**12,034,237**
Net book value							1							
As at 30 June 2024	**70,079,827**	**2,834,280**	**4,150,775**	**898,425**	**242,927**	**16,972**	**234,988**	**104**	**50,291**	**8,041**	**2,077**	**264,335**	**1,237,931**	**80,020,972**
As at 30 June 2023	**70,079,827**	**3,081,682**	**4,259,201**	**945,148**	**255,038**	**9,765**	**268,994**	**141**	**59,831**	**8,502**	**2,595**	**359,127**	**769,507**	**80,099,350**

The Group's leases primarily consist of rental of office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka and Dormitory spaces for Barishal, Chattogram and Rangpur Office.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at & for the year ended 30 June 2024

30 June 2024														
Particulars	**Land**	**Building and other construction**	**Mechanical and office equipment**	**Computer and networking**	**Fixture and fittings**	**Motor vehicles**	**Electrical installation**	**Gas installation**	**Security equipment**	**Artefacts & Currency Museum**	**Low value assets**	**Right of use assets**	**Capital work in progress**	**Total**
As at 1 July 2022	37,549,823	7,367,314	8,854,215	3,720,095	760,485	343,203	952,913	2,664	88,978	7,900	74,565	364,441	591,476	**60,678,072**
Addition during the year	1,139,963	343,166	70,251	126,703	43,835	201	176,992	32	56,354	1,347	2,694	381,619	168,818	**2,511,975**
Transfers during the year	-	371	(9,584)	-	-	-	-	-	-	-	-	-	9,213	**-**
Disposals during the year	-	(391,516)	(2,921,312)	(8,410)	(2,304)	-	(223)	-	-	-	(5,733)	-	-	**(3,329,498)**
Revaluation adjustment	31,390,041	(345,696)	(312,229)	-	-	-	-	-	-	-	-	-	-	**30,732,117**
As at 30 June 2023	**70,079,827**	**6,973,639**	**5,681,342**	**3,838,388**	**802,017**	**343,404**	**1,129,682**	**2,696**	**145,332**	**9,247**	**71,526**	**746,060**	**769,507**	**90,592,665**
Accumulated depreciation														
As at 1 July 2022	-	4,256,726	4,290,064	2,506,836	475,443	325,889	747,535	2,503	71,686	332	71,255	237,067	-	**12,985,336**
Charge for the year	-	343,005	362,361	394,490	73,837	7,750	113,377	52	13,815	412	3,406	149,866	-	**1,462,372**
Disposals during the year	-	(383,685)	(2,920,351)	(8,086)	(2,303)	-	(223)	-	-	-	(5,730)	-	-	**(3,320,379)**
Adjustment	-	(324,085)	(309,927)	-	-	-	-	-	-	-	-	-	-	**(634,012)**
As at 30 June 2023	**-**	**3,891,961**	**1,422,146**	**2,893,240**	**546,977**	**333,639**	**860,690**	**2,555**	**85,501**	**744**	**68,931**	**386,933**	**-**	**10,493,315**
Net book value														
As at 30 June 2023	**70,079,827**	**3,081,680**	**4,259,198**	**945,148**	**255,039**	**9,765**	**268,993**	**141**	**59,831**	**8,503**	**2,595**	**359,127**	**769,507**	**80,099,350**
As at 30 June 2022	**37,549,823**	**3,110,588**	**4,564,151**	**1,213,260**	**285,042**	**17,314**	**205,378**	**161**	**17,292**	**7,568**	**3,310**	**127,374**	**591,476**	**47,692,736**

BANGLADESH BANK

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2024

16.01 Property, plant and equipment

Separate

in thousand BDT

30 June 2024

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
Cost														
As at 1 July 2023	65,423,427	6,392,726	1,362,193	3,838,388	758,482	305,654	1,129,682	2,696	145,332	9,247	71,526	746,060	669,984	**80,855,396**
Addition during the year	-	11,712	26,191	153,942	53,292	15,400	7,313	-	7,539	-	1,587	76,571	929,156	**1,282,703**
Transfers during the year	-	19,779	44,398	226,571	9,750	-	78,758	-	-	-	-	-	(387,127)	**(7,872)**
Disposals during the year	-	-	(336)	(12,720)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	**(21,996)**
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
As at 30 June 2024	**65,423,427**	**6,424,217**	**1,432,446**	**4,206,181**	**821,315**	**318,159**	**1,210,498**	**2,696**	**152,871**	**9,247**	**72,532**	**822,631**	**1,212,013**	**82,108,231**
Accumulated depreciation														
As at 1 July 2023	-	3,633,034	915,718	2,893,240	508,607	296,211	860,689	2,554	85,502	744	68,932	386,933	-	**9,652,164**
Prior year adjustment	-	-	-	-	-	-	1,352	-	-	-	-	-	-	**1,352**
Charge for the year	-	337,403	70,032	426,642	76,971	8,104	118,723	37	17,079	462	2,105	171,363	-	**1,228,921**
Disposals during the year	-	-	(336)	(12,127)	(209)	(2,895)	(5,255)	-	-	-	(581)	-	-	**(21,402)**
As at 30 June 2024	**-**	**3,970,437**	**985,414**	**3,307,755**	**585,368**	**301,420**	**975,509**	**2,591**	**102,581**	**1,206**	**70,456**	**558,296**	**-**	**10,861,035**
Net book value														
As at 30 June 2024	**65,423,427**	**2,453,780**	**447,032**	**898,426**	**235,947**	**16,739**	**234,989**	**105**	**50,290**	**8,041**	**2,076**	**264,335**	**1,212,013**	**71,247,196**
As at 30 June 2023	**65,423,427**	**2,759,691**	**446,475**	**945,148**	**249,875**	**9,443**	**268,994**	**143**	**59,830**	**8,502**	**2,594**	**359,128**	**669,984**	**71,203,229**

The Bank's leases primarily consist of rental of office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka and Dormitory spaces for Barishal, Chattogram and Rangpur Office.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

in thousand BDT

30 June 2024

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts & Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
Cost														
As at 1 July 2022	32,893,423	6,100,393	1,334,266	3,720,095	717,473	305,654	952,912	2,664	88,977	7,900	74,565	364,441	510,047	**47,072,810**
Addition during the year	1,139,963	312,782	41,464	126,703	43,312	-	176,992	32	56,354	1,347	2,694	381,619	160,307	**2,443,569**
Transfers during the year	-	371	-	-	-	-	-	-	-	-	-	-	(371)	**-**
Disposals during the year	-	(20,820)	(13,537)	(8,410)	(2,304)	-	(223)	-	-	-	(5,733)	-	-	**(51,027)**
Revaluation adjustment	31,390,041	-	-	-	-	-	-	-	-	-	-	-	-	**31,390,041**
As at 30 June 2023	**65,423,427**	**6,392,726**	**1,362,193**	**3,838,388**	**758,482**	**305,654**	**1,129,682**	**2,696**	**145,332**	**9,247**	**71,526**	**746,060**	**669,984**	**80,855,393**
Accumulated depreciation														
As at 1 July 2022	-	3,316,699	857,062	2,506,837	437,880	289,445	747,535	2,503	71,686	332	71,256	237,067	-	**8,538,302**
Charge for the year	-	329,325	71,231	394,489	73,030	6,765	113,377	52	13,815	412	3,406	149,866	-	**1,155,768**
Disposals during the year	-	(12,989)	(12,575)	(8,086)	(2,303)	-	(223)	-	-	-	(5,730)	-	-	**(41,906)**
As at 30 June 2023	**-**	**3,633,034**	**915,718**	**2,893,240**	**508,607**	**296,211**	**860,689**	**2,554**	**85,502**	**744**	**68,932**	**386,933**	**-**	**9,652,164**
Net book value														
As at 30 June 2023	**65,423,427**	**2,759,691**	**446,475**	**945,148**	**249,875**	**9,443**	**268,993**	**142**	**59,830**	**8,503**	**2,594**	**359,127**	**669,984**	**71,203,229**
As at 30 June 2022	**32,893,423**	**2,783,694**	**477,204**	**1,213,258**	**279,593**	**16,210**	**205,377**	**161**	**17,291**	**7,568**	**3,310**	**127,374**	**510,047**	**38,534,510**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		30-Jun-2024	30-Jun-2023
17	**Intangible assets**		
	Intangible asset at cost	2,458,369	2,191,973
	Accumulated amortisation	(1,881,524)	(1,670,082)
	Capital work in progress	-	236,724
	Total	**576,845**	**758,615**

Balance represents the accumulated value of intangible assets like Enterprise Resources Planning (ERP), Core Banking Solutions (CBS), Enterprise Data Warehouse (EDW), Real Time Gross Settlement (RTGS), Bangladesh Automated Clearing House (BACH), Bangladesh Electronic Fund Transfers Network (BEFTN), Credit Information Bureau (CIB) and Bank's in-house built software.

18	**Consolidated other non-financial assets**		
	Prepayments and advances	1,357,190	1,072,638
	Stock*	3,712,419	3,628,338
	Sundry debtors	1,870,961	1,258,283
	Total	**6,940,570**	**5,959,259**

*Stocks held by the Group are primarily comprised of paper, ink, plates and related materials for printing of notes and other products at the Subsidiary. Stocks are valued at the lower of cost and net realisable value. Cost of material is determined on weighted average method. Cost in relation to work-in-process and finished goods represents direct cost of materials, direct wages and an appropriate portion of production overheads.

18.01	**Other non-financial assets**		
	Prepayments and advances	1,114,794	760,986
	Stock	167,239	146,476
	Total	**1,282,033**	**907,462**

19	**Deposits from banks and financial institutions**		
	Foreign currency deposits from commercial banks	143,394,836	132,647,482
	Asian Clearing Union (ACU)	166,607,848	115,690,536
	Interest payable on ACU	1,015,818	560,274
	Total	**311,018,502**	**248,898,292**

20	**Other foreign currency financial liabilities**		
	Swap liability to CBSL*	-	21,291,694
	ESCROW account**	69,297,810	34,968,424
	Deposit from Development Partners***	37,516,432	27,869,898
	Total	**106,814,242**	**84,130,016**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	30-Jun-2024	30-Jun-2023

*The swap liability to the Central Bank of Sri Lanka is a financial instrument which is used to hedge against the currency risk exposure assumed by the bank. Details of the swap agreement with the Central Bank of Sri Lanka are discussed in Note 3.16.

**Escrow account is a temporary liability account created for the loan repayment of Rooppur Nuclear Power Plant. This amount reflects the payment of the Government made to the creditor. The corresponding foreign currency amount is kept in foreign currency accounts.

***Reclassified from Other local currency financial liabilities to Other foreign currency financial liabilities.

21 Notes in circulation

Notes in circulation	3,184,097,762	3,101,560,420
Cash in hand	(120)	(122)
Total	**3,184,097,642**	**3,101,560,298**

Notes in circulation represents currency issued having a claim on Bangladesh Bank. However, cash in hand balance is the amount of issued bank note held at the Banking Department of the Bank. The denomination of notes in circulation as at 30 June was as follows:

Denomination	Number in pieces	2024	2023
10 Taka note	1,617,413,990	16,174,140	15,881,919
20 Taka note	965,023,313	19,300,466	18,515,840
50 Taka note	597,898,075	29,894,904	26,621,131
100 Taka note	1,293,881,965	129,388,197	130,066,133
200 Taka note	331,273,491	66,254,698	50,160,813
500 Taka note	2,496,884,734	1,248,442,367	1,179,634,958
1000 Taka note	1,674,642,990	1,674,642,990	1,680,679,626
Total	**8,977,018,558**	**3,184,097,762**	**3,101,560,420**

Liability for notes in circulation is recorded at its face value in the statement of financial position. In accordance with Article 30 of Bangladesh Bank Order, 1972, this liability is backed by the following assets:

Gold	118,372,309	87,948,235
Silver	583,022	399,841
Approved foreign exchange	2,009,550,000	2,287,450,000
Bangladesh Government securities	1,024,508,530	693,563,685
Taka coin	1,204,462	2,319,221
Other loans and advances	29,879,438	29,879,438
Total	**3,184,097,761**	**3,101,560,420**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		30-Jun-2024	30-Jun-2023
22	**Deposits from banks and financial institutions**		
	State owned commercial banks	208,963,536	189,169,085
	Government specialized banks	20,899,133	23,953,199
	Private banks	646,081,702	445,482,843
	Foreign banks	51,643,234	49,485,391
	Financial institutions	5,148,500	6,739,733
	Other banks	27,964	32,964
	Total	**932,764,069**	**714,863,215**

Deposits from banks and financial institutions comprise reserve deposits as required by Cash Reserve Ratio (CRR) calculated at a rate of 4.0% (2023: 4.0%) on the bank's liability base, together with the balances held for settlement purposes.

23	**Consolidated other local currency financial liabilities**		
	Government deposits	5,046	5,043
	Other deposits (Note 23.02)	34,996,276	41,799,128
	Sundry creditors account	6,832,563	7,456,117
	Lease liability (Note: 23.03)	271,323	363,898
	Interest suspense account	112,945	108,345
	Deposits from donor agencies	-	27,869,898
	Inter branch adjustments (suspense)	4,488,361	2,709,601
	Provision for pension*	28,662,080	26,570,883
	Provision for gratuity*	2,246,795	2,103,368
	Provision for leave encashment	3,404,331	3,381,720
	Loan from Govt. of Bangladesh - Central Bank Strengthening Project (Note 23.04)	2,180,263	2,295,014
	Loan from Govt. of Bangladesh-Financial Sector Support Project (Note 23.05)	19,602,203	21,630,017
	Deferred tax liability	841,562	914,845
	Others - subsidiary	1,924,747	1,600,878
	Fund for small investor affected in capital market	5,839	5,770
	Miscellaneous	-	1,527
	Total	**105,574,334**	**138,816,051**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	30-Jun-2024	30-Jun-2023
23.01 Other local currency financial liabilities		
Government deposits	5,046	5,043
Other deposits (Note 23.02)	34,996,276	41,799,128
Sundry creditors account	8,319,457	8,904,504
Lease liability (Note: 23.03)	271,323	363,898
Interest suspense account	112,945	108,345
Inter branch adjustments (suspense)	4,488,361	2,709,601
Provision for pension*	28,662,080	26,570,883
Provision for gratuity*	2,242,780	2,086,594
Provision for leave encashment	3,197,402	3,168,063
Loan from Govt. of Bangladesh - Central Bank Strengthening Project (Note 23.04)	2,180,263	2,295,014
Loan from Govt. of Bangladesh-Financial Sector Support Project (Note 23.05)	19,602,203	21,630,017
Fund for small investor affected in capital market	5,839	5,770
Miscellaneous	-	1,527
Total	**104,083,975**	**137,518,285**

*Refer to note 45 for details.

23.02 Other deposits comprise Bangladesh Government special Islamic bonds fund deposit, employees provident fund deposit, liquidator bank deposit, scheduled bank's insurance fund deposit, security deposit, employees co-operative societies deposits and other sundry deposits.

23.03 Lease liability

Recognized against Right-of-use asset for rented office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka. Apart from this, the rented space for dormitory of Chattogram, Barishal and Rangpur office are also recognized as Right-of-use asset. Total amount of lease liabilities fall within maturity of one to three years.

23.04 Central Bank Strengthening Project fund (CBSP)

Government of Bangladesh (GoB) signed a Credit Agreement with the International Development Association (IDA) for a Project named Central Bank Strengthening Project (CBSP). The related Credit Reference is IDA 3792 BD and the Project was meant for "Improvement of efficiency of the Bank through functional reforms and large scale automation of its' business process". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and the Bank to this effect for execution of the project. The total cost of the project was BDT 3,892 million (USD 55.60 million), of which IDA provided BDT 3,060 million (USD 43.71 million) through Government and the rest BDT 832 million (USD 11.88 million) was funded by the Bank. The project started in late 2003 and was completed on 30 April 2013.

The Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 30 years starting from December 01, 2013 to June 01, 2043 as per the schedule.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	30-Jun-2024	30-Jun-2023

23.05 Financial Sector Support Project (FSSP)

Government of Bangladesh (GoB) signed a credit agreement with the International Development Association (IDA) for a Project named Financial Sector Support Project (FSSP) for amount of SDR 213,400,000. The related credit reference is 5664 BD and the Project was meant for "Improvement of the recipient's financial market infrastructure, the regulatory and oversight capacity of the project implementing entity and access to long term financing for private firms in Bangladesh". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and Bangladesh Bank on August 27, 2015 to this effect for execution of the Project. The Project was completed on March 31, 2020.

The subsidiary loan was denominated in taka and the Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 38 years including a grace period of 6 years for each disbursement from the proceeds of the credit.

24 Capital	30,000	30,000

The entire capital of the Bank stands vested in and allotted to the Government as per Article 4(1) and 4(2) of the Bangladesh Bank Order, 1972.

25 Consolidated revaluation reserves

Revaluation reserve - gold and silver (Note 25.02)	94,186,477	60,990,612
Revaluation reserve - foreign currency accounts (Note 25.03)	596,632,479	581,430,094
Revaluation reserve - property, plant and equipment (Note 25.04)	71,094,985	71,118,650
Revaluation reserve - financial instruments (Note 25.05)	(140,210,328)	(60,282,771)
Total	**621,703,613**	**653,256,585**

25.01 Revaluation reserves

Revaluation reserve - gold and silver (Note 25.02)	94,186,477	60,990,612
Revaluation reserve - foreign currency accounts (Note 25.03)	596,632,479	581,430,094
Revaluation reserve - property, plant and equipment (Note 25.04)	66,476,269	66,476,269
Revaluation reserve - financial instruments (Note 25.05)	(140,210,328)	(60,282,771)
Total	**617,084,897**	**648,614,204**

25.02 Revaluation reserve - gold and silver

The Bank accounts for the gain/loss on revaluation of gold and silver in the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve-gold and silver, which is part of equity.

25.03 Revaluation reserve - foreign currency accounts

The Bank accounts for the unrealized gain/loss on revaluation of foreign currency to the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve-foreign currency, which is part of equity.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		30-Jun-2024	30-Jun-2023

25.04 Revaluation reserve - property, plant and equipment

The Group accounts for the gain/loss on revaluation of property, plant and equipment in the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve - property, plant and equipment, which is part of equity.

25.05 Revaluation reserve - financial instruments

The Bank accounts for the gain/loss on revaluation of financial instruments in the statement of profit or loss and other comprehensive income and subsequently transferred to a separate account - revaluation reserve- financial instrument, which is part of equity.

26 Currency fluctuation reserve

	509,875,432	281,090,590

The Bank credited the realized gain on revaluation of foreign currencies to the statement of profit or loss and other comprehensive income and subsequently transferred the same to a separate account - currency fluctuation reserve account, which is part of equity.

27 Statutory funds

Rural credit fund (Note 27.01)	7,600,000	7,400,000
Agricultural credit stabilization fund (Note 27.02)	7,600,000	7,400,000
Export credit fund (Note 27.03)	1,300,000	1,300,000
Industrial credit fund (Note 27.04)	2,237,852	2,087,852
Credit guarantee fund (Note 27.05)	879,194	879,194
Total	**19,617,046**	**19,067,046**

Statutory funds were created and maintained as per provisions of the Bangladesh Bank Order, 1972 and appropriations from profits are made in consultation with the Government of Bangladesh.

27.01 Rural credit fund

This fund was created as per Article 60(1) of Bangladesh Bank Order, 1972 for making of short term, medium term and long term loans and advances to co-operative bank, scheduled bank and rural credit agencies. Contribution of Taka 200 million is made for this fund during the year.

27.02 Agricultural credit stabilization fund

This fund was created as per Article 61 of Bangladesh Bank Order, 1972 for making of loans and advances to apex co-operative banks. Contribution of BDT 200 million is made for this fund during the year.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	30-Jun-2024	30-Jun-2023

27.03 Export credit fund

As per Article 63 of Bangladesh Bank Order, 1972 this fund was created for making of medium term and short term loans and advances to scheduled banks and other credit institutions for financing export from Bangladesh. No appropriation is made for this fund during the year.

27.04 Industrial credit fund

As per Article 62 of Bangladesh Bank Order, 1972 the fund was created for making of short term and medium term loans and advances to co-operative banks. Contribution of Taka 150 million is made for this fund during the year.

27.05 Credit guarantee fund

As per clause 24 of Article 16 of Bangladesh Bank Order, 1972 the Fund was created by appropriating profit every year as per decision of the Board of Directors to cover the loss sustained by scheduled banks for providing small loans to cottage industries. No appropriation is made for this fund during the year.

28 Non statutory funds

Small and medium enterprise fund (Note 28.01)	7,000,000	7,000,000
Housing refinance fund	4,660,000	4,660,000
Human resources development fund (Note 28.02)	275,023	275,330
Monetary management fund (Note 28.03)	200,000	200,000
Rural agri product processing industries refinance fund (Note 28.04)	3,410,000	3,410,000
Disaster management and social responsibility fund (Note 28.05)	1,800,000	900,000
Total	**17,345,023**	**16,445,330**

28.01 Small and medium enterprise fund

This fund was created as per clause 24 of Article 16 of the Bangladesh Bank Order, 1972 for refinancing facilities to the scheduled banks and financial institutions against loans and advances given to the small enterprise sector and housing refinance scheme. Appropriation to those funds are made as per decision of the Board.

28.02 Human resources development fund

Human resources development fund was created as per clause 2(n) of Article 82 of Bangladesh Bank Order,1972 and decision taken by the Board of the Bank for development of efficiency of the Bank's officials by conducting seminar, symposium, training etc. at home and abroad. Appropriation to this fund was first made from the dividend payable to Government in the year 2010-2011.

28.03 Monetary management fund

Monetary management fund was created as per decision of the Board of the Bank for sound and smooth operation of monetary policy activities. Appropriation to this fund was made from the dividend payable to Government for the year 2010-2011.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	30-Jun-2024	30-Jun-2023

28.04 Rural Agri product processing industries refinance fund

This fund was created in 2001 for the purpose of financing rural agri product processing industries. This fund plays an important role for developing the agri product sectors in Bangladesh.

28.05 Disaster management and social responsibility fund

This fund was created by the approval of Board of Directors (341 Board Meeting held in 2013). Primarily, the fund, BDT 50 million was collected as donation from Bangladesh Bank's 2012-2013 profit and subsequently BDT 50 million had been deducted from each year's profit transferring the amount to this fund. From financial year 2014-2015, BDT 100 million had been contributed deducting from each year's profit. This year BDT 180.00 million has been appropriated.

29 Other reserves

Asset renewal and replacement fund (29.01)	6,276,679	5,820,516
Interest reserve (29.02)	7,522,114	7,522,114
Total	**13,798,793**	**13,342,630**

29.01 Asset renewal and replacement fund

As per Asset renewal and replacement fund policy, an amount of BDT 456.16 million is appropriated to this account .

29.02 Interest reserve

	5,700,500	**5,600,500**

As per the decision of the Board in FY 2006-2007, the total interest accrued against the overdue loan of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank was kept as interest reserve.

30 Consolidated general reserve

Consolidated general reserve consists of the general reserve of Bangladesh Bank and that of its subsidiary-SPCBL.

	4,250,500	**4,250,500**

30.01 General reserve

As per Article 59 of Bangladesh Bank Order, 1972 securities having value of BDT 30 million was allocated by the Government and held by the Bank as the general reserve. Further an amount of BDT 4,220.5 million was transferred to the reserve from general provision over the years.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		30-Jun-2024	30-Jun-2023
31	**Consolidated retained earnings**		
	Opening balance	122,020,617	43,208,378
	Adjustment against due from Government	(57,276)	-
	Transfer to Disaster Management and Social Responsilibity Fund	(200,000)	(200,000)
	Dividend paid	(106,526,304)	(28,476,987)
	Prior year adjustment	(23,304)	(875)
	Derecognition of reserve on account of sale and maturity of assets	23,664	23,912
	Profit for the period	405,661,781	473,442,469
	Appropriation of profit to other funds	(246,793,390)	(365,876,280)
	Transfer to general reserve	(100,000)	(100,000)
	Closing balance	**174,005,788**	**122,020,617**
31.01	**Retained earnings**		
	Opening balance	106,807,347	28,676,987
	Adjustment against due from Government	(57,276)	
	Transfer to Disaster Management and Social Responsilibity Fund	(200,000)	(200,000)
	Dividend paid	(106,526,304)	(28,476,987)
	Prior year adjustment	(23,304)	(875)
	Appropriation of profit to funds	(2,806,163)	(1,902,755)
	Profit for the period	161,550,249	108,710,977
	Closing balance	**158,744,549**	**106,807,347**
32	**Interest income from foreign currency financial assets**		
	Loans to banks	23,891,169	19,180,222
	Short term deposits with commercial banks	13,223,036	11,681,300
	Foreign bonds and US treasury notes	15,184,064	18,137,119
	US treasury bills	131,587	2,296,305
	Others	12,466,104	8,049,207
	Total	**64,895,960**	**59,344,153**
33	**Commission and discounts**		
	Commission on foreign currency operations	195,888	660,756
	Others	463,642	-
	Total	**659,530**	**660,756**
34	**Commission and discounts**		
	Interest on deposits	2,451,677	949,374
	Asian Clearing Union (ACU)	4,841,823	2,773,184
	IMF charges	11,302,617	5,841,015
	Total	**18,596,117**	**9,563,573**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		30-Jun-2024	30-Jun-2023
35	**Consolidated interest income on local currency financial assets**		
	Securities purchased under agreement to resell	36,799,496	7,670,616
	Government securities	89,753,205	70,477,608
	Loans and advance to Government	12,778,053	1,635,198
	Debentures	190,750	190,750
	Loans to banks, financial institutions and employees	11,889,801	8,073,030
	Profit on islamic investment	5,638,564	2,305,286
	Interest on liquidity support	5,221	-
	Short term money market deposits	1,439,937	1,073,815
	Total	**158,495,028**	**91,426,303**
35.01	**Interest income from local currency financial assets**		
	Securities purchased under agreement to resell	36,799,496	7,670,616
	Government securities	89,753,205	70,477,608
	Loans and advance to Government	12,778,053	1,635,198
	Debentures	190,750	190,750
	Loans to banks, financial institutions and employees	11,820,376	7,999,587
	Profit on islamic investment	5,638,564	2,305,286
	Interest on liquidity support	5,221	-
	Total	**156,985,665**	**90,279,045**
36	**Commission and discount income**		
	Commission income from Government sources	4,926,874	8,931
	Miscellaneous commission income	2,266,229	2,038,184
	Total	**7,193,103**	**2,047,115**
37	**Other income**		
	Exchange A/C	25	24
	Gain on asset sale or de-recognition	1,116	852
	Penal Interest	9,367,448	1,832,558
	Misc. Income	2,973	4,016
	Fee Income	91,175	-
	Total	**9,462,737**	**1,837,450**
38	**Interest expense on local currency financial liabilities**		
	Bangladesh Bank bills	1,726	-
	Interest Expense- Financial Sector Support Project	211,362	219,304
	Interest expense - Central Bank Strengthening Project	22,663	23,380
	Total	**235,751**	**242,684**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

		30-Jun-2024	30-Jun-2023
39	**Commission and other expenses**		
	Agency charges (Note 39.01)	4,963,500	5,518,000
	Underwriting commission on treasury bills & bonds (Note 39.02)	809,800	481,300
	Loss on amortization of treasury bond	-	4,294,602
	Other expenses	150,845	59,505
	Total	**5,924,145**	**10,353,407**

39.01 Agency charges

Agency charges are paid to Sonali Bank Limited for acting as agent of Bangladesh Bank.

39.02 Underwriting commission on treasury bills & bonds

Underwriting commission is paid to primary dealers for treasury bill and bond.

40	**Revaluation gain/(loss) on financial instruments**		
	Valuation gain / (loss) on US Treasury Notes Investment	16,197,494	(11,446,375)
	Valuation gain/ (loss) on Bangladesh Government Treasury Bond	(97,021,544)	(11,760,646)
	Total	**(80,824,050)**	**(23,207,021)**
41	**Consolidated general and administrative expenses**		
	Staff costs (Note 41 (a))	14,762,226	14,036,948
	Depreciation	1,560,970	1,486,280
	Amortization	211,442	142,644
	Directors' fees	867	889
	Audit fees	6,325	6,325
	Stationery	135,323	115,319
	Rent, electricity etc.	417,905	396,898
	Remittance of treasure	59,074	80,567
	Donations, Welfare, Sports and other administrative expenses	334,164	248,601
	Telephone	129,647	128,632
	Repairs & maintenance	947,129	506,258
	Materials	2,694,950	2,991,081
	Provision for Workers' Profit Participation Fund	116,042	105,794
	Value Added Tax	304,582	336,531
	Miscellaneous	1,278,611	3,617,997
	Total	**22,959,257**	**24,200,763**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	30-Jun-2024	30-Jun-2023
41.01 Staff costs		
Salary	3,347,047	3,284,619
House rent	1,284,977	1,268,843
Contribution to contributory provident fund	751,953	821,906
Pension and gratuity	4,378,933	4,200,166
Leave encashment	296,533	10,000
General and incentive bonus	2,072,414	2,119,800
Medical expenses	711,678	614,113
Training	146,366	88,332
Travel expenses	689,922	659,204
Lunch	300,291	302,260
Other staff costs	782,112	667,705
Total	**14,762,226**	**14,036,948**
41.02 General and administrative expenses		
Staff costs (Note 41.01(a))	13,817,288	13,198,925
Depreciation	1,228,921	1,155,768
Amortization	211,442	142,644
Directors' fee	432	608
Audit fee	5,750	5,750
Stationery	127,504	109,716
Rent, electricity etc.	291,052	255,947
Remittance of treasure	58,706	80,099
Donations	328,917	208,852
Telephone	129,227	128,174
Repairs	905,565	467,736
Miscellaneous	1,174,575	3,561,142
Total	**18,279,379**	**19,315,360**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

	30-Jun-2024	30-Jun-2023
41.03 Staff costs		
Salary	2,955,676	2,928,542
House rent	1,284,977	1,268,843
Contribution to contributory provident fund	751,953	821,906
Pension and gratuity	4,211,302	4,139,982
Leave encashment	265,925	-
General and incentive bonus	1,925,864	1,927,716
Medical expenses	684,950	591,651
Training	146,366	88,332
Travel expenses	683,962	644,888
Lunch	269,018	269,662
Other staff costs	637,298	517,401
Total	**13,817,288**	**13,198,925**
41.04 Allowances for Expected Credit Loss (ECL)		
Allowances for ECL	30,831,289	-
Total	**30,831,289**	**13,198,925**

Allowances for Expected Credit Loss is an estimate of the exposure derived from the model discussed in note 42.2. It may be mentioned that the previously kept provision has been adjusted with the amount arising from ECL.

BANGLADESH BANK

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2024

42 Financial instruments-Fair values and risk management

42.01 a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated

in thousand BDT

Particulars	30 June 2024							
	Carrying amount				Fair value			
	Amortized Cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
US treasury bills	-	-	-		-	-		-
Foreign bonds	856,865,677	-	-	856,865,677	856,865,677	-		856,865,677
US Treasury Notes	-	617,789,461	-	617,789,461	617,789,461	-		617,789,461
Gold and silver	-	101,195,822	-	101,195,822	101,195,822	-		101,195,822
Claims from Gold Transaction	-	25,507,529	-	25,507,529	25,507,529	-		25,507,529
Treasury bills	4,048,667.86	-	-	4,048,668	4,048,668	-		4,048,668
Treasury bonds	-	732,369,443	-	732,369,443	732,369,443	-		732,369,443
Swift shares	-	80	-	80	-	-		80
Debenture - House Building Finance Corporation	3,945,000	-	-	3,945,000	-	3,945,000		3,945,000
	864,859,345	**1,476,862,335**	**-**	**2,341,721,680**	**2,337,776,600**	**3,944,999**	**80**	**2,341,721,680**
Financial assets not measured at fair value								
Taka coin and cash balances	2,391,082	-		2,391,082	-	-	-	-
Foreign currency accounts	80,037,105	-		80,037,105	-	-	-	-
Overnight investment	551,584,340	-		551,584,340	-	-	-	-
Short term deposits with overseas commercial banks	254,260,196	-		254,260,196	-	-	-	-
Asset held with IMF	446,650,988	-		446,650,988	-	-	-	-
Foreign currency loans to banks	328,927,368	-		328,927,368	-	-	-	-
Interest receivable	9,145,034	-		9,145,034	-	-	-	-
Other receivable	5,224,144	-		5,224,144	-	-	-	-
Ways and means advance	80,000,000	-		80,000,000	-	-	-	-
Short term money market investments	764,711,949	-		764,711,949	-	-	-	-
Share of ICB Islamic Bank Limited	7,452	-		7,452	-	-	-	-
Loan to commercial banks	1,207,755	-		1,207,755	-	-	-	-
Loan to specialized banks	88,728,744	-		88,728,744	-	-	-	-
Loan to private banks	369,090,677	-		369,090,677	-	-	-	-
Other loans and advances	370,404,224	-		370,404,224	-	-	-	-
Interest receivable	4,174,073	-		4,174,073	-	-	-	-
Loans and advances to employees	52,905,885	-		52,905,885	-	-	-	-
Other local currency financial assets	204,115,321	-		204,115,321	-	-	-	-
	3,613,566,336	**-**	**-**	**3,613,566,336**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Nil	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Liabilities with IMF	493,095,097	-	-	493,095,097	-	-	-	-
Foreign currency deposits by commercial banks	143,394,836	-	-	143,394,836	-	-	-	-
Asian Clearing Union (ACU)	167,623,666	-	-	167,623,666	-	-	-	-
Notes in circulation	3,184,097,642	-	-	3,184,097,642	-	-	-	-
Local currency deposits from banks and financial institutions	932,764,069	-	-	932,764,069	-	-	-	-
	4,920,975,311	**-**	**-**	**4,920,975,311**	**-**	**-**	**-**	**-**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

in thousand BDT

Particulars	30 June 2023							
	Carrying amount				Fair value			
	Amortized Cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value			-	-	-	-	-	-
US treasury bills	23,067,946	-	-	23,067,946	23,067,946	-	-	23,067,946
Foreign bonds	925,811,866	-	-	925,811,866	925,811,866	-	-	925,811,866
US Treasury Notes	-	656,339,744	-	656,339,744	656,339,744	-	-	656,339,744
Gold and silver	-	54,093,399	-	54,093,399	54,093,399	-		54,093,399
Claims from gold transactions	-	37,757,643	-	37,757,643	37,757,643		-	37,757,643
Treasury bills	504,989,926		-	504,989,926	504,989,926	-	-	504,989,926
Treasury bonds	-	792,630,759	-	792,630,759	792,630,759	-	-	792,630,759
Swift shares	-	80	-	-	-	-	80	80
Debenture - House Building Finance Corporation	3,945,000		-	3,945,000	-	3,945,000	-	3,945,000
	1,457,814,737	**1,540,821,625**	**-**	**2,998,636,282**	**2,994,691,282**	**3,945,000**	**80**	**2,998,636,362**
Financial assets not measured at fair value								
Taka coin and cash balances	3,582,958			3,582,958	-	-	-	-
Foreign currency accounts	88,946,844			88,946,844	-	-	-	-
Overnight investment	469,186,507			469,186,507	-	-	-	-
Short term deposits with overseas commercial banks	250,233,646			250,233,646	-	-	-	-
Asset held with IMF	415,910,328			415,910,328	-	-	-	-
Foreign currency loans to banks	511,418,327			511,418,327	-	-	-	-
Interest receivable	11,226,096			11,226,096	-	-	-	-
Other receivable	5,224,144			5,224,144	-	-	-	-
Ways and Means advance	80,000,000			80,000,000	-	-	-	-
Short term money market investments	186,020,792			186,020,792	-	-	-	-
Share of ICB Islamic Bank Limited	7,452			7,452	-	-	-	-
Loan to commercial banks	5,633,896			5,633,896	-	-	-	-
Loan to specialized banks	94,438,830			94,438,830	-	-	-	-
Loan to private banks	12,552,780			12,552,780	-	-	-	-
Other loans and advances	317,522,107			317,522,107	-	-	-	-
Interest receivable	2,829,655			2,829,655	-	-	-	-
Loans and advances to employees	49,350,810			49,350,810	-	-	-	-
Other local currency financial assets	90,531,418			90,531,418	-	-	-	-
	2,594,616,589	**-**	**-**	**2,594,616,589**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Nil	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Liabilities with IMF	400,326,205	-	-	400,326,205	-	-	-	-
Foreign currency deposits by commercial banks	132,647,482	-	-	132,647,482	-	-	-	-
Asian Clearing Union (ACU)	116,250,811	-	-	116,250,811	-	-	-	-
Notes in circulation	3,101,560,298	-	-	3,101,560,298	-	-	-	-
Local currency deposits from banks and financial institutions	714,863,215	-	-	714,863,215	-	-	-	-
	4,465,648,011	**-**	**-**	**4,465,648,011**	**-**	**-**	**-**	**-**

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Separate

in thousand BDT

Particulars	30 June 2024							
	Carrying amount				Fair value			
	Amortized Cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
US treasury bills	-	-	-	-	-	-	-	-
Foreign bonds	856,865,677	-	-	856,865,677	856,865,677	-	-	856,865,677
US Treasury Notes	-	617,789,461	-	617,789,461	617,789,461	-	-	617,789,461
Gold and silver	-	101,195,822	-	101,195,822	101,195,822	-	-	101,195,822
Claims from Gold Transaction		25,507,529		25,507,529	25,507,529	-	-	25,507,529
Treasury bills	4,048,668	-	-	4,048,668	4,048,668	-	-	4,048,668
Treasury bonds	-	732,369,443	-	732,369,443	732,369,443	-	-	732,369,443
Swift shares	-	80	-	80	-	-	80	80
Investment in subsidiary	-	12,000,000	-	12,000,000	-	-	12,000,000	12,000,000
Debenture - House Building Finance Corporation	3,945,000	-	-	3,945,000	-	3,945,000	-	3,945,000
	864,859,345	**1,488,862,335**	**-**	**2,353,721,680**	**2,337,776,600**	**3,944,999**	**12,000,080**	**2,353,721,680**
Financial assets not measured at fair value								
Taka coin and cash balances	1,271,949	-	-	1,271,949	-	-	-	-
Foreign currency accounts	80,037,105	-	-	80,037,105	-	-	-	-
Overnight investment	551,584,340	-	-	551,584,340	-	-	-	-
Short term deposits with overseas commercial banks	254,260,196	-	-	254,260,196	-	-	-	-
Asset held with IMF	446,650,988	-	-	446,650,988	-	-	-	-
Foreign currency loans to banks	328,927,368	-	-	328,927,368	-	-	-	-
Interest receivable	9,145,034	-	-	9,145,034	-	-	-	-
Other receivable	5,224,144	-	-	5,224,144	-	-	-	-
Ways and means advance	80,000,000	-	-	80,000,000	-	-	-	-
Securities purchased under agreement to resell	748,186,830	-	-	748,186,830	-	-	-	-
Loan to commercial banks	1,207,755	-	-	1,207,755	-	-	-	-
Loan to specialized banks	88,728,744	-	-	88,728,744	-	-	-	-
Loan to private banks	369,090,677	-	-	369,090,677	-	-	-	-
Other loans and advances	370,404,224	-	-	370,404,224	-	-	-	-
Interest receivable	4,174,073	-	-	4,174,073	-	-	-	-
Loans and advances to employees	51,132,615	-	-	51,132,615	-	-	-	-
Other local currency financial assets	203,152,295	-	-	203,152,295	-	-	-	-
	3,593,178,337	**-**	**-**	**3,593,178,337**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Nil	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Liabilities with IMF	493,095,097	-	-	493,095,097	-	-	-	-
Foreign currency deposits by commercial banks	143,394,836	-	-	143,394,836	-	-	-	-
Asian Clearing Union (ACU)	167,623,666	-	-	167,623,666	-	-	-	-
Notes in circulation	3,184,097,642	-	-	3,184,097,642	-	-	-	-
Local currency deposits from banks and financial institutions	932,764,069	-	-	932,764,069	-	-	-	-
	4,920,975,311	**-**	**-**	**4,920,975,311**	**-**	**-**	**-**	**-**

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in thousand BDT

Particulars	30 June 2023							
	Carrying amount				Fair value			
	Amortized Cost	Fair value through OCI	Fair value through	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
US treasury bills	23,067,946	-	-	23,067,946	23,067,946	-	-	23,067,946
Foreign bonds	925,811,866	-	-	925,811,866	925,811,866	-	-	925,811,866
US Treasury Notes	-	656,339,744	-	656,339,744	656,339,744	-	-	656,339,744
Gold and silver	-	54,093,399	-	54,093,399	54,093,399	-	-	54,093,399
Claims from Gold Transactions		37,757,643		37,757,643	37,757,643	-	-	37,757,643
Treasury bills	504,989,926	-	-	504,989,926	504,989,925.60	-	-	504,989,926
Treasury bonds	-	792,630,759	-	792,630,759	792,630,759.25	-	-	792,630,759
Swift shares	-	80.47	-	80	-	-	80	80
Investment in subsidiary	-	12,000,000	-	12,000,000	-	-	12,000,000	12,000,000
Debenture - House Building Finance Corporation	3,945,000	-	-	3,945,000	-	3,945,000	-	3,945,000
	1,457,814,737	**1,552,821,625**	**-**	**3,010,636,362**	**2,994,691,282**	**3,945,000**	**12,000,080**	**3,010,636,362**
Financial assets not measured at fair value								
Taka coin and cash balances	2,345,632			2,345,632	-	-	-	-
Foreign currency accounts	88,946,844			88,946,844	-	-	-	-
Overnight investment	469,186,507			469,186,507	-	-	-	-
Short term deposits with overseas commercial banks	250,233,646			250,233,646	-	-	-	-
Asset held with IMF	415,910,328			415,910,328	-	-	-	-
Foreign currency loans to banks	511,418,327			511,418,327	-	-	-	-
Interest receivable	11,226,096			11,226,096	-	-	-	-
Other receivable	5,224,144			5,224,144	-	-	-	-
Securities purchased under agreement to resell	80,000,000			80,000,000	-	-	-	-
Ways and Means Advance	169,462,750			169,462,750	-	-	-	-
Loan to commercial banks	5,633,896			5,633,896	-	-	-	-
Loan to specialized banks	94,438,830			94,438,830	-	-	-	-
Loan to private banks	12,552,780			12,552,780	-	-	-	-
Other loans and advances	317,522,107			317,522,107	-	-	-	-
Interest receivable	2,829,655			2,829,655	-	-	-	-
Loans and advances to employees	47,461,936			47,461,936	-	-	-	-
Other local currency financial assets	89,667,613			89,667,613	-	-	-	-
	2,574,061,090	**-**	**-**	**2,574,061,090**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Nil	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Liabilities with IMF	400,326,205			400,326,205	-	-	-	-
Foreign currency deposits by commercial banks	132,647,482			132,647,482	-	-	-	-
Asian Clearing Union (ACU)	116,250,811			116,250,811	-	-	-	-
Notes in circulation	3,101,560,298			3,101,560,298	-	-	-	-
Local currency deposits from banks and financial institutions	714,863,215			714,863,215	-	-	-	-
	4,465,648,011	**-**	**-**	**4,465,648,011**	**-**	**-**	**-**	**-**

As at 30 June 2024, the Group holds level 3 financial instruments only on SWIFT shares and investment in subsidiary. Management believes that the fair value of these shares are equal to its carrying amount. A Level 3 reconciliation table has not been disclosed as no change in fair value of investment from last year.

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42.01 b. Valuation techniques used in determination of fair values within level 2 and level 3

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Fair value have been based on management assumptions according to the portfolio of the asset and liability base.

Fair value of foreign securities is based on quoted market prices, at the reporting date. Local currency financial investments includes shares in SPCBL with a value of BDT 12,000,000,000 (2023: BDT 12,000,000,000) & Debentures of HBFC with a value of BDT 3,945,000,000 (2023: BDT 3,945,000,000) for which fair value cannot be reliably determined as they are not traded in the active market and there are no similar instruments with similar characteristics. Management believes that the fair value of these shares are their carrying value.

Loans to Government (overdraft- current) are carried at cost as the interest accrued is recovered on a daily basis. Treasury bills and bonds are classified as Fair Value Through Other Comprehensive Income (OCI) and are carried at fair value. Loans to banks, financial institutions and employees are carried at amortized cost and are net of provisions for impairment. The fair value approximates their carrying value.

42.02 Financial Risk Management

The Group has exposure to the following risks arising from financial instruments :

I. Credit risk
II. Liquidity risk
III. Market risk
IV. Operational risk

Risk management framework

International Financial Reporting Standard "IFRS 7 - Financial Instruments: Disclosures" requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Group's policies for controlling risks and exposures.

The Bank is involved in policy-oriented activities. Therefore, the Bank's risk management framework differs from the risk management framework for most other financial institutions. The main financial risks to which the Bank is exposed include credit risk, foreign exchange risk and interest rate risk. In the management of foreign reserves, minimizing liquidity risk is the prime consideration in order to ensure the availability of currency as required. Like most central banks, the nature of the Bank's operations create exposure to a range of operational and reputational risks also.

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The Bank's management seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring and managing risk exposure. Experienced staff conducts the Bank's local currency, foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined risk management framework, including limits and delegated authorities set by the Governor. The investment portfolio is managed in line with the investment guidelines approved by the Board. The Investment Committee chaired by the Deputy Governor of the Bank is responsible for monitoring and implementation of risk mitigation measures prescribed in the "Reserve Management Guideline" and ensuring that the Bank operates within the established risk parameters. Typical activities of the Investment Committee are reviewing the monthly reports, approving the list of eligible counterparties, approving changes to the strategy before submitting them to the Board and providing suggestion regarding important tactical decisions on asset allocation.

The Bank is subject to an annual audit by two external auditors who are appointed by the Government as prescribed in Article 65 (1) of the Bangladesh Bank Order, 1972. Auditing arrangements are overseen by the Audit Committee of the Board to monitor the financial reporting and audit functions within the Bank and the Committee reviews the internal audit functions as well. Audit Committee reports to the Board of Directors on its activities.

The overall risk management framework is designed to strongly encourage the sound and prudent management of the Bank's risk. The Bank seeks to ensure that the risk management framework is consistent with financial market best practices. Risk tables in this note are all based on the Bank's portfolio as reported in its statement of financial position.

I. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is monitored and managed regularly. Bangladesh Bank's maximum exposure to credit risk in relation to each class of recognized financial assets, is the carrying amount of those assets as indicated in the statement of financial position. Bangladesh Bank's exposure is to highly rated counter-parties and its credit risk is very low, providing with solution to credit risk including both the Bank's rigorous monitoring activities and, in many cases, guarantees from the government.

Impairment of financial assets

Impairment of financial assets are discussed in note 3.05(g).

Definition of Default:

Assumptions and techniques for estimating impairment under ECL:

The Bank is recording the allowance for expected credit losses (ECLs) for all loans and debt instruments that are measured at amortized cost together with loan commitment and guarantee contract. Equity instruments are not subject to ECLs. The ECL allowance is based on the credit

BANGLADESH BANK
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losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since initial recognition, in which case, the allowance is based on the 12 months' expected credit loss as outlined in note 3.05 (g).

The calculation of ECLs:
The Bank calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate (EIR) which is the Reverse Repo rate prevailing at the reporting date.

EAD : Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a stage 1 financial instruments, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. For stage 2 and stage 3 the exposure at default is considered for events over the lifetime of the instruments. The Group determines EAD by modeling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. PDs are then assigned to each economic scenario based on the outcome of the Bank's models

PD : Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. PD estimation process is based on the probability of default assigned to each counterparty according to their external credit ratings and the related historical credit losses experience, adjusted for forward-looking information.

LGD : Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

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The basis of financial assets which are categorized into three stages depending on their assessed credit risk are discussed in note 3.05 (g).

Credit risk grades:

Grading	12 month PD	Life Time PD
Performing	0.03% - 0.015%	0.03% - 0.015%
Non-performing	1.05%-3.98%	5%-100%

Amounts arising from ECL:

amount in '000 BDT

Particulars	Balance as on June 30, 2024					
	Credit Exposure Movement-ECL stage wise			Expected Credit Loss		
	Stage I	Stage II	Stage III	12 month ECL	Life Time ECL	Total ECL
Foreign Bond	860,678,833	-	-	116,192		116,192
Foreign Currency Loans	329,366,421	-	3,509,065	44,464	1,579,079.44	1,623,544
Investment in Repo	754,773,938		-	101,894		101,894
Refinance & Demand Loan	434,329,261	366,123,006.06	33,153,207	7,773,142	26,951,144	34,724,286
Advances to Government	567,576,882	-	-	-	-	-
Investment in T. Bill	4,395,900	-	-	-	-	-
Investment in Debenture	4,040,375	-	-	545	-	545
Islamic Investment	175,580,261	-	-	23,703	-	23,703

amount in '000 BDT

Particulars	Balance as on June 30, 2023					
	Credit Exposure Movement-ECL stage wise			Expected Credit Loss		
	Stage I	Stage II	Stage III	12 month ECL	Life Time ECL	Total ECL
Foreign Bond	930,387,290	-	-	125,602	-	125,602
Foreign Currency Loans	514,876,938	-	-	69,508	-	69,508
Investment in Repo	169,462,750	-	-	22,877	-	22,877
Refinance & Demand Loan	434,329,261	-	2,676,517	1,196,987	1,204,433	2,401,420
Advances to Government	178,018,700	-	-	-	-	-
Investment in T. Bill	516,892,945	-	-	-	-	-
Investment in Debenture	4,040,375	-	-	545	-	545
Islamic Investment	64,420,000	-	-	8,697	-	8,697

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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Forward looking information: The Bank formulates a view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on a variety of external actual and forecast information.

Significant increase in credit risk: The Bank considers financial assets that have experienced a significant increase in credit risk when credit rating falls below investment grade, contractual payment overdue for more than 90 days and current market information.

Collateral and other credit enhancements: To mitigate credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as securities, guarantees and demand promissory notes. The collaterals held against financials assets have been disclosed in their respective notes, where applicable.

a. Concentration of credit exposure

The Bank's significant end-of-year concentrations of credit exposure, based on the country/region in which the issuers' parent was located, were as follows:

in thousand BDT

Particulars	2024		2023	
	Consolidated	Separate	Consolidated	Separate
Bangladesh	3,587,654,660	3,579,406,555	2,828,228,264	2,819,672,764
Other Asian countries	137,491,537	137,491,537	479,876,115	479,876,115
United States of America	1,181,519,900	1,181,519,900	1,156,918,586	1,156,918,586
Europe	232,150,050	232,150,050	446,888,586	446,888,586
Australia	1,133,411	1,133,411	4,471,667	4,471,667
Others	1,267,952,136	1,267,952,136	768,377,035	768,377,035
Total	**6,407,901,694**	**6,399,653,590**	**5,684,760,253**	**5,676,204,753**

The Bank's significant end-of-year concentrations of credit exposure, based on industry, were as follows:

Particulars	2024		2023	
	Consolidated	Separate	Consolidated	Separate
Sovereign	2,165,429,548	2,157,181,443	2,412,064,835	2,403,509,335
Supra-national	838,173,069	838,173,069	823,919,131	823,919,131
Banks & Financial Institutions	2,422,793,716	2,422,793,716	2,074,430,952	2,074,430,952
Public Sector Entities	774,494,383	774,494,383	195,770,303	195,770,303
Corporate	16,078,991	16,078,991	16,078,991	16,078,991
Others	190,931,987	190,931,987	162,496,040	162,496,040
Total	**6,407,901,694**	**6,399,653,588**	**5,684,760,253**	**5,676,204,753**

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b. Credit exposures by credit rating

Following tables represent the Group's foreign currency financial assets (excluding foreign currency loans to banks) mainly based on Moody's credit rating of the issuer (or equivalent Moody's rating in case of rating by other agencies). For long term deposits Aaa is the highest quality rating possible and indicates that the entity has an exceptional credit quality and have the smallest degree of risk; Aa is excellent credit quality but are rated lower than Aaa. Aa1 indicates the higher end of Aa category, Aa2 indicates mid range ranking of Aa category and Aa3 indicates lower end of Aa category. Credit rating ranging from Ba1 to Ba3 and B1 to B3 are considered as below investment grade category. For short term deposits P-1 indicates banks rated prime -1 for deposits, and offers superior credit quality and a very strong capacity for timely payment of short-term deposit obligations; ST-1 indicates the highest capacity for timely repayment of obligations; ST-2 indicates a strong capacity for timely repayment of obligations and ST-3 indicates average capacity for timely repayment of obligations.

However, the Bank's local currency financial assets along with foreign currency loans to banks are based on credit rating from Credit Rating Information and Services Limited, Credit Rating Agency of Bangladesh Limited, Emerging Credit Rating Limited, National Credit Rating Limited, Alpha Credit Rating Limited, ARGUS Credit Rating Services Limited etc. which were preferred by respective institutions.

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Consolidated

in thousand BDT

Particulars	Credit Rating	2024		2023	
		Amount	% of financial assets	Amount	% of financial assets
i) Foreign currency financial assets					
Foreign currency accounts	P-1	80,037,105	1.27%	88,946,844	1.58%
Overnight investment	P-1	551,584,340	8.75%	469,186,507	8.33%
Short term deposits with overseas commercial banks	P-1	254,260,196	4.03%	250,233,646	4.44%
US Dollar treasury bills	P-1	-	0.00%	23,067,946	0.41%
Foreign bonds	Aaa	612,396,945	9.71%	636,077,802	11.30%
Foreign bonds	Aa1, Aa2, Aa3	86,231,371	1.37%	94,485,526	1.68%
Foreign bonds	A1, A2,A3	82,856,787	1.31%	78,239,196	1.39%
Foreign bonds	Baa1, Baa2, Baa3,Ba1, Ba2, Ba3,B1,B2,B3	75,380,574	1.20%	117,009,342	2.08%
US Treasury Notes	Aaa	617,789,461	9.80%	656,339,744	11.66%
Foreign currency loans to banks	A	8,699,165	0.14%	23,106,685	0.41%
Foreign currency loans to banks	Aaa to Aa	319,150,335	5.06%	435,714,329	7.74%
Foreign currency loans to banks	Baa,Ba, B	1,077,869	0.02%	50,008,120	0.89%
Foreign currency loans to banks	Unrated	-	0.00%	2,589,193	0.05%
Claims from Gold transaction	A3	25,507,529	0.40%	37,757,643	0.67%
Assets held with International Monetary Fund	Unrated	446,650,988	7.08%	415,910,328	7.39%
Other foreign currency financial assets	Unrated	14,369,258	0.23%	16,450,320	0.29%
Total		**3,175,991,923**	**50.36%**	**3,395,123,170**	**60.30%**
ii) Local currency financial assets					
Loans to the Government of Bangladesh	Ba3	567,454,700	9.00%	178,018,700	3.16%
Securities purchased under agreement to resell	A	748,186,830	11.86%	169,462,750	3.01%
Local currency investments	Unrated	756,895,136	12.00%	1,318,131,179	23.41%
Loans to banks, financial institutions	A	218,176,803	3.46%	36,069,319	0.64%
Loans to banks, financial institutions	Aaa to Aa	475,477,827	7.54%	312,098,427	5.54%
Loans to banks, financial institutions	Ba to B	90,634,424	1.44%	11,855,559	0.21%
Loans to banks, financial institutions	Baa	14,592,133	0.23%	1,969,624	0.03%
Loans to banks, financial institutions	Unrated	-	0.00%	64,025,959	1.14%
Loans to employees	-	52,905,885	0.84%	49,350,810	0.88%
Other local currency financial assets	-	204,115,321	3.24%	90,531,418	1.61%
Taka coin and cash balances	-	2,391,082	0.04%	3,582,958	0.06%
Total		**3,130,830,141**	**49.64%**	**2,235,096,703**	**39.70%**
Total financial assets (i+ii)		**6,306,822,064**	**100.00%**	**5,630,219,873**	**100.00%**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

Separate

in thousand BDT

Particulars	Credit Rating	2024		2023	
		Amount	% of financial assets	Amount	% of financial assets
i) Foreign currency financial assets					
Foreign Currency Accounts	P-1	80,037,105	1.27%	88,946,844	1.58%
Overnight investment	P-1	551,584,340	8.76%	469,186,507	8.35%
Short term deposits with overseas commercial banks	P-1	254,260,196	4.04%	250,233,646	4.45%
US Dollar treasury bills	Aaa	-	0.00%	23,067,946	0.41%
Foreign bonds	Aaa	612,396,945	9.72%	636,077,802	11.31%
Foreign bonds	Aa1, Aa2, Aa3	86,231,371	1.37%	94,485,526	1.68%
Foreign bonds	A1, A2,A3	82,856,787	1.32%	78,239,196	1.39%
Foreign bonds	Baa1, Baa2, Baa3,Ba1, Ba2, Ba3,B1,B2,B3	75,380,574	1.20%	117,009,342	2.08%
US Treasury Notes	Aaa	617,789,461	9.81%	656,339,744	11.68%
Foreign currency loans to banks	A	8,699,165	0.14%	23,106,685	0.41%
Foreign currency loans to banks	Aaa to Aa	319,150,335	5.07%	435,714,329	7.75%
Foreign currency loans to banks	Baa,Ba, B	1,077,869	0.02%	50,008,120	0.89%
Foreign currency loans to banks	Unrated	-	0.00%	2,589,193	0.05%
Claims from Gold transaction	A3	25,507,529	0.40%	37,757,643	0.67%
Assets held with International Monetary Fund	Unrated	446,650,988	7.09%	415,910,328	7.40%
Other foreign currency financial assets	Unrated	14,369,258	0.23%	16,450,320	0.29%
Total		**3,175,991,923**	**50.43%**	**3,395,123,170**	**60.39%**
ii) Local currency financial assets					
Loans to the Government of Bangladesh	Ba3	567,454,700	9.01%	178,018,700	3.17%
Securities purchased under agreement to resell	A	748,186,830	11.88%	169,462,750	3.01%
Local currency investments	Unrated	752,362,565	11.95%	1,313,565,685	23.37%
Loans to banks, financial institutions	A	218,176,803	3.46%	36,069,319	0.64%
Loans to banks, financial institutions	Aaa to Aa	475,477,827	7.55%	312,098,427	5.55%
Loans to banks, financial institutions	Ba to B	90,634,424	1.44%	11,855,559	0.21%
Loans to banks, financial institutions	Baa	14,592,133	0.23%	1,969,624	0.04%
Loans to banks, financial institutions	Unrated	-	0.00%	64,025,959	1.14%
Loans to employees	-	51,132,615	0.81%	47,461,936	0.84%
Other local currency financial assets	-	203,152,295	3.23%	89,667,613	1.60%
Taka coin and cash balances	-	1,271,949	0.02%	2,345,632	0.04%
Total		**3,122,442,142**	**49.57%**	**2,226,541,205**	**39.61%**
Total financial assets (i+ii)		**6,298,434,065**	**100%**	**5,621,664,375**	**100%**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

c. Collateral held and other credit enhancements and their financial effect

The Group holds collateral and other credit enhancements against to certain extent of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

in thousand BDT

Particulars	2024		2023		Principal type of Collateral
	Amount	% of Exposure subject to collateral requirement	Amount	% of Exposure subject to collateral requirement	
i) Foreign currency financial assets					
Foreign currency loans to banks	328,927,368	100	511,418,327	100	Debit Authorization, Demand Promissory Note
Assets held with International Monetary Fund	446,650,988	100	415,910,328	100	None
ii) Local currency financial assets					
Securities purchased under agreement to resell	748,186,830	100	169,462,750	100	Marketable Government Securities
Loans to the Government of Bangladesh	567,454,700	100	178,018,700	100	Government Guarantee
Local currency loans to banks, financial institutions and employees	850,013,802	100	473,927,804	100	• Government guarantee • Bank guarantee • Demand Promissory Note • Employee retirement benefit and Mortgage of property

The Bank monitors the value of collateral and requests additional collateral in accordance with the underlying agreement if it deems necessary. The Bank reviews the adequacy of the allowance for loan impairment while monitoring the value of collateral.

As described in the table above the Bank receives collateral in the form of financial instruments in respect to the instruments due from financial institutions. Similar arrangements, if considered as master netting arrangements, do not meet the criteria for offsetting in the statement of financial position. This is because the Bank obtains a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the counterparties. The Bank and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

II. Liquidity risk

Liquidity risk is the risk that arises when the Group encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure sufficient liquidity (as far as possible) to meet its liabilities when they are due, under both normal and stressed conditions, without unacceptable losses or damage to the Group's reputation.

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To mitigate this risk, the Group has diversified funding sources and assets are managed with liquidity in mind.

The table below summarizes the maturity profile of the Group's financial assets and liabilities based on the contractual repayment date determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Assets and liabilities will mature within the following periods:

Consolidated

30 June 2024					*in thousand BDT*
Particulars	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**
Foreign currency financial assets					
Foreign currency accounts	80,037,105	-	-	-	-
Foreign investments	683,956,333	166,487,205	549,660,996	880,395,141	-
Assets held with International Monetary Fund	293,537,977	2,115,288	24,695	-	150,973,028
Gold and silver	-	-	-	-	101,195,822
Claims from Gold transaction	-	-	25,507,529	-	-
Foreign currency loans to banks	62,866,916	114,684,023	128,930,783	15,225,460	8,843,730
Other foreign currency financial assets	-	9,145,034	-	5,224,144	80
Total	**1,120,398,332**	**292,431,549**	**704,124,003**	**900,844,745**	**261,012,660**
Local currency financial assets					
Taka coin and cash balances	2,391,082	-	-	-	-
Securities purchased under agreement to resell	748,186,830	-	-	-	-
Loans to the Government of Bangladesh	567,454,700	-	-	-	-
Local currency investments	29,473,938	-	133,988,489	279,477,439	313,955,815
Local currency loans to Banks, FIs and employees	458,749,625	212,919,514	606,492,347	2,591,393,040	(3,017,767,455)
Other local currency financial assets	204,115,321	-	-	-	-
Total	**2,010,371,497**	**212,919,514**	**740,480,836**	**2,870,870,479**	**(2,703,811,639)**
Total financial assets	**3,130,769,829**	**505,351,063**	**1,444,604,839**	**3,771,715,224**	**(2,442,798,979)**
Foreign currency financial liabilities					
Deposits from banks and financial institutions	311,018,502	-	-	-	-
Liabilities with International Monetary Fund	1,997,314	1,619,173	5,675,706	8,306,515	475,496,389
Other foreign currency financial liabilities	106,814,242	-	-	-	-
Total	**419,830,058**	**1,619,173**	**5,675,706**	**8,306,515**	**475,496,389**
Local currency financial liabilities					
Notes in circulation	3,184,097,642	-	-	-	-
Deposits from banks and financial institutions	932,764,069	-	-	-	-
Other local currency financial liabilities	5,046	-	13,251,510	36,222,105	56,095,672
Total	**4,116,866,757**	**-**	**13,251,510**	**36,222,105**	**56,095,672**
Total financial liabilities	**4,536,696,815**	**1,619,173**	**18,927,216**	**44,528,620**	**531,592,061**
Maturity Gap	**(1,405,926,986)**	**503,731,890**	**1,425,677,623**	**3,727,186,604**	**(2,974,391,040)**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

30 June 2023					*in thousand BDT*
Particulars	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**
Foreign currency financial assets					
Foreign currency accounts	88,946,844	-	-	-	-
Foreign investments	623,412,895	122,931,773	255,515,115	1,322,779,926	-
Assets held with International Monetary Fund	278,149,209	1,882,351	47,699	-	135,831,068
Gold and silver	-	-	-	-	54,093,399
Claims from Gold Transactions	-	-	37,757,643	-	-
Foreign currency loans to banks	38,988,432	97,628,924	346,173,640	16,200,659	12,426,671
Other foreign currency financial assets	-	11,226,096	-	5,224,144	80
Total	**1,029,497,381**	**233,669,143**	**639,494,098**	**1,344,204,729**	**202,351,218**
Local currency financial assets					
Taka coin and cash balances	3,582,958	-	-	-	-
Securities purchased under agreement to resell	169,462,750	-	-	-	-
Loans to the Government of Bangladesh	178,018,700	-	-	-	-
Local currency investments	101,367,263	119,309,563	367,852,689	341,248,753	388,352,910
Local currency loans to Banks, FIs and employees	37,154,503	100,866,438	165,497,995	124,284,481	48,013,260
Other local currency financial assets	90,531,418	-	-	-	-
Total	**580,117,591**	**220,176,002**	**533,350,684**	**465,533,234**	**436,366,170**
Total financial assets	**1,609,614,972**	**453,845,145**	**1,172,844,782**	**1,809,737,963**	**638,717,388**
Foreign currency financial liabilities					
Deposits from banks and financial institutions	248,898,292	-	-	-	-
Liabilities with International Monetary Fund	1,917,565	1,379,126	9,022,820	7,733,828	380,272,867
Other Foreign currency Financial Liabilities	-	-	56,260,118	-	-
Total	**250,815,857**	**1,379,126**	**65,282,939**	**7,733,828**	**380,272,867**
Local currency financial liabilities					
Notes in circulation	3,101,560,298	-	-	-	-
Deposits from banks and financial institutions	714,863,215	-	-	-	-
Other local currency financial liabilities	5,043	1,527	11,772,365	43,186,216	83,850,900
Total	**3,816,428,556**	**1,527**	**11,772,365**	**43,186,216**	**83,850,900**
Total financial liabilities	**4,067,244,413**	**1,380,653**	**77,055,304**	**50,920,044**	**464,123,767**
Maturity gap	**(2,457,629,440)**	**452,464,492**	**1,095,789,478**	**1,758,817,919**	**174,593,621**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

Separate

30 June 2024					*in thousand BDT*
Particulars	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**
Foreign currency financial assets					
Foreign currency accounts	80,037,105	-	-	-	-
Foreign investments	683,956,333	166,487,205	549,660,996	880,395,141	-
Assets held with International Monetary Fund	293,537,977	2,115,288	24,695	-	150,973,028
Gold and silver	-	-	-	-	101,195,822
Claims from Gold transaction	-	-	25,507,529	-	-
Foreign currency loans to banks	62,866,916	114,684,023	128,930,783	15,225,460	8,843,730
Other foreign currency financial assets	-	9,145,034	-	5,224,144	80
Total	**1,120,398,332**	**292,431,549**	**704,124,003**	**900,844,745**	**261,012,660**
Local currency financial assets					
Taka coin and cash balances	1,271,949	-	-	-	-
Securities purchased under agreement to resell	748,186,830	-	-	-	-
Loans to the Government of Bangladesh	567,454,700	-	-	-	-
Local currency investments	29,473,938	-	117,463,371	279,477,439	325,948,363
Local currency loans to Banks, FIs and employees	458,749,625	212,919,514	606,492,347	2,591,393,040	(3,019,540,725)
Other local currency financial assets	-	203,152,295	-	-	-
Total	**1,805,137,042**	**416,071,809**	**723,955,718**	**2,870,870,479**	**2,693,592,361**
Total financial assets	**2,925,535,374**	**708,503,358**	**1,428,079,721**	**3,771,715,224**	**2,432,579,701**
Foreign currency financial liabilities					
Deposits from banks and financial institutions	311,018,502	-	-	-	-
Liabilities with International Monetary Fund	1,997,314	1,619,173	5,675,706	8,306,515	475,496,389
Other foreign currency financial liabilities	106,814,242	-	-	-	-
Total	**419,830,058**	**1,619,173**	**5,675,706**	**8,306,515**	**475,496,389**
Local currency financial liabilities					
Notes in circulation	3,184,097,642	-	-	-	-
Deposits from banks and financial institutions	932,764,069	-	-	-	-
Other local currency financial liabilities	5,046	-	12,813,657	35,380,543	55,884,729
Total	**4,116,866,757**	**-**	**12,813,657**	**35,380,543**	**55,884,729**
Total financial liabilities	**4,536,696,815**	**1,619,173**	**18,489,363**	**43,687,058**	**531,381,117**
Maturity gap	**(1,611,161,441)**	**706,884,185**	**1,409,590,358**	**3,728,028,166**	**2,963,960,818**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

30 June 2023					*in thousand BDT*
Particulars	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**
Foreign currency financial assets					
Foreign currency accounts	88,946,844	-	-	-	-
Foreign investments	623,412,895	122,931,773	255,515,115	1,322,779,926	-
Assets held with International Monetary Fund	278,149,209	1,882,351	47,699	-	135,831,068
Gold and silver	-	-	-	-	54,093,399
Claims from Gold Transactions	-	-	37,757,643	-	-
Foreign currency loans to banks	38,988,432	97,628,924	346,173,640	16,200,659	12,426,671
Other foreign currency financial assets	-	11,226,096	-	5,224,144	80
Total	**1,029,497,381**	**233,669,143**	**639,494,098**	**1,344,204,729**	**202,351,218**
Local currency financial assets					
Taka coin and cash balances	2,345,632	-	-	-	-
Securities purchased under agreement to resell	169,462,750	-	-	-	-
Loans to the Government of Bangladesh	178,018,700	-	-	-	-
Local currency investments	101,367,263	119,309,563	351,294,647	341,248,753	400,345,458
Local currency loans to Banks, FIs and employees	37,154,503	100,866,438	165,497,995	124,284,481	46,124,386
Other local currency financial assets	-	25,247,613	-	-	-
Total	**488,348,848**	**245,423,615**	**516,792,642**	**465,533,234**	**446,469,844**
Total financial assets	**1,517,846,229**	**479,092,758**	**1,156,286,740**	**1,809,737,963**	**648,821,062**
Foreign currency financial liabilities					
Deposits from banks and financial institutions	248,898,292	-	-	-	-
Liabilities with International Monetary Fund	1,917,565	1,379,126	9,022,820	7,733,828	380,272,867
Other foreign currency financial assets	-	-	56,260,118	-	-
Total	**250,815,857**	**1,379,126**	**65,282,939**	**7,733,828**	**380,272,867**
Local currency financial liabilities					
Notes in circulation	3,101,560,298	-	-	-	-
Deposits from banks and financial institutions	714,863,215	-	-	-	-
Other local currency financial liabilities	5,043	1,527	11,619,875	42,271,371	83,620,469
Total	**3,816,428,556**	**1,527**	**11,619,875**	**42,271,371**	**83,620,469**
Total financial liabilities	**4,067,244,413**	**1,380,653**	**76,902,814**	**50,005,199**	**463,893,335**
Maturity gap	**(2,549,398,184)**	**477,712,105**	**1,079,383,926**	**1,759,732,764**	**184,927,727**

III Market risk

Market risk is the probability of experiencing losses due to changes in market prices – such as foreign exchange rates, interest rates and equity prices – which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing the return.

a) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In Bangladesh Bank, foreign exchange reserve management and investment functions are guided by an Investment Committee. Decision of the Investment Committee and dealing practices approved by the Investment Committee serve as operational guidelines for Bangladesh Bank's reserve management and investments. The guidelines are directed towards managing different types of risks, while earning a reasonable return. There is an approved benchmark for investment in terms of currency composition, portfolio duration and proportion of different assets within a band. Dealers/portfolio managers offer best effort to comply with this benchmark and continually rebalance the investment portfolio to follow the benchmark on daily/weekly basis as approved by the Investment Committee.

Foreign currency monetary assets and liabilities

in thousand BDT

30 June 2024										
Particulars	**USD equivalent**	**Gold and Silver equivalent**	**EURO equivalent**	**GBP equivalent**	**JPY equivalent**	**CAD equivalent**	**AUD equivalent**	**CNY/ Renminbi equivalent**	**SDR equivalent**	**Others equivalent**
Assets										
Held in other Central Banks and Foreign Commercial Banks	14,971,682	-	37,176,311	8,940,526	15,935,318	730,715	1,134,449	844,964	-	303,139
Overnight investment	548,759,000	-	2,825,339	-	-	-	-	-	-	-
Short term deposits in overseas commercial banks	95,931,744	-	81,279,839	31,294,147	-	6,989,120	12,587,296	26,178,051	-	-
US Dollar treasury bills	-	-		-	-	-	-	-	-	-
Foreign bonds	599,221,360	-	95,680,612	75,323,221	3,380,350	28,972,570	48,870,598	-	-	5,300,775
US Treasury Notes	617,789,461	-	-	-	-	-	-	-	-	-
Loan to Banks	322,560,618	-	6,366,751	-	-	-	-	-	-	-
Claims from gold transaction	-	126,703,351	-	-	-	-	-	-	-	-
Interest receivable	6,962,114	6,780	1,176,414	449,011	3,306	158,680	354,040	5,014	-	29,676
Asset held with IMF	-	-	-	-	-	-	-	-	446,650,988	-
Total	**2,206,195,978**	**126,710,131**	**224,505,266**	**116,006,904**	**19,318,974**	**36,851,086**	**62,946,382**	**27,028,030**	**446,650,988**	**5,633,590**
Liabilities										
Deposits from other banks, financial institutions and ACU	294,454,846	-	5,700,604	10,433,441	13,898	389	-	415,323.22	-	-
Liabilities to IMF	-	-	-	-	-	-	-	-	493,095,097	-
Swap liability to CBSL	-	-	-	-	-	-	-	-	-	-
ESCROW account	69,297,810	-	-	-	-	-	-	-	-	-
Total	**363,752,657**	**-**	**5,700,604**	**10,433,441**	**13,898**	**389**	**-**	**415,323**	**493,095,097**	**-**
Net	**1,842,443,321**	**126,710,131**	**218,804,662**	**105,573,463**	**19,305,076**	**36,850,697**	**62,946,382**	**26,612,707**	**46,444,109**	**5,633,590**

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at & for the year ended 30 June 2024

30 June 2024										*in thousand BDT*
Particulars	**USD equivalent**	**Gold and Silver equivalent**	**EURO equivalent**	**GBP equivalent**	**Japanese yen equivalent**	**Canadian dollar equivalent**	**Australian dollar equivalent**	**Chinese yuan/ Renminbi equivalent**	**SDR equivalent**	**Others equivalent**
Assets										
Held in other Central Banks and Foreign Commercial Banks	15,934,114	-	23,956,964	6,213,724	28,950,262	3,992,213	4,472,599	5,253,222	-	173,745
Overnight investment	461,577,000	-	7,609,507	-	-	-	-	-	-	-
Short term deposits in overseas commercial banks	88,627,941	-	49,640,112	62,417,191	-	17,587,416	4,669,540	27,291,446	-	-
US Dollar treasury bills	23,067,946	-		-	-	-	-	-	-	-
Foreign bonds	643,381,823	-	108,024,158	80,121,451	4,270,810	30,523,297	54,679,513	-	-	4,810,815
US Treasury Notes	656,339,744	-	-	-	-	-	-	-	-	-
Loan to Banks	504,078,387	-	7,339,940	-	-	-	-	-	-	-
Claims from gold transaction	-	91,851,042	-	-	-	-	-	-	-	-
Interest receivable	8,700,489	11,873	1,288,608	523,437	3,579	187,352	470,049	13,034	-	27,677
Asset held with IMF	-	-	-	-	-	-	-	-	415,910,328	-
Total	**2,401,707,444**	**91,862,915**	**197,859,287**	**149,275,802**	**33,224,651**	**52,290,279**	**64,291,701**	**32,557,703**	**415,910,328**	**5,012,237**
Liabilities										
Deposits from other banks, financial institutions and ACU	244,874,398	-	3,467,117	541,471	14,794	319	-	191.44	-	-
Liabilities to IMF	-	-	-	-	-	-	-	-	400,326,205	-
Swap liability to CBSL	-	-	-	-	-	-	-	-	-	21,291,694
ESCROW account	34,968,423.93	-	-	-	-	-	-	-	-	-
Total	**279,842,822**	**-**	**3,467,117**	**541,471**	**14,794**	**319**	**-**	**191**	**400,326,205**	**21,291,694**
Net	**2,121,864,622**	**91,862,915**	**194,392,170**	**148,734,331**	**33,209,857**	**52,289,960**	**64,291,701**	**32,557,512**	**15,584,123**	**(16,279,458)**

Currency risk sensitivity analysis

During the year, if the BDT had weakened 10 per cent against the principal currencies in its foreign reserves portfolio with all other variables held constant, profit for the year would have been BDT 243,987.22 million higher, (2023: BDT. 363,973.53 million). Conversely, if the BDT had strengthened 10 per cent against the same currencies with all other variables held constant, the Bank would have experienced a decrease of profit for the year of BDT 243,987.22 million (2023: BDT 363,973.53 million). Profit/Loss is very sensitive to changes in exchange rate movements. The bank as part of its core functions holds substantial foreign currency assets.

b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. The Group is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. Since the primary objective of the Bank is to achieve and maintain price stability, it determines the monetary policy at its own discretion so that the policy instruments are used in order to achieve and maintain price stability. Bank's interest sensitivity position based on contractual re-pricing arrangements as on 30 June 2024 is presented below. It includes the Bank's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing at maturity dates. The table below summarizes all financial instruments in their re-pricing period, which is equivalent to the remaining term of maturity

Consolidated

in thousand BDT

30 June, 2024						
Particulars	Balance as at 30 June 2024	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
Assets						
Foreign currency financial assets						
Foreign currency accounts	80,037,105	80,037,105	-	-	-	2.82%
Foreign investments	2,280,383,483	850,443,538	549,660,996	880,395,141	-	1.26%
Assets held with International Monetary Fund	446,650,988	295,653,265	24,695	-	150,973,028	4.01%
Foreign currency loans to banks	328,927,368	177,550,939	128,930,783	15,225,460	8,843,730	2.95%
Other foreign currency financial assets	14,369,258	9,145,034	-	5,224,144	80	4.37%
Total Foreign currency financial assets	**3,150,368,202**	**1,412,829,880**	**678,616,474**	**900,844,745**	**159,816,838**	
Local currency financial assets						
Loans to the Government of Bangladesh	567,454,700	567,454,700	-	-	-	8.00%
Local currency investments	756,895,136	29,473,938	133,988,489	279,477,439	313,955,815	12.00%
Local currency loans to banks, financial institutions and employees	851,787,072	671,669,140	606,492,347	2,591,393,040	(3,017,767,455)	1.27%
Total Local currency financial assets	**2,176,136,908**	**1,268,597,777**	**740,480,836**	**2,870,870,479**	**(2,703,811,639)**	
Liabilities						
Foreign currency financial liabilities						
Deposits from banks and financial institutions	311,018,502	311,018,502	-	-	-	2.47%
Liabilities with International Monetary Fund	493,095,097	3,616,487	5,675,706	8,306,515	475,496,389	3.71%
Total foreign currency financial liabilities	**804,113,599**	**314,634,989**	**5,675,706**	**8,306,515**	**475,496,389**	
Local currency financial liabilities						
Deposits from banks and financial institutions	932,764,069	932,764,069	-	-	-	0.00%
Total local currency financial liabilities	**932,764,069**	**932,764,069**	**-**	**-**	**-**	

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in thousand BDT

30 June, 2023						
Particulars	Balance as at 30 June 2023	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
Assets						
Foreign currency financial assets						
Foreign currency accounts	88,946,844	88,946,844	-	-	-	2.91%
Foreign investments	2,324,639,709	746,344,667	255,515,115	1,322,779,926	-	1.44%
Assets held with International Monetary Fund	415,910,328	280,031,560	47,699	-	135,831,068	3.98%
Foreign currency loans to banks	511,418,327	136,617,356	346,173,640	16,200,659	12,426,671	2.61%
Other foreign currency financial assets	16,450,320	11,226,096	-	5,224,144	80	0.00%
Total Foreign currency financial assets	**3,357,365,528**	**1,263,166,523**	**601,736,455**	**1,344,204,729**	**148,257,819**	
Local currency financial assets						
Loans to the Government of Bangladesh	178,018,700	178,018,700	-	-	-	5.05%
Local currency investments	1,318,131,179	220,676,826	367,852,689	341,248,753	388,352,910	6.67%
Local currency loans to banks, financial institutions and employees	475,816,678	138,020,941	165,497,995	124,284,481	48,013,260	1.69%
Total Local currency financial assets	**1,971,966,557**	**536,716,467**	**533,350,684**	**465,533,234**	**436,366,170**	
Liabilities						
Foreign currency financial liabilities						
Deposits from banks and financial institutions	248,898,292	248,898,292	-	-	-	1.02%
Liabilities with International Monetary Fund	400,326,205	3,296,691	9,022,820	7,733,828	380,272,867	3.98%
Total foreign currency financial liabilities	**649,224,497**	**252,194,983**	**9,022,820**	**7,733,828**	**380,272,867**	
Local currency financial liabilities						
Deposits from banks and financial institutions	714,863,215	714,863,215	-	-	-	0.00%
Total local currency financial liabilities	**714,863,215**	**714,863,215**	**-**	**-**	**-**	

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
As at & for the year ended 30 June 2024

Separate

in thousand BDT

30 June, 2024						
Particulars	**Balance as at 30 June 2024**	**Re-pricing period**				**Weighted average interest**
		0 to 3 months	**3 to 12 months**	**1 to 5 years**	**over 5 years**	
Assets						
Foreign currency financial assets						
Foreign currency accounts	80,037,105	80,037,105	-	-	-	2.82%
Foreign investments	2,280,383,483	850,443,538	549,660,996	880,395,141	-	1.26%
Assets held with International Monetary Fund	446,650,988	295,653,265	24,695	-	150,973,028	4.01%
Foreign currency loans to banks	328,927,368	177,550,939	128,930,783	15,225,460	8,843,730	2.95%
Other foreign currency financial assets	14,369,258	9,145,034	-	5,224,144	80	4.37%
Total Foreign currency financial assets	**3,150,368,202**	**1,412,829,880**	**678,616,474**	**900,844,745**	**159,816,839**	
Local currency financial assets						
Loans to the Government of Bangladesh	567,454,700	567,454,700	-	-	-	8.00%
Local currency investments	752,362,565	29,473,938	117,463,371	279,477,439	325,948,363	12.00%
Local currency loans to banks, financial institutions and employees	850,013,802	671,669,140	606,492,347	2,591,393,040	(3,019,540,725)	1.27%
Total Local currency financial assets	**2,169,831,067**	**1,268,597,777**	**723,955,717**	**2,870,870,479**	**(2,693,592,362)**	
Liabilities						
Foreign currency financial liabilities						
Deposits from banks and financial institutions	311,018,502	311,018,502	-	-	-	2.47%
Liabilities with International Monetary Fund	493,095,097	3,616,487	5,675,706	8,306,515	475,496,389	3.71%
Total foreign currency financial liabilities	**804,113,599**	**314,634,989**	**5,675,706**	**8,306,515**	**475,496,389**	
Local currency financial liabilities						
Deposits from banks and financial institutions	932,764,069	932,764,069	-	-	-	0.00%
Total local currency financial liabilities	**932,764,069**	**932,764,069**	**-**	**-**	**-**	

BANGLADESH BANK

NOTES TO THE FINANCIAL STATEMENTS

As at & for the year ended 30 June 2024

in thousand BDT

30 June, 2023						
Particulars	Balance as at 30 June 2023	Re-pricing period				Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
Assets						
Foreign currency financial assets						
Foreign currency accounts	88,946,844	88,946,844	-	-	-	2.91%
Foreign investments	2,324,639,709	746,344,667	255,515,115	1,322,779,926	-	1.44%
Assets held with International Monetary Fund	415,910,328	280,031,560	47,699	-	135,831,068	3.98%
Foreign currency loans to banks	511,418,327	136,617,356	346,173,640	16,200,659	12,426,671	2.61%
Other foreign currency financial assets	16,450,320	11,226,096	-	5,224,144	80	0.00%
Total Foreign currency financial assets	**3,357,365,528**	**1,263,166,523**	**601,736,455**	**1,344,204,729**	**148,257,820**	
Local currency financial assets						
Loans to the Government of Bangladesh	178,018,700	178,018,700	-	-	-	5.05%
Local currency investments	1,313,565,685	-	-	341,248,753	400,345,458	6.67%
Local currency loans to banks, financial institutions and employees	473,927,804	138,020,941	165,497,995	124,284,481	46,124,386	1.69%
Total Local currency financial assets	**1,965,512,189**	**316,039,641**	**165,497,995**	**465,533,234**	**446,469,845**	
Liabilities						
Foreign currency financial liabilities						
Deposits from banks and financial institutions	248,898,292	248,898,292	-	-	-	1.02%
Liabilities with International Monetary Fund	400,326,205	3,296,691	9,022,820	7,733,828	380,272,867	3.98%
Total foreign currency financial liabilities	**649,224,497**	**252,194,983**	**9,022,820**	**7,733,828**	**380,272,867**	
Local currency financial liabilities						
Deposits from banks and financial institutions	714,863,215	714,863,215	-	-	-	0.00%
Total local currency financial liabilities	**714,863,215**	**714,863,215**	**-**	**-**	**-**	

Interest rate risk sensitivity analysis

During the year, if interest rates had been 100 basis points higher holding other variables constant, profit for the year would have been BDT 64,338.00 million higher (2023: BDT 56,811.90 million), arising mainly as a result of higher interest income on financial assets. Conversely, if interest rates had been 100 basis point lower with all other variables held constant, profit for the year would have been BDT 64,011.59 million lower (2023: BDT 56,811.90 million) arising mainly as a result of lower interest income on financial assets. Profit is very sensitive to changes in interest rates as interest is the principal source of income of the bank

BANGLADESH BANK
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IV. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from human error, failure of internal processes and systems, legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

Managing operational risk is seen as an integral part of the day to day operations and management which includes explicit consideration of both the opportunities and the risks of all business activities. Operational risk management includes Bank-wide corporate policies that describe the standard required for staff and specific internal control systems designed for the various activities of the Group. Compliance with corporate policies and departmental internal control systems are managed by the management of the department and an active internal audit function.

43 Contingent liabilities

Contingent liabilities are possible obligations that could result from uncertain future events outside the bank's control. The Bank has contingent liabilities for guarantees outstanding as at 30 June 2024 amounting to BDT 60,107.33 million in favor of International Islamic Trade Finance Corporation & others which are secured by counter guarantees from the Government of Bangladesh. The Bank had contingent liabilities for guarantees outstanding as at 30 June 2023 to BDT 84,555.35.

In addition to the liabilities stated above, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material effect on the financial position or the results of operations of the Bank. Management is of the opinion that no material losses will be incurred and for this no provision has been made in these financial statements.

44 Operating segments

The Bank's operation is concentrated in one geographical area - Bangladesh and as such comprise a single operating segment for the purpose of IFRS 8, the relevant standard for such segmentation. While the Bank is required by the Bangladesh Bank Order to report revenue and expenses by references to the functions carried out by the Bank viz. Issue and Banking department, these activities do not constitute separate operating segments for the purpose of IFRS 8.

45 Actuarial valuation of defined benefit plans

Actuarial valuation was performed as at 30 June 2016 basis by an independent actuarial firm, AIR Consulting. According to the valuation report, the estimated obligation of the pension fund

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as at 30 June 2016 was BDT 15,494,646 thousands and for the gratuity fund it was BDT 1,217,791 thousands. For subsequent years, the obligations are calculated based on the recommendations made by the actuarial firm.

As at 30 June 2024 the obligation for pension fund and gratuity fund was calculated to BDT 28,662.08 million and BDT 2242.78 million respectively. The balances of the funds are as under:

in Thousand BDT

Particulars	Pension plans		Gratuity plans	
	2024	2023	2024	2023
Amounts recognized in the reporting date				
Balance at the beginning of the year	26,570,883	24,625,583	2,086,594	1,939,387
Paid during the year	(2,120,105)	(2,194,683)	(45,766)	(51,790)
Current year's contribution/transfer	4,211,302	4,139,982	201,953	198,997
Balance of the fund	**28,662,080**	**26,570,883**	**2,242,780**	**2,086,594**

Actuarial assumptions

Particulars	Pension plans		Gratuity plans	
	2024	2023	2024	2023
Discount rate	7.50%	7.50%	6.10%	6.10%
Salary growth rate	5%	5%	5%	5%

The assumptions regarding future mortality rate are based on the published statistics and mortality tables of the FA 1975-78 (based on experience collected from UK insurers).

Sensitivity

If the discount rate had been 100 basis points lower with all other variables constant, contribution for pension fund and gratuity fund for the year would have been BDT 1,532.86 million and BDT 152.79 million lower respectively, arising mainly as a result of lower discount income. Conversely, if discount rate had been 100 basis point higher with all other variables held constant, contribution for the same during the year would have been BDT 2,162.53 million and BDT 162.93 million higher respectively, arising mainly as a result of higher discount income.

46 Capital and material commitments

Capital commitment is the projected capital expenditure that the Bank commits to spend. As at 30 June 2024, the Bank had outstanding capital commitments of BDT. 474.23 million with respect to different civil, mechanical and electrical engineering tools with computer purchases. (2023: 636.47 million). Moreover, Under the different refinance scheme undertaken by the Bank, there is a commitment of BDT 504.32 million. (2023: BDT 773.57 million)

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NOTES TO THE FINANCIAL STATEMENTS
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47 Related parties transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Bank, related parties, as defined in IAS 24 : Related Parties Disclosure, include directors and officers of the Bank, and companies of whom they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions on an arms length basis.

The Bank is fully owned by the Government of Bangladesh. Government has interests in various entities such as state owned banks, specialized banks and corporations. Bank deals with these entities on the directives of the government in line with its monetary policy objectives.

The outstanding amount as at the reporting date and simple average balances during the year with respect to related parties included in the statement of financial position are as follows:

Particulars	2024		2023	
	Outstanding	Average	Outstanding	Average
Outstanding balances with the government of Bangladesh				
Ways and means advance	80,000,000	80,000,000	80,000,000	43,634,250
Overdraft*	487,454,700	292,736,700	98,018,700	49,009,350
Treasury bills	4,048,668	254,519,297	504,989,926	346,370,639
Treasury bonds	732,369,443	762,500,101	792,630,759	567,951,805
Other assets (interest receivable)	15,898,642	20,488,206	25,077,770	14,541,796
	1,319,771,452	**1,410,244,303**	**1,500,717,154**	**1,021,507,839**

in Thousand BDT

Particulars	2024		2023	
	Outstanding	Average	Outstanding	Average
Other liabilities				
Deposits	5,046	5,045	5,043	5,049
Loan from Government of Bangladesh	21,782,466	22,853,749	23,925,031	23,953,719
	21,787,512	**22,858,793**	**23,930,074**	**23,958,767**
Balances related to subsidiary (SPCBL)				
Other assets (Prepayments and advances)	335,635	335,635	335,635	177,349
Other liabilities (Sundry creditors)	1,489,935	1,469,161	1,448,387	1,250,520

The income and expenses in respect of related parties included in the statement of profit or loss are as follows:

	2024	2023
Income and expenses related to government		
Interest income	102,531,258	72,112,806
Commission received	4,926,874	8,931
	107,458,132	**72,121,737**
Expenses		
Agency charges	4,963,500	5,518,000
Underwriting commission on treasury bills and bonds	809,800	481,300
	5,773,300	**5,999,300**
Income and expenses related to subsidiary (The Security Printing Corporation)		
Dividend income	840,000	720,000
Note printing expenses	3,372,948	3,740,385
Key management personnel		
*Salaries, wages and other benefits (refer note 47.06)	10,803	7,787

* Reference period's figure has been updated

BANGLADESH BANK
NOTES TO THE FINANCIAL STATEMENTS
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47.01 Transactions with Government and Government controlled enterprises

In the normal course of its operations, the Bank enters into transactions with related parties. Related parties include the Government of Bangladesh; as ultimate owner of the Bank, various Government departments, and the Government controlled enterprises/entities. All transactions are carried out with reference to market rates. Transactions entered into include:

(a) Acting as the fiscal agent, banker and financial advisor of the Government; the Bank is the depository of the Government and or its agents or institutions and provides banking services to Government and Government departments and corporations;

(b) Acting as the agent of the Government or its agencies and institutions, provide guarantees, participate in loans to Government or related institutions and foreign reserve;

(c) The Bank does not ordinarily collect any commission, fees, or other charges for services which it renders to the Government and related entities;

(d) Acting as the agent of the Government, the Bank issues securities of Government, purchases any unsubscribed portion of any issue and amounts set aside for the Bank; and

(e) As the agent of the Government manages public debt and foreign reserves.

During the year, the Bank received an amount of BDT 9,299,847.40 million (in 2023: BDT 8,064,877.30 million) and paid BDT 9,689,283.80 million (in 2023: 8,235,627.51 million) on behalf of the Government. As at 30 June 2023, total outstanding balance was BDT 567,454.70 million (2023: 178,018.70 million).

(f) Assets under management:

	2024	2023
Japan Debt Relief Grant	110,178	110,297

The Bank acts as agent on behalf of Government of Bangladesh for managing the Japan Debt Relief Grant.

47.02 Transactions with entities in which the Bank has significant investments

During the year, the Bank received debenture interest from House Building Finance Corporation (HBFC) amounting to BDT 190.75 million which is included in the interest income.

47.03 Transactions with controlled entities

During the year, the Bank incurred expenses of BDT 3,372.29 million (2023: BDT 3,740.38 million) as note printing cost through The Security Printing Corporation (Bangladesh) Ltd. The amount is included in the statement of profit or loss of the Bank. It is a 100% owned subsidiary of the Bank. These transactions are eliminated in preparing consolidated financial statements. During the year, The Security Printing Corporation (Bangladesh) Ltd. paid dividend amounting to BDT 840 million (2023: 720 million) as per decision of their Board.

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47.04 Transactions with retirement benefit plans

During the year, the Group was not required to contribute any amount to the retirement benefit plans (consisting of contribution to pension plans including widow/widowers), as sufficient reserve is available as per the actuarial valuation report. Amounts of balances held in the financial statements maintained by these retirement benefit plans are given in note 45.

47.05 Board of Directors of Bangladesh Bank and Key Management Personnel as on 30 June 2024 -

Name	Chairman/Members of the Board of Directors	Executive Committee members	Audit committee members
Mr. Abdur Rouf Talukder - appointed as the Chairman of the Board of Directors for a period of four years from July 12, 2022 for contract service up to 11 July, 2026. He also holds the post of Governor of the Bangladesh Bank.	Chairman	Chairman	-
Mr. Abu Hena Md. Rahmatul Muneem- First appointed on January 09, 2020 as a Director of the Board of Bangladesh Bank and then reappointed on 06 January,2024 as contract service which is subject to being in current position which is the post of Senior Secretary, Internal Resources Division & Chairman, National Board of Revenue, Govt. of the Peoples Republic of Bangladesh but not more than 02 (two) years.	Member	-	-
Mr. Sheikh Mohammad Salim Ullah - appointed as a Director of the Board of Bangladesh Bank on September 01, 2021. He also holds the post of Secretary, Financial Institution Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Member	Member	Member
Mr. Mahbub Ahmed - First appointed on September 03, 2019 as a Director of the Board of Bangladesh Bank. Subsequently, reappointed on September 03 2022 for a period of 03 years.	Member	Member	Convener
Mr. A. K. M. Aftab ul Islam FCA - first appointed on 01 March 2017 and reappointed on 01 March 2023 as a Director of the Board of Bangladesh Bank for a period of 03 years.	Member	-	Member

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NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2024

Name	Chairman/Members of the Board of Directors	Executive Committee members	Audit committee members
Mr. Md. Nazrul Huda - First appointed on 05 January 2020 and reappointed on 05 January 2023 as a Director of the Board of Bangladesh Bank for a period of 03 years.	Member	-	Member
Mr. Dr. Md. Khairuzzaman Mozumder- appointed on August 31, 2023 as a Director of the Board of Bangladesh Bank until further order. He holds the position of Secretary, Finance Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Member		
Mr. Md. Abdur Rahman Khan FCMA- appointed on May 21, 2024 as a Director of the Board of Bangladesh Bank until further order. He holds the position of Secretary, Financial Institution Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Member	Member	Member
***Mr. Kazi Sayedur Rahman** - appointed on July 21, 2023 as a Director of the Board of Bangladesh Bank and also holds the post of Deputy Governor, Bangladesh Bank.	Member	Member	-
Number of meetings held during the year	**6**	**5**	**4**

Mr. Dr. Ahsan H. Mansur has been appointed as Governor of Bangladesh Bank on 14 August 2024.

47.06 Remuneration of members of the Board of Directors and Key management personnel

Members of the Board of Directors received remuneration totaling to BDT.506,550.00 (2023: BDT.607,890.00) and the Governor received in total BDT. 1,705,008.21 (2023: BDT. 1,278,077.41). In addition, the Governor is entitled to a free furnished house for his residence and full time transport facility. Other key management personnel of the Bank received an amount totaling to BDT.9,098,221.05 (2023: BDT. 6,508,950.00) and in addition, they are entitled to official residence as well as transport.

48 Events after the reporting date

Subsequent to the statement of financial position date, no events have occurred which require adjustments to/or disclose in the financial statements.

49 Directors' responsibility for financial reporting

These financial statements have been approved for issue by the Board of Directors on 28 August 2024.

Appendix-1

Summary of Major Policy Announcements/Guidelines/Circulars: FY24

Summary of Major Policy Announcements/Guidelines/Circulars: FY24

A. Major Policy Announcements/Guidelines/Circulars related to Banking and Financial Sector Development

July 2023	• Bangladesh Bank (BB) has notified the Bank Company (amendment) Act, 2023 through BRPD circular letter no.25 dated 24 July 2023. (BRPD, 24 July 2023)
July 2023	• To ensure development of Export oriented industries and more efficient credit management, interest rates on pre-shipment export loans was fixed with a maximum of 02 percent margin added to SMART (Six-Months Moving Average Rate of Treasury Bill). (BRPD, 27 July 2023)
August 2023	• All schedule banks and finance companies were instructed to make sure that loan-related documents, termed as charge documents, were read out to borrowers, guarantors and related third persons/parties. At the same time, banks and finance companies have to take signatures on loan documents (in applicable cases) along with thumb impression of both hands of borrowers and guarantors by verifying those with national identification (NID) number database. (BRPD, 02 August 2023; DFIM, 07 August 2023)
August 2023	• The interest rate of Export Facilitation Pre-finance Fund (EFPF) was increased to 5.0 percent from 4.0 percent at the end-borrower level. In this matter, participating financial institutions (PFIs) have to pay at a 2.0 percent interest rate instead of 1.5 percent for the funding facility. (BRPD, 13 August 2023)
September 2023	• Operations Manual for refinancing under 'COVID -19 Emergency and Crisis Response Facility Project (CECRFP)' with the concurrence of Asian Infrastructure Investment Bank (AIIB) and the approval of the Project Steering Committee had been revised and notified. (SMESPD, 20 September 2023)
September 2023	• To ensure greater transparency and accountability of the digital commerce and payment activities, including protection of customer interests, guideline titled 'Merchant Acquiring and Escrow Services Policy, 2023' was formulated. (PSD, 26 September 2023)
October, 2023	• 'Refinancing scheme for setting up Agro Based Product Processing Industries in Rural Areas' was renamed as 'Refinancing scheme for Agro Based Product Processing'. In this regard, the agro -based industries/services must be outside Dhaka and Chattogram City Corporation and prioritizes suburban entrepreneurs' to avail this refinance facility. Loan availing limit of the entrepreneurs' have been aligned with the SME&SPD circular no. 2/2019, clause 2.6 and also the interest rate on Banks/NBFIs has reduced from 3 percent to 2 percent (SMESPD, 01 October 2023)
October 2023	• In continuation of the 'Cashless Bangladesh' Initiative taken by BB, policy on Mobile Financial Services (MFS) personal accounts for youth aged 14-18 years, was issued (PSD, 03 October 2023)
October 2023	• To reduce inflation gradually, applicable interest on the loans and advances, was determined at SMART plus a margin of up to 3.50 percent instead of 3.00 percent; interest rates on pre-shipment export credit and agricultural and rural loans, was set SMART plus a margin of up to 2.50 percent instead of 2.00 percent. (BRPD, 05 October 2023)

November 2023	• Under the refinance scheme of Tk. 5000 Crore for agriculture sector to ensure food security of the country, BB set a maximum limit of Tk. 20 lac for new loans/investments in favour of a customer in the livestock sector. (ACD, 21 November 2023)
November 2023	• BB has instructed all scheduled banks and finance companies to preserve and spend half in Climate Risk Fund (CRF) from the allocated rate (20%) in Environment and Climate Change Mitigation & Adaptation (ECCMA) sector from their annual CSR budget. (SFD, 23 November, 2023)
November 2023	• BB instructed that banks could add a maximum margin of up to 3.75 percent with SMART for fixing loan interest, and for pre-shipment export credit and agricultural and rural loan, a margin of up to 2.75 percent with SMART. (BRPD, 27 November 2023)
November 2023	• In view of maintaining interest rates on loans and deposits at a reasonable level in line with the market-based lending interest rate system, the directive regarding the mandatory limit of intermediation spread of loans and deposits have been revoked. Besides, the interest rate floor on deposit has been eliminated, and interest rates on deposits are directed to be determined at the discretion of the banks. (BRPD, 29 November 2023 and 12 December 2023)
December 2023	• It has been decided that the amount of remittance received under MFS through banking channel shall not exceed 2.5 lac as MFS and the balance of the beneficiary account shall not exceed 3 lac. (PSD, 06 December 2023)
December 2023	• Guideline on Sustainability and Climate-related Financial Disclosure for banks and finance companies has been formulated on the basis of IFRS Sustainability Disclosure Standards incorporating TCFD Recommendations which is positioned as a set of requirements and accompanying guidance. (SFD, 26 December 2023)
January 2024	• Validity of the directive regarding relaxing paragraphs 1.8 and 1.10(d) of Guidelines on Internal Credit Risk Rating System was extended till 31 December 2024 (BRPD, 03 January 2024)
January 2024	• Time limit for availing the refinancing facility under the refinance scheme to support cinema hall owners by participating banks on loan disbursement at the customer level, had been extended till 31 December 2023. (BRPD, 14 January 2024)
January 2024	• BB had imposed restriction on fund transfer from the domestic banking to offshore banking, and also instructed that the previously transferred amount would be reduced phase by phase and completely adjust by 31 December, 2024 (BRPD, 16 January 2024).
January 2024	• Ensuring adequate supply along with affordable price of edible oil, chickpea, pulses, peas, onion, spices, sugar and dates during the holy month of Ramadan, instruction was given to keep the minimum cash margin rate for setting up import L/C on the basis of banker-customer relationship. (BRPD, 17 January 2024).
January 2024	• It has been instructed to start trading in Chinese Yuan (CNY) currency under the RTGS system from February 04, 2024 following the ÔGuidelines of FC Clearing Through BD-RTGS SystemÕ. (PSD, 25 January 2024)
February 2024	• All banks (excluding state owned bank and specialized banks) were instructed to bring their employees and officials under universal pension scheme with a view to include the people of the country in a sustainable and well organized social security circle. (BRPD, 08 February 2024)

February 2024	• To reduce inflation, maximum rate of interest on loan/advance was set to SMART+ 3.50 percent, and on pre-shipment export credit and agricultural and rural credit, was SMART+ 2.50 percent. (BRPD, 29 February 2024)
March 2024	• In consideration of the prevailing monetary policy rates, the maximum interest/profit rate on deposits was set to SMART+2.50 percent, and on loan/lease/investment was fixed to SMART+5.50 percent. (DFIM, 05 March 2024)
March 2024	• Later, the maximum interest rate was refixed to SMART+ 3.00 percent for loan/advance, and SMART+2.00 percent for pre-shipment export credit and agricultural and rural loan. (BRPD, 31 March 2024)
April 2024	• Taking into consideration the prevailing monetary policy rates, finance companies were instructed that the maximum interest/profit rate on deposits will be SMART+2.0 percent, and the maximum rate on loan/lease/investment will be SMART+5.0 percent. (DFIM, 03 April 2024)
April 2024	• For compliance of banks subject to Prompt Corrective Action (PCA) Framework, the Guidelines for 'Mutually agreed/negotiated amalgamation of banks' and 'Compulsory amalgation of banks' had been realesed. (BRPD, 04 April 2024)
April 2024	• In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry/due date, the amount of unpaid installment(s) will be treated as past due/overdue after 03 (three) months of the due date, which will be effected from 30 September 2024. In the second step, from 31 March 2025 and onwards, in case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry/due date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day. (BRPD, 08 April 2024)
May 2024	• The SMART-based interest rate system has been withdrawn to move towards a full-fledged market-based interest rate system. In this regard, the interest rate of bank loans will be solely based on banker-customer relationship, taking into account the demand and supply of loanable funds in the banking system. (BRPD, 08 May 2024)
May 2024	• Guidelines on Core Banking Solution (CBS) Features and Controls (Version 2.0) has been updated and its full compliance must be ensured by 30 June 2025. (BRPD, 13 May 2024)
May 2024	• 'In order to maintain stability in the banking sector, BB instructed that Single Borrower Exposure Limit will remain as per the existing policy. (BRPD, 15 May 2024)
June 2024	• For the purpose of setting up credit bureaus in the individual sector to measure the credit or other repayment capacity of a person, 'Guideline for Licensing, operation and Regulation of Credit Bureau' has been formulated. (PSD, 05 June 2024)

B. Major Policy Announcements/Guidelines/Circulars related to Monetary Policy and Monetary Management

August 2023	• BB provided an allotment quota of Sukuk bond as follows: 85 percent for Shariah-based banks, financial institutions and insurance companies; 10 percent for conventional banks with Islamic branches and windows; 5 percent among individual investors, provident fund issuers and deposit insurance schemes, etc. Among the said categories, for bids exceeding quotas or when there is under subscription, the allotment will be made proportionately (pro-rata basis). (DMD, 27 August 2023)

October 2023	• The policy rate (repo rate) was raised by 75 basis points (bps) and fixed 7.25 percent from 6.50 percent. Both the standing lending facility (SLF) rate and the standing deposit facility (SDF) rate were increased to 75 bps and re-fixed 9.25 percent from 8.50 percent and 5.25 percent from 4.50 percent respectively. (MPD, 04 October 2023)
November 2023	• Further, BB raised the repo rate by 50 bps and set 7.75 percent, while the SLF rate and the SDF rate were also increased by 50 bps and re-fixed at 9.75 percent and 5.75 percent individually. (MPD, 26 November 2023)
January 2024	• After this, repo rate was again raised to 8.00 percent through increase of 25 bps. However, the SLF rate was declined to 9.50 percent on reduction of 25 bps, but the SDF rate increased to 6.50 percent by mark-up of 75 bps. (MPD, 17 January, 2024)
May 2024	• Later on, the policy rate fixed at 8.50 percent with increment of 50 bps. At the same time, both the SLF rate and the SDF rate also rose by 50 bps and re-fixed at 10.00 percent and 7.00 percent respectively. (MPD, 08 May 2024)

C. Major Policy Announcements/Guidelines/Circulars related to External Sector Development

September 2023	• Retained funds as per paragraph 42(i), chapter 7 of GFET can only be used by designated ADs for settling legitimate payment obligations of relevant exporters. Transfer of funds between ADs is prohibited, and if the funds remain unused, ADs must compulsorily convert them to Taka after the 30-day period. (FEPD, 04 September, 2023)
September 2023	• Reinstatement of the retention limit of realized export proceeds of ERQ has been done to 7.5 percent, 30 percent, and 35 percent from 15 percent, 60 percent and 70 percent respectively. (FEPD, September 24, 2023)
October 2023	• Authorized Dealers (ADs) were instructed to disburse remittances among beneficiaries within two days of receiving from senders abroad. (FEPD, October 18, 2023)
October 2023	• Delayed export proceeds are allowed to be encashed in the prevailing exchange rate. This flexibility shall remain valid till December 31, 2023. (FEPD, October 30, 2023)
November 2023	• Persons resident outside Bangladesh without limiting to non-resident Bangladeshi nationals, persons of Bangladeshi origin, foreign nationals, companies/firms registered and operating abroad, foreign institutional investors may open and maintain FC accounts in approved foreign currency with offshore banking operations (OBOs). OBOs are allowed to offer interest/profit in any approved currency in the form of term deposits considering benchmark reference rate. The rate of interest may vary from 1.50% to 3.25% over benchmark rate for different time period. Balances held in deposit accounts can be transferred to on-shore bank accounts for meeting necessary payments and various investments. (FEPD, November 29, 2023)
December 2023	• Resident Foreign Currency Deposit (RFCD) accounts may be opened in any approved foreign currency. Besides the account holder the balance of RFCD account can be used for dependents of account holders for transactions including cost of travel, education for children, treatment, etc. Interest/profit will be payable on the deposits maintained for minimum one month at mark-up of 1.50 percent over benchmark rate of respective currencies. (FEPD, December 03, 2023.

January 2024	• Import transactions under usance terms: To facilitate import transactions, it has been decided to allow import of edible oil, chickpea, pulse, pea, onion, spices, sugar and date on usance terms on upto 90 days under supplier's/buyer's credit. (FEPD, 11 January 2024)
February 2024	• Interest rate ceiling for short term permissible trade finance in foreign exchange: To facilitate the foreign trade finance and considering the global market trend & interest rate scenario, it has been decided to set all-in-cost ceiling per annum with mark-up of 4.00 percent over benchmark rate, e.g. SOFR, Euribor etc., applicable to the relevant foreign currency against short term permissible trade finance. All other instructions in this regard shall remain unchanged. (FEPD, 01 February 2024)
February 2024	• In order to encourage export trade, government is ensuring export incentives/cash assistance against exports in 43 sectors in FY23-24. According to the Agreement on Subsidies and Countervailing measures (ASCM), no export incentives/cash assistance can be provided if the country is graduated from least developed country (LDC). Bangladesh is going to graduate from the least developed countries by 2026. The government has decided to gradually reduce the rate of cash assistance in different sectors considering that the export sector may face challenges if the incentive / cash assistance is withdrawn completely after such a transition. (FEPD, 12 February 2024)
March 2024	• Offshore Banking Act-2024 has been passed by the Bangladesh Parliament and duly published in Bangladesh Gazette on March 14, 2024. Circulation has been given to inform the Offshore Banking Act, 2024 (Act No. 2 of 2024). (FEPD, 18 March 2024)
May 2024	• Introduction of Crawling Peg Exchange Rate System: It has been decided to introduce a Crawling Peg Exchange Rate System for spot purchases and sales of US dollars. Under this system, a Crawling Peg Mid Rate (CPMR) has been set at Taka 117.00 per US dollar with immediate effect. Scheduled banks may purchase and sell US dollars freely around the CPMR with their customers and in interbank deals. (FEPD, 08 May 2024)
May 2024	• To attract foreign currency deposits and facilitate the depositors and bring uniformity among Private Foreign Currency Accounts, Nonresident foreign currency deposit (NFCD) Accounts and existing other Foreign Currency Accounts, directive has been given to ADs to open Private Foreign Currency Accounts and NFCD Accounts in any approved foreign currency such as USD, EUR, GBP, JPY, AUD, CAD, CHF, CNH and SGD. The annual ceiling of interest rate considering benchmark reference rate against balance in above mentioned account has been set. (FEPD, 08 May 2024)
May 2024	• To facilitate Resident Foreign Currency Deposit (RFCD) account holders, directive has been given to Authorized Dealers (ADs) to allow their RFCD cardholding (including 2 supplementary card holders) customers to use International Card for online payment at actual against purchase of goods and services from reputed and reliable sources abroad. (FEPD, 09 May 2024)
May 2024	• The instructions in FE Circular No. 04, dated March 06, 2023, requiring Authorized Dealers to apply the exchange rate of the due date for encashment of delayed export proceeds, are revoked immediately due to current market conditions. (FEPD, 20 May 2024)

June 2024	• Extension of usance period against imports of industrial raw materials: Regarding extension of usance period to 360 days from 180 days for imports of industrial raw materials including back to back imports, and imports of agricultural implements and chemical fertilizers under supplier's/buyer's credit are extended till December 31, 2024. (FEPD, 30 June 2024)

Appendix-2

Bangladesh Bank's Research Works/Reports in FY24

A Summary of Recent Research Works/Reports of Bangladesh Bank in FY24

Key research activities/outputs of various departments of BB are listed here by categorising those into two segments: (A) synthesis analysis/reports related to Bangladesh economy and (B) empirical research activities on specific economic/financial sector related issues.

A. Synthesis Analysis/Reports Related to Bangladesh Economy and Their Periods

(i) Annual Synthesis Analysis/Reports:

1. Annual Report (2022-2023) Bangladesh Bank (English Version), published and uploaded to the BB website.
2. Bangladesh Government Securities Report for FY 2022-23, published and uploaded to the BB website.
3. Monetary Policy Review 2023-2024, published and uploaded to the BB website.
4. Bangladesh Balance of Payments 2022-23, published and uploaded to the BB website.
5. A Report on Export Receipts, Import Payments, and Remittances with SAARC countries for FY 2022-23, published and uploaded to the BB website.
6. Financial Stability Report (FSR) 2023, published and uploaded to the BB website.
7. Annual Import Payments of Goods and Services 2022-23, published and uploaded to the BB website.
8. Annual Export Receipts of Goods and Services 2022-23, published and uploaded to the BB website.
9. Agricultural & Rural Credit Policy and Program for the FY 2023-2024, published and uploaded to the BB website.

(ii) Half-yearly Synthesis Analysis/Reports:

1. Monetary Policy Statement (MPS), July-December 2023, published and uploaded to the BB website in FY24.
2. Monetary Policy Statement (MPS), January-June 2024, published and uploaded to the BB website in FY24.
3. Foreign Direct Investment and External Debt, July-December 2023, published and uploaded to the BB website in FY24.
4. CSR Reports of Banks and Financial Institutions, July-December 2023, published and uploaded to the BB website in FY24.

5. CSR Reports of Banks and Financial Institutions, January-June 2024, published and uploaded to the BB website in FY24.
6. Bangladesh Systemic Risk Dash Board (BSRD), July-December 2023, published and uploaded to the BB website in FY24.
7. BBTA Journal on 'Thoughts on Banking and Finance' Volume 09, Issue 01, January -June 2022, published in January 2024 and uploaded to the BB website in FY24.
8. BBTA Journal on 'Thoughts on Banking and Finance' Volume 09, Issue 02, July-December 2022, published in June 2024 and uploaded to the BB website in FY24.
9. Gender Equality Report of Banks & FIs, July-December 2023, published and uploaded to the BB website in FY24.
10. Gender Equality Report of Banks & FIs, January-June 2024, published and uploaded to the BB website in FY24.

(iii) Quarterly Synthesis Analysis/Reports:

1. Bangladesh Bank Quarterly, 4 issues of the report have been published and uploaded to the BB website in FY24.
2. Quarterly Schedule Bank Statistics, 4 issues of the report have been published and uploaded to the BB website in FY24.
3. Quarterly Financial Stability Assessment Report, 1 issue of the report have been published and uploaded to the BB website in FY24.
4. Quarterly Review Report on Sustainable Finance of Banks & Finance Companies, 4 issues of the report have been published and uploaded to the BB website in FY24.
5. Developments of Islamic Banking in Bangladesh, 3 issues of the report have been published and uploaded to the BB website in FY24.
6. Quarterly Report on Remittance Inflows in Bangladesh, 4 issues of the report have been published and uploaded to the BB website in FY24.
7. Quarterly Review on RMG, 4 issues of the report have been published and uploaded to the BB website in FY24.
8. Quarterly Analysis of Government's Revenue Receipts2 issues of the report have been published and uploaded to the BB website in FY24.
9. Quarterly on Agent Banking Activities in Bangladesh, 4 issues of the report have been published and uploaded to the BB website in FY24.

10. Quarterly Review on Money and Exchange Rate, 4 issues of the report have been published and uploaded to the BB website in FY24.

11. Quarterly Report on No-Frill Accounts, 4 issues of the report have been published and uploaded to the BB website in FY24.

(IV) Monthly Synthesis Analysis/Reports:

1. Monthly Report on Government Borrowing from Domestic Sources, 9 issues of the report have been published and uploaded to the BB website in FY24.

2. Monthly Report on Capital Market Development in Bangladesh, 4 issues of the report have been published and uploaded to the BB website in FY24.

3. Monthly Report on Agricultural and Rural Financing, 12 issues of the report have been published and uploaded to the BB website in FY24.

4. Major Economic Indicators: Monthly Update, 12 issues of the report have been published and uploaded to the BB website in FY24.

5. Monthly Economic Trends, 12 issues of the report have been published and uploaded to the BB website in FY24.

B. Empirical Studies/Occasional Papers on Some Specific Economic/Financial Sector Issues in FY24

(i) Monetary Policy/Inflation Related:

1. Impact of Reserve Money and Money Supply on Inflation in Bangladesh. (BB Policy Note, PN 2203-01, MPD).
   [https://www.bb.org.bd/en/index.php/publication/policynotes]

(ii) Financial Sector Related:

1. Measuring and Comparing Technical, Allocative and Cost Efficiency of Islamic and Conventional Commercial Banks in Bangladesh Applying Data Envelopment Analysis (DEA). (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 02, July-December 2022, Pages: 1-20. Published: June 2024).
2. A case for building an Instant and Inclusive Payment System (IIPS) to support progress of the Bangladesh economy. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 02, July-December 2022, Pages: 21-40. Published: June 2024).
3. Does Islamic Bank Financing Spur Economic Growth in Bangladesh? An Application of VEC Model. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 02, July-December 2022, Pages: 60-76. Published: June 2024).

4. A Situation Analysis of Access to Financial Services by Disabled Persons in Bangladesh. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 02, July-December 2022, Pages: 77-93. Published: June 2024).
5. Bangladesh at 50: Does Bank Financing Propel Economic Growth in Bangladesh? (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 01, January-June 2022, Pages: 1-23. Published: January 2024).
6. Post Deregulation Performance of State-owned banks in Bangladesh: imperative of further reform. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 01, January-June 2022, Pages: 42-74. Published: January 2024).
7. Does Market Capitalization Promote Economic Growth? A case Study of Bangladesh. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 01, January-June 2022, Pages: 95-110. Published: January 2024).

(iii) External Sector Related:

1. Effects of Foreign Direct Investment on Income Inequality: Do Sector and Mode of Entry Matter? (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 01, January-June 2022, Pages: 75-94. Published: January 2024).
2. Does Remittance Inflow Affect Foreign Exchange Reserve? A case Study of Bangladesh. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 01, January-June 2022, Pages: 111-129. Published: January 2024).

(iv) Real Sector Related:

1. Identifying the Spillover Effects of Domestic Oil Price Hike in the Inflation of Bangladesh. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 02, July-December 2022, Pages: 41-59. Published: June 2024).
2. Role of Saving and Demographics on Economic Development: A Panel Data Approach. (BBTA Journal: Thoughts on Banking and Finance, Volume: 09, Issue: 01, January-June 2022, Pages: 24-41. Published: January 2024).

Appendix-3

Bangladesh: Some Selected Statistics

Table-I Trends in Major Macroeconomic Indicators

Indicators	FY20	FY21	FY22	FY23	FY24
1	2	3	4	5	6
1.GDP at FY16 constant market prices (in billion BDT)	26500.7	28339.4	30351.5	32104.3	33460.2
2. GDP growth (at FY16 constant market prices)	7.3	6.9	7.1	5.8	4.2
3. Growth of broad money (M2) (in percent)	12.6	13.6	9.4	10.5	7.8
4. Growth of GDP deflator (base: FY16=100) (in percent)	3.8	4.1	5.0	6.9	6.8
5. CPI Inflation Rate (12-month average)[$] (in percent)	5.7	5.6	6.2	9.0[##]	9.7[##]
6. Foreign exchange reserves (billion USD)					
a. Gross official reserves	36.0	46.4	41.8	31.2	26.7
b. Gross official reserves (as per BPM 6)	-	-	-	24.8	21.7
7. Net foreign assets of the banking system (billion BDT)	3014.7	3823.4	3643.0	3167.3	2911.3
8. Exchange rate (BDT/USD, Period Average)	84.8	84.8	86.3	99.4	111.0
9. REER index as of end June[@]	113.5	110.7	111.3	99.8	99.5
10. Per capita GDP in BDT (at current market prices)	189361	208751	231861	262868	291547
(As percentage of GDP)					
10. Domestic savings	27.1	25.3	25.2	25.8	24.0
11. Investment	31.3	31.0	32.1	31.0	31.0
12. Broad Money (M2 at current market price)	43.3	44.2	43.0	42.0	40.6
13.M3 (at current market price)	53.7	54.6	52.8	50.6	48.1
14. Revenue income	8.4	9.3	8.4	8.2	9.6[R]
15. Recurrent expenditures	7.4	7.5	7.7	8.2	8.7[R]
16. Revenue surplus (+) / Revenue deficit (-)	+0.9	+1.8	+0.7	0.0	+0.9[R]
17. Annual Development Programme (ADP)	4.9	4.5	4.7	4.3	4.9[R]
18. Total expenditures	13.3	13.0	13.0	12.8	14.3[R]
19. Overall budget deficit (excluding grants)	4.9	3.7	4.6	4.6	4.7[R]
20. Overall budget deficit (including grants)	4.8	3.7	4.6	4.6	4.7[R]
21. Financing of overall budget deficit (a+b)	4.7	3.6	4.5	4.5	4.7[R]
a. Net foreign financing	1.3	1.3	1.6	1.8	1.5[R]
b. Net domestic financing (i+ii)	3.4	2.3	2.9	2.7	3.1[R]
i. Bank borrowings	2.5	0.9	1.9	2.6	3.1[R]
ii. Non-bank borrowings	0.9	1.4	1.0	0.1	0.01[R]
22. Government debt outstanding (i+ii)	28.1	29.3	29.5	31.6	32.2
i. Domestic debt	16.3	17.1	17.4	17.8	17.0
ii. External debt[#]	11.8	12.2	12.1	13.8[R]	15.2
23. Current account balance : surplus(+)/deficit(-)	-1.5	-0.95	-3.9	-0.48	-1.4

[R] Revised
[$] base: FY06=100.
[@] base: FY16=100 with 15 currency basket.
[##] base: FY22=100 from April 2023 to June 2024.
[#] Excluding IMF loan, Base: 2021-22=100.
Source: Bangladesh Bank, Bangladesh Bureau of Statistics, and Budget in Brief (various issues), MoF.

Table-II Medium-Term Macroeconomic Framework: Key Indicators

Indicators	Actual				Projection		
	FY21	FY22	FY23	FY24 [RB]	FY25	FY26	FY27
1	2	3	4	5	6	7	8
Real Sector							
Real GDP Growth (%)	6.9	7.1	5.8	4.2	6.8	7.0	7.3
CPI inflation (%, 12-month average)[$]	5.6	6.2	9.0	8.0	6.5	6.0	5.5
Gross investment (% of GDP)	31.0	32.0	31.0	30.7	33.4	33.6	34.4
Private	23.7	24.5	24.2	24.0	27.3	27.7	28.6
Public	7.3	7.5	6.8	6.7	6.1	6.0	5.9
Fiscal Sector (% of GDP)							
Total Revenue	9.3	8.4	8.2	9.6	9.7	9.8	10.0
Tax Revenue	7.6	7.5	7.3	8.6	8.8	9.1	9.3
Of which NBR Tax Revenue	7.5	7.4	7.1	8.2	8.6	8.8	9.0
Non-Tax Revenue	1.7	0.9	0.9	0.4	0.8	0.8	0.7
Public expenditure	13.0	13.0	12.8	14.3	14.2	14.3	14.3
Of which ADP	4.5	4.7	4.3	4.9	4.7	4.6	4.6
Overall Balance	-3.7	-4.6	-4.6	-4.7	-4.6	-4.5	-4.4
Financing	3.7	4.6	4.6	4.7	4.6	4.5	4.4
Domestic Financing	2.3	2.9	2.8	3.1	2.9	3.0	3.2
External Financing (net)	1.4	1.7	1.8	1.5	1.7	1.5	1.1
Monetary and Credit (Year-on-Year% change)							
Domestic Credit	10.1	16.2	15.3	13.9	11.7	14.0	14.0
Credit to the Private Sector	8.3	13.7	10.6	10.0	9.0	13.0	14.0
Broad Money (M2)	13.6	9.5	10.5	9.7	9.2	13.0	13.0
External Sector							
Exports f.o.b (% change)	12.4	33.4	6.3	8.0	8.0	10.0	10.0
Imports f.o.b (% change)	19.7	35.9	-15.8	-10.0	10.0	9.0	8.0
Remittances (% change)	36.1	-15.6	2.7	10.0	7.0	7.0	7.0
Current Account Balance (% of GDP)	-1.1	-4.1	-0.74	-1.4	0.6	0.8	0.8
Gross Foreign Exchange Reserve (billion USD)	46.4	41.8	31.2	29.1	32.0	35.1	38.3
Forex Reserve in Months of Imports	7.8	5.2	4.6	4.5	4.4	4.5	4.5
Memorandum Item							
GDP at Current Market Prices (billion BDT)	35302	39717.2	44908.4	50026.5	55974.1	62492.3	69859.0

[RB]Revised Budget.
Source: Finance Division, Ministry of Finance and Bangladesh Bureau of Statistics.

Table-III Trends in Gross Domestic Product (GDP), Investment and Savings

(Billion BDT)

Items/Sectors	FY19	FY20	FY21	FY 22	FY 23	FY 24
1	2	3	4	5	6	7
1. GDP (at current market prices)	29514.29	31704.69	35301.85	39717.16	44908.42	50026.54
2. Gross investment at current prices	9507.65	9926.09	10950.19	12728.27	13899.69	15358.39
a) Private	7452.28	7614.07	8366.82	9736.71	10860.80	11984.61
b) Public	2055.38	2312.02	2583.37	2991.56	3038.89	3373.79
3. Gross domestic savings at current prices	7934.74	8584.87	8946.13	10018.41	11568.19	11984.95
4. Gross national savings at current prices	9190.23	9960.88	10870.78	11656.92	13448.01	14215.54
5. Sectoral GDP (at FY16 constant prices)						
i. Agriculture	**3084.00**	**3189.50**	**3290.75**	**3391.25**	**3505.59**	**3621.41**
a) Agriculture, forestry and fishing	3084.00	3189.50	3290.75	3391.25	3505.59	3621.41
1. Crops and horticulture	1482.30	1519.39	1554.17	1594.70	1644.97	1710.81
2. Animal farming	508.25	524.46	539.89	556.61	574.26	591.90
3. Forest and related services	431.36	454.40	477.04	501.29	527.00	553.31
4.Fishing	662.10	691.26	719.65	738.44	759.36	765.38
ii. Industry	**8590.04**	**8900.23**	**9815.81**	**10783.22**	**11685.49**	**12095.21**
a) Mining and quarrying	472.71	487.66	519.32	513.52	578.88	572.24
1. Natural gas and crude petroleum	113.78	108.70	109.05	103.96	99.62	93.66
2. Other mining and coal	358.93	378.96	410.27	409.56	479.27	478.59
b) Manufacturing	5612.20	5706.54	6367.65	7094.25	7725.22	7969.07
1. Large industry	2898.85	2910.72	3219.67	3724.52	4036.75	4078.10
2. Small, medium and micro industry	1746.32	1793.25	2042.41	2141.26	2337.08	2446.03
3. Cottage industry	967.04	1002.57	1105.57	1228.47	1351.39	1444.94
c) Electricity, gas, steam and air conditioning supply	308.12	310.20	339.80	360.70	369.59	373.20
1. Electricity	241.68	246.20	274.88	296.17	306.24	310.98
2. Gas	66.44	64.00	64.93	64.53	63.35	62.22
d) Water supply; sewerage and waste management	23.86	24.38	26.00	28.48	31.00	32.23
e) Construction	2173.14	2371.46	2563.05	2786.28	2980.79	3148.47
iii. Services	**12877.44**	**13383.89**	**14151.08**	**15036.46**	**15844.11**	**16650.46**
a) Wholesale and retail trade; repair of motor vehicles	3695.61	3814.39	4105.90	4453.17	4737.16	5010.36
b) Transportation and storage	1915.56	1948.70	2027.40	2143.99	2261.64	2377.94
1. Land transport	1678.13	1707.37	1787.30	1896.05	2011.81	2118.28
2. Water transport	134.76	135.77	138.22	139.91	136.90	137.70
3. Air transport	22.06	22.35	21.90	22.75	24.61	26.13
4. Warehousing and support activities	69.90	72.29	68.68	73.79	76.40	83.60
5. Postal and courier activities	10.70	10.93	11.29	11.49	11.92	12.22
c) Accommodation and food service activities	280.61	285.35	298.28	314.28	332.65	351.28
d) Information and communication	308.42	328.69	352.06	368.91	392.35	408.26
e) Financial and insurance activities	793.24	830.68	879.01	930.61	954.33	965.85
1. Monetary intermediation (banks)	675.23	708.57	750.80	796.55	816.89	825.80
2. Insurance	69.73	71.24	73.53	75.84	76.66	77.50
3. Other financial auxiliaries	48.28	50.38	54.68	58.23	60.78	62.55
f) Real estate activities	2132.68	2211.09	2286.68	2371.34	2458.70	2544.77
g) Professional, scientific and technical activities	44.03	45.52	47.84	49.87	54.26	58.41
h) Administrative and support service activities	176.63	187.81	199.11	211.08	226.94	247.04
i) Public administration and defence	858.90	906.02	960.81	1008.02	1078.90	1139.14
j) Education	654.34	689.24	729.32	786.75	830.21	884.65
k) Human health and social work activities	738.09	817.04	903.64	992.89	1064.57	1163.26
l) Arts, entertainment and recreation	35.04	36.95	39.08	41.45	44.08	46.90
m) Other service activities	1244.29	1282.42	1321.98	1364.10	1408.34	1452.62
Total GVA at constant basic price	**24551.47**	**25473.62**	**27257.64**	**29210.94**	**31035.19**	**32367.08**
Tax less subsidy	1065.88	1027.03	1081.80	1140.56	1069.14	1093.10
GDP (at FY16 constant market prices)	**25617.36**	**26500.65**	**28339.44**	**30351.50**	**32104.33**	**33460.18**

Source: Bangladesh Bureau of Statistics.

Table-IV Trends in Growth and Sectoral Share of GDP (at FY16 constant prices)

Sectors	FY19	FY20	FY21	FY22	FY23	FY24
1	2	3	4	5	6	7
Growth in percent						
i. Agriculture	**3.26**	**3.42**	**3.17**	**3.05**	**3.37**	**3.30**
a) Agriculture, forestry and fishing	3.26	3.42	3.17	3.05	3.37	3.30
1. Crops and horticulture	2.07	2.50	2.29	2.61	3.15	4.00
2. Animal farming	3.01	3.19	2.94	3.10	3.17	3.07
3. Forest and related services	5.13	5.34	4.98	5.08	5.13	4.99
4.Fishing	4.99	4.40	4.11	2.64	2.80	0.79
ii. Industry	**11.63**	**3.61**	**10.29**	**9.86**	**8.37**	**3.51**
a) Mining and quarrying	11.31	3.16	6.49	-1.12	12.73	-1.15
1. Natural gas and crude petroleum	-0.57	-4.47	0.32	-4.67	-4.18	-5.98
2. Other mining and coal	15.69	5.58	8.26	-0.17	17.02	-0.14
b) Manufacturing	12.33	1.68	11.59	11.41	8.89	3.16
1. Large industry	12.79	0.41	10.61	15.68	8.38	1.02
2. Small, medium and micro industry	10.61	2.69	13.89	4.84	9.15	4.66
3. Cottage industry	14.17	3.67	10.27	11.12	10.01	6.92
c) Electricity, gas, steam and air conditioning supply	8.24	0.67	9.54	6.15	2.46	0.98
1. Electricity	10.22	1.87	11.65	7.75	3.40	1.55
2. Gas	1.62	-3.68	1.45	-0.61	-1.84	-1.78
d) Water supply; sewerage and waste management	6.31	2.18	6.65	9.54	8.88	3.95
e) Construction	10.47	9.13	8.08	8.71	6.98	5.63
iii. Services	**6.88**	**3.93**	**5.73**	**6.26**	**5.37**	**5.09**
a) Wholesale and retail trade; repair of motor vehicles	8.85	3.21	7.64	8.46	6.38	5.77
b) Transportation and storage	7.01	1.73	4.04	5.75	5.49	5.14
1. Land transport	7.42	1.74	4.68	6.08	6.10	5.29
2. Water transport	1.45	0.75	1.80	1.22	-2.16	0.59
3. Air transport	7.08	1.29	-2.00	3.84	8.21	6.15
4. Warehousing and support activities	8.76	3.42	-4.99	7.43	3.54	9.43
5. Postal and courier activities	4.48	2.07	3.34	1.76	3.77	2.53
c) Accommodation and food service activities	5.64	1.69	4.53	5.37	5.84	5.60
d) Information and communication	7.36	6.57	7.11	4.79	6.35	4.06
e) Financial and insurance activities	8.25	4.72	5.82	5.87	2.55	1.21
1. Monetary intermediation (banks)	8.62	4.94	5.96	6.09	2.55	1.09
2. Insurance	4.54	2.16	3.22	3.14	1.08	1.09
3. Other financial auxiliaries	8.59	5.38	7.48	6.48	4.39	2.91
f) Real estate activities	3.61	3.68	3.42	3.70	3.68	3.50
g) Professional, scientific and technical activities	4.17	3.38	5.09	4.25	8.80	7.64
h) Administrative and support service activities	8.17	6.33	6.02	6.01	7.51	8.86
i) Public administration and defence	6.49	5.49	6.05	4.91	7.03	5.58
j) Education	7.06	5.33	5.81	7.87	5.53	6.56
k) Human health and social work activities	12.20	10.70	10.60	9.88	7.22	9.27
l) Arts, entertainment and recreation	5.48	5.43	5.76	6.07	6.34	6.42
m) Other service activities	3.27	3.06	3.08	3.19	3.24	3.14
GDP (at constant market prices)	**7.88**	**3.45**	**6.94**	**7.10**	**5.78**	**4.22**
Sectoral share (percent of GDP)						
i. Agriculture	**12.56**	**12.52**	**12.07**	**11.61**	**11.30**	**11.19**
a) Agriculture, forestry and fishing	12.56	12.52	12.07	11.61	11.30	11.19
1. Crops and horticulture	6.04	5.96	5.70	5.46	5.30	5.29
2. Animal farming	2.07	2.06	1.98	1.91	1.85	1.83
3. Forest and related services	1.76	1.78	1.75	1.72	1.70	1.71
4.Fishing	2.70	2.71	2.64	2.53	2.45	2.36
ii. Industry	**34.99**	**34.94**	**36.01**	**36.92**	**37.65**	**37.37**
a) Mining and quarrying	1.93	1.91	1.91	1.76	1.87	1.77
1. Natural gas and crude petroleum	0.46	0.43	0.40	0.36	0.32	0.29
2. Other mining and coal	1.46	1.49	1.51	1.40	1.54	1.48
b) Manufacturing	22.86	22.40	23.36	24.29	24.89	24.62
1. Large industry	11.81	11.43	11.81	12.75	13.01	12.60
2. Small, medium and micro industry	7.11	7.04	7.49	7.33	7.53	7.56
3. Cottage industry	3.94	3.94	4.06	4.21	4.35	4.46
c) Electricity, gas, steam and air conditioning supply	1.26	1.22	1.25	1.23	1.19	1.15
1. Electricity	0.98	0.97	1.01	1.01	0.99	0.96
2. Gas	0.27	0.25	0.24	0.22	0.20	0.19
d) Water supply; sewerage and waste management	0.10	0.10	0.10	0.10	0.10	0.10
e) Construction	8.85	9.31	9.40	9.54	9.60	9.73
iii. Services	**52.45**	**52.54**	**51.92**	**51.48**	**51.05**	**51.44**
a) Wholesale and retail trade; repair of motor vehicles	15.05	14.97	15.06	15.24	15.26	15.48

Table-IV (Contd.) Trends in Growth and Sectoral Share of GDP (at FY16 constant prices)

Sectors	FY19	FY20	FY21	FY22	FY23	FY24
1	2	3	4	5	6	7
b) Transportation and storage	7.80	7.65	7.44	7.34	7.29	7.35
1. Land transport	6.84	6.70	6.56	6.49	6.48	6.54
2. Water transport	0.55	0.53	0.51	0.48	0.44	0.43
3. Air transport	0.09	0.09	0.08	0.08	0.08	0.08
4. Warehousing and support activities	0.28	0.28	0.25	0.25	0.25	0.26
5. Postal and courier activities	0.04	0.04	0.04	0.04	0.04	0.04
c) Accommodation and food service activities	1.14	1.12	1.09	1.08	1.07	1.09
d) Information and communication	1.26	1.29	1.29	1.26	1.26	1.26
e) Financial and insurance activities	3.23	3.26	3.22	3.19	3.07	2.98
1. Monetary intermediation (banks)	2.75	2.78	2.75	2.73	2.63	2.55
2. Insurance	0.28	0.28	0.27	0.26	0.25	0.24
3. Other financial auxiliaries	0.20	0.20	0.20	0.20	0.20	0.19
f) Real estate activities	8.69	8.68	8.39	8.12	7.92	7.86
g) Professional, scientific and technical activities	0.18	0.18	0.18	0.17	0.17	0.18
h) Administrative and support service activities	0.72	0.74	0.73	0.72	0.73	0.76
i) Public administration and defence	3.50	3.56	3.52	3.45	3.48	3.52
j) Education	2.67	2.71	2.68	2.69	2.68	2.73
k) Human health and social work activities	3.01	3.21	3.32	3.40	3.43	3.59
l) Arts, entertainment and recreation	0.14	0.15	0.14	0.14	0.14	0.14
m) Other service activities	5.07	5.03	4.85	4.54	4.54	4.49
Total GVA at constant basic price	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Bangladesh Bureau of Statistics.

Table- V Expenditure Based Gross Domestic Product at Current Prices

(Billion BDT)

Item	FY21	FY22	FY23	FY24
1. Domestic Demand [(1.1)+(1.2)]	37305.91	42427.02	47239.92	53399.98
1.1 Consumption [(1.1.1)+(1.1.2)]	26355.72	29698.75	33340.23	38041.59
1.1.1 Private	24279.00	27435.27	30796.09	35085.99
1.1.2 Public	2076.72	2263.48	2544.14	2955.61
1.2 Investment [(1.2.1)+(1.2.2)]	10950.19	12728.27	13899.69	15358.39
1.2.1 Private	8366.82	9736.71	10860.80	11984.61
1.2.2 Public	2583.37	2991.56	3038.89	3373.79
2. Resource Balance [(2.1)-(2.2)]	-2258.77	-3183.54	-2096.61	-2929.40
2.1 Export	3764.16	5116.46	5908.67	5233.37
2.2 Import	6022.93	8299.99	8005.29	8162.77
3. Gross Domestic Expenditure at Market Price	35047.14	39243.48	45143.31	50470.58
4. Gross Domestic Product at Market Price	35301.85	39717.16	44908.42	50026.54
5. Statistical Discrepancy [(4)-(3)]	254.71	473.68	-234.89	-444.04
6. Net Factor Income from Abroad	1858.12	1573.46	1792.39	2154.27
7. Gross National Income at Market Price [(4)+(6)]	37159.97	41290.62	46700.80	52180.81
8. Net Current Transfer from Abroad	66.54	65.05	87.43	76.32
9. Gross Disposable National Income [(7)+(8)]	37226.50	41355.67	46788.23	52257.13
10. Gross Domestic Savings [(4)-(1.1)]	8946.13	10018.41	11568.19	11984.95
11. Gross National Savings [(9)-(1.1)]	10870.78	11656.92	13448.01	14215.54
12. Current Account Balance [(2)+(6)+(8)]	-334.12	-1545.03	-216.80	-698.81
		As Percent of GDP		
Consumption	74.66	74.78	74.24	76.04
Private	68.78	69.08	68.58	70.13
Public	5.88	5.70	5.67	5.91
Investment	31.02	32.05	30.95	30.70
Private	23.70	24.52	24.18	23.96
Public	7.32	7.53	6.77	6.74
Exports of Goods and Services	10.66	12.88	13.16	10.46
Imports of Goods and Services	17.06	20.90	17.83	16.32
Gross Domestic Savings	25.34	25.22	25.76	23.96
Gross National Savings	30.79	29.35	29.95	28.42

Source: Bangladesh Bureau of Statistics.

Table- VI Trends in Government Budgetary Operation

(Billion BDT)

Description	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24[R] (Budget)
1	2	3	4	5	6	7	8	9
1. Revenue and foreign grants	2019.1	2174.2	2535.6	2684.3	3310.1	3369.6	3694.1	4815.0
i. Revenues	2012.1	2165.6	2518.8	2659.1	3286.7	3346.4	3666.6	4780.0
a) Tax revenue	1780.8	1943.3	2259.6	2219.8	2698.0	2995.9	3277.3	4290.0
b) Non-tax revenue	231.4	222.3	259.2	439.3	588.6	350.6	389.3	490.0
ii. Foreign grants	7.0	8.7	16.8	25.2	23.5	23.2	27.5	35.0
2. Expenditures	2695.0	3218.6	3916.9	4201.6	4601.6	5181.9	5739.6	7144.2
i. Recurrent expenditure	1644.9	1788.8	2178.1	2361.2	2658.9	3077.3	3571.0	4340.6
ii. Capital expenditure	113.6	125.9	203.0	187.6	199.4	179.6	127.7	191.7
iii. Loans and advances (net)	26.0	12.4	-17.1	12.1	5.9	-51.0	-21.8	24.2
iv. Annual Development Programme	840.9	1195.4	1472.9	1553.8	1605.0	1860.6	1919.3	2450.0
v. Other expenditures	69.6	96.1	80.0	86.9	132.4	115.4	143.4	137.7
3. Overall deficit (excluding grants)	682.9	-1053.1	-1398.1	-1542.5	-1315.0	1835.5	-2072.0	-2364.2
4. Overall deficit (including grants)	675.9	-1044.4	-1381.3	-1517.3	-1291.5	1812.2	-2044.5	-2329.2
5. Financing	675.9	1044.4	1381.3	1496.6	1282.9	1802.4	2035.2	2329.2
i. Foreign borrowing - net	116.0	256.2	312.9	416.1	457.1	650.2	791.6	762.9
Foreign borrowing	188.0	331.3	447.9	529.3	577.3	783.2	966.5	1026.9
Amortisation	-72.0	-75.1	-135.0	-113.2	-120.2	-133.0	-174.9	-264.0
ii. Domestic borrowing - net	559.9	788.2	1068.5	1080.5	825.9	1152.2	1243.6	1566.3
Borrowing from banking system (net)	-83.8	117.3	345.9	792.7	326.7	755.3	1180.3	1559.4
Non-bank borrowing (net)	643.6	670.8	722.6	287.8	499.1	396.8	63.4	690.0
Memorandum item : GDP*	19560.6	22504.8	25361.8	27963.8	31718.0	39717.2	44392.7	50480.3

[R] Revised Budget.
*Estimate of the finance division at current market prices
Source : Budget in Brief (Various issues), Ministry of Finance.

Table-VII Broad Money: Its Components and Sources

(in Billion BDT)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24[P]
1	2	3	4	5	6	7
Broad money (M_2)[@]	12196.1	13737.4	15609.0	17081.2	18871.7	20332.3
Components						
Currency outside banks	1542.9	1921.1	2095.2	2364.5	2919.1	2904.4
Demand deposits	1182.2	1355.3	1657.2	1888.6	1993.0	2099.2
Time deposits	9463.2	10454.7	11850.7	12822.2	13952.9	15323.1
Sources						
Net foreign assets	2724.0	3014.7	3823.4	3643.0	3167.3	2911.3
Net domestic assets	9472.1	10722.6	11785.6	13438.2	15704.5	17421.1
Total domestic credit[@]	11468.8	13076.3	14399.0	16717.5	19267.7	21155.4
Public sector	1366.3	2103.7	2510.4	3205.1	4326.5	4743.0
Government (net)[@@]	1132.7	1811.5	2210.3	2833.1	3871.6	4248.8
Other public sector	233.6	292.2	300.2	372.0	454.9	494.2
Private sector	10102.6	10972.7	11888.6	13512.4	14941.0	16412.4
Other assets (net)	-1996.7	-2303.7	-2613.4	-3279.3	-3563.3	-3734.2
Growth in percent						
Broad money (M_2)[@]	9.9	12.6	13.6	9.4	10.5	7.7
Components						
Currency outside banks	9.5	24.5	9.1	12.9	23.5	-0.5
Demand deposits	4.4	14.6	22.3	14.0	5.5	5.3
Time deposits	10.7	10.5	13.4	8.2	8.8	9.8
Sources						
Net foreign assets	2.9	10.7	26.8	-4.7	-13.1	-8.1
Net domestic assets	12.1	13.2	9.9	14.0	16.9	10.9
Total domestic credit[@]	12.3	14.0	10.1	16.1	15.3	9.8
Public sector	19.8	54.0	19.3	27.7	34.9	9.7
Government (net)[@@]	19.4	59.9	22.0	28.2	36.7	9.7
Other public sector	21.6	25.1	2.7	23.9	22.3	8.6
Private sector	11.3	8.6	8.3	13.7	10.6	9.8
Other assets (net)	13.2	15.4	13.4	25.5	8.7	4.8

Notes: (1) Government securities and treasury bills are shown at cost price from June 2002 onwards.
(2) Advances are on gross basis.

[P] Provisional
[@] Figures correspond to end June
[@@] Includes adjustment of bonds issued by the Government.
Sources: (1) Statistics Department, Bangladesh Bank.
(2) Bangladesh Bureau of Statistics.

Table - VIII Consumer Price Index (CPI) and Rate of Inflation - National (base: FY06=100)

Period	Twelve-month average basis						Twelve-month point to point basis					
	General		Food		Non-food		General		Food		Non-food	
	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation
Weight	100.00		56.18		43.82		100.00		56.18		43.82	
FY15	195.08	7.35	209.79	8.57	176.22	5.54	196.86	6.97	210.15	8.00	179.82	5.45
FY16	219.86	5.92	234.77	4.90	200.74	7.47	220.74	5.53	232.87	4.23	205.19	7.50
FY17	231.82	5.44	248.90	6.02	209.92	4.57	233.86	5.94	250.35	7.51	212.72	3.67
FY18	245.22	5.78	266.64	7.13	217.77	3.74	246.82	5.54	265.33	5.98	223.09	4.87
FY19	258.65	5.48	281.32	5.51	229.58	5.42	260.44	5.52	279.65	5.40	235.82	5.71
FY20	273.26	5.65	296.86	5.52	243.00	5.85	276.12	6.02	297.95	6.54	248.13	5.22
FY21	288.44	5.56	313.86	5.73	255.85	5.29	291.70	5.64	314.19	5.45	262.87	5.94
FY22	306.18	6.15	332.86	6.05	271.98	6.31	313.76	7.56	340.48	8.37	279.50	6.33
FY23*	109.02	9.02	108.71	8.71	109.39	9.39	112.46	9.74	112.25	9.73	112.63	9.60
FY24*	119.73	9.76	120.41	10.67	119.10	8.72	123.59	9.81	124.16	10.39	123.05	9.26
FY24*												
Jul-23*	109.92	9.22	109.64	8.89	110.36	9.78	112.95	9.75	112.80	9.82	113.09	9.48
Aug-23*	110.80	9.25	110.77	9.14	111.01	9.61	116.87	9.98	119.76	12.71	114.13	7.38
Sep-23*	111.68	9.31	111.90	9.45	111.68	9.43	118.79	9.75	122.13	12.51	115.64	7.42
Oct-23*	112.59	9.40	113.05	9.81	112.40	9.27	120.33	9.99	123.62	12.53	117.22	8.01
Nov-23*	113.47	9.45	114.03	10.03	113.14	9.07	119.24	9.62	120.07	10.86	118.46	8.00
Dec-23*	114.32	9.50	114.89	10.15	113.91	8.92	118.55	9.48	117.70	9.66	119.36	8.41
Jan-24*	115.20	9.59	115.74	10.26	114.75	8.84	119.64	9.70	118.42	9.41	120.79	9.19
Feb-24*	116.07	9.64	116.58	10.34	115.60	8.78	120.16	9.48	119.30	9.28	120.98	9.10
Mar-24*	116.97	9.67	117.49	10.40	116.47	8.75	121.81	9.68	121.89	9.86	121.74	9.41
Apr-24*	117.89	9.75	118.45	10.52	117.36	8.78	122.61	9.92	123.14	10.25	122.11	9.60
May-24*	118.81	9.76	119.43	10.63	118.23	8.74	122.26	9.99	121.90	10.73	122.61	9.31
Jun-24*	119.73	9.76	120.41	10.67	119.10	8.72	123.59	9.81	124.16	10.39	123.05	9.26

*Base: FY2021-22=100

Source: Bangladesh Bureau of Statistics.

Table-IX Trends in Reserve Money and its Components

(Billion BDT)

Year (End June)	Currency notes and coins with the public	Cash in tills of the scheduled banks	Balances of scheduled banks with the Bangladesh Bank*	Balances of other financial institutions with the Bangladesh Bank	Reserve money
1	2	3	4	5	6=(2+3+4+5)
2005	185.2	18.1	70.4	0.4	274.1
2006	228.6	20.3	90.1	0.5	339.5
2007	266.4	21.4	105.7	0.7	394.2
2008	326.9	29.6	118.1	1.1	475.6
2009	360.5	34.0	231.6	1.4	627.5
2010	461.6	43.1	234.7	2.1	741.4
2011	548.0	57.3	290.1	2.0	897.3
2012	584.2	64.8	326.6	2.4	978.0
2013	675.5	78.2	368.0	3.1	1124.9
2014	769.1	85.8	440.0	3.9	1298.8
2015	879.4	102.1	498.4	4.9	1484.8
2016	1220.7	102.3	603.0	6.0	1932.0
2017	1375.3	137.3	727.3	6.7	2246.6
2018	1409.2	140.2	780.4	7.6	2337.4
2019	1542.9	161.0	750.1	7.9	2461.9
2020	1921.1	159.8	757.7	6.2	2844.8
2021	2095.2	173.7	1206.0	5.9	3480.7
2022	2364.5	197.3	903.8	6.0	3471.6
2023	2919.1	200.3	709.7	6.7	3835.9
2024[P]	2904.4	298.7	927.7	5.7	4136.4

[P] Provisional

* Balances of DMBs with BB excluding foreign currency clearing account balances since June'2002 and Reserve Money has been revised accordingly.

Source: Statistics Department, Bangladesh Bank.

Table-X Trends in Reserve Money and its Sources

(Billion BDT)

Year (End June)	Bangladesh Bank's claims on					Net foreign assets	Other assets (net)	Reserve money
	Government (net)	Scheduled banks	Other official entities and financial institutions	Private sectors	Total			
1	2	3	4	5	6=(2+3+4+5)	7	8	9=(6+7+8)
2005	156.7	61.3	11.1	13.4	242.5	146.9	-115.3	274.1
2006	249.8	63.4	10.1	14.3	337.6	186.4	-184.5	339.5
2007	259.3	64.4	9.9	15.8	349.4	287.7	-242.9	394.2
2008	259.3	73.3	9.5	17.0	359.1	328.1	-211.6	475.6
2009	284.7	68.5	8.5	20.2	381.9	432.3	-186.7	627.5
2010	214.7	66.1	8.3	25.9	315.0	611.8	-185.4	741.4
2011	317.1	186.1	7.8	31.4	542.4	613.4	-258.5	897.3
2012	378.5	226.3	11.8	36.0	652.6	689.3	-363.9	978.0
2013	270.7	102.2	13.5	41.8	428.2	1032.5	-335.8	1124.9
2014	38.4	62.8	12.0	42.7	156.0	1475.0	-332.2	1298.8
2015	8.1	56.6	21.6	46.4	132.7	1774.0	-421.9	1484.8
2016	133.7	60.2	20.2	49.7	263.8	2188.9	-520.7	1932.0
2017	129.8	50.5	21.6	49.8	251.7	2520.3	-525.4	2246.6
2018	225.7	55.8	23.7	51.5	356.7	2535.1	-554.4	2337.4
2019	311.9	53.9	23.8	47.9	437.5	2572.0	-547.5	2461.9
2020	421.2	137.6	25.5	53.4	637.8	2860.4	-653.3	2844.8
2021	172.8	189.5	32.2	58.4	452.9	3669.2	-641.4	3480.7
2022	549.3	160.7	34.4	59.4	803.8	3477.6	-809.7	3471.6
2023[P]	1574.1	618.5	38.9	73.5	2305.0	2875.0	-1344.2	3835.9
2024[P]	1459.3	1701.0	42.1	87.8	3290.4	2457.8	-1611.7	4136.4

[P] Provisional
Source: Statistics Department, Bangladesh Bank.

Table-XI Trends in Deposits of Public and Private Sector

(Billion BDT)

Year (End June)	Demand deposits [1/]			Time deposits [1/]		
	Public [2/]	Private	Total	Public [2/]	Private [3/]	Total
1	2	3	4	5	6	7
2005	35.2	158.9	194.1	223.3	1008.4	1231.7
2006	38.1	183.9	222.0	255.1	1212.9	1468.0
2007	42.2	218.8	261.0	298.7	1409.8	1708.5
2008	49.5	254.9	304.4	364.8	1647.6	2012.4
2009	57.5	280.3	337.8	442.7	2005.6	2448.3
2010	61.8	393.0	454.8	537.1	2374.5	2911.6
2011	87.8	439.3	527.1	677.0	2900.4	3577.4
2012	103.4	471.0	574.4	845.1	3480.7	4325.8
2013	112.1	517.8	629.9	954.8	4144.2	5099.0
2014	115.3	600.2	715.5	1080.9	4828.4	5909.3
2015	119.2	683.6	802.8	1376.5	5283.7	6660.2
2016	139.2	853.4	992.6	1638.3	5871.4	7509.7
2017	192.1	971.5	1163.6	1781.0	6480.8	8261.8
2018	204.1	1071.0	1275.1	2034.0	7131.9	9165.9
2019	247.7	1105.9	1353.6	2164.9	7954.6	10119.5
2020	274.8	1267.2	1541.9	2230.7	8918.4	11149.1
2021	260.6	1569.0	1829.7	2535.0	10105.0	12640.0
2022	287.4	1788.2	2075.6	2573.3	11151.1	13724.4
2023	284.7	1891.0	2175.7	2687.7	12116.0	14803.7
2024	393.4	1961.7	2355.1	2974.7	13293.9	16268.6
			Share in Percent			
2005	18.1	81.9	100.0	18.1	81.9	100.0
2006	17.1	82.9	100.0	17.4	82.6	100.0
2007	16.2	83.8	100.0	17.5	82.5	100.0
2008	16.3	83.7	100.0	18.1	81.9	100.0
2009	17.0	83.0	100.0	18.1	81.9	100.0
2010	13.6	86.4	100.0	18.4	81.6	100.0
2011	16.7	83.3	100.0	18.9	81.1	100.0
2012	18.0	82.0	100.0	19.5	80.5	100.0
2013	17.8	82.2	100.0	18.7	81.3	100.0
2014	16.1	83.9	100.0	18.3	81.7	100.0
2015	14.8	85.2	100.0	20.7	79.3	100.0
2016	14.0	86.0	100.0	21.8	78.2	100.0
2017	16.5	83.5	100.0	21.6	78.4	100.0
2018	16.0	84.0	100.0	22.2	77.8	100.0
2019	18.3	81.7	100.0	21.4	78.6	100.0
2020	17.8	82.2	100.0	20.0	80.0	100.0
2021	14.2	85.8	100.0	20.1	79.9	100.0
2022	13.8	86.2	100	18.7	81.3	100
2023	13.1	86.9	100	18.2	81.8	100
2024	16.7	83.3	100	18.3	81.7	100

[1/] Exclude inter-bank items.
[2/] Include government deposits.
[3/] Include wage earners' deposits.
Source: Statistics Department, Bangladesh Bank.

Table-XII Trends in Selected Statistics of Scheduled Banks

(Billion BDT)

Particulars	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
1	2	3	4	5	6	7	8	9
1. Bank deposits (exclude inter-bank items)	**10441.5**	**9425.9**	**11473.6**	**12691.5**	**14470.2**	**15800.5**	**16979.9**	**18624.2**
(A) Demand deposits	1132.2	1018.9	1182.2	1355.3	1657.2	1888.6	1993.0	2099.2
(B) Time deposits	8550.9	7760.0	9463.2	10454.7	11850.7	12822.2	13952.8	15323.1
(C) Restricted deposits	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5
(D) Government deposits	757.9	646.5	827.8	881.0	961.8	1089.2	1033.5	1201.5
2. Borrowings from the Bangladesh Bank	323.3	243.9	353.7	503.0	736.3	916.6	1051.2	1727.9
3. Cash in tills	140.2	137.3	161.0	159.8	173.7	197.3	200.3	298.7
4. Balances with the Bangladesh Bank including FCD	871.6	815.9	866.9	869.9	1331.8	956.5	910.1	1231.2
5. Balances with other banks in Bangladesh	444.3	285.8	441.8	355.3	422.9	403.3	363.5	327.8
6. Money at call and short notice	46.7	65.4	65.4	74.4	38.9	103.5	116.2	51.5
7. Total investment [@]	**1848.0**	**1787.5**	**2130.7**	**2745.3**	**3468.9**	**3880.8**	**3837.9**	**4520.2**
(A) Government securities & treasury bills *	1492.7	1476.5	1663.6	2264.6	2922.8	3261.2	3217.4	3913.7
(B) Others	355.3	311.0	467.1	480.7	546.1	619.6	620.5	606.5
8. Bank credit (exclude inter-bank items and foreign bills)	**8762.5**	**7456.1**	**9824.5**	**10735.3**	**11630.2**	**13331.7**	**14853.4**	**16362.2**
(A) Advances in Bangladesh **	8480.5	7166.6	9518.8	10495.7	11390.0	12990.0	14460.8	15970.9
(B) Inland bills purchased and discounted	282.0	289.4	305.7	239.5	240.2	341.7	392.6	391.3
9. Credit/deposit ratio (excluding specialised banks)	0.8	0.8	0.9	0.8	0.8	0.8	0.9	0.9

[@] Include treasury bills/bonds issued by the government and all other investment (share/debenture, reverse repo, etc.)
* Government securities and treasury bills are shown at cost price from June 2002.
** Advances are on gross basis.
Source: Statistics Department, Bangladesh Bank.

Table-XIII Movements in Selected Interest Rates (end period)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
1	3	4	5	6	7	8	9	10
Bank rate	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Treasury bill rates*								
91-day	3.78	3.89	6.92	6.87	0.58	6.01	6.80	11.64
182-day	4.31	4.42	7.07	7.00	0.68	6.57	7.07	11.80
364-day	4.47	4.60	7.29	7.41	1.26	6.66	7.90	12.00
Call money rates*	3.93	3.41	4.55	5.01	2.25	4.88	6.06	9.08
Scheduled banks rates*								
Deposits	4.84	5.50	5.43	4.96	4.13	3.97	4.38	5.49
Advances	9.56	9.95	9.58	7.95	7.33	7.09	7.31	11.52

* Weighted average except Bank rate.
Source: Monetary Policy Department and Statistics Department, Bangladesh Bank.

Table XIV Government Domestic Borrowing Position from the Banking System

(Billion BDT)

Sl. No.	Particulars	Objectives	Outstanding as on 30 June 23[R]	Outstanding as on 30 June 24[P]
1	2	3	4	5
A.	**Bangladesh Bank**			
1.	Ways and Means Advances	To increase Government cash balance	80.00	80.00
2.	Overdraft		98.02	487.46
3.	Overdraft Block		0.00	0.00
4.	Devolvement		**1313.34**	**848.70**
	a) Treasury Bills		504.99	4.05
	b) Treasury Bonds		808.35	844.65
5.	Government Currency Liabilities		20.26	20.26
6.	Advances to Govt. Against RFI from IMF		65.16	125.02
7.	Advances to Autonomous and Semi-autonomous Bodies		0.00	0.00
8.	Accrued Interest		25.08	15.90
9.	Government Deposits[@/] (-)		-0.38	-0.95
10.	Balances of GIIB Fund in BB (-)		-11.64	-4.78
11.	Government Lending Funds (-)		-102.10	-80.06
A.	**Total : (1 +...+ 11)***		**1487.73**	**1491.54**
B.	**Scheduled Banks (SBs)**			
1.	**Government Treasury Bills**		**718.31**	**1135.15**
	i)Treasury Bills (Less than 1 year)	To increase Government cash balance	718.31	1135.15
2.	**Bangladesh Govt. Treasury Bonds (BGTB)**		**2297.30**	**2508.59**
	i) 2-years Bangladesh Govt. Treasury Bonds		292.69	323.84
	ii) 3-years Bangladesh Govt. Floating Rate Treasury Bonds (FRTB) [1/]	To increase long-term investment of different banks, finance companies and employees GF of different companies	0.00	0.00
	iii)5-years Bangladesh Govt. Treasury Bonds		620.35	642.43
	iv)10-years Bangladesh Govt. Treasury Bonds		643.94	703.17
	v)15-years Bangladesh Govt. Treasury Bonds		381.20	418.46
	vi)20-years Bangladesh Govt. Treasury Bonds		359.12	420.69
3.	**Others Treasury Bonds (a+b)**		**46.49**	**393.00**
	a) 1 Year and above but less than 5 years (Specialised Bonds)		**0.04**	**0.04**
	i) 3-Years interest free SPTB BKB[1/]	To repay the loan of Cold Storage	0.04	0.04
	b) 5 Years and above (Specialised Bonds)		**46.44**	**392.96**
	i) 11-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest rate	To repay the loan of BJMC	7.17	7.17

Table XIV (Contd.) Government Borrowing Position from the Banking System

(Billion BDT)

Sl. No.	Particulars	Objectives	Outstanding as on 30 June 23[R]	Outstanding as on 30 June 24[P]
1	2	3	4	5
	ii) 10-years SPTB-2023 bearing 7.0 percent interest[1/]	To increase Government cash balance	19.35	0.00
	iii) 07-years SPTB-2026 Hanif Flyover (Janata, Sonali, Agrani, Rupali, ICB, SIBL) bearing 5.0 percent interest	To repay the loan of Hanif Flyover	14.39	14.39
	iv) Fertilizer[2/]	Funds to be used to clear dues to fertiliser importers	0.00	164.53
	v) Power[3/]	Funds to be used to clear dues to fertiliser importers	0.00	201.33
	vi) 07-years SPTB-2026 Hanif Flyover (interest free) (Janata, Sonali, Agrani, Rupali, ICB, SIBL)	To repay the loan of Hanif Flyover	5.54	5.54
4.	**Bangladesh Govt. Investment Sukuk(BGIS)[#]**		**177.94**	**187.44**
	i) 05 years Bangladesh Govt. Investment Sukuk(Ijarah Sukuk)[4/]	'To support funding for projects 'Safe Water Supply to the Whole Country', 'Need Based Infrastructure Development of Government Primary Schools Project(1st Phase)', Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3)', 'Chattogram Division Upazila & Union Road Widening & Strengthening Project (CDWSP)'	177.94	187.44
5.	**Sub-Total : (1+2+3+4)**		**3240.03**	**4224.17**
6.	Prize Bond		0.29	0.40
7.	Government's other Securities		0.06	0.00
8.	Advances to Food Ministry		12.11	9.41
9.	Advances to Other Ministries		8.28	5.19
10.	Advances to Autonomous/ Semi-Autonomous Bodies		134.47	147.12
11.	Accrued Interest		32.55	41.37
12.	Deposits of Ministries and Departments (-)		-356.47	-466.81
13.	Deposits of Autonomous/ Semi-Autonomous Bodies (-)		-677.04	-734.67
14.	SB's Balances of GIIB Fund (i+ii)		6.47	-2.63
	i) Investment to BGIIB Fund		78.43	123.18
	ii) Borrowing from BGIIB Fund (-)		-71.96	-125.81
15.	Borrowing from Govt. On Lending (-)		-25.34	-25.87
16.	Borrowing from Govt. Financial Stimulus Fund (-)		-0.01	0.00
B.	**Total : (5+...+16)**		**2375.40**	**3197.68**
	Grand Total : (A+B)*		**3863.13**	**4689.22**

Notes: [P] Provisional, [R] Revised.
@/ Including other deposits.
[#] Bangladesh Govt. Investment Sukuk-BGIS (Ijarah Sukuk) was intoduced in December 2020. So far, four Sukuk (BGIS) bonds has been issued under Ijarah and Istisna'a mode.
* Including Offer value(T-Bills) & Face value(BGTBs), GIIB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.
[1/] An amount of BDT 19.35 billion was paid in July 2023 against the outsatnding of BDT 19.35 billion in June 2023.
[2/] An amount of BDT 164.53 billion was issued during July 2023-June 2024.
[3/] An amount of BDT 201.33 billion was issued during July 2023-June 2024.
[4/] An amount of BDT 9.50 billion was issued in June 2024.

Source: Debt Management Department and Statistics Department, Bangladesh Bank.

Table-XV Government Borrowing from Other than Banks

(Billion BDT)

Sl. No.	Particulars	FY23 Sale	FY23 Repayment Principal	FY23 Repayment Interest	FY23 Net Sale	FY24 Sale	FY24 Repayment Principal	FY24 Repayment Interest	FY24 Net Sale
1	2	3	4	5	6 = (3-4)	7	8	9	10 = (7-8)
	NSD Instruments								
1.	Defence Savings Certificate	0.00	0.01	0.01	-0.01	0.00	0.01	0.01	-0.01
2.	5-year Bangladesh Savings Certificate	43.99	74.15	35.88	-30.16	33.58	99.31	50.67	-65.73
3.	3-year Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Bonus Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	6-month interest bearing Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Family Savings Certificate	381.17	291.20	89.97	89.97	346.64	315.23	205.17	31.41
7.	3-month interest bearing Savings Certificate	246.74	177.88	68.86	68.86	280.57	331.26	90.18	-50.68
8.	Jamanat Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Pensioner Savings Certificate	74.25	59.97	14.28	14.28	66.63	57.07	36.60	9.56
10.	Post Office Savings Bank	48.39	204.92	-156.53	-156.53	47.61	164.92	61.56	-117.31
	a) General Account	5.15	26.16	-21.01	-21.01	4.74	8.37	2.64	-3.62
	b) Fixed Account	43.24	178.77	-135.52	-135.52	42.87	156.55	58.92	-113.68
	c) Bonus Account	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.	Postal Life Insurance	1.32	1.21	0.11	0.11	1.31	1.19	0.28	0.12
12.	Prize Bond	1.00	0.42	0.58	0.58	1.07	0.54	0.56	0.53
13.	Wage Earners' Development Bond	7.08	23.19	-16.11	-16.11	7.13	21.98	16.01	-14.85
14.	3-year National Investment Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15.	USD Premium Bond	0.92	0.88	0.04	0.04	0.60	1.32	0.25	-0.72
16.	USD Investment Bond	3.73	7.72	-3.99	-3.99	3.34	6.90	1.31	-3.56
17.	**Total : (1+...+16)**	**808.59**	**841.55**	**-32.96**	**-32.96**	**788.48**	**999.72**	**462.59**	**-211.24**
			Outstanding as on 30 June 2023		**Net Changes**		**Outstanding as on 30 June 2024**		**Net Changes**
18.	**Govt. Treasury Bills/Bonds**		**590.34**		**108.28**		**922.91**		**332.56**
	i) Government Treasury Bills		33.09		28.20		195.26		162.17
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		555.19		80.08		725.08		169.90
	a) 2-year Bangladesh Government Treasury Bonds		25.17		12.90		66.21		41.05
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.00		0.00		0.00		0.00
	c) 5-year Bangladesh Government Treasury Bonds		115.34		25.42		168.25		52.91
	d) 10-year Bangladesh Government Treasury Bonds		204.86		14.00		259.87		55.01
	e) 15-year Bangladesh Government Treasury Bonds		89.88		8.42		99.03		9.15
	f) 20-year Bangladesh Government Treasury Bonds		119.93		19.33		131.71		11.79
	iii) Bangladesh Government Investment Sukuk (BGIS)[#]		2.06		0.00		2.56		0.50
	a) 5 years Bangladesh Government Investment Sukuk(Ijarah Sukuk)[1/]		2.06		0.00		2.56		0.50
19.	**Total Non-bank Government Borrowing (net) : (17+18)**				**75.32**				**121.32**

[#] Bangladesh Govt. Investment Sukuk-BGIS (Ijarah Sukuk) was intoduced in December 2020. So far, four Sukuk (BGIS) bonds has been issued under Ijarah and Istisna'a mode.

1/ An amount of BDT 0.50 billion was issued in June 2024.

Sources: NSD and DMD, BB.

Table-XVI Trends in Balance of Payments*

(Million USD)

Item	FY20	FY21	FY22	FY23[R]	FY24[P]
1	2	3	4	5	6
Trade balance	**-18569**	**-23778**	**-33250**	**-27384**	**-22433**
Export f.o.b.(including EPZ)	32121	36903	49245	43364	40807
Of which : Readymade garments (RMG)	27949	31457	42613	38176	36130
Import f.o.b (including EPZ)	50690	60681	82495	70748	63240
Services	**-2578**	**-3020**	**-3987**	**-3131**	**-4229**
Credit	6716	7439	8531	6971	6285
Of which : Government Services	2889	2674	2635	2068	1554
Debit	9294	10459	12518	10102	10514
Primary income	**-3070**	**-3172**	**-2726**	**-3407**	**-4326**
Credit	174	217	345	443	550
Debit	3244	3389	3071	3850	4876
Of which : Official interest payments	960	909	518	1030	1406
Secondary Income	**18782**	**25395**	**21767**	**22289**	**24386**
Official transfers	19	51	65	88	74
Private transfers	18763	25344	21702	22201	24312
Of which: Workers' remittances	18205	24778	21032	21611	23912
Current account balance	**-5435**	**-4575**	**-18196**	**-11633**	**-6602**
Capital account	**256**	**458**	**610**	**475**	**553**
Capital transfers	256	458	610	475	553
Financial account	**8654**	**14067**	**16691**	**6889**	**4516**
Foreign direct investment (net)	1271	1355	1827	1649	1470
Portfolio investment	44	-269	-158	-30	-145
Of which: Investment by NRBs	191	209	114	118	92
Other investment	7339	12981	15022	5270	3191
Net aid flows	5739	6032	8768	6959	7688
MLT loans (excluding suppliers credit)	6996	7449	10295	8704	9708
MLT amortization payments	1257	1417	1527	1745	2020
Other long term loans (net)	499	1684	1443	434	209
Other short term loans (net)	1142	2064	3315	-1883	-1619
Trade credit (net)	236	3749	311	2532	-1828
Commercial Bank	-277	-548	1185	-2772	-1259
Assets	-234	391	791	799	494
Liabilities	-511	-157	1976	-1973	-765
Errors and omissions	**-306**	**-676**	**-5761**	**-3953**	**-2767**
Overall balance	**3169**	**9274**	**-6656**	**-8222**	**-4300**
Reserve assets	**-3169**	**-9274**	**6656**	**8222**	**4300**
Bangladesh Bank	-3169	-9274	6656	8222	4300
Assets	3250	9924	-4987	-8766	-2901
Liabilities	81	650	1669	-544	1399

[R] Revised, [P] Provisional.

Note: 1. NBR revises and provides the export shipment data to Bangladesh Bank and EPB by adjusting multiple entries for 2022-23 & 2023-24.
2. The export (f.o.b) has been adjusted for export from EPZ to Bangladesh, CMT(cutting, making and trimming) exports, etc.
3. The import (f.o.b) has been adjusted for freight, goods procured in ports etc.
4. The FDI (net) has been accounted for financial account and Bangladesh Bank assets have been computed as per BPM6.

Source: Statistics Department, Bangladesh Bank.

Table-XVII Trends in Category-wise Exports

(Million USD)

Items	FY20	FY21	FY22	FY23[R]	FY24
1	2	3	4	5	6
A. Frozen and Live Fish	**456.15**	**477.37**	**532.94**	**424.97**	**377.13**
1. Fish	86.72	121.89	98.30	96.55	102.23
2. Shrimps	332.65	328.84	407.25	303.23	248.71
3. Others	36.78	26.64	27.39	25.19	26.19
B. Agricultural products	**862.06**	**1028.14**	**1162.25**	**832.71**	**965.21**
1. Vegetables	164.00	118.73	99.91	60.90	112.92
2. Tobacco	80.36	86.20	107.22	165.30	182.14
3. Fruits & Flowers	0.52	0.67	5.37	1.04	28.83
4. Spices	33.28	43.29	39.66	41.90	56.89
5. Dry Food	193.71	283.38	249.96	200.68	217.33
6. Others	390.19	495.87	660.13	362.89	367.10
C. Manufactured products	**32355.88**	**37252.80**	**50387.47**	**45236.92**	**43132.57**
1. Petroleum bi-products	23.48	23.33	33.53	17.97	21.13
2. Chemical products	198.86	280.58	364.07	302.57	349.64
3. Plastic products	100.52	115.28	166.25	209.66	245.39
4. Leather & Leather products	797.60	941.67	1245.18	1178.28	1038.76
5. Cotton & cotton products	133.56	154.29	244.92	407.40	554.95
6. Jute & Jute goods	882.35	1161.48	1127.63	979.49	925.38
7. Specialized textiles	116.04	130.90	314.82	283.83	337.50
8. Knitwear	13908.00	16960.03	23214.32	20357.83	19268.01
9. Woven garments	14041.19	14496.70	19398.84	17817.74	16862.40
10. Home textile	758.91	1132.03	1621.93	1030.93	782.14
11. Footwear	277.13	344.46	449.15	384.89	417.23
12. Engineering products	292.92	529.00	795.63	512.21	507.73
13. Ships, boats & floating structures	11.32	0.20	0.24	7.50	0.14
14. Others	814.00	982.85	1410.96	1746.62	1822.17
Total (A+B+C)	**33674.09**	**38758.31**	**52082.66**	**46494.60**	**44474.91**
Of which exports from EPZ	4943.74	5305.98	6898.91	6461.66	5678.79
Growth of export (compared to previous year)	-16.93	15.10	34.38	-0.11	-0.04

[R] Revised

Source: National Board of Revenue, compiled by Statistics Department, Bangladesh Bank.

Table-XVIII Trends in Category-wise Imports

(Million USD)

Items	FY20	FY21	FY22	FY23	FY24
1	2	3	4	5	6
A. Food Grains	**1672.05**	**2680.43**	**2561.7**	**2599.2**	**2057.9**
1. Rice	21.51	850.87	426.7	571.5	25.4
2. Wheat	1650.54	1829.56	2135.0	2027.7	2032.5
B. Consumer Goods	**3705.11**	**4155.59**	**5779.3**	**5652.1**	**4927.5**
1. Milk & cream	341.19	344.09	418.5	374.0	395.0
2. Spices	351.05	404.38	363.0	417.3	480.9
3. Edible oil	1617.28	1926.38	2893.1	2892.7	2192.5
4. Pulses (all sorts)	662.21	681.03	828.9	938.4	704.1
5. Sugar	733.38	799.71	1275.8	1029.7	1155.0
C. Intermediate Goods	**31912.47**	**38306.84**	**55192.3**	**44269.7**	**40263.8**
i) Petroleum goods	5357.48	8985.10	7993.1	5772.8	6128.3
1. Crude petroleum	730.86	2616.37	935.9	627.6	944.4
2. POL	4626.62	6368.73	7057.2	5145.2	5183.9
ii) RMG related goods	13024.54	14069.27	22254.3	17314.7	16758.2
1. Raw cotton	2960.659	3186.02	4438.6	4273.8	3609.7
2. Yarn	190.95	2435.90	5245.4	2794.7	3221.2
3. Textile & textile articles thereof	6380.19	6552.99	9936.6	7943.8	7718.1
4. Staple fibre	1085.50	1039.48	1568.5	1448.4	1375.5
5. Dyeing & tanning materials	697.31	854.88	1065.2	854.0	833.7
iii)Other intermediate goods	13530.45	15252.47	24944.9	21182.2	17377.3
1. Clinker	878.57	1048.16	1222.8	1164.4	938.6
2. Oil seeds	1182.68	1406.07	1757.6	1239.3	1187.9
3. Chemicals	2533.35	2973.74	3765.0	3491.3	3313.4
4. Pharmaceutical products	293.83	363.05	1482.3	364.3	334.8
5. Fertilizer	1035.24	1360.42	4391.1	4913.3	2698.0
6. Plastics & rubber articles thereof	2609.80	3168.11	4316.2	3349.0	2964.9
7. Iron, steel & other base metals	4996.98	4932.92	8009.9	6660.6	5939.7
D. Capital goods	**11108.86**	**13011.94**	**16433.9**	**13580.7**	**10602.3**
1.Capital machinery	3581.31	3824.47	5463.2	4847.3	4144.3
2. Other capital goods	7527.55	9187.47	10970.7	8733.4	6458.0
E. Others n.i.e.	6386.20	7439.91	9195.1	8959.9	8873.6
Total Imports c.i.f.	**54784.69**	**65594.71**	**89162.3**	**75061.6**	**66725.1**
Total Imports f.o.b.	**50690.40**	**60681.20**	**82495.1**	**70747.7**	**63241.5**
Of Which Import by EPZ	3487.70	3488.58	5129.7	3914.9	3706.4

Source: Compiled by Statistics Department of Bangladesh Bank using the data of National Board of Revenue (NBR).

Table-XIX Sector-wise Comparative Statement of Opening, Settlement and Outstanding of Import LCs

(Million USD)

Sectors/ Commodities	FY23		FY24		% Changes during FY24 over FY23	
	Fresh Opening	Settlement	Fresh Opening	Settlement	Fresh Opening	Settlement
1	2	3	5	6	8	9
1. Consumer goods	7,598.75	7,743.71	6,720.57	6,695.68	-11.56	-13.53
% of Total	0.11	0.11	0.10	0.10		
a) Food grains (rice & wheat)	511.05	500.27	7.11	8.89	-98.61	-98.22
b) Other than food grains	1,690.70	1,710.14	1,678.23	1,737.34	-0.74	+1.59
2. Intermediate goods	5,622.22	5,500.90	4,613.48	4,840.22	-17.94	-12.01
% of Total	0.08	0.08	0.07	0.07		
3. Industrial raw materials	23,007.94	25,872.61	23,447.25	21,765.38	+1.91	-15.87
% of Total	0.34	0.36	0.34	0.33		
4. Petroleum and Petroleum products	9,488.30	9,380.36	9,175.77	8,911.78	-3.29	-5.00
% of Total	0.14	0.13	0.13	0.13		
5. Capital machinery	2,955.59	3,481.37	2,633.19	2,656.96	-10.91	-23.68
% of Total	0.04	0.05	0.04	0.04		
6. Machinery for miscellaneous industry	2,586.57	2,732.44	2,335.62	2,323.05	-9.70	-14.98
% of Total	0.04	0.04	0.03	0.04		
7. Others	16,987.95	17,307.74	19,840.74	18,873.86	+16.79	+9.05
% of Total	0.25	0.24	0.29	0.29		
a) Commercial sector	4,324.67	4,270.27	4,778.91	4,619.19	+10.50	+8.17
b) Industrial sector	12,663.28	13,037.47	15,061.83	14,254.67	+18.94	+9.34
Total :	68,247.31	72,019.13	68,766.62	66,066.92	+0.76	-8.26
Of which, back to back LCs	8,601.91	9,544.00	9,698.56	8,835.42	+12.75	-7.42

*Total settlement of *Rooppur* Nuclear Power Plant project is USD 5879.0959 million.
Source: Foreign Exchange Operation Department, Bangladesh Bank.

Table-XX Trends in Foreign Exchange Reserves

Year (End June)	Total reserves			
	million BDT		million USD	
	Gross Reserve	Reserve (as per BPM 6)	Gross Reserve	Reserve (as per BPM 6)
1	2	3	4	5
2012	848,071.56	-	10,364.43	-
2013	1,190,896.12	-	15,315.16	-
2014	1,669,665.26	-	21,507.99	-
2015	1,946,974.44	-	25,025.25	-
2016	2,365,189.01	-	30,168.23	-
2017	2,699,491.68	-	33,492.95	-
2018	2,758,082.43	-	32,943.46	-
2019	2,764,544.84	-	32,716.51	-
2020	3,059,543.67	-	36,037.03	-
2021	3,934,671.33	-	46,391.44	-
2022	3,908,707.90	-	41,826.73	-
2023	3,307,515.64	2,623,912.75	31,202.98	24,753.89
2024	3,152,279.79	2,558,988.02	26,714.24	21,686.34

Source : Accounts and Budgeting Department, Bangladesh Bank.

Table-XXI Trends in BDT-USD Exchange Rates

Year	BDT per USD	
	(period average)	(end period)
FY12	79.0963	81.8200
FY13	79.9326	77.7650
FY14	77.7218	77.6300
FY15	77.6746	77.8050
FY16	78.2637	78.4000
FY17	79.1192	80.5950
FY18	82.1009	83.7250
FY19	84.0263	84.5000
FY20	84.7811	84.9000
FY21	84.8063	84.8125
FY22	86.3006	93.4500
FY23	99.4473	106.0000
FY24	111.0436	118.0000

Source: Statistics Department, Bangladesh Bank.

Table-XXII Trends in Country-wise Worker's Remittances

(Million USD)

Countries	FY20	FY21	FY22	FY23	FY24	FY24 as % of Total
1	2	3	4	5	6	7
Saudi Arabia	4015.16	5721.41	4541.96	3765.29	2741.38	11.46
UAE	2472.56	2439.99	2071.85	3033.85	4634.24	19.38
UK	1364.89	2023.62	2039.23	2080.41	2793.11	11.68
Kuwait	1372.24	1886.50	1689.59	1555.24	1496.66	6.26
USA	2403.40	3461.68	3438.41	3522.00	2961.65	12.39
Italy	699.15	810.90	1054.20	1185.94	1461.58	6.11
Qatar	1019.60	1450.18	1346.47	1452.69	1149.95	4.81
Oman	1240.54	1535.64	897.40	790.65	1122.02	4.69
Singapore	457.40	624.86	385.24	423.32	632.25	2.64
Germany	52.75	66.89	83.50	112.27	124.76	0.52
Bahrain	437.18	577.74	566.61	528.27	639.17	2.67
Japan	49.35	79.54	69.29	112.99	76.63	0.32
Malaysia	1231.30	2002.36	1021.85	1125.86	1744.39	7.29
Other countries	1389.49	2096.40	1826.08	1921.95	2334.43	9.76
Total	**18205.01**	**24777.71**	**21031.68**	**21610.73**	**23912.22**	**100.00**

Source: Statistics Department, Bangladesh Bank.

Table XXIII Digital Payments in Bangladesh

(Volume in Thousand, and Value in Billion BDT)

Item	FY23 (2022-23)		FY24 (2023-24)		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
BACPS (Regular Value)	**19666**	**10068.4**	**18755**	**9294.9**	**-5%**	**-8%**
BACPS (High Value)	**2439**	**15260.8**	**2420**	**14751.1**	**-1%**	**-3%**
BEFTN Credit	**222516**	**5568.6**	**256660**	**7253.1**	**15%**	**30%**
BEFTN Debit	**5718**	**1312.6**	**6713**	**1829.4**	**17%**	**39%**
MFS Transactions	**5538646.53**	**15361.7**	**6781512.76**	**15361.7**	**22**	**26**
ATM Transactions	**414024.69**	**4434.60**	**439284.36**	**4792.37**	**6**	**8**
Credit Card (Local Transactions)	3682.89	34.75	4181.32	36.79	14	6
Credit Card (Abroad Transactions)	128.41	2.17	156.30	2.86	22	31
Debit Card (Local Transactions)	409898.74	4390.04	434492.00	4741.80	6	8
Debit Card (Abroad Transactions)	314.65	7.64	454.74	10.92	45	43
POS Transactions	**58364.69**	**296.40**	**69941.54**	**349.31**	**20**	**18**
Credit Card (Local Transactions)	26898.13	162.52	30927.66	178.68	15	10
Credit Card (Abroad Transactions)	3167.66	29.18	3881.01	34.05	23	17
Debit Card (Local Transactions)	27422.30	98.07	33644.27	125.84	23	28
Debit Card (Abroad Transactions)	876.61	6.62	1488.60	10.73	70	62
E-Commerce Transactions	**45587.45**	**130.63**	**56326.33**	**172.46**	**24**	**32**
Credit Card (Local Transaction)	11444.46	61.79	14110.58	77.98	23	26
Credit Card (Abroad Transaction)	1712.87	9.20	2506.02	13.66	46	48
Debit Card (Local Transaction)	31158.91	55.76	37362.08	73.23	20	31
Debit Card (Abroad Transaction)	1271.21	3.87	2347.66	7.59	85	96
Internet Banking Fund Transfer (IBFT)	**78356.10**	**3977.80**	**125895.54**	**9852.24**	**61**	**148**
RTGS Transactions	**9509.74**	**59152.37**	**10506.78**	**58377.81**	**10**	**-1**
Total Digital Payment*	**6326815**	**109175.9**	**7686813**	**114248.4**	**22**	**5**

* Except intra-bank online transactions.

Source: PSD and Statistics Department, Bangladesh Bank.

Table-XXIV List of Scheduled Banks

(As on 30 June 2024)

Banks	Date of Scheduling/ Operation	Remarks
A. State Owned/ government controlled banks (6+3=9)		
A.1. State Owned Commercial Banks (6)		
1. Sonali Bank PLC.	15/11/2007	Starts operation from 26/03/1972 as Sonali Bank.
2. Janata Bank PLC.	15/11/2007	Starts operation from 26/03/1972 as Janata Bank.
3. Agrani Bank PLC.	15/11/2007	Starts operation from 26/03/1972 as Agrani Bank.
4. Rupali Bank PLC.	14/12/1986	Starts operation from 26/03/1972 as Rupali Bank.
5. Bangladesh Development Bank PLC.	31/12/2009	Starts operation from 31/10/1972 as Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha.
6. Basic Bank PLC.	21/01/1989	-
A.2. Specialised Banks (3)		
1. Bangladesh Krishi Bank	31/03/1973	Starts operation from 1972 as Agricultural Development Bank of Bangladesh.
2. Rajshahi Krishi Unnayan Bank	15/03/1987	-
3. Probashi Kallyan Bank	30/07/2018	-
B. Private Commercial Banks (43)		
1. Uttara Bank PLC.	15/09/1983	Starts operation from 26/03/1972 as Uttara Bank.
2. Pubali Bank PLC.	24/01/1985	Starts operation from 26/03/1972 as Pubali Bank.
3. AB Bank PLC.	12/04/1982	-
4. National Bank Limited	23/03/1983	-
5. The City Bank PLC.	27/03/1983	-
6. Islami Bank Bangladesh PLC.	30/03/1983	-
7. IFIC Bank PLC.	24/06/1983	-
8. United Commercial Bank PLC.	29/06/1983	-
9. ICB Islamic Bank Limited	28/02/2008	Starts operation from 1987 as Al-Baraka Islami Bank Limited and from 2004 as The Oriental Bank Limited
10. Eastern Bank PLC.	16/08/1992	-
11. National Credit And Commerce Bank PLC.	17/05/1993	-
12. Prime Bank PLC.	17/04/1995	-
13. Southeast Bank PLC.	25/05/1995	-
14. Dhaka Bank PLC.	05/07/1995	-
15. Al-Arafah Islami Bank PLC.	27/09/1995	-
16. Social Islami Bank PLC.	22/11/1995	-
17. Dutch-Bangla Bank PLC.	03/03/1996	-

Table-XXIV (contd.) List of Scheduled Banks

(As on 30 June 2024)

18. Bangladesh Commerce Bank Limited	16/09/1998	-
19. Mercantile Bank PLC.	02/06/1999	-
20. Standard Bank PLC.	03/06/1999	-
21. One Bank PLC.	14/07/1999	-
22. EXIM Bank PLC.	03/08/1999	-
23. Mutual Trust Bank PLC.	24/10/1999	-
24. First Security Islami Bank PLC.	22/09/1999	-
25. The Premier Bank PLC.	26/10/1999	-
26. Bank Asia PLC.	27/11/1999	-
27. Trust Bank Limited	29/11/1999	-
28. Jamuna Bank PLC.	03/06/2001	-
29. Shahajalal Islami Bank PLC.	10/05/2001	-
30. BRAC Bank PLC.	01/07/2001	-
31. Union Bank PLC.	25/03/2013	-
32. Meghna Bank PLC.	03/04/2013	-
33. Midland Bank PLC.	09/04/2013	-
34. NRB Commercial Bank PLC.	25/03/2013	-
35. Padma Bank Ltd.	25/04/2013	Before 29/01/2019 operated as The Farmers Bank Ltd.
36. South Bangla Agriculture & Commerce Bank Limited	25/03/2013	-
37. NRB Bank Limited	28/04/2013	-
38. Modhumoti Bank Limited	16/06/2013	-
39. Shimanto Bank Limited	21/07/2016	-
40. Global Islami Bank Limited	29/07/2013	Before 01/01/2021 operated as NRB Global Bank Limited
41. Community Bank Bangladesh Limited	01/11/2018	-
42. Bengal Commercial Bank Limited	23/02/2020	-
43. CITIZENS Bank PLC	15/12/2020	-
C. Foreign Commercial Banks (9)		
1. Standard Chartered Bank	13/05/1972	Operated from 12/06/1965 as Chartered Bank.
2. State Bank of India	05/05/1975	-
3. Habib Bank Limited	03/06/1976	-
4. National Bank of Pakistan	18/04/1994	-
5. Citi Bank N.A.	24/06/1995	-
6. Woori Bank	21/09/1996	Before 1996 operated from as Hanil Bank.
7. The HSBC Limited	17/12/1996	-
8. Commercial Bank of Ceylon PLC	06/11/2003	-
9. Bank Alfalah Limited	24/04/2005	-

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table-XXV List of Financial Institutions*

(As on 30 June 2024)

A. State-owned Financial Institutions (3+2)

A.1. Sole Owner (3)

1. Agrani SME Financing Company Ltd.*
2. Bangladesh Infrastructure Finance Fund Ltd.
3. Infrastructure Development Company Ltd.

A.2. Joint Venture with Foreign Government (2)

1. Saudi-Bangladesh Industrial & Agricultural Investment Company Ltd.
2. The UAE-Bangladesh Investment Company Ltd.

B. Private Financial Institutions (30)

1. Alliance Finance PLC.
2. Aviva Finance Ltd.
3. Bangladesh Finance Ltd.
4. Bay Leasing & Investment Company Ltd.
5. Bangladesh Industrial Finance Company Ltd.
6. CVC Finance Ltd.
7. DBH Finance PLC.
8. Fareast Finance & Investment Ltd.
9. FAS Finance & Investment Ltd.
10. First Finance Ltd.
11. GSP Finance Company Ltd.
12. Hajj Finance Company Ltd.
13. IDLC Finance PLC.
14. IIDFC PLC.
15. International Leasing & Financial Services Ltd.
16. IPDC Finance PLC.
17. Islamic Finance and Investment PLC.
18. LankaBangla Finance PLC.
19. Meridian Finance and Investment Ltd.
20. MIDAS Financing PLC.
21. National Finance Ltd.
22. National Housing Finance PLC.
23. People's Leasing & Financial Services Ltd.
24. Phoenix Finance & Investments Ltd.
25. Premier Leasing & Finance Ltd.
26. Prime Finance & Investment Ltd.
27. SFIL Finance PLC.
28. Union Capital Ltd.
29. United Finance PLC.
30. Uttara Finance and Investments Ltd.

* Agrani SME Financing Company Ltd. Is a subsidiary company of state owned commercial bank, Agrani Bank Ltd..

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

Appendix-4

Banking Performance Indicators

(Table: I-XIII)

Table-I Banking System Structure

(in billion BDT)

Bank types	2024 (June)					
	Number of banks	Number of branches	Total Assets	Percent of industry assets	Total deposits	Percent of industry deposits
SCBs	6	3846	6011.62	23.61	4496.29	24.42
SBs	3	1543	541.50	2.32	519.69	2.82
PCBs	43	5713	17577.45	68.84	12566.47	68.25
FCBs	9	63	1332.04	5.23	830.03	4.51
Total	**61**	**11165**	**25412.76**	**100**	**18412.48**	**100**

Source: Department of Off-site Supervision and Banking and Policy Regulation Department, Bangladesh Bank.

Table-II Capital to Risk Weighted Assets Ratio by Types of Banks

(in Percent)

Bank types	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	6.4	5.9	7.0	10.3	5.0	9.6	8.1	7.2	6.43	5.44
SBs	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-33.6	-40.3	-40.80	-41.31
PCBs	12.4	12.4	12.2	12.8	13.6	13.7	13.7	13.3	13.08	12.29
FCBs	25.6	25.4	23.3	25.9	24.5	28.4	25.9	31.7	37.16	39.46
All banks	**10.8**	**10.8**	**10.8**	**12.1**	**11.6**	**12.5**	**12.0**	**11.7**	**11.44**	**10.64**

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

Table-III Ratio of Gross NPLs to Total Loans by Types of Banks

(in Percent)

Bank types	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	21.5	25.0	26.5	30.0	23.86	20.89	19.28	20.28	20.99	32.77
SBs	23.2	26.0	23.4	19.5	15.13	13.32	12.02	12.80	13.87	13.11
PCBs	4.9	4.6	4.9	5.5	5.78	4.66	5.31	5.13	5.93	7.94
FCBs	7.8	9.6	7.0	6.5	5.74	3.46	4.29	4.91	4.82	4.74
All banks	**8.8**	**9.2**	**9.3**	**10.3**	**9.32**	**7.66**	**7.93**	**8.16**	**9.00**	**12.56**

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table-IV Ratio of Net NPL to Net Total Loans by Types of Banks

(in Percent)

Bank types	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	9.2	11.1	11.2	11.3	6.12	0.003	2.53	5.22	6.21	18.32
SBs	6.9	10.5	9.7	5.7	3.00	1.32	0.40	1.41	1.68	1.14
PCBs	0.6	0.1	0.2	0.4	-0.7	-1.54	-1.07	-1.31	-0.72	0.77
FCBs	-0.2	1.9	0.7	0.7	0.19	-0.56	-0.73	-0.56	-0.41	-0.50
All banks	**2.3**	**2.3**	**2.2**	**2.2**	**1.02**	**-1.18**	**-0.43**	**-0.08**	**0.59**	**3.68**

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table-V Amount of NPLs by Types of Banks

(in billion BDT)

Bank types	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	237.45	310.3	373.3	487.0	439.49	422.73	449.77	564.60	657.81	1024.48
SBs	49.69	56.8	54.3	47.9	40.59	40.62	39.91	47.09	56.69	57.57
PCBs	207.60	230.6	294.0	381.4	441.74	403.61	515.21	564.39	709.82	999.21
FCBs	18.97	24.1	21.5	22.9	21.04	20.38	27.85	30.48	32	32.29
Total	**513.71**	**621.8**	**743.1**	**939.2**	**943.31**	**887.34**	**1032.74**	**1206.75**	**1456.33**	**2113.19**

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table-VI Required Provision and Provision Maintained by All Banks

(in billion BDT)

All banks	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
Amount of NPLs	513.71	621.7	743.0	939.1	943.31	887.34	1032.74	1206.57	1456.33	2113.91
Required Provision	308.93	362.1	443.0	570.4	613.17	648.02	806.54	841.57	989.41	1141.65
Provision maintained	266.10	307.4	375.3	504.3	546.62	646.78	666.47	731.48	796.80	893.55
Excess(+)/Shortfall(-)	-42.83	-54.7	-67.7	-66.14	-66.55	-1.24	-140.07	-110.09	-192.61	-248.10
Provision maintenance ratio (%)	**86.14**	**84.9**	**84.7**	**88.4**	**89.15**	**99.81**	**82.63**	**86.92**	**80.53**	**78.26**

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table-VII Comparative Position of Provision Adequacy

(in billion BDT)

Years	Items	SCBs	SBs	PCBs	FCBs
2022	Required provision	301.43	24.73	491.33	24.08
	Provision maintained	213.15	24.82	463.87	29.64
	Provision maintenance ratio (%)	70.71	102.38	93.77	118.77
2023	Required provision	334.36	24.04	601.75	25.25
	Provision maintained	233.51	31.53	501.44	30.29
	Provision maintenance ratio (%)	69.83	112.44	83.33	119.96
2024 June	Required provision	376.51	28.14	710.92	26.06
	Provision maintained	262.23	30.48	570.07	30.76
	Provision maintenance ratio (%)	69.64	108.21	80.18	118.03

Source: Banking Regulation and Policy Department, Bangladesh Bank

Table-VIII Writing-off Bad Debts by Types of Banks

(in billion BDT)

Bank Types	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
SCBs	210.3	220.4	224.4	226.3	232.2	179.4	232.9	228.8	182.7	180.20
SBs	5.6	5.6	5.6	5.6	5.8	3.8	6.1	6.1	3.4	3.45
PCBs	155.5	189.4	216.7	246.5	294.3	239.4	316.3	354.7	317.4	381.44
FCBs	5.1	7.2	8.6	10.7	12.3	10.1	13.6	14.4	12.1	14.24
Total	**376.5**	**422.6**	**455.3**	**489.0**	**544.6**	**432.7**	**568.9**	**604.0**	**515.6**	**579.33**

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table-IX Expenditure-Income Ratio by Types of Banks

(in Percent)

Bank Types	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	84.5	90.2	81.3	80.5	84.9	83.2	86.13	82.33	81.88	89.24
SBs	113.9	137.8	124.0	144.6	159.8	158.1	162.94	169.07	172.64	139.29
PCBs	75.5	73.5	73.8	76.7	77.6	79.6	75.32	76.28	80.97	79.11
FCBs	47.0	45.7	46.6	47.5	48.8	46.2	43.89	35.23	53.04	32.35
All banks	**76.3**	**76.6**	**74.7**	**76.6**	**78.0**	**79.2**	**76.97**	78.29	81.08	80.19

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

Table-X Profitability Ratios by Types of Banks

(in Percent)

Bank Types	ROA										ROE									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	-0.04	-0.16	0.21	-1.30	-0.61	-1.07	-0.68	0.21	0.08	-0.37	-1.47	-6.02	3.45	-29.61	-13.68	-29.57	-21.61	5.43	2.26	-11.40
SBs	-1.15	-2.80	-0.62	-2.77	-3.31	-3.01	-3.03	-3.31	-3.53	-2.54	-5.79	-13.88	-3.07	-13.47	-17.04	-13.85	-13.21	-13.68	-14.29	-10.08
PCBs	1.00	1.03	0.89	0.79	0.77	0.70	0.62	0.59	0.47	0.48	10.75	11.09	12.01	10.98	11.16	10.22	9.34	9.38	7.66	8.75
FCBs	2.92	2.56	2.24	2.23	2.30	2.13	1.17	2.57	3.09	4.08	14.59	13.08	11.31	12.42	13.43	13.10	7.59	16.03	17.27	19.33
All banks	**0.77**	**0.68**	**0.74**	**0.25**	**0.43**	**0.25**	**0.25**	**0.52**	**0.43**	**0.40**	**10.51**	**9.42**	**10.60**	**3.86**	**6.83**	**4.28**	**4.44**	**9.37**	**7.88**	**7.85**

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

Table-XI Net Interest Margin by Types of Banks

(in Percent)

Bank Types	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	1.62	1.75	1.98	2.35	1.94	1.75	1.57	1.89	1.80	1.83
SBs	1.43	0.76	2.05	0.62	0.01	-0.21	-0.58	-0.63	-0.46	-0.12
PCBs	3.85	3.89	3.52	3.55	3.52	2.97	2.87	2.54	2.63	3.10
FCBs	6.08	4.99	4.35	4.30	4.21	4.05	3.03	3.04	5.11	6.88
All banks	**3.28**	**3.27**	**3.13**	**3.22**	**3.12**	**2.67**	**2.49**	**2.35**	**2.51**	**2.94**

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

Table-XII SLR Eligible Assets as Percentage of ATDTL by Types of Banks

(Percent)

Bank Types	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 June
SCBs	41.4	40.0	30.4	24.8	27.3	37.8	35.4	32.9	28.2	29.3
DFIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PCBs	19.7	17.8	14.8	14.2	16.4	20.9	20.1	19.3	21.4	18.1
FCBs	51.8	48.2	43.8	48.4	29.7	40.7	42.0	41.4	49.4	41.9
All banks	**26.5**	**24.9**	**19.9**	**18.2**	**19.9**	**26.2**	**25.4**	**24.0**	**24.8**	**22.1**

* The calculation of liquidity ratio has been changed from 01 February 2014 (MPD circular no. 02/2013).
Source: Department of Off-site Supervision, Bangladesh Bank.

Table-XIII Branch, Deposit and Advance in the Banking System- Rural and Urban

Year	Number of branch			Deposit (billion BDT)			Advance (billion BDT)		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
2000	3659	2460	6119	160.6	549.2	709.8	100.1	493.5	593.6
2001	3680	2502	6182	160.2	656.3	816.5	97.2	590.6	687.8
2002	3693	2538	6231	177.6	753.2	930.8	100.0	667.7	767.7
2003	3694	2526	6220	190.8	883.3	1074.1	102.5	744.8	847.3
2004	3724	2579	6303	192.0	1023.8	1215.8	103.4	847.9	951.3
2005	3764	2638	6402	218.3	1197.6	1415.9	117.6	999.7	1117.3
2006	3834	2728	6562	241.5	1445.8	1687.3	128.4	1163.3	1291.7
2007	3894	2823	6717	263.0	1689.1	1952.1	130.1	1335.6	1465.7
2008	3981	2905	6886	306.2	2009.8	2316.0	148.5	1667.0	1815.5
2009	4136	3051	7187	369.9	2424.0	2793.9	169.6	1920.9	2090.5
2010	4393	3265	7658	436.9	2942.3	3379.2	206.9	2367.5	2574.4
2011	4551	3410	7961	536.0	3579.9	4115.9	254.5	2958.3	3212.8
2012	4760	3562	8322	853.1	4011.0	4864.1	405.6	3453.7	3859.3
2013	4962	3723	8685	1117.1	4988.2	6105.3	450.6	3987.8	4438.4
2014	5150	3890	9040	1326.0	5605.2	6931.1	505.1	4571.2	5076.3
2015	5187	3944	9131	1575.1	6364.7	7939.8	571.3	5227.3	5798.6
2016	4188	5466	9654	1843.9	7150.3	8994.1	680.0	6006.6	6686.6
2017	5624	4331	9955	2028.7	7837.0	9865.7	839.8	7087.0	7926.8
2018	4890	5224	10114	2142.8	8223.6	10366.4	863.1	7607.1	8470.2
2019	5131	5447	10578	2543.2	9601.3	12144.6	1035.0	9000.5	10035.5
2020	5221	5531	10752	2942.8	10848.7	13791.5	1185.3	9777.8	10963.1
2021	5314	5623	10937	3253.6	11871.1	15124.7	1356.0	10749.9	12105.9
2022	5326	5637	10963	3395.3	12343.0	15738.2	1460.2	11526.4	12986.6
2023	5400	5777	11177	3587.6	13282.7	16870.2	1731.8	12788.9	14460.7
2024 June	5229	6068	11297	2832.2	15556.2	18388.4	1261.5	14709.5	15971.0

Note: Figures reported by Statistics Department are different from those of Department of Off-site Supervision due to different data collecting methods.
Source: Statistics Department, Bangladesh Bank.

List of BB's Major Publications

Annual

1. Annual Report (Bangla)
2. Annual Report (English)
3. Monetary Policy Review
4. BFIU Annual Report
5. Financial Stability Report
6. Annual Report of Financial Integrity and Customer Services Department
7. Agricultural and Rural Credit Policy and Programme
8. Export Receipts of Goods and Services [Only in website]
9. Import Payment of Goods and Services [Only in website]
10. Balance of Payments [Only in website]

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2. Bangladesh Bank Quarterly Financial Stability Assessment Report
3. Bangladesh Bank Quarterly
4. Scheduled Banks Statistics [Only in website]

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