



الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency

ECONOMIC & BANKING SECTOR OVERVIEW

**People's Republic
of Bangladesh**

December, 2019

Economic Sector Overview - People's Republic of Bangladesh

Bangladesh has made rapid strides marked by a consistently growing economic pace averaging more than 6% over the last decade, which has reflected in significantly lifting per capita income up to US\$1,600 at FY2018.

In FY2019, real GDP growth was robust at 8.1% with strong private sector consumption buoyed by higher remittance inflows and exports. It may also be noted that private investment had temporarily slowed during elections held in H1'19. Nonetheless, during FY2019 both private sector and government investment expanded due to favourable financing conditions and prevailing political stability. Agricultural sector activity also grew in FY2019 with good harvest and strong growth in fishing and forestry. In FY2019, overall exports increased by 10.1% to the tune of US\$39.9bn with over 10% growth each in ready-made garments, woven and knitwear products. Remittance inflow continued to increase having grown at 9.6% in FY2019 (FY2018: up 17%). The economy is expected to expand at above mid-7% in FY2020.

Since FY2017, the current account balance has been in negative territory, albeit having posted narrower deficit in FY2019 of 1.75%, having fallen from a deficit of 3.6% in the previous fiscal period. Expansionary stance on government spending against moderate revenue collection led to the fiscal deficit of a deteriorated 4.5% of GDP in FY2019 (FY2018: 3.9%). Inflation levels edged slightly down to 5.4% in FY2019, primarily stemming from moderation of food prices. Since April 2018, policy rates have been kept unchanged.

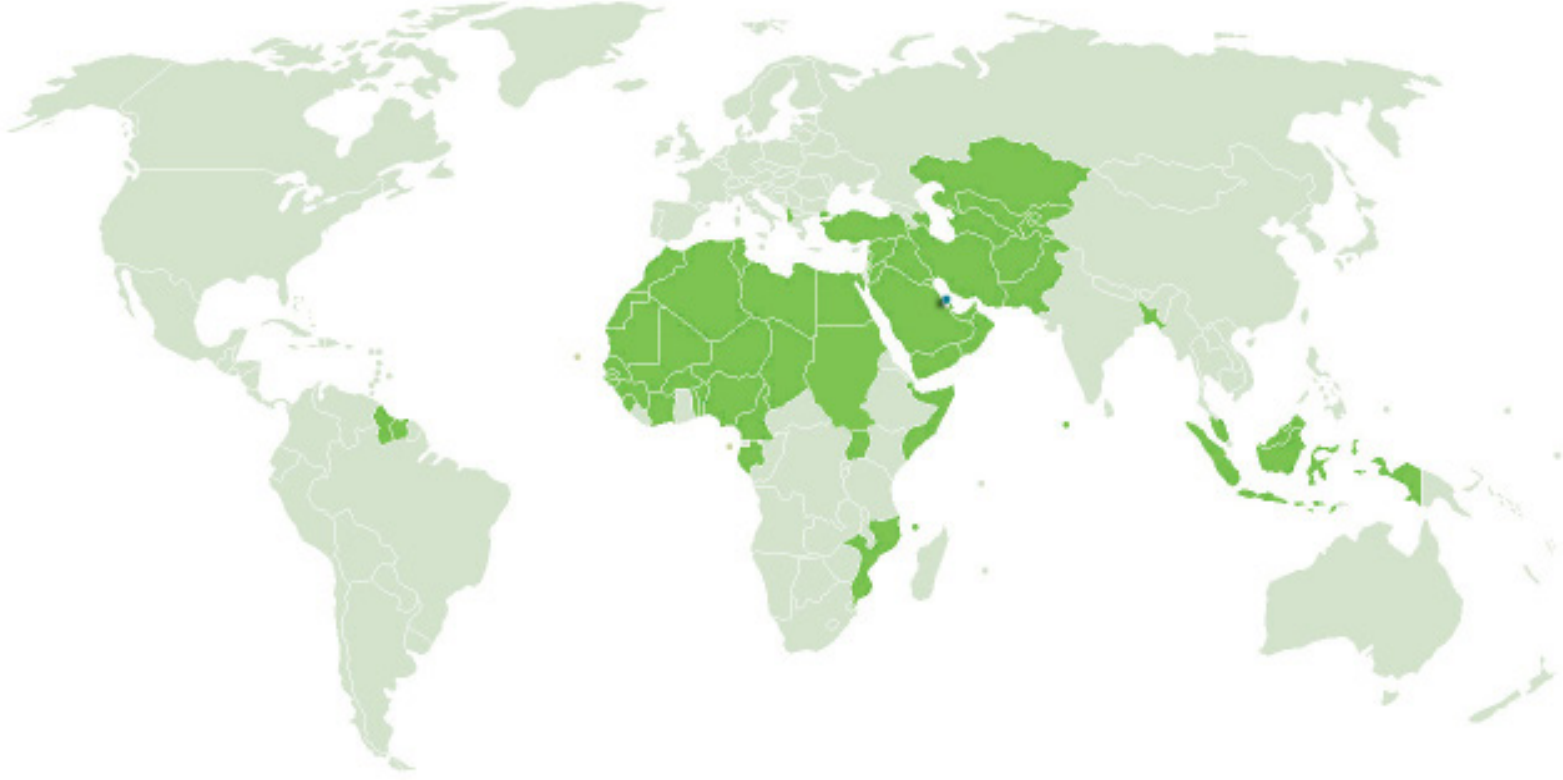
Local banking sector continued to grow in FY2019; however, performance deteriorated with higher non-performing financings, particularly in state-owned commercial banks coupled with weak governance.

%	2014	2015	2016	2017	2018	Q3'19
NPLs to Total Loans	2.9	3.1	3.2	3.0	3.9	5.0
Specific Provisions to NPLs	73.9	74.6	77.4	79.3	68.3	65.6
Loans to Deposits	121.6	123.4	123.6	126.6	122.6	109.1
Capital Adequacy Ratio	16.3	15.6	15.6	16.9	17.3	18.4
Return on Assets	1.3	1.2	1.5	1.6	1.4	1.2

⁵ <https://evds2.tcmb.gov.tr/index.php?evds/dashboard/341>

⁶ https://www.bddk.org.tr/ContentBddk/dokuman/duyuru_0730_01.pdf

⁷As per the BRSA figures



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