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Moody's cuts banking outlook to negative

Forecasts Bangladesh's real GDP growth to slow to 4.5pc in FY25 from 5.8 percent in FY24

STAR REPORT

Moody's Ratings has downgraded Bangladesh's banking system outlook from "stable" to "negative", citing rising asset risks and worsening economic conditions.

The report, released yesterday, highlights key concerns, including deteriorating asset quality, high inflation, and weakening economic growth, which it says will negatively impact the banks' profitability and financial stability.

"Structural risks to banks' asset quality, such as lax regulations and poor corporate governance, will persist," the US credit rating agency said.

Liquidity across the banking system is expected to be stable but tight, with the systemwide loan-to-deposit ratio standing at 81 percent as of September 2024, according to the report.

Moody's acknowledges that the government is likely to continue supporting banks through regulatory forbearance and liquidity measures to reduce "contagion risks".

The negative outlook reflects govt's deteriorating capacity to provide support for banks in times of need

Bangladesh's banking sector will face mounting asset risks as non-performing loans continue to rise

Such measures would mask asset risks and hamper loan recovery, Moody's said. The systemwide NPL provision ratio remained low at 42 percent as of the end of June 2024, which would decrease even further if loans with modified payment terms are included.

The negative outlook also reflects the government's deteriorating capacity to provide support for banks in times of need, the report said.

The report further cautions that Bangladesh's banking sector will face mounting asset risks as non-performing loans continue to rise.

As of September 2024, the systemwide NPL ratio had surged to 17 percent from 9 percent in just nine months.

"Asset quality will deteriorate as the operating environment worsens," Moody's said, adding that "social unrest has severely affected" the financial stability of some domestic businesses by reducing demand, disrupting supply chains, and creating labour shortages.

Additionally, newly introduced stricter NPL classification rules taking effect in April 2025 could further exacerbate the situation, the agency said.

According to Moody's, the banks' profitability will deteriorate as loan-loss provisions increase. Loan-loss provisions will increase significantly across the system as existing reserves for stressed loans are insufficient, especially in light of rising asset risks.

Banks with strong fundamentals

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SYED MANZUR ELAHI
(1942-2025)

A business titan with unshakable ethical values

MAHMUDUL HASAN and JAGARAN CHAKMA

The business world often thrives on boldness, but in Syed Manzur Elahi, Bangladesh found something more: a quiet fortitude, a moral compass, and an entrepreneurial mind that always seeks to build. And he built the country's leading shoe brand – Apex. He was, after all, a man who preferred crafting legacies over anything else.

Yesterday, he passed away at Gleneagles Hospital in Singapore at 7:30am Dhaka time, leaving behind an industrial and financial landscape forever shaped by his vision. He was 83.

With his passing, Bangladesh lost a visionary who not only built a business empire but also shaped industries, policies, and the lives of countless individuals. His journey was one of courage, resilience, and an unrelenting pursuit of excellence.

Elahi was a "distinguished figure in Bangladesh's entrepreneurial sector and a patriotic businessman who played a crucial role in advancing the country's leather industry," Chief Adviser Professor Muhammad Yunus said in a statement. "Through his

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Kidney cases far outstrip doctors and facilities

TUHIN SHUBHRA ADHIKARY

Medical facilities and the number of specialised doctors for treating kidney patients remain inadequate even though such patients are increasing.

This is leaving many patients without proper treatment, health experts say.

Only 35 government hospitals offer kidney dialysis at a relatively low cost, while there are just 350 specialist doctors for treating the tens of thousands of patients.

Kidney disease is called a "silent killer" because it progresses slowly and often has no noticeable symptoms until significant kidney function decline and life-threatening complications, say the experts.

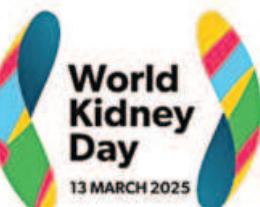
Around 22.48 percent of the country's population or around 3.82 crore people suffer from kidney diseases, according to the Bangladesh Renal Association, which cites a review of eight studies published in 2019.

The association, which represents doctors treating the disease, said that 30,000 to 40,000 people suffer kidney failure every year.

Apart from state-run hospitals, private healthcare facilities also offer kidney dialysis but at significantly higher costs, placing a financial burden on patients. Most private facilities are also in towns and cities, leaving many rural patients deprived of the healthcare service.

As a result, a large number of kidney patients either do not receive proper treatment or face delays, leading to higher mortality rates.

Against this backdrop, Bangladesh, along with the rest of the world, today observes World Kidney Day with the theme, "Are



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ANNOUNCEMENT

Dear readers, due to unavoidable circumstances, we are unable to run part 2 of "The disappeared of the July uprising" series today. We will publish it tomorrow. Don't miss your copy. Thank you for your understanding.



IN REMEMBRANCE

It is with great sadness that Pioneer Insurance Company Limited announces the passing away of **Syed Manzur Elahi**, the Founding Chairman of the company on the morning of 12th March 2025 at 7:30 A.M. (Bangladesh Time) in Singapore (Inna lillahi wa Inna ilayhi Raji'un). He was the son of Sir Syed Nasim Ali, the Chief Justice of undivided Bengal in 1946. His only son, Mr. Syed Nasim Manzur, the current Chairman of Pioneer Insurance Company Limited.

Mr. Syed Manzur Elahi was a trailblazer in Bangladesh's corporate sector, a visionary entrepreneur, and a widely respected philanthropist. His exemplary character and professionalism led him to serve as an Advisor to the Caretaker Government of Bangladesh on two occasions, in 1996 and 2001, leaving an indelible mark on the nation's development. Mr. Elahi's profound contributions, leadership, and dedication to the country will forever be remembered and celebrated.

We extend our deepest sympathies to his family, friends, and all those who were fortunate to know him. His passing away is an immense loss, but his legacy will continue to inspire future generations. May Allah grant him eternal peace and elevate his place in Jannahul Ferdouse.

পাইওনিয়ার ইলিয়ুরেস কোম্পানী লিমিটেড
PIONEER INSURANCE COMPANY LIMITED



IN LOVING MEMORY OF SYED MANZUR ELAHI

We, the family of Mutual Trust Bank PLC (MTB), along with its subsidiaries -MTB Capital Ltd. and MTB Securities PLC- deeply mourn the passing of **Syed Manzur Elahi**, Founding Chairman & Current Chairman of MTB, a prominent entrepreneur, eminent industrialist, and philanthropist.

He breathed his last in Singapore at the age of 83, at around 7:30 AM (Bangladesh Time) on March 12, 2025, Wednesday. Inna lillahi wa inna ilayhi rajiuun.

MTB Board of Directors and all employees extend their heartfelt condolences to his bereaved family, friends, and well-wishers during this difficult time. His legacy will continue to inspire generations to come.

May his soul rest in eternal peace.

Namaj-e-Janaja

will be held at Gulshan Azad Mosque on March 13, 2025, Thursday after Jumu'ah Prayer.

সৈয়দ মন্তুর এলাহী (১৯৪২ - ২০২৫)

গার্জিয়ান লাইফ-এর অন্যতম প্রতিষ্ঠাতা

সৈয়দ মন্তুর এলাহী

পুরাণে আমরা গভীরভাবে শোকাত

গার্জিয়ান
লাইফ ইলিয়ুরেস