BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

QUARTERLY BULLETIN

• Issue 02 • October - December 2024

Bangladesh Banking sector, challenges, and the way forward

History of BAPLC

In the back-drop of the 1996 fall-out and the chaotic conditions that followed in the Capital Market, a group of representatives of the leading issuers (PLCs) decided to form an Association of the PLCs. This they did with the aim of protecting their interests and that of the investors through continuing and collective efforts for bringing about a disciplined stock-market by coordinating with the Regulators, Intermediaries, Investors and the PLCs themselves. The Association obtained a License from the Ministry of Commerce on July 27, 1999 and it was incorporated on August 30, 1999 under Section 28 of the Companies Act, 1994. Since then, the Association has been striving to create conditions to ensure dynamism and transparency in market operations. This endeavor would encourage both the investors and the issuers for sustainable demand and supply of securities in the market.

The following persons whose names and addresses are subscribed herein, were desirous of being formed into an Association in pursuance of the Memorandum of Association:

Sl. No.	Name of the Subscribers	Name of Company
01	Mr. Samson H. Chowdhury	Chairman Square Pharmaceuticals Ltd.
02	Mr. Syed Manzur Elahi	Chairman Apex Tannery Limited
03	Mr. M. Anis Ud Dowla	Chairman & Managing Director ACI Limited
04	Maj. Gen. Amjad Khan Chowdhury (Retd.)	Chief Executive Agricultural Marketing Co. Ltd.
05	Mr. Syed Mohsen Ali	Managing Director Modern Industries (Bangladesh) Ltd.
06	Mr. A.K.M Rafiqul Islam	Managing Director Pragati Insurance Limited
07	Mr. M. A. Awal	Chairman & Managing Director Prime Textile Spinning Mills Ltd.
08	Mr. Mubarak Ali	Managing Director Olympic Industries Ltd.
09	Mrs. Rokeya Quader	Chairman Desh Garments Limited
10	Mr. M. Shamsur Rahman	Managing Director Stylecraft Limited

Sl. No.	Name of the Subscribers	Name of Company
11	Dr. A.B.M. Haroon	Managing Director Samorita Hospital Ltd.
12	Mr. Md. Rafiqul Haque	Director Tallu Spinning Mills Ltd.
13	Mr. M. Aminul Islam	Managing Director Industrial Development Leasing Companies of Bangladesh
14	Mr. Manzurul Islam	Chairman Eastern Housing Limited
15	Mr. A.K.M. Mainul Islam	Managing Director Quasem Drycells Limited
16	Mr. Mahbub Jamil	Chairman & Managing Director Singer Bangladesh Limited
17	Mr. S. H. Kabir	Chairman Renata Limited
18	Mr. Salman F. Rahman	Vice-Chairman Beximco Pharmaceuticals Ltd.
19	Mr. Latifur Rahman	Chairman & Managing Director Bangladesh Lamps Ltd.

About BAPLC

Bangladesh Association of Publicly Listed Companies (BAPLC) is the only organization representing the publicly listed companies in Bangladesh. The main objectives of BAPLC, inter alia, are to promote, protect and safeguard the interest of listed companies, foster ideas of co-operation and mutual help amongst the members, aid and stimulate the development and encourage the Listed Companies in Bangladesh.

As provided in the Memorandum of the Association, BAPLC is to take all steps by lawful means as necessary for promoting, supporting or opposing a legislation or any other action affecting the interest of Listed Companies, and in general to take initiative to secure and safeguard the interest of its members in all respects.

VISION

Endeavoring for bringing in an orderly capital market by protecting the interest of listed companies and the stakeholders that would encourage both the investors and the issuers for sustainable demand and supply of securities in the Market.

MISSION

- To promote, protect and safeguard the interest of Listed Companies and foster ideas of co-operation and mutual help amongst members, aid and stimulate the development and encourage the Listed Companies in Bangladesh.
- To counsel, co-operate and co-ordinate in the corporate activities of Listed Companies and generally to set guidelines for common external responses.
- To promote and safeguard the economic interest of its members through exchange of information, adoption of equitable forms of contacts and to promote the commerce, industry, science and art in all its branches.
- To participate in matters of interest relating to the Listed Companies by sending delegates and advisers to various bodies, Government or public, dealing with or interested in such matters.

Executive Committee 2024-2025

Mrs. Rupali Haque Chowdhury
President
Managing Director
Berger Paints Bangladesh Ltd.

Mr. Syed M. Altaf Hussain
Vice President
Director
Pragati Life Insurance Ltd.

Mr. Mohammed Younus
Executive Committee Member
Vice Chairman
Shahjalal Islami Bank PLC.

Mr. Abdullah Al Mahmud
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Hamid Fabrics PLC

Mr. Syed Farhad Ahmed
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Aamra Networks Ltd.

Mr. Manzurul Islam
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Mr. Md. Kyser Hamid
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Bangladesh Finance Ltd.

Mr. Gulam Rabbani Chowdhury
Executive Committee Member
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Mr. Md. Apel Mahmud, ACII(UK)
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Executive Committee Member
Managing Director
Baraka Patenga Power Ltd.

Mr. Kazi Inam Ahmed
Executive Committee Member
Managing Director
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Mr. Zeyad Rahman
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Director
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Mr. Shahriar Ahmed
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Managing Director
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Mr. Adib Hossain Babul
Executive Committee Member
Director,
National Feed Mill Ltd.

Mr. Tajwar Muhammed Awal
Executive Committee Member
Director
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Mr. Mohammad Abdullah Al Mamun, FCS
Executive Committee Member
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Eastern Bank PLC.

Mr. Md. Sharif Hasan, FCS, LL.B
Executive Committee Member
Director-Regulatory Affairs & Company Secretary
Unique Hotel & Resorts PLC.

Mr. Sk. Md. Sarfaraz Hossain, FCS
Executive Committee Member
Company Secretary
Peoples Insurance Co. Ltd.

Mr. Manir Hossain
Executive Committee Member
Company Secretary
Daffodil Computers Ltd.

Mr. Muhammad Aminur Rahman, LL.M, FCS
Executive Committee Member
Company Secretary
Rangpur Foundry Ltd.

Mr. Md. Noor Hossain Khan
Executive Committee Member
Deputy General Manager
Titas Gas Transmission & Distribution PLC

Mr. Md. Amzad Hossain
Secretary General, BAPLC

Roll of Honour

Past Presidents

01.	Mr. Samson H. Chowdhury	Founder President	Term: 1999-2009
02.	Mr. Salman F. Rahman	President	Term: 2010-2011
03.	Mr. Tapan Chowdhury	President	Term: 2012-2015
04.	Mr. Muhammed Aziz Khan	President	Term: 2016-2017
05.	Mr. Azam J. Chowdhury	President	Term: 2018-2021
06.	Mr. M. Anis Ud Dowla	President	Term: 2022-2023

Past Vice Presidents

01.	Mr. Syed Mohsin Ali	Founder Vice President	Term: 1999-2000
02.	Mr. A.K.M. Rafiqul Islam	Vice President	Term: 2001
03.	Mr. Syed Manzur Elahi	Vice President	Term: 2002-2009
04.	Mr. A.K.M. Azizur Rahman	Vice President	Term: 2010-2011
05.	Mr. Mohammed Younus	Vice President	Term: 2012-2015
06.	Mr. Anis A. Khan	Vice President	Term: 2016-2019
07.	Mr. Riad Mahmud	Vice President	Term: 2020-2021
08.	Mr. Syed Nasim Manzur	Vice President	Term: 2022-2023

From the Desk of the Editor

Dear Readers,

Welcome to this 2nd issue of the BAPLC Quarterly Bulletin (October-December 2024).

As we navigate through another dynamic year, we focus on two critical pillars of Bangladesh's financial ecosystem – the banking sector and the capital market. Both are indispensable in driving the nation's economic growth and ensuring a stable monetary environment. In this edition, we bring you the latest insights, problems, and prospects of the Banking Sector in Bangladesh and the way forward. We also describe the status of the Capital Markets in Bangladesh in comparison with the peer countries.

In this edition, we delve into the latest trends, challenges, and opportunities within both sectors, bringing you expert analyses and updates that will help shape the future of Bangladesh's financial landscape.

The constructive collaboration between the banking sector and the capital market holds immense potential for our economy. A strong banking system supports business and consumer confidence, which can fuel market participation. On the other hand, a well-functioning capital market can provide banks with the liquidity they need to support their lending activities and manage risk more effectively.

Our team has diligently produced in-depth articles, expert opinions, and case studies to empower you to make informed decisions and contribute to developing a sustainable and inclusive banking ecosystem.

We thank you for your continued support and welcome your valuable feedback.

Sincerely,

Anis A. Khan

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Message from the President

Dear Valued Readers and Distinguished Stakeholders,

Greetings from the Bangladesh Association of Publicly Listed Companies (BAPLC)!

As we step into another quarter, I am pleased to present this edition of our quarterly bulletin, which provides a comprehensive overview of the latest status of the banking sector and our Capital Market.

This quarter has witnessed the various challenges of the banking sector and the way to recovery. As the banking sector is crucial in sustaining economic growth and development, we must continue collaborating with regulators, policymakers, and industry leaders to foster a sound and resilient financial ecosystem. We are also dedicated to supporting our stakeholders by providing thought leadership, industry insights, and best practices that can help navigate the evolving landscape.

I want to thank all our readers for your continuous engagement. Your feedback and contributions help us improve and tailor our content to meet the needs of the banking community.

I appreciate your support. I look forward to the banking sector's continued growth and success.

Thank you,

Rupali Haque Chowdhury

Ali Reza Iftekhar
Managing Director and CEO
Eastern Bank PLC.

Bangladesh Banking sector, challenges, and the way forward

Financial sector performance is a significant determinant of the private sector growth in the economy. Bangladesh's growth journey has been intricately linked with the financial sector's performance. However, the industry has been in bad shape for the past few years, particularly under the previous administration. In recent years, a troubling trend of misappropriation, embezzlement, and money laundering has eroded public confidence. Before we take stock of the banking sector's challenges and tribulations, let us look at the unfolding events since the July uprising and regime change.

The student-led July uprising and the subsequent establishment of a transitional government came amidst a challenging global and domestic context. The World Bank projected global growth to remain subdued at 2.7 percent in 2025-26 due to geopolitical tensions and continued fiscal consolidation. Geopolitical risks are high with the ongoing war between Russia and Ukraine and the escalation of the conflict in the Middle East. According to WB estimation, Bangladesh’s real GDP growth slowed to 5.2 percent in FY24 from 5.8 percent in FY23 before the political turmoil. Bangladesh’s economic growth decelerated for the second consecutive year, driven mainly by weak consumption and export growth. High inflation and the resulting contractionary monetary policy, higher energy prices, and import restrictions hampered investment. On the supply side, industrial growth declined significantly in FY24, but the growth of the services and agriculture sectors has remained steady. Inflation averaged 9.7 percent in FY24, up from 9 percent in FY23, and continued to erode consumer purchasing power.

Bangladesh Bank (BB) continued to tighten monetary policy in FY24 and the first quarter (Q1) of FY25 to combat elevated inflation. Despite introducing an interest rate targeting framework in FY23, inflation increased in FY24 due to high food and energy prices and higher import prices because of a depreciating taka. The monetary transmission mechanism was weak due to a cap on lending rates, which was removed only in May 2024. The actual policy rate remains negative. The banking system faced tight liquidity conditions, and private sector credit growth slowed in FY24. The non-performing loan (NPL) ratio remains elevated, and even this elevated ratio masks the true extent of banking sector stress due to lax definitions and inadequate reporting standards, forbearance measures, and weak regulatory enforcement.

Global experience with inflation management

Different countries reached an inflationary peak at varying paces and in other months based on the specific country’s environment and prevalent policy framework. Inflationary pressures were most intense in the advanced economies of the USA, Canada, and the EU, where the expected inflation rate is around 2% owing to strict low-inflation tolerance policy guidelines adopted by the respective Central Banks. These countries also faced the most intense public backlash from inflation acceleration. Nevertheless, public unhappiness over rising inflation was registered in all countries, including India, Thailand, and Bangladesh.

Countries that successfully countered inflation acted swiftly. Despite the initial spike due to supply issues and rising commodity prices, policymakers understood that curbing demand was essential. In response, monetary authorities in the US, Canada, and the EU raised interest rates to tighten credit growth. These efforts were staged, data-driven, and their effectiveness was further supported by a sharp decrease in global commodity prices since July 2022.

Thailand, India, and Vietnam similarly adopted interest rate hikes to reduce demand and lower inflationary pressures. Bangladesh is the only country example used in this analysis that did not adopt a demand management policy. On the contrary, Bangladesh accentuated demand pressures by boosting private sector credit growth and increasing fiscal deficits.

A particularly striking aspect of Bangladesh's monetary policy management has been the prevalence of the controversial "6/9" interest policy, whereby the lending rate was capped at 9 percent even as the inflation rate exceeded 9%. The interest rate policy has spurred the growth of private credit. The growing fiscal deficit has required considerable resort to borrowings from the Bangladesh Bank. Net credit to the government grew by over 30 percent between January 2022 and June 2023.

Persistent inflation at 9% in Bangladesh over the past 15 months has significantly impacted people experiencing poverty, low-income, and middle-income groups. This issue must be addressed immediately, especially during an election year. Inflation will not resolve independently and worsen if credit growth and bank financing of Treasury deficits continue.

In all countries, inflation management is the topmost priority for the Central Bank. To depoliticize inflation management, most advanced economies have an independent Central Bank that can control credit growth to manage inflation through its interest rate policies. Bangladesh Bank (BB) must act fast and determined to lower credit growth by using interest rates flexibly. As in other countries, BB should use the interest rate to target domestic credit growth so that the interest rate increases to a level that lowers domestic demand and reduces inflationary pressure to the target level. BB should also fast-track the development of a secondary market for T-bills to facilitate interest rate-based monetary policy management. The government should support this inflation control strategy by keeping fiscal deficits to a level it can finance prudently without requiring any borrowing from the BB.

Thankfully, since September 2023, the 6/9 interest rate policy has been abandoned, and Bangladesh Bank has stopped financing the budget deficit. On May 08, the BB formally adopted a market-based interest rate policy and declared its intention to monitor and manage interest rate developments based on standard monetary management tools, including bank rate and open market operations. The T-Bill market is now open to public participation. This is a welcome reform, which has already lowered the pressure on the exchange rate. Inflation reduction will take time because the fiscal policy adjustment is yet to happen.

The main macroeconomic concerns

Global inflation in FY2022 led to an 18% import surge, causing a significant trade and current account deficit. With reduced trade credit and foreign loans, reserves faced immense pressure. The government, unwilling to adjust the exchange rate, saw a significant loss of reserves and imposed import controls. As a result, imports slowed in FY2023. From August 2021 to September 2023, Bangladesh's reserves dropped from USD48 billion to USD26.9 billion, a 44% decrease.

Second, even with the imposition of import controls and tariff escalation, the government could not stem the loss of reserves and was forced to let some adjustments happen through the exchange rate. As a result, the taka depreciated 30% between June August 2021 and September 2023 (from Taka 85.2/USD to Taka 110.5/USD).

Inflation rates increased from 5.9% in January 2022 to around 10% by August 2023, driven initially by rising oil and commodity prices. However, ongoing inflation persists due to excess demand from domestic credit growth and financing budget deficits through money creation. External shocks have hit domestic revenue growth, with no significant efforts to increase the tax-to-GDP ratio. These shocks have raised budget subsidies, unaddressed by domestic reforms. The primary fiscal response has been cutting development and social protection spending rather than reducing the budget deficit to control inflation and balance payments. Additionally, borrowing from the Bangladesh Bank for deficit financing has added to inflation and foreign exchange pressure.

The banking sector is in crisis, and forensic analysis is crucial now. The transitional government is serious about tackling these challenges. Here are the key issues facing the banking industry.

Deteriorating portfolio quality

The share of distressed loans, including non-performing and restructured loans, is rising. These loans now total Taka 3334 billion or 8.4% of GDP. Banks with poor loan quality have increased over the years, with state-owned and some private banks holding the most distressed assets. Additionally, there is a loan provisioning shortfall in these banks. Although the aggregate risk-weighted capital ratio for the banking sector meets Basel 3 guidelines, it varies significantly between banks.

Slowdown in the growth of bank deposits

Deposit growth slowed considerably, sliding from a high of 22% in 2011 to 8% in 2023. This slowdown can seriously constrain the banking sector's ability to grow and serve the country's development needs.

Poor loan recovery

In 2022, loan write-offs amounted to Taka 653 billion, less than a third of which was recovered, resulting in a probable loss of Taka 445 billion for the banking system.

Weak bank problem

According to the latest data from Bangladesh Bank, ten banks, including six private commercial ones, faced a total provision shortfall of Tk31,549 crores.

The way forward

To start, let us discuss the challenge of deposit mobilization. Research suggests two reasons for the slowdown in deposit mobilization in an economy flush with liquidity, as evidenced by high inflation and strong demand for dollars and other assets like land and apartments.

The NBR intrusion in banking transactions and associated central bank restrictions on deposit holdings and usage have shaken depositors' confidence. They feel less secure holding bank deposits and prefer holding cash and US dollars.

Reducing inflationary pressure is essential for addressing deposit mobilization issues. The banking sector is built on depositors' confidence and comfort. If that is damaged, the industry and the economy will be badly hurt. To restore customers' confidence, the depositor's interest must be protected.

A sustained improvement in the quality of new lending can lead to a long-term reduction in the stock of NPLs. Strengthening the loan recovery process is the only alternative.

What to do about the weak banks?

Weak banks must prioritize meeting the minimum CRAR requirement and maintaining full loan provisions under current norms. They should continue accepting deposits and purchasing T-bills but avoid lending. The appointment of Ernst & Young and KPMG to assess the asset quality of six weak banks enhances transparency and accountability in the banking sector.

In a market economy, some loan restructuring is inevitable. Bangladesh Bank's extensive loan restructuring policy (LLRP) aims to reduce transaction costs and facilitate an orderly restructuring process for large enterprises with loans under temporary financial stress. Restructuring should be done prudently. Also, previous beneficiaries of LLRP should not have further access to this facility.

Sustained improvement in banking governance is the only option, and all lending and recovery decisions are made on strict professional grounds. We hope the banking sector will be de-politicized after the regime change and propel the country towards the desired development growth.

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Sumit Podder
Managing Director & CEO
Bangladesh Finance Capital Limited
EC Member
Bangladesh Merchant Bankers Association

The Banking Sector and the Capital Market in Bangladesh, Comparison with the Peer Countries

Introduction

The financial sector in Bangladesh is undergoing a critical transformation, with banks playing a dominant role in driving economic activities. Despite the presence of capital markets, businesses and individuals continue to prefer bank financing due to its accessibility, efficiency, and structured lending options. This article explores why banks remain the preferred choice, analyzing key factors such as governance, non-performing loans (NPLs), interest rates, and economic dependence. A comparative analysis with peer countries highlights structural inefficiencies in Bangladesh's financial system and the urgent need for capital market reforms. Understanding these dynamics is essential for shaping a more balanced and resilient financial ecosystem.

1. Why are Banks more preferred?

In Bangladesh, banks remain the dominant choice for financing due to their accessibility, process efficiency, and flexibility. This preference stems from their ability to offer quick funding solutions, minimal compliance requirements, and predictable costs tailored to the borrower's needs. Below, we explore these factors in detail.

Accessibility and Efficiency in the Loan Process comparing to the Capital Market

Banks offer a quick and accessible way for companies to secure funding. Unlike the capital market, which involves complex regulations and approval processes taking 1 to 2 years, bank loans are straightforward. In Bangladesh, the process from application to disbursement can be as short as 2-3 months. Below is a comparison table of the due diligence for these two funding options:

SL No.	Category	Bank Financing	Capital market
1	Due Diligence	A smooth process where predetermined requirements must only be fulfilled to avail bank financing.	Fundraising through the capital market contains some complexities, comparatively, as Issuers need to follow different regulations and due diligence processes for public offerings, Debt securities, alternative Investments, etc.
2	Financial Statement	The requirement that the Audit report be prepared according to the IAS and IFRS is not widely practiced or required for availing Bank Financing.	The Issuers need to prepare the audit report by the Commission nominated panel auditors, which has to be fully IAS & IFRS complied.

SL No.	Category	Bank Financing	Capital market
3	Asset Valuation	Asset Valuation is necessary for bank financing, but regulations are not imposed.	Asset Valuation is mandatory. The issuer must have the valuation done by commission-nominated valuers who must comply with all valuation standards.
4	Corporate Governance	Not Mandatory to comply.	Mandatory to comply.
5	Regulatory Permission	Does not require any regulatory permission.	Permission is depending on more than one entity. It is mandatory to get approval from the exchange (s) and the final consent from the commission.

Minimal Compliance Requirements

Bank loans in Bangladesh do not require the extensive disclosures or adherence to corporate governance standards demanded by capital market financing. This allows businesses to focus on operational growth without being burdened by regulatory hurdles. For instance, raising funds through an Initial Public Offering (IPO) requires compliance with numerous rules, such as preparing financial statements according to IFRS/IAS and adhering to corporate governance guidelines. These requirements can be daunting for many businesses.

Key Compliance Requirements for Capital Market Fundraising:

- Prepare audited financial statements as per IFRS/IAS.
- Adherence to corporate governance guidelines.
- Positive financial performance and operational history.
- Cost audits and valuation of assets.
- Extensive documentation, including revaluation reports, AGM records, and feasibility studies.

In contrast, bank loans are less stringent, allowing businesses in Bangladesh to secure funds efficiently and scale operations.

Flexibility in Fund Utilization

One significant advantage of bank financing is the flexibility in how the funds can be utilized. Companies can use bank loans for various purposes, such as working capital, capital expenditures, or debt consolidation. In contrast, funds raised through the capital market often come with restrictions. For example, IPO proceeds must be used strictly for purposes outlined in the prospectus, limiting a company's ability to respond to dynamic business needs.

Predictable Costs and Relationship-Based Lending

Bank loans offer predictable interest rates, typically determined based on market conditions and the borrower's creditworthiness. This predictability allows businesses to plan their finances effectively. Moreover, the personalized relationships between borrowers and banks in Bangladesh foster greater repayment flexibility, such as the ability to restructure loans in challenging times.

Dilution & Market Volatility

Banks are preferred over the capital market for financing due to the avoidance of equity dilution and preservation of ownership stakes. Additionally, bank loans offer predictable terms and stability, shielding businesses from the unpredictability of market volatility. The complexity and time involved in capital market processes also deter many companies.

Comparative Advantages of Capital Market Financing

Bank Loans:

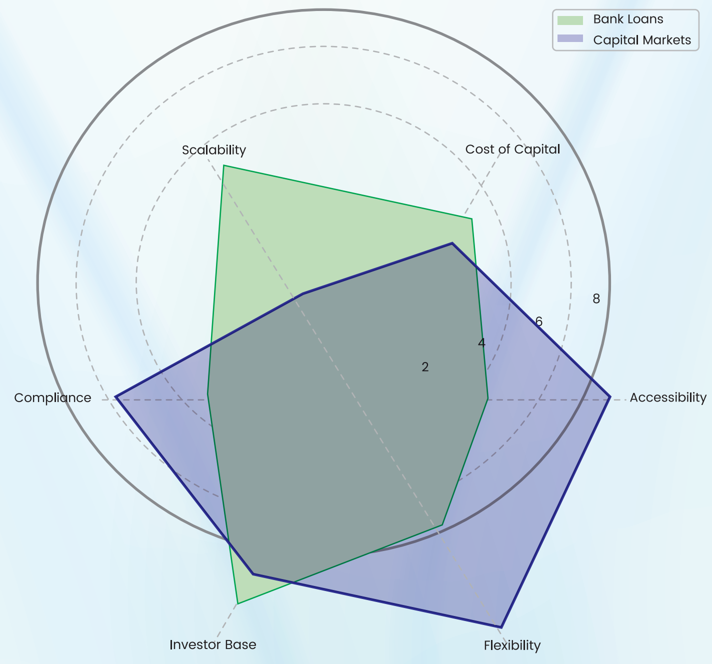
- Faster processing time (2-3 months).
- Fewer compliance hurdles.
- Greater flexibility in fund allocation.
- Relationship-driven support from lenders.
- Less expensive as no intermediaries are needed.

Capital Market Financing:

- Lengthy approval processes, which take around 18 to 24 months
- Stringent regulatory and compliance requirements.
- Restrictions on fund utilization.
- Higher cost of raising funds due to underwriting fees and other intermediary expenses.

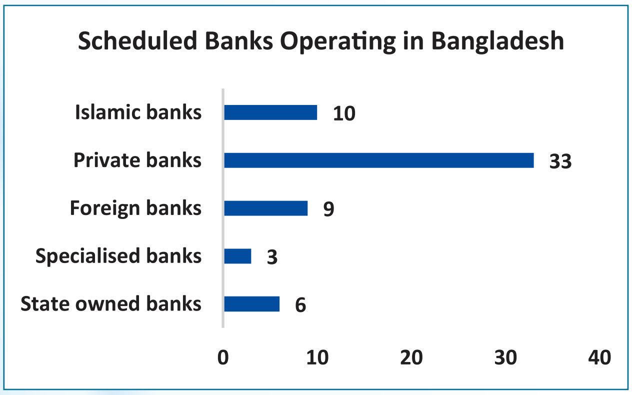
The radar graph compares bank loans and capital market financing on Scalability, Cost of Capital, Compliance, Accessibility, and Flexibility. Capital market financing excels in Cost of Capital and Flexibility, whereas bank loans are superior in Scalability, Accessibility, and Compliance. Thus, capital market financing suits businesses aiming for lower costs and more flexibility, while bank loans are better for those needing easy access to funding and more straightforward compliance.

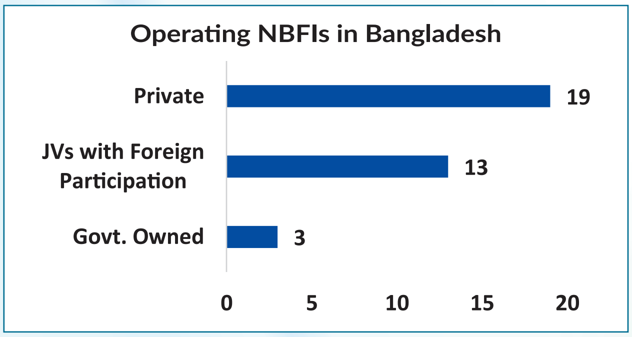
Bank Loans vs. Capital MarketFinaning : Key Attributes



2. Overview of Bangladesh's Banking Sector and Peer Countries

The banking sector in Bangladesh plays a vital role in the economy, holding 90% of financial assets, equivalent to around 48% of GDP. With a population of over 170 million and a $437.4 billion GDP. Bangladesh is one of the world's fastest-growing economies, averaging 6.9% annual growth over the last decade. The financial sector includes 62 Banks& 35 NBFIs, and the composition of them can be found below -



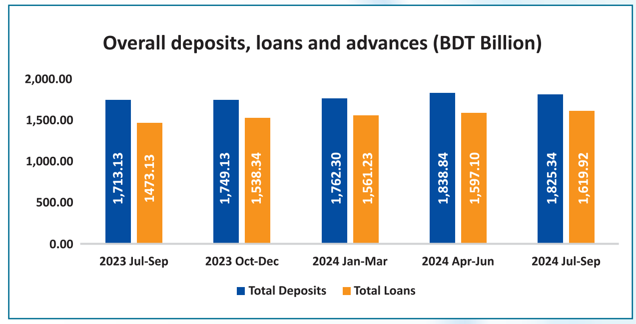


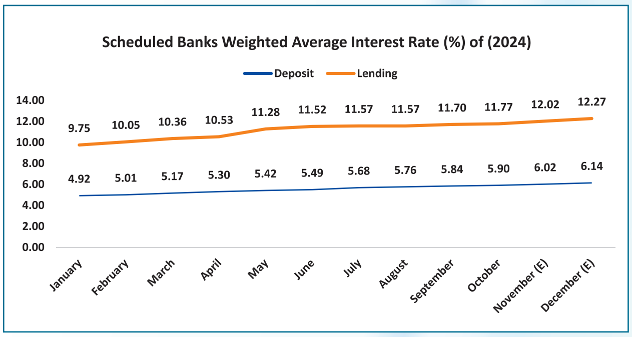
Source: Bangladesh Bank

2.1 Overview of Performance of the Banking Sector

The banking sector witnessed several challenges in 2024, including rising non-performing loans (NPLs), governance issues, and macroeconomic pressures. However, the Bangladesh Bank (BB) implemented various measures to stabilize the sector and promote financial health.

The gross NPL ratio increased significantly, reaching 12.56% by June 2024, the highest level in a decade. Despite these challenges, capital adequacy ratios remained stable, reflecting resilience in the sector. Liquidity conditions improved, with excess statutory liquidity ratio (SLR) funds growing to BDT 1958.24 billion in June 2024. However, private sector credit growth slowed due to higher borrowing costs stemming from tighter monetary policy.



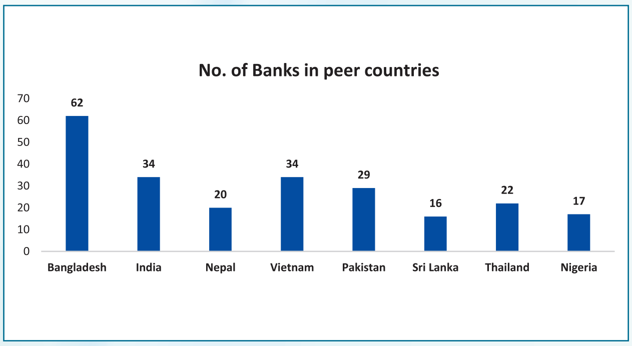


Source: Bangladesh Bank

Higher deposit and lending rates have widened the interest rate spread and boosted bank margins, leading to increased borrowing costs and slower credit growth in the private sector.

2.2 Comparing the Banking Sector with our Peer Countries

The banking sector in Bangladesh, one of the largest in South Asia with 62 banks, faces challenges in efficiency, governance, and financial inclusion. Despite its size, it underperforms in non-performing loans and financial inclusion compared to regional peers.

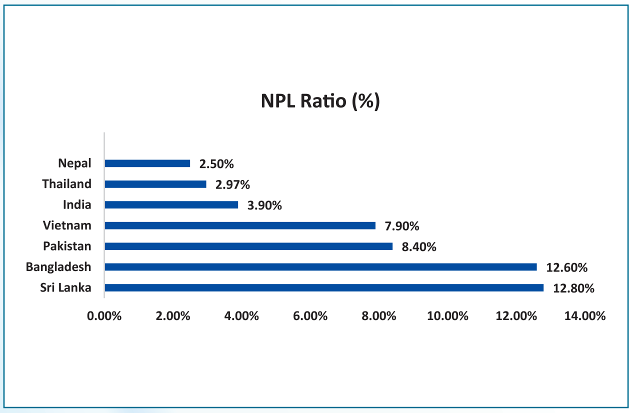


2.2.1 Number of Banks

When comparing the number of local banks, Bangladesh stands out with 61 banks, a number higher than its South Asian counterparts: Bangladesh's banking sector is overpopulated. Many banks struggle with low business volumes, leading to intense competition and higher customer charges to cover operational costs.

2.2.2 Non-Performing Loans (NPL)

One of the key challenges facing Bangladesh's banking sector in 2024 is the persistently high ratio of non-performing loans (NPLs), which indicates poor asset quality and underperformance. As of 2024, Bangladesh has the second-highest NPL ratio in South Asia at 12.60%, just behind Sri Lanka's 12.80%. The NPL ratios in other countries in the region are significantly lower, including Pakistan (8.40%), Vietnam (7.90%), India (3.90%), Thailand (2.97%), and Nepal (2.50%).

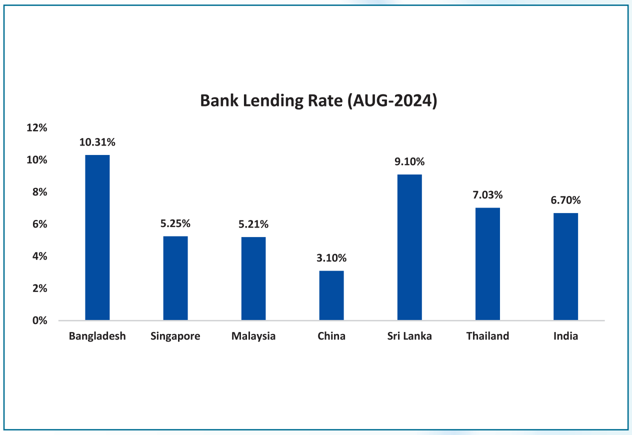


Source: Bangladesh Bank & CEIC Data

Bangladesh's high NPL ratio highlights loan recovery and credit risk management issues, suggesting that many banks in the country may struggle with governance and regulatory oversight. This is a key reason many companies work with banks rather than capital markets, where the risk of default and poor returns could be less pronounced if financial institutions are better regulated.

2.2.3 Rising Interest Rate (NPL)

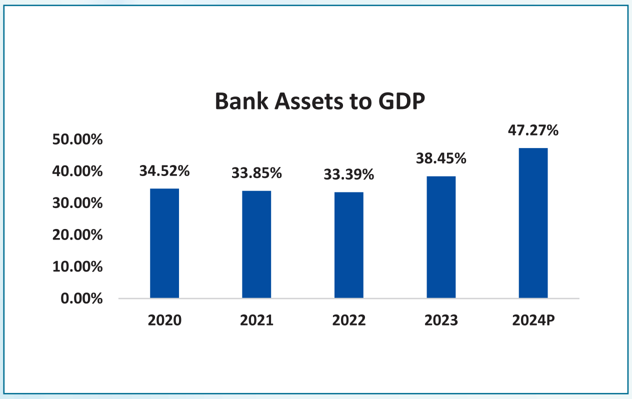
Bangladesh's heavy reliance on bank financing has led to high lending rates of 10%, significantly higher than countries like China (3%), Malaysia (5%), and Singapore (5%). This dependence strains the banking sector, raising credit costs and limiting affordable financing for businesses. Without a developed capital market, companies turn to banks for funding, intensifying competition for limited resources. In contrast, economies with balanced financial systems leverage capital markets to maintain lower lending rates. Bangladesh must develop its capital markets to support economic growth, reduce bank reliance, and improve access to affordable financing.



2.3 Banking Sector Dominates Amid Challenges

Despite numerous challenges and inefficiencies in the banking sector, Bangladesh continues to rely heavily on bank financing, as evidenced by the growing bank assets to GDP ratio. Over the years, this ratio has steadily increased, rising from 33.39% in 2022 to a projected 47.27% in 2024. This underscores the significant role banks play in the country's financial ecosystem.

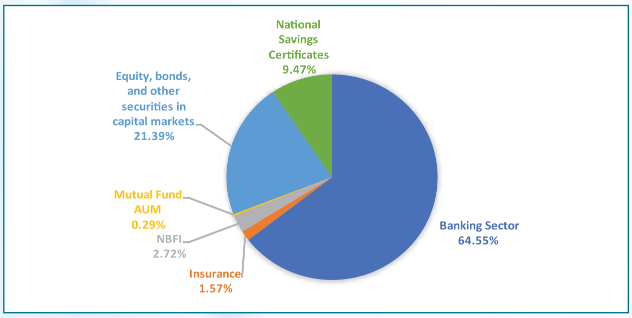
While the banking sector faces issues such as inefficiencies, non-performing loans, and limited financial inclusion, it remains the primary funding source for businesses and individuals. The absence of a well-developed capital market further reinforces the dominance of bank financing, as companies have limited alternatives for raising funds. The banking sector's significant contribution highlights its critical importance in supporting economic activity, even amid structural weaknesses. However, to ensure long-term stability and resilience, it is essential to address inefficiencies and develop alternative financing avenues, such as capital markets, to reduce over-reliance on banks and promote a more balanced financial system.



Source: Bangladesh Bank & CEIC Data

2.4 Economic Burden on the Banking Sector

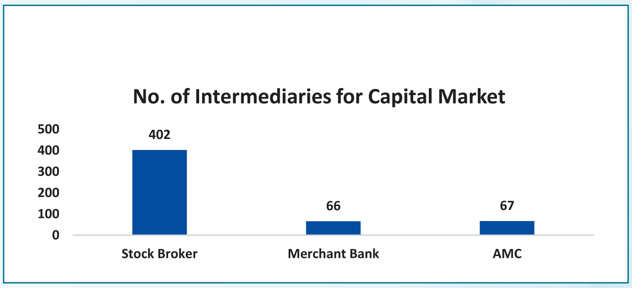
The economy of Bangladesh is overly burdened by its reliance on banking financing, with the sector holding an overwhelming share of financial assets at BDT 23,457.73 billion, far outweighing capital markets (BDT 7,774.76 billion) and National Savings Certificates (BDT 3,440 billion). This dependency on banks for loans, overdrafts, and trade finance leaves businesses vulnerable to high borrowing costs, strict collateral requirements, and limited funding innovation. The underutilization of alternative financing sources such as equity markets, mutual funds, and non-banking financial institutions has constrained economic diversification and growth potential. A more balanced financial ecosystem, emphasizing capital markets, NBFIs, and other alternatives, could reduce this burden, fostering innovation, accessibility, and resilience in the economic system.



Source: Bangladesh Bank & CEIC Data

3. Overview of Bangladesh's Capital Market & Peers

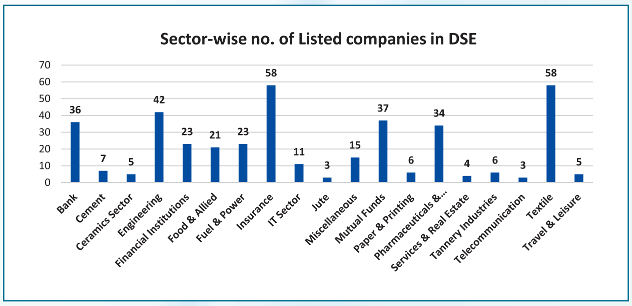
Bangladesh boasts a considerable number of financial intermediaries in its capital market. While this presence could facilitate capital mobilization and market growth, the market continues to face challenges in achieving its full potential. Over-reliance on Bank Financing on the bank financing in the economy overshadows the capital market. Companies often prefer bank loans over raising capital through equity or debt instruments due to lower perceived risk and easier access.



Despite having a high number of intermediaries, with 402 stockbrokers, 66 merchant banks, and 67 asset management companies, Bangladesh's capital market remains underperforming. Limited investor confidence, regulatory inefficiencies, and an underutilized bond market hinder its growth. Reforms are needed to unlock the potential of these intermediaries and drive market efficiency.

The sector-wise distribution of listed companies in Bangladesh reveals a significant concentration in the Insurance, textile, and Engineering industries. At the same time, sectors like Telecommunications, Jute, and Services & Real Estate remain underrepresented. This imbalance suggests a reliance on a few dominant industries, limiting diversification in the capital market.

Sectors like pharmaceuticals, banking, and mutual funds also have strong representations, indicating their importance to the economy. However, underrepresentation in emerging sectors like IT and niche areas like Jute highlights untapped potential. Enhancing sectoral diversity and encouraging growth in underrepresented industries could foster a more balanced and resilient capital market.

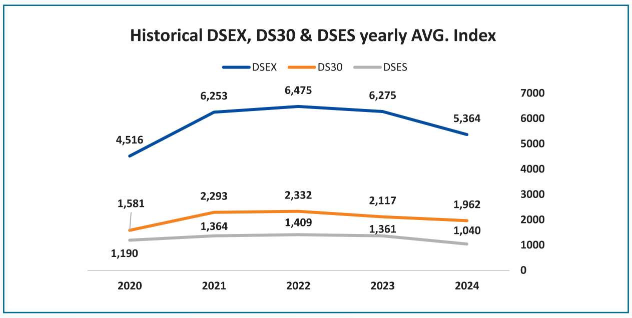


Source: BSEC & DSE

3.1 Overview of Performance of the Capital Market

3.1.1 Index Performance

The performance of the key stock market indices in Bangladesh—DSEX, DS30, and DSES—over the years reflects notable fluctuations, highlighting periods of growth and decline. From 2020 to 2022, the indices experienced substantial growth, with DSEX rising from 4,515.65 in 2020 to 6,475.45 in 2022, driven by market recovery post-pandemic and increased investor participation. Similarly, DS30 and DSES followed an upward trajectory during this period, reflecting robust performance among blue-chip stocks and Sharia-compliant equities.

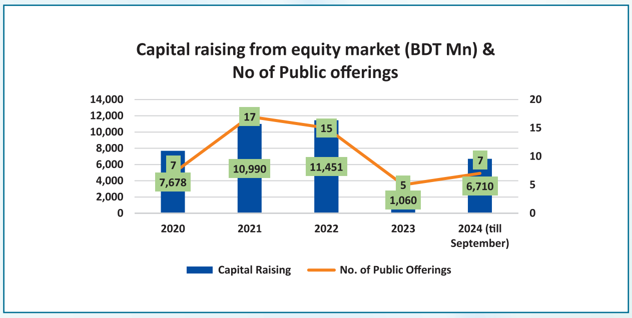


Source: DSE

However, in 2023 and 2024, all indices witnessed a marked decline. By 2024, DSEX dropped to 5,364.39, DS30 to 1,962.36, and DSES to 1,039.65. This downward trend indicates waning investor confidence, potentially due to macroeconomic challenges, reduced market liquidity, or global economic pressures. The sharp drop in 2023 suggests the need for robust policy measures to restore market stability and boost investor sentiment, ensuring a sustainable recovery moving forward.

3.1.2 Fund raising through equity market

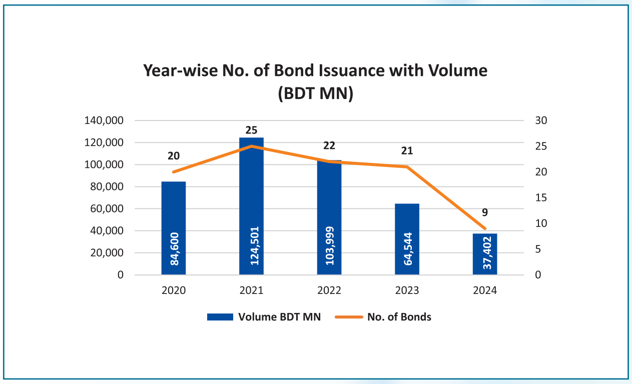
The chart highlights the funds raised from the equity market in Bangladesh and the number of public offerings over the years. Capital raising peaked in 2021 at BDT 10,990 million with 17 public offerings, followed closely by 2022, where BDT 11,451 million was raised through 15 offerings. However, 2023 saw a sharp decline, with only BDT 1,060 million raised through 5 public offerings, signalling reduced market activity and investor participation. As of September 2024, there is a modest recovery, with BDT 6,710 million raised from 7 public offerings.



This trend indicates a volatile equity market, potentially influenced by macroeconomic conditions, regulatory changes, or investor confidence. The sharp decline in 2023, followed by a partial recovery in 2024, suggests a need for targeted measures to stabilize and boost market performance, such as fostering investor confidence and ensuring a steady pipeline of quality public offerings.

3.1.3 Fund raising through the Bond market

Though making some progress, Bangladesh's bond market lacks liquidity and remains a minor part of the capital market. A more active bond market must provide lower-risk investment options and diversify financing sources. Reforms to improve bond market liquidity and encourage greater IPO participation are essential to boost market growth.



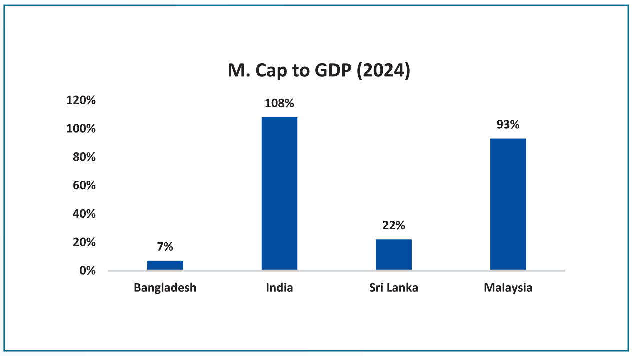
Source: DSE & BSEC

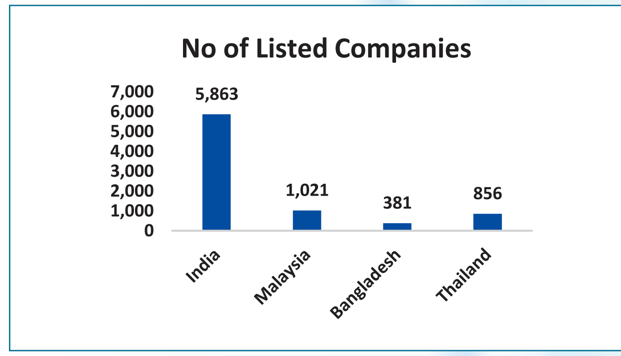
The bond market in Bangladesh has fluctuated from 2020 to 2024, with notable growth in 2020 and 2021, where the bond issuance volume reached BDT 84,600 million and BDT 124,501 million, respectively. However, 2022 saw a decline to BDT 103,999 million, and 2023 experienced a significant drop to BDT 64,544 million. In 2024, the volume decreased to BDT 37,402 million, reflecting economic uncertainties, higher inflation, and tightening monetary policies. This decline highlights a cautious investor sentiment amid rising borrowing costs, with the bond market facing challenges in maintaining growth and attracting investment.

3.2 The Capital Market compared to peer countries

The data reveals a significant contrast in market capitalization to GDP ratios between Bangladesh and other countries. Bangladesh stands at a 7% ratio, indicating a heavy reliance on bank financing. In comparison, India (108%), Malaysia (93%), and Sri Lanka (22%) highlight a much higher dependence on capital markets alongside banks.

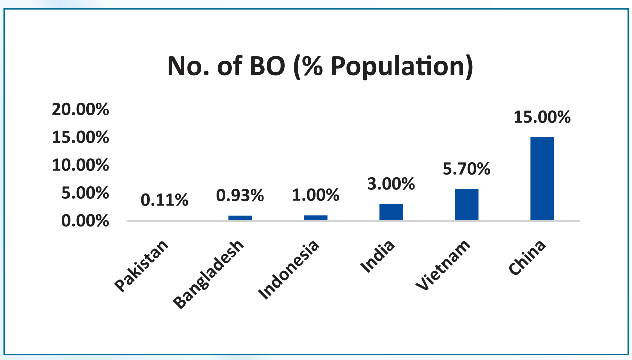
Globally, the trend is reversed from Bangladesh's model. Most economies balance capital market financing and bank financing, leveraging equity and bond markets to secure long-term funding. This balanced approach enhances financial stability, provides access





Source: CDBL & Respective Countries Stock Exchanges

to diverse funding sources, and reduces vulnerability to economic shocks. In contrast, Bangladesh's low market capitalization to GDP ratio highlights its over-dependence on banks and the underdeveloped state of its capital markets. To align with global trends and foster sustainable growth, Bangladesh must strengthen its capital markets, diversify its financial ecosystem, and reduce reliance on traditional bank loans.



Source: CDBL & Respective Countries Stock Exchanges

Bangladesh's underdeveloped capital market is evident in its low Beneficial Ownership (BO) account penetration, with only 0.93% of the population participating, compared to India (3.00%), Vietnam (5.70%), and China (15.00%). This limited engagement, along with only 381 listed companies compared to India's 5,863, Malaysia's 1,021, and Thailand's 856, highlights issues of awareness, accessibility, and trust in capital markets. The low participation and limited listed companies restrict the capital market's ability to provide long-term funding, leaving the economy heavily reliant on banks. In contrast, countries with higher BO penetration and more developed capital markets, like China and Vietnam, have reduced their dependence on banks through balanced financing.

4. A Comparison between the Money Market & Capital Market Instruments

Money Market		Capital Market	
Instruments	**Trends/Status**	**Instruments**	**Trends/Status**
Bank Loans	Term working capital loans and project finance loans are our country's most widely used financing methods.	Public Offering (IPO, QIO, RPO, Rights Offer)	Fundraising through the selling of shares. According to our statistics, companies are demotivated to raise capital.
Trade Financing	Short-term credit lines (overdrafts) and trade finance facilities (letters of credit, documentary collections) are used for importing/exporting goods. Though the limitation of foreign reserve and currency depreciation has hugely affected this facility	Venture Capital & Private Equity	Funding for early-stage startups or established companies with high growth potential in Bangladesh. Lack of proper guidelines, previous controversial instances, and lengthy exit options have affected investors' confidence in private equity.

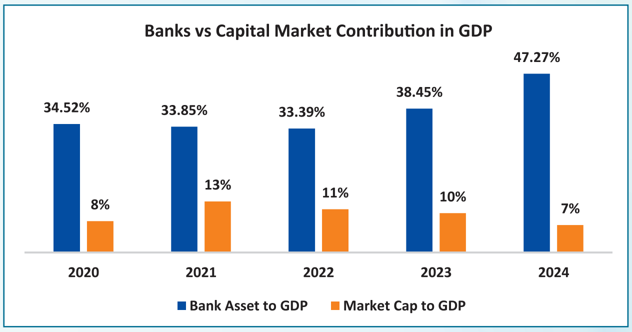
Money Market		Capital Market	
Instruments	**Trends/Status**	**Instruments**	**Trends/Status**
FDR & Certificates of Deposit (CDs)	Fixed-term deposits offered by banks with attractive interest rates are extremely popular among conservative investors in Bangladesh. However, the high demand for Bank financing has made the banks provide loans of higher volume and tenure than deposits, resulting in higher NPL and economic constraints.	Corporate Bond & Preferred Stock	Debt securities are securities issued by companies for capital raising. They usually include secured/unsecured and non-convertible/convertible options that offer higher flexibility. Our bond market is highly underutilized, as corporates tend to go for bank financing instead of issuing bonds, which is an excellent option for flexibility and long-term funding.
Treasury Bills (T-Bills)	Short-term debt securities issued by the Bangladesh government to manage fiscal policy and public debt. These securities offer record-high yields, attracting investors.	Municipal Bonds & Treasury Bonds	Municipal bonds are long-term debt securities the government or municipalities issued to finance public projects. While Treasury Bonds in Bangladesh offer secure investment options with moderate yields, the municipal bond market remains underdeveloped due to limited issuances and investor awareness.

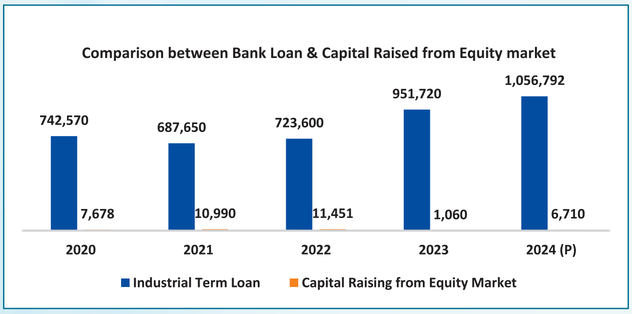
5. Over reliance on the Bank Financing Facilities

The contribution of bank assets to GDP has shown steady growth, increasing from 34.52% in 2020 to 47.27% in 2024, reflecting a 37% growth over the period. This highlights the growing dominance of the banking sector in financing economic activities. Market capitalization to GDP has declined, starting at 8% in 2020, peaking at 13% in 2021, and dropping to 7% in 2024, indicating a 46% decline from its peak. This highlights a diminishing role of the equity market in contributing to GDP. The banking sector has become the primary driver of GDP contributions, while the capital market's declining share highlights the need for reforms to bolster its role in economic growth.

`The data, measured in BDT million, shows Bangladesh's significant reliance on bank financing. Bank loans grew by 42.3% from 742,570 in 2020 to 1,056,792 in 2024, including a sharp 31.5% increase in 2023. In contrast, capital raised from equity markets fluctuated, peaking at 11,451 in 2022 but declining by 41.4% to 6,710 in 2024.

The overwhelming disparity, with industrial loans consistently dwarfing equity financing, underscores the underdevelopment of equity markets and highlights the need for diversification to reduce dependence on bank funding and enhance financial stability.





Source: BSEC, DSE & BBS

6. Transformative Journey – A Journey to the More Balanced Future

Bangladesh's financial sector is dominated by banks for both short—and long-term financing, creating systemic vulnerabilities. This proposal advocates a balanced approach, where banks focus on short-term financing and the capital market supports long-term funding. It emphasizes reforms, specialized instruments, and incentives to ensure sustainable economic growth and financial resilience.

6.1 Imbalance in Short-Term and Long-Term Financing in Bangladesh's Financial Sector

In Bangladesh, banks primarily manage short-term financing, whereas long-term funding through capital markets is underdeveloped. This differs from developed countries and peer economies, where banks and capital markets contribute more evenly.

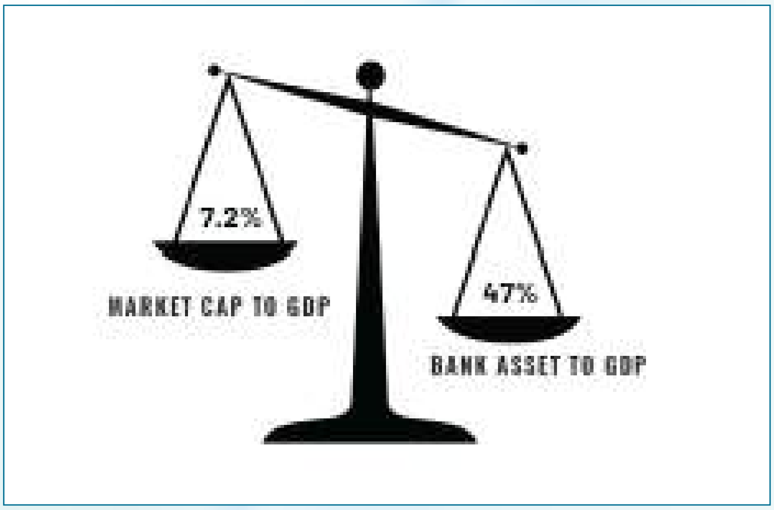
6.2 The Need for Strategic Shift Towards Balanced Financing

Our proposal emphasizes the need for a strategic shift towards a balanced integration of banking and capital market financing in Bangladesh. Historically, banks have been the cornerstone of the country's financial system due to their accessibility and familiarity. However, this reliance places significant stress on the banking sector, leading to systemic vulnerabilities such as increased non-performing loans and limited innovation in financing structures.

6.3 Opportunities in the Underdeveloped Capital Market

The economy heavily Depends on bank financing, with 47% of GDP contribution from banks compared to a mere 7.2% from the capital market. We must embark on a transformative journey to ensure sustainable growth, reducing this imbalance by fostering capital market development and creating a diversified, resilient financial ecosystem. In line with global practices, our approach consists of the following:

1. Promoting specialized capital market instruments for long-term financing, such as bonds and equity.
2. Encourage government entities and large corporations to raise capital through public offerings, municipal bonds, or other issuances.
3. Implementing regulatory reforms to increase investor confidence and market participation.
4. Establishing incentives for businesses to explore capital market solutions for funding.



6.4 A Balanced Contribution for Sustainable Economic Growth

A balanced contribution from the banking and capital market sectors is imperative for fostering sustainable economic growth in Bangladesh. Addressing these disparities will reduce economic risks and pave the way for a robust and resilient financial system that will support the nation's ambitious development goals.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Md. Kyser Hamid
Managing Director & CEO,
Bangladesh Finance Limited
Executive Committee Member, BAPLC

Building Trust : Redefining Stakeholders & Accountability of Banks and Financial Institutions in Bangladesh

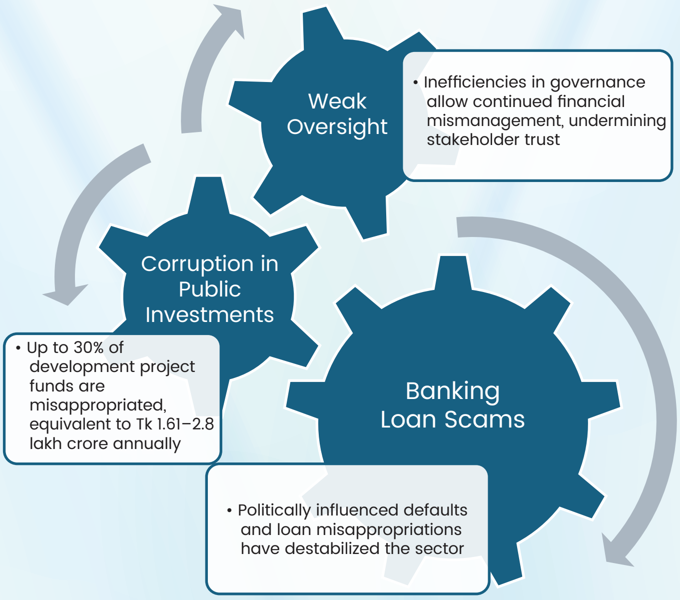
Introduction

Bangladesh's banking and financial sector is critical in driving economic growth, yet it faces increasing scrutiny over its accountability. However, systemic issues such as misappropriation, non-performing loans, and corruption have severely impacted public trust. Recent revelations in the Economic White Paper highlight systemic corruption, financial mismanagement, and a lack of transparency. This article explores the importance of accountability in restoring trust and ensuring sustainable growth in the financial sector. According to the 2024 Economic White Paper, illicit financial outflows average $16 billion annually, while distressed assets comprise 31.7% of total loans. These challenges demand immediate action to enhance accountability and ensure sustainable growth.

The Accountability Crisis

The White Paper on Bangladesh's economy revealed that the banking sector is among the most corruption-ridden, with distressed assets comprising 31.7% of total loans by mid-2024. Politically motivated defaults and loan scams have exacerbated the problem. Annual illicit financial outflows, averaging $16 billion, further strain the economy. Such practices undermine public trust and threaten long-term stability.

The White Paper highlights several alarming issues:

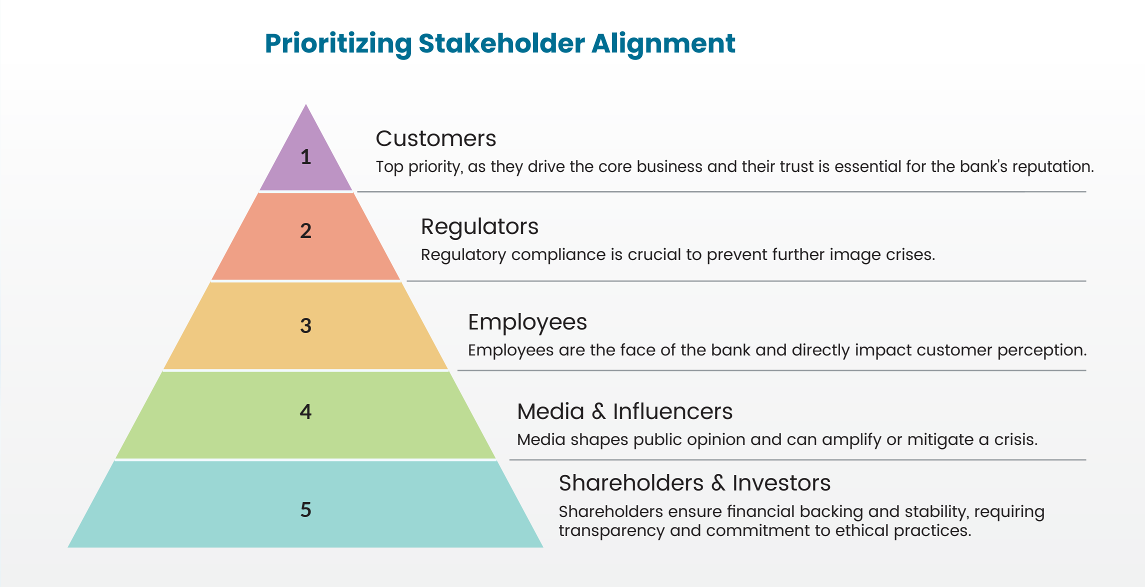


Stakeholders and Their Expectations

Accountability in the financial sector extends to a wide range of stakeholders:

- **Customers** : Seek ethical treatment and secure financial services.
- **Shareholders** : Demand profitable but sustainable returns.
- **Regulators** : Expect strict compliance with legal frameworks.
- **Communities** : Hope for inclusive growth and responsible investments.

In the face of an image crisis in the banking industry, prioritization should focus on rebuilding trust and ensuring stakeholder alignment. Here is a stakeholder prioritization framework for banks in such a scenario:



1. Customers (Top Priority)

Why Prioritize? Customers drive banks' core business, and their trust is the foundation of the institution's reputation.

- **Action Plan:**

⇨ Improve customer service and grievance redressal mechanisms.

⇨ Enhance transparency in fees, terms, and lending policies.

⇨ Launch financial literacy campaigns to educate customers on rights and protections.

⇨ Focus on digital security to prevent fraud and cyberattacks.

2. Regulators

Why Prioritize? Regulatory non-compliance is a key contributor to image crises in the banking sector.

- **Action Plan:**

⇨ Align with Bangladesh Bank's policies on compliance, risk management, and financial stability.

⇨ Proactively address audit findings and enhance compliance with anti-money laundering (AML) and counter-terrorist financing (CTF) regulations.

⇨ Collaborate with regulators for a transparent communication strategy about corrective actions.

3. Employees

Why Prioritize? Employees are the face of the bank and directly interact with customers, impacting perception.

- **Action Plan:**

⇨ Conduct ethics training and workshops on customer interaction.

⇨ Empower employees with tools and resources to handle complaints effectively.

⇨ Reward ethical behavior and ensure employee accountability to build public trust.

4. Media and Public Perception Influencers

Why Prioritize? Media shapes public opinion and can amplify or mitigate a crisis.

- **Action Plan:**

⇨ Engage in proactive public relations by communicating steps to resolve the crisis.

⇨ Work with reputable media outlets to highlight positive initiatives (e.g., CSR programs, community projects).

⇨ Leverage social media for direct engagement with the public, addressing concerns transparently.

5. Shareholders and Investors

Why Prioritize? Shareholders ensure the financial backing and stability of the institution.

- **Action Plan:**

⇨ Keep shareholders informed about the crisis resolution plan.

⇨ Emphasize long-term strategies for profitability and risk mitigation.

⇨ Rebuild confidence by demonstrating a commitment to ethical banking practices.

6. Communities

Why Prioritize? Banking practices directly impact communities and are vocal in influencing public perception.

- **Action Plan:**

⇨ Focus on CSR initiatives that address pressing social issues (e.g., financial inclusion, disaster relief).

⇨ Partner with local organizations to build grassroots support.

⇨ Promote green banking and sustainable financing to appeal to environmentally conscious groups.

7. Technology Partners

Why Prioritize? Technology is essential for securing operations and preventing further reputational damage.

- **Action Plan:**

⇨ Invest in cybersecurity solutions to mitigate risks.

⇨ Collaborate on developing user-friendly digital platforms.

⇨ Ensure robust systems for handling complaints and providing transparent services.

Immediate Focus Areas

Trust Restoration

Rebuilding trust with customers, regulators, and the public is paramount.

Operational Transparency

Publicly disclosing corrective measures is essential for regaining public confidence.

Accountability

Strengthening both internal and external accountability mechanisms is crucial for long-term sustainability.

By addressing these priorities, banks can rebuild their reputation, restore confidence and foster long-term growth in the Bangladeshi financial ecosystem.

Recommendations for Strengthening Depositor Protections

Deposit Insurance Enhancement

Increase coverage limits and ensure prompt compensation for affected depositors.

Regulatory Safeguards

Introduce strict penalties for financial mismanagement and conduct regular audits focused on depositor security.

Transparency & Communication

Provide clear, periodic updates on financial institution health and implement customer education programs on financial risks and protections.

Depositor-Centric Governance

Require depositor representation in decision-making processes and link executive compensation to metrics safeguarding depositor interests.

Protecting depositors must take precedence to restore trust in Bangladesh's financial sector. Financial institutions can rebuild public confidence and ensure a stable, inclusive banking environment by redefining stakeholder priorities and implementing robust safeguards. Stakeholder accountability, anchored by depositor security, is the key to long-term success.

Key Challenges

- **Loan Scandals and Defaults:** Misappropriation of funds and politically influenced loans.
- **Transparency Issues:** Lack of clear disclosures and effective oversight.
- **Inefficient Risk Management:** Weak internal controls leading to growing nonperforming assets.

Recommendations for Overcoming Challenges

1. **Strengthen Regulatory Frameworks**
   Enforce stricter compliance with financial laws and introduce automated monitoring systems to detect fraud and irregularities.
2. **Enhance Transparency**
   Mandate public disclosure of loan approvals and repayments and strengthen auditing practices with oversight from independent agencies.
3. **Improve Risk Management**
   Develop early warning systems for identifying risky loans and train financial managers to adopt international best practices.
4. **Promote Accountability Through Technology**
   Implement blockchain for secure and transparent financial transactions and use AI to detect patterns of corruption and inefficiency.
5. **Encourage Sustainable Financing**
   Expand access to green financing to drive eco-friendly projects and develop microfinance programs targeting underserved communities.
6. **Reform Corporate Governance**
   Ensure boards are independent and free from political influence and incentivize ethical practices with performance-based rewards.
7. **Customer-Centric Policies 7 rewards.**
   Improve accessibility to ethical banking services for underserved communities.

Conclusion

Bangladesh needs robust reforms to address systemic corruption and inefficiencies to achieve financial resilience. By implementing these recommendations, banks and financial institutions can restore trust, align with global standards, and drive inclusive economic growth. Bangladesh's financial sector's future depends on accountability becoming the cornerstone of its operations.

BAPLC Events

The BSEC Task Force and BAPLC held a bilateral meeting on January 13, 2025. BAPLC made many recommendations to the Task Force for the restructuring of BSEC

The Executive Committee of BAPLC, led by its President Rupali Haque Chowdhury met with the Chairman and other Commissioners of BSEC.

25th Annual General Meeting of Bangladesh Association of Publicly Listed Companies (BAPLC)

Business News

Berger Paints Bangladesh Ltd. holds EGM for issuing right share

The 10th Extraordinary General Meeting (EGM) of Berger Paints Bangladesh Limited was held on January 25, 2025, through hybrid platform. Gerald K Adams, Chairman, Berger Paints Bangladesh Limited presided over the meeting. Rupali Haque Chowdhury, Managing Director, along with other directors Anil Bhalla, Parveen Mahmud, Reazul Haque Chowdhury, Rishma Kaur, Kanwardip Singh Dhingra, Sunil Sharma, Jean-Claude Loutreuil, Sazzad Rahim Chowdhury and Md. Mohsin Habib Chowdhury also attended the meeting.

The members of the Company approved to issue 1 right share for every 17 shares to raise approximately BDT 3.03 billion for financing a portion of the third factory at National Special Economic Zone, Mirsarai. Subject to the approval of Bangladesh Securities and Exchange Commission, the general shareholders will receive 1 right share for 1 share held in the company through renunciation from the principal shareholder. In this process, the Company will also achieve above 10% free float.

Green Deposit

Bangladesh finance

BANGLADESH FINANCE GREEN DEPOSIT

INVESTING IN A SUSTAINABLE FUTURE

Bangladesh Finance is dedicated to promoting sustainable economic growth by offering financial products that support environmental well-being. The Green Deposit scheme is tailored for individuals and institutions aiming to invest in eco-friendly initiatives while securing competitive financial returns.

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Grow your wealth while supporting eco-friendly initiatives ! Our Green Deposit funds SDG-aligned projects like renewable energy and waste management, offering competitive return with ethical banking. Choose flexible tenures and contribute to a greener Bangladesh.

INVEST RESPONSIBLY, INVEST FOR IMPACT !

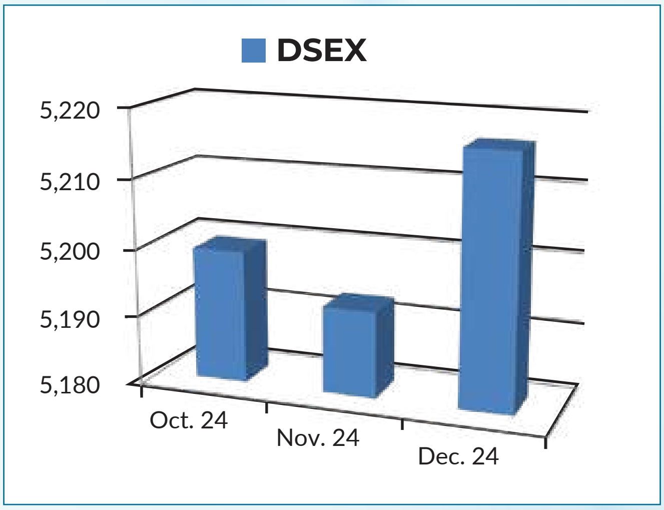
Capital Market Scenario

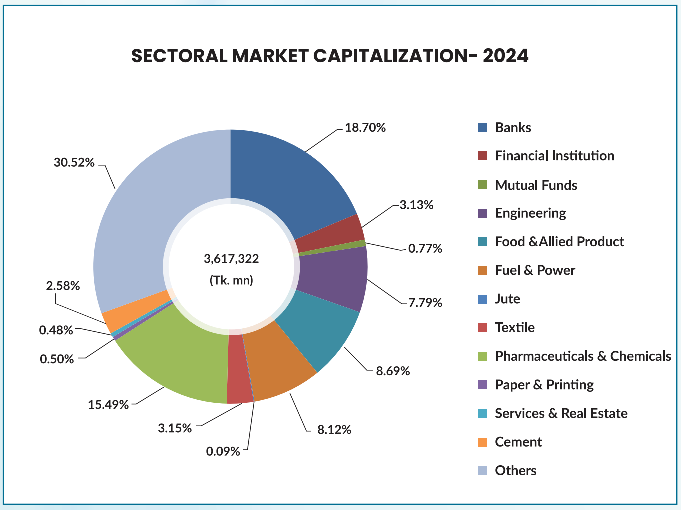
DSE market Indices:

October 2024				
Index Name	**1 Oct. 24**	**31 Oct. 24**	**Change**	**% Change**
DSEX	5,586.28	5,280.47	-59.71	-1.12
DSES	1,177.74	153.97	-1,023.77	-86.93
DS30	1,904.63	1,886.19	-18.44	-0.97
Total Market Cap. in Taka (mn)	6,605,406.40	6,493,870.71	-111,535.69	-1.69

November 2024				
Index Name	**3 Nov. 24**	**28 Nov. 24**	**Change**	**% Change**
DSEX	5,333.94	5,804.42	470.48	8.82
DSES	1,165.38	1,241.26	75.88	6.51
DS30	1,900.85	2,124.71	223.85	11.78
Total Market Cap. in Taka (mn)	6,533,680.66	6,995,815.49	462,134.83	7.07

December 2024				
Index Name	**1 Dec. 24**	**30 Dec. 24**	**Change**	**% Change**
DSEX	5,829.37	5,624.50	-204.87	-3.51
DSES	1,245.55	1,263.73	18.18	1.46
DS30	2,128.84	2,053.36	-75.48	-3.55
Total Market Cap. in Taka (mn)	7,016,736.29	6,834,116.13	-182,620.17	-2.60





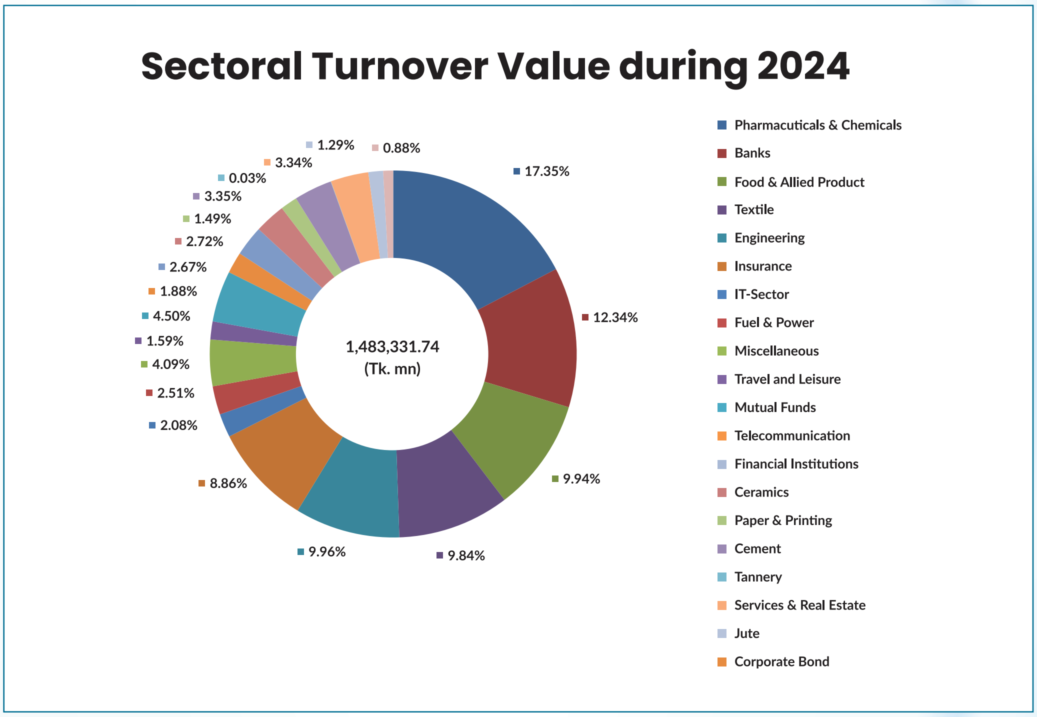
Source: DSE

SECTOR-WISE TURNOVER :

Manufacturing Sector dominated the DSE turnover in 2024 accounting for a 54.30 % of the total DSE turnover. Financial Sector 23.71 % and Miscellaneous & Service Sector contributed 21.96 % to the turnover. In terms of individual sectoral turnover Pharmaceuticals & Chemicals remains at the top with 17.35 % contribution and Banks sector contributed 12.34 % followed by Food & Allied product sector with 9.94 %.

Sector	2024		
	Total Turnover in million		
	Volume	Value	% of Turnover
Financial Sector			
Banks	183,087.09	7,498.46	12.34
Financial Institutions	37,176.94	1,031.60	2.51
Insurance	131,394.38	955.83	8.86
Total	**351,658.41**	**9,485.89**	**23.71**
Manufacturing			
Food & Allied Product	147,382.58	756.38	9.94
Pharmaceuticals & Chemicals	257,371.93	1,906.42	17.35
Textile	146,029.15	3,178.63	9.84
Engineering	137,312.08	1,689.95	9.26
Ceramics	30,844.02	298.23	2.08
Tannery	22,047.24	148.25	1.49
Paper & Printing	27,943.65	108.84	1.88
Jute	12,996.82	28.05	0.88
Cement	23,574.39	143.36	1.59
Total	**805,501.87**	**8,258.11**	**54.30**
Service & Miscellaneous			
Mutual Funds	40,311.09	1,735.50	2.72
Fuel & Power	60,625.00	688.26	4.09
Services & Real Estate	19,177.91	280.15	1.29
IT-Sector	66,790.20	858.03	4.50
Telecommunication	39,613.92	357.81	2.67
Travel and Leisure	49,537.54	459.34	3.34
Miscellaneous	49,654.38	324.81	3.35
Total	**325,710.04**	**4,703.89**	**21.96**
Bond			
Corporate Bond	461.41	2.05	0.03
Total	461.41	2.05	0.03
Grand Total	**1,483,331.74**	**22,449.94**	**100.00**

Source: DSE



Sectoral P/E

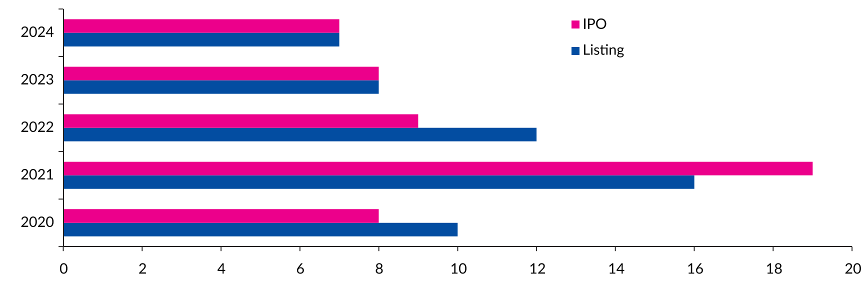
Sector	October 2024	November 2024	December 2024
Banks	6.06	6.43	6.34
Financial Institution	12.64	12.69	12.03
Mutual Funds	4.16	3.25	3.28
Engineering	10.75	10.92	10.65
Food & Allied Product	14.57	13.76	14.02
Fuel & Power	8.64	5.29	4.93
Jute	14.61	77.89	38.38
Textile	12.10	10.99	11.75
Pharmaceuticals & Chemicals	11.82	11.12	11.34
Paper & Printing	33.34	25.40	24.12
Service & Real estate	12.28	10.51	10.40
Cement	12.93	14.27	14.00
IT-Sector	19.06	18.94	18.07
Tannery	33.41	35.65	35.85
Ceramic	67.18	83.40	83.79
Insurance	12.64	13.51	13.19
Telecommunication	12.76	12.60	12.97
Travel and Leisure	12.30	61.94	57.61
Miscellaneous	16.51	16.92	17.30
Market P/E	**10.05**	**9.51**	**9.50**

Source: DSE

IPO'S SCENARIO

A total of 8 companies floated ipos worth bdt 28,844.13 million in 2023 while the number of ipos ware 9 in 2022 with on amount of bdt 18,512.82 million.

Year	IPO Issues	Issued Cap. BDt in mn	Pub. Offer BDT in mn	Sponsors BDT in mn	Pub. Subs. BDT in mn
2024	7	21,242.09	7,410.00	17,221.70	48,988.85
2023	8	28,844.13	3,660.00	6,936.70	5,498.51
2022	9	18,512.82	10,137.41	8,375.11	28,623.36
2021	19	65,919.91	21,833.61	24,563.63	51,044.97



	2024	2023	2022	2021	2020
Listing	7	8	12	16	10
IPO	7	8	9	19	8

IPO-2024

Sl. No.	Name of the Issues	Subscription Opening	Subscription Closing	Issued Cap. BDt in mn	Sponsors BDT in mn	Pub. Offer BDT in mn	Subscriptoin BDT in mn
1	Sikder Ins. Co. Ltd.	21.12.23	28.12.23	400.00	240.00	160.00	2,729.78
2	Best Holding Ltd.	14.01.24	18.01.24	10,592.30	9,255.77	3,500.00	13,212.12
3	UCB 2nd Perpetual Bond	14.01.24	18.01.24	300.00	-	300.00	300.00
4	NRB Bank Ltd.	28.01.24	01.02.24	6,905.87	5,905.87	1,000.00	3,605.53
5	Asiatic Laborotories Ltd.	04.02.24	08.02.24	1,223.93	878.48	950.00	3,998.45
6	Southeast Bank 1st Per. Bond	18.02.24	25.02.24	500.00	-	500.00	500.48
7	Techno Drugs Ltd.	09.06.24	13.06.24	1,319.98	941.57	1,000.00	24,642.49

Listing Scenario

A total of 8 companies with an issued capital of BDT 28,844.13 million have been listed in the country's premier bourse in 2023.

Year	Number of Listed Issues	Issued Cap. BDt in mn	Pub. Offer BDT in mn	Sponsors BDT in mn	Pub. Subs. BDT in mn
2024	7	21,242.09	7,410.00	17,221.70	48,988.85
2023	8	28,844.13	3,660.00	6,936.70	5,498.51
2022	9	18,512.82	10,137.41	8,375.11	28,623.36
2021	19	65,919.91	21,833.61	24,563.63	51,044.97

Listed Securities-2024

Sl. No.	Name of securities	Listing Date	Trading Date	Paidup Cap. BDT mn	Public Offer BDT mn	Sponsor BDT mn	Pub. Subs. BDT in mn	Public Subs. Over/(Under)
1	Sikder Ins. Co. Ltd.	15.01.24	24.01.24	400.00	160.00	240.00	2,729.78	2,569.78
2	Best Holding Ltd.	31.01.24	06.02.24	10,592.30	3,500.00	9,255.77	13,212.12	9,712.12
3	UCB 2nd Perpetual Bond	04.02.24	08.02.24	300.00	300.00	-	300.00	-
4	NRB Bank Ltd.	18.02.24	27.02.24	6,905.87	1,000.00	5,905.87	3,605.53	2,605.53
5	Asiatic Laborotories Ltd.	29.02.24	06.03.24	1,223.93	950.00	878.48	3,998.45	3,048.45
6	Southeast Bank 1st Per. Bond	12.03.24	19.03.24	500.00	500.00	-	500.48	0.48
7	Techno Drugs Ltd.	09.07.24	14.07.24	1,319.98	1,000.00	941.57	24,642.49	23,642.49

Source: DSE

BAPLC

Celebrating 25 Years of BAPLC:
A Journey of Togetherness and Growth

In 2024, BAPLC proudly marks its 25th anniversary, celebrating a remarkable journey of unity, growth, and success. This Silver Jubilee is a testament to the vision, dedication, and collective efforts of everyone who has contributed to our achievements.

We extend our heartfelt gratitude to the business leaders who founded this Association to protect the interests of listed companies, as well as to our former Presidents, Vice Presidents, and Executive Committee Members for their outstanding leadership. We deeply appreciate the unwavering support of our Member-Companies and the invaluable collaboration of BSEC, DSE, CSE, NBR, Bangladesh Bank, FBCCI, relevant ministries, and other stakeholders.

This milestone honors our legacy while reinforcing our commitment to making a lasting impact. As we celebrate 25 years, we embrace the future with excitement and determination to continue driving success together.


KOFI House
প্রতি চুমুকে আড্ডা জমে
Smart Refres
KOFI House
Cappuccino
instant coffee
3 in 1