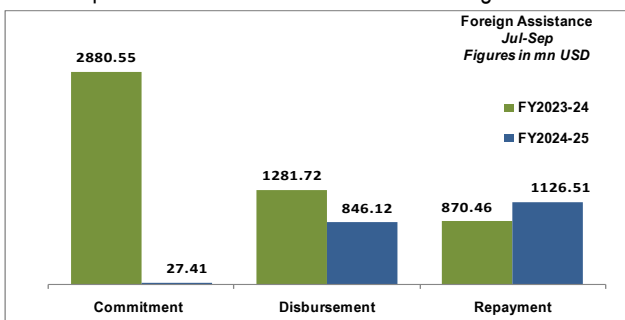


**Loan classification and provisioning criteria tightens**

The Bangladesh Bank (BB) strengthened loan classification guidelines to enhance risk-management capabilities of banks and transparency of financial reporting. The central bank issued a circular on 27 November 2024 amending the classification and provisioning of all loans, which will come into effect from 01 April 2025. The revised categorization is consistent with international best practices under Basel III, and also as prescribed by the International Monetary Fund (IMF). While approving the ongoing US\$4.7b loan package in January last year, the multilateral lender set several targets, including reworking loan classification rules. Previously in use, this method was modified by the prior government to hide the magnitude of debts that had defaulted. As per the new directives, if a loan remains overdue for three to six months, it will be classified as substandard, the first step of Non-Performing Loans (NPLs). Currently, the period of such classification is three to nine months. It will be classified as doubtful when the overdue tenure is six to twelve months. Currently, the period is nine to twelve months. Under the new rules, the overdue tenure for the bad and loss category remains the same as now, which is twelve months and above. According to the circular, banks must maintain provisions against their general category loans at a rate of 1% and 5% of the loan balance for Special Mention Accounts (SMA). Loans that remain overdue for two to three months will be categorized as SMA. If the loan is substandard, a 20% provision will be required, while classified loans in the doubtful category require provisions of 50% and if it is classified as bad and loss, a 100% provision will be made. If any loan is classified as substandard and doubtful, interest accrued on such loan will be credited to interest suspense account instead of crediting the same to income account. As soon as any loan or advance is classified as a bad loan, charging of interest in the same account will cease. The classification of each individual loan must be justified in writing and the documentation must contain the signatures of both the persons assigning the classification and the person reviewing it.

**Foreign aid disbursement and commitment down in Q1**

Bangladesh received foreign aid worth US\$846.12m in the first quarter of the current fiscal year, 34% lower than US\$1.28b received in the July-September quarter of the earlier fiscal year, according to the latest figures of the Economic Relations Division (ERD). Foreign debt repayment stood at US\$1.13b which is 33% higher than the amount received in loans and grants. The government repaid US\$870.46m in the Q1, FY2023-24. New foreign aid commitments experienced a drastic fall by over 99%. The loan commitment stood at US\$27.41m in the first quarter of the fiscal year, which was US\$2.88b in the same period of last fiscal year. Sluggish implementation of the development activities pushed down the disbursements of foreign loans.



**BB bill auctions resume amid liquidity shortage**

In a bid to avert deeper financial instability, Bangladesh Bank (BB) is set to provide liquidity support to National Bank, EXIM Bank, Social Islami Bank and First Security Islami Bank, each facing acute liquidity crises tied to irregularities during the tenure of the ousted government. Earlier, BB tried to avoid printing money in order to mitigate inflation and rather decided to tap into its own income, deposit insurance premiums and proceeds from bills and bonds to fund the intervention. However, it had to backtrack temporarily as a prior mechanism allowing distressed banks to borrow from other banks under central bank guarantees along with its own effort fell short of addressing the crisis, necessitating direct liquidity support. Although the banks collectively sought Tk250b, the central bank is providing Tk185b (as of 28 November 2024), prioritizing stabilization over complete relief. Meanwhile, BB has revived BB bills, after a three-year break since 2021, signaling an intensified effort to curb inflation by mopping up high-powered money from the banking system. Auctions for 30-day-tenure bills are set for 22 and 27 November, inviting participation from banks, financial institutions and investors with a minimum bid size of Tk1m. This initiative coincides with BB injecting Tk55.62b via assured repo (AR) facilities since 29 October 2024, aiming for a net-neutral monetary impact. Typically employed during liquidity surpluses, the use of BB bills amid a liquidity crunch could exacerbate stress, as banks with surplus funds may shift to BB bills over interbank lending, potentially disrupting the call-money market.

**Provision shortfall in banking sector rises**

The amount of provision shortfall in the banking sector increased significantly mainly due to the rising trend of the volume of non-performing loans. The shortfall in provisions nearly doubled at the end of September 2024 as scheduled banks failed to maintain required provisions against classified loans. According to Bangladesh Bank report, overall NPLs rose to Tk2,849.77b at the end of September 2024 from Tk2,113.91b at the end of June 2024. The total disbursed loans stood at Tk16,828.22b at end of September 2024 with 16.93% classified as non-performing. Meanwhile, the provision shortfall in the sector soared to Tk553.78b in September from Tk315.49b in June this year. The state-run banks logged 72% of the total shortfall, as the deficit reached Tk402.04b in September, which was Tk114.28b in June. The provision shortfall at the private banks also rose by Tk17.45b to reach Tk158.31b in September compared with that in June quarter.

**Government borrowing continues**

According to the latest figures from Bangladesh Bank (BB), the government has borrowed Tk562.29b from commercial banks in the first four months of FY2024-25 to sustain the economy and repay old loans, raising serious concerns about its long-term fiscal health. The government also repaid Tk395.33b of loans hence the net bank loan stands at Tk166.95b compared to a negative Tk26.71b in the same period last year. The government borrowing came at a time when many banks are struggling with liquidity issues and borrowing from BB. Increased borrowing from banks has led to a decline in private sector loan growth for much of the previous fiscal year. This trend has continued into the current fiscal year as well. Credit growth rate in the private sector fell sharply to 9.2% in September 2024 from 9.86% a month ago. This decrease marked the lowest growth rate since September 2021, when it reached 8.77%.

## Stock Market Movement



### Global Markets

	This Week	Last Week	+/- %
S&P 500	6,032.38	5,969.34	1.06
FTSE 100	8,287.30	8,262.08	0.31
Nikkei 225	38,208.03	38,283.85	-0.20
SENSEX	79,802.79	79,117.11	0.87
KSE 100	101,356.5	97,931.62	3.50

### DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	5,192.59	5,197.58	-0.10
Total Turnover, Tk	19,065.60	23,290.21	-18.14
Market Capital, Tk	3,565,777,277,258	3,555,266,206,020	0.30
No of Issue Gain	213	75	
No of Issue Loss	126	287	
No of Unchanged Issues	51	23	

### Top Gainers

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
Emerald Oil	24.90	31.40	26.10	242.00
Intraco Refueling	16.50	20.00	21.21	218.47
H.R.Textile	24.40	29.10	19.26	15.15
Doreen Power	23.60	27.60	16.95	133.43
BIFC	9.00	10.50	16.67	2.16
Genex Infosys	27.30	31.60	15.75	450.06
NRB Bank	12.40	14.30	15.32	780.47
Sonargaon Textiles	20.80	23.90	14.90	42.28
Metro Spinning	9.00	10.30	14.44	5.36
Safko Spinnings Mills	8.60	9.70	12.79	2.91

### Top Losers

Company	Last Week	This Week	Change %	Turnover (in BDTmn)
New Line Clothings	12.90	9.70	-24.81	24.31
Phoenix Finance	4.50	4.00	-11.11	6.44
Energypac Power Gen.	14.30	12.80	-10.49	15.33
Alltex Industries	11.00	10.00	-9.09	4.14
National Feed Mill	8.90	8.10	-8.99	2.86
Meghna Insurance	30.40	27.80	-8.55	72.33
Square Textile	53.90	49.60	-7.98	17.16
Global Heavy Chemical	24.40	22.50	-7.79	49.09
Pragati Life Insurance	160.60	148.50	-7.53	18.94
Nitol Insurance	30.10	28.10	-6.64	15.94

### Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	466.95	466.38	0.12	3,276.28	2,968.59	10.36
Cement	276.31	276.51	-0.07	272.05	394.84	-31.10
Ceramic	411.73	398.95	3.20	119.32	151.48	-21.23
Engineering	3,534.43	3,496.83	1.08	1,288.52	1,386.26	-7.05
Food & Al.	3,930.82	3,966.12	-0.89	1,967.10	2,067.23	-4.84
Fuel & Pow.	2,659.11	2,611.71	1.81	965.29	943.36	2.32
Insurance	1,932.50	1,945.92	-0.69	1,337.34	3,325.38	-59.78
IT	438.34	421.75	3.93	1,349.57	1,475.23	-8.52
Jute	1,865.07	1,874.62	-0.51	382.35	656.01	-41.72
Misc.	2,438.57	2,495.57	-2.28	919.43	852.97	7.79
Mutual Fund	332.71	326.43	1.92	366.28	430.59	-14.94
NBFI	792.76	783.68	1.16	811.66	1,020.28	-20.45
Paper	4,835.03	4,748.12	1.83	146.84	199.05	-26.23
Pharma	1,252.35	1,264.20	-0.94	2,310.65	3,053.80	-24.34
Service	1,105.93	1,065.46	3.80	277.02	413.13	-32.95
Tannery	729.65	729.04	0.08	80.31	132.61	-39.44
Telecom	3,874.89	3,846.93	0.73	452.32	457.86	-1.21
Textile	1,179.23	1,180.48	-0.11	1,578.12	1,945.90	-18.90
Travel & Leis.	937.31	912.62	2.71	299.81	384.43	-22.01

## Technical Talk

Dhaka stocks fell slightly in the past week as risk-averse investors maintained sell-off on major sector issues. Among the major sectors, Pharma decreased by 0.94% followed by Food & Allied 0.89% and Insurance 0.69%.

DSE Broad Index (DSEX) stood at 5,192.59 points after decreasing by 4.99 points or 0.10% from the previous week. Total turnover reached at Tk19065.6m, which was 18.14% lower than the previous week. Market capitalization increased by 0.30% and stood at Tk3565.78b (US\$29.71b) at the weekend against Tk3555.27b. DSE 30 decreased by 2.82 points or 0.15% and closed at 1,916.23 points against 1,919.05 points. Last week's weighted average Market PE was 9.51 which was 9.63 in previous week.

Based on the weekly chart of index movement, which is used to track short-term trend, technical readings are as under:

### Relative Strength Index (RSI) & Money Flow Index (MFI)

The RSI illustrates if the change of price movements is in overbought or oversold territory. MFI also depicts the same however; it incorporates trade volume along with the price change. Both weekly RSI and MFI stood at 42.62 and 40.96 declining from 43.26 and 44.82 respectively, indicating a downtrend.

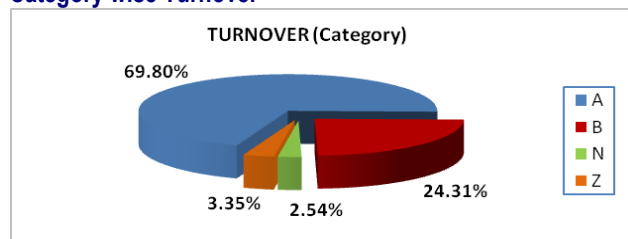
### Top Turnover Companies

Company	Volume	Value (BDT mn)	% of total
NRB Bank	58,161,579	780.47	4.09
Taufika Foods	6,142,048	550.96	2.89
BSC	5,420,523	505.11	2.65
Agni Systems	17,885,765	477.12	2.50
Midland Bank	13,382,455	454.63	2.38
Genex Infosys	14,899,488	450.06	2.36

### Top 10 Market Capital

Company	Market Capital (in million)
GP	431,691
BATBC	191,268
Square Pharma	184,825
Walton Hi-Tech	147,859
Robi	136,710
BEXIMCO	103,847
Brac Bank	85,477
Islami Bank	84,364
Berger Paint	81,518
United Power	76,114

### Category wise Turnover



### Commodity Price

	This Week	Last Week	Change %
Gold (USD/ton)	2,673.90	2,718.20	-1.63
Silver (USD/ton)	31.10	31.41	-0.97
Brent Crude Oil (USD/bbl)	71.98	75.09	-4.14

### Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	120.00	120.00	120.00	120.00	0.00	0.00
EUR	133.28	133.28	131.28	131.28	1.52	1.52
GBP	160.52	160.52	157.93	157.93	1.64	1.64
AUD	78.56	78.56	78.41	78.41	0.19	0.19
JPY	0.81	0.81	0.78	0.78	3.85	3.85
CAD	86.13	86.13	86.27	86.27	-0.16	-0.16
SAR	32.10	32.10	32.13	32.13	-0.09	-0.09

Notes: USD-US Dollar, GBP-Great Britain Pound, AUD-Australian Dollar, JPY- Japanese Yen, CAD-Canadian Dollar, SAR-Saudi Riyal.

### Last Public Offerings

Company	Subscription Period	Offer Price	IPO (M.Tk)
-	-	-	-