

Stocks rally for fifth day

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange closed higher yesterday, extending its gain for the fifth consecutive session.

The DSEX, the main index of the bourse, rose 25.59 points, or 0.49 percent, to settle at 5,219.62.

The other indices also gained before the end of the day's trading. The Shariah-compliant DSEI went up 0.84 percent to 1,146.77.

The D30, comprising the blue-chip shares, increased 0.91 percent to close at 1,996.78. Turnover, a key gauge of investor participation, was Tk 860.70 crore, up from Tk 775.90 crore in the previous session.

A total of 240,676 trades were executed, while block transactions amounted to Tk 13.35 crore across 27 scrips.

Market breadth showed a mixed picture, with 117 stocks advancing, 224 declining, and 55 remaining unchanged. Among A-category scrips, 85 gained, 103 lost, and 29 remained unchanged.

The B-category saw 16 stocks rise and 60 fall, while one issue remained unchanged in the N-category.

Segment-wise performance was mixed. In mutual funds, 4 issues advanced and 17 declined.

Corporate bonds saw just one issue advance, while the government bond market saw one issue advance and one decline. Among individual performers, Utara Finance and Investments topped the gainers' list with a 10 percent rise, while Express Insurance was the worst performer, dropping 9 percent.

Japan's SMEs ready to adapt to Trump tariffs

AFP, Tokyo

Small and medium-sized firms like Mitsuwa Electric that form the backbone of Japan's economy have weathered many storms over the decades, and company president Yuji Miyazaki is hopeful they will also withstand Donald Trump.

As part of a campaign against friend and foe, the US president has threatened 25 percent tariffs on imports of Japanese goods from August 1, having already imposed tough levies on its vehicles, steel and aluminium.

However, Miyazaki told AFP that he was confident.

"We are providing very specialised products for specialised industries, where it is difficult to change suppliers or supplying countries just because of boosted tariffs," he said on a tour of the 92-year-old firm.

"I'm not worried too much,

because if American companies can't produce parts on their own, they have no choice but to import those parts regardless of tariffs," the descendant of the firm's founder said.

With 100 employees, Mitsuwa Electric is not a household name.

But like millions of other SMEs that account for 99.7 percent of Japan's companies, it is world-class in its specialist niche.

It began making light bulb filaments and now produces coils, rods, needles, plates, pipes and wires for a range of goods including car lights, photocopiers and X-ray machines.

In 2022 it won a Guinness World Record for the smallest commercially available metal coil, with a diameter around half that of a human hair.

Mitsuwa's customers are across Asia, Europe and North America and include Japanese engineering

giant Toshiba and Toyota-affiliated parts maker Koito Manufacturing.

Miyazaki said the impact of US tariffs on the company's business is limited so far, with one auto sector customer asking it to lower prices. "All we can do is to adapt to any changes in the business environment," Miyazaki said.

Prime Minister Shigeru Ishiba has sent his tariffs envoy Ryohei Akazawa to Washington seven times since April to try to win relief from the tariffs.

US Treasury Secretary Scott Bessent was due to meet Ishiba and Akazawa on Friday in Tokyo.

But the prime minister's apparently maximalist strategy of insisting all tariffs are cut to zero have been criticised in some parts, especially as August 1 approaches.

US-bound exports of Japanese vehicles -- a sector tied to eight percent of Japanese jobs -- tumbled around 25 percent in May and June.

Rupali Bank's Q2 profit plunges 83%

STAR BUSINESS REPORT

Rupali Bank's profit plummeted in the second quarter of 2025 due to lower operating income.

The state-owned lender's profit declined 83 percent year-on-year to Tk 3.41 crore in the April-June quarter of 2025.

Its consolidated earnings per share (EPS) stood at Tk 0.07 for the quarter, down from Tk 0.42 (restated) in the same period a year ago, according to a price-sensitive information disclosure yesterday.

The bank attributed the profit fall to a decline in total operating income.

For the January-June period, Rupali Bank's consolidated EPS was Tk 0.20, compared to Tk 0.89 (restated) a year earlier.

Rupali Bank reported a substantial improvement in its cash management performance during the first half of the current year.

The bank's consolidated net operating cash flow per share (NOCFPS) soared to Tk 139.11, a significant rise from Tk 3.69 recorded in the corresponding period of the previous year.

The NOCFPS increased because deposits rose, the bank said.

As of June 30, the government owned 90.19 percent of Rupali Bank shares, institutions held 3.43 percent, and the public accounted for 6.38 percent, according to Dhaka Stock Exchange data.

Auditors, rating agencies fail

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Despite the bank's worsening financial condition, its auditors, Shafiq Basak & Co and Rahman Mostafa Alam & Co, reported no issues in 2023. They said the consolidated balance sheet of the lender gave a "true and fair view".

But when the bank's crisis surfaced the following year, the same auditors issued a qualified, or "not clean", opinion for 2024, citing a Tk 49,000 crore provision shortfall.

Efforts to contact both audit firms were unsuccessful. Calls went unanswered, and emails sent about the bank's audit drew no response.

Jamaluddin Ahmed, chairman of Emerging Credit Rating Ltd, distanced himself from the ratings, referring inquiries to the company's management. Executive Chairman NKA Mobin also declined to comment specifically on the First Security Islami Bank case.

RATINGS INFLATED, RISKS BURIED

Auditors are required to verify a bank's financial statements, while credit rating agencies base their assessments largely on those audit reports. In theory, these two checks should paint a clear picture of a bank's health.

In practice, though, the same troubling pattern seen in the First Security case has played out across other banks, including National Bank, Social Islami Bank, Islami Bank, Union Bank, and Global Islami Bank.

For years, these lenders were given glowing audit reports and high ratings, even as they accumulated mountains of bad loans--problems only brought to light following last year's political changeover.

Islami Bank, the country's largest Shariah-based lender, made headlines for massive lending irregularities, funneling money to shell companies tied to the controversial S Alam Group.

Yet, neither audit reports nor credit ratings reflected the scale of the problem.

In fact, Islami Bank received the highest possible rating "AAA" from its credit agency, despite evidence of severe internal weaknesses.

Emerging Credit Rating Ltd also handled the ratings for Islami Bank and National Bank. Union Bank received an "A-" rating from Alpha Rating, while Global Islami Bank was given "AA-" and Social Islami Bank "AA+".

All three of those banks struggled to return funds to depositors after the

fall of the Awami League government.

Attempts to reach Alpha Rating by phone failed. An email sent on July 16 went unanswered as of yesterday.

Khan Wahab Shafique Rahman & Co, which audited Islami Bank and Social Islami Bank in 2023, issued clean reports declaring the banks' financial positions "true and fair".

When asked about their failure to raise concerns, Mohammad Shaheed, senior partner at the firm, said the loans appeared regular during the audit period and only became classified later.

"We do not audit day-to-day activities. Banks are responsible for proper reporting," he said. Admitting auditors have limitations, he said, "An auditor alone cannot raise alarms without systemic support."

NOT SO INDEPENDENT

Independent directors are supposed to represent the interests of depositors and general clients. They have access to internal information and play a key role in ensuring that boards uphold integrity. In case of wrongdoing, they are expected to report it to the Bangladesh Bank.

If they cannot fulfil that duty, resignation could serve as a form of protest. Yet many now say they were under pressure to follow board directives.

Regarding the failure of independent auditors, The Daily Star contacted Jamaluddin Ahmed, chairman of Janata Bank and also an independent director.

Janata was once one of the most reputed lenders in Bangladesh, but its financial health started to slide downhill thanks to a series of loan scams involving AnonTex and Crescent Group.

Asked about his role under the previous government, he said, "We sent many objections to the central bank, but the regulator did not take action."

When asked to name one, he replied he could not remember any.

For listed banks, the Bangladesh Securities and Exchange Commission (BSEC) is tasked with reviewing financial reports. That layer of oversight has also been found wanting.

BSEC spokesperson Abul Kalam told The Daily Star that the commission's regulatory scope exceeds its current capacity.

However, he said some matters have already been referred to the Financial Reporting Council (FRC), which regulates audit firms, and some independent directors have been replaced.

ACCOUNTABILITY MUST NOT STAY MISSING

NKA Mobin, president of the Institute of Chartered Accountants of Bangladesh (ICAB), described auditors as the "fourth line of defence" in risk management.

He said auditors follow international standards, which rely on professional judgement and sample-based assessments rather than comprehensive checks.

Issues flagged during audits are generally resolved following Bangladesh Bank regulations.

Loan loss provisions, for instance, are usually determined through tripartite meetings between banks, auditors, and the central bank, and are often based more on regulatory guidelines than on IFRS 9 standards.

Mobin said during the tenure of the previous government, asset valuations were done according to regulatory instructions, not international benchmarks. "Now, under the current government, auditors can work more independently and follow international best practices," he said.

ICAB oversees audit firms, reviewing their work and imposing penalties when necessary. Disciplinary actions may include warnings, suspensions, or removal from membership.

Toufic Ahmad Choudhury, director general of the Bangladesh Academy for Securities Markets and former DG of the Bangladesh Institute of Bank Management (BIBM), stressed the need for accountability.

"The government must ensure the accountability of flag raisers. Otherwise, people will not receive fair judgment despite paying fees for auditing and ratings."

He added that in developed countries, investors and savers rely on audit and rating reports to make financial decisions. Until proper oversight is ensured, these services will fall short of their intended purpose.

Choudhury also called for better pay for auditing and rating firms. "Right now, firms are conducting audits and ratings at very low cost just to meet regulatory requirements," he said.

Md Sajjad Hossain Bhuiyan, chairman of the FRC, said the council and Bangladesh Bank are each investigating the role of auditors in troubled banks.

He expects the probe to conclude within a month, after which action will be taken.

Fraudulent trade deals

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BIBM warns that Bangladesh's banking system remains largely decentralised in handling trade finance.

Roughly one-third of banks continue to route trade-related operations through branch-level or siloed systems, rather than adopting a centralised model, increasing the risk of oversight failures. In contrast, countries like Singapore and Finland use centralised processing, which allows better enforcement, clearer accountability and stronger audit trails, the report says.

Though banks are required to conduct risk-based Know Your Customer (KYC) checks for all letters of credit (LCs) and export financing, as per BFIU's 2019 guidelines, real-time credit checks and customer verification often fall short in practice, it states, adding that relationship managers are tasked with verifying details using Credit Information Bureau (CIB) data, but oversight remains inconsistent.

The research team was led by Shah Md Ahsan Habib, professor (selection grade) at BIBM, with contributions from Tofayel Ahmed, Anila Ali, Shah Alam Kazi, Md Mahmudur Rahman, and ATM Nesarul Hoque.

Other team members are Tofayel Ahmed, assistant professor of BIBM; Anila Ali, assistant professor of BIBM; Shah Alam Kazi, joint director of BFIU; Md Mahmudur Rahman, DMD of Islami Bank Bangladesh; and ATM Nesarul Hoque, executive vice president of Mutual Trust Bank.

The paper recommends the establishment of a Trade Transparency Unit combining customs and BFIU data, publishing a public beneficial ownership register, and expanding KYC/AML duties to freight and warehouse operators.

It also calls for building an automated, analytics-driven compliance culture backed by strong institutional incentives and penalties for non-compliance.

In a country heavily reliant on exports and foreign credit lines, reining in trade-based money laundering is not optional—it is a fiscal and strategic necessity, the BIBM report notes.

Without urgent reform, it says, Bangladesh risks not only massive revenue losses but also falling behind in global anti-money laundering benchmarks, inviting greylisting and higher transaction costs for its legitimate trade.

Processed food exports slow

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"This situation requires close monitoring. Exporters must now reassess their strategies based on new market dynamics," he warned.

Not all companies have been equally affected. Square Group, a major exporter of agro-products, has largely avoided the impact due to its focus on markets in the US and Europe.

Md Parvez Saiful Islam, COO of Square Food & Beverage Ltd, said, "Companies relying primarily on the Indian market have suffered the most due to the port restrictions."

Industry insiders also point out that, unlike the RMG sector, Bangladesh's agro-processing industry lacks large-scale, export-oriented factories with strong backward linkages and research and development capabilities--weaknesses that are now being exposed.

The Ministry of Commerce had earlier set a target of 15 percent growth in agro-processed food exports for this fiscal year. However, with the current disruption, that target now appears increasingly unattainable.

IMF for keeping policy rate at 10%

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The monetary policy is expected to be unveiled at the end of July.

The IMF said monetary policy should remain data-driven, and the BB should cautiously commence the easing cycle based on solid evidence that current and projected inflation is declining to the target range of 5-6 percent.

"For effective policy transmission, it is critical that retail interest rates continue to be set freely by banks, based on risk-return considerations, and that BB avoids unsterilised liquidity injections into weak banks that lead to excessive softening of government debt yields and, potentially, of broader financing conditions."

The multilateral lender, referring to the relaunch of the market-based exchange rate

regime in May this year, said the BB should stand ready to tighten monetary policy to increase the interest rate differential if significant overshooting of the exchange rate occurs amid shallow forex liquidity.

"Comprehensive and continuous implementation of the new exchange rate regime remains a crucial transitional step towards full exchange rate flexibility," said the IMF report released by the end of last month.

"It is essential for facilitating smooth external adjustment, preserving foreign reserves, and improving the functioning and liquidity of the FX market."

The IMF said exchange rate parameters should be set based on macro-fundamentals relative to a basket of currencies, with a daily operational exchange rate band set


against the US dollar.

"Banks should be permitted to quote freely in the FX market to facilitate a market-based exchange rate. To achieve this, BB must refrain from moral suasion of banks and avoid regulatory measures that restrict free quoting."

The Fund said forex interventions must be auction-based. "A transaction-based reference exchange rate for client and interbank markets needs to be published continuously."

The report said steady progress in modernising the monetary policy framework remains critical to ensure the transition to a forward-looking monetary policy.

"A two-staged transition to a fully flexible exchange rate system and an interest-rate-based flexible inflation targeting framework is a priority," it added.



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অডিট ফর্ম তালিকাভুক্তির বিজ্ঞপ্তি

বাংলাদেশে কর্মরত চার্টার্ড একাউন্ট্যান্টস ফার্মসমূহের নিকট হতে বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ (IDRA) কর্তৃক তালিকাভুক্তির নিমিত্ত আবেদন আবেদন করা হচ্ছে। তালিকাভুক্ত ফার্মসমূহ দ্বারা বীমা আইন, ২০১০ এর আওতায়, বিশেষ নিরীক্ষাসহ (Special Audit) কর্তৃপক্ষের প্রয়োজন অনুযায়ী তদন্ত (Investigation), সম্পত্তি মূল্যায়ন (Asset Valuation), কোম্পানী মূল্যায়ন (Company Valuation)-সহ অন্যান্য কার্যক্রম পরিচালনা করা হবে।

(ক) আবেদনের যোগ্যতা: আবেদনকারীর নিম্নরূপ যোগ্যতা থাকতে হবে:

১. নিরীক্ষা ফর্মের অংশীদারগণ চার্টার্ড একাউন্ট্যান্ট হবেন;
২. বাংলাদেশ চার্টার্ড একাউন্ট্যান্ট অর্ডার, ১৯৭৩ (পিও ২, ১৯৭৩) মোতাবেক (ক) বিদেশী অডিট ফর্মের সাথে এফিলিয়েশন আছে এমন ফর্মের ক্ষেত্রে ০২(দুই) জন অনুমোদিত ফেলো চার্টার্ড একাউন্ট্যান্ট থাকতে হবে অথবা (খ) বিদেশী অডিট ফর্মের সাথে এফিলিয়েশন নেই এমন ফর্মের ক্ষেত্রে ০৪(চার) জন অনুমোদিত ফেলো চার্টার্ড একাউন্ট্যান্ট থাকতে হবে;
৩. বিদেশী ফর্মের সাথে এফিলিয়েশন থাকুক বা না থাকুক আবেদনকারী অডিট ফর্মের ০২(দুই) জন ফেলো অংশীদারের ন্যূনতম ১০(দশ) বছরের প্র্যাকটিসিং অভিজ্ঞতা থাকতে হবে;
৪. ফর্মের নিরীক্ষকদের Financial Reporting Council হতে হালনাগাদ তালিকাভুক্ত থাকতে হবে;
৫. নিরীক্ষা ফর্ম প্রয়োজনীয় সংখ্যক নিরীক্ষক স্টাফ থাকতে হবে যাদের সংখ্যা ১৫ (পনের) জনের কম হবে না;
৬. কোম্পানী আইনের বিধান অনুযায়ী নিরীক্ষক হিসাবে বিবেচিত হওয়ার প্রয়োজনীয় যোগ্যতা থাকতে হবে।

(খ) আবেদনের অযোগ্যতা: অডিট প্যানেলে তালিকাভুক্তির অযোগ্য হবেন, যদি:

১. আবেদনকারী নিরীক্ষক বা ফর্মের কোন অংশীদার কোনো আদালত কর্তৃক কোন অপরাধের জন্য দোষী সাব্যস্ত বা দণ্ডিত হয়ে থাকেন;
২. আবেদনকারী নিরীক্ষক বা ফর্মের কোন অংশীদার উপযুক্ত কর্তৃপক্ষ কর্তৃক শাস্তিপ্রাপ্ত বা কোনো তালিকাভুক্ত থাকেন।

(গ) আবেদনের সংযুক্তি: আবেদনের সাথে নিম্নলিখিত দলিলাদি জমা দিতে হবে:

১. আইসিএবি কর্তৃক প্রদত্ত সার্টিফিকেট অব প্র্যাকটিসিং-এর অনুলিপি;
২. বিদেশী ফর্মের সাথে এফিলিয়েটেড নিরীক্ষা ফর্মের ক্ষেত্রে এ সংক্রান্ত চুক্তি বা সমঝোতা স্মারকের অনুলিপি এবং রিভিউয়ের সমর্থনে দলিলাদি;
৩. আর্থিক প্রতিষ্ঠান সংশ্লিষ্ট অন্যান্য নিয়ন্ত্রণকারী কর্তৃপক্ষ যেমন জাতীয় রাজস্ব বোর্ড, বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশনের অধীনে তালিকাভুক্ত হয়ে থাকলে তার সনদ বা তালিকাভুক্তির প্রমাণ এবং তালিকাভুক্তির বিপরীতে পরিচালিত নিরীক্ষা কার্যক্রমের তালিকা;
৪. প্র্যাকটিসিং অংশীদারদের নাম, এনরোলমেন্ট নাম্বার, অভিজ্ঞতা (বছর), আপডেটেড বায়োডাটাসহ ফর্মের প্রোফাইল;
৫. কোন অংশীদার বা ফর্ম এর বিরুদ্ধে ইনস্টিটিউট অব চার্টার্ড একাউন্ট্যান্টস অব বাংলাদেশ (আইসিএবি) কর্তৃক ইতোপূর্বে কোন প্রকার শাস্তিমূলক ব্যবস্থা গ্রহণ করা হয়নি মর্মে আইসিএবি এর প্রত্যয়নপত্র;
৬. অডিট ফর্মের অংশীদারত্ব দলিলের অনুলিপি;
৭. আবেদনকারী ফর্ম ও এর অংশীদারদের বা নিরীক্ষকদের কারও কোন অযোগ্যতা (অনুচ্ছেদ খ দ্রষ্টব্য) নেই মর্মে ৩০০ টাকার নন-জুডিশিয়াল স্ট্যাম্পে নোটারাইজড হলফনামা।
৮. ফর্মের হালনাগাদ বৈধ ড্রেড লাইসেন্স, হালনাগাদ আয়কর পরিশোধের প্রত্যয়নপত্র, ভ্যাট রেজিস্ট্রেশন সনদের সত্যায়িত কপি।
৯. বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশন, বাংলাদেশ ব্যাংক, জাতীয় রাজস্ব বোর্ড বা অন্য যে কোন আর্থিক খাতের নিয়ন্ত্রণকারী কর্তৃপক্ষ কর্তৃক কোনো তালিকাভুক্ত করা হয়নি মর্মে যোগ্যপত্র।

উল্লেখ্য, ১৮/০২/২০২৫ খ্রি. তারিখে প্রকাশিত 'অডিট ফর্ম তালিকাভুক্তির বিজ্ঞপ্তি'র প্রেক্ষিতে আবেদনকৃত অডিট ফর্মসমূহকে পুনরায় আবেদন করার প্রয়োজন নাই। অডিট ফর্ম হিসেবে তালিকাভুক্ত কর্তৃপক্ষের নিকট থেকে অডিট কার্যাদেশ পাওয়ার নিশ্চয়তা প্রদান করে না। সম্পূর্ণ আবেদন আগামী ২০/০৮/২০২৫ খ্রি. তারিখ বিকাল ৫.০০ ঘটিকার মধ্যে কর্তৃপক্ষের দপ্তরে জমা দিতে হবে। কর্তৃপক্ষ অডিট প্যানেলে তালিকাভুক্তির ক্ষেত্রে যে কোন আবেদন গ্রহণ বা বাতিল করার অধিকার সংরক্ষণ করে।

পরিচালক (প্রশাসন)
বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ।

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