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How Successful Bank Mergers Should Look: Lessons from US–EU Models for Bangladesh’s Shariah-based Bank Integration

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The BICM Financial Market Review provides analytical insights about the performance of the financial market in Bangladesh on a monthly basis.

“Bangladesh’s Economic Stability: Expanding Foreign Exchange Reserves, Increasing Remittance Inflows, and Rising Bank Credit Amid Debt Burdens and Market Pressures.”

— Imran Mahmud, Lecturer, BICM & Md. Adnan Ahmed, Lecturer, BICM



Economy of Bangladesh

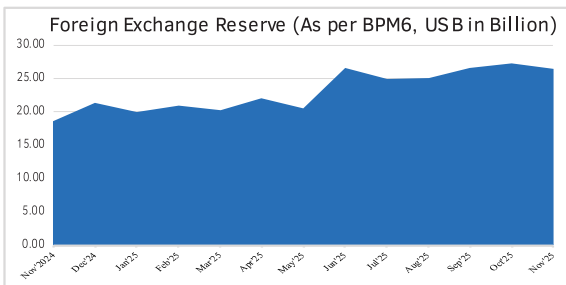


Figure-01 Forex Reserve

Bangladesh’s foreign exchange reserves stood at USD 26.51 billion in November 2025, slightly lower than USD 27.35 billion in October under the IMF’s BPM6 framework. However, the rebound in reserves compared to previous year comes as part of a broader improvement in external-sector stability, supported by a sharp increase in remittance inflows, and the maintenance of a flexible exchange rate regime [Fig-01].

Remittance inflows regained significant momentum in November 2025, increasing by 12.5% month-on-month to USD 2.88 billion, and representing a substantial 30% rise compared to the same period in the previous year. Despite mid-year volatility driven by seasonal fluctuations and post-peak adjustments, overall remittance performance has remained resilient, supported by improved exchange rate alignment, strengthened banking channels, and sustained manpower exports [Fig-02].

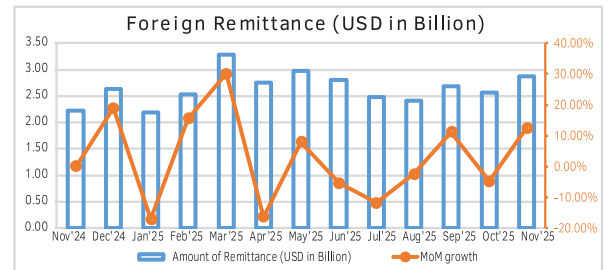


Figure-02 Foreign Remittance

As of November, 2025, yields of government securities stood at 10.14%, 10.14%, 10.24%, 10.10%, 10.79%, 10.39%, 10.74% and 10.82% for the tenures of 91-day, 182-day, 364-day, 2-year, 5-year, 10-year, 15-year, and 20-year, respectively [Fig-03].

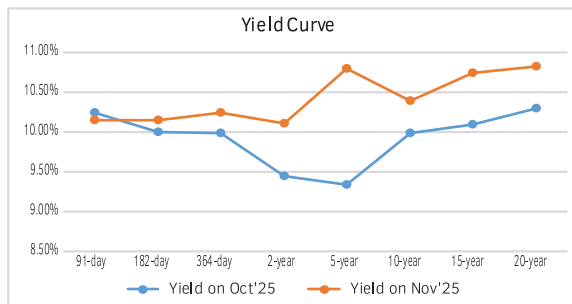


Figure-03 Yield Curve

Between October and November 2025, the call money rate marginally increased to 9.88%. Interbank repo rate remained stable at 10.00%. Meanwhile, the 10-year T-bond yield increased slightly from 9.99% to 10.39%. [Fig-04].

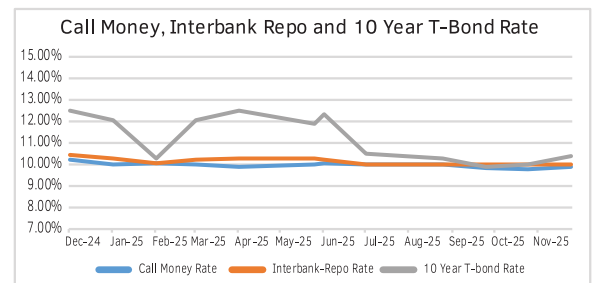


Figure-04 Call Money, Interbank Repo and 10 Year T-Bond Rate

A Visual Tour of the Key Statistics

According to the latest data from Bangladesh Bank, private sector credit growth reached 6.23% in October 2025, falling well below the central bank’s target of 9.8% [Fig-05].

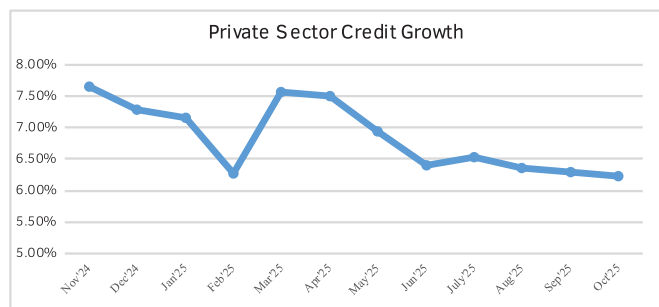


Figure-05 Private Credit Growth Rate

Bangladesh’s GDP growth is expected to recover to 4.8% in FY2025–26 and accelerate to 6.3% in FY2026–27, according to the World Bank’s October 2025 South Asia update. The South Asia region is projected to maintain strong growth momentum over 2024–2027. Growth is expected to rise from 6.4% in 2024 to 6.6% in 2025, before moderating to 5.8% in 2026 and rebounding to 6.5% in 2027 [Table-01].

Growth in South Asia					Revision to forecast from April 2025 (PercentagePoints)		
Country/Region	Basis	2024	2025(e)	2026(f)	2027(f)	2025(e)	2026(f)
South Asia region	Calendar Year	6.4	6.6	5.8	6.5	0.5	-0.6
South Asia region excluding India	Calendar Year	4.2	4.4	5.1	5.7	0.3	0.1
Maldives	Calendar Year	3.3	4.2	3.9	4	-1.5	-1.4
Sri Lanka	Calendar Year	5	4.6	3.5	3.1	1.1	0.4
Country/Region		2023 -24	2024-25(e)	2025-26(f)	2026 - 27(f)	2025 - 26(e)	2026-27(f)
Bangladesh	Fiscal Year (Jul-Jun)	4.2	4	4.8	6.3	-0.1	0.6
Bhutan	Fiscal Year (Jul-Jun)	6.1	7	7.3	6.1	-0.3	0.8
India	Fiscal Year (Apr-Mar)	9.2	6.5	6.5	6.3	0.2	-0.2
Nepal	Fiscal Year (Jul-Jun)	3.7	4.6	2.1	4.7	-3.1	-0.8

Note: (e) = estimate; (f) = forecast

Table 01- Projected GDP Growth Rates

From 2022 to 2025, Bangladesh’s domestic debt rose from BDT 8.49 trillion to BDT 11.95 trillion, while external debt increased from BDT 4.96 trillion to BDT 9.49 trillion. Overall, total public debt surpassed around BDT 21 trillion in 2025, highlighting a sustained upward trajectory. [Figure – 06]

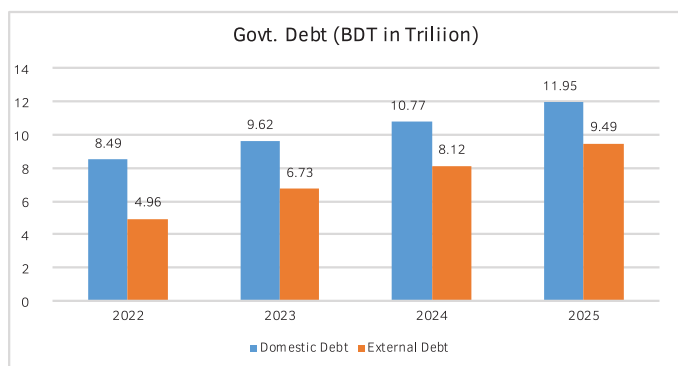


Figure-06 Govt. Debt

In September 2025, total deposits in banks rose by 9.98% year-on-year, supported by an 11.00% increase in time deposits, while demand deposits edged up 1.73%. Total bank credit grew by 11.63% year-on-year, driven primarily by a 32.51% surge in investments. Advances increased modestly by 6.07%, and import and inland bills rose 8.87%, indicating steady growth in both lending and trade-related financing. [Table -02].

Items	Sep, 2025	Aug, 2025	Sep, 2024	Percentage Changes	
				Sep, 2025 over Aug, 2025	Sep, 2025 over Sep, 2024

Deposits held in Banks (TK in millions)

Demand Deposits*	1,956,548.00	2,008,084.00	1,923,236.00	-2.57	1.73
Time Deposits*	17,190,897.00	17,039,318.00	15,486,855.00	0.89	11.00
Total	19,147,445.00	19,047,402.00	17,410,091.00	0.53	9.98

Bank Credit (TK in millions)

Advances	17,428,545.00	17,360,396.00	16,431,604.00	0.39	6.07
Bills (Import & Inlands Bills)	287,753.00	284,796.00	264,318.00	1.04	8.87
Investments	5,846,739.00	5,710,457.00	4,412,442.00	2.39	32.51
Total	23,563,037.00	23,355,649.00	21,108,364.00	0.89	11.63

Table-02 Trend of Deposits and Credit in Banks

Insights from Numbers

► Bangladesh’s foreign exchange reserves remained resilient in November, with the IMF-BPM6 measure estimated at USD 26.51 billion, supported by exceptionally strong remittance inflows. Remittances increased by more than 31% year-on-year to nearly USD 2.88 billion—the highest level in six months and 13% higher than in October—continuing the upward momentum observed since late 2024. This growth has been driven by a decline in informal transfer channels and increased manpower exports, all of which have strengthened formal remittance flows and enhanced foreign currency liquidity. These robust inflows have helped stabilize the reserve position despite routine external payment pressures, indicating continued support for Bangladesh’s external sector stability.

► The November yield curve shows a clear upward shift in medium- and long-term government securities, with the 2-year to 20-year tenors rising by 40–145 basis points, indicating firmer expectations of prolonged tight monetary conditions. The broad rise in longer tenors points to sustained inflationary pressures, higher government borrowing needs, and market expectations of limited policy rate easing in the short run. Overall, the steeper curve signals tighter financial conditions and increased return prospects for longer-duration investors.

► November data show a relatively steady short-term liquidity environment, with the call money rate inching up to 9.88% from 9.80% in October and the interbank repo rate holding firm at 10%. This stability suggests that banks’ immediate funding pressures remain contained. In contrast, the 10-year T-bond yield rose sharply to 10.39% from 9.99%, extending the upward trend seen since December 2024. The widening gap between short-term and long-term rates reflects heightened expectations of sustained fiscal borrowing and persistent inflationary pressures. Overall, the market signals confidence in near-term liquidity but anticipates tighter financial conditions over the medium term.

► Private sector credit growth eased to 6.23% in October 2025, continuing its gradual decline from September’s 6.29% and remaining far below the Bangladesh Bank’s 9.8% target. The latest figures reinforce a persistent downturn, with growth staying in the 6–7% range throughout most of the year. September’s 6.29%—the lowest in 21 years—highlights the depth of weak private borrowing appetite amid high lending rates, cautious bank lending, subdued investment sentiment, and slower economic activity. The trend suggests that despite stable liquidity, private sector demand for credit remains muted, reflecting ongoing macroeconomic and cost pressures.

► The World Bank’s October 2025 projections placed Bangladesh’s GDP growth at 4% for FY25, slightly down from FY24, with recovery expected to 4.8% in FY26 and 6.3% in FY27. While domestic demand and structural reforms support medium-term growth, short-term prospects are tempered by ongoing political turbulence and the uncertainties surrounding the upcoming national election, which may affect investor confidence and private sector activity. Additionally, the wave of financial sector mergers and consolidation in banking may influence credit availability and liquidity. Combined, these factors suggest that while the economy shows resilience, careful policy management will be critical to sustain growth and market stability during this period.

► Bangladesh’s public debt has been on a steady upward trajectory, with total liabilities surpassing BDT 21 trillion in 2025. Domestic borrowing accounted for the larger share, reflecting government reliance on internal financing for budgetary needs, while external debt also grew steadily, supporting development projects and infrastructure spending. The rising debt profile coincides with ongoing fiscal pressures, political uncertainty, and the consolidation of the banking sector through mergers, which may influence government borrowing costs and market liquidity.

► As of September 2025, deposits and credit in Bangladesh’s banking system maintained steady growth, reflecting continued liquidity expansion and investment activity. Time deposits led the increase, suggesting that savers preferred longer-term holdings amid stable interest rate conditions. On the credit side, total bank lending rose 11.63% year-on-year, driven by a strong 32.51% surge in investments, highlighting banks’ focus on portfolio diversification and low-risk avenues. Modest growth in advances and an 8.87% rise in import and inland bills indicate that private sector credit demand and trade financing are gradually improving, though not at the pace of investment growth.

Data Source: Bangladesh Bank, World Bank

"Market Correction Deepens as Major Indices Close November in Negative Territory"

Faima Akter [Lecturer, BICM] & Gourav Roy [Lecturer, BICM]



Capital Market

The capital market moved into a clear corrective phase in November, with all major indices posting declines and the SME index experiencing the sharpest drop, signaling broad-based weakness across investor segments.

The equity market exhibited a broad-based correction in November, with all key DSE indices closing the month in negative territory amid sustained risk aversion and subdued trading momentum. The benchmark DSEX dropped 2.68 percent as investors adopted a defensive posture, while the Shariah index DSES declined 3.12 percent, indicating amplified pressure on compliant stocks. Blue-chip sentiment remained weak, reflected in a 3.32 percent fall in the DS30, driven by valuation adjustments across fundamentally strong counters. The CDSET eased by 1.81 percent, marking a relatively moderate contraction compared to the broader market. The sharpest correction was observed in the SME index DSMEX, which fell 11.83 percent, underscoring heightened volatility and liquidity constraints in the SME segment. Overall market movement signaled cautious investor behavior, portfolio rebalancing, and ongoing macroeconomic uncertainty throughout the month.

Index Name	2-Nov-25	30-Nov-25	Change	% Change
DSEX	5,115.88	4,978.77	-137.11	-2.68%
DSES	1,078.98	1,045.30	-33.68	-3.12%
DS30	1,982.95	1,917.02	-65.93	-3.32%
CDSET	1,050.19	1,031.20	-18.99	-1.81%
DSMEX	965.52	851.31	-114.21	-11.83%

Table-03 Performance of Capital Market Indices in November, 2025

Daily index movements in November showed a broadly volatile and mostly bearish market. The month opened with consecutive declines, followed by the sharpest drop on 13 November when both DSEX and DSES fell more than 2.5 percent. A brief recovery occurred between 16–19 November and peaked on 24 November with gains above 2 percent in both indices. However, this rebound was short-lived, and the market returned to negative momentum toward month-end, closing 30 November with nearly 1 percent declines in both indices. Overall, the pattern reflects weak sentiment, intermittent recoveries, and persistent downward pressure throughout the month.

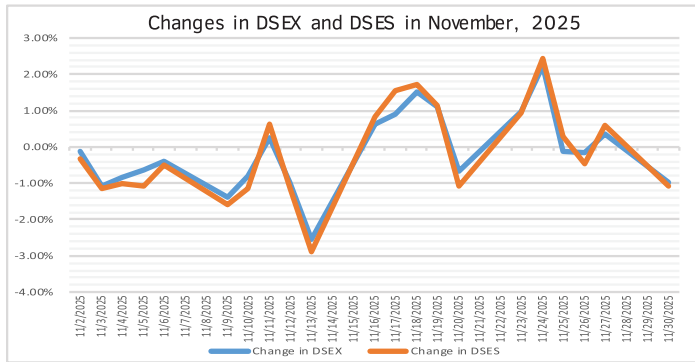


Figure-07 Percentage Changes in DSEX and DSES in November, 2025

On the other hand, both CASPI and CSE30 showed (Figure-08) a highly volatile pattern throughout November 2025, oscillating between brief recoveries and repeated dips without establishing any sustained upward momentum. The strongest mid-month rebound was short-lived, and the indices ultimately closed the month with cautious, mildly negative sentiment dominating overall market behavior.

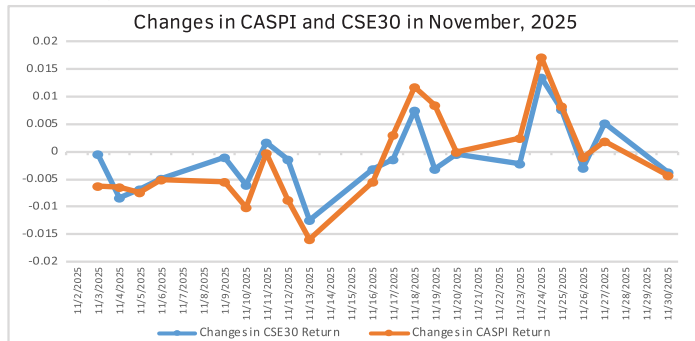


Figure-08 Percentage Changes in CASPI and CSE30 in November, 2025

The AD ratio (Figure-09) for November shows generally weak market breadth, with most sessions dominated by more declining stocks than advancing ones. A brief surge in breadth occurred around 17–20 November and peaked sharply on 24 November, but this momentum faded quickly. Overall, the market saw only short-lived improvements surrounded by predominantly negative breadth throughout the month.

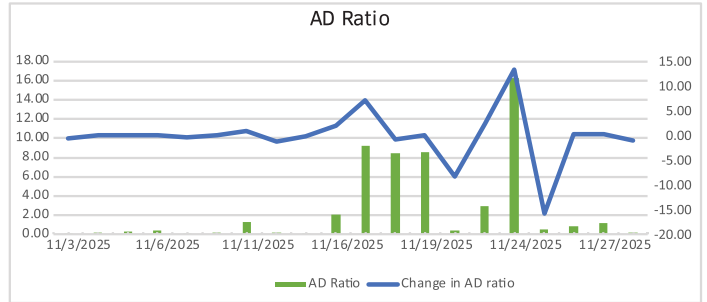


Figure-09 Advance Decline Ratio in November, 2025

As of Table-04, average market capitalization fell by 3.19 percent in November, indicating a broad decline in stock valuations across the market. At the same time, the average number of trades dropped by 11.18 percent, signaling weaker investor participation and lower trading momentum. Together, these movements reflect a month of subdued market activity driven by cautious sentiment and reduced risk appetite.

Particulars	30 October 2025	30 November 2025	Change	% Change
Average Market Capital (TK Million)	7091178.1	6,865,098.4	-226,079.7	-3.19%
Average Traded Value (TK Million)	5809.8	4,428.5	-1,381.3	-23.78%
Average Number of Trades	179779.5	159,672.1	-20,107.4	-11.18%
Average Trade Volume	180429844.2	149,789,790.6	-30,640,053.6	-16.98%

Table-04 Market Aggregates in November, 2025

Turnover in November was led by KBPPWBIL, SPCL, ORIONINFU, ANWARGALV, and BPPL, which posted turnover growth between 5 and 13 percent, indicating these stocks attracted the strongest trading interest during the month. On the performance side, REGENTEX emerged as the top gainer with a sharp 44.44 percent return, followed by NURANI. On the losing end, BIFC and KOHINOOR were among the worst performers, falling 10.00 percent and 9.38 percent respectively.

Turnover				Gainer		Loser			
Sl	Stock	Turn Over	Total (%)	Sl	Stock	Return (%)	Sl	Stock	Return (%)
1	KBPPWBIL	167.87	12.64%	1	REGENTEX	44.44%	1	BIFC	-10.00%
2	SPCL	166.44	7.36%	2	NURANI	35.29%	2	KOHINOOR	-9.38%
3	ORIONINFU	142.98	11.99%	3	APOLISPAT	33.33%	3	CAPMBDBLMF	-7.21%
4	ANWARGALV	134.61	5.34%	4	INECH	32.00%	4	MONOSPOOL	-6.87%
5	BPPL	116.37	8.44%	5	FASFIN	28.44%	5	EPGL	-6.25%

Table-05 Top Turnover Leaders, Gainers and Losers

The sectoral P/E landscape (Figure-10) reflects a wide dispersion in valuation premiums across industries. Tannery, Paper and Printing, and Miscellaneous trade at significantly elevated P/E levels, indicating strong growth expectations or stretched pricing. In contrast, Bank, Fuel and Power, and NBFI exhibit comparatively lower P/E ratios, signaling more conservative market valuations and modest earnings expectations.

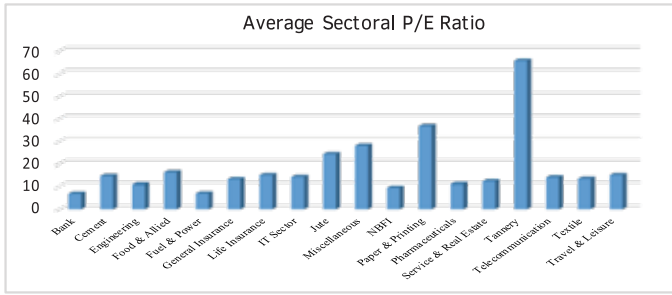


Figure-10 Average Sectoral PE Ratios

The sector return profile (Figure-11) indicates a predominantly bearish market environment, with most sectors delivering negative performance. Mutual Fund, NBFI, IT, and Pharmaceuticals absorbed the steepest declines, reflecting pressure on financially sensitive and high-beta industries. In contrast, Bank, Cement, Ceramic, and Food & Allied recorded milder contractions, signaling a relative flight to safety as investors gravitated toward stable, cash-flow-anchored sectors during the downturn.

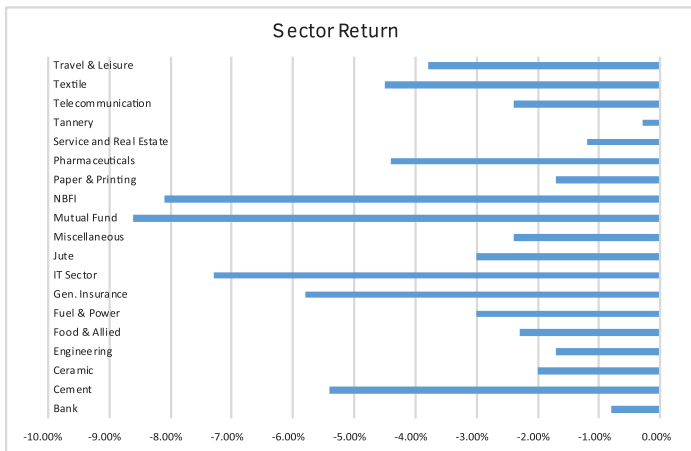


Figure-11 Sector-wise Market Return

The turnover distribution (Figure-12) shows that market activity was heavily concentrated in a few dominant sectors, particularly Pharmaceuticals, Engineering, Food & Allied, Fuel & Power, and Textiles, which together accounted for a substantial share of total trading. Smaller sectors such as Jute, Tannery, Mutual Fund, and Services & Real Estate contributed marginally, indicating limited investor engagement. Overall, the pattern reflects a liquidity tilt toward large, fundamentally anchored sectors, while niche and low-capacity sectors remained relatively inactive in trading dynamics.

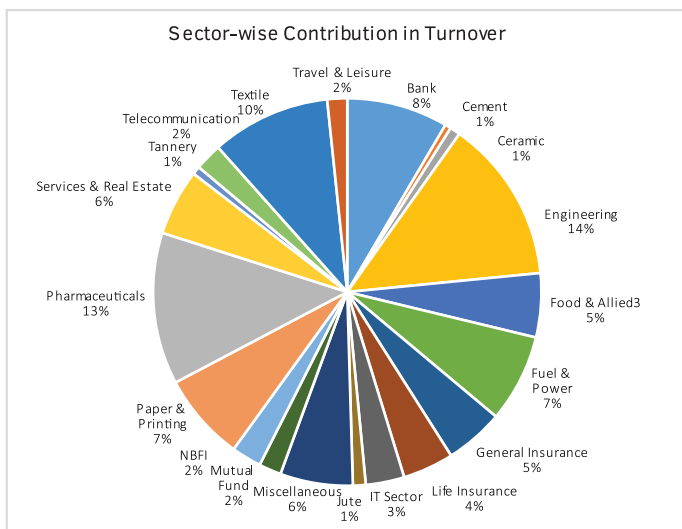


Figure-12 Sector-wise Contribution in Turnover

Global emerging markets showed mixed performance in November. Turkey's BIST 100 posted the strongest gain at 2.23 percent, followed by China's A50 with a modest 0.52 percent increase. India's BSESENSEX and Japan's Nikkei 225 both declined, falling 0.66 percent and 1.90 percent respectively. Bangladesh's DSEX recorded the largest drop at 2.68 percent, reflecting weaker market sentiment compared to peer markets during the month.

Performance Comparison of the World's Emerging Indices		
Country	Index Name	Return
India	BSESENSEX	-0.66%
China	China A50	0.52%
Japan	Nikkei 225	-1.90%
Turkey	BIST 100	2.23%
Bangladesh	DSEX	-2.68%

Table-06 Performance Comparison of the World's Emerging Indices in November, 2025

Commodity futures delivered a mixed performance in November. Natural gas led the market with a strong 13.50 percent gain, followed by gold at 5.14 percent and modest increases in sugar and soybean. In contrast, cotton declined by 6.15 percent and crude oil fell 3.55 percent, reflecting weakness in energy and soft commodities. Overall, the month showed strength in safe-haven and energy-linked contracts while several agricultural commodities remained under pressure.

Performance Comparison of Commodity Futures			
Commodity name	Return	Price (USD)	Parameter
SUGAR	1.27%	14.83	Lbs
NATURAL GAS	13.50%	4.88	MMBtu
COTTON	-6.15%	61.67	Lbs
SOYBEAN	1.24%	1134.35	Bu
GOLD	5.14%	4216.00	t.oz
CRUDEOIL	-3.55%	59.00	Barrel

Table-07 Performance Comparison of Commodity Futures

The capital market of Bangladesh experienced a broad-based downturn in November 2025, with all major indices closing lower. DSEX declined by 2.68 percent, DS30 by 3.32 percent, and DSMEX by a steep 11.83 percent, indicating sharper stress in the small-cap segment. Market liquidity weakened materially as average traded value fell by 23.78 percent, trade volume contracted by 16.98 percent, and the number of trades dropped by 11.18 percent, reflecting subdued investor participation throughout the month. Sectoral performance was predominantly negative, led by deep corrections in Mutual Fund, NBFI, Pharmaceuticals, IT, and several consumer-facing sectors, while Banking, Cement, Ceramic, and Food & Allied were relatively more resilient. Turnover was concentrated in Pharmaceuticals, Engineering, Food & Allied, Fuel & Power, and Banking, underscoring investors' preference for large, liquid sectors despite the bearish environment. The AD ratio showed sporadic spikes but generally trended lower, signaling consistent selling pressure and limited breadth of market recovery. Overall, November 2025 was characterized by weak sentiment, reduced liquidity, and sector-wide corrections, highlighting a risk-off posture across the investor base.

Data Source: Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Trading Economics



How Successful Bank Mergers Should Look: Lessons from US–EU Models for Bangladesh’s Shariah-based Bank Integration



A successful bank merger must be orderly, transparent and fair. Depositors believe their money is protected, lenders understand claims treatment and shareholders receive a clear law-based resolution (or see an understandable rationale for loss). The mergers in US & European markets provide practical real-world examples of how to do that. Bangladesh’s recent merger of five Shariah-based banks into a single state-run entity named “Sammilito Islami Bank” pressed much of the right system-stability buttons for the depositors but significant shortcomings remain on shareholder and subsidiaries and disclosure. This article analyzes what has happened so far with the recent merger, successful international merger models, summarize relevant international lessons with evidence, and proposes solutions based on global best practices to address critical gaps in the Bangladesh Islamic banking consolidation.

The Merger Overview

On November 5, 2025, Bangladesh Bank dissolved the boards of five troubled Shariah-based banks, initiating a state-led merger into a new entity named Sammilito Islami Bank. The five banks involved are:

1. First Security Islami Bank PLC (FSIB)
2. Global Islami Bank PLC (GIB)
3. Social Islami Bank PLC (SIB)
4. Export Import Bank of Bangladesh PLC (EXIM)
5. Union Bank PLC (UB)

The key financials of the five companies are shown below:

Bank	Shares outstanding (in crore)	NAV Per Share (BDT) September 2025	Free Float	Branch	Employees
FSIB	120.8	-14.65	94.10%	226	5996
SIBL	114	2.87	88.38%	180	4039
GIB	98.7	-44.4	84.57%	104	104
UB	103.6	15.41	45.51%	114	1650
EXIM	144.7	19.5	67.56%	155	3487

Table-01 Key Financials of Merged Banks

Source: DSE

Merger Direction and Concerns for Shareholders

Bangladesh Bank (BB) has initiated the merger of five struggling Islamic banks immediately after the reign of Awami League government ended leading to significant uncertainty for shareholders. Over the past year, the prices of these banks' shares fell to all-time lows. On November 5, 2025, the BB governor confirmed that the shares of all five institutions are now worth nothing, following an asset review that showed zero to negative net asset values. Consequently, it was declared that neither sponsor shareholders nor regular equity holders will receive any compensation from the merger initiative.

Trading of the banks' shares was halted shortly after this disclosure, and BB removed the boards of these banks, appointing administrators for a two-year consolidation process. The new Bank Resolution Ordinance, 2025 also stipulates those shareholders are not entitled to recover funds in cases of bank failures, prioritizing the protection of depositors instead.

BB outlined that any government funds allocated to the merged entity would exclusively shield small depositors while emphasizing that shareholders must bear the losses, consistent with international banking failure protocols. Conversely, the Bangladesh Securities and Exchange Commission (BSEC) has criticized this stance, urging BB to ensure a fair valuation and transparency for general shareholders, advocating for an assessment that takes into account not only book values but also intangible assets such as branch networks, customer bases, human capital, and recoverable collateral.

Market analysts voice concern over the lack of a structured restructuring plan encompassing branch consolidation, depositor reimbursements, employee retention, and shareholder treatment, which they believe might exacerbate mistrust in the financial sector. BB has indicated that an independent valuation will be considered for small investors post-resolution; however, there are currently no formal guarantees placing shareholders' prospects hinging on political will rather than legal safeguards.

How Much Shareholder Value Has Already Eroded?

The five Shariah-based banks have already seen unprecedented destruction of shareholder value, with market prices falling so sharply that, relative to their Tk 10 face value, investors have effectively lost 70%–85% of book value, translating into a combined value erosion of roughly Tk 4,489 crore against their paid-up capital. Table 2 shows the value destruction through the merger. Based on the last quoted prices before trading was suspended, the implied market capitalization of the five banks fell to just Tk 1,328 crore, down from Tk 4,043 crore in August 2024, meaning Tk 2,715 crore of market value has evaporated within 13 months. Individual banks experienced staggering write-offs in only the July–September 2025 window. By 30 September 2025, all five banks hit the lowest prices ever recorded in Bangladesh’s banking sector reflecting deepening concerns over loan quality, depositor outflows, sponsor divestment, the liquidity-support freeze during merger negotiations, and uncertainty surrounding how shareholder rights will be settled in the forced consolidation.

Bank	Shares outstanding (in crore)	Price as of Suspension of trading	Implied market cap (in crore TK)	Paid-up capital (face value Tk 10)	Value Lost Per Share (TK)	Total value lost (in crore TK)	% Loss from Par Value
FSIB	120.8	1.9	229.52	1208	8.1	978.48	81.0%
SIBL	114	3	342	1140	7	798	70.0%
GIB	98.7	1.7	167.79	987	8.3	819.21	83.0%
UB	103.6	1.5	155.4	1036	8.5	880.6	85.0%
EXIM	144.7	3	434.1	1447	7	1012.9	70.0%

Source: Author’s Own Analysis

Table-02 Value Analysis of Merged banks

Uncertain Future of Subsidiaries After the Merger

The merger also makes it very unclear what will happen to the banks' subsidiaries, which handle remittance services, brokerage operations, and merchant banking activities. EXIM Bank owns EXIM Exchange UK, EXIM Finance Hong Kong, and EXIM Islami Investment Ltd. FSIBL controls FSIBL Capital & Investment and FSIBL Exchange Italy. SIBL runs SIBL Securities and SIBL Investment. When a parent bank merges with another bank, its subsidiaries usually are either (a) absorbed into the new parent entity, (b) sold off to third-party financial institutions, or (c) placed under transitional administration to ensure continuity of service. When a bank takes over another bank, it usually gives clients advance notice and the right to opt out. But regulators in Bangladesh haven't said yet how these subsidiaries will be run or how they will be brought together. Thousands of customers and foreign counterparties are unsure about service continuity, licensing, and contractual obligations because there is no formal transition plan. This is an unnecessary gap compared to standard international merger procedures.

Successful Bank Mergers and Key Takeaways: The US and European Model

Successful bank mergers in the US and Europe show that transparency, fair pay, and guarantees for depositors are all important for protecting stakeholders. These are very different from the forced merger of five Islamic banks in Bangladesh, which is still going on. Shareholder rights were clearly protected in big US deals. The merger between JPMorgan Chase (JPM) and Bank One (BOK) in 2004 gave Bank One shareholders 1.32 JPM shares for every BOK share they owned. This kept their 42% ownership in the new company and gave them appraisal rights under Delaware law. Fifth Third-Comerica (2025) also made sure that the value was clear by setting a stock-exchange ratio of 1.8663:1. This meant that Comerica investors would own 27% of the new company. Chase Manhattan-JP-Morgan (2000) and Wells Fargo-Wachovia (2008) were two deals that worked in a similar way: shareholders kept their voting rights, got paid in stock, and could get independent fairness opinions. All US mergers were protected by the

FDIC guarantee, which meant that deposits up to \$100,000 (later \$250,000) were fully protected. This kept the public's trust. The Deposit Guarantee Scheme (DGS) in Europe is similar to this. It requires advance notice, allows penalty-free withdrawals over the €100,000 limit, and strict oversight to make sure that depositors are clear about what they are doing. Another successful EU bank merger took place in 2016 through the integration of Banco Bilbao Vizcaya Argentaria (BBVA) and Catalunya Banc, where BBVA absorbed 98.4% of Catalunya Banc's share capital of the Catalan bank after getting shareholder approval and regulatory authorization. The merger proved that such strategic consolidation can create tangible value as it was seen that the merger doubled BBVA's market share in Catalonia, increased its Spanish loan portfolio by 14%, deposits by 23%, and expanded its customer base by 18%, directly enhancing shareholder wealth. Even failed European mergers, like the failed Deutsche Bank–Commerzbank (2019) proposal, show that deals fall apart if they don't have reliable ways to protect shareholders, workers, and depositors.

The merger of five Shariah-based banks in Bangladesh is very different. It has wiped out all of the shareholders, even though they had a total of BDT 5,818 crore in paid-up capital. The table shows that while global mergers kept shareholders' ownership between 27% and 50%, Bangladeshi shareholders lost all of their equity because there was no exchange ratio, no compensation framework, no shareholder vote, and the value was set only by Bangladesh Bank. Depositor protection is still based on rules rather than rules, and about Tk 4,500 crore in shareholder value has already been lost. This shows that the merger process is very different from global standards for fairness, openness, and protecting financial rights.

Merger Deal	JPMorgan Chase (JPM) & Bank One (BOK)	Wells Fargo (WFC) & Wachovia (WAC)	Fifth Third (FTK) & Comerica (CMC)	Chase Manhattan (CMH) & JPMorgan (JPM)	Sammilito Islami Bank Merger
Year	2004	2008	2025	2000	2025
Deal Value (USD Billion)	\$58.3B	\$12.7B	\$10.9B	\$36B	Null
Stock Exchange Ratio	1.32 JPM per BOK	1.0 WFC per WAC	1.8663 FTK per CMC	1.20 JPM per CMH	ZERO
Shareholder Ownership	42% BOK shareholders in combined entity	Stock swap maintained ownership stakes	27% CMC shareholders in combined entity	50/50 board seats, equal footing	0%—All equity erased
Depositor Protection	FDIC guarantee (100% up to \$100k)	FDIC guarantee (100% up to \$100k)	FDIC guarantee (100% up to \$250k)	Deposits transferred, FDIC guarantee	Implicit guarantee; no transparent framework
Fairness Valuation	Investment bank	Multiple bidders	Investment bank	Independent advisors	Bangladesh Bank sole determination
Shareholder Approval	Yes	Yes	Yes-Ongoing	Yes	No
Shareholder Value Loss	Minimal	Significant but compensated through stock	Stock exchange provides ownership recovery	Equity preserved through merger structure	TK 4,489Crore - Complete loss

Source: SEC filing documents

Table-03 Benchmarking International Bank Mergers Against the Sammilito Islami Bank Merger

Key Lessons and Recommendations

Mergers between global banks show that consolidation only works when rights of shareholders, protections for depositors, and continuity of subsidiaries are handled in a clear way. US mergers like JPMorgan-Bank One (2004) and Fifth Third-Comerica (2025) kept 27-42% of shareholders' ownership through stock-swap ratios. Bangladesh's forced merger of five Islamic banks doesn't have these important protections: shareholders lose 100% of their equity, the value of the banks isn't made public, and there is no plan for how to move the banks' subsidiaries. The following recommendations can be taken:

- ▶ Circulate a formal merger framework that includes how to value assets and liabilities, how to swap shares, and how to treat minority shareholders.
- ▶ Make it clear what the rights of shareholders are, even if it's just a small amount of rule-based pay. This will help rebuild trust.
- ▶ Set up a temporary "Merger Valuation Committee" made up of Bangladesh Bank, BSEC, independent auditors, and experts in restructuring.
- ▶ Follow the US/EU model and use an equity-swap model (1 old share = X new shares in Sammilito Bank).
- ▶ Punish loan irregularities and sponsor abuse, just like how mergers in the US and EU hold people accountable.
- ▶ Publish updates on the progress of the merger every three months, since lack of information is what makes investors panic.

These steps would bring Bangladesh in line with the best practices around the world and restore faith in the financial system.

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