

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Banks' provision shortfall shrinks by 18% in the 4th quarter

- The shortfall in provisions against loans, mostly classified ones, in the banking system has narrowed by over 18% in the fourth quarter of 2019 on the back of lower growth in default loans. The overall shortfall came down to BDT 66.55 billion as on December 31 of the last calendar year from BDT 81.29 billion three months ago. However, the shortfall edged up by 0.61% year on year to BDT 66.55 billion in 2019 from BDT 66.15 billion a year earlier.
- The state-owned commercial banks (SoCBs) have faced more provisioning shortfall than their private counterparts. The situation regarding the provisioning shortfall in SoCBs may improve if they get regulatory forbearance from the BB. A total of 11 banks, out of 59, have failed to make the requisite provisions against NPLs mostly in the fourth quarter (Q4) from October to December of 2019.

<https://today.thefinancialexpress.com.bd/first-page/banks-provision-shortfall-shrinks-by-18pc-in-q4-1582046611>
<https://www.newagebd.net/article/99956/12-banks-suffer-BDT-10798cr-in-provision-shortfall>

No end to GP and National Board of Revenue's (NBR) disputes

- Grameenphone has been refraining from paying value-added tax (VAT) on rentals of Bangladesh Railways' (BR) optical fibre since March 2018 as it is not being furnished with invoice by the revenue administration as stipulated by the laws. The amount of unpaid VAT by Grameenphone is BDT 200 million and the due amount is only increasing over time, according to a letter from BR to the National Board of Revenue in October last year. In response, the NBR asked its field office -- Large Taxpayers Unit (LTU)-VAT - to take action as per law.
- The country's largest operator has taken a 20-year lease of the railway's optical fibre in 1997; the lease was extended for another ten years to September 2027. Based on the contract, Grameenphone had been paying Guaranteed Annual Rentals (GARs) to BR in every quarter including VAT on the amount. And the BR had been issuing a certificate to the mobile phone operator in line with a 1997 order of the NBR. The system had been in effect until December 2017, according to BR. But Grameenphone stopped paying VAT from March 2018 on the ground of non-issuance of invoice, officially termed as Mushak-11 or Mushak-6.3, the BR said in its letter to NBR seeking required action. Grameenphone gave several reminders to the BR for valid invoice, which it is entitled to as a service recipient, to enable payment of VAT on GAR, said the operator's head of external communications.

<https://www.thedailystar.net/business/news/no-end-gp-and-nbrs-disputes-1870066>

Agent banking: the bright spot in lending landscape

- Agent banking, which takes banking services to the unbanked people, is going from strength to strength, with both deposit collection and loan disbursement on the rise. Lenders earlier kept their core focus on collecting deposits from clients through the new banking wing but they have given the same importance to loan disbursement and inward remittance. As of September last year, loan disbursement through the agent banking channel was BDT 4.46 billion, which is more than double that from a year earlier. At the same time, deposit collection went up 142% to BDT 75.17 billion, according to data from the central bank.
- Outlets of agent banking distributed BDT 155.34 billion in remittance last year, up a staggering 180% year-on-year. As of December last year, 21 banks combined have 5.3 million accounts, up 114% from a year earlier.

<https://www.thedailystar.net/business/news/agent-banking-the-bright-spot-lending-landscape-1870063>
<https://today.thefinancialexpress.com.bd/trade-market/agent-banking-accounts-double-in-a-year-1582049676>

Bangladesh's Islamic finance industry keeps booming

- Recent news that Bangladesh's central bank approved the conversion of two more local banks to fully-fledged Islamic banks warrants taking a closer look at the Shariah-compliant banking and finance industry in the world's fourth-most populous Muslim country. The central bank of Bangladesh approved applications from two domestic banks, Standard Bank and NRB Global Bank, to become fully Islamic bank. The move brings the number of fully-fledged Islamic banks in Bangladesh to ten.
- At the end of the July-September 2019 quarter, total Shariah-compliant deposits at Bangladesh's banks reached USD 30.8bn, a 15% increase over the same quarter of the previous year. This is in line with the 15% to 20% annual growth of the industry over the past decades and brings the share of Islamic banking deposits close to 24% of the entire deposit volume of the country's banking market, while the share of loans and financing is even higher at close to 25%. Islamic banking now employs more than 36,000 people in Bangladesh.

- Bangladesh's Islamic banking sector has experienced robust growth due to policy supports and strong public demand. Recent issuance of sukuk rules by the Bangladesh Securities and Exchange Commission will promote Islamic capital markets badly needed for financing infrastructure and industrial projects towards achieving higher inclusive GDP growth and other sustainable development goals.

<https://thefinancialexpress.com.bd/views/reviews/bds-islamic-finance-industry-keeps-booming-1582034749>

Moody's sees minimal impact of China virus outbreak on Bangladesh growth

- Global rating agency Moody's Investors Service on Tuesday said that the impact of China's economic slowdown due to the coronavirus outbreak on Bangladesh economic growth would be minimal. Moody's in its latest report titled 'Sovereigns Asia Pacific: regional growth update following coronavirus outbreak' retained the gross domestic product growth projection for Bangladesh at 7.8 % for the current fiscal year 2019-2020. It showed that Bangladesh's economic growth would decline by very insignificantly, less than 0.1%age points, if the GDP growth of China fell by 1%age points due to the coronavirus outbreak.

- The main reason for insignificant impact on Bangladesh is lower exports from the country to China. Hong Kong would face the highest impact as its economy would shrink by more than 1.6%age points along with Taiwan, Singapore and Vietnam. But on the flip side, Moody's showed that supply chain disruption would have significant repercussions for intra-regional trade as Bangladesh imports more than 30% of its goods from China. Import from China has already witnessed a significant drop in recent days following the outbreak. Regional impact would be felt through trade and tourism, and for some sectors through supply-chain disruptions.

<https://www.newagebd.net/article/99960/moodys-sees-minimal-impact-of-china-virus-outbreak-on-bangladesh-growth>

Bangladesh Securities and Exchange Commission approves Express Insurance Initial Public Offering (IPO)

- The Bangladesh Securities and Exchange Commission on Tuesday approved the Express Insurance Limited's proposal to raise BDT 260.7 million from the capital market through an initial public offering on condition that it would invest at least 20% of the IPO proceed in the capital market. The commission has exempted the company from complying with rules regarding minimum offer size of BDT 300 million in the public issue rules. The company will float 26.0 million shares at an issue price of BDT 10 each to raise BDT 260.7 million. According to the financial statement ended on December 31, 2018, the company's net asset value (NAV) per share stood at BDT 16.65, while the weighted average of earnings per share (EPS) was BDT 1.42.

<https://www.newagebd.net/article/99962/bsec-okays-BDT-26cr-ipo-of-express-insurance-waives-rules>

<https://www.dhakatribune.com/business/2020/02/19/bsec-approves-express-insurance-ipo>

'Made in Bangladesh' smartphones headed to US

- Walton is set to export smartphones to the US, in what can be viewed as a remarkable endorsement of the leaps taken by Bangladesh's manufacturing sector. The first consignment of the smartphones, which would be priced between USD 100 and USD 200, will be out of the gates of Walton Digi-Tech Industry's plant in Chandra, Gazipur in March 1. The smartphones are bound for a renowned American brand and Walton is the original equipment manufacturer.

- After the US it is planning to ship smartphones to Europe, Australia and other developed nations. So far, the plant has churned out 6 million units: 1.7 million smartphones and 4.3 million basic phones. Last year they sold 1.2 million smartphones and 4.2 million feature phones in the local market.

<https://www.thedailystar.net/business/news/made-bangladesh-smartphones-headed-us-1870069>

Government approves Mongla port modernization with Indian LoC

- The government would modernize the Mongla Sea Port with an Indian loan tagged on conditions of appointing contractors and buying goods from the loan providing country. The capacity enhancement of the country's second biggest seaport in Mongla was among nine projects approved by the Executive Committee of the National Economic Council.

- Of the cost, the government would take BDT 44.59 billion as loan from the Indian Line of Credits and the rest of BDT 15.55 billion would be provided through own resource. Projects taken under the LoCs made it mandatory to buy certain amount of goods from India and appointment of contractors too.

- The main project operations include construction of container terminals with all facilities at Jetty Number 1 and 2 of the port, construction of container handling yard and container delivery yard with all facilities, construction of service

vessel jetty, shed and office, extension of port building, construction of MPA tower, port residential complex with community facilities, mechanical workshop, equipment yard, and marine workshop complex.

<https://www.newagebd.net/article/100008/govt-approves-mongla-port-modernisation-with-indian-loc>
<https://thefinancialexpress.com.bd/national/ecnec-approves-project-to-enhance-mongla-ports-capacity-1582024538>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$52.60	+0.55	+1.06%
Crude Oil (Brent)*	\$58.35	+0.60	+1.04%
Gold Spot*	\$1,601.61	0.00	0.00%
DSEX	4740.40	-27.73	-0.58%
Dow Jones Industrial Average	29,232.19	-165.89	-0.56%
FTSE 100	7,382.01	-51.24	-0.69%
Nikkei 225	23,387.00	+193.20	+0.83%
BSE SENSEX	41,120.06	+225.68	+0.55%

Exchange Rates**USD 1 = BDT 85.00*****GBP 1 = BDT 110.49*****EUR 1 = BDT 91.79*****INR 1 = BDT 1.19***

**Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.*

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