

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.

Bank deposits rose by BDT 7.9 trillion last 10 years: Bangladesh Bank

- Total deposits of all banks in Bangladesh have increased by BDT 7.9 trillion along with the growing number of bank accounts over the last ten years.
- Bank deposits stood at BDT 10.4 trillion as of June this year, up from BDT 2.5 trillion in 2008, according to a special report of Bangladesh Bank (BB).
- The central bank's report, aimed at informing about their contribution to the government's success in the last 10 years, further stated that the total number of public and private commercial banks went up from 47 in 2008 to 59 in 2018.
- As of June this year, the total number of bank accounts stood at 92.1 million, of them 931,800 is farmers' bank accounts.
- The report further said the number of bank branches also increased in this period. A total of 3,228 branches of both private and state-owned banks have been established in Bangladesh over the last 10 years—taking the total number of bank branches in the country from 6,886 in June, 2008, to 10,114 in June this year.
- Over the last ten years, banks' credit rose by BDT 5.2 trillion, standing at BDT 8.5 trillion as of June this year. Bangladesh's foreign currency reserve has registered more than 450% growth in the last ten years standing at USD 31.95 billion—up by 450.86%, from USD 5.8 billion in December, 2008.

<https://www.dhakatribune.com/business/banks/2018/12/15/bb-bank-deposits-rose-by-BDT7-85-938cr-in-last-10-years>

Large Loan Restructuring: Favor Proves Futile

- On January 29, 2015, the Bangladesh Bank issued a new large loan restructuring policy to stand by big borrowers in trouble. The policy, which was taken under political pressure from influential debtors, offered a repayment period of up to 12 years, discounted interest rates and down payment as well as repayment in quarterly instalments.
- Eleven large business groups got their loans of nearly BDT 150.0 billion restructured, taking advantage of the relaxed policy. Beximco Group alone accounted for a third of the total loans restructured.
- After one year of grace period, these loans were due in September 2016. But most of the borrowers have failed to pay their first instalment and three of them even applied to have their loans restructured again.
- A recent central bank document showed that the loans, which were restructured in June 2015, rose 17.37% to BDT 171.0 billion in absence of repayment.
- Currently, nearly two dozen banks are in trouble as their investible funds got stuck and squeezed. One such bank is state-owned Janata that restructured about one-third of the large loans.

<https://www.thedailystar.net/business/banking/news/large-loan-restructuring-favour-proves-futile-1674622>

Source tax for exporters may be slashed again

- The National Board of Revenue is likely to cut the source tax on total export proceeds of exporters further in the face of demand from industries, particularly from apparel manufacturers.
- The tax at source may be slashed to 0.25% from existing 0.6% on all export items except for jute and jute goods, said an official of the NBR.
- The reduction of tax at source on export earnings would be helpful for owners to implement the new wage as they will have to pay less tax than before, said the president of the Bangladesh Garment Manufacturers and Exporters Association.
- The NBR official said the reduced tax rate is likely to take effect from the first day of the current fiscal year and the tax that exporters have already paid might be adjusted in line with the new rate.
- Export earnings grew 17 % year-on-year to USD 17.1 billion in the first five months of the current fiscal year. Exporters fetched USD36.61 billion last fiscal year, posting 5.81% year-on-year growth, according to data from the Export Promotion Bureau.

<https://www.thedailystar.net/business/news/source-tax-exporters-may-be-slashed-again-1674154>
<http://www.newagebd.net/article/59007/govt-gives-nod-to-further-cut-on-rmg-export-tax-to-025pc>

Non-Bank Financial Institutions in tight corner

- The current effort to bring down lending and deposit rates has started putting pressure on non-banking financial institutions (NBFIs), sector insiders said.
- To comply with the directive, the non-banks have been forced to slash both lending and deposit rates, although most banks have not implemented it yet, they said. In consequence, the money is going to banks that provide higher rates that started hurting the sector, they said.
- To overcome the challenge, the NBFIs are now focusing more on expanding their deposit portfolio by reducing dependency on costly bank credit line.
- According to the said the president of the Bangladesh Leasing and Finance Companies Association, overall spread keeps declining. As a result, the profit margin of many NBFIs starts going down in the third quarter of the calendar year. All of them are working hard to cut NPLs (non-performing loans) but cannot do so.
- The average NPL in the NBFIs is less than 10% but there are some institutions where it is below 4.0%. A total of 35 NBFIs are operating in the country, with total portfolio standing at BDT 850 billion.

<https://thefinancialexpress.com.bd/economy/bangladesh/nbfis-in-tight-corner-1544846936>

Stockbrokers, investors lament 8 years of market decay

- Stockbrokers and investors have expressed their disappointment over the country's capital market that has been suffering a downward trend since the year of market crash (2010-11), eroding the capital of thousands of investors.
- Dhaka Stock Exchange Brokers' Association expressed its dismay to the market regulator, Bangladesh Securities and Exchange Commission, through a letter on December 9 where it sought another three years for provisioning against unrealized losses of disbursed margin loans and dealer accounts.
- DBA said that the capital market was maintaining bearish mood and the key index of DSE fell by 3,600 points from 8,900 points in 2010, a drop of almost 40%, and the average daily turnover declined by around 78 % in the period.
- The situation is getting worse day by day and the daily trade volume came under BDT 5.5 billion in December this year from BDT 2,5.0 billion 2010, it also said.
- The association also said, 'In the market dynamic, customer relies mostly on the banking sector whose performance at the capital market is the worst that hit the negative equity severely.'

<http://www.newagebd.net/article/58925/stockbrokers-investors-lament-8yrs-of-market-decay>

4 firms allowed to launch mobile app-based calling service

- Bangladesh Telecommunication Regulatory Commission has allowed four internet protocol telephony service providers (IPTSP) to launch mobile phone application-based calling service amid concern about misuse of the service for international call termination.
- The IPTSP operators which got approval for launching app-based calling service are: BCom Online Limited, Amber IT Limited, MetroNet Bangladesh and Link3 Technology Limited.
- Another IPTSP operator, Inter Cloud, has already launched its app-based calling service 'Brilliant Connect' upon receiving permission from the telecom regulator.
- Engineering and operation department of the commission in its observation said that allowing the IPTSP operators to launch app-based calling service would create scope for entering incoming international calls as on-net calls instead of traditional calls through international gateway operators.
- Generation of such calls would affect the government's revenue earnings from the incoming international calls. In the context of rapidly falling international incoming calls, allowing the IPTSP operators to run the service might lead to further fall in the volume of such calls.
- As per the BTRC's statistics, the volume of incoming international phone calls was 3.8 billion minutes with a daily average of 123.6 million minutes in May, 2015. The call volume, however, dropped to around 1.0 billion minutes in

November this year with a daily average of 34 million minutes.

- The conditions include the entities will have to submit BDT 50 million in security deposit and any or full amount could be encashed by the commission if any violation of licensing conditions by the entities is detected by the commission.

<http://www.newagebd.net/article/58926/4-firms-allowed-to-launch-mobile-app-based-calling-service>

Higher expenses weigh on life insurers

- Most of the life insurance companies spent more than they earned in April to June, putting a negative impact on life funds and eroding their capacity to settle claims.
- Of the 32 life insurers in Bangladesh, 20 spent higher for management expenses than premium collection in the quarter violating the authorized limit for the former, according to the Insurance Development and Regulatory Authority (IDRA).
- The management expenditure for these companies was BDT 100 to BDT 348 against a premium collection of BDT 100, said the regulator in a report on management expense. Insurance laws allow companies to spend up to BDT 96 as management expenses for every BDT 100 collected in premium. In 2016, insurers spent BDT 179 against their earning of BDT 100, the report said.
- Insurance companies could not settle claims on schedule because of the higher management expenditure, said a senior executive of the IDRA. The higher expenditure is weakening the financial strength of insurers as they are meeting the excess expenses from their paid-up capital instead of from life funds, breaching laws, he said.
- Ten life insurers saw a decline in their life funds in the first quarter of 2018 due to their higher expenditure, the report said. The companies are Fareast Life, Golden, Homeland, LIC Bangladesh, Meghna, National, Padma Islami, Popular Life, Prime Islami and Sandhani Life.

<https://www.thedailystar.net/business/news/higher-expenses-weigh-life-insurers-1674613>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$51.33	+0.13	+0.25%
Crude Oil (Brent)*	\$60.33	+0.05	+0.08%
Gold Spot*	\$1,237.89	-1.13	-0.09%
DSEX	5,251.02	-14.82	-0.28%
Dow Jones Industrial Average	24,100.51	-496.87	-2.02%
FTSE 100	6,845.17	-32.33	-0.47%
Nikkei 225	21,528.13	+153.30	+0.72%

Exchange Rates

USD 1 = BDT 83.69*
 GBP 1 = BDT 105.29*
 EUR 1 = BDT 94.66*
 INR 1 = BDT 1.17*

*Currencies and Commodities are taken from Bloomberg.

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