

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.

11 banks cause BDT 1.23 billion sectoral provision shortfall

- Bangladesh's banking sector faced a provision shortfall of BDT 1.23 billion last year, primarily for a lacklustre performance of 11 banks. Though a moratorium significantly decreased defaulted loans, the sector is still bogged down in the undesirable situation thanks to the 11, whose combined provision shortfall had amounted to BDT 71.46 billion, shows Bangladesh Bank data. The errant are Agrani, BASIC, Rupali, Bangladesh Commerce, Dhaka, Mutual Trust, National, Social Islami, Standard Bank, Bangladesh Krishi, and Probashi Kallyan.
- Banks have to keep 0.50% to 5% in provisioning against general category loans, 20% against classified loans of substandard category and 50% against classified loans of doubtful category. It is set at 100% against classified loans of bad or loss category. Some of the 11 have been repeatedly facing shortfalls over the years due to a lack of corporate governance. From a wider perspective, this is an exposure of the weakness of the 11 when it comes to shielding depositors' funds from financial risks, said experts. In contrast, the sector's provision shortfall in 2019 was BDT 66.55 billion.
- But this alleviation within 12 months should in no way be interpreted as the sector's financial health having been improved. In reality, a lower amount of default loans helped banks keep lower amounts in provisioning than what was actually required. The sector's provision shortfall would have increased to a large extent had not the central bank declared the moratorium. The moratorium helped reduce default loans to BDT 887.34 billion as of December last year, down 5.93% year-on-year.

https://www.thedailystar.net/business/news/11-banks-cause-BDT_-12349cr-sectoral-provision-shortfall-2042825
<https://today.thefinancialexpress.com.bd/first-page/banks-in-artificial-comfort-zone-1612980361>
https://www.newagebd.net/article/129823/11-banks-provision-shortfall-BDT_-7146cr-in-oct-dec
<https://www.dhakatribune.com/business/2021/02/11/banking-sector-s-provisioning-shortfall-narrows-in-2020>

Default loans at 4 banks rise despite year-round facilities

- Four banks saw their default loans go up last year in spite of the Bangladesh Bank's keeping debt classification closed and allowing moratoriums on loan instalment payments throughout the year due to the coronavirus pandemic. At the end of 2020, default loans at Rajshahi Krishi Unnayan Bank, AB Bank, South Bangla Agriculture and Commerce Bank, and Union Bank registered an increase. The latest statistics relating to default loans obtained from sources at the central bank show that such loans at Rajshahi Krishi Unnayan Bank increased by over 8%, the highest among the four banks.
- The provision deficit of banks also fell drastically because of the non-classification of loans facility last year. At the end of 2019, the provision deficit was BDT 66.55 billion, which came down to only BDT 1.23 billion at the end of last year. The post-tax profits of banks are expected to increase significantly in 2020 as provision deficits have shrunk. The former president of the Association of Bankers Bangladesh and managing director of Mutual Trust Bank said that the reduction in provision deficit would undoubtedly play a positive role in banks' profits. But the central bank, he said, had not yet finalised the balance sheets of banks, adding that the real picture would be known after the central bank completed its audit.

<https://tbsnews.net/economy/banking/default-loans-4-banks-rise-despite-year-round-facilities-199786>

MFS operators can now bring IT service remittance

- Bangladesh Bank yesterday enabled mobile financial service (MFS) providers to bring home the export earnings of online workers such as freelancers and exporters of information technology-related services. Earlier only banks were able to provide such remittance services. A business in the service sector is now allowed to bring in remittance of a maximum of USD 10,000 per transaction of items exported, a Bangladesh Bank official said quoting a previous guideline to this end. The MFS providers will have to ink agreements with internationally recognised foreign payment service providers such as online payment gateway service providers and digital wallet providers.

<https://www.thedailystar.net/business/news/mfs-operators-can-now-bring-it-service-remittance-2042849>
<https://tbsnews.net/tech/it-service-exporters-can-now-bring-remittance-thru-mobile-financial-service-199792>
<https://www.newagebd.net/article/129822/export-proceeds-repatriation-thru-mfs-allowed>
<https://www.dhakatribune.com/business/banks/2021/02/10/mfs-operators-allowed-repatriation-of-export-proceeds-of-it-sector>

Listed firms seek amendment to dividend directive

- The companies listed on the country's stock exchanges have requested the securities regulator to amend its recent directive on dividend distribution and management of the unclaimed dividends. In a letter to the chairman of Bangladesh Securities and Exchange Commission (BSEC) on 8 February, the Bangladesh Association of Publicly Listed Companies (BAPLC) forwarded four recommendations by its member companies.
- The commission in its 14 January directive ordered the listed companies to set aside the amount equivalent to the recommended cash dividends to a dedicated bank account within 10 days of the board meetings concerned. Currently, the companies have to disburse the dividend within 30 days after shareholders approve the board-recommended dividends in annual general meetings (AGMs). The BAPLC said that the recommended dividend is uncertain as shareholders might not approve boards' recommendations and even the amount might be changed in AGMs. Also, there remains a gap of three months between the dividend recommendations in board meetings and AGMs.
- It would be a lose-lose situation for the companies and the investors if the sum is set aside three months earlier. No one would benefit from it and that is why the BAPLC seeks to relax the deadline, said the secretary general of the BAPLC. Obtaining the CDBL clearances before crediting stock dividends would be cumbersome and also unnecessary, said the BAPLC and they recommended expunging the obligation of the clearance. The BSEC also said, any investor, the actual owner of the unclaimed dividend would be entitled to claim it any day and the special fund officials would refund it within 15 days. The BAPLC recommended further clarification for the enactment of the provision.

<https://tbsnews.net/economy/stock/listed-firms-seek-amendment-dividend-directive-199819>

Beximco opens USD 100m PPE plant in Savar

- Beximco yesterday opened its USD 100-million PPE Park in Savar where the leading company will produce personal protective equipment (PPE). The new facility shall help manufacturers, buyers, retailers, brands and the government with required services since all the services will be available under one roof encompassing European, American and other global regulatory standards, Beximco CEO said. The Park will serve both domestic and international markets and is aimed at increasing the diversity of the supply of PPE, ensuring that it is not totally dependent on any one country, he said while hosting the event.
- The 25-acre park is an advanced fully vertical PPE manufacturing facility. The construction and certification of the site took six months from groundbreaking to certification and full production. The Covid-19 pandemic has seen global demand for PPE rise significantly, along with the need for end-to-end testing and certification solutions for protective clothing and other PPE equipment.

<https://www.thedailystar.net/business/news/beximco-opens-100m-ppe-plant-savar-2042833>

Baraka Patenga Power's IPO share bidding now begins February 22

- Baraka Patenga Power's bidding to explore the cut-off price of its shares now will begin on February 22 instead of earlier schedule for February 15 as the issuer company announced a fresh date of bidding. The power generation company's share bidding through electronic subscription system (ESS) will be continued until February 25 (round the clock) as per the new schedule. The Dhaka Stock Exchange (DSE) has given consented to new schedule which will be started on February 22 and continue until February 25, Mohammad Rana, AGM Finance & the company secretary of Baraka Patenga Power Ltd confirmed the FE.

<https://today.thefinancialexpress.com.bd/stock-corporate/baraka-patenga-powers-ipo-share-bidding-now-begins-february-22-1612974123>

<https://tbsnews.net/economy/stock/baraka-patenga-ipo-bidding-deferred-199813>

<https://www.dhakatribune.com/business/stock/2021/02/10/baraka-patenga-price-bidding-to-postpone-by-a-week>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$58.32	\$9.80	20.20%
Crude Oil (Brent)*	\$61.09	\$9.29	17.93%
Gold Spot*	\$1,836.55	(\$58.55)	-3.09%
DSEX	5,509.41	107.34	1.99%
S&P 500	3,909.88	153.81	4.09%
FTSE 100	6,524.36	63.84	0.99%
BSE SENSEX	51,309.39	3,558.06	7.45%
KSE-100	46,644.29	2,888.91	6.60%
CSEALL	7,732.43	958.21	14.14%

Exchange Rates

USD 1 = BDT 84.63*

GBP 1 = BDT 117.05*

EUR 1 = BDT 102.55*

INR 1 = BDT 1.16*

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

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