

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: Not more than 6% interest from February 1

- The long-promised single-digit interest rate is now seeming to be more and more likely as the banks yesterday agreed to provide not more than 6% for savings from February 1 as part of their preparation to usher in 9% lending rate from April. The decision was taken at a meeting of the Association of Bankers, Bangladesh (ABB), a forum of managing directors of banks.
- Some 20 banks have already lowered their interest rate for deposits to 6% this month from the previous 8-9%, a move that has prompted a flurry of savers to withdraw their funds. The savers are looking to park the funds with banks that are yet to bring down their interest rate. As per the ABB decision, banks will not follow the six% interest rate for deposit pension schemes (DPS), where savers park a specific amount of money every month and get a lump sum after a certain period
- To facilitate banks to charge 9% for loans from April, the finance ministry on January 20 instructed the autonomous, semi-autonomous and government companies to keep 50% of their surplus funds at 6% interest rate with private lenders. The remaining half of their deposits will go to state banks, which can offer no more than 6% interest.

<https://www.thedailystar.net/frontpage/news/bank-deposits-not-more-6pc-interest-feb-1-1860631>

Bad news for Grameenphone: Telenor may not approve the final dividend in the upcoming AGM

- For Grameenphone, it is all bad news for now. The company posted a meagre profit in 2019. It could have been even worse by being in the negative, had the company not revised its previous year's data. Topping it all off, Grameenphone fears that Telenor, its lion shareholder, may not approve the final dividend in the upcoming annual general meeting (AGM) if its hurdle to repatriate dividends remains unresolved.
- The Grameenphone board recommended a 40% final cash dividend for 2019 in addition to a 90% interim cash dividend disbursed from its half-yearly profit. The total 130% annual dividend is the lowest since 2010. The bad news for Grameenphone shareholders is that this low dividend is also at risk of being disapproved in the upcoming AGM. Norwegian company Telenor Mobile Communications AS, which holds 55.8% of Grameenphone shares, did not receive the interim dividends disbursed to all other shareholders in mid-2019, said the latest price-sensitive information document of the company. Grameenphone failed to remit Telenor's receivable dividend as it could not get clearance from Bangladesh Bank to do so. The controlling shareholder may not approve Grameenphone's final dividend if the issue remains unresolved till the 23rd AGM of the company, set to be held on April 21, 2020, said Grameenphone.
- The company board considers its failure to remit Telenor's interim dividend as an unequal treatment to shareholders. The document also said that the problem with Bangladesh Bank relates to the issuance of the shares issued against the "in-kind" contribution of three nonresident shareholders, including Telenor in 1997. Some pre-formation expenditures take place before and during the registration of a company. More than two decades ago, Grameenphone issued some shares to promoters against their spending, a Grameenphone official said. The shares are called issued against "in-kind" contribution. Such shares do not exceed 2% of existing Grameenphone shares. The company had been paying dividends against such shares until last year. Unfortunately, it became an issue after so long. However, we hope things will be okay before the next AGM. It will be a serious problem if Telenor refuses to approve the recommended dividend for 2019.

<https://tbsnews.net/bangladesh/telecom/bad-news-grameenphone-low-profit-uncertain-dividend-40043>

Private sector's appetite for credit craters

- Private sector credit growth dropped to the lowest since 2008 in December last year, in continuation of its downward trend of the previous 21 months. In December last year, the year-on-year credit growth stood at 9.83%, down from 9.87% from one month earlier, according to Bangladesh Bank data, which goes as far back as 2008.
- As of January 15, the government borrowed BDT 508.42 billion from the banking sector, exceeding its annual limit of BDT 473.64 billion for fiscal 2019-20. As per the National Board of Revenue's provisional data, it logged in BDT 1.05 trillion in collections for the first half of the fiscal year, up 7.3% year-on-year. The sum missed the periodic target by BDT 315.07 billion. The central has recently been forced to revise its key monetary and credit programmes, setting a fresh government sector credit growth of 37.7% for fiscal 2019-20. In July last year, it had set the target of 24.3%.
- Rising defaulted loans is another reason behind the declining private sector credit growth, a former adviser to a caretaker government said. In the first nine month of 2019, defaulted loans increased 23.82% to BDT 1.16 trillion.

<https://www.thedailystar.net/business/news/private-sectors-appetite-credit-craters-1860514>
<https://www.dhakatribune.com/business/2020/01/28/fallout-of-falling-private-credit>

Bangladesh Securities and Exchange Commission (BSEC) toughens corporate governance code

- The Bangladesh Securities and Exchange Commission on Tuesday augmented punitive measures by inserting provision of delisting or suspension of share trading into the corporate governance code (CGC) for breaching the code by any listed company. If any listed company fails to comply with any provision of the CGC, it would be punishable offence under the Securities Ordinance, 1969. Therefore, the commission can, among others, delist or suspend share trading of the defaulting company as per the amendments.
- The commission issued the CGC on June 3, 2018, making it mandatory for all listed companies to comply with the rules. The regulator issued the CGC to enhance corporate governance in the interest of investors and the capital market. No issuer company must, except with the approval of the general body of its shareholders, enter into any contract for the sale or purchase of assets of 50% (previously it was 1%) or above of the total tangible assets as shown in the statements of financial position as of the end of the immediate preceding completed financial year.

<https://www.newagebd.net/article/97949/bsec-toughens-corporate-governance-code>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$54.17	+0.69	+1.29%
Crude Oil (Brent)*	\$60.28	+0.77	+1.29%
Gold Spot*	\$1,564.30	-2.87	-0.18%
DSEX	4493.02	-35.19	-0.78%
Dow Jones Industrial Average	28,722.85	-187.05	-0.66%
FTSE 100	7,480.69	+68.64	+0.93%
Nikkei 225	23,325.52	+109.81	+0.47%
BSE SENSEX	40,966.86	-188.26	-0.46%

Exchange Rates

USD 1 = BDT 84.83*
GBP 1 = BDT 110.45*
EUR 1 = BDT 93.43*
INR 1 = BDT 1.19*

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

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