

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.

### **Lending rate of most banks dip below 7%**

- Lending rate of most of the banks dropped below 7% in April owing to the poor credit demand amid the ongoing Covid-19 pandemic. The weighted average lending rate of 18 banks dropped below 7% in April, while the deposit rate of 19 banks dropped below 4% in the month under consideration as the banks were reluctant to attract savers at a time when they were holding excess liquidity in their hand. Amid the significant decline in deposit and lending rates in the last one year, 27 banks have managed to enhance their interest rate spread while the spread of 31 banks has dropped during the period.
- The overall interest rate spread in the country's banking sector, however, returned above 3% after it fell below 3% following the implementation of a 9% lending rate cap just after the outbreak of coronavirus in the country. Due to the outbreak of coronavirus and the subsequent economic fallout, the credit disbursement from the banking sector has remained dull even though the central bank has so far injected a huge amount of liquidity in the banking system by implementing stimulus packages and against the purchase of dollars from the local market.

<https://www.dhakatribune.com/business/banks/2021/06/13/lending-rate-of-most-banks-dip-below-7>  
<http://www.newagebd.net/article/140660/18-banks-average-lending-rate-falls-below-7pc-in-april>

### **Internet banking transactions exceed BDT 100.00 billion in March**

- Digital transactions are on the rise in financial transactions during the ongoing pandemic. One of the means of digital transaction is internet banking. The number of customers is increasing along with the increase in transactions in internet banking. For the first time, internet banking transactions in the country have exceeded BDT 100.00 billion. According to the latest data released by the central bank, transactions in March last stood at BDT 103.71 billion, up 57.42% from March last year. Internet banking transactions increased by 22.34% in March as compared to February. The turnover in February was BDT 84.77 billion.
- The chairman of the Association of Bankers Bangladesh (ABB) and managing director of Eastern Bank Limited (EBL) said that the increased amount of transactions indicate that an increased number of consumers are leaning towards digital transactions. He added that through internet banking, customers get many services at home. They are getting services like opening an account, withdrawing money, depositing money, bill payment, money transfer etc. This is increasing the interest of customers.

<https://www.tbsnews.net/economy/banking/internet-banking-transactions-exceed-BDT-10000cr-march-260362>

### **Separate supervision units at banks to handle demand loans**

- The Bangladesh Bank Sunday issued a guideline on demand loans, mandating a number of measures such as separate supervision units at banks, the highest individual credit ceilings, with repayment and rescheduling periods. The separate units at banks to oversee the demand loans will be led by a banker of at least a deputy managing director (DMD) rank, said the central bank. Earlier, there was no specific guideline for demand loans. Bankers hope the new guideline will help discipline borrowing meant for short term business purposes such as importing essentials, or industrial raw material imports.
- Demand loans are required to be repaid on the call of the lender. The credit and repayment period of such loans are decided by the lender, and are usually negotiable. The loans are sanctioned against tangible assets or other securities. The central bank notification said all loans for bringing in essentials or industrial raw materials will be called post import financing (PIF). According to the guideline, banks will have to have their PIF policies approved by the board of directors. There will also be an individual credit ceiling for such loans.

<https://www.tbsnews.net/economy/banking/separate-supervision-units-banks-handle-demand-loans-260347>

### **BB extends policy support until December to tackle Covid-19**

- The Bangladesh Bank (BB) has extended the relaxation of several policies regarding import trade for six more months, until the end of December later this year. Relaxing of the policies was extended to tackle the onslaught caused by the ongoing Covid-19 pandemic, according to a circular issued by the central bank's foreign exchange policy department on Thursday. Under the policy support, raw materials, agricultural implements, and chemical fertilizers can be imported for 360 days instead of 180 days under supply or buyer's credit schemes.
- Additionally, advance import payments of up to USD 500,000 can be made without repayment guarantees or approval from the central bank on the import of Covid-related life-saving drugs, medical kits/equipment, and other

essential medical items. It also stated that for additional time in settlement of import payments, separate permission to extend the validity of LCAF will not be required. Since its conception, both exporters and importers said the policies had helped them to sustain trade during the ongoing pandemic situation, and the extension is expected to continue to do so.

<https://www.dhakatribune.com/business/banks/2021/06/13/bb-extends-policy-support-until-december-to-tackle-covid-19>

### **Government to extend PPA tenure of 5 power plants by 2 years**

- The Bangladesh Power Development Board has decided to extend tenure of power purchase agreements with five power plants of three listed companies by two years. The BPDB sent a letter to the power, energy and mineral resources ministry regarding the matter on May 25. In the letter, the BPDB mentioned that it made a number of decisions in its board meeting held on May 19, which were sent to departments concerned for taking necessary steps regarding the issue.
- The five furnace oil-based power plants are Summit Narayanganj Power Limited, a subsidiary of Summit Power, Orion Power Meghnaghat and Dutch Bangla Power & Associates, subsidiaries of Orion Pharma and KPCL Unit-2 and Khan Jahan Ali Power Company of Khulna Power Company (KPCL). In the letter to ministry, BPDB said that tenure extension of five furnace oil-based power plants (total 457MW) could be extended by two years on the basis of 'no electricity no payment without any guaranteed off-take'.

<http://www.newagebd.net/article/140657/govt-to-extend-ppa-tenure-of-5-power-plants-by-2-years>

### **BB tightens rules to restore discipline in import financing**

- The central bank yesterday drew up a detailed guideline on post-import financing (PIF) to end the misuse of loans extended to pay for imported goods and bring discipline in the foreign exchange regime in the banking industry. Previously, some delinquent borrowers frequently used the PIF window to siphon off money from lenders, compelling the Bangladesh Bank to prepare the guideline, said a central banker. Under the PIF, banks extend loans to importers to help them pay the cost of the imported items within the stipulated time. This gives importers the opportunity to repay it after selling products.
- The central bank yesterday drew up a detailed guideline on post-import financing (PIF) to end the misuse of loans extended to pay for imported goods and bring discipline in the foreign exchange regime in the banking industry. Previously, some delinquent borrowers frequently used the PIF window to siphon off money from lenders, compelling the Bangladesh Bank to prepare the guideline, said a central banker. Under the PIF, banks extend loans to importers to help them pay the cost of the imported items within the stipulated time. This gives importers the opportunity to repay it after selling products.
- Conventional banks earlier used to treat such financing as loans against trust receipts, while Shariah-based banks called it Murabaha trust receipts. The central bank has asked banks to cite the lending product as PIF going forward, according to a BB notice yesterday. Importers have to pay back the loans under the facility within three months for consumer goods and six months for industrial raw materials as per the previous instruction of the central bank. Now, banks will be allowed to extend the repayment tenure by a month for consumer products and two months for industrial raw materials. Banks will have to take approval from their boards for such extension.

<https://www.thedailystar.net/business/banking/news/bb-tightens-rules-restore-discipline-import-financing-2110613>

### **Tax cuts eat into tax-GDP ratio: NBR**

- The National Board of Revenue (NBR) estimates that the tax-GDP ratio was 9.9% in the fiscal year 2019-20, but it would have been 17.81% had the government not provided tax exemptions. It says the government provided tax exemptions of around BDT 2.5 trillion to facilitate growth in different sectors in FY20. It realised BDT 2.18 trillion in revenue that year against a target of BDT 3 trillion. Of the total exemptions, BDT 467.55 billion was exempted for importing raw materials, capital machinery, and other goods while BDT 1.52 trillion was waived against bond facilities for export-oriented industries.
- According to the General Economic Division, the 7th five-year-plan had projected the tax-GDP ratio would be 13.7% for FY20, however, the actual ratio was 7.9%. The 8th five-year plan also projected that the tax-GDP ratio would be 12.25% for FY25. The government has been facilitating growth through tax exemptions, reduced tax rates, and tax holidays to accelerate local business and attract foreign direct investment, the revenue board said.

<https://www.tbsnews.net/economy/tax-cuts-eat-tax-gdp-ratio-nbr-260395>

### **'Export may face setback sans quick vaccination'**

- Speakers stressed on Sunday the need for quick vaccination to develop people's immunity; otherwise the country's export may face a setback. They emphasised further widening of tax net, facilitating private investment, and quality expenditure on health, education and agriculture. They also said there is a need for providing financial support to the new poor, created mostly in the urban areas due to the Covid-19 pandemic. This is a very serious issue, as the buyers who purchase our clothes will feel fear, if there is no herd immunity in the country, Planning Minister added.

<https://today.thefinancialexpress.com.bd/last-page/export-may-face-setback-sans-quick-vaccination-1623608812>  
<https://www.tbsnews.net/economy/budget/we-may-lose-export-markets-vaccination-260374>

### **Re-listed companies' shares shine on first day of trading**

- Share prices of four re-listed firms, which started trading on the bourses' main market on Sunday, hit the upper limit circuit breaker on first day of trading. The companies are Bangladesh Monospool Paper Manufacturing Company, Paper Processing and Packaging, Tamijuddin Textile Mills and Monno Fabrics. The companies started trading on the main market of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) from Sunday after being degraded in the over-the-counter (OTC) market since 2009. The shares of the companies, which were de-listed from the main market or non-compliant, are traded on the OTC market.

<https://today.thefinancialexpress.com.bd/stock-corporate/re-listed-cos-shares-shine-on-first-day-of-trading-1623605876>  
<https://www.tbsnews.net/economy/stocks/sellers-hold-four-otc-returnees-260392>

### **Ring Shine Textiles resumes partial operation after 9 months**

- With help of the securities regulator, the Ring Shine Textiles Ltd has partially resumed its factory operation with 25% capacity on Sunday, after keeping it closed for nine months. Earlier, in September last year, the company declared to shut the factory due to order cancellation for the Covid-19 pandemic and working capital shortage. The company owned by Singaporean entrepreneurs raised a fund of BDT 1.50 billion from investors to set up denim plants and repay bank loans in 2019.

<https://www.tbsnews.net/economy/rmg/ring-shine-textiles-resumes-partial-operation-after-9-months-260386>  
<https://www.thedailystar.net/business/economy/news/ring-shine-resume-partial-production-2110525>

### **CDC, Norfund to invest USD 10 million in ACI Motors**

- UK state-owned development finance institution CDC and Norwegian state-owned investment fund Norfund together will invest USD 10 million in ACI Motors, announced the recipient company Sunday. The investment follows the trail of Dutch development financier FMO's USD 15 million investments in ACI Motors last year. Sixty five% of the upcoming investment equivalent to around BDT 840 million would be used as capital expenditures, while the remaining amount would be spent as working capital, said the managing director of the agro machinery and automobile subsidiary of ACI Limited.

- They will further expand the capacity of our existing Yamaha motorcycle manufacturing plant and the agro machinery units, he said, adding, They are also planning to set up an assembly plant for Foton branded commercial vehicles. With money pouring in, Yamaha motorcycle manufacturing plant would see the annual capacity go up to 1,08,000 units immediately, which will be raised to 140,000 units later. Besides, the company is continuously expanding its farm machinery capacity, and planning for assembling combine harvesters to further consolidate its market leadership.

<https://www.tbsnews.net/economy/corporates/cdc-norfund-invest-10-million-aci-motors-260368>

### **eGeneration implements intelligent cloud solution of Microsoft for IFAD Group**

- eGeneration has recently implemented integrated intelligent cloud and modern workplace solutions of Microsoft in IFAD group and its subsidiaries in Bangladesh. The solutions included a host of enterprise software like productivity and collaboration tools and task management software under a secured cloud platform. The provided solutions will protect and secure the organization's data by maintaining security, compliance, and most importantly, enabling the employees to work in new and flexible ways. eGeneration worked closely with employees of IFAD group to ensure proper training to empower them and help them increase their productivity.

<http://www.newagebd.net/article/140524/egeneration-implements-intelligent-cloud-solution-of-microsoft-for-ifad-group>  
<https://www.dhakatribune.com/business/2021/06/13/egeneration-sets-up-microsoft-workplace-solutions-for-ifad-group>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$70.91	\$22.39	46.15%
Crude Oil (Brent)*	\$72.72	\$20.92	40.39%
Gold Spot*	\$1,870.84	(\$24.26)	-1.28%
DSEX	6,036.05	633.98	11.74%
S&P 500	4,247.44	491.37	13.08%
FTSE 100	7,134.06	673.54	10.43%
BSE SENSEX	52,474.76	4,723.43	9.89%
KSE-100	48,304.72	4,549.34	10.40%
CSEALL	7,610.30	836.08	12.34%

**Exchange Rates**

**USD 1 = BDT 84.73\***

**GBP 1 = BDT 119.54\***

**EUR 1 = BDT 102.52\***

**INR 1 = BDT 1.16\***

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

## IMPORTANT DISCLOSURES

**Analyst Certification:** Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

**Disclaimer:** Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

**Compensation of Analysts:** The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

**General Risk Factors:** BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

### BRAC EPL Stock Brokerage Limited

#### Research

Salim Afzal Shawon, CFA	Head of Research	<a href="mailto:salim@bracepl.com">salim@bracepl.com</a>	01708 805 221
Anika Mafiz	Research Analyst	<a href="mailto:anika.mafiz@bracepl.com">anika.mafiz@bracepl.com</a>	01708 805 206
Sadman Sakib	Research Analyst	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiqulislam@bracepl.com">mrafiqulislam@bracepl.com</a>	01708 805 229
Md Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Chief Executive Officer	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-------------------------	--	---------------

#### BRAC EPL Research [www.bracepl.com](http://www.bracepl.com)

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142  
 Gulshan Avenue, Dhaka – 1212  
 Phone: + (880)-2-9852446-50  
 Fax: + (880)-2-9852451-52  
 E-Mail: [research@bracepl.com](mailto:research@bracepl.com)