

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.

Remittance up 33.5%

- Remittance increased 33.51% year-on-year to USD 16.68 billion in the first eight months of this fiscal year. The inflow since June last year was characterised by robust growth every month in context to that a year ago. But in a sequential monthly comparison the inflow has been gradually declining since October. However, it is still not that much of a matter of concern as February's growth is much higher than that of the same period one year earlier. Expatriate Bangladeshis sent USD 1.79 million in February, up 22.61% year-on-year, showed Bangladesh Bank data.
- Migrant workers might have sent more money to support family members during the coronavirus pandemic, said a Bangladesh Bank official. Many migrant workers lost their jobs when the host countries imposed lockdowns to contain the deadly virus, which might have compelled the migrants to send all their assets back home. The hundi system, an illegal cross-border money transfer system, has come to a halt because of the restriction on movement and this might have taken remittance to a new high. The trend would continue until at least when an end is declared of the pandemic, given the global economic scenario and the initiatives taken by the government.
- Remittance may decrease to some extent when the pandemic is declared to have ended as the global hundi cartel will witness a revival, said another central bank official. He, however, said the pandemic would help a large number of migrant workers get accustomed to the formal channel for the transfer of their hard-earned money. This will play a positive role in increasing remittance in the days to come, he said.

<https://www.thedailystar.net/business/news/remittance-335pc-2053385>

<https://www.newagebd.net/article/131519/remittance-rises-by-3351pc-in-july-feb>

<https://www.dhakatribune.com/business/banks/2021/03/02/remittance-inflows-slowly-reverting-to-pre-pandemic-levels>

Private sector credit growth fall continues

- The downward trend in private sector credit growth continued in the seventh month of the current fiscal year even though the Covid-19 pandemic has subsided. The growth rate was 8.32% in January, down from 8.37% in December. The projected growth for the current financial year is 14.8%. This is happening as confidence in private sector investment is not returning. Entrepreneurs have been slow in making investment decisions as they are observing domestic and global economic trends. A former president of Dhaka Chamber of Commerce and Industry said that the existing falling trend in private sector credit growth intensified after the pandemic.
- Investors would make quick decisions on new investments before the pandemic, but now they are treading carefully. This has affected credit growth, he explained. He believes that confidence in investment will return within this year as vaccination has begun and demand is growing. But if the situation in the export destinations does not improve, it will have negative impacts on export earnings. Moreover, if exports do not rebound, it will affect investment, he added.

<https://tbsnews.net/economy/private-sector-credit-growth-fall-continues-209413>

Telecom regulator puts cap on spectrum allocation in upcoming auction

- The Bangladesh Telecommunication Regulatory Commission (BTRC) has revised the terms and conditions of the auction procedure for Radio Frequency Auction-2021 scheduled to be held on 8 March. According to revised terms and conditions, the auction conducting committee may not allow a mobile operator to participate in the auction for 2100MHz band if it does not participate in the auction for 1800MHz band. The regulatory commission made the change, as the demand is more than the available spectrum, the BTRC said in a letter issued on February 25 to the mobile operators.
- The total demand for spectrum allocation from 1800MHz band from the country's top three mobile operators is 11.4MHz, while the BTRC is set to auction off only 7.4MHz. The country's leading mobile operator Grameenphone alone applied for more than 4.8MHz spectrum from this band. That upset the other operators who asked the regulatory authority to put a cap on spectrum allocation. According to the spectrum auction guidelines, 7.40MHz spectrum from 1,800MHz band will be auctioned in five blocks and 15MHz spectrum from 2,100MHz band will be auctioned in three blocks.
- According to the BTRC, Grameenphone has the lowest spectrum coverage for its users. Over 2.0mn Grameenphone subscribers are occupying each MHz of spectrum. The second largest operator, Robi serves 1.4mn subscribers operating in each MHz spectrum, while Banglalink has 1.1mn users. At present, Grameenphone has 37MHz of spectrum, Robi 36.4MHz, Banglalink 30.6MHz, and Teletalk 25.2MHz in three different bands.

<https://tbsnews.net/bangladesh/telecom/telecom-regulator-puts-cap-spectrum-allocation-upcoming-auction-209521>

No vaccine for private hospitals from govt purchase

- The authorities have rowed back on the decision to allow private hospitals to join the ongoing mass inoculation drive with vaccine doses from the government's purchase. Health directorate Director General (DG) said that some changes have been made to the initial discussions about engaging the private sector in the vaccination drive with government-provided shots. Instead, the private hospitals have been encouraged to import vaccines on their own. And in that case, the government will fix the import and sales prices, and determine how the vaccination at private healthcare facilities will be carried out, he added. On 10 February, private hospitals demanded 1.0 million doses of the Oxford-Astrazeneca vaccine from the government to carry out vaccinations under private arrangements.

<https://tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/no-vaccine-private-hospitals-govt-purchase-209458>

Capital base of banks improves marginally

- The capital base of the country's banks has improved marginally in 2020 mainly due to the 'decline' in the volume of their non-performing loans (NPLs), officials said. The capital-to-risk weighted-asset ratio (CRAR) of all the scheduled banks rose to 11.64% as on December 31 last year from 11.57% on the same day of the year before, according to the latest statistics of the Bangladesh Bank (BB). The NPLs shrank by more than 6.0% or BDT 60.49 billion to BDT 882.82 billion, excluding offshore banking operations, as of December 31 from BDT 943.31 billion a year ago.

- The suspension of the usual practice of classifying loans that had been put into effect by the BB in March 2020 following the outbreak of Covid-19 had been largely responsible for the shrinking of the classified loans in the country's banking sector. However, 10 banks out of the total 59 witnessed a total capital shortfall of BDT 289.50 billion in 2020 despite a falling trend in default loans. The 10 banks-five state-owned commercial banks (SoCBs), three private commercial banks (PCBs) and two specialised banks (SBs) -were put on the list of banks that suffered the capital shortfall, according to the BB officials.

- The quality of assets of these banks is poor and those could not generate enough profits to increase their capital bases, a BB said while explaining the capital shortages of the banks. Most of these banks are chronic defaulters as far as the maintenance of CRAR, according to the central banker. Meanwhile, the total regulatory capital increased by 8.83% or BDT 106.99 billion to BDT 1,318.34 billion in the final quarter of 2020 from BDT 1,211.34 billion a year before. The central banker also said the capital shortfall of the banks may improve in April this year if the central bank offers regulatory forbearance to some banks considering the overall economic situation.

<https://today.thefinancialexpress.com.bd/first-page/capital-base-of-banks-improves-marginally-1614621288>

<https://www.dhakatribune.com/business/banks/2021/03/02/banks-capital-base-swerves-the-wrong-way-in-2020>

<https://www.newagebd.net/article/131520/capital-shortfalls-in-10-banks-hit-BDT-28950cr-in-dec-end-quarter>

Spectacular rise of refrigerator market

- The annual market of refrigerators has grown by USD 131 million in just two years from a USD 549 million one in 2018, a Dhaka University research reveals. A rapid rise of a middle-income class, increasing numbers of small families and working women amid countrywide electrification and urbanisation, and the localisation of manufacturing have together helped the Bangladesh refrigerator market grow at a double-digit rate over the past decade. And now the Marketing Watch Bangladesh (MWB), a research initiative of the Dhaka University marketing department, forecasts that the market will reach USD 900 million in 2022.

- As of 2020, local brands already occupy around 80% of the home market and the remaining 20% belong to foreign brands, Marketing Watch Bangladesh said citing industry insiders' data. In fact, the demand for refrigerators began to rise two decades ago but the real takeoff took place in the beginning of last decade as soon as the rural families started to use refrigerators and subdued urban families also opted for one, said Marketing Watch. Regular refrigerators, which tend to accumulate ice in the deep freezer section, are the most affordable ones and make over 80% of the sales. Its market is growing at an annual rate of around 10%.

- Walton, the unbeaten leader of the refrigerator market with 66% market share of Walton brand and over 5% market share for the group's sister brand Marcel, is manufacturing compressors as the eighth company in Asia.

<https://tbsnews.net/economy/industry/spectacular-rise-refrigerator-market-209518>

IDLC Managing Director Arif Khan resigns

- Arif Khan, managing director and chief executive officer of IDLC Finance, the largest non-bank financial institution in the country, resigned from his post on Sunday. The resignation will be effective after approval from the board. Confirming his resignation, Arif said that he had been planning for long to start his own business. Sharing his business plan, Arif said he would start a share market-related venture. He added that he had voluntarily resigned for a fresh

start.

- Even amid the Covid-19 pandemic, IDLC made the highest profit of BDT 2.53 billion in its 35-year history. The pandemic could not affect its dividend either as the company declared 35% cash dividend for last year, which was the same in the previous year. The company has been maintaining a mere 2-3% default loan ratio for the last five years even after lending at higher rates. The average non-performing loan ratio in the NBF1 industry was above 9% last year, while that in the banking sector was over 10%.

<https://tbsnews.net/economy/idlc-managing-director-arif-khan-resigns-209347>

<https://www.thedailystar.net/business/news/arif-khan-steps-down-idlc-finance-ceo-2053389>

<https://www.dhakatribune.com/business/banks/2021/03/01/arif-khan-architect-of-idlc-s-golden-era-leaving-to-start-investment-vehicle>

IFIC Bank to issue BDT 5.00bn subordinated bond

- The board of directors of IFIC Bank has given its nod to issuing a bond worth BDT 5.00 billion to strengthen its capital base. However, the issuance of the Tier-2 capital -- expected to help the bank fulfil its Basel-III requirement -- will be subject to approval from the Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC), said a disclosure yesterday.

<https://www.dhakatribune.com/business/stock/2021/03/02/ific-bank-to-issue-BDT-500cr-subordinated-bond>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$62.61	\$14.09	29.04%
Crude Oil (Brent)*	\$65.59	\$13.79	26.62%
Gold Spot*	\$1,746.50	(\$148.60)	-7.84%
DSEX	5,404.80	2.73	0.05%
S&P 500	3,811.15	55.08	1.47%
FTSE 100	6,483.43	22.91	0.35%
BSE SENSEX	49,099.99	1,348.66	2.82%
KSE-100	45,865.02	2,109.64	4.82%
CSEALL	7,476.34	702.12	10.36%

Exchange Rates

USD 1 = BDT 84.72*

GBP 1 = BDT 118.51*

EUR 1 = BDT 102.35*

INR 1 = BDT 1.15*

*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

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Anika Mafiz	Research Analyst	anika.mafiz@bracepl.com	01708 805 206
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	CEO	bappi@bracepl.com	01730 357 991
----------------------	-----	--	---------------

BRAC EPL Research 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