

*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.*

**Macro:****VAT collection registers 17% growth in FY'23 despite adversities**

- Collection of value-added tax (VAT) grew by 17% last fiscal year (FY) despite multiple challenges on both external and domestic trade fronts. Though the government adopted austerity measures amid adverse economic situations, and the revenue board missed a substantial amount of VAT against some projects, desperate drives by the VAT wing of the National Board of Revenue (NBR) facilitated the collection, according to a statement issued on Thursday.
- The VAT wing collected BDT 1.25 Tn in FY '23 which is BDT 170.04 Bn more than that of the previous year. It has collected 92% of the FY's ambitious target of BDT 1.36 Tn which is marked as 'outstanding' as per Annual Performance Agreement of the Ministry of Finance. VAT collection grew by 18% alone in the month of June, 2023 alone.

<https://thefinancialexpress.com.bd/economy/bangladesh/vat-collection-witnesses-17pc-growth-in-fy23>

**Business leaders to explore Saudi markets, strengthen commercial ties**

- Top business leaders are gearing up for a visit to Saudi Arabia to explore the Kingdom's markets and enhance commercial relations between the two nations, Arab News reports the delegation as saying. With the UN's resolution to graduate Bangladesh from LDC status by 2026, the country is poised to lose certain international support measures, necessitating diversification of export markets and increased trade with other nations.
- The push for greater cooperation began in March, with a high-level delegation led by Saudi Commerce Minister Majid bin Abdullah Al-Qasabi visiting Dhaka which resulted in the signing of multiple investment agreements, marking Saudi Arabia's entry into Bangladesh's energy, seaport, and agriculture sectors.

<https://www.tbsnews.net/economy/business-leaders-explore-saudi-markets-strengthen-commercial-ties-673214>

**Govt examines pros-cons of joining world's biggest trade bloc**

- The government is scrutinising the conditions to join the Regional Comprehensive Economic Partnership (RCEP), the world's largest trade bloc led by China, as well as weighing the pros and cons of joining the treaty. The RCEP, a pact of 15 countries accounting for about 30% of the world's population (2.3 Bn people) and a market of USD 26.3 Tn, was launched in January last year.
- Last year, the Bangladesh Trade and Tariff Commission conducted a feasibility study on Bangladesh's accession to the RCEP. The report was mostly in favour of inclusion as joining the RCEP will increase Bangladesh's exports to the global market by 17.37%, amounting to more than USD 5 Bn. Joining the RCEP would also boost the country's GDP by a marginal 0.23%.
- Several disadvantages also emerged in the Tariff Commission report. The overall industrial production outside of the ready-made garment sector may decline and Bangladesh's revenue and income from import duties may also decline. While Bangladesh would enjoy duty-free access to 15 other RCEP countries, those countries would also get the same advantage as Bangladesh. Accession to the RCEP would result in a significant increase in Bangladesh's global imports, which would grow by 14.46%.

<https://www.tbsnews.net/economy/govt-examines-pros-cons-joining-worlds-biggest-trade-bloc-673498>

**Bangladesh goes great guns to strike FTAs**

- Bangladesh attains a good going towards striking free-trade agreements (FTAs) with some countries having significant bilateral trade, as the nation braces for post-graduation loss of market-access preferences, officials said. Among the countries having close trade ties with Bangladesh and approached for free-trade deals are Asian neighbours like Japan, India, and China.
- The work is advancing as the country is poised to lose tariff facilities in many wealthier countries when Bangladesh sees off the world's poor-nation club in 2026. Commerce Minister Tipu Munshi last month told parliament that the government had completed feasibility studies to sign free-trade and preferential-trade agreements with 23 countries. He said primarily steps were taken to initiate negotiations for signing FTAs with 10 countries and three regional alliances on a priority basis.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-goes-great-guns-to-strike-ftas>

**Early starts govt search for external funds**

- Early starts the government's search for budget-support credits for the current fiscal year with preference for external funds to avert further domestic push to inflation, officials said. Requests for funding the budget deficit have already been dispatched to some bilateral and multilateral development, they said Friday. The donors approached include the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the World Bank and Japan.
- Meanwhile, three key donors -- ADB, AIIB and Japan -- under a common initiative had already provided USD 400 Mn, USD 400 Mn and USD 209 Mn respectively in the immediate-past financial year (FY23). The budget deficit for the current 2023-24 financial year has been estimated at BDT 2.62 Tn, 5.2% of the GDP. The total size of the budget for the current FY is BDT 7.62 Tn.

<https://thefinancialexpress.com.bd/economy/bangladesh/early-starts-govt-search-for-external-funds>

**Brick-and-mortar banking set to get big shakeup as all rush for digital banking**

- The banking landscape in Bangladesh braces for a monumental transformation, as traditional brick-and-mortar banking institutions, MFS providers, and telecommunication companies are actively pursuing licences to establish digital banks, following the central bank's opening door for applications starting from 21 June.
- During the past month, approximately 60 name clearance applications have been submitted to the RJSC for digital banks. Among these applications, more than a dozen are from commercial banks, at least two are from MFS providers, and two are from mobile network operators. Bangladesh Bank is likely to extend the online application deadline, originally set to expire on 1 August, for another month in response to a request from trade bodies.

<https://www.tbsnews.net/economy/banking/big-shakeup-set-traditional-banking-all-rush-digital-banking-672734>

**Penalty interest back on overdue and classified loans**

- Banks can now charge a maximum 1.5% penalty interest for overdue and classified loans. Besides, the interest rate on pre-shipment export credit – which an exporter can access before sending goods to a buyer – has been aligned with the Six Months Moving Average Rate of 182 days Treasury Bill (SMART). As per the new guidelines, the interest rate on pre-shipment export loans will be 9.10%, which was 10.10%.
- Central bank officials said banks requested the central bank to reinstate the penalty interest against defaulted loans to encourage good borrowers and discourage bad ones or willful defaulters. The official said, banks can impose penalty interest on all types of classified loans if they want.

<https://www.tbsnews.net/economy/banking/penalty-interest-back-overdue-and-classified-loans-672710>

**Bank chairmen can now serve on both banks' foundations, foreign entities**

- Chairmen of banks' boards of directors and subsidiary committees can now serve on the boards of directors of bank-owned foreign exchange houses, money transfer operators and finance companies abroad as well as bank-financed foundations within the country, the Bangladesh Bank said in a circular on Thursday.
- Earlier in May 2022, a central bank directive stated that the chairman of a bank's executive committee, audit committee, or risk management committee, if they are the chairman or board member of the bank, could not be the director of any company or foundation formed and managed by the bank. However, due to demands from the Bangladesh Association of Banks (BAB), the resignation deadline for subsidiaries was postponed to 30 June of this year. Furthermore, the BAB's demand resulted in the relaxation of rules concerning foundations formed and managed with the financing of subsidiaries and banks located abroad.

<https://www.tbsnews.net/economy/banking/bank-chairmen-now-permitted-hold-positions-affiliated-foreign-entities-says-bb>

**Bangladesh loses USD 361 Mn tax a year: report**

- Bangladesh is losing USD 361 Mn worth of tax annually owing to the shifting of profits by multinational companies, especially into tax heavens abroad, according to a report by the Tax Justice Network (TJN). In addition, the country is losing USD 26 Mn a year due to global tax evasion committed by private individuals, said the TJN in its State of Tax Justice 2023 released on July 25.
- The amount of tax loss is 0.1% of the country's gross domestic product (GDP), said the network of individuals and organisations working for a fairer tax system. The report said the amount of Bangladesh's annual tax loss is USD 387 Mn and it is 1.5% of its tax revenue, which is higher than the regional average.

<https://www.thedailystar.net/business/economy/news/bangladesh-loses-361m-tax-year-report-3380476>

**Chattogram port slips three notches**

- Holding its rank among the busiest seaports worldwide could be compared to climbing an oiled bamboo for Chattogram port as it again slipped by three notches in Lloyd's List: One Hundred Ports 2023. After advancing three steps to 64th in last year's edition of Lloyd's List, Chattogram port has fallen back down to 67th among the 100 busiest global ports in terms of annual container movement.
- As per Lloyd's List, Chattogram port handled about 3.14 Mn TEUs (twenty-foot equivalent units) of containers in 2022, down 2.2% from around 3.21 Mn TEUs the previous year. Chattogram port had advanced in rankings for seven years straight since 2014, but it eventually slipped nine notches to 67th in the 2021 edition, mainly for reduced container traffic the year before. The port had ranked 58th in 2020, 64th in 2019, 70th in 2018.

<https://www.thedailystar.net/business/economy/news/chattogram-port-slips-three-notches-3380451>

**Vehicle insurance business going thru tough times**

- The vehicle insurance business in Bangladesh is passing hard times as people are not interested in insuring automobiles in the absence of legal obligation as well as a lack of trust in insurers and promotional activities. In the past, insurance was mandatory for all types of vehicles such as motorcycles, cars, buses and trucks. The government abolished the system in 2018, taking a toll on the insurance business.
- Recently, the government has moved to make insurance mandatory for vehicles again. An official of the Financial Institutions Division said a proposal to make insurance mandatory was sent to the finance ministry in April. The government loses revenue of BDT 8.78 Bn every year since vehicle insurance is not mandatory, the official added.

<https://www.thedailystar.net/business/economy/news/vehicle-insurance-business-going-thru-tough-times-3380486>

**Stocks:****ACI | ACI to enter aviation market, invest in digital bank**

- ACI Ltd, one of the leading business houses in Bangladesh, has decided to enter the aviation business and invest BDT 100 Mn in a digital bank, said the company. The company, in a board meeting on July 26, decided to form a subsidiary named ACI Avionics and Airlines Services Ltd with a BDT 500 Mn authorised capital and a BDT 10 Mn paid-up capital. ACI is the latest company that has disclosed plans to invest in digital banks after two listed companies — Bank Asia and Crystal Insurance — shared a similar plan.

<https://www.thedailystar.net/business/economy/news/aci-enter-aviation-market-invest-digital-bank-3380471>

**FEDERALINS | Federal Ins declares 10% cash dividend**

- Federal Insurance Company Ltd has approved a 10% cash dividend. This was announced at the 35th annual general meeting, which was held virtually yesterday, said a press release. The meeting witnessed the re-election of Faraaz Karim Chowdhury as a director from public shareholders.

<https://www.thedailystar.net/business/economy/news/federal-ins-declares-10-cash-dividend-3380256>

**BERGERPBL | Berger profit grows 5.42% in Q1**

- Berger Paints Bangladesh saw a 5.42% year-on-year increase in net profit during the April-June quarter this year, thanks to reduced operating costs and a significant rise in finance income. The multinational paints maker, commanding half of the country's paints market, reported net profits of BDT 972 Mn for the June quarter, up from BDT 922 Mn in the same quarter the previous year.
- According to the unaudited financial statements of Berger, the company's consolidated earnings per share rose to BDT 20.96, compared to BDT 19.87 in the corresponding quarter last year. Despite the positive profit growth, the company faced challenges in its sales revenue, which only saw a 0.87% year-on-year increase to BDT 6.92 Bn. The growth was hindered by macroeconomic adversities and rising costs of raw materials. Berger Paints Bangladesh got listed on the stock market in 2006 by issuing shares representing only 5% of its paid-up capital.

<https://thefinancialexpress.com.bd/stock/bangladesh/berger-profit-grows-542pc-in-q1>

**ROBI | Robi returns to profit**

- Robi Axiata Ltd, the second largest mobile phone operator in Bangladesh, made a BDT 244 Mn profit in the second quarter of 2023. With this, the carrier recovered from a BDT 121.5 Mn loss it suffered during the same period a year ago. Thus, EPS were BDT 0.05 in April-June of 2023, rebounding from a BDT 0.02 per share loss a year ago, according to its financial statements.
- The profit surged 140% year-on-year to BDT 663.8 Mn in the first half of the year. It was BDT 276.7 Mn in the identical half of 2022. So, the consolidated EPS rocketed to BDT 0.13 from BDT 0.05 a year prior. The company made capex investment of BDT 7.62 Bn from April to June to further bolster its 4G network. Robi contributed BDT 16.84 Bn to the government exchequer in the three-month period, which accounted for 66.3% of its revenue. The company said it ensured 98.5% 4G population coverage with more than 16,000 sites across the country.

<https://www.thedailystar.net/business/economy/news/robi-returns-profit-3380446>

**ISLAMIBANK | Islami Bank's profit rises slightly**

- Islami Bank Bangladesh Ltd's profit grew 1.4% year-on-year to BDT 3.43 Bn in the January-June half of 2023. The Shariah-based private bank made a profit of BDT 3.387 Bn in the identical six-month period last year. Thus, earnings per share increased to BDT 2.13 in the six months to June from BDT 2.10 in the same period the previous year, said the bank in a disclosure yesterday. In April-June this year, IBBL's EPS grew to BDT 1.78 from BDT 1.58 in the same quarter of 2022. So, profits rose 12% to BDT 2.86 Bn.

<https://www.thedailystar.net/business/economy/banks/news/islami-banks-profit-rises-slightly-3380441>

**FIRSTFIN | First Finance's board restructured**

- The stock market watchdog has restructured the board of First Finance as the non-bank financial institution has been performing poorly for a long time. At present, the company's accumulated loss stands at BDT 3.25 Bn and the total shareholders' equity is BDT 1.698 Bn in the negative, according to the letter the Bangladesh Securities and Exchange Commission (BSEC) sent to the company.
- First Finance got listed with the stock exchange in 2003 and was downgraded as a Z category share in 2016 because of its failure to provide any cash dividend to its shareholders for the last 14 years. On top of that, around 86.6% of the company's loans have become non-performing loans. The share price of the company is BDT 5.5 now and it could not find any buyer for many days.

<https://www.thedailystar.net/business/economy/news/first-finance-board-restructured-3380411>

**DUTCHBANGL | Dutch-Bangla Bank's profit drops 23% in Apr-Jun**

- Profits of Dutch-Bangla Bank dropped 23% year-on-year in the April to June period of 2023. The earnings per share (EPS) of the lender was BDT 1.54 in the second quarter of 2023, down from BDT 2.02 in the same period the previous year. Though the profit of the company dropped, its share price remained unchanged at BDT 59.1 yesterday at the Dhaka Stock Exchange (DSE). Due to the drop in profit in the second quarter, the bank's profit fell in the first half of 2023. Its EPS stood at BDT 3.21 in January to June period of 2023, down from BDT 3.33 in the same period of 2022. The lender provided 17.5% cash dividend and 7.5% stock dividends to its shareholders for 2022.

<https://www.thedailystar.net/business/economy/banks/news/dutch-bangla-banks-profit-drops-23-apr-jun-3380396>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 80.58	USD 5.37	7.14%
Crude Oil (Brent)*	USD 84.99	USD 7.21	9.27%
Gold Spot*	USD 1,959.49	USD 185.34	10.45%
DSEX	6,339.51	132.51	2.13%
S&P 500	4,582.23	742.73	19.34%
FTSE 100	7,694.27	242.53	3.25%
BSE SENSEX	66,160.20	5,319.46	8.74%
KSE-100	47,139.06	6,718.61	16.62%
CSEALL	11,312.19	2,809.70	33.05%

**Exchange Rates****1 US Dollar = 108.59 BDT****1 GBP = 139.48 BDT****1 Euro = 119.73 BDT****1 INR = 1.32 BDT**

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