

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.

Merge or divest State-owned Commercial Banks (SCBs) to bring down NPL: Asian Development Bank (ADB)

- The Asian Development Bank (ADB) strongly recommends merging or divesting the country's state-owned commercial banks (SCBs) in an effort to bring down the soaring non-performing loans in the banking sector. It also suggests not appointing bank directors on political considerations. To bar borrowers from taking loans from several banks using the same properties as collateral, the ADB in its policy recommendations suggests the government develop a data warehouse for collaterals. The ADB finds despite several measures, including loan classification and provisioning with international standard, the NPL in the banking system is still very high. At the end of June this year, of the total NPLs, defaulted loans of six state-owned commercial banks stood at BDT 537.45 billion or 31.58% of their total disbursed loans, according to BB data.
- The ADB also suggests establishing a state-run asset management company (AMC) to expedite NPL resolution process in the banking sector as other Asian countries have successfully implemented such framework. After taking over the NPLs and repacking those, the AMC can sell those in the market at more realistic price to encourage banks to expedite the reticulation process. ADB says it will consider financing such AMC, along with its ongoing technical assistant, if the government proposes so.

<https://www.dhakatribune.com/business/2019/11/26/merge-or-divest-scbs-to-bring-down-npl>

Government mulls asset management company to cut non-performing Loans

- The government is actively considering formation of an asset management company (AMC) to resolve a rise in non-performing loans (NPLs) in banks and financial institutions. Additional Secretary of the Financial Institutions Division said they have initiated to update laws and introduce new policies, including formation of an AMC. He hinted at visible results within the next two to three months. After taking over the NPLs and repacking those, AMC can sell those in the market at more realistic prices to encourage banks to expedite the reticulation process. Currently, the net NPL is 2.5% and the gross NPL is 11.69%. We have witnessed that NPL is SCBs is higher than private banks, the Bangladesh Bank Deputy Governor said.

<https://today.thefinancialexpress.com.bd/last-page/govt-mulls-amc-to-cut-npls-1574789253>

<https://www.thedailystar.net/business/news/adb-help-fight-bad-loans-1832335>

<http://www.newagebd.net/article/91841/formation-of-asset-mgmt-cos-planned-to-recover-bad-loan>

The Executive Committee of the National Economic Council (Ecne) clears six projects involving BDT 73.12 billion

- The Executive Committee of the National Economic Council (Ecne) on Tuesday approved six projects involving BDT 73.12 billion, including a BDT 59.50 billion scheme to expand Dhaka and Western Zone Transmission Grid to different upazilas in 17 districts of Dhaka, Khulna and Barishal divisions.
- Of the total cost, BDT 27.785 billion will come from government fund, while BDT 3.217 billion from the own fund of organization concerned (PGCB) and BDT 42.123 billion from foreign sources as project loan, the Planning Minister said. Among the approved projects, five are new and one is a revised one.
- According to the Planning Commission factsheet, the Dhaka and Western Zone Transmission Grid Expansion Project will be implemented by June 2024 for meeting the growing electricity demand through enhancing capacity and strengthening the existing transmission infrastructure. Power Grid Company of Bangladesh (PGCB) will implement the project with an estimated cost of BDT 59.499 billion. Of the cost, BDT 42.12 billion will come from the Asian Development Bank (ADB) and Asian Infrastructure Investment Bank (AIIB) as project loan, while BDT 14.16 billion from the national exchequer and BDT 3.21 billion from the own fund of PGCB.
- The rest four projects were placed for the clearance of Ecne to improve highways in four places.

<https://today.thefinancialexpress.com.bd/trade-market/ecne-clears-six-projects-involving-BDT-7312-billion-1574792173>

<https://www.thedailystar.net/business/news/ecne-okays-6-projects-worth-BDT-7312cr-1832305>

High Court asks Bangladesh Telecommunication Regulatory Commission (BTRC) to explain its payment dispute with Robi

- The High Court on Monday issued a rule asking Bangladesh Telecommunication Regulatory Commission to explain why it should not be directed to refrain from realizing BDT 8.67 billion from mobile company Robi. Issuing the rule, the HC bench of Justice fixed December 1 for further order in this regard.
- On July 31, BTRC issued a letter to Robi demanding payment of BDT 8.67 billion.

<http://www.newagebd.net/article/91791/hc-asks-btrc-to-explain-its-payment-dispute-with-robi>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$58.26	-0.15	-0.26%
Crude Oil (Brent)*	\$64.09	-0.18	-0.28%
Gold Spot*	\$1,459.85	-1.54	-0.11%
DSEX	4,722.31	+28.68	+0.61%
Dow Jones Industrial Average	28,121.68	+55.21	+0.20%
FTSE 100	7,403.14	+6.85	+0.09%
Nikkei 225	23,458.59	+85.27	+0.36%
BSE SENSEX	40,979.39	+158.09	+0.39%

Exchange Rates

USD 1 = BDT 84.78*

GBP 1 = BDT 109.00*

EUR 1 = BDT 93.41*

INR 1 = BDT 1.19*

*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
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Ahmed Zaki Khan	Research Associate	zaki.khan@bracepl.com	01708 805 211
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	Head of International Trade & Sales	bappi@bracepl.com	01730 357 991
----------------------	-------------------------------------	--	---------------

BRAC EPL Research www.bracepl.com

121/B Gulshan Avenue
Gulshan-2, Dhaka
Phone: +880 2 881 9421-5
Fax: +880 2 881 9426
E-Mail: research@bracepl.com