

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.

Banks allowed to hold collateral against external loans

- Bangladesh Bank on Monday allowed local banks to hold collaterals on behalf of the overseas bank branches to facilitate foreign borrowing by the public entities and industrial enterprises. The central bank's foreign exchange policy department issued a circular in this regard under paragraph 13 of chapter 16 of the Guidelines for Foreign Exchange Transactions-2018. 'Authorised Dealers (ADs) are permitted to hold collaterals on behalf of overseas bank branches or correspondents in respect of external borrowing by industrial enterprises as approved by Bangladesh Investment Development Authority and Bangladesh Bank,' it said.
- 'In addition to external borrowing approved by BIDA and BB for private sector, access to term borrowing is admissible by public sector entities subject to specific approval from standing committee on non-concessional loan,' the BB circular said. 'To facilitate the transactions, it has now been decided that ADs are allowed to hold collaterals on behalf of overseas bank branches or correspondents or lenders against external loans as approved by standing committee on Non-Concessional Loan within the purview of the aforementioned regulations,' it said.
- 'Another BB circular issued on the day related to repayment of the overseas loans said that repayment installments of interest and principal against external loans approved by SCNCL and BB are permissible within the purview of the aforementioned regulations. Charges related to such term loans as approved by BIDA, SCNCL and BB within the purview of effective interests or within the framework of approved term sheets/loan agreements are also remittable, it said. The BB instructed the authorised dealers to be satisfied with the deductions of applicable taxes and payment thereof, while effecting the transactions in accordance with the stipulated authorisation.

<http://www.newagebd.net/article/53290/banks-allowed-to-hold-collateral-against-external-loans>

Rescheduled loans jump in Q2

- Banks went on a loan rescheduling spree once again in the second quarter of 2018 after holding back in the first quarter. Between the months of April and June, default loans amounting to BDT 5,879 crore were rescheduled, in contrast to BDT 1,458 crore three months earlier, according to data from the central bank. Of the total amount rescheduled by banks, two banks accounted for 42.69 percent: state-run Sonali rescheduled BDT 1,340 crore and Islami BDT 1,169 crore. Bangladesh Bank officials said that the large scale rescheduling of non-performing loans would not bring any good to the chaotic banking sector as most of the default loans were regularised bypassing the central bank's instructions.
- For instance, Sonali rescheduled more than BDT 1,200 crore of classified loans of a controversial business group by taking only 1% down payment. As per central bank instructions, banks would have to take down payment of 10% to 50% when rescheduling the toxic loans. The repayment track record of the business group, which was marked the top defaulter of the bank in December last year, is poor: it became a defaulter despite rescheduling its NPLs a number of times, said a BB official. The group sought the latest round of rescheduling as its owner will contest in the upcoming national election, said a Sonali official.
- Managing director of Sonali said that the lender had secured prior approval from the central bank to reschedule the default loans. The group is now making its loan instalments on a regular basis, he added. Some banks have frequently breached the central bank's norms while rescheduling default loans, the BB official said. A central bank inspection team has recently found that a first generation bank rescheduled more than BDT 4,000 crore last year by grossly violating banking rules. The central bank termed the non-performing and rescheduled loans as stressed assets of the lenders as such loans are highly risky

<https://www.thedailystar.net/business/news/rescheduled-loans-jump-q2-1647598>

Net FDI Inflow Jumped in Bangladesh though Global FDI dips 41% in January-June

- The inflow of foreign direct investment (FDI) globally declined sharply in the first half of the current calendar year. The amount is estimated at USD 470 billion in the January-June period of 2018 while it was USD 794 billion during the same period of 2017. Investment Trend Monitor, released by the United Nations Conference on Trade and Development (UNCTAD) on Monday, revealed this declining trend in the global FDI. The sharp decline is attributed to the large repatriation of multinational entities based in the United States.
- Against this backdrop, the net FDI inflow in Bangladesh jumped by around 44% in the first half of 2018. The latest statistics, released by the central bank last week, showed the net FDI inflow here stood at USD 1.42 billion in the January-June period of 2018. The amount was USD 0.99 billion in the corresponding period last year. The Bangladesh Bank data further showed that the net FDI inflow in the past fiscal year (FY) increased by 5.11% over the fiscal before

that. In FY '18, the country received USD 2.58 billion as net FDI against USD 2.45 billion in FY '17. Net FDI is derived by deducting disinvestment from gross inflow of foreign investment.

- In FY '18, gross FDI stood at USD 3.29 billion while the amount of disinvestment was USD 0.71 billion. Disinvestment includes capital repatriation, reverse investments, loans given to parent firms and repayments of intra-company loans to parent firms of the multinational companies operating here. Half the net FDI, USD 1.25 billion to be precise, came as reinvested earnings of the multinational entities. The rest was divided as intra-company loan equivalent to USD 0.71 billion and equity worth USD 0.62 billion.

<http://today.thefinancialexpress.com.bd/first-page/global-fdi-dips-41pc-in-jan-jun-1539626868>

BEZA to allot 30 acres of land to Berger

- Bangladesh Economic Zones Authority (BEZA) is set to allot 30 acres of land to Berger Paints Bangladesh Limited for expansion of its manufacturing facilities. A lease agreement in this regard is scheduled to be signed between BEZA and Berger Paints tomorrow (Wednesday). Managing Director of Berger Paints Bangladesh, said the company would establish third factory in the land to be allotted in the economic zone. She also added that land is also required for joint venture business. The allotment of land in economic zones will help us initiating joint venture business

- The company earlier had submitted an application seeking allotment of industrial land at Mirsarai and Feni economic zones for expansion of its manufacturing facilities. BEZA has been pleased to issue a provisional letter of allotment approving 30 acres of land in favor of the company in Mirsarai and Feni Economic Zones subject to certain conditions, according to DSE disclosure.

<http://today.thefinancialexpress.com.bd/stock-corporate/beza-to-allot-30-acres-of-land-to-berger-1539624998>

IDLC net profit sees 1.0% growth in Q3

- IDLC Finance Limited reported net profit after tax of BDT 1,821.51 million in the first 9 months of 2018, posting a 1.0% growth from the same period last year. Earnings per share stands at BDT 4.83 as against BDT 4.90 in the 9 months ending September 2017, said a statement. Annualized ROE and ROA have been 18.76% and 2.35% against 22.90% and 2.75% respectively in the equivalent prior period. Book value per share rose to BDT 35.24, from BDT 32.17 at the Q3 2017.

- Since September, 2017 loan assets grew by 12.72% to BDT 79.59bn. The loan book growth was primarily driven by corporate portfolio, which grew by above 35% over the last twelve months and now accounts for 22.66% of the company's total portfolio. SME loans still hold the lion's share of the portfolio, at 41.83% , followed by consumer, which makes up 33.51% of the company's portfolio. The remaining 2.0% reflects margin loans, which contributed 3.0% at the end of September, 2017.

- NPL rates have dropped by 16 basis points from almost 2.83% in Q3 2017 down to 2.67% at the end of the quarter in review. Capital market subsidiaries of the company also reported Y-o-Y growth in Net Income, largely on the back of increased investment income. The company expects to add more to its revenue lines within the medium term through the recent attainment of Alternative Investments license by IDLC Asset Management Limited.

<http://today.thefinancialexpress.com.bd/trade-market/idlc-net-profit-sees-10pc-growth-in-q3-1539625207>
<https://www.thedailystar.net/business/news/idlc-finances-profit-grows-marginally-1647577>

Mir Akhter holds IPO road show tomorrow

- Mir Akhter Hossain Limited, a construction and engineering company, has moved to go public under the book building method. The company will raise a capital worth BDT 1.25 billion, said a release of IDLC Investments. As part of going public, the company will hold its IPO (initial public offering) road show in the capital tomorrow (Wednesday), according to IDLC Investments. It said the company will utilise the IPO proceeds to purchase equipments and repay bank loans. IDLC Investments is working as the issue manager of the company.

- Mir Akhter Hossain Limited has over fifty years of experience with a proven track record in the construction industry of Bangladesh. The company continues to hold a unique place in the country's engineering and construction sector with operations in projects like construction of roads, bridges, highways, railway tracks, airports, discharge channels, civil construction of power plants, functional buildings, factory buildings and complex infrastructural projects.

<http://today.thefinancialexpress.com.bd/stock-corporate/mir-akhter-holds-ipo-road-show-tomorrow-1539624957>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$71.89	+0.11	+0.15%
Crude Oil (Brent)*	\$81.03	+0.25	+0.31%
Gold Spot*	\$1,226.31	-0.75	-0.06%
DSEX	5384.41	-62.00	-1.14%
Dow Jones Industrial Average	25,250.55	-89.44	-0.35%
FTSE 100	7,029.22	+33.31	+0.48%
Nikkei 225	22,407.54	+136.24	+0.61%

Exchange Rates

USD 1 = BDT 83.95*

GBP 1 = BDT 110.34*

EUR 1 = BDT 97.17*

INR 1 = BDT 1.14*

**Currencies and Commodities are taken from Bloomberg.*

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