

Economy

4th-highest on unfolding AIIB credit line

Bangladesh stands out as the fourth-biggest recipient of assistance from an unfolding Asian Infrastructure Investment Bank (AIIB) credit line with over USD 3.67 Bn received from the new bank's committed finance between 2016 and March 2023. ▪ This accounts for more than 8.41% of the total investment made so far by the up-and-coming development financier, according to available AIIB statistics. The AIIB says the investment is meant for developing "infrastructure for tomorrow". Its objective reads: "By investing in sustainable infrastructure, AIIB unlocks new capital, new technologies and new ways in which to address climate change and to connect Asia, and the world."

<https://thefinancialexpress.com.bd/economy/bangladesh/4th-highest-on-unfolding-aiib-credit-line>

Confidence crisis in financial sector deepens

Bangladesh's financial sector is struggling to win back people's trust mainly due to the deterioration of some key indicators amid a lack of good governance, irregularities and lighter punishment for wrongdoers, according to analysts. The financial sector has been in bad shape at a time when Bangladesh plans to become a developed nation by 2041. The banking sector is burdened with a higher NPL, which stood at BDT 1.32 Tn in March, up 16% from a year earlier, data from the Bangladesh Bank showed. A floor price has led to the creation of a barren equity market since there are fewer buyers. Both intermediaries and investors are worried about the direction of the market as economic uncertainty shows no sign of disappearing.

<https://www.thedailystar.net/business/economy/news/confidence-crisis-financial-sector-deepens-3404786>

Bank, NBFi, and Insurance Sector

BB instructs non-banks to reduce bad loans

Bangladesh Bank has instructed non-bank financial institutions (NBFIs) to reduce the amount of non-performing loans (NPLs) they have to resolve the sector's image crisis. The country's 35 NBFIs had NPLs amounting to BDT 178.55 Bn at the end of March, which is 25% of the loans they had disbursed, as per the central bank's latest data. ▪ The instruction came at a meeting between the central bank and the Bangladesh Leasing and Finance Companies Association (BLFCA), a forum of chief executives of the NBFIs, at the BB headquarters yesterday. Presiding over the meeting, Bangladesh Bank Governor Abdur Rouf Talukder specifically asked the NBFIs to regain customer confidence through improvements of their financial health. Bangladesh Bank's financial stability report-2022 said 14 NBFIs were in the red zone last year as per a stress test report.

<https://www.thedailystar.net/business/economy/news/bb-instructs-non-banks-reduce-bad-loans-3404766>

Cenbank flags banks' data anomalies

The Bangladesh Bank has voiced concerns over significant anomalies in banks ranging from disparities related to outstanding and overdue LC information in contrast to the central bank's dashboard to instances of deliberately undervalued invoicing for tax evasion. Also, the central bankers pointed out the delayed submission of export data and inaccurate foreign exchange data by authorised dealer banks. These observations were outlined in a document from the central bank, which was prepared following a meeting between the chief executive officers of banks and senior central bank officials on 16 August. Bangladesh Bank Governor Abdur Rouf Talukder chaired the meeting. Bankers have also been warned for not following the single borrower exposure limit as issued by the central bank last year.

<https://www.tbsnews.net/economy/banking/cenbank-flags-banks-data-anomalies-689906>

Telecommunication Sector

Mobile subscriber base gets another boost in July

The mobile subscriber base in Bangladesh continues to grow as network operators in the country acquired a total of about 1.4 Mn customers in July, registering the biggest monthly jump in over a year. The overall number of SIM subscribers reached 187.5 Mn in July, up from 186.1 Mn a month earlier, according to BTRC. The growth was shared by Grameenphone, Robi Axiata and Banglalink while state-run Teletalk ended up losing some customers. During the six-month ban, Grameenphone lost almost 5 Mn customers. Meanwhile, state-owned Teletalk lost about 20,000 customers in July, bringing its total down to 6.47 Mn

<https://www.thedailystar.net/business/economy/news/mobile-subscriber-base-gets-another-boost-july-3404606>

Stock/Bond-Specific

85% government Sukuks for Islamic lenders, insurers

Shariah-compliant banks, non-bank financial institutions (NBFIs) and insurance companies would be entitled to buy 85% of the government Sukuks, the Bangladesh Bank said on Sunday. Previously, the allocation quota was raised to 80% from 70%. ▪ According to the central bank's circular, 10% of the government issued Islamic securities would be reserved for Islamic branches and windows of conventional banks. The remaining 5% units would be issued to other investors including individual investors, provident funds and deposit insurance, it added. The Bangladesh Bank raised BDT 130 Bn for two different projects in the recent years and has plans to continue as the burgeoning Islamic financial industry is in increasing need for the Shariah-compliant instruments.

<https://www.tbsnews.net/economy/stocks/85-government-sukuks-islamic-lenders-insurers-689858>

National Tubes' undistributed bonus shares raised more questions than answered

The state-run listed company National Tubes on Sunday transferred 42 per cent of its outstanding shares to the account of Capital Market Stabilisation Fund (CMSF). These shares had been issued in stock dividends and remained undistributed since 2007. The sheer amount of stock dividends makes little sense considering the losses that the company made for the five years to 2022. It reported profits only for 2020 and 2021 since 2018 but the accumulated loss far outstripped the profits gained. It issued 10 per cent stock dividends annually between 2014 and 2019, increasing its paid-up capital. Giving stock dividend has the same accounting impact as retaining cash on balance sheet. We can thus conclude that the company has reinvested capital in its own business. But from the last five years' business performance, it looks like the company has been incurring losses. That means the capital reinvested in the business has not created value.

<https://thefinancialexpress.com.bd/stock/bangladesh/national-tubes-undistributed-bonus-shares-raised-more-questions-than-answered>

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