

Stock Market

BSEC approves 'alternative investment' draft rules

It also okays BDT 5.0 bond by AB Bank

- The securities regulator has approved the Bangladesh Securities and Exchange Commission (Alternative Investment) draft Rules, 2016 after some amendment. The BSEC move will help promote venture financing and equity investment facilities for non-listed local firms, sources concerned said.
- The approval came on Tuesday in a commission meeting. BSEC said (Alternative Investment) draft Rules, 2016 will be published soon in the daily news papers seeking for public opinion. In 2015, the BSEC formulated alternative investment rules to promote venture financing and equity investment facilities for non-listed local firms.
- The securities regulator on Tuesday also approved a fully redeemable non-convertible floating rate subordinated bond of BDT 5.0 bn in favour of AB Bank Limited. The characteristic of the bond is non-convertible, fully redeemable, unsecured, unlisted subordinated bond.
- The purpose of the bond issue is to strengthen the capital base (Tier-2) of the bank. The tenure of the AB Bank bonds will be seven years. Per unit price of the bond will be BDT 10 mn. The units will be sold to institutional investors and eligible investors, including banks, financial institutions, insurance companies, corporate bodies, asset management companies, mutual funds and high net-worth individuals through private placements.
- MTB Capital Limited will act as the Trustee and RSA Capital Limited is the lead arranger for the Bond. Each share of the AB Bank, which was listed on the Dhaka Stock Exchange in 1983, closed at BDT 11.90 on Tuesday. The bank's paid-up capital is BDT 7.58 bn, authorised capital is BDT 15 bn and the total number of securities is 758.13 mn.

<http://thefinancialexpress.com.bd/stock/bsec-approves-alternative-investment-draft-rules-1551846764>

Runner to allocate 13.93m shares

The Financial Express, March 05, 2019

- Runner Automobiles will allocate 13.93 mn ordinary shares among the successful applicants as the company's IPO lottery draw was held on Monday. The initial public offering (IPO) lottery draw was held at 10:30am at the AGB Colony Community Center at Motijheel in Dhaka.
- The result has already been published on the websites of Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and the company. Runner Automobiles, a flagship company of Runner Group, raised a fund worth BDT 1.0 bn from the capital market under the book-building method.
- The IPO subscription of the company was held between January 31 and February 10. The cut-off price of the shares of motorcycle maker was fixed at BDT 75 each as discovered by eligible investors (EIs) through bidding under the book-building method.
- Of 13.93 mn shares, more than 8.33 mn shares (60 %) will be issued to the eligible institutional investors at the cut-off price of BDT 75 each. The remaining 5.60 mn shares (40 %) will be issued to general investors through IPO at BDT 67 each, after a 10 % discount on the cut-off price.
- Total subscription received from resident Bangladeshi, non-resident Bangladeshi, affected small investors, eligible investors and eligible investors (other than mutual fund) more than BDT 14.15 bn against IPO issue of BDT 1.0 bn which is oversubscribed by more than 14 times.

<http://thefinancialexpress.com.bd/stock/runner-to-allocate-1393m-shares-1551760688>

NCC Bank to issue BDT 7.0b subordinated bonds

The Financial Express, March 05, 2019

- The board of directors of NCC Bank Limited has decided, in principle, to issue non-convertible subordinated bonds worth BDT 7.0 bn, said an official disclosure on Tuesday. The bank will issue the bonds for raising fund to have regulatory capital support of the company under Tier 2 category of BASEL III, according to the disclosure.
- The issuing of bonds is subject to the approval of the regulatory authorities — Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC), the disclosure added further. Each share of the bank, which was listed on the Dhaka Stock Exchange (DSE) in 2000, closed at BDT 16.20 on Monday.
- Its share traded between BDT 13 and BDT 18 in the last one year. The bank's consolidated earnings per share (EPS) stood at BDT 1.75 for January-September period of 2018 as against BDT 1.33 for January-September period of 2017.
- The consolidated net operating cash flow per share (NOCFPS) was BDT 6.51 for January-September 2018 as against negative BDT 0.34 for January-September 2017. The consolidated net asset value (NAV) per share was BDT 19.81 as on September 30, 2018 and BDT 19.46 as on December 31, 2017.
- The sponsor-directors own 39.32 % stake in the company, while institutional investors own 18.95 %, foreign 1.05 %, and the general public 40.68 % as on January 31, 2019.

<http://thefinancialexpress.com.bd/stock/bangladesh/ncc-bank-to-issue-BDT-70b-subordinated-bonds-1551768681>

Economy

Peoples Bank hits a snag

Licensing stuck over money laundering allegation; Bengal, Citizen banks get nod

The Daily Star, March 06, 2019

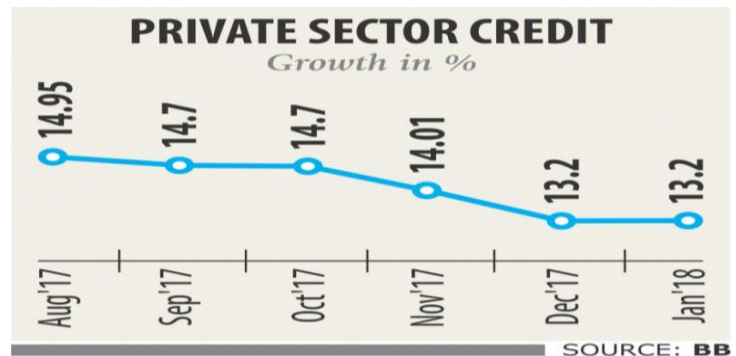
- The central bank has stalled the process to provide licence to the proposed Peoples Bank following allegation of money laundering against its Chairman Abul Kashem. But Kashem has vowed to bounce back, saying that he will manage the Bangladesh Bank's licence within the shortest possible time.
- As per a decision taken on February 17, the central bank yesterday gave the approval to two other proposed banks – Bengal Commercial and Citizen – and asked them to prepare to roll out banking services as per their boards' decision.
- The sponsors of the proposed three banks must purchase the shares as per their assets shown in their respective income returns. The central bank earlier raised question how Kashem would transfer his assets from the US to Bangladesh to buy shares of the bank amounting to BDT 40 crore.
- According to the central bank's letter of intent, Bengal and Citizen banks will have to fulfil a set of conditions within the next six months. The proposed banks will have to manage a paid-up capital worth BDT 400 crore and secure licence from the Registrar of Joint Stock Companies and Firms to form company. They will have to increase the capital to BDT 500 crore within the next two years after taking the final approval from the central bank.

<https://www.thedailystar.net/business/news/peoples-bank-hits-snap-1711183>

Credit growth stalls in Jan

The Daily Star, March 06, 2019

- The private sector credit growth did not rise as expected in January even after the largely peaceful general elections as banks were reluctant to lend amid a liquidity crunch. Banks were also under exposure to adjust to a new advance deposit ratio (ADR), squeezing their lending capability further.
- As a result, the credit growth remained unchanged at 13.20 % in January from the previous month, according to Bangladesh Bank data. The growth rate is far below compared to the central bank's target of 16.5 % set for the January-June period.
- Credit to the private sector totalled BDT 963,807 crore at the end of January. The weighted average deposit rate rose to 5.34 % in January from 5.26 % in December, the central bank data showed. However, the lending rate remained unchanged at 9.49 % during the period.
- Banks will have to adjust to the new ADR limit of 83.5 % from March from 85 % earlier as per the BB instruction. As of December, most of the banks retained 85 % ADR, according to the central bank. The public sector credit growth jumped to 23.73 % in January from 14.70 % in December.
- Government borrowing surged thanks to election-related expenditure and faster implementation of infrastructure projects, according to a central banker.



<https://www.thedailystar.net/business/news/credit-growth-stalls-jan-1711189>

Inflation rises slightly in Feb

The Daily Star, March 06, 2019

- Inflation rose slightly for the second consecutive month in February due to an increase in food prices in rural areas. In February, inflation stood at 5.47 %, five basis points higher from 5.42 % in January, according to the Bangladesh Bureau of Statistics. Planning Minister MA Mannan released the data yesterday.
- Inflation rose in January, for the first time in the last 16 months, due to a hike in food and non-food prices. Inflation had been declining gradually since September 2017 when it stood at 6.12 %. In February, food inflation went slightly up to 5.44 % from 5.33 % a month ago.
- However, non-food inflation declined 6 basis points to 5.51 % from 5.57 % in January, the BBS data showed.
- According to the BBS data, food inflation in rural areas increased 20 basis points and stood at 5.48 % in February from the previous month. However, in urban areas, inflation declined 5 basis points and stood at 5.38 %, according to the BBS. Non-food inflation in both urban and rural areas declined.



<https://www.thedailystar.net/business/news/inflation-rises-slightly-feb-1711195>

BDT 150cr more for scam-hit Janata, Basic

New Age, March 06, 2019

- The financial institutions division has recommended that Janata and BASIC banks be provided with BDT 150 crore bailout funds because of severe capital shortfall faced by both the scam-hit state-owned banks. The financial institutions division made the recommendation to the finance division in the past week.
- Experts have said that providing bailout fund to the scam-hit banks from the national budget became a usual practice in past several years that was promoting corruption and misappropriation of public funds. Of the bailout funds, BDT 100 crore was recommended for Janata Bank that was facing a capital shortfall of BDT 6,000 crore as the second largest state-owned bank became the latest casualty of the unprecedented loan scams in the government banks in the past one decade.
- The defaulted loan of the bank skyrocketed to BDT 17,304 crore as of December 2018, a threefold increase, from BDT 5,818 crore as of December 2017, for the failure of its clients Crescent Group and AnonTex in loan repayment. The entire loan of BDT 572.98 crore given by Janata to five subsidiaries of Crescent Group became defaulted while AnonTex failed to clear debt against its loan of over BDT 5,500 crore.
- The rest BDT 50 crore was recommended for once profit-making BASIC Bank that turned into a loss incurring entity during the four-year tenure of its former chairman Sheikh Abdul Hye Bacchu. The bank faces a capital shortfall of BDT 4,000 crore.
- No bailout fund was recommended for scam-hit state-owned bank Sonali Bank this time although it received bailout fund almost every year since 2014 after detection of Hallmark loan scam of over BDT 3,500 crore. According to the financial institutions division, BDT 9,788 crore was sanctioned for the state-owned banks, including over BDT 6,000 crore to Sonali and BASIC banks, between FY13 and FY17. Janata Bank has so far received BDT 1,214 crore bailout fund.

<http://www.newagebd.net/article/66593/BDT-150cr-more-for-scam-hit-janata-basic>

Bangladesh, Nepal sign deal to avoid double taxation

New Age, March 06, 2019

- Bangladesh and Nepal on Tuesday signed Avoidance of Double Taxation Agreement to strengthen bilateral trade and investments between the two South Asian countries. The agreement would help the investors of both the countries to escape the double taxation on the same income, said a press release issued by National Board of Revenue.
- Such agreement would also help prevention of tax evasion and capital flight from both the countries. DTA is an international tax treaty which boosts cooperation in the areas of trade and investment between two countries.
- As a result of the deal, investors of both the countries would be encouraged in setting up business. Different countries sign this bilateral agreement to avoid double taxation on the income of same person or organisation or institution. Apart from Nepal, Bangladesh has such agreements with 34 other countries.

<http://www.newagebd.net/article/66552/bangladesh-nepal-sign-deal-to-avoid-double-taxation>

International

China to slash taxes, boost lending to prop up slowing economy

New Age, March 06, 2019

- China sought to shore up its slowing economy through billions of dollars in planned tax cuts and infrastructure spending, with economic growth at its weakest in almost 30 years due to softer domestic demand and a trade war with the United States.
- The government is targeting economic growth of 6.0 to 6.5 % in 2019, premier Li Keqiang said at Tuesday's opening of the annual meeting of China's parliament, less than the 6.6 % gross domestic product growth reported last year.
- Sources told Reuters earlier this year that China would cut its 2019 growth target to 6.0 to 6.5 % from the 2018 target of around 6.5 % as both global and domestic demand ebbed and the US trade war heightened economic risks. Speaking in Beijing's Great Hall of the People, Li warned of the challenges the world's second-largest economy faced and pledged to keep it on a safe footing with an array of stimulus measures.
- China's GDP last year expanded at its slowest pace since 1990 due to the trade war and Beijing's crackdown on financial risks, which raised corporate borrowing costs and hurt investment.
- Analysts say Beijing's move to adopt a GDP target range, rather than a single growth figure, gives policymakers room to maneuver. But the increase in planned fiscal stimulus marks an explicit acknowledgement that authorities remain concerned about growth.

<http://www.newagebd.net/article/66563/china-to-slash-taxes-boost-lending-to-prop-up-slowing-economy>

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