

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.

Bangladesh finally falling in love with digital money

- In October, card transactions stood at BDT 180.90 billion, up 16.9% from a year earlier, according to data from the Bangladesh Bank. The amount, in fact, is the second-highest in history. Only in July, which was a record-setting month for digital money across the board, were card transactions were higher. Transactions through the mobile financial service platform, another form of digital money, stood at BDT 532.60 billion in October, up 41% year-on-year. October's figure, which is up 8.5% from a month earlier, is the second-highest since MFS was introduced nearly a decade ago.
- In April, card transactions stood at BDT 89.21 billion, the lowest since December 2018 at least, according to data from the Bangladesh Bank. In that month, transactions on the MFS platform was the lowest since February 2018 at BDT 290.3 billion. E-commerce transactions stood at BDT 5.43 billion in October, which is the second-highest in history after July, as per the central bank data. Card transactions will increase further when international travel starts in full swing. Nowadays, conscious people have moved away from the use of notes and in the next couple of years, most of the people in Dhaka will go to the digital transactions, said the managing director of BRAC Bank, which aims to take up the top spot in the card business within the next couple of years.

<https://www.dhakatribune.com/business/economy/2020/12/15/is-bangladesh-finally-falling-in-love-with-digital-money>

Credit card use back to pre-pandemic levels

- Spending through credit cards reached the pre-pandemic levels in October in keeping with the economic recovery, a sign that clients are embracing the plastic money sidestepping the use of cash. Total card loans held by lenders stood at BDT 13.81 billion in October, up 11% from that a month earlier and 17% year-on-year. The rise in transactions through credit cards, one of the major purchasing power indicators of clients, hints that economic activity in the country has been increasingly rebounding, said bank officials directly linked to card businesses.
- Spending through credit cards drastically went down in the second quarter of 2020 because of the strict restrictions on movements imposed by the government to keep the deadly flu at bay. In July, card transactions increased at a faster pace, because of either the easing of lockdowns or erosion of the purchasing capacity of consumers. Credit cardholders subsequently made a record amount of transactions to the tune of BDT 15.52 billion in August during Eid-ul-Azha, one of the biggest festivals for Muslims. The figure, however, came down sharply in September.
- The managing director of City Bank, said the bank achieved their usual business from credit cards in the last two months, after a four-to-five-month hiatus due to the economic slowdown caused by the coronavirus pandemic. City Bank is the top player in the country's credit card market. It has issued around 0.5 million cards.

<https://www.thedailystar.net/business/news/credit-card-use-back-pre-pandemic-levels-2011593>

IPO subscription should be sure-shot at shares

- Every initial public offering applicant should get shares if they have a minimum secondary market investment of BDT 10,000, said an IPO assessment committee formed by the Bangladesh Securities and Exchange Commission (BSEC) last week. It thinks every BO account-holder should make subscriptions of at least BDT 10,000 in the fixed-price method and BDT 20,000 in the book-building method. Currently, investors offer BDT 5,000 when they subscribe to an IPO. A lottery is held with winners getting a set number of shares. Those whose names do not come up get the whole of their offer returned to their BO accounts.
- The seven-member committee was formed to suggest how every applicant could get shares from IPOs. It sat in a meeting on Sunday when the opinions came up. IPO's shares should be divided amongst all the subscriptions, doing away with lotteries, a committee member said. Whatever a subscription ends up getting should be deducted from the subscription offer, and the remainder should be returned to the investor, he said. The committee also thinks that the duration from an IPO offer to the debut trading day should be reduced from 45 days to 30 days.
- Stock investors were not happy about the upcoming recommendation on raising the subscription offer, saying the change would reduce investors' participation in the primary market. There are more than 2.53 million beneficiary owners accounts, according to the Central Depository of Bangladesh. The new IPO process will benefit real stock investors because it will give them primary shares for sure, said a top merchant banker.

<https://www.thedailystar.net/business/news/ipo-subscription-should-be-sure-shot-shares-2011589>

Mir Akhter's IPO is bound to be red-hot

- The company, which was founded in 1968, is among the top three companies in the infrastructure development sector in terms of capacity. It is involved in the construction of roads, bridges, highways, railway tracks, airports, discharge channels, 5-star luxury hotels, civil construction of power plants, functional buildings, factory buildings and complex infrastructural projects. Mir Akhter has been leveraging its broad spectrum of capabilities and strengths to implement large scale government and private construction projects. It is actively engaged in gas pad drilling using high-tech utility rigs, river dredging, manufacturing of sleepers and soil stabilisation.

- Its revenue, which stood at BDT 12.52 billion in 2019, comes from two major segments: own construction business (about 35%) and joint ventures with internationally reputed construction companies (about 65%). The company, which currently has 37 ongoing projects worth about BDT 5864 billion, has set its sights on making a space for itself in the USD 3.6 trillion global infrastructure market, said its managing director.

<https://www.dhakatribune.com/business/stock/2020/12/15/mir-akhter-s-ipo-is-bound-to-be-red-hot>

Stockbrokers can open booths at union parishad and outside Bangladesh

- Stockbrokers can now set up digital booths under the supervision of its respective head office or branch offices at city corporations, municipality and union parishad headquarters and similar types of areas abroad to cater to more investors. The stockbrokers must have the requisite infrastructure and facilities, financial soundness and manpower to operate the booth, said the directive issued by the BSEC on Sunday. In case of establishing a digital booth outside the country, the stockbroker will have to take necessary permission of the authority of the country concerned after getting the approval from the commission, it added.

- As per the directive, the stockbroker will deposit BDT 0.1 million for each booth in Bangladesh and BDT 1 million for each booth outside of Bangladesh to the exchange as collateral. The amount would be refunded at the closure of the booth.

<https://www.dhakatribune.com/business/stock/2020/12/14/stockbrokers-can-open-booths-at-union-parishad-and-outside-bangladesh>
<https://tbsnews.net/economy/stock/bsec-approves-digital-booths-brokers-171712>

World Stock and Commodities*

| Index Name | Close Value | Value Change YTD | % Change YTD |
|--------------------|-------------|------------------|--------------|
| Crude Oil (WTI)* | \$46.98 | (\$14.65) | -23.77% |
| Crude Oil (Brent)* | \$50.29 | (\$18.15) | -26.52% |
| Gold Spot* | \$1,827.28 | \$305.81 | 20.10% |
| DSEX | 5,147.02 | 694.09 | 15.59% |
| S&P 500 | 3,647.49 | 416.71 | 12.90% |
| FTSE 100 | 6,531.83 | (1,055.22) | -13.91% |
| BSE SENSEX | 46,253.46 | 4,611.32 | 11.07% |
| KSE-100 | 43,266.22 | 2,531.14 | 6.21% |
| CSEALL | 6,656.64 | 527.43 | 8.61% |

Exchange Rates

USD 1 = BDT 84.77*
 GBP 1 = BDT 113.08*
 EUR 1 = BDT 103.08*
 INR 1 = BDT 1.15*

*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 |
| 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 | CEO (Acting) | bappi@bracepl.com | 01730 357 991 |
|----------------------|--------------|--|---------------|

BRAC EPL Research www.bracepl.com

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142
 Gulshan Avenue, Dhaka – 1212
 Phone: + (880)-2-9852446-50
 Fax: + (880)-2-9852451-52
 E-Mail: research@bracepl.com