

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 Bank cuts interest rate to 6.0% on lending to cottage, micro and small enterprises (CMSMEs)

- The central bank has slashed interest rate on ADB-funded refinancing scheme by 3.0% points aiming to help the Covid-19-hit cottage, micro and small enterprises (CMSEs), officials said. As per the revised policy, participating banks and non-banking financial institutions are allowed to charge their clients maximum 6.0% instead of 9.0% earlier under the refinancing scheme, according to a notification issued by the Bangladesh Bank (BB) on Monday. The revised interest rate on such loans under the scheme came into effect on November 18, 2020.
- On the other hand, lenders are eligible to borrow funds from the central bank under the scheme with paying 2.0% interest instead of 4.0% earlier, according to the officials. According to a senior BB official, around BDT 10.0 billion through 33 participating banks and NBFIs have been disbursed from the refinancing scheme.

<https://today.thefinancialexpress.com.bd/first-page/bb-cuts-interest-rate-to-60pc-1606152727>
<https://www.newagebd.net/article/122436/bangladesh-bank-sets-6pc-interest-cap-on-lending-to-cmsmes>
<https://www.thedailystar.net/business/news/breather-small-borrowers-2000073>

Advance-Deposit Ratio (ADR) of 11 banks above regulatory limit in September

- The Advance-Deposit Ratio of eleven banks remained above the regulatory limit even after three years of the central bank moving to streamline the ratio. The advances to deposits ratio measures loans (advances) as a percentage of deposits held by any financial institution. The central bank fixes the ratio with a view to minimise the risk to the depositors' funds. Prompted by the coronavirus outbreak and to contain its adverse economic impacts by issuing credit to businesses, the central bank in April this year relaxed the ADR. As per the latest instruction, traditional banks are allowed to issue the highest of BDT 87 as advances or loans to its customers against receipt of BDT 100 from customers while the ratio was set at 92% for Shariah-based banks.
- As of September this year, the ADR of Agrani Bank (Islamic wing), BASIC Bank, AB Bank, EXIM Bank, First Security Islami Bank, National Bank, NRB Global Bank, Padma Bank, Premier Bank (Islamic wing), Union Bank and Rajshahi Krishi Unnayan Bank still remain beyond the allowable limit. The BB data showed that three banks — Agrani Bank, BASIC Bank and Padma Bank — were suffering with ADRs of above 100%. BASIC Bank's ADR was the highest at 114.52% among all banks while the rate was 108.57% in Agrani Bank's Islamic wings and 104.51% in Padma Bank at the end of September this year. The rate was 99.19% in Union Bank, 96.85% in EXIM Bank, 95.65% in RAKUB, 92.75% in National Bank, 92.41% in First Security Islami Bank, 91.65% in AB Bank, 90.61% in Premier Bank's Islamic wing and 88.91% in NRB Global Bank.
- In January 2018, the central bank lowered the ADR to contain the banks' lending spree in fear of a spike in non-performing loans in the embattled banking sector. The BB had cut down the ADR by 1.5% points to 83.5% from 85% while Shariah-based banks were asked to bring down the investment-deposit ratio to 89% from 90%. The central bank increased the limit gradually based on the liquidity and economic situations.

<https://www.newagebd.net/article/122435/adr-of-11-banks-above-regulatory-limit-in-sept>

Contribution of SMEs to industrial employment is over 80.0%

- More than 98% of the total business enterprises in Bangladesh are SMEs and their contribution is 80 to 85% in the country's industrial employment, according to a research, reports BSS. SME Foundation conducted the research, titled 'Development of SMEs in Bangladesh: Lessons from German Experiences'. The study was supported by the German organisation Friedrich-Ebert-Stiftung (FES) Bangladesh. Among the SME enterprises, over 84.0% SMEs are located in villages while more than 80.0% are cottage industries, said the research study.
- According to the research, obstacles to the development of SME sector in Bangladesh include lack of financing, high interest rate on loans, shortage of skilled and unskilled workers, lack of connectivity with technical education institutes, lack of effective business network, and lack of information hampering production and marketing. The contribution of SME enterprises is only 40.0% to the country's economy, so it is necessary to focus on skill development in this sector, said the Prime Minister's Adviser on International Affairs

<https://today.thefinancialexpress.com.bd/trade-market/contribution-of-smes-to-industrial-employment-is-over-80pc-study-1606149033>
<https://www.dhakatribune.com/business/2020/11/23/study-contribution-of-smes-to-industrial-employment-is-over-80>

Local firms keen to supply lubricant to Bangladesh Petroleum Corporation (BPC)

- Local lube-oil makers are keen to supply lubricant to the Bangladesh Petroleum Corporation or BPC to help grow their businesses and save foreign currencies. They are seeking an opportunity to supply finished lubricating oil to the BPC after taking part in a competitive bidding, market insiders said. The BPC in a recently floated tender sought to import around 5,400 tonnes of lubricating oil under a framework agreement with the bid winner. But over a dozen local lube-oil makers have alleged that the BPC has blocked them from participating in the tender after incorporating some harsher conditions.

- The public-private partnership company has been blending lubricants since its inception in 1988 as a partner of the global lubricant leader Mobil under a partnership between Mobil Corporation. The BPC in its tender terms set a condition in the eligibility provision that the supplier of 5,400 tonnes of lubricant oil must be a foreign manufacturer. The supplier must have experience in exporting lubricant to at least 10 foreign countries as per the tender terms. Besides, it must have export experience of USD 15 million in the last five years and minimum annual production capacity of 50,000 tonnes.

<https://today.thefinancialexpress.com.bd/trade-market/local-firms-keen-to-supply-lubricant-to-bpc-1606148887>

Margin loan facility against Mutual Funds (MFs) remains effective: Bangladesh Securities and Exchange Commission (BSEC)

- The investors can avail margin loan facility against the listed mutual funds (MFs) as the securities regulator's latest directive in this regard remains effective. The BSEC said the investors had availed margin loan facility against the units of listed MFs before October 26, 2009, later the margin loan facility was closed on October 26, 2009 following a regulatory directive. Investors have the scope of availing margin facility against listed MFs. Now, it will depend on the lenders whether they would disburse margin loans against the MFs or not, said BSEC spokesperson.

<https://today.thefinancialexpress.com.bd/last-page/margin-loan-facility-against-mfs-remains-effective-bsec-1606153003>

Global tech companies no longer need local bank accounts

- The National Board of Revenue has decided to relax the condition of having accounts in local banks for obtaining VAT registration number by global technology companies with no physical offices in Bangladesh. The NBR's value-added tax wing has already prepared a form through which tech companies, mainly social media giants such as Facebook, Youtube, Google and Netflix, would be able to apply for business identification numbers, known as VAT registration number. Foreign companies will be able to pay VAT directly from their overseas bank accounts to the government exchequer once the amendment comes into effect. The companies, however, will have either to appoint a local agent or set up offices in Bangladesh to comply with the NBR's regulations.

- Since July 2019, a number of foreign companies, including Facebook, Netflix and Google, requested the NBR to allow them to obtain BINs directly without appointing VAT agents as local VAT agents were reluctant to take the VAT liabilities of foreign companies which had no establishment in Bangladesh. According to the NBR officials, the companies could avoid appointing VAT agent by setting up local offices in the country. The NBR will also reduce the number of information sought in the application. The NBR, however, is getting VAT from these companies as banks deduct the VAT at source at the time of remitting money to the companies. But it cannot check VAT evasion if payments are made through illegal means.

<https://www.newagebd.net/article/122432/global-tech-cos-no-longer-need-local-bank-accounts>

<https://today.thefinancialexpress.com.bd/first-page/vat-reg-to-be-eased-1606152417>

IPO subscription of Robi ends with high enthusiasm

- The subscription of Robi Axiata, the biggest IPO in the history of Bangladesh ended on Monday which eased some sell pressure in the market in the later part of the session, said a merchant banker. Robi, the country's second largest mobile phone operator, will raise BDT 5.23 billion under the fixed price method. The biggest IPO in Bangladesh's history received a good response from investors as thousands of investors applied for its IPO, according to issue manager sources.

- Meanwhile, stocks extended the losing streak for the fourth straight sessions on Monday as cautious investors continued their sell-offs on sector-wise large-cap issues. Market operators said investors mostly followed cautious stance amid rising trend of Covid-19 infections while some gave their attention to the primary market.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-robi-ends-with-high-enthusiasm-1606149620>

BD Finance to issue 1st Zero Coupon Bond

- The board of directors of Bangladesh Finance and Investment Company has decided to issue 'BD Finance 1st Zero Coupon Bond' worth BDT 2.0 billion for expansion of business and diversification of funding sources. The nature of this

bond is non-convertible, fully redeemable and unsecured. The tenure of the bond is three years and the discount rate will be 7.0% to 7.50% per annum. Bond units worth BDT 1.0 million each will be offered to eligible investors through private placement. The City Bank Capital Resources and Sandhani Life Insurance Company are the mandated lead arranger and trustee of the bond respectively.

- However, the bond issue is subject to the approval of the concerned regulatory authorities- Bangladesh Bank and Bangladesh Securities and Exchange Commission. The consolidated net operating cash flow per share (NOCFPS) of BD Finance was BDT 2.98 for January-September 2020, the consolidated net asset value (NAV) per share was BDT 17.39 as on September 30, 2020. The company's paid-up capital is BDT 1.67 billion and authorised capital is BDT 2.0 billion while the total number of securities is 167.52 million.

<https://today.thefinancialexpress.com.bd/stock-corporate/bd-finance-to-issue-1st-zero-coupon-bond-1606149867>
<https://www.thedailystar.net/business/news/bd-finance-raise-tk-200cr-through-zero-coupon-bond-2000041>

Mir Akhter IPO subscription begins 24 December

- Mir Akhter Hossain Limited, one of the largest construction and engineering firms of the country, is going to start its Initial Public Offering (IPO) subscription from 24 December this year. Investors can apply for primary shares of the company until 30 December.

- On 5 November, Bangladesh Securities and Exchange Commission (BSEC) approved the company to raise BDT 1.3 billion through an initial public offering (IPO). The company will use the money for business expansion, equipment purchase and repayment of bank loans. From the IPO fund, the company will use BDT 503.0 million for purchasing heavy equipment, BDT 127.0 million for aggregate processing plant, BDT 46.7 million for asphalt plant, BDT 37.4 million for concrete batching plant, BDT 100.8 million for construction of warehouse and workshop for equipment maintenance and refurbishment, and BDT 400.0 million for repayment of bank loans.

- On 13 August this year, the stock market regulator allowed the company to determine the cut-off price of its shares through bidding by eligible investors – a requirement for going public under the book-building method. The cut-off price was fixed at BDT 60.0 each after the bidding. The general investors will get a 10% discount on the cut-off price to buy it at BDT 54.0 each. General investors will be offered more than 10.0 million shares with 10.0% allocated for the non-resident Bangladeshis. The remaining shares of the company would be allocated for eligible investors at their respective proposed prices.

<https://tbsnews.net/economy/stock/mir-akhter-ipo-subscription-begins-24-december-162049>

Eastern Bank's investment jumps 63.0% in government securities

- Eastern Bank Limited has witnessed a 63% jump in its investment in risk-free government securities on the back of high returns from it. As a result, bank has earned BDT 1.3 billion from this investment in the third quarter of this year, which was 100% higher than in the previous year at the same time. Besides, provisioning deferment and the high returns on the investment have helped the bank post higher growth in net profit. It posted 98% year-on-year increase in net profit in the July-September period of this year, taking the profit to BDT 1.4 billion.

- In the first three quarters this year, the bank registered a total net profit of BDT 2.95 billion and earnings per share was BDT 3.64. However, in this period, its interest income fell by 9%. According to a stock market researcher, interest income – the core earning of the bank – fell drastically due to non-payment by borrowers amid the pandemic. The suspension of loan classification from January to December facilitated the lenders to save provisioning costs as there were no new default loans. Helped by the decline in provisioning requirement, the banks could show inflated earnings in the third quarter, he added. A loan loss provision is an expense set aside from profit to cover up losses if loans are not performing.

- As private sector credit growth tumbled to 8.0% level after the outbreak of the novel coronavirus in March amid stagnant business expansion, banks preferred investing in risk-free tools – government treasury bills, according to the Bangladesh Bank data. The interest rate of government treasury bills picked up to above 8.0% in June amid high borrowing by the government from banks when the interest rate of risky private-sector loans was 9.0%, data showed.

<https://tbsnews.net/economy/stock/eastern-banks-investment-jumps-63-govt-securities-161674>

Bangladesh Securities and Exchange Commission (BSEC) inquires about GlaxoSmithKline (GSK) acquisition by Unilever

- The [Bangladesh Securities and Exchange Commission](#) has inquired about the acquisition of GlaxoSmithKline (GSK) Bangladesh Limited by Unilever after nearly five months of the completion of purchase process. The securities regulator on November 11 sent a letter to GSK Bangladesh, a listed company on the Dhaka Stock Exchange, seeking various documents regarding the process of the deal. Earlier on June 30, Unilever announced the acquisition of 81.98% share of GSK Bangladesh, and on July 2 the name of GlaxoSmithKline Bangladesh Limited was changed to

Unilever Consumer Care Limited. The company's name, however, is yet to be changed on the stock exchange.

- According to the BSEC letter, the purported change in ownership was allegedly related to discontinuance of a significant business segment, pharmaceutical business, of GSK Bangladesh. It appears to the commission that the company failed to make "adequate and timely disclosure" about the business acquisition, the discontinuance of the core business segment, and the resultant profitability and cash flow implications of the company in the long-term.

- Unilever Consumer Care (formally known as GSK Bangladesh) in a statement to New Age said that the contents of BSEC queries were not public in nature and hence they were not in a position to disclose or comment on the same. On June 28, Unilever Overseas Holdings BV, a concern of Unilever, bought a total of 9,875,144 shares or 81.98% stakes in GSK Bangladesh from Setfirst, a concern of GSK Group, on the block market on the Dhaka Stock Exchange.

<https://www.newagebd.net/article/122433/bsec-inquires-about-gsk-acquisition-by-unilever>

World Stock and Commodities*

| Index Name | Close Value | Value Change YTD | % Change YTD |
|--------------------|--------------|------------------|--------------|
| Crude Oil (WTI)* | USD 43.11 | (USD 18.52) | -30.05% |
| Crude Oil (Brent)* | USD 46.06 | (USD 22.38) | -32.70% |
| Gold Spot* | USD 1,835.83 | USD 314.36 | 20.66% |
| DSEX | 4,817.70 | 364.77 | 8.19% |
| S&P 500 | 3,577.59 | 346.81 | 10.73% |
| FTSE 100 | 6,333.84 | (1,253.21) | -16.52% |
| BSE SENSEX | 44,077.15 | 2,435.01 | 5.85% |
| KSE-100 | 39,632.52 | (1,102.56) | -2.71% |
| CSEALL | 6,072.07 | (57.14) | -0.93% |

Exchange Rates

USD 1 = BDT 84.75*

GBP 1 = BDT 112.92*

EUR 1 = BDT 100.34*

INR 1 = BDT 1.14*

*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.

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