

## Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-2.88%) lost -162.65 points and closed the week at 5,485.02 points. The blue-chip index DS30 (-2.90%) lost -63.04 points and stood at 2,110.70 points. The Shariah-based index DSES (-1.98%) lost -24.97 points and stood at 1,236.33 points. The large cap index CDSET (-2.54%) lost -30.77 points and closed at 1,180.40 points. DSEX, DS30, DSES and CDSET showed YTD returns of +1.54%, +7.47%, -0.47%, +5.11%, respectively.

**Total Turnover During The Week (DSE):** BDT 40.9 billion (USD 481 million)  
**Average Daily Turnover Value (ADTV):** BDT 8.2 billion ( $\Delta$ % Week: +8.9%)

Market P/E: 19.2x

### Daily Index Movement during the Week:

Market performed five sessions during this week. In the first session, market performed negatively by -2.53% and continued to be negative in the second session by -2.33%. The market turned positive in the third session by +2.27% and continued to be positive in the fourth session by +0.20%. The market ended with a negative movement of -0.44% in the fifth session.

### Sectoral Performance:

- All the financial sectors registered negative performance this week. NBFJ experienced the highest loss of -9.21% followed by Mutual Fund (-7.89%), General Insurance (-6.53%), Life Insurance (-5.32%), and Bank (-4.97%).
- All the non-financial sectors registered negative performance this week except Food & Allied (+10.24%). Telecommunication experienced the highest loss of 4.04% followed by Fuel & Power (-4.02%), Engineering (-2.42%), and Pharmaceutical (-1.43%).

### Macroeconomic arena:

- Bangladesh starts the much-awaited countrywide Covid-19 vaccination from today (Sunday) even as convincing the people about getting the Oxford-AstraZeneca shots remains challenging, officials say. The Director general of the Directorate General of Health Services (DGHS) said some 2,400 out of 7,344 vaccination teams will be injecting the vaccines from a total of 1,005 hospitals across the country and all the preparations have almost been completed for the immunisation campaign.
- The country's Foreign exchange reserves have again exceeded USD 43 billion – for the second time. On 29 December, the reserves touched the USD 43 billion milestone for the first time. On that day, the reserves stood at USD 43.17 billion. The amount of reserves is increasing due to the flow of high remittances sent by expatriates and lower import costs as compared to last year.
- The government has slashed its bank borrowing target by more than 3.0% to BDT 820 billion for the current fiscal year, compelled by lower implementation of the annual development programme (ADP). The original target was BDT 849.80 billion, officials said.
- The net sales of savings certificates have registered an around four-time rise year-on-year in the first six months of the fiscal 2020-21, exceeding the target fixed for the whole fiscal year. In July-December, the net sales of savings instruments increased to BDT 204.87 billion in contrast to only BDT 54.33 billion over the same period a year ago.

### Stock Market arena:

- The banking companies would be able to declare maximum 30% dividend, including 15% cash, for the year ended on December 31, 2020. The Bangladesh Bank (BB) has set the limit for the banks which have at least 15% or more reserve capital, including 2.5% capital conservation buffer against the risk-weighted assets
- Baraka Patenga Power's bidding to explore the cut-off price of its shares now will begin on February 22 instead of earlier schedule for February 15 as the issuer company announced a fresh date of bidding. The power generation company's share bidding through electronic subscription system (ESS) will be continued until February 25 (round the clock) as per the new schedule.
- LafargeHolcim Bangladesh said yesterday it decided to go to arbitration to settle a dispute with Jalalabad Gas Transmission and Distribution Systems after the state company charged higher than the agreed price for natural gas. The sales deal came into effect in 2003 for the cement company's plant located at Chhatak in Sunamganj.

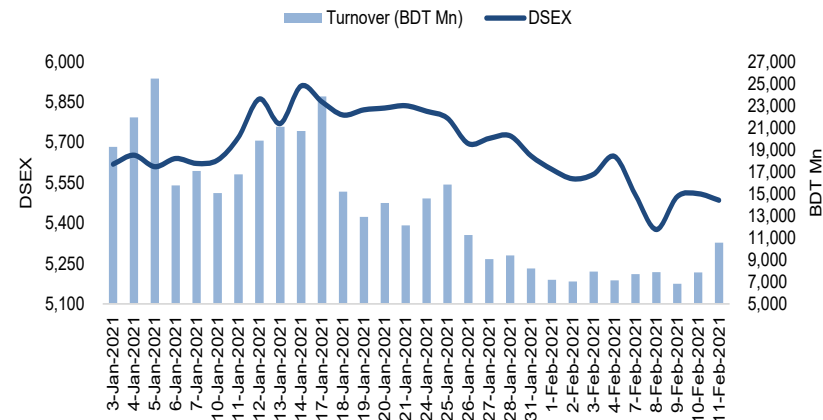
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	30-Dec-2019	$\Delta$ % Week	$\Delta$ %YTD
DSEX	5,485.02	5,647.67	-162.65	5,402.07	-2.88%	+1.54%
DS30	2,110.70	2,173.74	-63.04	1,963.96	-2.90%	+7.47%
DSES	1,236.33	1,261.30	-24.97	1,242.11	-1.98%	-0.47%
CDSET	1,180.40	1,211.17	-30.77	1,123.03	-2.54%	+5.11%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	4,697,108	4,793,044	-2.0%
	Mn USD	55,286	56,415	
Turnover	Mn BDT	40,861	37,524	+8.9%
	Mn USD	481	442	
Average Daily Turnover	Mn BDT	8,172	7,505	+8.9%
	Mn USD	96	88	
Volume	Mn Shares	968	903	+7.2%

Figure 1: DSEX & Turnover in last four weeks



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**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
TAUFIKA	22.5	10.0	+125.0%	1,913	1.4	30.8x	1.9x
GOLDENSON	15.4	13.1	+17.6%	2,645	183.2	NM	0.8x
DACCADYE	8.6	7.7	+11.7%	750	14.7	NM	0.7x
BEACONPHAR	84.1	77.6	+8.4%	19,427	294.8	32.2x	4.1x
ISNLTD	37.9	35.7	+6.2%	430	14.3	NM	2.9x
ANLIMAYARN	35.4	33.9	+4.4%	633	17.1	NM	3.1x
AL-HAJTEX	33.9	32.7	+3.7%	756	15.3	NM	3.9x
RECKITTBN	4,467.8	4,316.7	+3.5%	21,110	115.0	28.9x	41.0x
SAVAREFR	155.1	150.3	+3.2%	216	1.6	NM	63.8x
BEXIMCO	85.2	82.7	+3.0%	74,662	7,012.7	NM	1.2x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
CAPMIBLMF	17.4	20.8	-16.3%	1,163	67.8	NM	1.9x
PRIMEINSUR	39.4	45.7	-13.8%	1,611	112.8	NM	2.3x
MICEMENT	45.8	52.5	-12.8%	6,801	7.4	19.3x	1.0x
GSPFINANCE	17.1	19.4	-11.9%	2,442	101.7	12.7x	0.8x
SONALIANSH	426.3	483.4	-11.8%	1,156	25.8	NM	1.9x
GENNEXT	3.1	3.5	-11.4%	1,534	11.1	NM	0.3x
CITYBANK	27.0	30.3	-10.9%	27,442	428.0	8.8x	1.0x
FIRSTFIN	5.8	6.5	-10.8%	674	11.8	NM	1.4x
UNIONCAP	7.5	8.4	-10.7%	1,294	16.8	NM	1.6x
LANKABAFIN	36.3	40.5	-10.4%	19,560	1,995.4	27.5x	2.0x

**Table 5: Top Ten Most Traded Shares**

Company Name	Close	Open	Δ%	Mcap (BDT Mn)	Turnover (BDT Mn)	PE	PB
BEXIMCO	85.2	82.7	+3.0%	74,662	7,013	NM	1.2x
BATBC	1,700.3	1,698.6	+0.1%	306,054	5,010	26.6x	8.2x
ROBI	44.8	44.9	-0.2%	234,659	2,644	NM	3.6x
BXPBARMA	169.7	177.7	-4.5%	75,705	2,249	18.9x	2.3x
LANKABAFIN	36.3	40.5	-10.4%	19,560	1,995	27.5x	2.0x
SQURPHARMA	225.9	229.6	-1.6%	200,249	984	14.1x	2.4x
SUMITPOWER	40.3	43.6	-7.6%	43,035	945	7.8x	1.2x
MIRAKHTER	88.5	90.2	-1.9%	10,688	893	35.2x	2.0x
EPGL	51.7	54.4	-5.0%	9,831	728	21.2x	0.9x
LHBL	50.8	54.7	-7.1%	58,998	685	28.5x	3.5x

**Table 8: Most Appreciated YTD in BRAC EPL Universe**

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ROBI	44.8	+50.3%	234,659	NM	3.6x
BATBC	1,700.3	+44.0%	306,054	26.6x	8.2x
LANKABAFIN	36.3	+15.6%	19,560	27.5x	2.0x
IDLC	71.4	+12.6%	26,921	13.4x	1.9x
UNILEVERCL	3,141.1	+11.8%	37,839	41.1x	26.8x
RECKITTBN	4,467.8	+10.4%	21,110	28.9x	41.0x
BSRMSTEEL	46.7	+9.9%	17,557	9.9x	0.8x
SQUARETEXT	32.6	+9.4%	6,430	NM	0.9x
BRACBANK	48.3	+9.0%	64,040	15.1x	1.4x
CITYBANK	27.0	+8.9%	27,442	8.8x	1.0x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1,339.28	1,409.27	1,372.63	-4.97%	-2.43%
NBFIs	2,019.38	2,224.23	2,033.53	-9.21%	-0.70%
Mutual Funds	867.09	941.36	959.61	-7.89%	-9.64%
General Insurance	3,346.44	3,580.13	4,103.56	-6.53%	-18.45%
Life Insurance	2,051.35	2,166.64	2,162.58	-5.32%	-5.14%
Telecommunication	6,274.85	6,538.73	5,463.26	-4.04%	+14.86%
Pharmaceuticals	3,297.17	3,344.91	3,306.03	-1.43%	-0.27%
Fuel & Power	1,614.66	1,682.34	1,618.11	-4.02%	-0.21%
Cement	1,440.22	1,575.58	1,416.18	-8.59%	+1.70%
Services & Real Estate	1,019.69	1,074.33	1,083.79	-5.09%	-5.91%
Engineering	3,758.58	3,851.75	3,959.20	-2.42%	-5.07%
Food & Allied	21,129.37	19,166.53	14,705.76	+10.24%	+43.68%
IT	2,014.40	2,107.70	2,350.28	-4.43%	-14.29%
Textiles	1,026.37	1,056.29	1,087.41	-2.83%	-5.61%
Paper & Printing	5,158.42	5,366.51	5,487.56	-3.88%	-6.00%
Tannery	1,654.75	1,683.21	1,771.77	-1.69%	-6.60%
Jute	8,336.14	9,224.56	12,154.61	-9.63%	-31.42%
Ceramics	447.18	461.50	472.38	-3.10%	-5.33%
Miscellaneous	3,066.98	2,997.56	2,539.70	+2.32%	+20.76%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Bank	601.7	485.9	+23.8%	7.9%	7.7x	0.8x
NBFI	679.6	652.9	+4.1%	8.9%	71.3x	3.2x
Mutual Fund	142.4	152.9	-6.8%	1.9%	NM	0.8x
General Insurance	381.3	483.3	-21.1%	5.0%	17.9x	1.7x
Life Insurance	25.2	26.9	-6.3%	0.3%	NM	NM
Telecommunication	687.1	689.2	-0.3%	9.0%	20.7x	6.7x
Pharmaceutical	875.0	806.6	+8.5%	11.5%	20.9x	2.6x
Fuel & Power	626.2	771.5	-18.8%	8.2%	12.8x	1.4x
Cement	169.6	244.0	-30.5%	2.2%	27.7x	2.3x
Services & Real Estate	66.5	75.2	-11.6%	0.9%	NM	0.9x
Engineering	522.4	535.5	-2.5%	6.9%	32.3x	2.1x
Food & Allied	1,061.1	636.3	+66.8%	13.9%	33.3x	8.5x
IT	50.2	43.7	+14.7%	0.7%	24.7x	1.9x
Textile	136.7	150.9	-9.4%	1.8%	NM	0.7x
Paper & Printing	3.5	4.7	-25.3%	0.0%	61.7x	1.1x
Tannery	17.8	14.0	+27.6%	0.2%	NM	1.7x
Jute	5.4	9.0	-39.9%	0.1%	NM	12.9x
Ceramics	52.0	42.1	+23.3%	0.7%	58.8x	1.5x
Miscellaneous	1,507.6	1,331.2	+13.2%	19.8%	52.1x	1.8x

**Table 9: Least Appreciated YTD in BRAC EPL Universe**

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (BDT Mn)	P/E	P/B
ECABLES	140.1	-17.3%	3,362	NM	11.9x
PRIMEBANK	15.2	-11.1%	17,211	14.4x	0.7x
MPETROLEUM	176.1	-11.1%	19,057	6.5x	1.1x
BXPBARMA	169.7	-10.9%	75,705	18.9x	2.3x
OLYMPIC	170.3	-10.9%	34,050	16.6x	4.1x
SHAHJABANK	20.9	-8.7%	20,484	10.9x	1.2x
BANKASIA	16.8	-7.7%	19,587	9.8x	0.7x
ACMELAB	69.0	-7.6%	14,601	10.0x	0.8x
IFADAUTOS	43.7	-7.4%	11,054	48.0x	1.1x
ENVOYTEX	22.8	-7.3%	3,824	26.8x	0.6x

**Important News: Business & Economy****Mega vaccination starts today**

• Bangladesh starts the much-awaited countrywide Covid-19 vaccination from today (Sunday) even as convincing the people about getting the Oxford-AstraZeneca shots remains challenging, officials say. The Director general of the Directorate General of Health Services (DGHS) said some 2,400 out of 7,344 vaccination teams will be injecting the vaccines from a total of 1,005 hospitals across the country and all the preparations have almost been completed for the immunisation campaign. Seeking anonymity, a DGHS official blamed poor campaigns by the government for the poor response that came as "a matter of serious concern" for the directorate. He said there are some vaccination centres, which have yet to be prepared completely while the vaccine doses will expire within the month of May.

<https://today.thefinancialexpress.com.bd/first-page/mega-vaccination-starts-today-1612631004>

**USD 43 billion reserve again after a month**

• The country's Foreign exchange reserves have again exceeded USD 43 billion – for the second time. On 29 December, the reserves touched the USD 43 billion milestone for the first time. On that day, the reserves stood at USD 43.17 billion. The amount of reserves is increasing due to the flow of high remittances sent by expatriates and lower import costs as compared to last year. In the first seven months of the current financial year (July-January), remittance inflows have increased by more than 35% compared to the same period of the previous financial year. On the other hand, in the six months of July-December, the import expenditure has decreased by about 6% as compared to the same period of the previous year.

<https://tbsnews.net/economy/43b-reserve-again-after-month-196963>

**Government chops target to borrow from banks**

• The government has slashed its bank borrowing target by more than 3.0% to BDT 820 billion for the current fiscal year, compelled by lower implementation of the annual development programme (ADP). The original target was BDT 849.80 billion, officials said. An official familiar with the government's debt management activities said the government may further cut its bank borrowing target within March or April, considering the execution of the development projects along with the trend in revenue collection.

• During July-December period of FY'21, the government executed only 24% of the ADP in the aftermath of the Covid-19 pandemic, according to data of the state-run Implementation Monitoring and Evaluation Division (IMED). It was 26.6% in the same period of the last fiscal. Higher net sales of national savings certificates also contributed to the slashing of the government's original banking borrowing target for this fiscal, the official explained. The government's net borrowing through sales of savings tools jumped by 277.07% to BDT 204.87 billion during the first half (H1) of this fiscal year from BDT 55.33 billion in the same period of FY'20, according to the official data. An insignificant borrowing from the banking system by issuing treasury bills (T-bills) and bonds also prompted the government to cutback on the target.

**Savings certificates sales rise four times in H1**

• The net sales of savings certificates have registered an around four-time rise year-on-year in the first six months of the fiscal 2020-21, exceeding the target fixed for the whole fiscal year. In July-December, the net sales of savings instruments increased to BDT 204.87 billion in contrast to only BDT 54.33 billion over the same period a year ago, the central bank's data released on Thursday shows. To meet the budget deficit, the government's target to collect BDT 200 billion through the sales of savings certificates for the ongoing fiscal year has also been surpassed in the first six months.

<https://tbsnews.net/economy/savings-certificates-sales-rise-four-times-h1-196918>

**No commission for non-life insurance agents**

• Insurance regulator on Thursday suspended providing all types of commission for the country's non-life insurance companies. Earlier, the 45 non-life or general insurance firms used to provide 15% commission to the agents to procure the business. But it is believed that a part of the commission went to the pockets of branch managers of banks.

<https://today.thefinancialexpress.com.bd/first-page/no-commission-for-non-life-ins-agents-1612461661>

**Apparel exports to US drop 11.73% in 2020 due to Covid**

• The country's apparel exports to the United States fell by 11.73% to USD 5.22 billion in 2020 year on year mainly due to the adverse impact of Covid-19 pandemic. Bangladesh fetched USD 5.92 billion in 2019 through exporting readymade garments (RMG) to the single-largest export destination, according to data of the Office of Textiles and Apparel (OTEXA) affiliated with the US Department of Commerce. The country shipped 1.88 billion square metres of apparel items in 2020 which was 2.0 billion square metres in 2019.

<https://today.thefinancialexpress.com.bd/last-page/apparel-exports-to-us-drop-1173pc-in-2020-due-to-covid-1612630302>  
<https://www.newagebd.net/article/129428/rmg-exports-to-us-fall-by-1173pc-in-2020>

**Bangladesh to boost spending in next two fiscals to offset Covid impact**

• The Bangladesh government has decided to fix the public expenditure at 17.1% and 17.2% of the gross domestic product (GDP) in the next two fiscals (2021-22 and 2022-23, respectively), as Prime Minister Sheikh Hasina seeks to pull the economy out of the Covid-19 pit. The growth of public expenditure for the next two fiscals, in fact, will be 7.56% and 13.8%, respectively, according to a government estimation. The decision has been taken keeping in mind the long-term development as well as the present situation. The public expenditure for the current fiscal has been pegged at 17.9% of GDP, while it was kept unchanged in the revised budget of the last financial year. The public expenditure was 13.8%, 13.9%, 13.6%, 14.3% and 15.4% in 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 fiscals, respectively, according to an official document.

<https://today.thefinancialexpress.com.bd/trade-market/bd-to-boost-spending-in-next-two-fiscals-to-offset-covid-impact-1612625676>

### Loans to weak sectors face significant pressure: Moody's

• Loans to the vulnerable sectors in Bangladesh such as garment, textile, cement and tanneries will face significant pressure as they are yet to see expected recovery from the shock of the coronavirus pandemic, Moody's said. "The true asset quality of loans will emerge across all sectors, and we expect significant pressure in loans to vulnerable sectors such as readymade garment and textile," said the global credit rating agency in an analysis. The analysis said non-performing loans would increase in the coming quarters because of the expiration of credit moratorium period and weakening of the repayment capacity of borrowers as a result of the coronavirus shock.

• NPLs stood at BDT 944.40 billion as of September, the latest for which data is available. This is down 1.74% from three months earlier and 18.73% year-on-year. The NPL declined to 8.9% in September from 12% a year earlier despite disruptions caused by the coronavirus pandemic. The decline was driven by the loan moratorium and the prohibition on banks downgrading loans until December 2020, which delayed the recognition of NPLs, the credit rating agency said.

<https://www.thedailystar.net/business/news/loans-weak-sectors-face-significant-pressure-moodys-2040521>

### Steel exports jump 83%

• Bangladesh's steel export, mainly semi-finished casting products, leaped 82.91% year-on-year during the July-January period of the ongoing fiscal, interestingly coinciding with the ongoing pandemic-induced economic slowdown. Of the export, USD 10 million worth of goods went to China. Bangladesh's steel mills primarily import scrap metal to produce the intermediate casting products which need further processing to be turned into finished goods. The export destinations are mainly the United Arab Emirates, India, Malaysia, Japan, Thailand, Pakistan and Myanmar.

• The export increased due to a leading steel maker exporting around 45,000 tonnes of billet during the pandemic which showed a big jump in steel export, said the president of Bangladesh Steel Mills Owners Association. The leading steel makers tried to bring in cash instead of making a profit by selling at less than the production cost as the situation was not favourable during that time, he said. According to him, such strategies in steel export are good for building images but not commercially viable.

<https://www.thedailystar.net/business/news/steel-exports-jump-83pc-2040485>

### Ceramic industry yet to fully bounce back

• The ceramic industry, a major backward linkage of the construction sector, is yet to fully bounce back from the shocks of the Covid-19 pandemic. Although there has been some improvement after the coronavirus shutdown, the ceramic industry has not been able to turn around as the construction sector has not fully recovered. The ceramic sector suffered around a 30% decline in sales in the last fiscal year due to the coronavirus breakout in the country. Although the situation has improved a bit after the lockdown, the ceramic sector is still at a 10-15% decline in revenue.

• The secretary of the Bangladesh Ceramic Manufacturers and Exporters Association

(BCMEA) said that the demand for ceramic products is low in both domestic and international markets. Although the demand for tiles is high in the country, the demand for tableware and sanitary ware is low. He said that about 80% of the production in the sector is exported abroad. According to the Export Promotion Bureau (EPB), the exports of ceramic products were USD 2.69 billion in fiscal 2019-2020, and the export target has been set at USD 3.5 billion for the current fiscal year. Exports in the first half of the current fiscal year were USD 1.5 billion, which fell short of the target by 10% and 16% less than the previous year.

<https://tbsnews.net/economy/industry/ceramic-industry-yet-fully-bounce-back-197773>

### Bangladesh mobile internet service 5th worst in world: Ookla

• Bangladesh has been ranked the fifth worst country in terms of mobile internet speed in a latest report published by Ookla, a global leader in mobile and broadband network intelligence, testing applications, and technology. In Ookla's Speedtest Global Index for the month of December 2020, Bangladesh came in 135th among 139 countries that the global technology company tracks. Mobile internet speed in none of the South Asian countries, except for Afghanistan, was found to be poorer than Bangladesh's mobile internet speed.

<https://www.newagebd.net/article/129314/bangladesh-mobile-internet-service-5th-worst-in-world-ookla>

### Interest rate spread widens

• The interest rate spread widened further in December last as the banks cut the deposit rates deeper than that of the lending rates, bankers have said. The weighted average spread between the lending and deposit rates rose to 3.07 BDT in December 2020 from 2.98 BDT a month ago. It was 2.94 BDT in October last year. Senior bankers predicted further fall in interest rates on fresh deposits in the coming months if the upward trend of excess liquidity in the banking system continues.

• The banks' excess cash hit an all-time high of BDT 2.04 trillion in December last due to lower private sector credit growth, caused by supply chain disruptions amid the Covid pandemic, they explained. The growth in credit flow to the private sector came down to 8.37 BDT in December 2020 on a year-on-year basis from 9.20 BDT in July last year. The bankers said the expansionary monetary policy of the central bank along with implementation of the government's stimulus packages aimed to expedite recovery of the pandemic-hit economy have also pushed up the higher inflow of liquidity in the banking system.

• They said most of the banks have slashed their interest rates on all types of deposits because of the higher inflow of liquidity in the market, affecting the savers, particularly small ones significantly. They've slashed the deposit rates to minimise their cost of funds, the managing director (MD) and chief executive officer (CEO) of Pubali Bank Limited said. He said the bank has provided loans to some 'good borrowers' at a rate of around 8.0 BDT instead of 9.0 BDT.

<https://today.thefinancialexpress.com.bd/first-page/interest-rate-spread-widens-1612721274>

### **Bank directors' demand for extending loan repayment tenure faces criticism**

- Directors of banks have urged the central bank to relax the repayment tenure for term loans and working capital further, a demand that was opposed by bankers and analysts as the banking industry is still reeling from the pandemic-induced slowdown. The banking sector has been in a bad state of affairs for the last couple of years and the ongoing business slowdown caused by the coronavirus pandemic has exacerbated the situation. Against the backdrop, the central bank should not entertain the proposal of the Bangladesh Association of Banks (BAB), an organisation of directors of private banks, in the interest of the banking industry, experts said.

- The BAB wrote a letter to the central bank governor on February 4, requesting him to extend the existing relaxed repayment tenure by two to three years for term loans. Credits that carry a repayment tenure of more than one year are considered term loans. The central bank eased the repayment facility for term loans on January 31 to help them pay instalments at ease as the pandemic persists. The loan moratorium facility granted to all types of borrowers throughout last year was not extended.

<https://www.thedailystar.net/backpage/news/bank-directors-demand-extending-loan-repayment-tenure-faces-criticism-2041021>

### **Taka is now more export friendly**

- A year ago, Bangladesh was losing its export competitiveness because taka was overvalued against the dollar in comparison with currencies of its competitor countries. But the situation has changed quite a bit, thanks to the central bank's aggressive selling of dollars to banks, which has helped check taka's appreciation while currencies of major competitor countries had higher appreciation. Taka saw only a 0.12% appreciation against the greenback during the pandemic when Chinese yuan saw the highest 8.95% appreciation and Indian rupee the second highest of 3.41%, according to Bangladesh Bank data presented at a recent bankers' meeting.

- Vietnam, which is the main rival of Bangladesh in the export market and was gaining the market share fast with currency devaluation, saw a 0.38% appreciation of its currency dong since June during the pandemic. Of other competitor countries, Cambodian currency riel gained 0.76% against the greenback when Indonesia's rupiah gained 0.85% during the period, central bank data shows. The dollar price has stayed at BDT84.80 in the current fiscal year, according to the central bank's data. The lowest appreciation will slightly help exporters to adjust the price gap as Bangladesh was far behind in taka depreciation compared to other trading partners, said Dr Zahid Hussain, former lead economist at the World Bank's Dhaka office.

<https://tbsnews.net/economy/banking/taka-now-more-export-friendly-198214>

### **Investment down, demand for medicines up in Jul-Dec**

- The economy has been hit hard by the effect of Covid-19, but demand for medicines and other healthcare needs is on the rise. In order to meet that demand, the owners of pharmaceutical companies have increased the import of raw materials for medicines to increase production, as well as the import of medicines. Square Pharmaceuticals' Chief Financial Officer said that the demand for certain products has increased during the corona period. Due to the fear that the import might be affected by the pandemic, pharmaceutical

companies have already imported more raw materials for medicines, he said, claiming that the profits of drug companies during the pandemic have not increased much.

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<https://tbsnews.net/economy/investment-down-demand-medicines-agri-products-jul-dec-198208>

### **Central bank likely to consider term loan moratorium extension proposal**

- The central bank will look into the bank owners' proposal seeking a three-year extension of paying term loan instalments, says the association of banks. After a meeting with Governor of the Bangladesh Bank Bangladesh Association of Banks Chairman said the governor, the deputy governor, and other high officials of the central bank had looked into the proposal. The bank association sought the extension in a letter to the governor of the central bank on 4 February. He also said they had demanded that instalment payments be relaxed further so that the move would not hurt banks and clients would not face any pressure either.

<https://tbsnews.net/economy/banking/central-bank-likely-consider-term-loan-moratorium-extension-proposal-198733>

### **Global oil market recovery hints hike in domestic import cost**

- The rebound of global oil prices to pre-pandemic levels is likely to hit Bangladesh with a hike in its import costs. The black gold on Monday climbed back to USD 60 a barrel having risen more than 50% in the last few months, global media reported. The Bangladesh government will see a pressure if oil prices keep on rising in the global market. The increasing crude oil prices can also interrupt the supply during this irrigation period. Officials at the Bangladesh Petroleum Corporation (BPC), the state-run lone fuel oil importer, also expressed their concern over an oil price hike in the global market.

- Reuters reported that Saudi Arabia's pledge of extra supply cuts in February and March on the back of reductions by other members of the Organisation of the Petroleum Exporting Countries (OPEC) and its allies, including Russia, is helping to balance global markets and support prices.

<https://tbsnews.net/economy/global-oil-market-recovery-hints-hike-domestic-import-cost-198760>

### **Bangladesh Bank's dollar purchase slows in Jan as imports picking up**

- Bangladesh Bank's dollar purchasing spree slowed in January as demand for the greenbacks from businesses rose in the month amid a gradual increase in imports. The

latest BB data showed that the central bank purchased USD 388 million in January against its monthly average purchase of USD 916 million in the July-December period of the fiscal year of 2020-2021. At the end of January of FY21, the BB's purchase of the currency reached USD 5.878 billion from USD 5.49 billion in the July-December period of FY21, the data showed. As an import dependent country, demand for the dollar on the local market is a major indicator of Bangladesh's business sentiment.

- The central bank that usually injects US dollars into the market to fulfil the market demand and to keep the exchange rate stable resumed purchasing dollars from the local market in March, 2020 after being on the selling spree for more than three years since January 4, 2017. Since March 2020, the central bank has been purchasing dollars as banks are rushing to the BB to get rid of excess dollars in their hands. The COVID-19 outbreak that began in the country on March 8, 2020 was the major reason for the drastic decline in imports by the country's businesses.
- Policy Research Institute executive director said that a decline in the BB's USD purchasing from the country's local market and the improvement in import payments suggest that the country's economy is slowly picking up pace. It's a positive sign but the recovery cannot be mentioned as a significant one. He also said that the country's reserve build-up would slow in the coming days with the gradual increase in import payments and the lower purchasing of dollars by the BB.

<https://www.newagebd.net/article/129640/bangladesh-banks-dollar-purchase-slows-in-jan-as-imports-picking-up>

### **Moratorium helps banks' NPL shrink further**

- The size of the banks' non-performing loans (NPLs) shrank further at the end of the fourth quarter of 2020. The suspension of the usual practice of classifying loans that had been put into effect by the central bank in March last year following the outbreak of Covid-19 was largely responsible for the shrinking of the NPL. The Bangladesh Bank (BB) has started preparing a consolidated statement of non-performing loans (NPLs) covering both domestic and offshore banking units from the final quarter of the last calendar year, officials said.
- The share of NPLs in the total outstanding loans came down to 7.66% as of December 31 in 2020 from 8.89% a year before, according to a consolidated statement of such loans. Such consolidated statement of classified loans will be continued in the coming quarters in line with our policy on offshore banking operations, a senior central banker said. On the other hand, the share of classified loans in the total outstanding loans came down to 8.06% as of December 31 in 2020 from 9.32% in the same period of the previous calendar year, according to the statement that excludes the offshore banking operations.
- The central bank earlier prepared two statements of classified loans separately for domestic banking units and offshore banking units, they explained. The classified loans cover substandard, doubtful and bad/loss portions of total outstanding credit, which reached BDT 11587.75 billion as of December 31 on a consolidated basis. But the amount was BDT 10957.73 billion excluding offshore banking operations. The amount of NPLs fell by more than 6.0% or BDT 60.49 billion to BDT 882.82 billion excluding offshore banking operations as of December 31 from BDT 943.31 billion a year ago, the latest BB data showed. BB spokesperson said that loan moratorium facility from January 01 to December 31 has helped reduce the amount of classified loans in the banking sector.

<https://today.thefinancialexpress.com.bd/first-page/moratorium-helps-banks-npl-shrink-further-1612893405>  
<https://www.thedailystar.net/business/news/default-loans-drop-relaxed-policies-2042241>  
[https://www.newagebd.net/article/129730/defaulted-loans-decline-to-BDT\\_-88283-crore-in-dec](https://www.newagebd.net/article/129730/defaulted-loans-decline-to-BDT_-88283-crore-in-dec)  
<https://www.dhakatribune.com/business/2021/02/10/default-loans-ebb-in-2020-but-bankers-are-not-rejoicing>

### **Loan release thru agent banking surges in Oct-Dec**

- Loan disbursement through the banks' agent banking wings increased by 525.07% or BDT 7.70 billion year-on-year in the October-December period of 2020 as the system became a much more cost-efficient way of availing banking services compared with branch-based banking. The latest Bangladesh Bank data showed that the banks disbursed BDT 9.17 billion in loans to the customers through the agent banking wings during the last quarter of 2020 against their disbursement of BDT 1.46 billion in the same period of 2019. Of the disbursements made in the October-December period of 2020, the banks disbursed BDT 5.07 billion for the rural areas against their disbursements of BDT 4.10 billion for the urban areas.
- In October-December of 2019, the banks' loan disbursement for the rural and urban areas were BDT 889 million and BDT 578 million respectively. Apart from loan disbursement, the agent banking wings have also emerged as a cost-efficient way of deposit mobilisation for the banks with the volume of deposit collection through agent banking increasing by 107.95% or BDT 81.43 billion within a span of one year at the end of December 2020. Deposit collection by the banks through agent banking reached BDT 156.87 billion at the end of December 2020 from BDT 75.43 billion a year ago.
- Meghna Bank managing director and chief executive officer said that the agent banking service was much effective during the pandemic when the banks were very busy with implementing the stimulus packages. Keeping the factors in consideration, Meghna Bank has filed an application with the central bank for permission to operate agent banking wings.

<https://www.newagebd.net/article/129731/loan-release-thru-agent-banking-surges-in-oct-dec>

### **New definition of CKD to discourage bike manufacturing locally**

- Motorcycle manufacturers have alleged that the new definition of completely knocked-down (CKD) components for two-wheelers will discourage local production and impede the industry's development. Local and foreign investors will no longer be interested in this sector as all the required components to make a two-wheeler can now be imported, said the chairman of Nitol-Niloy Group, which manufactures India's Hero motorbikes in Bangladesh. The National Board of Revenue (NBR) issued a statutory regulatory order (SRO) on January 28, changing the definition of CKDs to include gearbox and speedometer. Now, local assemblers can import engines with the gearbox and speedometer instead of having to purchase them separately.
- Officials of the NBR and related ministries said the SRO would be helpful for local assemblers as all finished components can now be imported. However, a number of industry people say that it would discourage fresh investments. This is because only the

distributors of foreign brands which want to sell motorcycles in the local market without making any investment will benefit from this SRO, said the chairman of Nitol-Niloy Group. As per the NBR circular, there is no requirement to manufacture any component locally. On condition of anonymity, an official of a motorcycle manufacturer said that the new definition of CKD actually contradicts the policy as it would discourage local manufacturing.

<https://www.thedailystar.net/business/news/new-definition-ckd-discourage-bike-manufacturing-locally-2042201>

### **11 banks cause BDT 1.23 billion sectoral provision shortfall**

- Bangladesh's banking sector faced a provision shortfall of BDT 1.23 billion last year, primarily for a lacklustre performance of 11 banks. Though a moratorium significantly decreased defaulted loans, the sector is still bogged down in the undesirable situation thanks to the 11, whose combined provision shortfall had amounted to BDT 71.46 billion, shows Bangladesh Bank data. The errant are Agrani, BASIC, Rupali, Bangladesh Commerce, Dhaka, Mutual Trust, National, Social Islami, Standard Bank, Bangladesh Krishi, and Probashi Kallyan.
- Banks have to keep 0.50% to 5% in provisioning against general category loans, 20% against classified loans of substandard category and 50% against classified loans of doubtful category. It is set at 100% against classified loans of bad or loss category. Some of the 11 have been repeatedly facing shortfalls over the years due to a lack of corporate governance. From a wider perspective, this is an exposure of the weakness of the 11 when it comes to shielding depositors' funds from financial risks, said experts. In contrast, the sector's provision shortfall in 2019 was BDT 66.55 billion.
- But this alleviation within 12 months should in no way be interpreted as the sector's financial health having been improved. In reality, a lower amount of default loans helped banks keep lower amounts in provisioning than what was actually required. The sector's provision shortfall would have increased to a large extent had not the central bank declared the moratorium. The moratorium helped reduce default loans to BDT 887.34 billion as of December last year, down 5.93% year-on-year.

<https://www.thedailystar.net/business/news/11-banks-cause-BDT-12349cr-sectoral-provision-shortfall-2042825>  
<https://today.thefinancialexpress.com.bd/first-page/banks-in-artificial-comfort-zone-1612980361>  
<https://www.newagebd.net/article/129823/11-banks-provision-shortfall-BDT-7146cr-in-oct-dec>  
<https://www.dhakatribune.com/business/2021/02/11/banking-sector-s-provisioning-shortfall-narrows-in-2020>

### **Default loans at 4 banks rise despite year-round facilities**

- Four banks saw their default loans go up last year in spite of the Bangladesh Bank's keeping debt classification closed and allowing moratoriums on loan instalment payments throughout the year due to the coronavirus pandemic. At the end of 2020, default loans at Rajshahi Krishi Unnayan Bank, AB Bank, South Bangla Agriculture and Commerce Bank, and Union Bank registered an increase. The latest statistics relating to default loans obtained from sources at the central bank show that such loans at Rajshahi Krishi Unnayan Bank increased by over 8%, the highest among the four banks.

- The provision deficit of banks also fell drastically because of the non-classification of loans facility last year. At the end of 2019, the provision deficit was BDT 66.55 billion, which came down to only BDT 1.23 billion at the end of last year. The post-tax profits of banks are expected to increase significantly in 2020 as provision deficits have shrunk. The former president of the Association of Bankers Bangladesh and managing director of Mutual Trust Bank said that the reduction in provision deficit would undoubtedly play a positive role in banks' profits. But the central bank, he said, had not yet finalised the balance sheets of banks, adding that the real picture would be known after the central bank completed its audit.

<https://tbsnews.net/economy/banking/default-loans-4-banks-rise-despite-year-round-facilities-199786>

### **MFS operators can now bring IT service remittance**

- Bangladesh Bank yesterday enabled mobile financial service (MFS) providers to bring home the export earnings of online workers such as freelancers and exporters of information technology-related services. Earlier only banks were able to provide such remittance services. A business in the service sector is now allowed to bring in remittance of a maximum of USD 10,000 per transaction of items exported, a Bangladesh Bank official said quoting a previous guideline to this end. The MFS providers will have to ink agreements with internationally recognised foreign payment service providers such as online payment gateway service providers and digital wallet providers.

<https://www.thedailystar.net/business/news/mfs-operators-can-now-bring-it-service-remittance-2042849>  
<https://tbsnews.net/tech/it-service-exporters-can-now-bring-remittance-thru-mobile-financial-service-199792>  
<https://www.newagebd.net/article/129822/export-proceeds-repatriation-thru-mfs-allowed>  
<https://www.dhakatribune.com/business/banks/2021/02/10/mfs-operators-allowed-repatriation-of-export-proceeds-of-it-sector>

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<https://www.thedailystar.net/business/news/11-banks-cause-BDT-12349cr-sectoral-provision-shortfall-2042825>  
<https://today.thefinancialexpress.com.bd/first-page/banks-in-artificial-comfort-zone-1612980361>  
<https://www.newagebd.net/article/129823/11-banks-provision-shortfall-BDT-7146cr-in-oct-dec>  
<https://www.dhakatribune.com/business/2021/02/11/banking-sector-s-provisioning-shortfall-narrows-in-2020>

## Important News: Capital Market

### Banks can give max. 30% dividend for 2020

- The banking companies would be able to declare maximum 30% dividend, including 15% cash, for the year ended on December 31, 2020. The Bangladesh Bank (BB) has set the limit for the banks which have at least 15% or more reserve capital, including 2.5% capital conservation buffer against the risk-weighted assets. The banks will also have to maintain necessary provisioning and have the ability to meet other expenses, according to a circular issued on Sunday. Against the backdrop of the adverse impact of Covid pandemic, it said, the financial health of the banks as well as return on investment for the shareholders were considered while preparing the policy.
- The banks having a reserve capital from at least 13.5% to 15% would be able to declare maximum 25% dividend, including 12.5% cash, subject to meeting other requirements including provisioning against risk-weighted assets. With having a reserve capital of at least 11.875%, the banks would be able to declare maximum 15% dividend, including 7.5% cash, subject to approval of the central bank. The banks having 12.5% capital will be allowed to declare 12% dividend, including 6.0% cash.
- The banks with a reserve capital from 11.875% to 12.5% would be able to declare 10% dividend, including 5.0% cash. The banks having reserve capital from 10.625% to 11.875% will be able to declare at best 5.0% stock dividend subject to approval by the central bank.

<https://today.thefinancialexpress.com.bd/first-page/banks-can-give-max-30pc-div-for-2020-1612720921>  
<https://www.thedailystar.net/business/news/stronger-the-capital-base-higher-the-dividend-2041009>  
<https://www.thedailystar.net/business/news/banks-can-declare-highest-30-dividend-shareholders-2040969>  
<https://tbsnews.net/economy/banking/high-dividend-cost-banks-high-198193>  
<https://www.newagebd.net/article/129519/bangladesh-bank-puts-30pc-cap-on-banks-dividend-issuance>  
<https://www.dhakatribune.com/business/2021/02/08/bb-puts-up-conditions-for-banks-dividend-disbursement-for-2020>

### Baraka Patenga Power's IPO share bidding now begins February 22

• Baraka Patenga Power's bidding to explore the cut-off price of its shares now will begin on February 22 instead of earlier schedule for February 15 as the issuer company announced a fresh date of bidding. The power generation company's share bidding through electronic subscription system (ESS) will be continued until February 25 (round the clock) as per the new schedule. The Dhaka Stock Exchange (DSE) has given consented to new schedule which will be started on February 22 and continue until February 25, Mohammad Rana, AGM Finance & the company secretary of Baraka Patenga Power Ltd confirmed the FE.

<https://today.thefinancialexpress.com.bd/stock-corporate/baraka-patenga-powers-ipo-share-bidding-now-begins-february-22-1612974123>  
<https://tbsnews.net/economy/stock/baraka-patenga-ipo-bidding-deferred-199813>  
<https://www.dhakatribune.com/business/stock/2021/02/10/baraka-patenga-price-bidding-to-postpone-by-a-week>

### Lafarge seeks arbitration to end gas price row with Jalalabad

• LafargeHolcim Bangladesh said yesterday it decided to go to arbitration to settle a dispute with Jalalabad Gas Transmission and Distribution Systems after the state company charged higher than the agreed price for natural gas. The sales deal came into effect in 2003 for the cement company's plant located at Chhatak in Sunamganj. And the listed multinational company in a posting on the website of the Dhaka Stock Exchange (DSE) said that its board of directors had passed a resolution on Wednesday that it would issue a notice of arbitration.

<https://www.thedailystar.net/business/news/lafarge-seeks-arbitration-end-gas-price-row-jalalabad-2039601>

### Beximco opens USD 100m PPE plant in Savar

• Beximco yesterday opened its USD 100-million PPE Park in Savar where the leading company will produce personal protective equipment (PPE). The new facility shall help manufacturers, buyers, retailers, brands and the government with required services since all the services will be available under one roof encompassing European, American and other global regulatory standards, Beximco CEO said. The Park will serve both domestic and international markets and is aimed at increasing the diversity of the supply of PPE, ensuring that it is not totally dependent on any one country, he said while hosting the event.

• The 25-acre park is an advanced fully vertical PPE manufacturing facility. The construction and certification of the site took six months from groundbreaking to certification and full production. The Covid-19 pandemic has seen global demand for PPE rise significantly, along with the need for end-to-end testing and certification solutions for protective clothing and other PPE equipment.

<https://www.thedailystar.net/business/news/beximco-opens-100m-ppe-plant-savar-2042833>

### eGeneration's IPO oversubscribed

• eGeneration, one of the country's leading IT consulting and software solution providing companies, will hold initial public offering (IPO) lottery draw on Sunday (February 7) to allocate its 15 million ordinary shares among successful applicants. The company's IPO



was oversubscribed by 40.76 times, as it received BDT 6.11 billion against the public issue of IPO shares worth BDT 150 million, according to the final status. The company received subscription worth BDT 4.65 billion from resident Bangladeshis, BDT 461 million from affected small investors, BDT 161 million from non-resident Bangladeshis, and BDT 1.83 billion from eligible investors, including mutual funds.

<https://today.thefinancialexpress.com.bd/stock-corporate/egenerations-ipo-oversubscribed-1612456541>

### **BSEC allows re-listing of four OTC (over-the-counter) companies**

• The securities regulator has allowed re-listing of four companies with the bourses' main boards considering their improvement in business operations. Following the regulatory approval, the companies will be transferred to the main boards from the OTC (over-the-counter) market. The companies are Tamijuddin Textile Mills, Bangladesh Monospool Paper Manufacturing Company, Paper Processing and Packaging and Monno Fabrics.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-allows-re-listing-of-four-otc-cos-1612456582>

<https://tbsnews.net/economy/stock/4-companies-back-main-trading-board-196978>

<https://www.newagebd.net/article/129267/four-otc-cos-allowed-to-return-to-main-board>

### **Baraka Patenga Power's IPO share bidding begins Feb 15**

• Baraka Patenga Power's bidding to explore the cut-off price of its shares will begin on February 15, aiming to raise BDT 2.25 billion from the capital market under the book-building method. The power generation company's bidding through electronic subscription system (ESS) will be continued until February 18 (round the clock). The minimum value for bidding shall be BDT 5.0 million which is accordance with the Bangladesh Securities and Exchange Commission (BSEC) consent letter to Baraka Patenga Power dated January 11, 2021, according to a statement.

• As per regulatory approval, Baraka Patenga Power will raise BDT 2.25 billion from the capital market under the book-building method. Of the IPO proceeds, more than BDT 1.44 billion will be invested in two of its subsidiaries --Karnaphuli Power and Shikalbaha Power, partial repay long-term bank loans and bear the expenses of IPO process. Subsidiaries of the Baraka Patenga - Karnaphuli Power and Baraka Shikalbaha Power have already started commercial operation after implementing two (HFO) based IPP (Independent Power Producer) power plants having generation capacity of 110MW and 105MW respectively.

<https://today.thefinancialexpress.com.bd/stock-corporate/baraka-patenga-powers-ipo-share-bidding-begins-feb-15-1612624582>

### **BSEC seeks to trace Ring Shine's funds raised through private placements**

• Ring Shine Textiles Ltd collected BDT 2.75 billion through private placements before its initial public offering (IPO), but did not properly mention – in its audited financial statement – where that funding went. To trace the funds, the Bangladesh Securities and Exchange Commission (BSEC), last week, asked the shareholders who acquired Ring Shine's stocks privately to submit supporting documents in this regard. Additionally, the commission has also sought the name of the bank where the funds were deposited against an allotment of the aforesaid shares and the name of contract details. BSEC officials are due to visit Ring

Shine's factory this week to investigate the overall situation of the company.

<https://tbsnews.net/economy/stock/bsec-seeks-trace-ring-shines-funds-raised-through-private-placements-197791>

### **Whirlpool Corp, Transcom Group form manufacturing joint venture**

• Whirlpool Corporation, world's leading kitchen and laundry appliance company, and Transcom Group, one of the renowned business houses in Bangladesh, yesterday announced an agreement to set up a manufacturing plant in joint venture to make refrigerators in the country, said a press statement yesterday. People's growing income and quest for convenience are fueling demand for kitchen appliance and encouraging global companies such as Whirlpool to set up facilities here.

<https://www.thedailystar.net/business/news/whirlpool-corp-transcom-group-form-manufacturing-joint-venture-2041633>

### **BSEC to make KYC policy mandatory in brokerage firms**

• The Bangladesh Securities and Exchange Commission (BSEC) has decided to make the maintenance of a KYC (know your clients) policy mandatory for brokerage firms in the stock market, said sources. Every year, the brokerage firms will input updated information of the beneficiary owner's (BO) accounts of the investors, as a result of which the number of unclaimed securities and traceless BO accounts will be reduced. A discipline will come in the brokerage firms regarding the maintenance of BO accounts. Besides, the number of BO accounts that were opened providing fake information and fake NIDs will be closed. The securities regulator will circulate a directive in this regard very soon.

<https://tbsnews.net/economy/stock/bsec-make-kyc-policy-mandatory-brokerage-firms-198685>

### **Padma Oil signs business deal with two more LPG companies**

• The state-run listed company Padma Oil Company has signed agreements with two more LPG companies - Bashundhara LP Gas and Petromax LPG-- as part of its business expansion. Under the agreement, the company will sell LPG (liquefied petroleum gas) by establishing LPG (Autogas) refueling station parallel to the sale of petroleum oil through company's registered filling stations across the country. The Padma Oil Company will receive royalty of BDT 0.50 against per liter sale of LPG, according to a disclosure posted on the Dhaka Stock Exchange (DSE) website on Monday.

• In September 2020, Padma Oil also signed an agreement with three LPG companies -- Energypac Power Generation, Beximco LPG Unit-1 and Omera to sell LPG by establishing LPG (Auto gas) refueling station parallel to the sale of petroleum oil through the company's registered filling stations as part of its business expansion. The Padma Oil, a statutory organisation under the power, energy and mineral resources ministry, has stepped forward to make LPG more available as a primary fuel source for vehicles in Bangladesh. The move comes as part of the government's ongoing efforts to increase LPG consumption in the country, where reserves of natural gas are depleting rapidly.

<https://today.thefinancialexpress.com.bd/stock-corporate/padma-oil-signs-business-deal-with-two-more-lpg-cos-1612801262>

## **BSEC launches digital BO account opening**

- The Bangladesh Securities and Exchange Commission (BSEC) inaugurated the digital Beneficiary Owners' (BO) account opening system on Tuesday, in Dubai as well as at its own premises. Stock market investors, especially non-resident Bangladeshis (NRBs), will now be able to open BO accounts online. To open BO accounts online, investors need to go to the CDBL website and select the "depository participant" option. Then, they need to fill in the necessary information, including their NID card numbers. Some information fills in automatically once investors submit their NID card numbers. After that, they need to fill in banking information and will receive a confirmation message if the information is correct. Investors will also be able to pay BO account fees through online payment systems.

<https://tbsnews.net/economy/stock/bsec-launches-digital-bo-account-opening-199267>  
<https://www.newagebd.net/article/129728/bsec-launches-online-bo-account-opening-system>

## **Listed firms seek amendment to dividend directive**

- The companies listed on the country's stock exchanges have requested the securities regulator to amend its recent directive on dividend distribution and management of the unclaimed dividends. In a letter to the chairman of Bangladesh Securities and Exchange Commission (BSEC) on 8 February, the Bangladesh Association of Publicly Listed Companies (BAPLC) forwarded four recommendations by its member companies.
- The commission in its 14 January directive ordered the listed companies to set aside the amount equivalent to the recommended cash dividends to a dedicated bank account within 10 days of the board meetings concerned. Currently, the companies have to disburse the dividend within 30 days after shareholders approve the board-recommended dividends in annual general meetings (AGMs). The BAPLC said that the recommended dividend is uncertain as shareholders might not approve boards' recommendations and even the amount might be changed in AGMs. Also, there remains a gap of three months between the dividend recommendations in board meetings and AGMs.
- It would be a lose-lose situation for the companies and the investors if the sum is set aside three months earlier. No one would benefit from it and that is why the BAPLC seeks to relax the deadline, said the secretary general of the BAPLC. Obtaining the CDBL clearances before crediting stock dividends would be cumbersome and also unnecessary, said the BAPLC and they recommended expunging the obligation of the clearance. The BSEC also said, any investor, the actual owner of the unclaimed dividend would be entitled to claim it any day and the special fund officials would refund it within 15 days. The BAPLC recommended further clarification for the enactment of the provision.

<https://tbsnews.net/economy/stock/listed-firms-seek-amendment-dividend-directive-199819>

## **Default loans at 4 banks rise despite year-round facilities**

- Four banks saw their default loans go up last year in spite of the Bangladesh Bank's keeping debt classification closed and allowing moratoriums on loan instalment payments throughout the year due to the coronavirus pandemic. At the end of 2020, default loans at Rajshahi Krishi Unnayan Bank, AB Bank, South Bangla Agriculture and Commerce Bank, and Union Bank registered an increase. The latest statistics relating to default loans

obtained from sources at the central bank show that such loans at Rajshahi Krishi Unnayan Bank increased by over 8%, the highest among the four banks.

- The provision deficit of banks also fell drastically because of the non-classification of loans facility last year. At the end of 2019, the provision deficit was BDT 66.55 billion, which came down to only BDT 1.23 billion at the end of last year. The post-tax profits of banks are expected to increase significantly in 2020 as provision deficits have shrunk. The former president of the Association of Bankers Bangladesh and managing director of Mutual Trust Bank said that the reduction in provision deficit would undoubtedly play a positive role in banks' profits. But the central bank, he said, had not yet finalised the balance sheets of banks, adding that the real picture would be known after the central bank completed its audit.

<https://tbsnews.net/economy/banking/default-loans-4-banks-rise-despite-year-round-facilities-199786>