

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.

Rate cut lowers Q2 fixed deposits

- The volume of fixed deposits with the banking system fell by 2.41% in the second quarter ending in June compared to January-March, dwindled by lower interest rate. The amount of fixed deposits decreased by BDT 139.4 billion to BDT 5.67 trillion in the three months to June compared with the preceding quarter. The volume of savings deposits, on the other hand, grew by nearly 9.0% to BDT 2.7 trillion in April-June period over January-March. The current share of fixed deposit to total deposits is nearly 45% while savings accounts belong to over 21%.
- The deposits of current and cash accounts also expanded by nearly 11% during the period compared with the negative growth of the same in January-March. In the meantime, bankers say that the fall in interest rate was the key reason behind the drop in the fixed deposit with the banking system. Currently, the rate of interest on the fixed deposit is around 6.0%, almost half than that of the offered by banks. The bankers said many are now investing in the capital market or other alternative instruments as the time deposit is no more lucrative to many.
- The chairman at the Association of Bankers Bangladesh said that the FDR volume fell due to the cut in interest rates. He said the money is now stuck with the savings and current accounts as the clients are in a dilemma over whether they will again deposit it with the time deposit or not. The clients are now in a dilemma over whether they will deposit again as the FDR or not, he said. The managing director and CEO at the Mutual Trust Bank (MTB) said that bankers are now focusing on the savings and other short term deposits instead of time deposits.

<https://today.thefinancialexpress.com.bd/first-page/rate-cut-lowers-q2-fixed-deposits-1600884009>

Banks' zeal for government debt instruments bringing down interest rate

- The yield on government treasury bills and bonds continued to maintain a steep decline in recent months as lenders kept on a relentless pursuit of the government debt instruments in efforts to get their idle funds invested. The interest rate on the 5-year Treasury bond, which is highly popular compared to other government debt instruments due to its maturity period, stood at 5.69% this month, down from 8.86% in January. The ongoing economic meltdown is mainly responsible for the downward trend of the yield on the government debt instruments, experts said.
- Good borrowers are now reluctant to take out money from banks given the existing dull state of business. Prior to that, banks were forced to stop lending during the lockdown period ranging from March 26 to May 31. In addition, Bangladesh Bank is now giving out stimulus funds in full swing to help the economy recover from the ongoing business slowdown. The stimulus fund has also injected a large amount of fresh funds into the banking sector. Against this backdrop, excess liquidity in the banking sector stood at BDT 1.41 trillion as of July in contrast to BDT 1.06 trillion in December.
- So banks have laid emphasis on investing their excess funds on government treasury bills and bonds in order to keep their wheel of profitability turning. On September 16, the central bank arranged an auction for the 5-year T-bond, through which the government borrowed BDT 20.00 billion. But banks submitted bids worth BDT 51.44 billion, revealing the lenders' appetite for investing their funds in the government security. But all banks have been making a mad rush at investing their funds in the instruments, which ended up playing a major role in the decline in the cut of yield on the tools, a central bank official said.

<https://www.thedailystar.net/business/news/banks-zeal-govt-debt-instruments-bringing-down-interest-rate-1966509>

Banks demand only BDT 41.42 billion in 5 months

- The scheduled banks have applied for BDT 41.42 billion in refinance against their disbursement of BDT 82.84 billion in loans from a major stimulus package meant for the large industries and services in five months of the refinance fund formation by the Bangladesh Bank (BB). The banks have demanded refinance from the central bank against disbursement of loans to 3,126 large industries and service sectors so far. BB officials said that the banks' applications for refinance reflected that the actual disbursement from the fund would be above BDT 82.84 billion from the largest stimulus package.
- Besides, injection of money by the central bank into the banking system against purchase of the USD could be another reason, they said. Adequate amounts of liquidity in the banks might be a reason for the lukewarm demand for refinance from the banks, the officials said. In two months (July-August) of the fiscal year 2020-2021, the BB, in line with its expansionary monetary policy statement, pumped around BDT 144.16 billion against the purchase of USD 1.7 billion. On April 22 this year, immediately after the outbreak of coronavirus in the country, the BB formed a refinance scheme worth BDT 150.00 billion.

- BB officials said that the banks received BDT 14.25 billion till September 20 from the BDT 165.00 billion refinance

fund. The banks which received the facility include Shahjalal Islami Bank, Prime Bank, Dutch-Bangla Bank, Southeast Bank, IFIC Bank, Mercantile Bank, BRAC Bank, Agrani Bank, Rupali Bank and Janata Bank.

<https://www.newagebd.net/article/117104/banks-demand-only-BDT-4142cr-in-5-months>

Largest IPO proposal gets BSEC nod

- The securities regulator on Wednesday approved the country's largest ever IPO (initial public offering) proposal of mobile phone operator Robi Axiata for raising more than BDT 5.23 billion from the capital market. The Bangladesh Securities and Exchange Commission (BSEC) has approved the proposal that also included the demand for allotting the shares among the company employees. Robi will utilise the IPO fund for network expansion along with bearing the expenses of the public offering.
- The company will offload over 523.8 million shares at an offer price of BDT 10 each. Of the shares, 387.7 million shares will be issued through IPO while the remaining 136.1 million to employees under the Employee Share Purchase Plan (ESPP) at an offer price BDT 10 each. Asked about the reasons of regulatory approval to a company having an EPS of only BDT 0.4, BSEC chairman said that the listing of multinational companies is a long standing demand of the capital market. Earnings of Robi declined drastically as the company had to bear all liabilities of Bharti Airtel of India while completing acquisition, he added. According to the BSEC chairman, the net profit of Robi after listing will be enhanced significantly due to reduction of corporate tax to 40% from 45%.
- As per BSEC approval, Crystal Insurance Company will raise a capital worth BDT 160 million under fixed price method. The company will raise the capital through offloading 16 million shares of BDT 10 each. The IPO fund will be utilized for the purpose of making investments in the capital market and FDR along with bearing IPO expenses. Sonar Bangla Capital Management is the issue manager of Crystal Insurance Company. The securities regulator also approved BDT 5.0 billion subordinated bond to be issued by Dutch-Bangla Bank.

<https://today.thefinancialexpress.com.bd/first-page/largest-ipo-proposal-gets-bsec-nod-1600884194>

<https://www.thedailystar.net/business/news/robi-gets-nod-largest-ever-ipo-bangladesh-1966517>

<https://www.newagebd.net/article/117103/robi-gets-nod-for-highest-ever-BDT-52379-crore-ipo>

<https://tbsnews.net/economy/stock/dbbl-allowed-floating-tk500cr-bond-136867>

<https://tbsnews.net/economy/stock/crystal-insurance-receives-nod-ipo-136849>

<https://tbsnews.net/economy/stock/tk524-cr-robi-ipo-approved-136714>

<https://www.dhakatribune.com/business/stock/2020/09/23/bsec-approves-robi-s-ipo>

BSEC waives minimum capital raising rules for 26 insurance companies

- The Bangladesh Securities and Exchange Commission on Wednesday waived 26 insurance companies from the rules of mandatory capital raising of minimum BDT 300 million through fixed price method of initial public offering. It said that the regulator made the decision following a proposal of Insurance Development and Regulatory Authority to seek exemption from the minimum capital raising rules of the BSEC. As per the new public issue rules, company must raise at least BDT 300 million under the fixed price method of IPO. But, the commission allowed the insurance companies on the day to raise minimum BDT 150 million or more through IPO fixed price method.
- In September last year, finance minister warned that licences of unlisted insurance companies would be cancelled if they did not get listed on the share market within three months. Out of the 78 insurance firms operating in Bangladesh, 30 are still out of the capital market.

<https://www.newagebd.net/article/117106/bsec-waives-minimum-capital-raising-rules-for-26-insurance-cos>

<https://tbsnews.net/economy/stock/raising-tk30cr-through-ipo-not-mandatory-insurance-companies-bsec-136864>

Aamra Networks gets nod for Tk 1 billion bond

- The securities regulator has allowed Aamra Networks Limited to issue a non-convertible zero-coupon bond worth Tk 1 billion. The other aspects of the bond are it is fully redeemable, unsecured and unlisted. Its coupon rate will be 8.68%-9.73%. Through a private placement, the bond can only be issued to financial institutional investors, banks and qualified individual investors.

<https://tbsnews.net/economy/stock/aamra-networks-gets-nod-tk100cr-bond-136861>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$39.52	(\$22.11)	-35.88%
Crude Oil (Brent)*	\$41.48	(\$26.96)	-39.39%
Gold Spot*	\$1,859.39	\$337.92	22.21%
DSEX	4,972.13	519.20	11.66%
S&P 500	3,236.92	6.14	0.19%
FTSE 100	5,899.26	(1,687.79)	-22.25%
BSE SENSEX	37,668.42	(3,973.72)	-9.54%
KSE-100	41,876.26	1,141.18	2.80%
CSEALL	5,772.10	(357.11)	-5.83%

Exchange Rates

USD 1 = BDT 84.82*

GBP 1 = BDT 107.86*

EUR 1 = BDT 98.90*

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