

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.

BDT 121.40 billion defaulted loans rescheduled, written-off

- Banks swept under the rug BDT 121.40 billion in defaulted loans in the nine months to September last year by rescheduling and writing those off. Had such instruments not been used, the banking industry's defaulted loans would have shown up to be much higher. Non-performing loans (NPLs) stood at BDT 887.34 billion as of December, down 5.93% year-on-year, showed data from Bangladesh Bank. The central bank unveiled a moratorium facility for 2020 to insulate borrowers from the economic hardship caused by the coronavirus pandemic, in a move that reined in the escalation of defaulted loans and brought them down.
- The central bank is yet to prepare the statement of rescheduled and written-off loans for the last quarter of 2020. The amount of rescheduled and written-off loans rose last year as the majority of banks used the two tools to reduce defaulted loans in the October to December quarter. Some banks were also forced to classify a large amount of delinquent loans between January and September as per instructions of the central bank. The central bank asked lenders to classify the loans after carrying out routine and special inspections, pushing the defaulted loans up, said some central bank officials.
- Some banks hid defaulted loans by showing them as unclassified in violation of banking norms. Banks have classified some loans as defaulted assets on their own as the recovery has been feeble for years, said three managing directors, wishing not to be named given the sensitivity of the matter. This indicates that the asset quality of banks weakened in a true sense last year despite the moratorium, they said.

<https://www.thedailystar.net/business/news/BDT-12140cr-defaulted-loans-rescheduled-written-2043529>

Development spending lowest in 5 years

- Government agencies could spend 28.45% or BDT 610.48 billion allocated for development projects in July-January of the current fiscal year -- the lowest in the last five years, according to the Implementation Monitoring and Evaluation Division (IMED). Spending on development projects fell 11% year-on-year to BDT 610.48 billion in the first seven months of the fiscal year, a result of the government's go-slow approach towards low priority schemes. Expenditure from the state coffer dropped by 16% year-on-year to BDT 393.42 billion in this fiscal year's July-January period, when the pandemic-induced economic slowdown affected revenue collection. Spending from foreign funds also declined marginally during the period. The government allocated BDT 2.14 trillion to spend for development projects for the fiscal year 2020-21.

<https://www.thedailystar.net/business/news/dev-spending-lowest-5yrs-2044517>

MNP has been a damp squib. BTRC is giving another go at making it work.

- The Bangladesh Telecommunication Regulatory Commission is giving another shot at making the mobile number portability service, which has so far flopped big time, a success. Introduced in 2018, the service allows subscribers to swap networks without changing their existing 11-digit number within 72 hours. The MNP, which cost BDT 570 million, failed to take off in a big way and one of the major reasons was that users stopped receiving text messages after making the switch, a great inconvenience to all.
- To address the problem, Infozillion, the MNP service provider, has set up a "deeping" platform for all the financial and SMS service providers and other platforms to connect to. But Infozillion found that none had connected to the platform. Now the BTRC has made it mandatory for all of them to connect to the platform within the next one month.

<https://www.dhakatribune.com/business/2021/02/14/mnp-has-been-a-damp-squib-btrc-is-giving-another-go-at-making-it-work>

Floor price may inflate BAT Bangladesh's market cap by 60%

- Emergency floor price in the stock market – introduced in the wake of the Covid-19 pandemic – was almost forgotten as the market bottomed out with the help of the better-than-expected state of economy, low interest rate, and improved confidence in regulator. But floor price as a topic has returned to the street as soon as BAT (British American Tobacco) Bangladesh announced a 200% stock dividend alongside more cash following its board meeting last week. Analysts estimate that after the stock dividend is adjusted, the multinational tobacco giant's market capitalisation would get a 60% boost without any fundamental reason if the floor pricing instructions remain the same.
- There have been a few examples where a stock became stuck at the floor price after record date and virtually remained non-tradable as no buyer appeared to be interested in buying at an irrational high price. As BAT Bangladesh

appeared to be the case of biggest dilution of assets and earnings since the introduction of floor price, it became a big puzzle to rational investors. Meanwhile, a number of irrational investors have begun speculating about the situation for a possible short-term gain.

<https://tbsnews.net/economy/stock/floor-price-may-inflate-bat-banladeshs-market-cap-60-201325>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$59.47	\$10.95	22.57%
Crude Oil (Brent)*	\$62.43	\$10.63	20.52%
Gold Spot*	\$1,824.22	(\$70.88)	-3.74%
DSEX	5,485.02	82.95	1.54%
S&P 500	3,934.83	178.76	4.76%
FTSE 100	6,589.79	129.27	2.00%
BSE SENSEX	51,544.30	3,792.97	7.94%
KSE-100	45,808.36	2,052.98	4.69%
CSEALL	7,985.00	1,210.78	17.87%

Exchange Rates

USD 1 = BDT 84.82*

GBP 1 = BDT 117.43*

EUR 1 = BDT 102.81*

INR 1 = BDT 1.17*

*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
Anika Mafiz	Research Analyst	anika.mafiz@bracepl.com	01708 805 206
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	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