

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | | |
|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|------------|-------|--------|--------|-------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY | |
| ▼ 0.17% | ▼ 0.06% | \$1,906.21 | \$40.68 | ▲ 0.88% | ▲ 1.72% | ▲ 0.75% | ▲ 0.19% | BUY TK | 83.95 | 96.76 | 107.51 | 12.36 |
| 4,919.60 | 8,490.11 | (per ounce) | (per barrel) | 40,616.14 | 23,695.23 | 2,515.98 | 3,277.44 | SELL TK | 84.95 | 100.56 | 111.31 | 12.99 |

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Half the stimulus funds not disbursed yet

PM gives directives for faster implementation of the packages as only 48pc lent as of Sep

REJAUUL KARIM BYRON

Banks disbursed 48 per cent of Tk 76,000 crore funds they have been entrusted with lending to the sectors creaking under the pressure of the coronavirus pandemic as of September, official data showed.

This means, Tk 36,624 crore has been disbursed by banks.

Since the Covid-19 hit Bangladesh on March 26, the government has unveiled about 20 stimulus packages involving Tk 120,053 crore, which is 4.3 per cent of the country's gross domestic product.

Banks have been given most of the responsibility to disburse the funds in the form of working capital loans, small loans and salary support under the packages.

The finance division presented a progress report of the stimulus packages at the cabinet meeting on Monday.

The prime minister also gave a number of directives on the implementation of the packages.

The finance division would arrange three meetings at the

PROGRESS OF IMPLEMENTATION OF KEY STIMULUS PACKAGES

| | Industry and service | Cottage, micro and small business | Refinancing scheme for agriculture | Pre-shipment credit finance | Low-income professionals, farmers and micro business | Special loan for export-oriented industries |
|---------------------------------|----------------------|-----------------------------------|------------------------------------|-----------------------------|--|---|
| Stimulus amount | Tk 30,000 crore | Tk 20,000 crore | Tk 5,000 crore | Tk 5,000 crore | Tk 3,000 crore | Tk 8,000 crore |
| Loan applications until Sept 30 | 2,264 | 22,766 | 81,631 | 1 | 180 | |
| Disbursement until Sept 30 | Tk 21,329 crore | Tk 4822 crore | Tk 1890 crore | Tk 17 crore | Tk 564 crore | Tk 8,000 crore |

Implementing authority: Bangladesh Bank

SOURCE: BANGLADESH BANK

end of November to discuss the progress of the stimulus packages with the stakeholders to accelerate execution.

In one of the meetings, the stakeholders would discuss the progress of the stimulus packages unveiled for the cottage, micro, small and medium industries.

A similar meeting would

discuss the packages introduced for the large industries and another would shed light on the progress of other stimulus packages, such as food programmes.

The meetings aim at removing barriers standing in the way of the packages' implementation, revamping them and speeding up their execution, said an official of the finance ministry.

The export-oriented sector, mainly the readymade garments, is ahead of all so far. Initially, they were given Tk 5,000 crore.

When the sector demanded for more when the funds exhausted, the government allocated another Tk 3,000 crore to keep the important sector afloat. The second tranche has also been distributed.

Significant progress was made in dispensing the Tk 33,000 crore funds to the affected large industries and services at 9 per cent interest to be repaid equally by the borrowers and the government as subsidy.

The government announced Tk 20,000 crore as the working capital support to the pandemic-hit small businesses at 9 per cent interest -- 4 per cent to be paid by the borrower and 5 per cent by the government as subsidy.

Fifty-six banks and 20 non-banks disbursed Tk 4,822 crore from the package and nearly half of the amount was given in September alone. Some 21,642 male entrepreneurs and 1,124 female entrepreneurs received the loans.

Out of the \$5 billion Export Development Fund, about \$2.99 billion was distributed among 2,202 applicants. Because of the pandemic, the central bank extended the size of the EDF to \$5 billion from \$3.5 billion and cut the interest rate from a variable 5 per cent to a fixed 2 per cent.

The pre-shipment credit refinance scheme amounting to Tk 5,000 crore for export-oriented industries has also not made any progress.

Bangladesh Bank issued the scheme on April 13, but only Tk 16.6 crore was disbursed as of September.

As of August 4, 30 banks signed deals with the BB for releasing the fund.

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Forex reserves to hit \$50b in next 14 months

Finance minister says

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserve will hit \$50 billion within the next 14 months, Finance Minister AHM Mustafa Kamal said yesterday.

"We are thinking about how we can utilise this reserve to secure commercial benefits while keeping it in the country," he told reporters after a meeting of the cabinet committee on purchase at the secretariat.

Besides, the reserve which is now more than \$40 billion is expected to increase further, according to the minister.

Asked about the country's economic recovery amid the Covid-19 fallout, Kamal said Bangladesh has handled the situation well.

As a result, both the International Monetary Fund and the World Bank have praised the country's indicators for recovery.

Kamal said the \$14 billion stimulus package announced by Prime Minister Sheikh Hasina helped the economy bounce back at a pace which was previously unimaginable.

During the meeting, chaired by Kamal, the purchase committee approved eight proposals involving Tk 5,664.68 crore. Of the sum, Tk 224.27 crore will come from the government coffer and the remaining Tk 5,440.40 crore will be funded by the Islamic Trade Finance Corporation and local banks.

While briefing reporters, Abu Saleh Mostafa Kamal, additional secretary to the cabinet division, said

Four of the purchase proposals were from the industries ministry, two from the housing and public works ministry, one each from the energy and mineral resources division and the Road Transport and Highways Division.

The industries ministry received nod to buy a total of 105,000 tonnes of fertilizer for Tk 235.65 crore.

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Brac to buy 2.5cr Brac Bank shares

STAR BUSINESS REPORT

The current low price of Brac Bank shares in the stock market has prompted Bangladesh Rural Advancement Committee (Brac), a leading non-governmental development organisation, to decide on purchasing 2.5 crore of those before November 30.

According to the bank, its corporate sponsor already holds 58.70 crore shares, in other words, 44.27 per cent of its shares.

Yesterday, the stock traded at Tk 42.90. Considering the price, the 2.5 crore shares would be valued at Tk 107 crore.

The Bangladesh Securities and Exchange Commission (BSEC) yesterday approved Brac's application "exempting it from all legal bindings".

The decision came in a commission meeting on its premises chaired by BSEC Chairman Shibli Rubayat Ul Islam. A top Brac official, preferring anonymity, said they knew the real value of the bank and it was trading at the bourses' trading board at a price very low in context to its strength.

"It is a market support from our side as well." Brac thinks this is a good investment, he said, adding that this perspective prompted the purchase decision. "This is the only reason."

In the commission meeting, the premium of the initial public offering (IPO) of Mir Akhter Hossain was approved for raising a fund of Tk 125 crore.

The cut-off price of the share would be Tk 60 so general shareholders will pay Tk 54 for each share in the IPO.

The company will issue 2.07 crore shares to raise its desired fund, the BSEC said in a press release.

The commission also approved the digital booth (stock broker/TREC holder), 2020 rules.

According to the rules, stock brokers will be allowed to set up digital booths to attract investors from district and upazila levels.

Robi IPO subscription begins on Nov 17

STAR BUSINESS REPORT

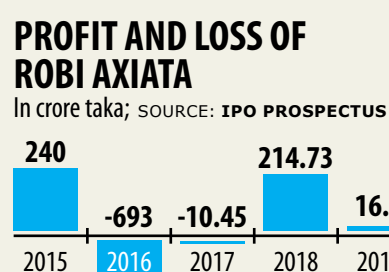
Robi Axiata is set to hit the market with the country's biggest ever initial public offering this month and the leading telecom operator has urged eligible investors to participate in its subscription process.

The IPO subscription will start on November 17 and will continue till November 23.

To become an eligible investor for the IPO, one has to show that he or she has at least Tk 1 crore investment in market value as of November 9.

During this period, general investors and non-resident Bangladeshis will also be allowed to subscribe to get the IPO.

The country's second largest mobile phone operator will raise Tk 523.79 crore by issuing 52.37



crore ordinary shares at face value.

Of the amount, Tk 387.74 crore would be raised from stock investors and the rest Tk 136 crore from its officials. The IPO

proceeds will be used to expand the network.

IDLC Investments is the issue manager of the IPO.

The telecom company received the go-ahead from the Bangladesh

Securities and Exchange Commission to go public on September 23.

The company's paid-up capital was Tk 4,714 crore and turnover Tk 7,481 crore in 2019, according

to the draft prospectus.

However, Robi has attached two conditions with the IPO proposal. It demanded the turnover tax to be reduced to 0.75 per cent from 2 per cent and the corporate tax to be slashed by 10 per cent to 35 per cent for the next 10 years.

The government is yet to fulfil any of these conditions. But Robi still believes some positive news will be there for them.

The company's per share net asset value was Tk 12.64 as of December 31, 2019, while its earnings per share was Tk 0.04 for the year.

The carrier started its journey in 1997 under the brand name of Aktel. It changed its name to Axiata (Bangladesh) in 2009 and took the present name Robi Axiata in 2010.

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Inflation rises to 5yr high

REJAUUL KARIM BYRON and SOHEL PARVEZ

Inflation rose to 6.44 per cent in October, the highest in at least five years, driven by a sharp increase in the price of food items, official figures showed yesterday.

The average Consumer Price Index climbed 47 basis points from September's 5.97 per cent, data from the state-run Bangladesh Bureau of Statistics (BBS) showed.

This was the third consecutive monthly increase in inflation as recent floods and rains damaged crops and pushed up the price of rice and vegetables.

October's CPI is 97 basis points higher than it was in the same month last year. General inflation has been on the upward trend since July. Food inflation made a sharp rise, climbing by 84 basis points to 7.34 per cent, largely due to the increase in the price of rice.

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Most listed banks see rise in profits

Low provisioning was the main driver

AHSAN HABIB

Most of the listed banks logged higher profits in the first nine months of 2020 despite a lower net interest income amid the business slowdown caused by the coronavirus pandemic.

Lower provisioning was the main driver behind the higher profits.

All the 30 banks listed with the Dhaka Stock Exchange declared their third quarterly earnings. The financial report of 27 lenders is available on their website.

Eighteen out of the 27 posted a year-on-year rise in profits during the January to September period. They logged 3.49 per cent higher profits of Tk 4,888 crore in the nine months.

Their combined net interest income, the biggest source of revenue, dropped 25 per cent to Tk 10,301 crore thanks to two steps introduced by the central bank -- 9 per cent interest cap in April and a payment holiday after the Covid-19 outbreak.

Provisioning of the listed banks also dipped 47 per cent year-on-year to Tk 2,009 crore.

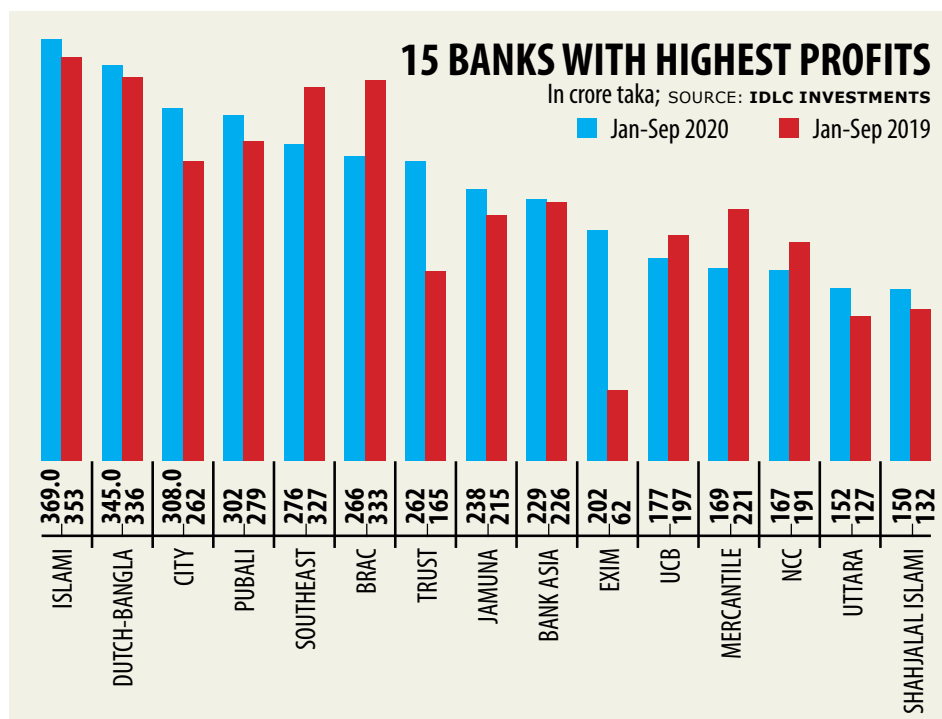
| NET PROFIT AFTER TAX |
|----------------------|
| 2020 -- Tk 4,888cr |
| 2019 -- Tk 4,723cr |
| Growth 3.49% |
| NET INTEREST INCOME |
| 2020 -- Tk 10,301cr |
| 2019 -- Tk 13,804cr |
| Growth 25% |
| DEPOSITS |
| 2020 -- Tk 677,873cr |
| 2019 -- Tk 594,381cr |
| LOANS |
| 2020 -- Tk 606,028cr |
| 2019 -- Tk 549,886cr |

"The banking sector witnessed higher income because of the policy support on provisioning from the central bank," said

Md Abdul Halim Chowdhury, managing director of Pubali Bank. "The stock market was also vibrant this year, so many banks

did not need to keep provision. This ultimately boosted the profits of the banking sector," he added. On March 19, after the

country was struck with the pandemic, the banking regulator asked lenders not to consider businesspeople as defaulters if



they fail to repay instalments until June 30.

As the crisis prolonged, the deadline was extended initially to September 30 and then to December this year.

Banks usually keep aside 0.5 per cent to 100 per cent in provisioning. They keep lower provisioning for regular loans but 20 to 100 per cent for default loans.

As the central bank has granted the payment holiday, banks are not compelled to set aside funds to cover future losses although new lending has not come to a halt and there is also non-payment of instalments.

"Banks should be more careful in booking profit this year and paying dividends because if they disburse dividend on unearned profits, they will be in trouble next year," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

As the banks' profit rose riding on the lower provisioning and despite experiencing a reduction in the net interest income, they can announce dividend but it should not be much higher, he said.

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