The Daily Star | Prime Bank

MONTHLY BUSINESS REVIEW

BB UNVEILS MAJOR STIMULUS FOR PVT SECTOR RECOVERY

Package size: Tk **60,000cr**

» Refinancing fund (Tk 41,000cr)

- From banks with surplus liquidity
- BB refinance rate: **4%**, govt subsidy: **6%**
- Lending rate around **7%** for large borrowers
- **ALLOCATION:**
  - Closed factory revival: Tk **20,000cr**
  - Agriculture & rural economy: Tk **10,000cr**
  - Small ventures: Tk **5,000cr**
  - Export diversification: Tk **3,000cr**
  - North Bengal agri hub: Tk **3,000cr**

» BB-funded scheme (Tk 19,000cr)

- From BB resources, govt-guaranteed
- Focus: exports, small ventures, overseas jobs, startups, youth employment, targeted programmes

Expected impact:

Over **25** lakh jobs to be created

BB TIGHTENS CASH DIVIDEND RULES

New rule

- Banks with paid-up capital below **Tk 2,000cr** cannot pay cash dividends
- Aim: strengthen capital base and improve risk absorption

Dividend cap

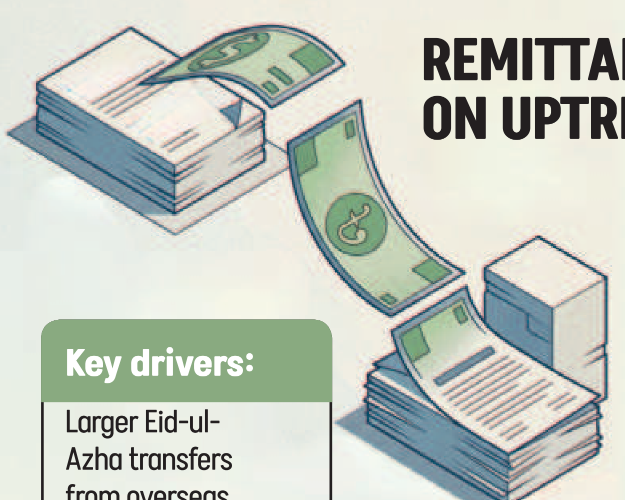
- Eligible banks: Maximum **50%** cash dividend
- Remaining must be paid as stock dividend

Who qualifies

- Only BRAC Bank effectively eligible for cash dividends
- National Bank PLC meets capital threshold but remains loss-making

Effective from:

- Financial year ending **Dec 31, 2026**



REMITTANCE INFLOWS STAY ON UPTREND

Remittance inflow: $3.42b

- Up **15.34%** from **$2.96b** (May 2025)
- 6th consecutive month above $3b

FY26 (Jul-May): $32.75b

- Growth: **+19%** vs **$27.5b** last year

Key drivers:

- Larger Eid-ul-Azha transfers from overseas Bangladeshis
- Increased use of formal banking channels
- Higher remittances due to Middle East uncertainty

Wider macro trends:

- Inflation: **9.42%** in May, highest in 16 months
- Exports: **-7%** to $4.4b in May
- FX reserves: **$29.89b** (May 24) vs **$20.47b** a year earlier
- Private credit growth: 4.72% (March, historic low)

Offshore energy blocks opened, rules eased

All 26 offshore blocks opened

11 shallow-water, 15 deep-sea blocks

Replaces Model PSC 2024 after failed bidding round

Investor-friendly reforms

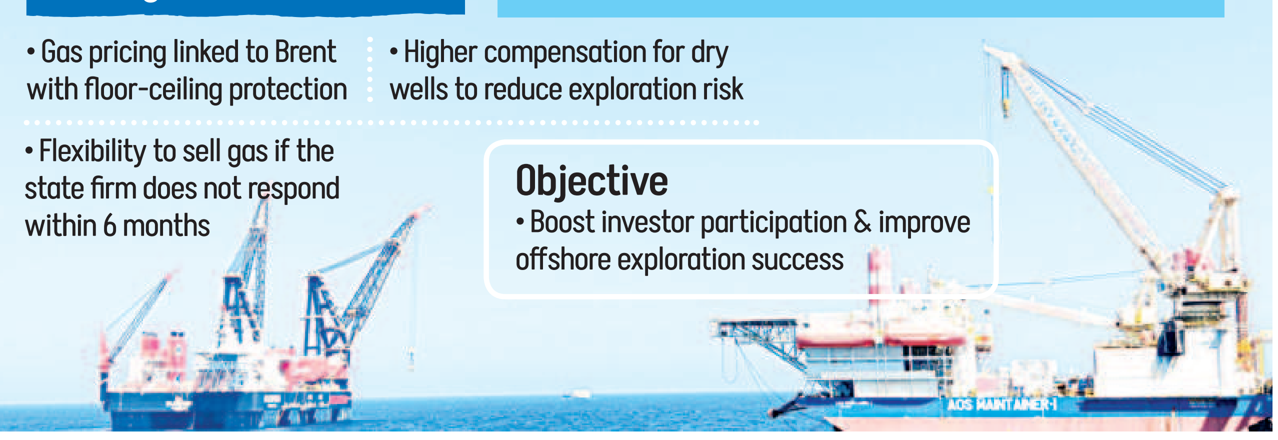
- Lower entry thresholds to attract mid-sized oil & gas firms
- Reduced entry costs with wider tax & duty exemptions
- Simplified bidding process and lower documentation costs
- Two adjacent deep-sea blocks allowed under one contract
- Limits on number of blocks per bidder to prevent monopoly

Pricing & risk incentives

- Gas pricing linked to Brent with floor-ceiling protection
- Higher compensation for dry wells to reduce exploration risk
- Flexibility to sell gas if the state firm does not respond within 6 months

Objective

- Boost investor participation & improve offshore exploration success



IMF-BANGLADESH NEW 3-YEAR PLAN

- Govt & IMF replacing **$5.5b** programme
- New 3-year, more flexible reform framework
- Current plan seen as too rigid under changed conditions
- IMF mission due July-August; terms under negotiation

ADB'S $5B FINANCING FOR BANGLADESH

- **$5b** over 5 years under Integrated Growth Network programme
- Annual support rises **20%**: around **$2.0b** → **$2.4b**
- **$1.4b** loans already signed (2026 plan)
- **$250m** crisis financing for fuel, LNG, fertiliser, shipping

EID MARKET

Cattle Surplus, Rawhide Slump

Cattle market

- 1.23cr supply vs 1.01cr demand → large surplus
- Weak buying; unsold cattle returned
- Prices down up to 50%
- Traders face losses; costs unrecovered

Leather industry stress

- Around 30% leather wasted due to poor preservation
- CETP & certification gaps limit compliance
- Heavy export reliance on China; weak global access
- Export potential: $10-12b if CETP upgraded

Rawhide market

Dhaka: Tk 550-1,200 vs govt Tk 1,300-2,600 per piece

Outside Dhaka: weak demand, oversupply

Some hides sold at Tk 50-100 or discarded

40-45% supply arrives within 3 days of Eid