

## Bangladesh market snapshot

	Last closing
DSEX Index	4,892.01
% change	-0.45%
DS30 Index	1,682.92
% change	-0.56%
DSES Index	1,109.47
% change	-0.42%
Turnover (BDT mn)	8,859.65
Turnover (USD mn)	105.47
% change	-13.90%
Market Capitalization (BDT bn)	3,934
Market Capitalization (USD bn)	46.83
% change	-0.81%

Source: Dhaka Stock Exchange

## International market snapshot

	Last closing
Dow Jones Industrial Average	27,685.38
% change	-2.29%
Nikkei 225	23,428.70
% change	-0.28%
FTSE 100	5,792.01
% change	-1.16%

Source: Bloomberg

## Exchange rate

Currency	BDT
USD	84.81
EUR	100.60
GBP	110.62
INR	1.15

Source: Bangladesh Bank

## Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
22-Oct-2020	1.50-5.25	2.97
21-Oct-2020	1.50-5.25	2.91

Source: Bangladesh Bank

## Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	40.60	+0.35%
Gold Spot, USD/t oz	1,908.40	+0.33%
Cotton, USD/lb	72.21	+0.14%

Source: Bloomberg

## Bank and NBFIs

### Defaulted loans at NBFIs soar amid irregularities

Defaulted loans at non-bank financial institutions (NBFIs) escalated 26.51 per cent in the first half of 2020 because of a lack of corporate governance in absence of the central bank's proper supervision. Non-performing loans (NPLs) in the 33 NBFIs in Bangladesh stood at Tk 8,905.62 crore in June, which are 13.29 per cent of the outstanding loans. It was Tk 6,399 crore, or 9.53 per cent of the total loans as of December last year. Scammers siphoned off a large volume of funds from some of the NBFIs in the form of loans using fake documents, creating piles of defaulted loans in the sector.

<https://www.thedailystar.net/business/news/defaulted-loans-nbfis-soar-amid-irregularities-1984897>

### Allotment for traders under CMSME package increasing by 10%

Traders will be given 10% more loans from the Tk20,000-crore stimulus package announced by the government for entrepreneurs of small and medium-sized enterprises. The central bank has decided to distribute 30% of the package among traders as their demand for loans is higher while the distribution in the manufacturing and services sectors is not at the desired level. Previously, this rate was 20%. Meanwhile, only 29.41% of the Tk20,000-crore package has been disbursed till 30 September this year.

<https://tbsnews.net/economy/allotment-traders-under-cmsme-package-increasing-10-149752>

### Four launch interoperable MFS on Tuesday

Interoperable transactions among mobile financial service (MFS) providers and between them and banks were launched on Tuesday on a pilot basis. Only four MFS providers, including bKash of Brac Bank, MCash of Islami Bank, U-cash and Al Arafah Islami Bank's Islamic Wallet, launched the interoperable service on Tuesday while others will gradually introduce the service later. As per directives issued by the Bangladesh Bank's Payment System Department on October 22, all MFS providers and banks have to mandatorily introduce such interoperable transactions within March 31.

<https://today.thefinancialexpress.com.bd/last-page/four-launch-interoperable-mfs-today-1603733556>

## Fuel and Power

### Deal with ONGC gets second extension

The state-run Petrobangla has extended the tenure of contract with India's oil and gas exploration company- ONGC Videsh Ltd- by two more years until February 2023. The deal with the Indian firm was set to expire in February 2021 after an initial two-year extension. Earlier, the Petrobangla signed two production sharing contracts (PSCs) with ONGC, the operator of blocks SS-04 and SS-09, on February 17, 2014, which was set to expire in February 2019.

<https://today.thefinancialexpress.com.bd/first-page/deal-with-ongc-gets-second-extension-1603732914>

## Telecommunication

### BD ranks 133rd in mobile net speed

Bangladesh has ranked 133rd for mobile internet speed and 98th in the index for fixed broadband speed in September. In terms of cellular speed, it has moved two notches up when compared to the previous month, with an average download speed of 10.76 Mbps. On the fixed broadband speed front, Bangladesh gained one spot with average download speed of 29.85 Mbps. In both internet types, the country's numbers are well below the global average net speed, with neighbouring countries like India and Sri Lanka ranking higher in both mobile and fixed broadband data speed.

<https://today.thefinancialexpress.com.bd/first-page/bd-ranks-133rd-in-mobile-net-speed-1603733159>

## Stock

### DBBL to raise Tk 5.0b issuing subordinated bond

Dutch-Bangla Bank Ltd (DBBL) will raise a capital worth Tk 5.0 billion issuing subordinated bond to strengthen the company's capital base. The objective of issuing bond is to increase the Tier-2 capital to meet the capital requirement under Basel-III and to strengthen the regulatory capital base of the bank.

<https://today.thefinancialexpress.com.bd/stock-corporate/dbbl-to-raise-tk-50b-issuing-subordinated-bond-1603723141>

<https://tbsnews.net/economy/stock/dutch-bangla-bank-issue-tk500-crore-bond-149719>

### Baraka Power solves innocent non-compliance with 4 new institutions aboard

Baraka Power Ltd has announced the appointment of four new institutional directors, alongside the appointment of a qualified independent director, to comply with securities regulations, demanding 30% shareholding by sponsors and directors collectively. The former directors are still with the company as sponsor shareholders, and recently they have transferred their shares to four holding companies, each of which now has more than 2% shares at Baraka Power. The four holding companies are NRB Ventures Pvt Ltd, Fusion Holdings Pvt Ltd, Baraka Apparels Ltd, and Karnaphuli Harbor Ltd.

<https://tbsnews.net/economy/stock/baraka-power-solves-innocent-non-compliance-4-new-institutions-aboard-150097>

## Disclaimer

### IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UCB Capital Management Ltd. ("UCB"), a company authorized to engage in securities activities in Bangladesh. UCB is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Rosenblatt Securities Inc. ("RBLT"), 40 Wall Street 59th Floor, New York NY 10005, a registered broker dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UCB. RBLT accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of RBLT and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Ownership and Material Conflicts of Interest

RBLT or its affiliates does not 'beneficially own,' as determined in accordance with Section 13(d) of the Exchange Act, 1% or more of any of the equity securities mentioned in the report. RBLT, its affiliates and/or their respective officers, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. RBLT is not aware of any material conflict of interest as of the date of this publication.

### Compensation and Investment Banking Activities

RBLT or any affiliate has not managed or co-managed a public offering of securities for the subject company in the past 12 months, nor received compensation for investment banking services from the subject company in the past 12 months, neither does it or any affiliate expect to receive, or intends to seek compensation for investment banking services from the subject company in the next 3 months.

### Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither UCB nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report.

UCB may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of UCB.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by UCB with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior consent of UCB and UCB accepts no liability whatsoever for the actions of third parties in this respect.

#### **EQUITY RECOMMENDATION STRUCTURE (ABSOLUTE RATINGS)**

We calculate our target price by weighting DCF, DDM, SOTP, asset-based and other relative valuation methods, and applying appropriate premiums/ discounts and/or other relevant adjustments.

Expected absolute returns are calculated as the percentage of difference between our target price and latest close price. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Please note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

<b>Recommendation Type</b>	<b>Holding period (if not otherwise mentioned)</b>	<b>Absolute Return Potential</b>
Buy	12 Months	More than +15%
Neutral/ Hold	12 Months	Between +15 % and -5 %
Underweight	12 Months	Less than -5 %

#### **ANALYST CERTIFICATION**

Respective analyst(s) identified in this report certifies, with respect to the companies or securities that the individual analyst(s), that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report. The research analyst(s) named on this report are not registered / qualified as research analysts with FINRA.

*It has not been determined in advance whether and in what intervals this document will be updated. Unless otherwise stated current prices refer to the most recent trading day's closing price.*

## Contact Us

### Research Team

Md. Hasib Reza, CFA	Head of Research	hasib.reza@ucb.com.bd	+880 1755 658 997
Md. Sakib Chowdhury, CFA	Deputy Head of Research	sakib.chowdhury@ucb.com.bd	+880 1713 205 698
Md. Nazmus Sakib	Research Associate	nazmus.sakib@ucb.com.bd	+880 1701 205 073
Anik Mahmood Ibne Anwar, CFA	Research Associate	anik.mahmood@ucb.com.bd	+880 1701 205 074
Shadman Sadique Kamal	Research Associate	shadman.kamal@ucb.com.bd	+880 1701 205 096

### Investment Strategist

Syed Adnan Huda, CFA	Vice President	adnan.huda@ucb.com.bd	+880 1730 325 232
----------------------	----------------	-----------------------	-------------------

### Institutional & Foreign Trade

Sonchoy Saha, CFA	Head of Institutional Sales	sonchoy.kumer@ucb.com.bd	+880 1755 615 313
Tahmidur Rahman	Senior Executive Officer	rahman.tahmidur@ucb.com.bd	+880 1726 995 520

### Office Premises

**Head Office**  
6, Dilkusha C/A  
1st Floor  
Dhaka- 1000  
Bangladesh

**Corporate Office**  
Bulus Center (Level-2)  
Plot-CWS(A)-1, Road No-34  
Gulshan Avenue  
Dhaka- 1212  
Bangladesh

**Extension of Main Office**  
Room 126, DSE Tower Level- 8  
Plot- 46, Road- 21, Nikunja  
Dhaka- 1229  
Bangladesh

**Extension of Main Office**  
NIK Tower, 55 Dilkusha C/A,  
(4th Floor), Dhaka-1000.

**Chattogram Office**  
Muntasir Centre (5th Floor),  
253, Wasa Circle, Dampara  
Khulshi, Chattogram.