

Bangladesh market snapshot

	Last closing
DSEX Index	4,873.18
% change	0.94%
DS30 Index	1,690.10
% change	0.66%
DSES Index	1,130.61
% change	0.40%
Turnover (BDT mn)	9,071.36
Turnover (USD mn)	107.99
% change	15.75%
Market Capitalization (BDT bn)	3,697
Market Capitalization (USD bn)	44.01
% change	0.61%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	28,653.87
% change	+0.57%
Nikkei 225	23,329.47
% change	+1.95%
FTSE 100	5,963.57
% change	-0.61%

Source: Bloomberg

Exchange rate

Currency	BDT
USD	84.82
EUR	100.36
GBP	112.06
INR	1.14

Source: Bangladesh Bank

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
26-Aug-2020	3.50-5.25	4.70
25-Aug-2020	3.50-5.25	4.74

Source: Bangladesh Bank

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl	46.10	+0.63%
Gold Spot, USD/t oz	1,971.10	+0.32%
Cotton, USD/lb	65.29	+0.32%

Source: Bloomberg

Economy

Private sector credit growth increases

Private sector lending rate of the country has begun rising to recover from a decade-low growth after investments plunged amid the coronavirus pandemic at the end of 2019-20 fiscal year. The loans distributed by the banks stood at Tk 10.95 trillion by the end of July with a 9.2 per cent year-on-year growth. The credit flow growth to the private sector had dropped to the lowest level - 8.61 per cent - in June, the last month of the previous fiscal year. The Bangladesh Bank had set the target for private sector credits in 2019-20 at 14.8 per cent in the monetary policy. The target remains the same for 2020-21. The credit flow is rising because the banks have begun to disburse loans from the government's coronavirus stimulus packages of more than Tk 1 trillion to cushion the economy from the effects of the pandemic crisis.

<https://thefinancialexpress.com.bd/economy/bangladesh/private-sector-credit-growth-increases-1598805295>

China-backed AIIB approves \$100m loan to Bangladesh to fight Covid-19

Beijing-backed Asian Infrastructure Investment Bank (AIIB) said on Friday it would lend \$100 million to Bangladesh to help the country deal with the Covid-19 pandemic. The project will be co-financed by the World Bank and aims to increase the country's testing, tracing and treatment capacity, as well as its pandemic preparedness. The loan is part of AIIB's \$13 billion funding facility to help public and private sectors fight the pandemic. The bank had already loaned Bangladesh \$250 million through this facility in May.

<https://thefinancialexpress.com.bd/economy/china-backed-aiib-approves-100m-loan-to-bangladesh-to-fight-covid-19-1598607725>

ADB unveils \$11b lending plan for Bangladesh over three years

The Asian Development Bank has programmed \$5.9 billion firm and \$5.2 billion standby project assistance for Bangladesh in 2021-2023. More support will be provided to improve health, food security, social protection, skills development, rural development, water and sanitation, and finance sector, among others. Climate resilience, gender inclusion, and balanced regional development are programme priorities.

<https://thefinancialexpress.com.bd/economy/adb-unveils-11b-lending-plan-for-bangladesh-over-three-years-1598519726>

Foreign funding for Bangladesh NGOs drops sharply

Foreign donors' commitment to NGOs operating in Bangladesh for providing them with funds through a government regulatory body has declined sharply in the last fiscal year (FY) 2019-2020 mainly due to the Covid-19 pandemic. The commitment for the grants decreased by almost 17 per cent to Tk 75.59 billion in the FY 2019-2020 from Tk 91.18 billion in the previous fiscal (2018-19). The pandemic also caused a slight decrease in the amount of released

funds during the same period. Tk 78.50 billion was released in the last fiscal, around one per cent decrease from Tk 79.29 billion in the FY 2018-19.

<https://thefinancialexpress.com.bd/economy/foreign-funding-for-bangladesh-ngos-drops-sharply-1598680283>

Bank and NBFIs

Bangladesh Bank posts Tk 5,600cr profit in FY20

The Bangladesh Bank's operating profit increased to around Tk 5,600 crore in the fiscal year 2019-2020 from Tk 4,461 crore in the previous fiscal year amid a sharp rise in liquidity demand from the government and the scheduled banks. A record surge in gold prices and the pile-up in reserve during the coronavirus outbreak were also reasons behind the increase in the central bank's operating profit. The BB board also decided to pay around Tk 5,500 crore to the government from its profit. During FY20, the country's foreign exchange reserve increased by more than \$3 billion to \$35.85 billion from \$32.72 billion following a record inflow of remittance and decline in import payments. The central bank also invests the foreign exchange reserve in different treasuries such as US treasury bonds and gold which generates yields for the government as well.

<https://www.newagebd.net/article/114788/bangladesh-bank-posts-tk-5600cr-profit-in-fy20>

Banks disbursed Tk1,509cr in agri loans in July

Banks disbursed Tk1,509 crore in farm and non-farm rural credits in July –the first month of the current fiscal year. The amount was 64 percent lower than the previous month's total lending to the agriculture sector of Tk4,198 crore. However, July's advance to the sector this fiscal year was 54 percent higher than the amount given out in the same month last fiscal year. In July last year, banks disbursed Tk977 crore in farm and non-farm rural credit. The agri credit disbursement in July this year was 5.73 percent of the total lending target for fiscal year 2020-21.

<https://tbsnews.net/economy/banking/banks-disbursed-tk1509cr-agri-loans-july-125926>

Pharmaceuticals

Australian biotech firm to set API plant at BSMSN for \$30m

Australian biotechnology company HA TECH will invest up to \$80 million, or roughly Tk 700 crore, to establish a large-scale active pharmaceutical ingredient (API) manufacturing facility in Bangladesh that could help the country meet its growing demand. Initially, the Sydney-based company, which produces APIs mainly for cardiovascular, diabetic, ulcer and oncology applications, will invest \$30 million to develop the facility. But within the next five years, the total investment could reach \$80 million if the company wants to increase the product range. There are about 10 local companies, including Eskayef, Square, Beacon and Beximco, that produce API materials on a limited scale.

<https://www.thedailystar.net/business/news/australian-biotech-firm-set-api-plant-bsmsn-30m-1953261>

Textile**BGMEA updating list of cancelled orders to realise US dues**

Bangladesh's apparel exporters are updating the list of orders cancelled by western buyers amid the Covid-19 pandemic, after the US government assured them assistance in realising dues from American buyers. The updated list will be shared with the US Trade Representative (USTR) through the Ministry of Commerce within the next week. Apparel exporters said about 75 to 80 percent of the canceled or suspended orders have been restored, and that may have positively impacted their export earnings since July.

<https://tbsnews.net/economy/rmg/bgmea-updating-list-cancelled-orders-realise-us-dues-126025>

Telecommunication**Covid-19: Robi posts 5.2% negative growth in Q2**

Telecom operator Robi on Thursday posted 5.2% negative growth in revenue in second quarter (Q2) of the calendar year 2020, compared to that of the last year (2019). At the end of the quarter (April-June), the company's total income reached Tk1,763crore while its profit after tax (PAT) was Tk58.4crore. In comparison with the first quarter (January-March) this year, the operator's revenue declined by 9.5% in April-June.

<https://www.dhakatribune.com/business/2020/08/27/covid-19-robi-posts-5-2-negative-growth-in-q2>

Capital Market**Baraka Patenga asked to submit revised IPO application**

Instead of cancelling the initial public offering (IPO) of Baraka Patenga Power Limited, the stock market regulator has told the company to submit a revised application. The regulator asked the company to apply with a revised red-herring prospectus, updated audited financial statements, and other documents. Using the book building method, Baraka Patenga wants to raise Tk225 crore from the capital market to raise Tk225 crore to set up two power plants and pay back loans.

<https://tbsnews.net/economy/stock/baraka-patenga-asked-submit-revised-ipo-application-125950>

Restructuring of ICB underway

The securities regulator will submit a report by December as part of the government move to restructure the state-run Investment Corporation of Bangladesh (ICB) and its subsidiaries. To this effect, the Bangladesh Securities and Exchange Commission (BSEC) has already invited tenders to pick a qualified consulting firm with intent to assess the ICB's overall operations. The government has decided to revamp the corporation against the backdrop of its deviation from its mandate and the current stalemate. The issues such as ICB's role in securities market, state of its financial and non-financial resources, governance, organisational and legal structure and manpower capacity, among others, will be thoroughly assessed. Finally, the consulting firm will analyse its role in the light of the similar type of entities globally. The consultancy firm will also see

whether the ICB's resources are being utilised properly or not.

<https://thefinancialexpress.com.bd/stock/restructuring-of-icb-underway-1598759442>

Stocks

Beximco cuts deal to be lone distributor of Indian Covid vaccine

Beximco Pharmaceuticals Ltd has announced that it will invest with Serum Institute of India (SII) for the development of a Covid-19 vaccine. Beximco Pharmaceuticals will be the exclusive distributor of SII for this vaccine in Bangladesh. The investment amount will be treated as an advance, and once the vaccine receives regulatory approvals, Serum Institute – the world's largest manufacturer of vaccines by volume – will include Bangladesh among the countries that will be the first to receive an agreed quantity of this vaccine from SII on a priority basis.

<https://tbsnews.net/coronavirus-chronicle/beximco-invest-indias-serum-institute-produce-covid-19-vaccine-125467>

BB turns down Rupali Bank's proposal of stock dividend

The central bank has turned down Rupali Bank's proposal of issuing stock dividend. As a result, the bank will place the proposal in its annual general meeting to seek shareholders' approval. The bank's board of directors declared 5 per cent stock dividend on its 1102nd meeting held on 28th June, 2020.

<https://thefinancialexpress.com.bd/stock/bb-turns-down-rupali-banks-proposal-of-stock-dividend-1598588821>

Prime Bank to get on agent banking bandwagon this year

Prime Bank plans to step into the agent banking arena this year as part of its push to widen footprint and cut reliance on branches. The bank received the agent banking licence from the central bank recently. With this, Prime Bank joins a growing number of lenders who are putting less emphasis on branch-led banking and embracing agent banking as part of their move to reach the rural areas and cut costs.

<https://www.thedailystar.net/business/news/prime-bank-get-agent-banking-bandwagon-year-1953269>

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.

Recommendation Type	Holding period (if not otherwise mentioned)	Absolute Return Potential
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	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.