ASIAN MARKETS

TOKYO

V 0.32%

MUMBAI



DHAKA FRIDAY FEBRUARY 28, 2014, e-mail:business@thedailystar.net

COMMODITIES

Gold V

New banks cautious about lending

Only two newcomers NRB Global and NRB Commercial Bank buck the trend

SAJJADUR RAHMAN

STOCKS

DSEX

CSCX

V 0.45%

Most of the nine new banks licensed last year appear to be cautious in lending even as demand for loans is gradually

Bangladesh Bank (BB) data showed that only two new entrants are fairly aggressive in lending.

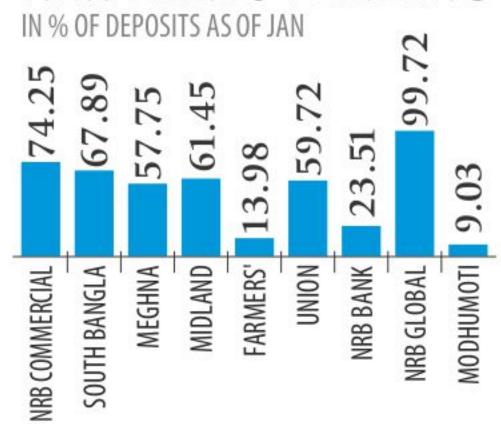
"We are going slow, steady and carefully," said Muklesur Rahman, managing director of NRB Bank. The bank's loan-deposit ratio stood at 23.51 percent as of January this year against a market average of 71.55 percent.

"We are yet to set up our full team. We are not concerned, as business opportunities are there."

Among the nine banks, Modhumoti and Farmers' Bank looked tight in extending credit: Modhumoti has lent only Tk 14.67 crore—equivalent to 9 percent of its deposits, while Farmers' Bank has given out less than 14 percent or Tk 19.24 crore. In contrast, NRB Global lent Tk 313 crore or 99 percent of its deposits, followed by NRB Commercial Bank that lent Tk 426 crore or 74 percent of deposits.

"We were a bit aggressive in lending. After all, we have to do business," said Abdul Quddus, managing director of NRB Global Bank. He said his bank's loan-deposit ratio has now come down to 86 percent from nearly 100 percent on January 16.

NEW BANKS' LENDING



NRB Global has only three branches and the bank is yet to get a Nostro account, which is held in a foreign country and is used for settlement of trade transactions in foreign currencies. South Bangla Agriculture and

Commerce Bank (SBAC) started business first among the new banks; it opened its first branch in August and the bank's number of branches reached 12 by December. The bank also received the central bank's approval to open 10 more branches this year.

"We were the only bank among the new nine banks to see an operat-

ing profit in 2013," said Rafiqul Islam, managing director of SBAC. The bank made a Tk 14 crore operating profit last year.

Even though demand for money is slowly increasing, the response is poor from new industries, he added. As of January, SBAC has lent Tk 311.55 crore or about 68 percent of its deposits, BB data shows. The bank's loan-deposit ratio dropped to 61 percent on February 24.

The loan-deposit ratios of Meghna, Midland and Union banks stood at around 60 percent as of January.

The central bank approved nine new banks in two phases in 2013 to take the country's total number of scheduled banks to 56, of which, 39 are private, nine foreign and eight are state-owned. The new banks were established with Tk 400 crore in paid-up capital.

Sharing of View On Building, Fire Safety Assessment 27 Februar

AtiquI Islam, president of Bangladesh Garment Manufacturers and Exporters Association, speaks at a meeting on building and fire safety with garment makers and representatives of Alliance for Bangladesh Worker Safety, at the BGMEA office yesterday. Wesley Wilson, senior director of ethical sourcing of Wal-Mart, was also present.

Retailers soften stance on factory relocation

STAR BUSINESS REPORT

CURRENCIES

SHANGHAI

0.30%

0.27%

STANDARD CHARTERED BANK

North American retailers yesterday assured apparel makers in Bangladesh that they would give a reasonable amount of time to relocate the factories operating on shared buildings.

...........

"We know transition needs time. Obviously, we will allow an appropriate amount of time to make the

transition," said Wesley Wilson, senior director for ethical sourcing at Wal-

Wal-Mart is a member of the Alliance for Bangladesh Worker Safety, a platform of 27 North American retailers and brands.

He was speaking at a meeting on building, fire and safety assessment, with garment makers and representa-

tives of the Alliance at the office of the Bangladesh Garment Manufacturers and Exporters Association yesterday.

"Our intention is not to punish garment factory owners in the country; rather, we want to extend support for their upgradation," said Wilson.

The official, however, did not specify a timeframe for the relocation process.

12 firms to borrow \$243m from abroad

REJAUL KARIM BYRON

A government panel yesterday green-lit foreign financing of around \$243.31 million for 12 projects, hoping to reduce deficit in balance of payments, keep the exchange rate stable and create jobs.

loans, which would be used to import capital machinery and equipment, came at a meeting of the Board of Investment scrutiny committee presided over by Bangladesh Bank Governor Atiur Rahman.

The approval for the foreign

The highest interest rate on the loans is 6-month Libor and 4.50 percent.

Of the \$243.31 million worth of foreign loans approved, \$64.8 million is for Summit Meghnaghat Power Co Ltd. The loan is to make deferred payments of \$14.8 million to China National Electric Engineering Co Ltd for machineries imported.

Summit Group applied for foreign loans for another venture, Summit Bibiyana II Power. It intends to take out loans worth \$25 million for capital machinery imports from the offshore units of AB Bank, Premier Bank and The City Bank.

CEAT Bangladesh Ltd, the local arm of the Indian tyre manufacturing company, applied to take out a

MAJOR COMPANIES THAT WILL BORROW FOREIGN LOANS

COMPANY	BORROWING SOURCE	IN MILLIONS OF \$
Summit Meghnaghat Power	China National Electric Engineering Company	64.8
Summit Bibiyana II Power	AB Bank, Premier Bank, The City Bank	25
CEAT Bangladesh	Bank of India's unit in Hong Kong	35
United Ashuganj	Eastern Bank, Standard Chartered Bank	26
Anata Casualwear	Eastern Bank	5
Edible Oil	Will PTE, Singapore	9
Airtel Bangladesh	HDFC Bank, Hong Kong	50
Global Attire	South China Bleaching and Dyeing and Goldex	9.64

\$35 million loan from Bank of India's offshore unit in Hong Kong to set up a plant in Bangladesh.

paid by seven years in 16 equal quarterly instalments after the end of the three-year grace period. The interest rate on the loan is 3-month Libor plus 4.3 percent.

Kaiser Sanko JB Textile, a joint venture between Bangladesh and Japan to manufacture knit fabrics The principal amount will be and sewing products, plans to borrow \$400,000 from its foreign shareholder Sanko Co Ltd to meet the import cost of capital machinery.

The rate of interest on the loan is 3.9 percent and repayment would be made in five years with a grace period of six months.

Oasis Fashion, a private company which manufactures knitwear and garment products, applied for a deferred payment facility of \$1.86 million from Shima Seiki Manufacturing of Japan for import of machinery and equipment. Oasis will make the payment 30 months from the bill of lading.

Airtel Bangladesh Limited applied for foreign loan of \$50 million from India's HDFC Bank's Hong Kong operation.

The loan, which would come with an interest rate of 6-month Libor plus 2.7 percent, would be used to meet capital expenditure, regulatory fee payment (including 3G licence fee) and debt refinance of the company.

The repayment has to be made in four years with one and a half years' grace period.

Bangladesh Edible Oil which processes, refines and distributes edible oil proposed to borrow \$9 million in total from its shareholders in Singapore-Will PTE and Adani Global Singapore-to import capital machinery for expanding production capacity.

The rate of interest on the loans 6-month Libor plus 3.85 percent payable in eight years with two years grace period.

Minister spurs firms to take foreign loans

STAR BUSINESS REPORT

yesterday encouraged entrepreneurs to borrow from foreign sources due to low cost of funds compared to Bangladesh.

is six-month Libor (London Interbank Offered Rate) plus 4.5 percent a year, which Bangladesh.

plans and development activities of the government, organised by Bangladesh Chambers of Commerce and Industry at its

gloomy economy of the world," he said.

middle-income nation by 2021 and has met

will rise to \$2,100 by 2021 from \$1,044 now,

The minister asked FBCCI members to submit their suggestions and complaints

READ MORE ON B3

Singer share prices rise 13pc on DSE

GAZI TOWHID AHMED

Shares of Singer Bangladesh posted the highest gain of 13.29 percent on the Dhaka Stock Exchange yesterday, as the listed multinational company on Wednesday announced 100 percent cash and 25 percent stock dividends for 2013.

On the premier bourse, each Singer share traded between Tk 272 and Tk 238.2, before closing at Tk 258.3.

The company, which got listed on the stockmarket in 1983, had disbursed 75 percent cash and 25 percent stock dividends for 2012.

The company also decided to close the production plant of its motorcycle and electric cable manufacturing units, according to the website of the DSE.

"The political crisis affected the company's earnings," said Md Moniruzzaman, managing director of IDLC Investments.

Singer is closing the units, as some local brands are marketing low-cost Chinese products, Moniruzzaman said.

BATBC's net profits

SARWAR A CHOWDHURY

.......... The net profits of British American Tobacco Bangladesh Company (BATBC) grew by about 24 percent year-on-year in 2013, but fell 6 percent short of estimates made by a security analyst firm.

"Actual earnings fell short of our estimates by 6 percent as frequent strikes disrupted the company's supply chain and distribution network, and hurt consumers' disposable income in the fourth quarter,"

said BRAC-EPL, an investment and security analysis institution.

However, riding on the back of higher profits, the listed multinational firm announced higher dividends for 2013, compared to the previous year. The higher profit and dividends declarations met investors'

accelerate 24pc

NET PROFIT OF BATBC 486.86 IN CRORES OF TAKA 94 90. 5

2011

2013

expectations and the company's share prices rose by more than 5 percent.

On Wednesday, BATBC recommended 520 percent final cash dividends in addition to 100 percent interim cash dividends for 2013. The company listed on the stockmarket in 1977 disbursed 500 percent cash dividends for 2012. On the Dhaka Stock

Exchange yesterday, each BATBC share traded between Tk 2,310 and Tk 2,007, before closing at Tk 2,299.10.

In 2013, BATBC made net profits of Tk 486.86 crore with earnings per share of Tk 81.14, up from Tk 394.16 crore with an EPS of Tk 65.69 a year ago, according to the DSE website yesterday.

At the end of the year, the company's net asset value per share stood at Tk 148.36, rising from

Bangladesh has strong resilience to be a

Planning Minister AHM Mustafa Kamal The highest interest rate on foreign loans

Kamal spoke at a programme on future

headquarters in the city.

"We have done very well amid the

its export targets, Kamal added. Per capita income of Bangladeshi people

and poverty will be eliminated, he said. The government plans to develop an LNG (liquefied natural gas) terminal to

preserve and distribute gas among the is significantly lower than the rates in different industries in Chittagong, and build coal-based power plants to meet growing demand for power, he said. "The government plans to generate

24,000MW power by 2021," he said.

through FBCCI to the ministry.



Financial Express



GREEN AWARD-2014 Call for Entries

Honouring the Pioneers of Greener Bangladesh

The Southeast Bank-Financial Express-Policy Research Institute Green Award Trust is going to recognize individuals and organizations by introducing green awards for their significant contribution towards making a difference in promoting environmentally sustainable development.

The awards will be given based on the performance of the inviduals/organizations during the year 2013 in the following categories:

Category 1: Pioneer in Climate Leadership in Business and Operation For: I) SME II) Women Entrepreneurs III) Corporate Entities

Category 2: Pioneer in Climate Leadership in Community Awareness

I) Pioneer in Climate Leadership in Knowledge Management For: Research Organization, Educational Institution, Media or Individual II) Pioneer in Climate Leadership in Community Engagement For: Individuals or Organizations working for poverty reduction and

improvement of the living condition of communities in the environmentally vulnerable areas

Eligibility:

Any individual or organization may apply for one or more categories.

Please log on to www.southeastbank.com.bd/greenaward.php for detailed information about eligibility criteria and filing nominations, Nomination form with relevant documents may be filed either through the above website or by mail to the following address: M. Nurun Nabi, Member Secretary, Southeast Bank-Financial Express- Policy Research Institute Green Award Trust, Eunoos Center, Level-06, 52-53, Dilkusha C/A, Dhaka-1000

Nomination must reach by March 31, 2014 E-mail: greenaward@southeastbank.com.bd

