

# Banks' profits drop on bad loans

REJAUL KARIM BYRON

The banking sector's net profit dropped around 17 percent year-on-year in 2014 to Tk 5,993 crore on the back of mounting bad loans which necessitated large provisioning.

The banks last year made operational profit of Tk 21,265 crore, from which Tk 9,037 crore was deducted as tax and Tk 6,238 crore as provisioning against bad loans, according to central bank statistics.

Of the 56 banks, UK-based Standard Chartered Bank recorded the highest profits last year: their operating profit was Tk 1,742 crore and net profit Tk 1,098 crore.

Another foreign bank, HSBC, came in the second position with their net profit of Tk 579 crore and operating profit of Tk 969 crore.

The private and foreign banks saw their net profits rise last year, by 21 percent and 17 percent respectively.

The 48 private banks altogether clocked in operating profits of Tk 14,941 crore, of which Tk 6,350 crore was taken off as tax and Tk 2,881 crore for provisioning.

After the deductions, the banks logged in net profit of Tk 5,711 crore.

The foreign banks' operating profit in 2014 was Tk 3,134 crore; Tk 1,331 crore was taken off as tax and Tk 99 crore as provisioning. After the subtractions, their net profit stood at Tk 1,704 crore.

Of the state banks, four – Janata, Sonali, Rupali and Agrani – made net profit of Tk 1,304 crore in 2014, which is an increase of 4.57 percent over the previous year.

But the group was pulled down by BASIC Bank, which made a net loss of Tk 2,686 crore last year and operating loss of Tk 111 crore. A high official of the bank said there was a greater need for provisioning, due to which their losses became bigger.

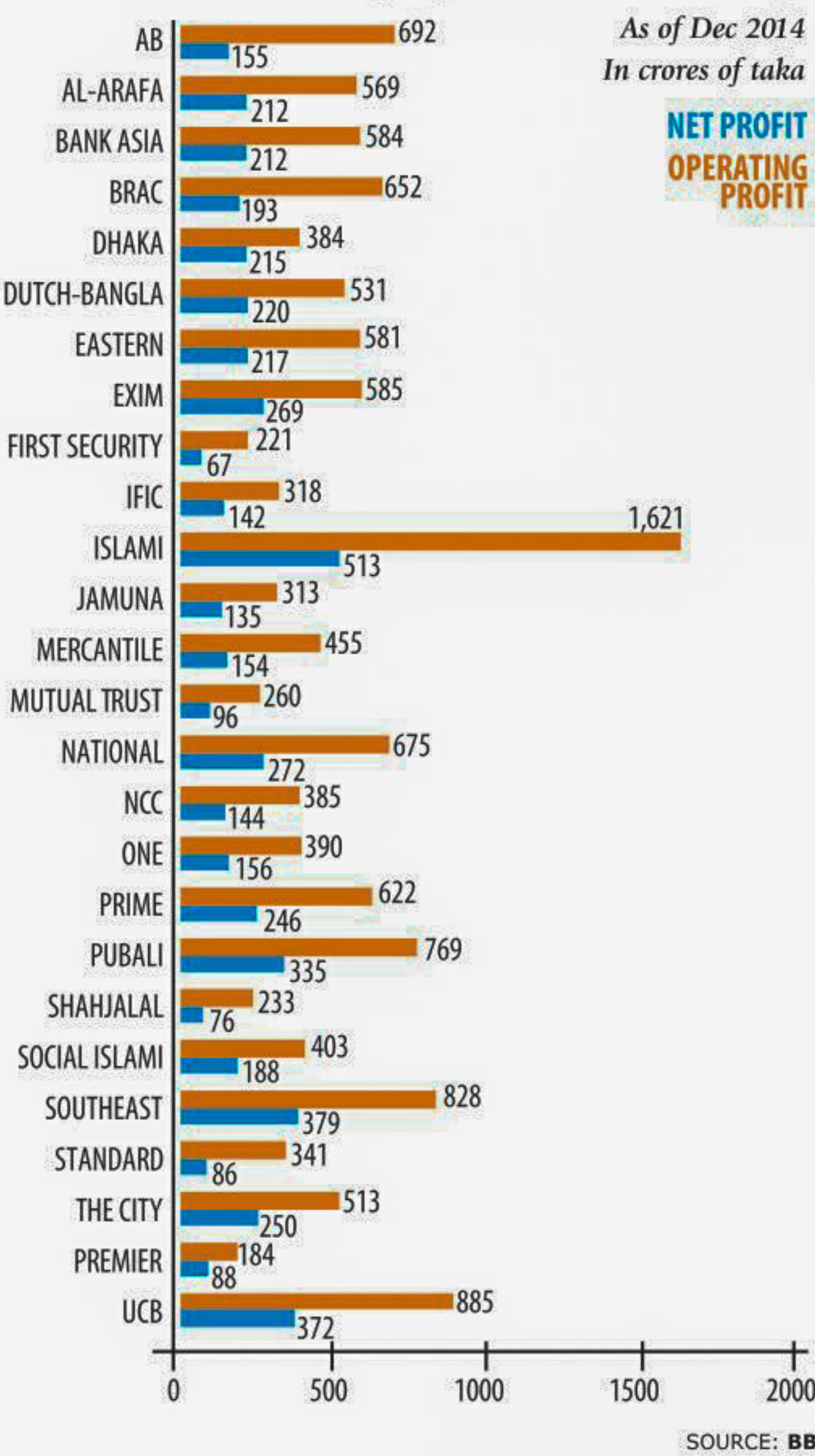
The five state banks, as a result, collectively ended up in the red for the year: the statistics showed they altogether made a net loss of Tk 1,381 crore.

Three other government-owned specialised banks last year made total operating profit of Tk 8 crore. However, their net loss was around Tk 42 crore mainly due to a large amount of loss by Krishi Bank. Krishi Bank's net loss was Tk 185 crore in 2014.

Meanwhile, Helal Ahmed Chowdhury, former managing director of Pubali Bank, told The Daily Star that bad loans of many banks came down thanks to monitoring by the central bank.

"The good news is that the banking sector's bad loans decreased last year to single digits."

## PROFITS OF MAJOR LOCAL BANKS



Centre, Jimmy Wales, cofounder of Wikipedia, attends a panel discussion organised by Grameenphone at Radisson hotel in the capital yesterday.

## More Bangla content on way to Wikipedia

STAR BUSINESS REPORT

Popular online encyclopaedia 'Wikipedia' plans to develop more Bangla language content for the benefit of education, health and many other sectors of Bangladesh.

"Wikipedia was created so that every single person on the planet can have free access to the sum of all human knowledge. We must grab every opportunity to

take down any barrier to accessing knowledge, whatever that might be, such as affordability, language or creating content that people need," Jimmy Wales, cofounder of Wikipedia, said yesterday at a panel discussion organised by Grameenphone at Radisson hotel.

Wales, who was in the country to celebrate ten years of Bangla Wikipedia, said, at present there are

34,000 Bangla articles on the website but he hopes the number would reach 340,000 in the next decade.

The past ten years have seen such great content created on Bangla Wikipedia, which has become a vital resource for relevant and valuable information for the people of Bangladesh, Munir Hasan, Wikimedia Bangladesh representative, said.

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## Forex reserves cross \$23b

MD FAZLUR RAHMAN

Foreign currency reserves have crossed \$23 billion for the first time in the country's history, on the back of steady export, remittance growth, and lower oil prices.

The reserves stood at \$23.03 billion yesterday, according to figures from the central bank.

"A stable flow of remittances and export earnings contributed to the record reserves," said Kazi Saidur Rahman, head of the forex reserve and treasury management department at

the central bank.

He said the reserves are adequate to meet import bills for the next seven months.

Bangladesh added a staggering \$20 billion to its reserves in the last one decade.

Many pointed to the lower growth of imports for the record reserves.

But officials of the central bank said although the expenditure for fuel import has come down other imports such as raw materials and machinery have gone up recently.

"So, our imports have not come

down. Rather, our foreign currency earnings have gone up. As a result, the reserves are rising," said another central banker.

The country exported products worth \$17.79 billion in the first seven months of the current fiscal year, up 2.06 percent from the same period a year ago. Imports also grew, by 18.28 percent to \$20 billion in the first half of fiscal 2014-15.

Remittances rose 8.57 percent year-on-year to \$8.72 billion in the July-January period.

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## Midland Bank brings new deposit products, credit card

STAR BUSINESS DESK

Midland Bank yesterday came up with five new deposit products along with Visa branded credit card.

The credit card (platinum and gold) and the deposit products—MDB Super Saver, MDB College Saver, MDB School Saver, MDB Probashi Savings and MDB Gift Cheque—were launched at a programme at the bank's head office in Dhaka.

At the programme, the bank's managing director, Md Ahsan-uz Zaman, presented the features of the new and existing deposit products, according to a statement.

The bank will continue bringing more customised, friendly and attractive products to offer better services to customers, Zaman said. Khondoker Nayeemul Kabir, deputy managing director, was also present.



Third from right, Md Ahsan-uz Zaman, managing director of Midland Bank, attends the launch of the bank's five new deposit products and Visa branded credit card, at the bank's head office in Dhaka yesterday.

## Trade ties with Philippines to be strengthened

STAR BUSINESS REPORT

Bangladesh might introduce direct flights between Dhaka and Manila to enhance connectivity between the two countries and increase trade with the Philippines, Commerce Minister Tofail Ahmed said yesterday.

The Philippines is a very promising trading partner for Bangladesh, but many people do not know of the potential for poor connectivity between the two countries, he said, adding that he will discuss the issue of launching direct flights between the two capitals with the civil aviation minister.

Ahmed's comments came at the installation ceremony of the Bangladesh-Philippines Chamber of Commerce and Industry (BPCCI) at the headquarters of Dhaka Chamber of Commerce and Industry. The minister also said export earnings this year might miss its target of \$33.20 billion due to the ongoing political turmoil.

"People did not expect such a situation in the country," he said, adding that the impact of the political upheaval is yet to be felt as production has not halted in factories and supply chain has gone on as usual.

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## WB to help Bangladesh attain middle-income status

STAR BUSINESS REPORT

The World Bank has pledged strong support for Bangladesh to achieve the goal of becoming a middle-income country by the end of this decade.

"For this to happen, Bangladesh needs to do more to narrow the power and transportation gaps, manage urbanisation, reduce climate change impacts, and also improve the business environment and governance," said Annette Dixon, WB's vice-president for South Asia region.

She said they will help Bangladesh clear bottlenecks that impede faster growth and connect to regional and global markets.

She made the comments after completing her first visit to Bangladesh since her appointment

as the vice-president in December last year, according to a statement.

"Bangladesh is recognised globally for making remarkable progress in reducing poverty and advancing human development. Other countries can learn from Bangladesh's rich development experience," she said.

She said the World Bank remains committed to working with Bangladesh to reduce poverty and bring prosperity to all Bangladeshis. The WB has already approved more than \$1 billion in new financing this fiscal year to improve primary education, child nutrition, and resilience to natural disasters.

"We are on track to deliver a total of nearly \$2 billion by the end of June,"

During her visit, Dixon met with senior government officials, including the finance minister and Bangladesh

Bank governor, and discussed how WB support can be best aligned with the country's priorities.

She also met civil society and private sector leaders and development partners. Dixon visited Chittagong Export Processing Zone and a government health facility in Dhaka.

The WB is the largest development partner of Bangladesh, committing more than \$19 billion in interest-free IDA credit to advance Bangladesh's development priorities since the country's independence.

The current IDA portfolio consists of 32 projects, with a total commitment of \$7.5 billion. The World Bank Group's private sector arm, International Finance Corporation (IFC), has a portfolio of 35 projects with investment commitments of \$668 million.

## Large cap firms pull stocks up

STAR BUSINESS REPORT

Stocks broke a two-day losing streak and returned to the black yesterday, as investors went on a buying spree of large cap stocks amid the continued political turmoil.

DSEX, the prime index of the Dhaka Stock Exchange, edged up 20.99 points or 0.44 percent to close at 4,763.22. DSES, the shariah index of DSE, rose 4.12 points or 0.36 percent to close at 1,130.91.

The market responded positively to the earnings growth despite a gloomy outlook, commented IDLC Investments.

Political instability kept long-term investors concerned, and turnover remained muted throughout the session, the investment bank said.

Few large-cap stocks pushed up the market amid corporate declarations, LankaBangla Securities said.

A number of companies showed mixed performance as traders continued to keep a close eye on the political situation, the stockbroker said. Turnover, the most important indicator of the market, declined 13.6 percent to Tk 296 crore, compared to the previous day.

The gainers took a modest lead over the losers as of the 305 issues traded, 147 declined, 109 advanced and 49 remained unchanged on the DSE.

Total 0.82 lakh trades were executed with 6.24 crore shares and mutual fund units changing hands on the Dhaka bourse.

Among the sectors, food gained the most with a 3.9 percent rise in market cap, followed by pharma 1.1 percent and engineering 0.9 percent. The heavyweight telecom sector lost 0.4 percent.

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