



Large foreign banks see profits plunge

AHSAN HABIB

Large foreign banks operating in Bangladesh took a hit in 2021 as their profits plunged due to the impacts of the coronavirus pandemic and the lower interest rate regime.

Collective profits for the nine banks fell more than 33 per cent year-on-year to Tk 1,556 crore in 2021. It was Tk 2,336 crore in 2020, showed financial statements of the multinational lenders.

The interest income of five of the nine international banks went down owing to the ceiling on the lending and deposit rates and the moratorium announced by the central bank to give a cushion to businesses pummeled by the countrywide lockdowns and depressed demand.

The banks have been ordered to keep the deposit rate within 6 per cent and the lending rate at 9 per cent since April 1 of 2020 as the government looks to ensure a single-digit interest rate. The cap drastically brought down the interest income for almost all banks



in Bangladesh.

The local operations of Standard Chartered, which is headquartered in London, logged profits of Tk 758 crore last year, down 44.5 per cent compared to 2020, when it raked in Tk 1,367 crore, according to its financial statements.

HSBC Bangladesh, another British bank, was also almost in the same situation. Its profits declined 30

per cent to Tk 378.36 crore in the recently concluded year.

Profits of Citibank NA, a US lender, plummeted 66.95 per cent to Tk 30 crore compared to the previous year's Tk 90.78 crore.

Sri Lanka's Commercial Bank of Ceylon, State Bank of India, Bank Alfalah of Pakistan, and the National Bank of Pakistan made higher profits in 2021.

Habib Bank, a Pakistani multinational bank, remained in the red.

Woori Bank witnessed 21 per cent lower profits of Tk 63.9 crore last year, against Tk 81 crore a year ago, according to the financial report of the Korean multinational lender. The net interest income dropped 6 per cent to Tk 55.9 crore.

"The decline in the profits of the foreign banks was not unexpected after such a devastating pandemic since the crisis has hurt almost all businesses," said Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management.

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Paperfly secures Tk 102cr from Indian firm

MAHMUDUL HASAN

Logistics-tech company Paperfly has confirmed Tk 102 crore new investment from Ecom Express, one of the leading tech-based e-commerce logistics solutions providers in India, as it looks to digitalise the local courier segment.

The start-up will use the funds to build digital and other infrastructures so that customers can make online requests to collect parcels from their doorsteps and deliver them to recipients.

Ecom Express is an end-to-end technology-enabled logistics solutions provider, has a presence in all 29 states of the country and operates in more than 2,650 cities and towns.

Last year, the firm made a foray into Bangladesh, its maiden venture outside the home market, when it injected about Tk 100 crore into Paperfly. The latest fund injection takes Ecom's investment in Paperfly to Tk 202 crore.

"The entire process will be digital and automated, giving a respite to customers who now have to visit brick-and-mortar establishments of traditional service providers to send and receive parcels," Rahath Ahmed, co-founder and chief marketing officer of Paperfly, told The Daily Star.

"Now, they will get the service from the convenience of their homes and workplaces."

Founded in 2016 by Shahriar Hasan, Razibul Islam, Rahath Ahmed, and Shamsuddin Ahmed, Paperfly is the first homegrown tech-enabled logistics company in Bangladesh that offers nationwide coverage.

Initially, Paperfly's priority was to make e-commerce deliveries as it introduced countrywide doorstep delivery and pickup, the

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STOCKS	
DSEX ▼	CSCX ▼
0.36%	0.27%
6,694.30	11,786.33

COMMODITIES	
Gold ▲	Oil ▲
\$1,941.92	\$104.61
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.72%	▲ 0.19%	▲ 0.82%	▲ 0.94%
60,176.50	27,787.98	3,445.01	3,282.72

INTEREST ON US DOLLAR BONDS

SOURCE: IRD

	Duration	Up to \$100,000	From \$100,001 to \$500,000	From \$500,001 and above
US Dollar Premium Bond	1st year	4.5	3.5	2.5
	2nd year	5	4	3
	3rd year	5.5	4.5	3.5
US Dollar Investment Bond	1st year	4	3	2
	2nd year	4.5	3.5	2.5
	3rd year	5	4	3

Govt lifts investment cap on dollar bonds

STAR BUSINESS REPORT

The government has removed the upper ceiling on investments in two US dollar related bonds so that non-resident Bangladeshis (NRBs) can invest as much as they want in both securities, according to a notification from the Internal Resources Division (IRD).

However, the rate of interest has been reduced depending on the slab of investment, as per the notification which comes at a time when Sri Lanka is grappling with depleting foreign currency reserves.

Earlier, NRBs could invest up to the equivalent of Tk 1 crore in US dollars in the US Dollar Premium Bond, US Dollar Investment Bond and Wage Earners Development Bond, an IRD official said.

"But from now on, there will be no maximum ceiling on investments in the US Dollar Premium Bond and US Dollar Investment Bond," he added.

The IRD official went on to say that they withdrew the cap as NRBs have been

demanding as much for a long time.

"Besides, higher investment will increase our foreign exchange reserves," he said.

Both bonds mature in three years.

In case of the US Dollar Premium Bond, the interest rate on investments of up to \$100,000 will be 5.5 per cent at maturity in the third year.

Meanwhile, the interest rate at maturity for investments of between \$100,001 and \$500,000 will be 4.6 per cent while investments above \$500,001 will get 3.5 per cent.

Investors would previously get 7.5 per cent interest regardless of the investment slab after the three-year period. In case of the US Dollar Investment Bond, investors used to get 6.5 per cent interest upon maturity.

Now, investors will get 5 per cent interest for investments of \$100,000 after maturity while the rate for investments of between \$100,001 and \$500,000 will be 4 per cent.

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