

City Bank approves 12% dividends

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City Bank's profit after tax has increased to Tk 450 crore in 2022 compared to the pre-Covid figure of Tk 250 crore in 2019.

It was revealed at the bank's 40th annual general meeting, which was virtually held yesterday, said a press release.

The shareholders approved 10 per cent cash and 2 per cent stock dividends for the year that ended on December 31, 2022.

Aziz Al Kaiser, chairman of the bank, presided over the meeting.

"During global crises such as the Covid-19 pandemic and the present war in Europe, City Bank formulated a prudent plan that resulted in a 23.6 per cent growth in loans in 2022 which is in line with the strategic objective of having a steadier and more vigilant risk-return structure," City Bank Chairman said in his welcome speech.

Hossain Khaled, vice-chairman, Tabassum Kaiser, Savera H Mahmood, Hossain Mehmood, Rajibul Huq Chowdhury, Syeda Shaireen Aziz, Rebecca Brosnan, directors, and Mashrur Arefin, managing director and CEO, also joined the meeting.

Prime Bank wins Asiamoney award

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Prime Bank Limited won the "Best Bank for Environmental, Social, and Governance in 2023" award by The Asiamoney, a UK-based financial and management publication.

This accolade serves as a testament to the bank's strong focus on incorporating ESG considerations into its operations and decision-making processes, said a press release.

"This award acknowledges the concerted efforts of our entire team and our steadfast dedication to sustainable finance. We firmly believe that responsible banking is not only essential for the environment and society but also to create long-term value for our shareholders," said Hassan O Rashid, managing director and CEO of the bank.

Asiamoney conducts an annual evaluation of banks and their practices to identify industry leaders under various categories.

The award decisions were made by a team of senior journalists after receiving detailed submissions from market participants and in conjunction with research into the banking and capital markets by its editorial committee.



Aziz Al Kaiser, chairman of City Bank, presides over the bank's 40th annual general meeting, which was virtually held yesterday. Among others, Hossain Khaled, vice-chairman, and Mashrur Arefin, managing director, attended the meeting.

PHOTO: CITY BANK



Ahsanul Alam, chairman of Islami Bank Bangladesh, presides over a board of directors' meeting of the bank at Islami Bank Tower in Dhaka yesterday. Tanveer Ahmad, vice-chairman, Mohammed Monirul Mola, managing director, JQM Habibullah, additional managing director, and directors of the bank attended the meeting.

PHOTO: ISLAMI BANK BANGLADESH

UN talks aim to harness AI power, potential

AFP, Geneva

The United Nations is convening this week a global gathering to try to map out the frontiers of artificial intelligence and to harness its potential for empowering humanity.

The UN hopes to lay out a clear blueprint on the way forward for handling AI, as development of the technology races ahead the capacity to set its boundaries.

The "AI for Good Global Summit", being held in Geneva on Thursday and Friday, will bring together around 3,000 experts from companies like Microsoft and Amazon as well as from universities and international organisations to try to sculpt frameworks for handling AI.

"This technology is moving fast," said Doreen Bogdan-Martin, head of

the International Telecommunication Union, the UN's information and communications technology agency that convened the summit.

"It's a real opportunity for the world's leading voices on AI to come together on the global stage and to address governance issues," she told reporters.

"Doing nothing is not an option. Humanity is dependent upon it. So, we have to engage and try and ensure a responsible future with AI."

She said the summit would examine possible frameworks and guardrails to support safe AI use.

Listed participants include Amazon's chief technology officer Werner Vogels, Google DeepMind chief operating officer Lila Ibrahim and former Spain football captain Iker Casillas -- who suffered a

heart attack in 2019 and now advocates for AI use in heart attack prevention.

They will be joined by dozens of robots, including several humanoids like Ai-Da, the first ultra-realistic robot artist; Ameca, the world's most advanced life-like robot; the humanoid rock singer Desdemona; and Grace, the most advanced healthcare robot.

The Geneva-based ITU feels it can bring its experience to bear on AI governance.

Founded in 1865, the ITU is the oldest agency in the UN fold. It established "SOS" as the Morse code international maritime distress call in 1906, and coordinates everything from radio frequencies to satellites and 5G. The summit wants to identify ways of using AI to advance the UN's lagging sustainable development goals on issues such as health, the climate, poverty, hunger and clean water.

US manufacturing slump deepens

Factory gate price pressures subdued

REUTERS, Washington

US manufacturing slumped further in June, reaching levels last seen when the nation was reeling from the initial wave of the Covid-19 pandemic, but price pressures at the factory gate continued to deflate, a silver lining for the economy.

Shrinking activity left factories resorting to layoffs, the survey from the Institute for Supply Management (ISM) showed on Monday. ISM Manufacturing Business Survey Committee Chair Timothy Fiore described the practise as happening "to a greater extent than in prior months."

At face value, the ISM survey is consistent with an economy that is in recession. But the so-called hard data such as nonfarm payrolls, first-time applications for unemployment benefits and housing starts, suggest the economy continues to grind along.

Risks of a downturn have, however, increased as businesses and consumers deal with the 500 basis points worth of interest rate increases from the Federal Reserve since March 2022, when the US central bank embarked on its fastest monetary policy tightening campaign in more than 40 years.

"This provides further reason to suspect that a recession is on the horizon," said Andrew Hunter, deputy chief US economist at Capital Economics. "The ISM survey adds to the evidence that core goods prices will start falling again soon."

The ISM's manufacturing PMI dropped to 46.0 last month, the lowest reading since May 2020, from 46.9 in May. That marked the eighth straight month that the PMI stayed below the 50 threshold, which indicates contraction in manufacturing, the longest such stretch since the Great Recession.

Economists polled by Reuters had forecast the index edging up to

47. Manufacturing, which accounts for 11.1 per cent of the economy, contracted at a 5.3 per cent annualised rate in the first quarter, government data showed last week.

Risks of a downturn have increased as businesses and consumers deal with the 500 basis points worth of interest rate increases from the Federal Reserve since March 2022

Some pockets of strength remain, however, amid solid demand for goods like transportation equipment.

The ISM survey showed that transportation equipment was the only one of the six biggest industries reporting growth last month. But even so, makers of transportation

equipment expressed worries that second-quarter sales could decrease and boost inventory levels. They projected total end-of-year sales "to be about where we were last year."

Apart from the exorbitant borrowing costs, manufacturing is also being undermined by spending shifting to services from goods, which are typically bought on credit. Businesses are also carefully managing inventories in anticipation of weak demand.

Economists say the sector has yet to feel the pain from a tightening in credit following financial market turmoil earlier this year.

In addition to transportation equipment, printing, nonmetallic mineral products and primary metals grew in June. The 11 industry groups contracting included wood products, textile mills, electrical equipment, appliances and components, machinery and computer and electronic products.

Stocks on Wall Street ended slightly higher in a shortened session ahead of Tuesday's July 4 holiday. US Treasury prices were mixed.



An employee welds a screed bottom for a commercial class road paver at the Calder Brothers factory in Taylors, South Carolina.

PHOTO: REUTERS/FILE

Strong legal system needed

FROM PAGE B1

According to the founding chairman of Dhaka Bank, banks have the responsibility to pick the right borrowers through a rigorous process with a view to ensuring that dishonest people don't get a chance to take loans in the first place.

"The financial behaviour of a borrower, the cash flow and prospect of businesses and the successor of businessmen should be reviewed before sanctioning a loan."

In the last 28 years, Dhaka Bank supported many industries to grow by financing them and created more than 2,000 jobs at the bank, he said.

Its consolidated profits dropped 21 per cent year-on-year to Tk 167 crore in 2022.

"The profit fell as the central bank ordered to keep provision against the rescheduled loans even though the borrowers are paying back," the chairman said.

The net interest income dropped due to the narrowing of the spread – the difference between the lending and deposit rates – driven by the lending rate ceiling.

In April 2020, the BB capped the interest rate at 9 per cent and banks had to maintain the ceiling as of last month.

Though the central bank has introduced a new interest rate-setting mechanism, the spread may remain low, said Sarker, also the chairman of Purbani Group, one of the largest and oldest export-oriented textile manufacturers in Bangladesh.

He said if several indicators of a free-market economy are regulated, the system becomes complex and the automatic adjustment process faces disruption.

"The ceiling ultimately impacted the business of banks and their liquidity."

Sarker said if the government continues to borrow from commercial banks or the central bank keeps printing money to help the government meet expenses, the private sector will be impacted.

He urged the government to look for ways to cut expenditures so that it does not need to rely heavily on the central bank and commercial banks. If the government can do so, the exchange rate will not see additional volatility, which will give more breathing space to the economy.

"To meet the financing demand for development projects, the government can go to the stock market and issue bonds."

The entrepreneur thinks the stock market can be a good source of funding for both public and private sectors if good governance can be insured.

Sarker, also a former president of the Bangladesh Textile Mills Association, says there are many ways to reduce the cost of doing business, other than maintaining a ceiling on the lending rate.

"Infrastructure should be up to the mark and energy supply should be uninterrupted."

Dhaka Bank has placed emphasis on lending to small enterprises and the agricultural sector since they don't default usually.

The bank's SME financing rose around 11 per cent year-on-year to Tk 2,869 crore in 2022 while farm loan disbursements surged 86 per cent to Tk 828 crore.

"If large borrowers default on their loans, it has a huge impact on banks as the amount is large," Sarker said.

Dhaka Bank's classified loans increased to Tk 1,218 crore last year, up from Tk 714 crore in the previous year.

"As businesses passed a tough period in 2022 due to the war between Russia and Ukraine and it emerged just after the coronavirus pandemic had improved, classified loans rose," Sarker said.

Moreover, he said, the massive depreciation of the local currency against the US dollar inflicted suffering on import-based businesses.

"If businesses suffer, it ultimately hit banks. We are taking preparation

so that we can survive if the business situation deteriorates."

Dhaka Bank's deposits grew 5.65 per cent to Tk 24,342 crore in 2022. Loans rose 11.24 per cent to Tk 23,968 crore.

He also talked about new banks, saying the number of lenders in Bangladesh is quite high and no bank licences should be given on political consideration.

"This is because if a bank licence is given on political consideration, they suffer. Some of the new banks are already suffering."

Dhaka Bank plans to widen its footprint outside of the country as well.

But Sarker said: "It will be successful only when the image of the financial sector of the country brightens."

Meta to launch Twitter challenger

FROM PAGE B4

The launch of Threads represents a credible threat to Twitter under Musk, whose attempts to boost revenues and reshape the platform his own image have faced severe criticism.

After acquiring the company late last year, he laid off around 80 per cent of staff and reinstated a number of banned accounts, such as those of former US President Donald Trump and conservative satirical news site Babylon Bee.

Hundreds of advertisers, concerned by a perceived rise in harmful content on the platform, paused spending with Twitter, and internal documents seen by Reuters showed the platform's most active users becoming disengaged.

Meta did not immediately respond to a Reuters request for comment on a similar launch on the Google Play Store. Reuters approached Twitter for comment.

Karim becomes independent director of Eastland Ins

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Md Abdul Karim, former principal secretary to the prime minister, has recently been appointed as an independent director of Eastland Insurance Company.

Karim has 43 years of experience in the field of administration, foreign service and in secretariat level highest positions in the regulatory and revenue-related ministries or divisions of the government as well as development and corporate sectors, said a press release.

He is the executive director of UCEP Bangladesh, chairman of IPDC Finance Ltd, advisory board member of the Asian University for Women, Chattogram and secretary general of the Southeast Asian Cooperation Foundation, Dhaka.

He previously served as a secretary to the ministry of home affairs, commerce, fisheries and livestock, finance (internal resources division) and communications (bridges division) before becoming the principal secretary.

Oil prices go up amid supply cuts

REUTERS, London

Oil prices ticked higher on Tuesday as markets weighed supply cuts for August by top exporters Saudi Arabia and Russia against a weak global economic outlook.

On Monday, Saudi Arabia said it would extend its voluntary output cut of 1 million barrels per day (bpd) to August, while Russia and Algeria volunteered to lower their output and export levels for August by 500,000 bpd and 20,000 bpd respectively.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUL 4, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-6.25 ↓
Coarse rice (kg)	Tk 48-Tk 50	0	-2 ↓
Loose flour (kg)	Tk 52-Tk 55	-2.73 ↓	25.88 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 167-Tk 175	-5 ↓	-0.87 ↓
Potato (kg)	Tk 38-Tk 40	2.63 ↑	34.38 ↑
Onion (kg)	Tk 70-Tk 80	-21.05 ↓	57.89 ↑
Egg (4 pcs)	Tk 48-Tk 50	1.03 ↑	25.64 ↑
SOURCE: TCB			