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Banks with lowest NPL

AHSAN HABIB

Thirteen banks – seven foreign and six local – are performing outstandingly at present with a non-performing loan (NPL) ratio of less than 3 per cent when the sectoral ratio goes past 8 per cent.

These 13 with their good corporate governance and due diligence in banking activities have played a vital role in keeping the sectoral ratio to below the level of 10 per cent.

The seven foreign banks are State Bank of India, Standard Chartered Bangladesh, HSBC, Citibank NA, Bank Alfalah Bangladesh, Woori Bank, Commercial Bank of Ceylon.

Here, State Bank of India has the lowest NPL ratio of 0.35 per cent.

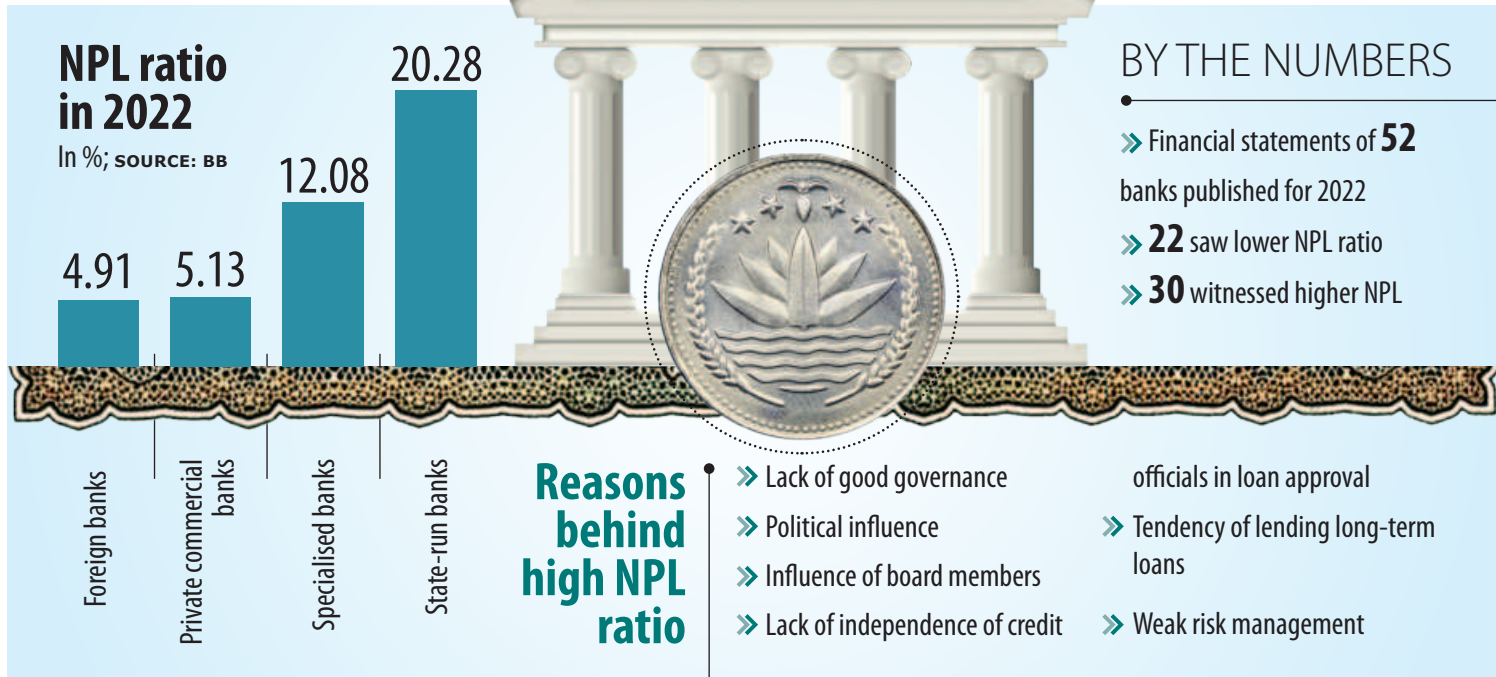
Two old private banks – Eastern Bank and Pubali Bank – are in the group with four new ones such as Midland Bank, Bengal Commercial Bank and Modhumoti Bank and Community Bank.

Eastern Bank was successful in keeping the NPL ratio to below 3 per cent as it follows some principles in the lending process, said Ali Reza Iftikhar, managing director and CEO of Eastern Bank.

The bank is very much choosy in case of the selection of the borrowers so that no wilful defaulter can take loan, he said.

EBL's NPL ratio is 2.78 per cent of its loans, which

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How foreign banks keep NPL in check while locals struggle

AHSAN HABIB

At a time when almost all of the local banks in Bangladesh are grappling with higher non-performing loans (NPLs), most foreign lenders have been able to keep the default rate in check.

Due diligence, independence of the credit department and corporate governance have been behind their stellar success for their lower bad loan ratio.

The average NPL ratio of nine foreign banks was 4.91 per cent in 2022, according to the Bangladesh Bank data.

For the state-run banks, the average NPL ratio was 20.28 per cent and for the specialised banks, it was 12.8 per cent. The NPL averaged 5.13 per cent for the private commercial banks.

"The foreign banks are good at managing risks for which they have an excellent policy framework, supported by robust processes managed by an effective organisation structure," said Muhammad A (Rumee) Ali, a former deputy governor of the central bank.

"In short, the answer lies in good governance," said the

former chief executive officer of Standard Chartered Bangladesh and former chairman of Brac Bank.

Anis A Khan, a former chairman of the Association of Bankers, Bangladesh Limited, a platform for the CEOs of lenders, echoed Ali, saying corporate governance is the main differentiator.

Khan has experience working at Standard Chartered and Grindlays Bank for 21 years at home and abroad.

He said state-run banks are influenced politically while private banks are influenced by board members.

He said officials of foreign banks enjoy full independence when it comes to approving loans.

"At local banks, the board approves loans and this system is flawed. The board should not be involved in the process in any way."

The former managing director of IDLC Finance and Mutual Trust Bank said at multinational banks, credit officials always keep their eyes on borrowers' business and monitor them.

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A man is seen folding mosquito nets for display at a roadside store in Karwan Bazar, Dhaka. The demand for anti-mosquito products started soaring following the outbreak of dengue fever across Bangladesh. The picture was taken yesterday.

PHOTO: RASHED SHUMON

3 firms sell entire stake in Islami Bank

STAR BUSINESS REPORT

Three firms – Armada Spinning Mills Limited, Kingsway Endeavors Limited and Uniglobe Business Resources Limited – sold off their entire shareholdings of over 14 crore shares, or 9.07 per cent, at Islami Bank Bangladesh Ltd (IBBL).

In doing so, they left the board of directors of the largest private bank in terms of deposits and loans.

After the sell-off, the shareholding of sponsors or directors as per the shareholding report on June 30, 2023 has decreased from 50.97 per cent to 41.90 per cent from the previous month, the company said in a disclosure on the Dhaka Stock Exchange (DSE) website.

The company also informed that Ahsanul Alam, nominated by JMC Builders, was appointed as shareholder director and chairman of the bank.

Alam is son of S Alam Group's Chairman Mohammed Saiful Alam.

In 2017, S Alam Group took over IBBL, the country's oldest shariah-based bank.

Stocks of shariah-based banks were traded significantly in the block market in the last few months.

The block market is a platform of an exchange, where a large number of stocks are traded in a single transaction at a negotiated price without affecting the index.

In the last two trading days, the stocks traded at Tk 145 crore in the block market.

Stock market analysts are saying the three corporates are controlled by a leading Chattogram-based group. Stocks of Islami Bank closed unchanged at Tk 32.60 on the DSE yesterday.

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FEAR OF DENGUE FEVER Mosquito coils, sprays, nets see rising demand

SUKANTA HALDER

The demand for anti-mosquito products, such as coils, aerosol sprays, nets and rackets, has increased in Bangladesh as people are looking to avoid dengue fever amid the recent outbreak, according to businesspeople.

"Dengue has spread to 57 districts," Health Minister Zahid Maleque said on Sunday, when the country recorded this year's highest number of deaths and hospitalisations due to the mosquito-borne disease.

Three dengue patients died yesterday while 889 new patients were hospitalised, as per data of the Directorate General of Health Services.

Of all dengue cases, 60 per cent are in Dhaka.

The number of dengue cases is higher now compared to last year, but it is yet to hit its peak as August-September is the prime time for dengue outbreaks, Maleque added.

CEPA WITH INDIA Commerce secretaries to meet next month

REFAYET ULLAH MIRDHA

A meeting between the commerce secretaries of Bangladesh and India is likely to be held in Dhaka next month to review the progress towards signing a comprehensive economic partnership agreement (Cepa) to increase bilateral trade and investment.

"The date has not been finalised yet. However, we are trying to hold the commerce secretary-level meeting on the Cepa issue in August in Dhaka," said Senior Commerce Secretary Tapan Kanti Ghosh over the phone yesterday.

Prime Minister Sheikh Hasina is scheduled to visit India in September this year to discuss bilateral issues, including the Cepa, with her Indian counterpart Narendra Modi.

The last commerce secretary-level meeting on the Cepa issue was held in New Delhi last year, said Ghosh, adding that both countries were also exchanging trade data for starting formal negotiation on the Cepa issue.

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STOCKS	
DSEX ▼	CASPI ▼
0.21%	0.15%
6,325.20	18,703.19

COMMODITIES	
Gold ▲	Oil ▼
\$1,925.89 (per ounce)	\$73.27 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.09%	▼ 0.61%	▲ 0.31%	▲ 0.22%
65,344.17	32,189.73	3,149.32	3,203.70



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