Two Beximco firms post lower profits

STAR BUSINESS REPORT

Bangladesh Export Import Company Ltd (Beximco) witnessed a massive drop in profit in the last financial year while Beximco Pharmaceuticals Ltd also reported lower earnings owing to a spike in the cost of production.

Beximco Ltd made a profit of Tk 709.59 crore in 2022-23, down more than 43 percent from Tk 1,255.21 crore in 2021-22. Thus, the earnings per share dipped to Tk 7.92 from Tk 14.01, according to the financial statements.

The EPS decreased owing to a decline in export and local demand due to the slowdown in the global economies and the increase in materials costs amid disruption in the international supply chain caused by the US dollar crisis and the Russia-Ukraine war, said Beximco in a filing on the Dhaka Stock Exchange (DSE).

A hike in gas and electricity prices also affected the cost of production, it said.

Beximco's board of directors recommended a 10 percent cash dividend for the year that ended on June 30. Its shares closed unchanged at Tk 115.60 yesterday.

Beximco Pharmaceuticals posted a profit of Tk 461.28 crore in FY23, a fall of 9.93 percent from Tk 512.14 crore in FY22. Therefore, the consolidated EPS slipped to Tk 10.34 from Tk 11.48.

The EPS decreased primarily because the company earned a non-recurring pre-tax income of Tk 61.9 crore between July 2021 and June 2022 as a vaccine distribution fee under an agreement. As the contract concluded, there was no income from the source in FY23, said the company in a post on the DSE.

Additionally, rising costs, driven by a sharp depreciation of the taka against the USD and higher inflation, further impacted the EPS, it said.

The board of the pharmaceuticals company recommended a 35 percent cash dividend for FY23. Its shares traded at Tk 146.20 yesterday, unchanged from the previous session.

US budget deficit widens

AFP, *Washington*

The US budget deficit has widened to $1.7 trillion, government data showed on Friday, in a development that could add pressure on President Joe Biden as he seeks reelection in 2024.

The deficit expanded by $320 billion for the fiscal year ending September 30, following a drop in tax revenues and lower deposits of earnings by the Federal Reserve on the back of higher interest rates.

Elevated rates also added to spending, bringing the 2023 shortfall to its third-largest on record.

Total government outlays decreased slightly from the previous year, after the Supreme Court canceled Biden's student loan forgiveness program, noted a joint statement by the Treasury Department and the Office of Management and Budget (OMB).

When the accounting impact involving this program is removed over the recent two years, the deficit nearly doubles to around $2 trillion, Treasury officials confirmed when speaking with journalists on Friday.

In the latest year, spending increased in some areas, with a $134 billion rise in Social Security due to cost-of-living adjustments and a $162 billion bump in outlays for interest on the public debt.

Net interest expense as a percentage of gross domestic product stands around 2.5 percent, the highest level since 1998, said a Treasury official.

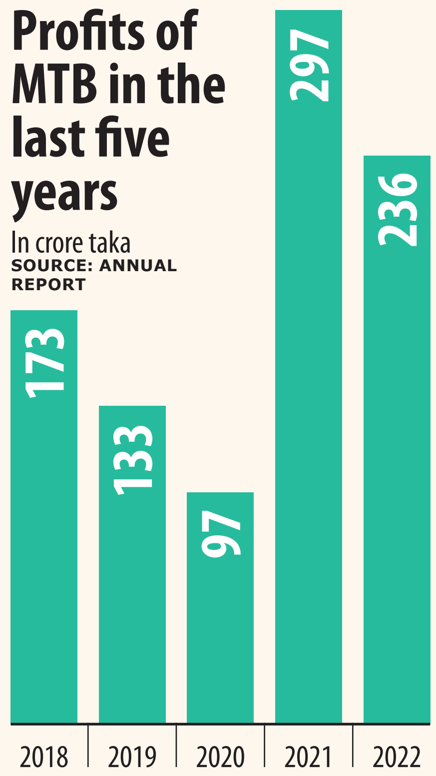
The latest deficit expansion comes after the budget shortfall shrank by half in fiscal year 2022, on the back of the US pandemic recovery.

At that time, the deficit fell after Covid-related spending such as unemployment insurance and other programs declined as the world's biggest economy bounced back from the virus outbreak, with businesses returning to normal.

A rising deficit could weigh on ongoing talks about funding federal agencies, with Congress facing a November 17 deadline to act on the budget and avoid a potential government shutdown.

It also comes as Biden turns to Congress for aid to Ukraine and Israel, requesting a massive $106 billion national security package on Friday.

The United States saw "atypically strong growth in revenues in 2022, driven by record-high capital gains receipts and the historic recovery from the pandemic," said the Treasury and OMB.



MTB: BY THE NUMBERS

Paid-up capital: Tk 839cr	Total deposit: Tk 23,265cr	Total loan: Tk 25,383cr
Capital surplus: Tk 1,024cr	Provision for classified loan: Tk 683cr	NPL to loan ratio: 5.77%

MTB working to be a world-class bank

Says CEO Syed Mahbubur Rahman

AHSAN HABIB

Mutual Trust Bank is working to be a world-class lender that will be a topper in every aspect of banking services, said Syed Mahbubur Rahman, managing director of the bank.

"In terms of governance, we are one of the best banks in Bangladesh. We have top-level management. The risk management team is the best in the market."

"Management is working to ensure banking services that are the best in the industry," he said during an interview recently.

The third-generation lender started its operation in 1999 and this year, it completed its 23rd year of operation.

According to Rahman, a lender should have higher paid-up capital, good governance, top-class management, good processes, and the best practices in IT management in order to become a world-class bank.

"MTB is focusing on strengthening the capital base and using it efficiently. It is also working to better customer service."

The bank is putting emphasis on the digital segment as well.

"We are one of the leading banks with digital infrastructure. We have world-class apps."

"Using the apps, our customers can carry out every transaction, from paying bills and tuition fees to doing grocery shopping. We are adding customer-friendly features continuously."

MTB has launched a virtual debit card and corporate credit card, the first of its kind in the country.

"The bank is a knowledge partner of the Bangladesh Bank on the digital segment," said the award-winning banker.

In order to diversify its portfolio, MTB has targeted to lend more to the agricultural sector and small and medium enterprises (SMEs). To make that happen, it is forging partnerships with fintech companies to extend low-cost loans to SMEs.

After completing his Master of Business Administration from the Institute of Business Administration at the University of Dhaka, Rahman started his

Syed Mahbubur Rahman

career with Saudi-Bangladesh Industrial & Agricultural Investment Company Ltd. Later he worked for IDLC, ANZ Grindlays Bank, Standard Chartered Bangladesh, and Citibank NA.

Also, a former managing director of Dhaka Bank and Brac Bank, Rahman said the board of MTB does not interfere in the day-to-day running of the bank. Rather, the board is involved in drawing up policies and strategies.

"This is very important for a bank to be efficient."

He says MTB has policies for all of its activities. For instance, there are policies on promotion, procurement and appointment. "It should not be like that you give somebody a promotion on the basis of your preference."

The bank has run two audits to accelerate efficiency: one is regarding corporate governance, and the other is for ESG (environment, social, and governance).

The bank is pushing hard to promote sustainable finance. With a view to becoming a sustainable bank, it has taken steps.

"Our main goal is not to make a profit, but to be a sustainable bank," Rahman said.

MTB has some loans dated back to 2014-2016 that turned sour.

"We have targeted to clear the book by 2026-2027, so the bank is keeping provision aggressively."

"Once it is clear, we will be on our dream path because other issues are already at a satisfactory level. So, we are not declaring dividends aggressively."

Its NPL to loan ratio was 5.77 percent in 2022.

The bank logged profits of Tk 236 crore last year, down from Tk 297 crore in 2021, according to the annual report. Outstanding loans totalled Tk 25,383 crore and deposits amounted to Tk 23,265 crore.

The former chairman of the Association of Bankers Bangladesh also talks about the challenges facing the banking sector.

"Many working loans are being converted into term loans because borrowers are not repaying them. Many of these loans have become NPLs. This is not a good sign."

He said many banks can't open letters of credit (LCs) owing to the US dollar shortage.

"Customers say if they can't open LCs how will they run factories and repay loans? So, my guess is the NPL will rise further in the coming days."

READ MORE ON B3

Are companies listening to their people?

EKRAM KABIR

One of the primary tasks of the internal communication function of a company is to inform co-workers about the organisation. It tells the people about its significant decisions, achievements and values on a business-as-usual basis. Almost all large businesses have mechanisms to ensure co-workers are well-informed about the company's vision, mission and strategies.

This, no doubt, is a sustainable practice of uniting the people together on its march to success. However, one question that keeps looming is whether the companies listening to their people. Do we know how engaged they are with their work? Do we want to fathom how satisfied or happy they feel working for us? How often do we seek their opinions and assess those?

Yes, some HR managers, who do not consider themselves administrators, try to understand the challenges of their co-workers. During townhalls, Q&A (question and answer) sessions often provide a sense of their thoughts about the company. Line managers, though they may be biased, can also provide the pulse of people's psyche, but that is only a tiny bit. The rest of the data is unknown.

We may think of determining to what extent our people feel engaged, heard, or valued. If they can feel so, as our common sense guides us, they are likely to be more involved and be more productive in their work with greater ownership.

In such an environment, our colleagues would certainly think twice before leaving us for a better paycheck. We already know that financial compensation is not everything. Feeling emotionally loyal can go a long way than what money can provide.

Listening to people can cultivate a culture of open communication in which we can fearlessly share our ideas, leading to an innovative and collaborative working atmosphere, paving the way for collective wisdom.

Makes sense? Yes, that ambience would give birth to an ecosystem where the management could make an informed decision with their eyes wide open. Our front-liners may have more experienced solutions than those at the top of the pyramid.

Yes, it does make sense.

A satisfied team should be more motivated and would become eager for the company's success. They become brand ambassadors when they see they are valued by the company. At this realisation, they can become constructive guides to steer our business. The echelon's life is bound to be easier, then.

Research has already proved that businesses with engaged and satisfied people can outperform those with less engaged co-workers.

This feedback model needs to be a BAU, a must. Such mechanisms help develop a reputation as a great workplace, making attracting and retaining talents easier.

Why do we need to retain talents? Because talents are talents, essential companions for us to take us to a higher level.

Knowing our co-workers means to have a holistic view of our organisation. The ground-level view is more important than the higher-level to understand us.

Now, how to go about it? Well, this is an app era, an AI age. Almost all of us have an app for internal communication. Let us use that to design a set of questions, at least ten, for our people to respond anonymously. It is simple.

The responses would be brilliant, and our businesses will benefit.

The author is a communications professional.

China may further cut its US debt holdings

ANN/CHINA DAILY

China may continue to cut its US debt holdings amid global worries over shrinking liquidity and safety risk of the assets and the country's ramped-up efforts to diversify its foreign exchange reserves, experts said last week after reviewing the latest data from the US Treasury Department.

US data showed that China, the second-biggest foreign holder of US Treasury securities, cut its holdings for five consecutive months to August to $805.4 billion, just shy of the existing low of $801.5 billion reached in May 2009.

China slashed its holdings at a time when both Japan and the United Kingdom — the largest and third-largest foreign holders of US debt, respectively — increased them. Japan increased its US debt holdings by $3.7 billion to nearly $1.12 trillion and the UK by $35.7 billion to $698.1 billion.

"Part of the reason (behind China's moves) is the horrific performance of US Treasury bonds in the past three years," said Hong Hao, chief economist at GROW Investment Group. From the peak period to now, the prices of US longer-term bonds have plunged by roughly 50 percent, Hong said.

"Other reasons are related to how China has become more sophisticated in foreign exchange reserve management. There is an allocation toward agency bonds with higher yields, and China has allocated more resources for the Belt and Road Initiative," Hong said.

Experts said there is a supply-demand mismatch in US Treasuries, making the US debt outlook more worrying.

"US debt faces huge pressures of being sold off, due to the increasingly large supply of US Treasuries, the possible deadlock of

Part of the reason behind China's move is the horrific performance of US Treasury bonds in the past three years, said an economist.

the Democratic Party and the Republican Party on new year spending levels, and the US Federal Reserve's tapering of monetary stimulus," said Wang Youxin, a senior researcher at Bank of China.

"Besides, against the background of rising geopolitical conflicts, holding too much of dollar-denominated assets could mean higher exposure to geopolitical risks.

"Reducing holdings of US debt while increasing holdings of strategic resources like gold and crude oil will increase safety of assets for China."

A Chinese bank employee counts 100-yuan notes and US dollar bills at a bank counter in Nantong in China's eastern Jiangsu province. China, the second-biggest foreign holder of US Treasury securities, cut its holdings for five consecutive months to August to $805.4 billion. PHOTO: AFP/FILE