

star BUSINESS

Nagad, Kori
get nod to
open digital
banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday handed over letters of intent (LoIs) to Nagad Ltd and Kori, paving the way for them to launch full-fledged digital banks for the first time in the country.

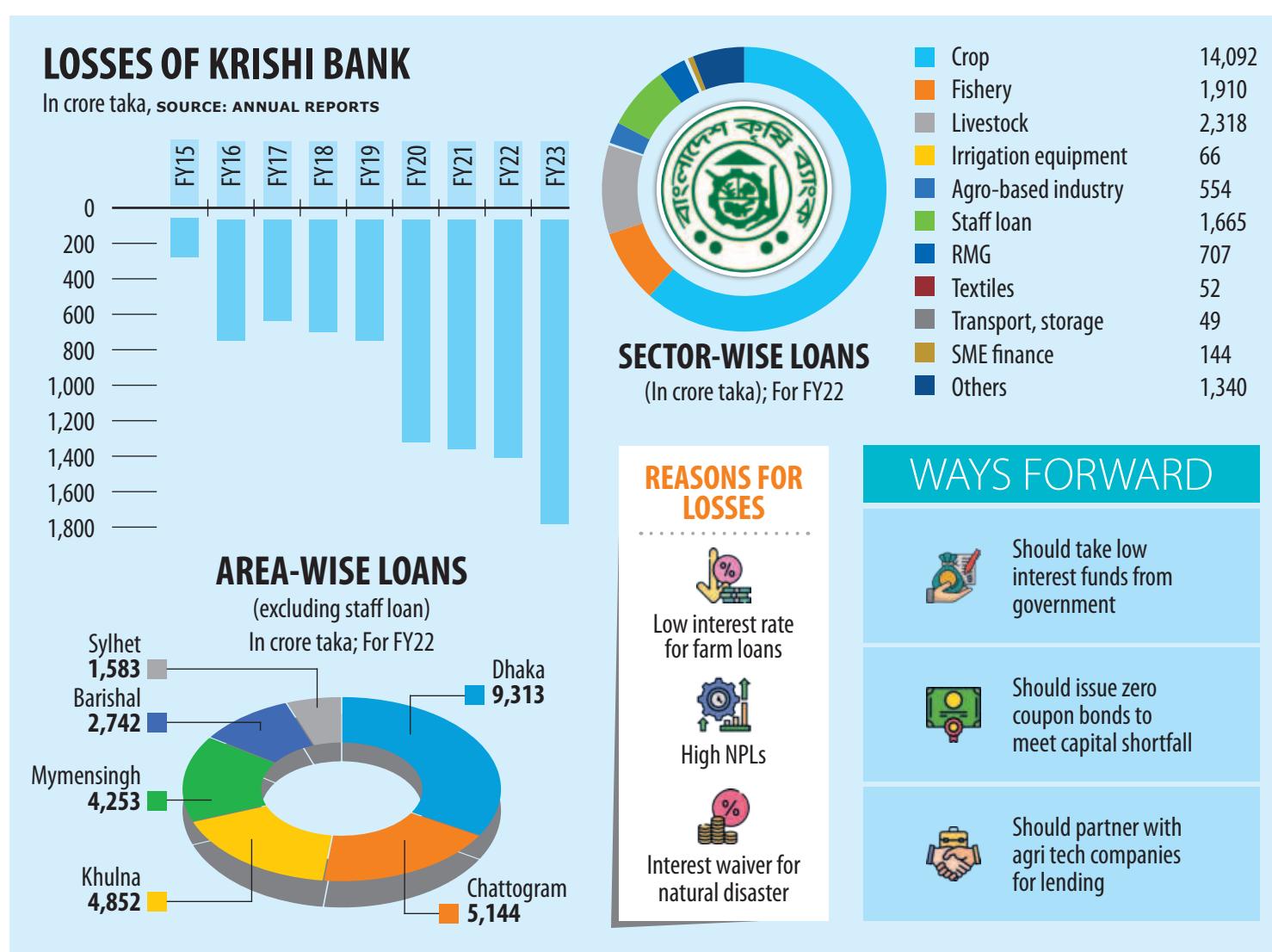
Abdur Rouf Talukdar, governor of the central bank, presented the LoI to Tanvir A Mishuk, founder and managing director of Nagad Ltd, and Habibullah N Karim, chairman of Kori Digital Bank.

On Sunday, the BB decided to give the permission to set up Nagad Digital Bank PLC and Kori Digital Bank PLC.

"We received approval from Bangladesh Bank to establish the country's first digital bank," Mishuk told The Daily Star after receiving the letter.

He said Nagad Digital Bank aims to bring banking services to the fingertips of the people

READ MORE ON B2



Walton
returns to
profit in Q1

STAR BUSINESS REPORT

Walton Hi-Tech Industries PLC saw its profits bounce back in the first quarter of the current fiscal year mainly due to lower finance costs.

Walton, a powerhouse in the local market for consumer electronics, logged profits of Tk 202 crore in the July-September period of 2023-24. It incurred losses of Tk 46 crore during the same period the previous year.

Subsequently, its earnings per share stood at Tk 6.67 in the quarter while it was Tk 1.52 in the negative previously.

The company's directors approved its quarterly financial report at a board meeting yesterday.

In a disclosure, Walton said finance costs in the July-September period were significantly lower thanks to the slower depreciation of the taka against foreign currencies such as the US dollar and the euro.

The company suffered foreign currency losses amounting to Tk 1.89 crore in the first quarter. It was Tk 262.46 crore during the corresponding period of 2022.

AHSAN HABIB

Bangladesh Krishi Bank (BKB) has been incurring losses for at least 30 years due mainly to structural weaknesses as the state-run lender has to lend at lower interest rates, pay more for deposits and is sitting on higher non-performing loans.

The loss aggravated in the last six years, almost tripling to Tk 1,700 crore in the fiscal year of 2022-23 from Tk 625 crore in 2017-18.

The specialised bank was established under a presidential order in 1973 in order to support the agriculture sector of the war-torn country.

BKB officials say the bank has been incurring losses from its inception except for several years.

Figures show the bank suffered a loss of Tk 165 crore in 1994-95. It has been in the red since then except for 2000-01 when it logged a profit of Tk 2.91 crore.

"The main reason for the loss is the bank lends at a rate that is lower than the cost of funds," said Ali Hossain Prodhania, a former managing director of BKB.

The bank mainly lends to the agriculture sector where the interest rate is administered and it is at least 3 to 4 percentage points lower than the commercial

lending rate. However, the cost of funds is similar to the commercial banks, he explained.

"It is tough to bring commercial viability to the bank if the basic structure remains unchanged."

Additionally, the bank had to give waivers to farm loans

did not default on their repayments. Rather some large loans disbursed in the readymade garment sector turned sour, Prodhania said.

BKB has kept logging the highest capital shortfall in the banking sector: the deficit stood

BKB go to the agriculture sector. In order to meet the lending target, the bank has to collect deposits at higher rates.

The government can set aside low-cost funds to boost the agriculture sector and accelerate its modernisation, Khan said.

Since agriculture is a disaster-prone sector, BKB is instructed to give interest waivers to borrowers for logical reasons, he said.

"The contribution of the bank to the agriculture sector is high."

BKB's lending portfolio is concentrated in the Dhaka and Chittagong divisions. Of the Tk 29,555 crore loan book in FY22, a third or Tk 9,313 crore was disbursed in the two regions.

Asked, Khan said the bank provided a huge number of loans to the industrial sector too, so the credit concentration in the divisions was high.

BKB plans to recover bad loans with a view to cutting losses and reaching small and medium enterprises (SMEs).

"The new management is trying to get back the bad loans even by giving interest rate waivers," Khan said.

He said management has set its sights on both profit and service and plans to lend Tk 8,000 crore in the SME sector.

READ MORE ON B2



following the government order in the mid-1980s. However, it did not receive the principal amount as a subsidy, which widened the loss.

BKB also provides some services free of cost. It has 35 lakh borrowers, so monitoring and managing such a borrower base is costly, said Prodhania.

BKB's NPLs stood at Tk 3,188 crore at the end of FY23, which represented 10.55 percent of its disbursed loans, central bank statistics showed.

In most cases, small farmers

at Tk 15,540 crore in June.

Md Shakwat Ali Khan, managing director of BKB, blamed the higher NPLs and the negative net interest income for the persisting loss.

Low investment income is another factor for the loss, he said.

"In the past, the bank waived a huge amount of interest income and principal amounts but it did not receive any subsidy from the government. Therefore, the bank is facing a huge capital shortfall."

Around 65 percent loans of

LNG IMPORT UNDER LONG TERM CONTRACTS

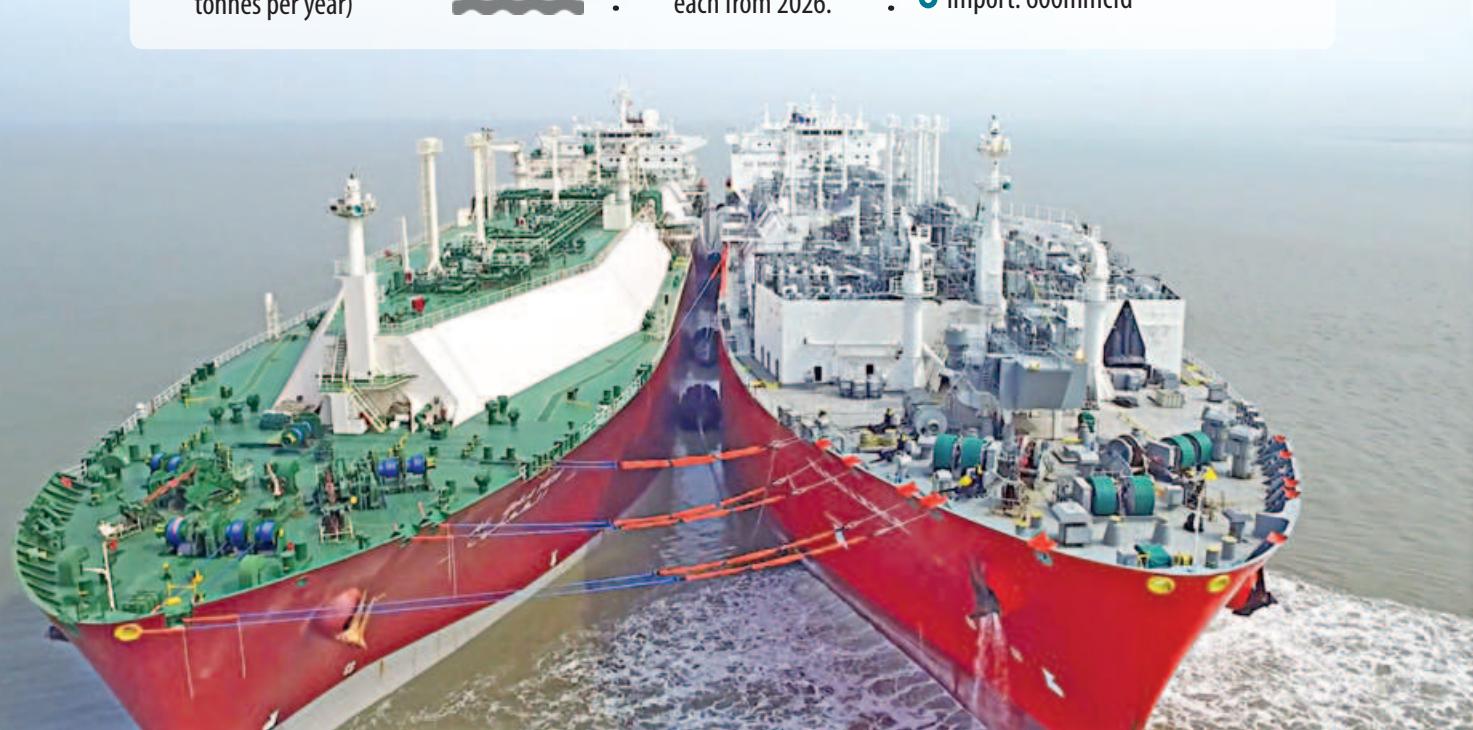
- From Qatar since 2018 (1.8 to 2.5 million tonnes per year)
- From Oman since 2019 (1 to 1.5 million tonnes per year)



Two separate deals were signed this year with Qatar and Oman to increase LNG supply. Both the countries will provide an additional 1.5 million tonnes (MTPA) each from 2026.

DEMAND AND SUPPLY

- Gas demand: 4,000mmcf (million cubic feet a day)
- Supply: 2,600mmcf
- Local supply: 2,000mmcf
- Import: 600mmcf



Govt to buy LNG from Excelerate under 15-year pact

ASIFUR RAHMAN

Bangladesh will purchase liquefied natural gas (LNG) from Excelerate Gas Marketing Ltd Partnership, a subsidiary of Excelerate Energy, under a 15-year contract from 2026.

The cabinet committee on purchase approved the draft sales and purchase agreement with the US giant, which has a floating storage and regasification unit (FSRU) in Moheshkhali.

Besides, the committee approved the expansion of the capacity of the FSRU. The unit is now able to re-gasify 500 million cubic feet gas per day (mmcf) and it will supply 600 mmcf after the expansion.

Excelerate will deliver around 0.85 million tonnes of LNG per year in 2026 and 2027 and it will go up to 1 million tonnes annually from 2028 to 2040.

The purchase committee gave its nod to the pricing formula, which will be based on 13.35 percent of the Brent crude oil price on the day plus \$0.30 per million British thermal unit.

Brent crude price was around \$88 per barrel yesterday, meaning per MMbtu of LNG will cost \$12 as per contract.

In the same meeting, the government approved a proposal seeking to buy a shipment of 33.60 lakh MMbtu LNG with a cost of Tk 762.36 crore from the international spot market. The price will be \$17.55 per unit.

Vitol Asia Pte Ltd of Singapore will supply the fuel.

Currently, Bangladesh is importing 1.8-2.5 million tonnes of LNG from Qatar and 1-1.5 million tonnes of LNG from Oman under long-term contracts.

The current economic situation has emerged as one of the biggest challenges for the telecom sector, says a top executive of an operator.

Story on B4



National Bank director defaults on AB Bank loan

STAR BUSINESS REPORT

Rick Haque Sikder, a director of National Bank Ltd (NBL) and chairman of R&R Aviation Ltd, has defaulted on repayments of a loan with AB Bank Ltd, which might cost him the directorship if dues are not cleared in two months.

A senior official of the central bank, seeking anonymity, said that R&R Aviation has defaulted on its installment payment to AB Bank. So, Rick, as the chairman of the company, may lose his directorship at NBL.

He holds the post at NBL as a nominated director of R&R Aviation.

On September 21, the Bangladesh Bank sent a letter to Rick asking him to clear dues within two months. Otherwise, his directorship will be vacant as per the Bank Company Act.

The central bank also asked Rick to submit an explanation, if he has any, within 30 days after receiving the letter.

"The central bank's decision on your comments will be final," said the letter.

Rick could not be reached for comments.

Tarique Afzal, managing director of AB Bank, and Md Mahmood Husain, managing director of NBL, also did not respond to The Daily Star's requests for comments.

Anwar Ehtesham, head of the public relations department of NBL, told The Daily Star that this was the personal issue of Rick Haque Sikder, so National Bank had nothing to comment on.

READ MORE ON B3

Customs bill placed in parliament

STAR BUSINESS REPORT

The Customs Bill 2023, aiming to ensure fiscal discipline and accountability in import revenue collection and trade facilitation, was placed in parliament yesterday.

In the absence of Finance Minister AHM Mustafa Kamal, Law Minister Anisul Huq placed the bill, which was sent to the parliamentary standing committee on the finance ministry for further scrutiny.

The committee was asked to submit its report within seven days.

Revenue collection at the import level in Bangladesh is being conducted according to The Customs Act, 1969. Necessary amendments to this act have so far been made through the Finance Act in the budget session every year.

READ MORE ON B3

STOCKS	
DSEX ▲ 0.07% 6,282.47	CASPI ▲ 0.05% 18,602.00

COMMODITIES	
Gold ▲ \$1,973.99 (per ounce)	Oil ▲ \$83.71 (per barrel)

ASIAN MARKETS			
MUMBAI ▼ 0.81% 64,049.06	TOKYO ▲ 0.67% 31,269.92	SINGAPORE ▼ 0.17% 3,078.78	SHANGHAI ▲ 0.40% 2,974.11

Robi's profit skyrockets

STAR BUSINESS REPORT

Robi Axiata Ltd, the country's second-largest mobile telecom service provider, said its profit surged three-fold in the first three quarters to the end of September this year, buoyed by increased data revenue and reduced expenses for foreign exchange.

The telecom operator recorded Tk 172.35 crore in net profit in January-September 2023, up 203 percent from Tk 56.85 crore during the same period a year ago, it said in an unaudited financial statement published yesterday.

"We have invested continuously in network expansion and brought about changes in our sales and distribution. Nearly half of our customers now recharge digitally," said Mohammed Shahedul Alam, chief corporate officer of Robi Axiata.

READ MORE ON B3