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Deals signed for \$1.1b WB funds

STAR BUSINESS REPORT

The World Bank (WB) is going to finance a total of \$1,112 million against five projects for the sustainable development of Bangladesh.

Five financing agreements were signed between Bangladesh and the World Bank at the Economic Relations Division (ERD) office at the Sher-e-Bangla Nagar in the capital yesterday.

The agreements were signed by Sharifa Khan, senior secretary at the ERD, and Abdoulaye Seck, country director of the WB for Bangladesh and Bhutan, according to a press release from the lender.

"Bangladesh and the WB have a strong partnership focused on achieving the country's vision of upper middle-income status by 2031 and higher income status by 2041," said outgoing ERD senior secretary Khan.

"These projects are aligned with the Eighth Five Year Plan 2021-2025 and support the country's graduation from LDC status in 2026 and Vision 2041," she added.

The WB said the five financing projects would help the country to achieve resilient and inclusive growth by improving early childhood development, secondary education, riverbank protection and navigability, urban primary health, and gas distribution efficiency.

"Bangladesh is an important partner for the World Bank towards its vision of a world free of poverty on a livable planet. Since the country's independence, the World Bank and Bangladesh have had an impactful partnership that lifted millions of Bangladeshi people out of poverty," Seck said.

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1,824 bank accounts have over Tk 50cr each in deposit

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The number of bank accounts with deposits over Tk 50 crore in Bangladesh rose by 3.75 percent in three months to June.

Banks in Bangladesh had 1,824 accounts with deposits over Tk 50 crore at the end of June this year, according to Bangladesh Bank data.

There were 1,758 such account holders as of March 31 this year.

These 1,824 accounts had Tk 258,544.41 crore in deposits as of June 30, which was 15.33 percent of the total bank deposits in the country.

At the end of June, some 145,973,192 bank accounts had a total deposit of Tk 1,687,024.61 crore.

However, at the end of March this year, 1,758 accounts with deposits over Tk 50 crore had a total of Tk 235,131.26 crore in deposit. This was 14.58 percent of the total bank deposits in the country.

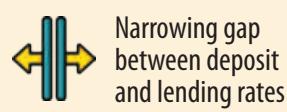
As of March 31, some 141,137,256 bank accounts in Bangladesh had a total deposit of Tk 1,613,062.64 crore, according to the central bank data.



People jostle for a place in the queue in front of a truck of the Trading Corporation of Bangladesh, which was selling essentials such as edible oil, lentil and rice at subsidised rates near the Kalyanpur bus stand yesterday.

PHOTO: SK ENAMUL HAQ

Reasons behind sluggish performance of non-banks



Narrowing gap between deposit and lending rates



Bearish stock market



Gloomy scenario in macroeconomy



Liquidity crunch in overall money market

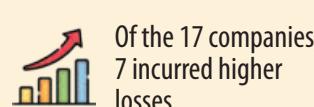


Image crisis due to corruption

BY THE NUMBERS Among 23 listed NBFIs



17 published financial reports



Of the 17 companies, 7 incurred higher losses



4 logged lower profit



3 returned to losses



3 saw higher profits



3 saw higher profits

Bangladesh's overall macroeconomic situation is under stress and it is affecting the overall financial institutions sector.

Mominul Islam
MD and CEO of IPDC Finance



SOURCE: SANDHANI ASSET MANAGEMENT



Most NBFIs incurred losses in July-September

AHSAN HABIB

Most listed non bank financial institutions (NBFIs) incurred losses in July-September of the current year while companies that did make a profit secured very little margins mainly due to the ongoing macroeconomic stress, narrowing of the interest rate spread and fall in income from stock investments.

Of the 23 listed NBFIs in Bangladesh, 17 published their financial reports. Of them, 7 incurred higher losses year-on-year whereas three incurred losses this year only.

Another four logged lower profits and only three saw slightly higher profits, according to data compiled by Sandhani Asset Management Limited.

Bangladesh's overall macroeconomic situation is under stress and it is affecting the overall financial institutions sector, said Mominul Islam, chairman of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

The banking sector has multiple sources of income while the NBFIs have limited options, for which it is having to absorb more of the

downturn, he said.

On top of that, Bangladesh Bank's directives for the NBFIs since last July has turned even more stringent. As a result, profits of the leasing companies have been hit in the short run, he added.

"In the long run, however, these will be helpful in

whole sector.

The positive takeaway is that whatever bad that had been hidden away has been divulged and so it will be good for the sector in the future, Islam said.

On the other hand, large NBFIs have a big amount of investment in the stock

market but the capital market was bearish.

"So, income from these investments dropped," he said.

If there is a rebound in the economy, the NBFIs' profits will also bounce back, added Islam, also managing director and CEO of IPDC Finance.

Among the loss incurring NBFIs, Phoenix Finance suffered the most (Tk 159 crore) followed by Fareast Finance and Investment Limited (Tk 34 crore) and Islamic Finance and Investment Limited (Tk 30 crore).

Some irregularities that had been swept under the carpet by several NBFIs have been unearthed by the central bank and this had an impact on the profitability of the

Others on the list were MIDAS Financing Limited, First Finance Limited, Premier Leasing and Finance Limited, Union Capital Limited, International Leasing and Financial Services Limited, Bay Leasing and Investment Limited and the Investment Corporation of Bangladesh (ICB).

The state run ICB, in its financial report, said its profits decreased due to a drop in capital gains on securities sales, dividend income, interest income and fees and commission income.

Meanwhile, LankaBangla Finance PLC, Bangladesh Finance Limited and DBH Finance PLC secured a rise in profits.

IDLC Finance saw the highest profit (around Tk 28 crore) among all the listed NBFIs followed by DBH Finance (around Tk 24 crore).

However, IDLC Finance's profit had decreased year-on-year alongside that of United Finance Limited, IPDC Finance Limited and National Housing Finance PLC.

The IDLC, in its financial report, said the primary reason behind its profit decline was a drop in net interest income, investment income and commissions from exchange and brokerage.

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