

# Star BUSINESS

Insurers will no longer be able to charge policyholders for commissions or service fees while settling claims



Story on B4

## HSBC's 2023 profit nearly Tk 1,000cr

AHSAN HABIB

The Hongkong and Shanghai Banking Corporation (HSBC) Bangladesh registered a profit close to Tk 1,000 crore in 2023, its highest on record, making it one of the most profitable banks in the country.

The British multinational bank attributed it to a rise in both interest income and investment income from treasury bills and bonds.

The profit amounted to Tk 999 crore, soaring 70 percent year-on-year. It was Tk 587 crore in 2022.

Meanwhile, net interest income rose 6 percent to Tk 929 crore, the foreign bank said in financial statements that it had made public yesterday.

Its income from investments in treasury bonds shot up almost fourfold to Tk 806 crore.

However, its income from commissions dropped 21 percent to Tk 636 crore.

"We continue to build strength across Asia. The set of

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## Four state banks' bad loans jump 27% as delinquencies rise

AHSAN HABIB

Although four state-run commercial banks – Sonali, Agrani, Rupali and Janata – saw a mixed trend in profits in 2023, they were consistent in logging higher bad loans.

The combined bad loans of the banks surged 27 percent year-on-year to Tk 62,913 crore at the end of last year. Two years prior, total bad loans of the four state banks stood at just over Tk 38,200 crore, according to financial statements.

The latest data showed that Janata Bank had the highest amount of bad loans at the end of last year due to alleged irregularities in lending, particularly to AnonTex and Crescent Group, which turned the loans into toxic assets.

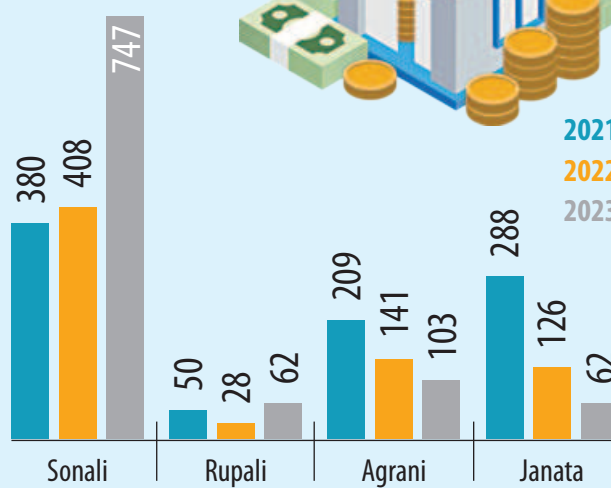
Janata's bad loans surged 53 percent year-on-year to Tk 23,211 crore in 2023.

Agrani Bank had the second highest amount of bad loans at Tk 17,655 crore at the end of last year. The state bank said soured loans rose 23 percent compared to a year prior.

Meanwhile, Sonali Bank, the largest bank in Bangladesh, registered 7.9 percent increase in loan defaults. At the end of 2023, Sonali Bank's bad loans swelled to roughly Tk 12,800 crore.

Finally, Rupali Bank showed a 14 percent increase in bad loans, which climbed to Tk 9,250 crore at the end of

### Profits of four state-run banks (In crore taka)



SOURCE: FINANCIAL REPORTS

### SITUATION OF THE BANKS



Their net interest income rose



Income from investment in bonds increased



Income from commission was mixed



They kept higher provision as classified loans surged

### BAD LOANS IN THE BANKS

Banks	In 2023	In % of total loans
Sonali	Tk 12,797cr	13.23
Rupali	Tk 9,250cr	21.03
Agrani	Tk 17,655cr	28.37
Janata	Tk 23,211cr	25.37

last year.

Financial data published by the banks showed that they had to keep higher provisions due to the large amount of bad loans, which ultimately impacted their bottom line.

At the same time, growing income from interest and investment in treasury bonds contributed to their bottom line positively.

As a result, Sonali Bank logged 83 percent higher profits in 2023, bringing

in Tk 747 crore, while Rupali Bank's profits more than doubled to Tk 62 crore.

On the other hand, Agrani Bank's profits dropped 27 percent to Tk 103 crore and Janata's profits fell 50 percent to Tk 62 crore.

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## New entity wants to enter saturated insurance market

SUKANTA HALDER

Although there is an unusually high number of life insurance companies in Bangladesh and despite the fact that many of them are suffering from a lack of clients' trust, a new company has applied for a letter of consent to register as a life insurer.

The proposed company named SafeLife Insurance sent the application to the Insurance Development and Regulatory Authority (IDRA) on March 24.

The proposed chairman of the company is Sheikh Kabir Hossain, who is currently serving as chairman of Sonar Bangla Insurance Limited and Fareast Islami Life Insurance Company Limited. He is also the president of the Bangladesh Insurance Association, a platform for insurance companies in Bangladesh.

At present, there are 36 life and 46 non-life insurance companies in Bangladesh, which stands in stark contrast to just 24 life insurance companies in India, 10 in Pakistan, and 16 in Sri Lanka.

However, despite the larger number of insurers, the average claim settlement ratio in Bangladesh lags far behind the global standard of around 97-98 percent.

In India, the average claim settlement ratio stood at around 98.45 percent in fiscal 2022-23, according to media reports.

But in Bangladesh, the ratio stood at a meagre 65.19 percent in 2023, according to data from the IDRA.

An expert said there are already more insurance companies in Bangladesh than necessary and that the country's economy was facing a challenging time on many fronts. For these reasons, the expert opined the application should be dismissed out of hand.

According to its application, SafeLife Insurance aims to establish a life insurance company offering comprehensive coverage and financial security to individuals and families across the country.

"Despite many compelling reasons, we believe the market is currently under-penetrated. Our steadfast conviction is that financial inclusion in the insurance sector can be further

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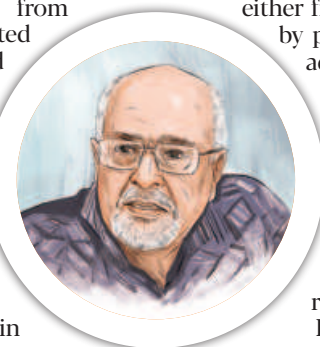
## Economic crisis may deepen in 2026

Debapriya Bhattacharya says

STAR BUSINESS REPORT

The economic crisis in Bangladesh may deepen in 2026 as the government will have to shell out large sums for foreign debt management and to repay loans borrowed from local banks, a noted economist said yesterday.

Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue (CPD), had earlier predicted that the country would be in trouble in 2024 for an



Bhattacharya added that private sector loans from foreign sources would push up the total external debt even higher.

Of the total borrowing, 20 percent is foreign debt, and more than twice that has been taken either from local banks or by printing money, he added.

He also reminded that such loans would need to be repaid in US dollars, which have been in short supply in Bangladesh in recent times.

Bhattacharya was speaking at

### Recommendations

- Protect cottage, micro, small and medium enterprises
- Ensure food safety
- Increase the number of warehouses for food
- Make public the three crore beneficiaries of govt OMS
- Expand OMS sales to upazila level
- Reduce bank loan interest rates
- Ensure more integration between monetary policy and fiscal policy

increase in loan repayments by the government.

And that has materialised as, in the July-March period of this fiscal year, Bangladesh's foreign debt servicing surged by 49 percent year-on-year, as per the Economic Relations Division.

This was driven by spiralling interest payments, which crossed the \$1 billion mark for the first time.

Similarly, the country will face a severe crisis in 2026 as the government has availed a significant amount of loans from foreign lending agencies and local banks which it will have to repay, said Bhattacharya.

As of December 2023, Bangladesh's external debt stood at \$79.6 billion. This figure was approximately 13.7 percent of the nation's gross domestic product of fiscal year 2022-23.

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বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (বিএসইসি) অনুমোদিত

বেঙ্কিমকো ফার্স্ট আনসিকিউরিটিজ জিরো কুপন বন্ড

# ১৬%

মুনাফা

## সর্বোচ্চ হারে, সবার উপরে

প্রতি মাসে ১২৫০ টাকা প্রতি লাখে

- ১ লাখ টাকা বিনিয়োগ করলে প্রতি মাসে পাবেন নিট ১,২৫০ টাকা এবং ৫ বছর শেষে ১ লাখ টাকা। এভাবে মেয়াদপূর্তিতে মূল টাকা-সহ ফেরত পাবেন সর্বমোট ১,৭৫,০০০ টাকা
- মাস শেষে টাকা সরাসরি একাউন্টে জমা হবে
- সর্বনিম্ন বিনিয়োগসীমা ৫০,০০০ টাকা এবং বিনিয়োগের কোনো ঊর্ধ্বসীমা নেই

▶ **স্বাস্থী বাংলাদেশীদের জন্য বিনিয়োগের অন্যতম শ্রেষ্ঠ উপায়**

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আগে এলে আগে পাবেন ভিত্তিতে কেনার সীমিত সুযোগ

বিস্তারিত জানতে কল করুন **১৬৯০০**

অথবা কিউআর কোডটি স্ক্যান করুন