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BUSINESS



# No bank will be closed

## Salehuddin says

STAR BUSINESS REPORT

Although some banks are going through a crisis, no bank will be shut down, Finance Adviser Salehuddin Ahmed said as he urged depositors not to panic.

He made the remarks while addressing a press conference at the Secretariat yesterday, reiterating the stance that Bangladesh Bank Governor Ahsan H Mansur had taken the prior day.

“Some banks are crawling while others such as Islami Bank have recovered already. But I want to assure depositors that no bank will be shut down,” Ahmed said during a media briefing to mark 100 days of the interim government.

The banking sector in Bangladesh has been facing a series of crises in recent years, marked by rising non-performing loans (NPLs), liquidity shortages, and governance challenges.

Bad loans hit a record Tk 284,977 crore at the end of September, fuelled by weak enforcement of regulations, political interference, and inadequate credit risk assessment during the regime of the recently ousted Awami League-led government.

Some private Shariah-based banks and a few state-owned banks were at the centre of controversy, becoming embroiled in massive loan irregularities that were often linked to companies and borrowers with affiliations to the previous government.

**The banking sector has been facing a series of crises in recent years, marked by rising NPLs, liquidity shortages, and governance challenges**

This eroded public confidence and created operational challenges, including cash shortages.

Highlighting various irregularities under the past government’s watch, Ahmed said policies taken at that time were not bad, but they were not implemented properly.

However, after taking charge, the interim government has assumed the responsibility to salvage the banking sector and efforts are being made to this end, the finance adviser said.

For example, ailing banks are getting liquidity support from the inter-bank money market, he said.

“Depositors kept their hard-earned money in banks so efforts will continue in order to ensure that deposits are unaffected,” he added.

Ahmed also said various reforms to the banking sector have been initiated, adding that laws are being amended and that reforms would be made to the central bank as well.

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# 456 officials of Union Bank, First Security losing jobs for ‘S Alam links’

STAR BUSINESS REPORT

Shariah-based Union Bank yesterday sacked 262 of its staff, with some of its officials alleging that their appointments were based on directives of Mohammed Saiful Alam alias S Alam bypassing due procedures.

Meanwhile, First Security Islami Bank also “withdrew” 194 officials, including a zonal head and managers of 24 branches in Chattogram, over their alleged involvement in illegally providing loans to Alam.

Alam is the founder of Chattogram-based conglomerate S Alam Group, which owns a significant number of shares of both Union Bank and First Security Islami Bank.

Both entities had been under the control of the group for long.

The group had allegedly availed a huge amount of loans from the two banks bypassing banking regulations, for which the two are now suffering from a liquidity crisis.

After the Awami League government fell in the student uprising last August, Bangladesh Bank reformed the boards of directors of the two, essentially freeing them from the group’s control.

**FIRST SECURITY ISLAMI BANK**

The “withdrawals” were confirmed by Mohammad Abdul Mannan, chairman of First Security Islami Bank. However, he did not give any further details.

A top official of First Security Islami Bank said the new board of the bank ran investigations, unearthed irregularities in loan disbursements at 24 branches and found evidence linking the 194 to those.

He said the loans were provided to Alam through entities created both under his name and using false identities.

The official said the withdrawal was a preliminary step towards the sacking of those officials.

There are other officials involved in the irregularities and the bank’s management team will take punitive measures

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# Five banks to raise Tk 2,000cr thru bonds

STAR BUSINESS REPORT

Five scheduled banks have received the nod from the Bangladesh Securities and Exchange Commission (BSEC) to raise a total of Tk 2,000 crore to strengthen their capital base by issuing bonds.

Islami Bank will raise Tk 500 crore, Trust Bank Tk 450 crore, Dhaka Bank Tk 400 crore, Bank Asia Tk 400 crore and Exim Bank Tk 250 crore, according to a press release issued by the BSEC yesterday.

Islami Bank will raise funds by issuing fifth mudaraba unsecured, non-convertible, fully redeemable, floating rate subordinated bonds.

Trust Bank will raise funds by issuing unsecured, non-convertible, fully redeemable, subordinated bonds.

The coupon rate of both bonds will be the same as the reference rate, meaning the six-month moving average rate of treasury bills plus an additional 3 percent. The face value of each unit of the two bonds will be Tk 5 lakh.

Bank Asia and Dhaka Bank got the nod from the stock regulator to raise funds by issuing unsecured, non-convertible, fully redeemable, floating-rate bonds.

The face value of each unit of Dhaka Bank’s bond will be Tk 10 lakh, while the face value of each unit of Bank Asia’s bond will be Tk 1 crore, according to the press release.

Exim Bank will raise funds by issuing unsecured, non-convertible, redeemable, floating-rate subordinated bonds.

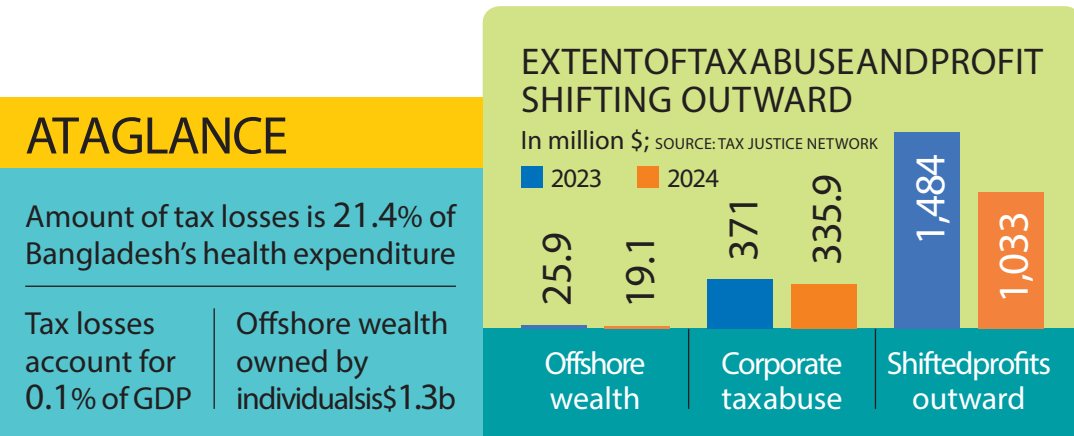
Its coupon rate will be the reference rate and an additional 3 percent.

The face value of each unit of the bond is Tk 5 lakh. Subordinated bonds are ones that rank below other, more senior loans or securities with respect to claims on assets or earnings.

An unsecured bond refers to one that is not backed by any assets, while “non-convertible” indicates that it cannot be converted into shares or equities.

Redeemable bonds can be redeemed or paid off by the issuer prior to the maturity date.

# Bangladesh loses \$335m a year for corporate tax abuse



SOHEL PARVEZ

Bangladesh is losing \$355 million in tax annually because of outward profit shifting by the corporates, particularly multinational firms, and abuses by individuals who have wealth, especially in tax havens.

Of that, the revenue-hungry country lost \$335.9 million to profit shifting abroad by corporations and \$19.1 million on account of tax abuse by individuals owning properties abroad, according to the State of Tax Justice 2024 report published yesterday.

The amount of tax losses is 21.4 percent of Bangladesh’s health expenditures, said the report by the Tax Justice Network (TJN).

The report shows that Bangladesh is one of the countries that altogether are losing \$492 billion in tax a year to multinational corporations and wealthy individuals using tax havens to underpay taxes.

And nearly half the losses are enabled by the eight countries: Australia, Canada, Israel, Japan, New Zealand, South Korea, the UK and the US, it added.

The report comes at a time when Bangladesh suffers from a shortage of required taxes to

finance its annual development and operating expenditure.

The country’s revenue-to-gross domestic product (GDP) ratio is estimated at 8.5 percent at the end of fiscal year 2023-24, one of the lowest in the world, according to a World Bank report.

In Bangladesh, tax irregularities and incidents of tax evasion are rampant.

The TJN in its State of Tax Justice report last year said the country’s annual losses for corporate abuses amounted to \$396 million. And firms shifted \$1.48 billion of profits from Bangladesh, according to the previous report.

In the latest report, TJN said multinational companies shifted \$1.3 billion away from Bangladesh which accounted for 0.1 percent of Bangladesh’s roughly \$460 billion economy.

The TJN said despite reduced corporate tax rates, multinational corporations shifted more profits into corporate tax havens, rising to the highest value yet recorded in the State of Tax Justice reports.

Bangladesh has also reduced its corporate taxes in the last one and half decades to encourage firms to invest more in the country, create jobs and drive the country’s economic growth.

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# What does Moody’s downgrade mean for economy?

MAHMUDUL HASAN

Moody’s downgrade of Bangladesh’s economic outlook from stable to negative is expected to have limited immediate impact on the economy, but may affect international trade for banks, leading to higher costs for letters of credit (LCs) and more stringent reviews of private sector credit, experts stated.

Zahid Hussain, a former lead economist at the World Bank’s Dhaka office, said the ratings downgrade did not come entirely as a surprise since the rating agency had hinted that it was reviewing Bangladesh.

“If this hasn’t come as a surprise, it has

**“It will have an immediate impact on banks’ international business,” said Syed Mahbubur Rahman, MD of Mutual Trust Bank**

already had an impact on the market. The possibility of new impact is very low,” he said. “But if it has come as a surprise to the market, it will increase the risk premium, the cost of trade finance will rise, and access to finance might become harder.”

Sadiq Ahmed, vice-chairman of the Policy Research Institute of Bangladesh, said international credit ratings

influence the thinking of foreign private investors.

“Since the flow of private capital into Bangladesh is low by global standards, there should not be any immediate effect. The interim government has already initiated important reforms in banking and anti-corruption that should give a positive signal to potential investors,” he said.

“This should be strengthened with a greater focus on law and order, which is essential for a stable investment climate. Further reforms in trade and taxation and ensuring uninterrupted power supply should also help improve the investment climate.”

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# Info sought of 117 ‘Beximco-linked’ BO accounts

AHSAN HABIB

The Bangladesh Securities and Exchange Commission (BSEC) has sought detailed information, including portfolio statements, of 117 beneficiary owner (BO) accounts with which the owners of Beximco Ltd are allegedly involved.

Just as a bank account holds funds, a BO account holds shares and money deposited by investors and enables them to buy and sell stocks.

A portfolio statement provides detailed information about a customer’s interests and entitlements related to their investments.

The stock market regulator asked the stock exchanges for the data, saying that Bangladesh Financial Intelligence Unit (BFIU) had demanded it.

The stock market regulator also ordered these accounts to be frozen in line with instructions from the BFIU.

Having received the letter on November 14, Chittagong Stock Exchange yesterday instructed brokerage houses to submit KYC (know your customer) forms and statements of the BO accounts within the next three days.

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A New Era Begins with a Visionary

# LEADERSHIP

**Mr. Chowdhury Mohammed Hanif Shoeb**  
Chairman, Citizens Bank

Strategic mindset and visionary zeal of leadership of our newly elected chairman will definitely enable our bank to carve its place as one of the most preferred banks in the banking and financial landscape of the country.

**CITIZENS BANK**  
TODAY TOMORROW TOGETHER