MTB focuses on digital growth, loan diversity

Says CEO as the bank introduces new logo reflecting youth dynamism

MD MEHEDI HASAN

Mutual Trust Bank (MTB) is expanding its digital services to cater to Generation Z while diversifying its loan portfolio to reduce its concentration in wholesale lending.

"We are prioritising digital banking because the future belongs to digitalisation and Generation Z," said Syed Mahbubur Rahman, managing director and chief executive officer (CEO) of MTB, in an interview with The Daily Star.

"If we don't adapt to the digital landscape, we will fail to reach modern customers who want banking on their terms," he said.

To mark its 25th anniversary, MTB has introduced a new logo reflecting the dynamism of youth. "Young people are leading in various fields, and we wanted a brand identity that resonates with them," Rahman said.

MTB's Smart Banking app is considered one of the best in the market, allowing customers to conduct banking transactions from anywhere. "Our customers consistently praise the app, which was developed in-house," he added.

MTB is shifting away from its previous dependence on wholesale loans – typically lending to large corporate clients.

Rahman said when he joined the bank, about 90 percent of their loans were in the wholesale category. "We've brought that down to 80 percent, with 20 percent now allocated to SMEs [small and medium enterprises] and retail clients."

"Our goal is to further reduce wholesale loans to 60-70 percent in the next three to five years," said the CEO.

Syed Mahbubur Rahman

Moving on, the top banker emphasised MTB's governance structure, which he said is supported by a capable board of directors and a skilled workforce.

"MTB has one of the best-governed boards in the country. If anyone talks about good governance, our bank comes first," he asserted.

Norfund, the world's largest sovereign fund, holds a 5 percent share in MTB, making it the single largest shareholding entity.

"We continuously train our workforce because, at the end of the day, banking is about selling services," Rahman said.

MTB's operating profit in 2024 stood at Tk 1,106 crore, registering a 38.5 percent growth from the previous year. As of December 2024, total deposits reached Tk 33,187 crore, while loans and advances stood at Tk 30,105 crore.

"We raised a record Tk 5,000 crore in deposits last year, driven by our aggressive deposit mobilisation efforts," added the banker.

The private commercial lender is also improving its loan quality. "We are working on resolving legacy non-performing loans [NPLs] that became problematic in 2015. We hope to clean up these issues in the next few years," he added.

The banking industry faces growing NPLs and liquidity constraints, but Rahman believes MTB's governance has helped it remain stable. "Despite sluggish trade and business, our loan and advance portfolio grew last year," he said.

According to the CEO, while many banks struggled with foreign currency shortages, MTB remained resilient. "We maintained a strong focus on liquidity, both in foreign and local currencies," he said.

As of last year, MTB had 120 branches, 51 sub-branches, and 341 ATMs (automated teller machines) nationwide.

Rahman acknowledged the challenges following last year's political changeover. "Many factories shut down, workers came up with different demands, and the business climate was difficult. However, things are now improving," he said.

However, credit growth still remains slow at 7.6 percent, raising concerns. "Stagnant investment is harmful to the economy," he said, adding, "Without new investments, economic activity and employment generation will suffer."

To attract foreign direct investments (FDIs), he advocated legal reforms and a better investment climate.

"Bangladesh is lagging behind in attracting FDI, and much work is needed to improve the situation," he said.

For the country's economy, Rahman believes stability should take precedence over growth. "Liquidity management, law enforcement improvements, and economic stability are more critical than high growth at this moment," he commented.

Crown Cement's profit plunges 48% in Q2

STAR BUSINESS REPORT

Crown Cement's profit fell in the second quarter of the 2024-25 fiscal year despite registering higher revenue.

The cement producer's profit declined 48 percent year-on-year to Tk 18.85 crore in the quarter.

Its earnings per share (EPS) for the quarter stood at Tk 1.27, down from Tk 2.44 in the same period last year, according to the company's financial statement.

For the first six months of the fiscal year, its EPS dropped 67.96 percent to Tk 1.52 from Tk 4.76 in the same period the previous year.

Crown Cement attributed increased depreciation from capacity expansion, interest expenses on long-term loans, electricity tariff hikes and higher marketing and manpower costs for the EPS decline.

Despite the profit decline, the company's sales revenue in Q2 grew by 12.99 percent to Tk 803.55 crore, driven by a 12.08 percent rise in sales volume and a 0.63 percent increase in per-bag prices.

However, the cost of goods sold rose by 10.82 percent, mainly due to higher factory overheads linked to additional depreciation on the newly installed sixth unit, increased electricity tariffs, and underutilisation of the expanded production capacity.

The cement producer's gross profit margin declined by 3.64 percentage points, reflecting the impact of higher depreciation costs, increased electricity tariffs, and additional expenses related to new capacity operations, including lease rent for a new bag plant and lighter vessels as well as higher salary and wages.

Its net operating cash flow per share saw a significant jump of 194.73 percent, reaching Tk 11.71 in the first six months from Tk 3.97 a year ago.

The improvement was attributed to better cash collection, non-cash depreciation expenses, and extended credit terms from suppliers.

Selling and distribution costs rose due to increased spending on advertisements and marketing initiatives, along with the deployment of additional sales personnel to maximise capacity utilisation.

Square Textiles' profit jumps 53% in Q2

STAR BUSINESS REPORT

Square Textiles reported a 53 percent year-on-year growth in profit for the second quarter of the 2024-25 fiscal year, driven by increased yarn production.

The company posted a profit of Tk 38.13 crore in the second quarter.

Despite the strong earnings report, shares of Square Textiles declined by 0.59 percent to Tk 50.20 in mid-day trading at the Dhaka Stock Exchange yesterday.

Revenue for the second quarter rose by 26 percent year-on-year to Tk 674.32 crore, while first-half revenue for 2024-25 increased by Tk 279.15 crore to reach Tk 1,251 crore.

The company credited this growth to increased yarn production from its new project in Habiganj, ongoing balancing, modernisation, rehabilitation, and expansion initiatives at the Gazipur project and Square Texcom, along with the appreciation of the dollar.

Earnings per share for the October-December quarter climbed to Tk 1.93 from Tk 1.26 a year earlier. For the first half of the fiscal year, EPS rose to Tk 3.83 from Tk 3.05.

The expansion in yarn production led to a rise in raw material costs by Tk 190.18 crore, according to the financial statement.

Additionally, finance costs increased by Tk 29.11 crore, which the company attributed to additional financing for expansion and BMRE activities, along with higher interest rates on loans.

Meanwhile, consolidated net operating cash flow per share declined to Tk 6.58 for July-December 2024, compared to Tk 7.21 in the same period of the previous year.

FAO forecasts paddy output drop in Bangladesh

STAR BUSINESS REPORT

Bangladesh's paddy production is estimated to have declined in 2024 from the previous year, largely due to output losses caused by recurrent floods and Cyclone Remal in late July.

However, aggregate paddy production in 2024 is forecast at 6.02 crore tonnes, which is well above the four-year average of 5.71 crore tonnes, according to a report by the Food and Agriculture Organization (FAO) released in early January this year.

Consequently, the country's cereal import requirement is projected to rise in the July-June marketing year 2024-25. Total cereal import requirements are forecast at 83 lakh tonnes, below the average of over 85 lakh tonnes.

The FAO said that although losses of standing crops occurred in the eastern parts of the country due to heavy rains and floods last August, production of the Aman paddy crop, which accounts for 35 percent of the annual output, is forecast at an above-average level, mostly due to anticipated high yields in non-affected areas.

Aman paddy, cultivated in the rainy season, has been harvested.

However, production of Aus was estimated at 42 lakh tonnes, 7 percent below the average, following crop losses caused by severe flood events between May and July and Cyclone Remal in late July.

The FAO said that production of Boro, contributing 55 percent to the annual rice output, was estimated at record 3.16 crore tonnes, reflecting large plantings in response to high prices at sowing time and bumper yields owing to favourable weather conditions.

The production of maize was also estimated at 52 lakh tonnes last year, due mostly to large sowings driven by robust domestic demand and elevated prices during the planting period.

"Favourable weather conditions and the widespread use of high-yielding seed varieties supported above-average yields," said the FAO in its country brief on Bangladesh.

The UN agency said wheat, grown in the previous winter, increased as well.

CEREAL IMPORTS TO RISE

Based on production, the agency forecast below-average cereal import requirements for Bangladesh in 2024-25. However, the volume of projected cereal imports is higher for the current fiscal year 2024-25 compared to the previous year.

Cereal imports consist mostly of wheat, which covers 80 percent of the country's consumption needs, along with minor quantities of rice and maize, said the FAO.

The FAO said that imports of rice in the calendar year 2025 are expected to amount to 450,000 tonnes.

Imports of wheat are projected to be near the average of 61 lakh tonnes, with an above-average forecast of 21 lakh tonnes of the grain imported by Bangladesh, driven by steady demand for feed by the livestock and fishing industries.

The FAO report said that Bangladesh's cereal imports were well below the average level, as the country's import capacity was constrained by dwindling foreign currency reserves and significant depreciation of the national currency (Taka) from May 2022 to November 2024.

"As the national currency remains weak and foreign currency reserves are low, the country is likely to face challenges in fully covering its import requirements in 2024-25."

READ FULL STORY ONLINE

Desco returns to profit in Q2

STAR BUSINESS REPORT

The Dhaka Electric Supply Company (Desco) saw its earnings increase in the second quarter of the 2024-25 fiscal year, a sharp reversal from the losses it made in the same period the previous year.

The company posted a profit of Tk 26.16 crore in Q2, up from a loss of Tk 43.46 crore in the same period a year ago.

Desco's revenue surged by 116 percent year-on-year to Tk 223.28 crore in the October-December period of 2024.

Thanks to higher distribution revenue, the company's earnings per share rose to Tk 0.66, compared to a loss per share of Tk 1.10 in the same period last year, according to its financial statement.

In the July-December period of 2024, its loss per share was Tk 0.15, down from Tk 4.92 a year ago.

Desco's net operating cash flow per share rose to Tk 2.88 from Tk 2.51, which the company attributed to increased revenue collection.

India budget opts for economic sugar rush over reform

REUTERS, *Mumbai*

India's annual budget announcement was a bigger deal than usual this year: As the first full budget of Prime Minister Narendra Modi's third term, it will set the tone for how the world's fifth-largest economy confronts slowing growth and sagging markets.

But the year's top economic policy event opted mainly for short-term economic relief through middle-class tax cuts, while passing up a chance to go big on reforms needed to reignite rapid growth – once the envy of the world at more than 8 percent.

The budget also scaled back the government's emphasis on capital spending and infrastructure, another key driver for India's growth ambitions since the pandemic.

Without a strategy to regain high growth rates and assure jobs for India's young population, the budget disappointed analysts and markets, alarmed in recent months by weak earnings growth and an exodus of foreign investors.

"India is aspiring for 8 percent growth but we don't have a path to 8 percent – a growth strategy is not there," said Madhavi Arora, chief economist at Emkay Global Financial Services.

The government has forecast India's GDP growth will slip to a four-year low of 6.4 percent in the current financial year to March 31 and stay close to that level next year as well, compared with 8.2 percent in 2023-24.

While the latest tax cuts may help urban consumers, who took some steam out of the economy as weak wage growth and high living costs curtailed their spending habits, economists see deeper problems that need to be addressed.

"Eight percent will require far deeper interventions in agricultural markets, human capital and ease of doing business," said Dhiraj Nim, an economist at ANZ Research.

ANALYSIS

Modi, who returned to power in July of last year with a weaker-than-expected mandate, has turned to appeasing politically important constituencies in the months since the election, analysts said. His party has reversed agricultural trade policies to favour farmers, offered cash handouts to women and, now, cut taxes for the middle class.

Analysts noted that this is not the first time, however, that Modi and his Bharatiya Janata Party failed to push economic reforms, which also got brushed aside in his previous two terms when the party had won more decisively and had greater political capital.

"In 2019, the BJP got more than 300 seats and had a window (for reforms)," said Amit Ranjan, research fellow at Institute of South Asian Studies (ISAS), National University of Singapore. "But the government gave in to the needs of electoral politics as the government knows reforms do not immediately benefit the large section of voters."

In 2015, Modi let lapse an executive order making it easier for businesses to buy land, after failing to win support from opposition parties in the parliament. And in 2020, both houses of parliament approved new labour codes, but they have yet to be implemented across all states.

Plans for large-scale privatisations of state-owned enterprises, aiming to reinvigorate them by reducing government involvement, have also faltered, with the government now opting to put fresh funds into ailing state firms.

The case for reforms, however, has not come just from analysts and economists, but from government leaders as well.

On Friday, India's chief economic adviser, V. Anantha Nageswaran, made a pitch for rapidly easing rules covering land, labour and factories, among other areas, arguing that government should "get out of the way" as one way to push up growth.

"Business as usual carries a high risk of economic growth stagnation, if not economic stagnation," Nageswaran said in a report presented a day ahead of the budget.

READ FULL STORY ONLINE

Visitors look at the chrysanthemum flowers during the All India Horticulture, Agriculture, and Nursery Expo in Hyderabad on January 31. The government has forecast India's GDP growth will slip to a four-year low of 6.4 percent in the current financial year to March 31.

PHOTO: AFP