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Md. Quamrul Islam Chowdhury
Managing Director & CEO

CO-CHAIRMAN
Mati Ul Hasan
Additional Managing Director & CRO

MEMBERS
Md. Mukitul Kabir, FVP, Head of Corporate Affairs Division
Ujjal Kanti Dey, FCA, AVP
Elma Jahan, CAMS, FAVP
Saifur Rahman, CAMS, CDCS, PO
Sammo Adhikary, SEO
Md. Nazmul Alam, SEO
Md. Monzurul Karim, ACMA, SEO
Kaniz Farzana, ACCA, Officer

CHIEF EDITOR
Tapash Chandra Paul, PhD
Chief Financial Officer
The Month of February is one of the most significant months in the history of Bangladesh. The 21st of February, 1952 ultimately paved the way for us to gain independence. It showed us that if we are united for a cause, we can achieve almost anything. As a country, we have recently celebrated 50 years and in these years we have been able to establish ourselves as one of the growing economies of the world. All of these would not have been possible if 21st February, 1952 did not happen. Like the previous years, 21st February, ‘The International Mother Language Day’ was also observed throughout the globe as well as our country. This edition of ‘MBL spectrum’ will pay tribute to the martyrs of 21st February, 1952 by dedicating the theme of this edition.

Coming up on two years since the end of the brief recession caused by the pandemic, we appear to be at the middle of the current economic cycle. The economy remains in growth mode and there is good reason to expect it will soon pick up its’ optimum pace. During the month of February, the third wave of Covid-19 in its new incarnation as Omicron has placed the Bangladesh economy in tenterhooks threatening to derail the economic recovery. However, the prospect looks quite bright in spite of some rough patches that may prop up in the near future.

Bangladesh’s economy is expected to grow at 6.4% in 2021-22 financial years, according to the World Bank’s “Global Economic Prospects” report. This growth is projected on the basis of increased private consumption and investment gain steam. Bangladesh Government has already implemented a restriction up to 21st of February, 2022. That said, further stop-start Covid-19 restrictions are a possibility while the vaccination rate remains fairly low. Vulnerability to extreme weather events and the high rate of non-performing loans in the banking sector pose further downside risks. Mercantile Bank Limited (MBL) has always addressed this problem as one of the main ones and taken initiatives to reduce the Non performing loans. This year also will be no different.

MBL would like to continue in the growth momentum that it has gained early in 2022. This edition of ‘MBL spectrum’ as always will project the progress of the Bank in terms of various indicators and data.

Tapash Chandra Paul, PhD
Chief Financial Officer
# MBL PERFORMANCE
## FEBRUARY 2022

### Deposits

<table>
<thead>
<tr>
<th></th>
<th>YTD Dec 2021</th>
<th>YTD Feb 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BDT in Crore</strong></td>
<td>27,490.56</td>
<td>28,183.83</td>
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### Advances

<table>
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<tr>
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<th>YTD Dec 2021</th>
<th>YTD Feb 2022</th>
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</thead>
<tbody>
<tr>
<td><strong>BDT in Crore</strong></td>
<td>26,670.71</td>
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### Import

<table>
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<tr>
<th></th>
<th>YTD Feb 2021</th>
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</thead>
<tbody>
<tr>
<td><strong>BDT in Crore</strong></td>
<td>3,284.48</td>
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### Export

<table>
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<tr>
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</thead>
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<tr>
<td><strong>BDT in Crore</strong></td>
<td>2,478.30</td>
<td>3,183.00</td>
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### Inward Remittance

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</tr>
</thead>
<tbody>
<tr>
<td><strong>BDT in Crore</strong></td>
<td>614.93</td>
<td>793.14</td>
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### Cost of Deposit

<table>
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<tr>
<th></th>
<th>Feb-21</th>
<th>Mar-21</th>
<th>June-21</th>
<th>Sept-21</th>
<th>Dec-21</th>
<th>Feb-22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td>5.24%</td>
<td>5.15%</td>
<td>4.93%</td>
<td>4.81%</td>
<td>4.76%</td>
<td>4.54%</td>
</tr>
</tbody>
</table>

### Yield on Advances

<table>
<thead>
<tr>
<th></th>
<th>Feb-21</th>
<th>Mar-21</th>
<th>June-21</th>
<th>Sept-21</th>
<th>Dec-21</th>
<th>Feb-22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td>7.25%</td>
<td>7.33%</td>
<td>7.36%</td>
<td>7.37%</td>
<td>7.07%</td>
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</table>

### Spread

<table>
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<th></th>
<th>Feb-21</th>
<th>Mar-21</th>
<th>June-21</th>
<th>Sept-21</th>
<th>Dec-21</th>
<th>Feb-22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td>2.01%</td>
<td>2.18%</td>
<td>2.44%</td>
<td>2.55%</td>
<td>2.61%</td>
<td>2.53%</td>
</tr>
</tbody>
</table>
Russia’s attack on Ukraine and retaliatory sanctions from the West have the world on the edge but is unlikely to trigger another global recession. The two countries together account for less than 2.0 per cent of the world’s Gross Domestic Product (GDP). And many regional economies remain in solid shape, having rebounded swiftly from the pandemic recession, reports AP.

Yet the conflict threatens to inflict severe economic damage on some countries and industries — damage that could mean hardships for millions of people. Russia is the world’s third-biggest producer of petroleum and is a major exporter of natural gas.  
(Ref: https://thefinancialexpress.com.bd)
Sri Lanka to promote batik, handloom products in global markets

The Sri Lankan government is set to kick off a programme to promote the country’s popular batik and handloom products to global markets in order to reboot local handloom industry.

State Minister of Batik, Handloom, and Local Apparel Products Dayasiri Jayasekara requested the Sri Lankan diplomats to vigorously promote the country’s batik and handloom products in their respective countries of accreditation and presented samples for displaying at missions and events. The Sri Lankan government had set an export target for the batik, handloom, and local apparel industry at 6 billion US dollars in 2021, but the country was unable to reach this target due to the pandemic.

(Ref: https://thefinancialexpress.com.bd)

India unveils budget aiming to beef up economic growth

India unveiled a growth-oriented budget aimed at boosting infrastructure like highways, cargo terminals and airports, and proffering its credit guarantee scheme to small firms to help them tide over the Covid-induced losses.

In her budget speech in Parliament, Indian Finance Minister Nirmala Sitharaman said that the budget for the next fiscal -- from April 2022 to March 2023 -- had been raised to US$540 billion (40 trillion Indian rupees) from US$477 billion in the ongoing financial year. “The economy has shown resilience to come out of the pandemic. We need to sustain the level of growth. The new infrastructure investments are part of the government’s economic blueprint for the next 25 years,” Sitharaman said.

(Ref: https://thefinancialexpress.com.bd)
Indian central bank to issue digital rupee

The Reserve Bank of India (RBI) will issue a new digital rupee powered by blockchain technology starting fiscal 2022-23. Blockchain technology also powers cryptocurrency, non-fungible tokens (NFTs) and it is a distributed ledger, updated in real-time. In a blockchain, the transaction records cannot be changed at all and the ledger is transparent and authentic, which is why it is used in cryptocurrency as well.

Meanwhile, the government has also announced that any income from transfer of digital assets will be taxed at 30 per cent rate.

(Ref: https://thefinancialexpress.com.bd)

India’s GDP growth likely to slow down to 8.0-8.5pc in 2022/23

India has forecast its economy will grow 8.0 percent to 8.5 percent for the fiscal year starting in April, 2022 down from 9.2 percent projected in the current year, as it fights a spike in Covid-19 cases and rising inflationary pressure.

All macro indicators indicated Asia’s third-largest economy was well placed to face challenges, helped by improving farm and industrial output growth.

(Ref: https://thefinancialexpress.com.bd)

Russia’s trade flow shifts towards China

The United States is poised to unleash a wider array of sanctions against Russia if Moscow escalates the conflict in Ukraine, denying key Russian financial institutions and companies access to US dollar transactions and global markets for trade, energy exports and financing. But the United States and its allies have never before attempted to cut a $1.5 trillion economy out of global commerce, and it is unclear how much pressure even unified Western sanctions can put on Moscow.

New sanctions could prompt Russia to try to deepen its non-dollar denominated trade ties with Beijing in an effort to counter the restrictions.

(Ref: https://www.thedailystar.net)
US opposes Canada’s digital services tax proposal

The United States Trade Representative’s (USTR) office said it opposed Canada’s plan to enact a digital services tax (DST) and urged Canada to abandon plans for such a step. The United States urges Canada to abandon any plans for a unilateral measure and instead redouble its commitment to the rapid implementation of Pillar One of the October 8 OECD/G20 agreement and the negotiation of a multilateral convention.

(Ref: https://www.thedailystar.net)

China’s digital currency push faces uphill battle

China has been putting an emphasis on promoting the use of this digital yuan, or e-CNY. To pay in the digital currency, the official smartphone app or a physical e-CNY card can be used.

China is trying to show off to the world that the country’s digital currency is in the stage of practical use, but private smartphone payment systems are already widespread within the country, making it difficult to expand use of e-CNY.

(Ref: https://www.thedailystar.net)

Xinjiang labour policies discriminatory

An International Labour Organization committee has expressed “deep concern” about China’s policies in its far western region of Xinjiang, calling them discriminatory and asking Beijing to bring its employment practices into line with global standards.

The United States accuses China of genocide and along with other Western nations has imposed a diplomatic boycott of the Games over China’s treatment of Uyghurs in Xinjiang. Allegations of rights abuses include some that are reviewed by the ILO committee, such as China’s alleged use of forced and prison labour. China denies the accusations.

(Ref: https://www.thedailystar.net)
মার্কেস্টাইল ব্যাংক
ডিজিটাল ব্যাংকিং

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১. ধরে নেন এবং নিয়ে নিন বাংলার একউইট ব্যাঙ্ক একুশে কোলান
২. ব্যাংক হিসেবের বিষয়বিদেশ
৩. মোবাইল টস ক্রীড়া
৪. ইউনিটার বিন পেস্ট (ডেসকো, ওয়াজা, ডিজিটাল, বিটিসিএন ইত্যাদি)
৫. ই-ট্রেকেজিং (বিমান, বাস, বিনোদন ইত্যাদির চিকিৎসা সংগ্রহ)
৬. এমবিএল ক্রেডিট কার্ড বিন পেস্ট
৭. সিএফ এন এর মাধ্যমে যাত্রা ব্যাঙ্কে ফাইন্ড ট্রাংলফার
৮. কিউরার কোড এর মাধ্যমে টেক্স্ট উপরেলন
৯. এমবিএল টু এমবিএল ফাইন্ড ট্রাংলফার
১০. ব্র্যাঙ্ক এবং এটিএম লোকাশন

বাংলার ব্যাংক
Mercantile Bank Limited
ফোন নম্বর ২০৬০৬
ফেসবুক: facebook.com/mercantile.bd
ওয়েবসাইট: www.mblbd.com
BANGLADESH ECONOMY

European Union moves to boost business with Bangladesh

The European Union moves to launch a new initiative with Bangladesh to synchronise the latter’s public-and-private-sector interests for tapping growing business potential unhindered. Officials say the engagement in extensive business dealings is planned under the rubric ‘EU-Bangladesh: Meaning Business’. The EU delegation in Bangladesh submitted a proposal to this effect to Commerce Minister Tipu Munshi recently, requesting the holding of next session of the Business Climate Dialogue (BCD) in March in Dhaka. Commerce Minister chairs the meeting where various bilateral trade issues, investment promotion, removal of barriers, and improvement in business climate are discussed to clear the decks for smooth business interactions.

(Ref: https://www.thedailystar.net)
Less spending yields Bangladesh budget surplus in 1st half

Bangladesh sees budget surplus in the first half of the current fiscal year as the government spent less than its tax and other revenue receipts. The surplus in December reached Tk 13.57 billion. Government’s total receipt up to December was recorded at Tk 1.51 trillion.

The budget spending, meanwhile, fell overall in December by 3.4 per cent to Tk 1.49 trillion. The reasons according to the government statement are lesser expenditures in operating and development outlays up to December 2021 than that of corresponding period a year before.

(Ref: https://www.thedailystar.net)

Kuwait- Bangladesh joint venture to invest $10.39m in BEPZA Economic Zone

KB Petrochemicals Limited, a Kuwait-Bangladesh joint venture company, will invest 10.39 million US dollars to establish a Lubricating Oil Blending Plant in BEPZA Economic Zone.

Bangladesh Export Processing Zones Authority (BEPZA) signed a land lease agreement with KB Petrochemicals Limited to set up an industry in the economic zone. The company will create employment opportunities for 129 Bangladeshi nationals. The industry will produce 20,000 tonnes of finished lubricants.

(Ref: https://www.thedailystar.net)

Bangladesh asks Australia to name state agency for trade transaction

Bangladesh has requested Australia to designate a state agency to deal with government-to-government trade as boosting commercial cooperation between the two countries is planned. The move is made as Bangladesh wants to import a slew of commodities in high demand, like coal, liquefied natural gas (LNG), fertilisers, and wheat, from Australia under G-to-G arrangement.

Bangladesh imports Aus$20 billion worth of cotton, fuels, iron and steel, cereals, and oilseeds each. If 20 per cent of the imports are procured from Australia, the bilateral trade could grow to Aus$5.0 to 6.0 billion by 2025 and Aus$10 billion in next ten years.

(Ref: https://www.thedailystar.net)
Cabinet approves draft law for protection of deposits at NBFIs

The government of Bangladesh has approved a draft law with an aim to protect deposits of non-bank financial institutions (NBFIs). As per the draft law, the NBFIs will have to provide clients with compensation up to Tk 200,000 if they go bust and fail to provide security for their deposits. Until now, there was no law to provide safety to depositors at financial institutions.
(Ref: https://www.thedailystar.net)

World Bank bets $750m on BBIN regional corridor

It comes as a significant fresh push for regional connectivity as the World Bank bets US$750 million on salvaging the struggling BBIN corridor meant for connecting four South Asian nations. The Washington-based lender offers to assist in improving port efficiency, customs modernisation, trade facilitation and upgrading regional-connectivity infrastructures. The proposed $750-million loan will be provided to Bangladesh government for upgrading the trade and regional connectivity.

As conceived by the movers, BBIN (Bangladesh, Bhutan, India and Nepal) is a regional transport initiative where a motor-vehicle agreement was signed for developing a sub-regional protocol for a cost-effective, efficient and seamless multimodal transport system linking these four of the South Asian nations.
(Ref: https://www.thedailystar.net)

Tk 15b cash incentives released for local exporters

The government has released Tk 15 billion for the payment of cash incentives to local exporters on their export earnings. It is the 3rd installment of cash incentives for the January-March period of the current fiscal year (FY) 2021-2022. Export oriented sectors including readymade garment (RMC), frozen shrimp and other fish, leather items, jute and jute products will enjoy the incentives.
(Ref: https://www.thedailystar.net)
Investment in proportion to GDP falls as private investors pause

Bangladesh keeps posting higher economic growth with the falling investment-to-GDP ratio despite incremental government investments in infrastructure development as private investors seemingly pause. A splurge of public investment, particularly in megaprojects on the infrastructure front, couldn’t pull up private investment over the years, to the effect of the ratio maintaining a steep downturn over the last three years.

Bangladesh Bureau of Statistics (BBS) showed that although the gross domestic product (GDP) growth in the last fiscal year (FY) 2020-21 rebounded with doubling the rate than in the previous fiscal, the investment-GDP ratio still stayed on the lower trajectory.

(Ref: https://www.thedailystar.net)

Bangladesh’s economy grows 6.94pc in FY21, surpassing government estimate

Bangladesh’s economy grew 6.94 percent in fiscal 2020-21, exceeding the government’s provisional estimate of 5.43 percent for the year. Planning Minister MA Mannan gave the information, sharing data from the Bangladesh Bureau of Statistics.

“Gross national income per capita has also increased to $2,591 in FY21 from $2,326 a year earlier,” the minister said.

The size of gross domestic product expanded to $416 billion, compared to $411 billion in the initial estimate, the minister said.

(Ref: https://www.thedailystar.net)

Pension for all over 60 within one year

A universal pension scheme for citizens of Bangladesh will be launched in six months-one year. At a press conference, the finance minister said under the scheme, people aged between 18 and 50 will pay a fixed amount and will be able to withdraw monthly pension once they reach the age of 60. They will enjoy the facility until they are 80.

(Ref: https://www.thedailystar.net)
Apparel exports to China dwindle

Although Bangladesh’s overall export earnings from China increased 9.81 per cent year-on-year to $426.14 million in the last seven months, apparel shipments to the East Asian nation failed to meet expectations despite enjoying duty benefits.

Apparel shipments to China fell to $131.20 million in the July-January period of the current fiscal year, a decrease of 19.66 per cent from $163.30 million in 2020-21. Of the total garment exports to the world’s second-largest economy during the period, knitwear shipments brought home $53.53 million and woven products fetched $77.68 million, registering a negative growth of 30.77 per cent and 10.36 per cent respectively, data from the Export Promotion Bureau showed.

(Ref: https://www.thedailystar.net)

Mongla port turns around

The second biggest seaport of the country, Mongla port, has made a strong comeback as it sees an increased arrival of ships, making it a major gateway for Bangladesh’s overseas trade once again.

Officials and port users say the opening of the Padma bridge will give a further boost to the port. The monthly arrival of ships, which fell below 10 in 2008, grew several times in recent years. In 2021, 75 vessels arrived at the port every month on average, up from 46 five years ago, showing signs of steady growth in activities thanks to the completion of dredging at the outer bar of a nearly 140-kilometre channel to improve navigability and enable the movement of vessels that require a higher draft.

(Ref: https://www.thedailystar.net)
সম্মানিত গ্রাহক সাধারণের সুবিধার্থে

- শাখার তীর্থ এড়িয়ে আপনার ডেবিট কার্ডের মাধ্যমে টাকা চলন সহজে।
- এখন হাতের কাছের যেকোন Q-CASH / VISA যুক্ত ATM বুক্র থেকে একবারে ২০ হাজার টাকা এবং সর্বোচ্চ ৫০ হাজার টাকা একদিনে।
- করোনা ভাইরাস সংক্রমণ থেকে নিজেকে এবং অন্যকে নিরাপদ রাখতে:
  - মাস্ক পরুন।
  - কিছুক্ষণ পর পর হাত স্যানিটাইজ করুন।
  - শারীরিক দূরত্ব বজায় রাখুন।

জনসাহিত্য সচেতনতায়:

মার্কেন্টাইল ব্যাংক লিমিটেড
মার্কেন্টাইল ব্যাংক লিমিটেড

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Regulator creates special exit for defaulters

The central bank proposes a special bailout to loan defaulters with non-banking financial institutions (NBFIs) through ‘One Time Exit’ by clearing all dues within one year, in the wake of bad-loan buildup. The borrowers will have to apply by paying 2 percent down payment for availing such facility only after approval by the NBFIs concerned. To get the special offer, the interested borrowers will have to apply to the NBFIs concerned by April 30 this year for availing such facility.

(Ref: https://thefinancialexpress.com.bd/)
Seven NBFIs risk losing Tk 2,050cr for anomalies

Seven non-bank financial institutions (NBFIs) are now finding it difficult to recover Tk 2,050 crore they had lent to their subsidiaries and associates in breach of rules. Preliminary analysis indicates that the funds have been misused, with neither Bangladesh Bank nor the Bangladesh Securities and Exchange Commission (BSEC) stepping in to prevent it. What is more, the NBFIs, a majority of which are now unable to pay back their depositors, have not classified these funds.


(Ref: https://www.thedailystar.net)

Banks asked to submit inland LC data to monitoring system properly

The Bangladesh Bank asked banks to submit the required data of inland letters of credit (LCs) to the online import monitoring system (OIMS) appropriately. Although the central bank earlier asked lenders to submit the data on a regular basis, some banks have not followed the instruction ignoring the rules.

Under the inland back-to-back LCs, local businesses import raw materials from exporters staying in the country. The businesses import the items to produce and export goods. The lenders now give acceptance to their corresponding banks in favour of inland LCs without placing the data on the OIMS.

(Ref: https://www.thedailystar.net)

Sales of savings certificates slump for deep yield cuts

Deep cuts in yield rates send net sales of national savings certificates (NSCs) into negative territory in December, raising prospect for banks to wallow in deposit.

The net negative sales of NSCs -- designed as government borrowing tools -- amounted to around Tk 4.36 billion in December 2021 against Tk 7.01 billion surplus in the previous month, according to the Department of National Savings (DNS) latest statistics. Earlier, the net negative sales of NSCs were worth Tk 6.22 billion in April 2020 just after the imposition of restrictions on movement to contain the spread of coronavirus transmission in Bangladesh.

(Ref: https://www.thedailystar.net)
BB asks banks to go by revenue board’s clarification

The central bank has asked all authorised dealer (AD) banks to follow the National Board of Revenue’s (NBR) clarification while deducting tax against outward remittance from income of non-residents.

The central bank issued a circular in this connection and asked the banks to deduct source taxes against service payment abroad. The banks to comply with Section 56 of Income Tax Ordinance 1984 properly for deduction of tax against outward remittance from income of foreign nationals. Amount after deduction of tax from invoice value would be remittable to non-residents. Outward remittance would not be considered tax compliant payment in case of tax payment in favour of remitters.

In case of irregularities in tax deduction and payment, the payment can be recovered any time. In that case, the amount of non-payment is recoverable with simple interest rate at 2.0 per cent per month.

(Ref: https://www.thedailystar.net)

Banks asked to make shock recovery plan

Bangladesh Bank asked banks to draw up a recovery plan so that they can take time-befitting moves to resolve any downside risk emanating from default loans, liquidity crisis and some other factors. The guideline will help banks avert catastrophic losses by a substantial extent, said a Bangladesh Bank official.

Every bank will have to prepare the plan and submit it to the central bank within January every year. But the first recovery plan will have to be submitted by June 30 this year with prior approval from the board of directors of the respective banks.

(Ref: https://www.thedailystar.net)

Long-term loans from short-term deposits weaken banks

Heavy dependence on banks for long-term funding is weakening the financial health of local lenders. And since a number of banks in the country are suffering from a huge amount of non-performing loans, entrepreneurs should turn to the stock market to raise funds if they need long-term capital.

Prof Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC), said it is risky when banks provide large, long-term loans from their short-term deposits. This is because the rate of non-performing loans is so high that if the provisioning system had been absent, many banks would have been bound to close.

(Ref: https://www.thedailystar.net)
IsDB to provide $56m for sanitation project

The Islamic Development Bank (IsDB) is set to provide $56 million to Bangladesh for an inclusive sanitation and hygiene programme. Of the total assistance, $36.4 million will count as a loan while the remaining $19.6 million will be considered a grant.

The ERD and the IsDB inked an agreement for financing the “Inclusive Sanitation and Hygiene Project in 10 Priority Towns in Bangladesh” project.
(Ref: https://www.thedailystar.net)

NBFIs barred from disbursing loans on BB cheques

Bangladesh Bank ordered non-bank financial institutions (NBFIs) not to disburse loans using cheques of current accounts they have to maintain with the central bank.

Bangladesh Financial Intelligence Unit (BFIU) and Anti-Corruption Commission (ACC) had discovered that the cheques were used in some of the major scams perpetrated in the NBFI sector. Every NBFI has to have a current account with the central bank to maintain their cash reserve ratio and statutory liquidity ratio. The NBFIs are allowed to use the cheques when they want to withdraw funds from the central bank or settle any inter-bank loans or liabilities such as call money.
(Ref: https://www.thedailystar.net)

Internet banking thrives

The transition from manual banking to its digital means is certainly not a new phenomenon for Bangladesh’s banking sector. But the advent of the coronavirus pandemic has had clients from all walks of life honing in on internet banking to cut the chances of contracting the deadly flu.

Transactions through internet banking amounted to Tk 20,559 crore in December, up 154 percent year-on-year and 21 percent from that a month ago, showed data from the Bangladesh Bank.
(Ref: https://www.thedailystar.net)
Private sector credit growth in Bangladesh accelerated to 10.68 percent in December rising for the seventh consecutive month as the economy rebounds from the coronavirus pandemic. Analysts call the double-digit growth a good sign for the economy as the upward trend came in the face of the third wave of infections.

The credit growth, which had faced sluggishness right after the coronavirus arrived on the shores of Bangladesh in March 2020 as demand plunged, stood at 10.11 per cent in November.

(Ref: https://www.thedailystar.net)
আন্তর্জাতিক মাতৃভাষা দিবসে
সকল ভাষা সৈনিক ও ভাষা শহীদের স্মৃতির প্রতি
গভীর শ্রদ্ধাঞ্জলি

মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
দক্ষতাই আমাদের শক্তি
**MBL News**

**CSR**

Mercantile Bank Donates to SWAC

Mercantile Bank Limited donated Tk.5.00 lac to the Society for the Welfare of Autistic Children (SWAC) under Corporate Social Responsibility of the Bank. Bank’s Company Secretary Abu Asghar G. Haruni handed over the cheque to SWAC Chairperson Subarna Chakma on 03 February 2022 at the SWAC’s Head Office, Dhaka. Shamim Ahmed, SVP and Head of Credit Risk Management Division & Sustainable Finance Unit of the bank were present along with other senior officials from both the organizations.

**Training**

Training on ‘Customer Service’

Mercantile Bank Training Institute organized a virtual Training on ‘Customer Service and Compliant Management: Bangladesh Bank Guidelines’. Respective officers from various divisions of head office and branches across the country participated in the online program.
Training on ‘Cash Management’

Mercantile Bank Training Institute organized a virtual Training on ‘Cash Management: Detection and Disposal of Forge and Mutilated Notes’ recently. Respective cash officers from various branches across the country participated in the online program.

Training on ‘Islami Banking Operations’

Mercantile Bank Training Institute organized a virtual Training on Islamic Banking Operations recently. One hundred and four officials of the bank participated in the virtual sessions.

Training on ‘E-payment of VAT, TAX & Other Charges’

Mercantile Bank Training Institute organized a virtual Training on ‘Awareness of E-payment of VAT, TAX and Other Charges’ recently. Respective desk officials of MBL branches across the county participated in the virtual sessions.

Training on ‘Online Foreign Exchange Transaction’

Mercantile Bank Training Institute organized a virtual Training on ‘Online Foreign Exchange Transaction Monitoring & Management System’ recently. Respective desk officials from International Division of Head Office and AD branches of the bank participated in the virtual sessions.
The AOTS (The Association for Overseas Technical Cooperation and Sustainable Partnerships) from Japan has organized a five days webinar on “SDGs Oriented Business Innovation and Organizational Development (KROP23)” for company owners, executives and managers, etc., for different developing countries. Ms. Kaori Okubo, CEO and Dr. Toshiyuki Yamanaka, Director of Global Dynamics Co., Ltd from Japan were the lecturer of the program. Four participants from MBL took part in the webinar.

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### Employee News

Md. Ahaduzzaman, Principal Officer & Head of Barodi Bazar Branch received award from Mr. Fazle Kabir, Honorable Governor, Bangladesh Bank for Securing Highest Marks in Marketing of Financial Services in the Banking Diploma Examination (JAIBB-2013)

We feel proud of the success of Rodshi Tahsin in her HSC examination, daughter of Md. Gias Uddin, Vice President, Monitoring Unit, ICC Division, MBL. Along with this, we congratulate all examinees who achieved great success in this exam.
পহেলা ফাল্গুন ও ভালোবাসা দিবসে
সবাইকে জানাই উষ্ণ শুভেচ্ছা

পহেলা ফাল্গুন

মার্কেন্টাইল ব্যাংক লিমিটেড

Mercantile Bank Bank Limited

dকম্পটা আমাদের শক্তি

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SUUK: ABUNDANT OPPORTUNITIES FOR ISLAMIC FINANCE MARKET OF BANGLADESH

Md. Yaseer Arafat
Principal Officer
Islamic Banking Division
e-mail: yaseer@mblbd.com

In Bangladesh a new history has been written. Although it is late, a total BDT 16000 crore Sukuk was issued as on December 2021. The Global Islamic Finance Industry holds total market value $2.2 trillion (S&P, Islamic Finance Outlook 2022) and Sukuk holds substantial market share. Sukuk has maintained its position as a major growth driver in the Islamic Finance Industry. Not only did the sukuk market maintain its attractiveness, but the total global issuances set another new record during 2021 compared to the previous year. The global Sukuk issuance reached $252.30 billion in 2021 whereas Bangladesh has only $1.39 billion in 2021 that shows Bangladesh has a huge opportunity in this sector.

Institutional investors of all stripes have been gradually paying their concentration to the global Sukuk market. Since the Sukuk may be Tradable, Banks and NBFIs can invest this sector without difficulties. In order to attract investors BSEC (Bangladesh Securities and
The present market demand for Islamic Banking products in Bangladesh is increasing gradually. Thus, Sukuk may be a lucrative Product in this market. The key factor is to create trustworthy environment and to ensure Shari’ah compliance. The another thin factor of Bangladesh’s capital market is confidence which also needs to be rebuild by the BSEC so that upcoming Sukuk investors rely on the potentials of returns. In order to create favorable environment for investments, knowledge about Sukuk is essential for all stakeholders to create favorable environment for investors. Some initiatives already taken by BSEC therefore it is hopeful for all stakeholders. Sukuk may be a suitable alternative to traditional Syndated Finance model of investment.

Let have a very basic understanding about Sukuk. The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) defines sukuk as “certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity”. Thus, sukuk can be explained more accurately as ‘Islamic investment trust certificates’. Although Sukuk referred to as ‘Islamic bonds’ because, like bonds, they are for the most part, tradable securities, while bonds treat a debt the issuer owes to the bondholders, sukuk certificates treat the investors’ ownership in the underlying sukuk asset, business, enterprise or project which entitles them to receive a share of the income generated from the assets. The basic difference between Sukuk and Bond is that Sukuk investors gain partial ownership of an issuer’s assets until maturity and receive rent; on the other hand Bond holders lend money to the issuer indicating an obligation for repayment at maturity.

For general understanding let consider the following example:
We assume a Business concern “ABC Ltd” will develop a private economic zone, it needs fund BDT 1000 crore. Generally the following process flow is to be followed.

<table>
<thead>
<tr>
<th>Reference</th>
<th>Step by step work flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Originator: ABC Ltd</td>
<td>ABC Ltd shall appoint: Shariah Advisory Committee: This committee shall Pronounce Shariah declaration about the Sukuk. SPV(Special purpose vehicle: a legal entity approved by Bangladesh Securities and Exchange Commission (BSEC) Trustee: Trustee ensures the rights and benefits of Sukuk holders as well as to mitigate disputes related to this Ijarah Sukuk that may arise during its tenure.</td>
</tr>
<tr>
<td>Steps 1: Cash</td>
<td>SPV will issue Sukuk and receive BDT 1000 crore from Sukuk Holders</td>
</tr>
<tr>
<td>Steps 2: Receivables (Asset to received in future)</td>
<td>The SPV on behalf of the Sukuk holders entered into an Istisna’a agreement with ABC Ltd and paid BDT 1000 crore to develop the private economic zone. ABC Ltd will hand-over the completed economic zone to SVP on a specified future date.</td>
</tr>
<tr>
<td>Steps 3: Maintenance</td>
<td>SPV will take a guarantee declaration from a third party for major maintenance and structural repair and insurance against partial or full damage of the asset. SPV will regularly inspect and monitor the assets status.</td>
</tr>
<tr>
<td>Steps 4: Lease the asset</td>
<td>SPV lease the economic zone to ABC Ltd at a declared rate of rent</td>
</tr>
<tr>
<td>Steps 5: Lease rental</td>
<td>SPV will collect half yearly rental payments from ABC Ltd and distribute it to the Sukuk investors.</td>
</tr>
<tr>
<td>Steps 6: Redemption payments to the Sukuk investors</td>
<td>On maturity of Lease, SPV will sell the Sukuk assets to ABC Ltd at an agreed price and make redemption payments to the Sukuk investors with the proceeds from the sale of Sukuk assets.</td>
</tr>
</tbody>
</table>

In this case traditional investment model in our banking sector is practicing syndicated finance. But sukuk can be more favorable because of its asset base, and also sukuk is tradable thus, investor can easily liquidate it suitably.

Most of the Banks have concentrated their investment on traditional banking products although Sukuk has huge potential for investing a chunk of money by the banks. It is high time for Banks, NBFI’s and other sector investors to enhance their investment portfolio in more secured Islamic Finance Product Sukuk. Sukuk is more secure than traditional corporate or syndicated finance. As we analyze the global data and present market situation of Bangladesh, we find there is a huge scope of pioneering Sukuk investments. Some investors are free rider but we find all time that pioneer is the gainer. In the present Sukuk market in Bangladesh it is more and more lucrative for institutional investors like Banks and NBFI’s to become the pioneer.
Bangladesh Bank Circular during February 2022

BRPD (Banking Regulation & Policy Department) Circular
- BRPD Circular Letter No. 03, Date: 24.02.2022, Subject: Regarding Recovery Plan for Banks
- BRPD Circular Letter No. 07, Date: 23.02.2022, Subject: Guidelines on Internal Credit Risk Rating System
- BRPD Circular Letter No. 06, Date: 15.02.2022, Subject: Application and Recovery of Non-transactional Fee/Charges on Credit Card
- BRPD Circular Letter No. 05, Date: 01.02.2022, Subject: Regarding salary of entry level officials and employees of bank-company.

DMD (Debt Management Department) Circular
- DMD Circular Letter No. 02, Date: 28.02.2022, Subject: Implementation of "Guidelines on Electronic Dealing System for Interbank Money Market (EDSMoney)"

DOS (Department of Offsite Supervision) Circular
- DOS Circular Letter No. 08, Date: 08.02.2022, Subject: Instruction to take necessary measures to facilitate casting of vote by the voter employees of the related areas on 10th February 2022.
- DOS Circular Letter No. 07, Date: 06.02.2022, Subject: Instruction to take necessary measures to facilitate casting of vote by the voter employees of the related areas on 07 February 2022.
- DOS Circular Letter No. 06, Date: 03.02.2022, Subject: Instructions for Conducting Banking Service to prevent the expansion of Corona Virus Disease (Covid-19) from 07 February 2022 to 21 February 2022

DFIM (Department of Financial Institutions and Markets) Circular
- DFIM Circular Letter No. 03, Date 20.02.2022, Subject: Increasing Moratorium period of Loans/Lease/Advances given to Ship Building Industry due to Novel Coronavirus
- DFIM Circular Letter No. 02, Date: 20.02.2022, Subject: Bankers’ Books Evidence Act, 2021
- DFIM Circular No. 04, Date: 15.02.2022, Subject: Special Policy on Loan Repayment through One Time Exit.
- DFIM Circular No. 03, Date: 06.02.2022, Subject: Components of Capital Market Investment of Financial Institutions
- DFIM Circular Letter No. 01, Date: 06.02.2022, Subject: Conducting Activities of Financial Institutions up to 21 February 2022

FEOD (Foreign Exchange Operation Department) Circular
- FEOD Circular Letter No. 01, Date: 13.02.2022, Subject: Regarding duly reporting of back to back local LCs and “Acceptance” against back to back local LCs in Online Import Monitoring System (OIMS).
FEPD (Foreign Exchange Policy Department) Circular
- FEPD Circular Letter No. 08, Date: 09.02.2022, Subject: Regarding deduction from income of non-residents and other related issues: Section 56 of Income Tax Ordinance 1984.
- FEPD Circular No. 03: Submission of Daily Exchange Position Statement Input Template

PSD (Payment Systems Department) Circular
- PSD Circular No. 05, Date: 22.02.2022, Subject: Issuance of PSO license to “Softtech Innovation Limited”
- PSD Circular No. 04, Date: 15.02.2022, Subject: Bangladesh Mobile Financial Services (MFS) Regulations, 2022

SMESPD (SME and Special Programmes Department) Circular
- SMESPD Circular Letter No. 01, Date: 22.02.2022, Subject: Regarding Selection of SME Lead Bank

SD (Statistics Department) Circular
- SD Circular Letter No. 02, Date: 06.02.2022, Subject: Regarding the submission of Islamic Financial Transactions related data through new data template.
Instruction Circular

1. Circular No. 2764, Date: 28.02.2022, Subject: Credit Card Acquisition Campaign for Executives and Officers from 1st March to 31st May 2022.
2. Circular No. 2762, Date: 27.02.2022, Subject: Renewal of Enlistment of 04 (Four) Insurance Companies approved Insurers of our Bank for the Year’2022.
3. Circular No. 2761, Date: 27.02.2022, Subject: Guidelines on Internal Credit Risk Rating system
5. Circular No. 2759, Date: 22.02.2022, Subject: Circular No. 2559, Date: 22.02.2022, Subject:
6. Circular No. 2758, Date: 15.02.2022, Subject: Circular No. 2758, Date: 15.02.2022, Subject:
7. Circular No. 2757, Date: 15.02.2022, Subject: Circular No. 2757, Date: 15.02.2022, Subject:
8. Circular No. 2756, Date: 15.02.2022, Subject: Circular No. 2756, Date: 15.02.2022, Subject:
9. Circular No. 2755, Date: 13.02.2022, Subject: Circular No. 2755, Date: 13.02.2022, Subject:
10. Circular No. 2754, Date: 13.02.2022, Subject: Circular No. 2754, Date: 13.02.2022, Subject:
11. Circular No. 2753, Date: 13.02.2022, Subject: Circular No. 2753, Date: 13.02.2022, Subject:
12. Circular No. 2752, Date: 13.02.2022, Subject: Circular No. 2752, Date: 13.02.2022, Subject:
13. Circular No. 2751, Date: 13.02.2022, Subject: Circular No. 2751, Date: 13.02.2022, Subject:
14. Circular No. 2750, Date: 13.02.2022, Subject: Circular No. 2750, Date: 13.02.2022, Subject:

Information Circular

1. Circular No.1793, Date: 28.02.2022, Subject: Regarding Changes of BTCL Telephone Number of MBL Dinajpur Branch, Dinajpur.
2. Circular No.1792, Date: 28.02.2022, Subject: Information Regarding Changes of BTCL Telephone Number of MBL Netrokona Branch, Netrokona.
5. Circular No.1782, Date:10.02.2022, Subject: Information Regarding Changes of BTCL Telephone Number of MBL Kawran Bazar Branch, Dhaka.

6. Circular No.1781, Date:10.02.2022, Subject: Information Regarding Changes of BTCL Telephone Number of MBL Asad Gate Branch, Dhaka.

7. Circular No.1780, Date:10.02.2022, Subject: Information Regarding Changes of BTCL Telephone Number of MBL Rajshahi Branch, Rajshahi.

8. Circular No. 1779, Date:10.02.2022, Subject: Information Regarding Changes of Telephone Number(Hunting) and FAX Number of GSP Finance Company (Bangladesh Limited.


12. Circular No.1773, Date:03.02.2022, Subject: Cautions against fraudulent Activities for Hajj Registration.

ID Circular
1. Circular No.14, Date:17.02.2022, Subject: আয়কর অধ্যাদেশ ১৯৮৪ এর ৫৬ ধারা অনুযায়ী অনিবার্ঘিষ্ঠ/প্রতিষ্ঠাতাদের আয় হতে কর কর্তা গ্রাহক

2. Circular No.13, Date:17.02.2022, Subject: Regarding submission of foreign exchange market related statements through "Online Foreign Exchange Market Monitoring System."

3. Circular No.12, Date:06.02.2022, Subject: বাংলাদেশ হতে সফটওয়ার, আইটিএস (Information Technology Enabled Service) ও হাউইয়ার রাজ্যের বিপুলতাতে রাজ্যি প্রয়োজন/ নগদ সহায়তা এনান এনান।

4. Circular No.11, Date:06.02.2022, Subject: হাজার হিসাব লেনদেন (বিদেশে ইন্টারনেট বিনিয়োগ) বিবিধমালা, ২০২২” শীর্ষক অ্যাপ্লিক

INVITATION FOR CONTENTS

You are cordially invited for any insightful write up which will be published in next volumes of MBL Spectrum subject to discretion of editorial board. In this regard, please contact Research & Planning Division, Head Office, Mercantile Bank Limited or send email hod_rpd@mblbd.com

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