

MBL

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RESEARCH AND PLANNING DIVISION
MERCANTILE BANK LIMITED
HEAD OFFICE, DHAKA.

MARCH 2023

SPECTRUM



বাংলা ব্যাংক



মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
দক্ষতাই আমাদের শক্তি

EDITORIAL

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CONTENTS



04

Editor's
Note

05

MBL
Performance
march 2023

06

Global
Economy

13

Bangladesh
Economy

21

Banking
Industry

28

MBL News

32

Bangladesh
Bank Circular
March 2023

34

MBL Circular
March 2023

EDITOR'S NOTE

First quarter of 2023 has to be one of the most eventful ones. This first quarter of 2023 has been a mixed bag for the economy around the globe with inflation on the rise making it hard for people to live standard lives. For our country, March is a month of great significance. March is the month when Father of the Nation Bangabandhu Sheikh Mujibur Rahman was born and under his leadership our country Bangladesh came into being. On 26th March, 1971 Bangladesh emerged on the world map. But, before the 26th of March came the genocide of 25th march, 1971 when the Pakistani army launched its infamous 'Operation Searchlight'. The 52nd Independence and National Day has been celebrated across the country, commemorating the martyrs whose sacrifices ensured long-cherished freedom from Pakistani oppression in 1971. Bangladesh is currently seen as a prosperous and economically promising nation on a global scale.

Instability in the global economy is being influenced by the Ukraine-Russia conflict, supply interruptions, and energy shortages, and Bangladesh is not an exception. At present, inflation has skyrocketed in Bangladesh, causing the savings rate to decrease continuously. Hence, the banking industry is experiencing a liquidity crisis. In the meantime, the collapse of two major banks in the United States (Silicon Valley Bank and Signature Bank) has become a concern about the global economic situation. To combat rising inflation, the US central bank repeatedly raised its main interest rates.

Since the time of COVID-19 until now, Bangladesh has overcome all odds with great efficiency under the leadership of honorable prime minister Sheikh Hasina. As per the vision for 2040, the nation is progressing under her direction with great discretion. Infrastructure development is still on the rise, which will support Bangladesh's economy's continued growth. The World Bank predicts that the GDP growth rate will increase to 6.2 percent in the upcoming fiscal year.

Looking forward to the coming days, "MBL Spectrum" will once again reveal the progress of the banking sector, the overall economic situation along with MBL's position up to March 2023.

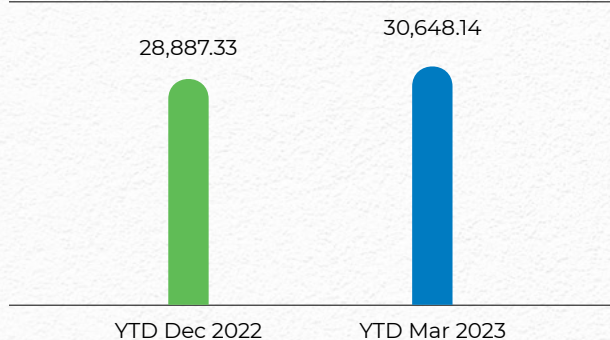
Tapash Chandra Paul, PhD
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MBL PERFORMANCE

MARCH 2023

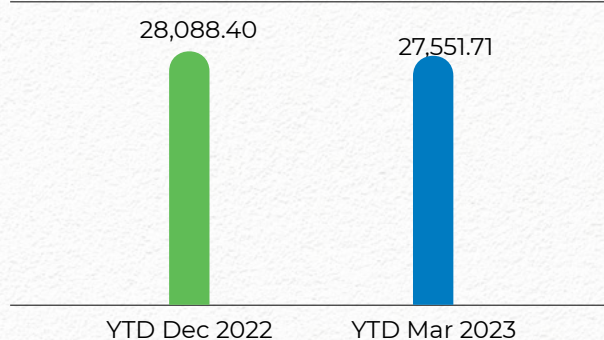
Deposits

BDT in Crore



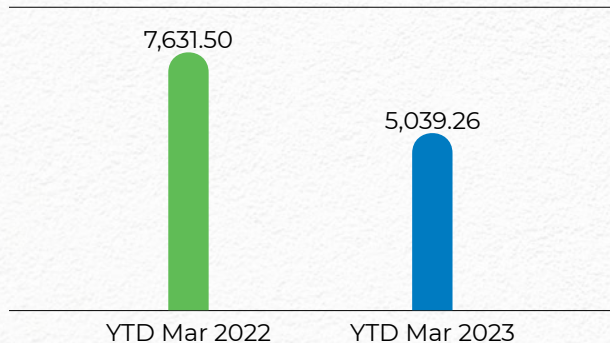
Loans & Advances

BDT in Crore



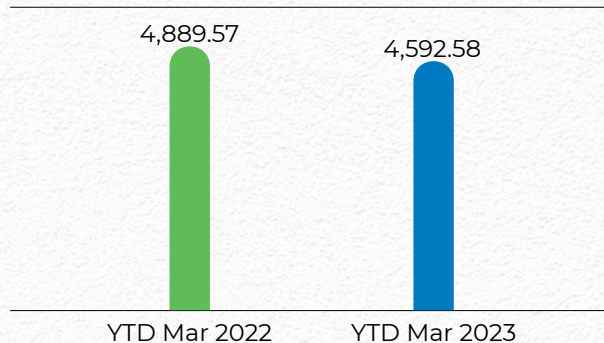
Import

BDT in Crore



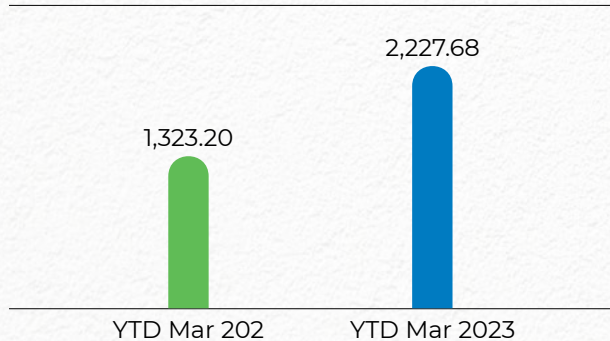
Export

BDT in Crore

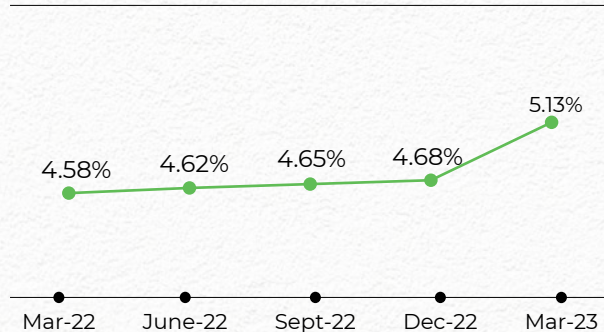


Inward Remittance

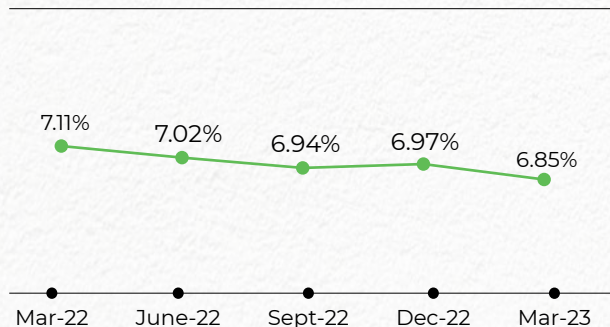
BDT in Crore



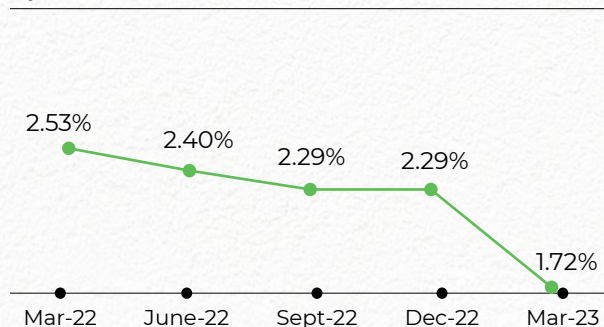
Cost of Deposit



Yield on Advances



Spread



GLOBAL ECONOMY



Growth is projected to remain moderate with inflation declining gradually

The world economy is still overshadowed by Russia's aggressiveness against Ukraine. The rebound over the following two years is anticipated to be modest, notwithstanding recent signs of improvement. The prognosis is still shaky, and dangers to the downside are more prevalent. The war's high level of

uncertainty could have a negative impact on activity. High trade tensions may get worse. Fears about financial vulnerabilities have increased, especially in low-income nations, housing markets, and financial institutions. Although headline inflation has begun to decline, it is still high and may continue for a while.



GDP



Energy



Inflation

GDP

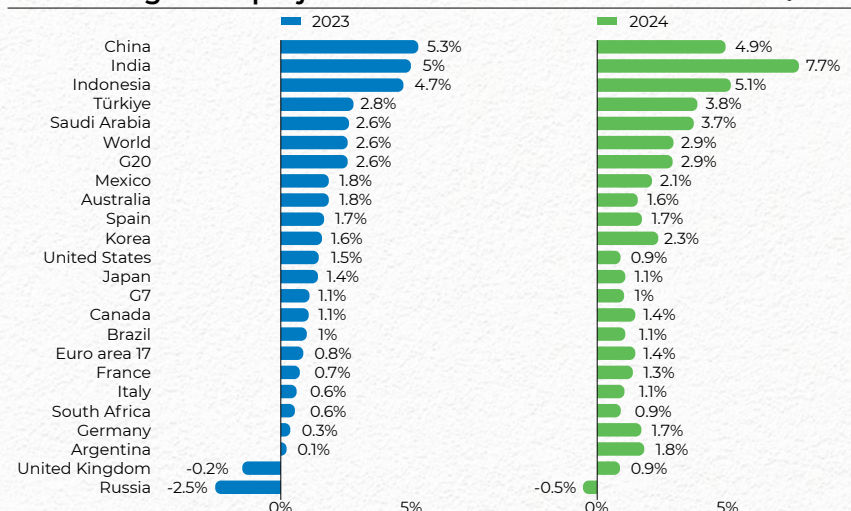
Global growth has slowed since the start of the war

Global growth slowed in 2022 to 3.2%, more than 1 percentage point weaker than expected at the end of 2021, mainly weighed down by Russia's war of

aggression in Ukraine and the associated cost-of-living crisis in many countries. Growth is projected to remain at below-trend rates in 2023 and 2024.

2.6%
Projected global
growth in 2023

Real GDP growth projections for 2023 and 2024



Energy

Declining energy prices have contributed to a modest improvement in the global outlook

A key factor in the improvement in activity and sentiment in early 2023 was the recent decline in energy and food prices. While levels are still relatively high compared to pre-war, this is boosting purchasing power for most firms and households

and is helping to lower headline inflation. The earlier-than-expected re-opening in China is also expected to have a positive impact on global activity, reducing supply chain pressures and giving a boost to international tourism.

\$130 → \$80
Brent oil Price,
USD/barrel, June
2022 to March 2023

Energy prices have come down

Oil (Brent, USD/barrel) TTF Natural Gas (EUR/MWh) Coal (Newcastle FOB), USD/Mt



Inflation

There is some easing of headline inflation

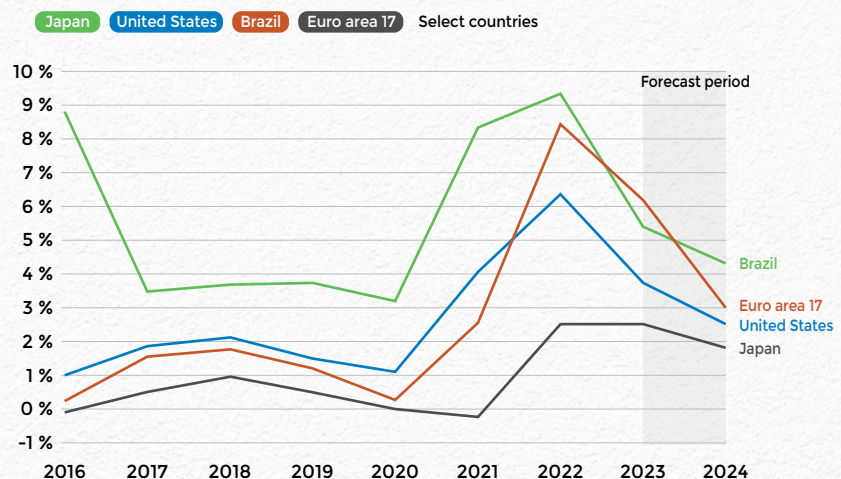
Headline inflation has begun to decline mainly due to the easing of energy and food prices. The decline in energy prices partly reflects the impact of a warm winter

in Europe, which helped to preserve gas storage levels, as well as lower energy consumption in many countries.

5.9%
Projected inflation
for the G20 in 2023

Headline inflation

Year-over-year, %



What should governments do?

- **Monetary policy should stay the course**

Persistent inflation pressures in services and cost pressures from tight labour markets will require many central banks to maintain high policy rates until well into 2024.

- **Fiscal support should become more targeted**

Many countries introduced fiscal measures to shield households and firms from the worst of energy price hikes. Most of this support was through broad measures to reduce prices. The fall in energy prices advocates for gradual withdrawal of broad policy support, while continuing to provide targeted support for those most in need.

- **Boost underlying growth prospects**

Productivity growth has been disappointingly slow in the OECD in recent decades. OECD countries need to urgently reverse this trend. Encouraging digital adoption through structural policies, such as raising technical skills and competition, that incentivise the uptake of key ICT technologies will be essential. Reducing gender gaps in participation of STEM programmes and lowering services trade barriers can help achieve this.

(Ref: OECD Economic Outlook, Interim Report March 2023)

US raises interest rates despite banking turmoil

The US central bank has raised interest rates again, despite fears that the move could add to financial turmoil after a string of bank failures. The Federal Reserve increased its key rate by 0.25 percentage points, calling the banking system “sound and resilient”. But it also warned that fallout from the bank failures may hurt economic growth in the months ahead.

The Fed has been raising borrowing costs in a bid to stabilise prices. But the sharp increase in interest rates since last year has led to strains in the banking system. Two US banks - Silicon Valley Bank and



Signature Bank - collapsed this month, buckling in part due to problems caused by higher interest rates.

(Ref: <https://www.bbc.com/>)

German inflation expected to ease significantly

Inflation is expected to ease significantly in Germany in March on the back of lower energy prices, preliminary data from six economically key states in the country showed on 30 March. The inflation rate in Brandenburg and Baden-Wuerttemberg fell to 7.8 percent year-on-year. It slowed to 7.2 percent in Bavaria, 7.1 percent in Hesse and 6.9 percent in North-Rhine Westphalia. In the eastern state of Saxony, inflation declined to 8.3 percent in March.

In February, inflation rates for the six states had been between 8.3 percent and 9.2 percent. Economists polled by Reuters expect the rate of price rises to ease to



7.5 per cent from 9.3 percent in February in Europe's largest economy. Inflation in Germany and the euro zone is no longer the result of a pure supply-side shock, but a demand-side issue, ING economists Carsten Brzeski and Franziska Biehl said.

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

Vietnam growth slows as exports slump

Vietnam's economic growth slowed in the first quarter of the year as exports slumped due to reduced consumer demand. The communist manufacturing hub's economy expanded by 3.32 percent in the January-March period, down from 5.05 percent in the same period of 2022.

Vietnam is one of the world's largest exporters of clothing, footwear and furniture but in the first quarter of 2023 the



country faced “unstable and complicated developments in the world economy”, the General Statistics Office (GSO) said in a statement. “The slow recovery of the world economy with the tightening monetary policies in several countries have reduced consumption demands in major trade

partners. This created an impact on Vietnam’s imports and exports volume.” Vietnam earned \$79 billion from exports in the quarter -- down 11.9 per cent year on year.

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

US may enter recession this year

The United States will likely enter a recession this year and face high inflation well into 2024, a majority of economists predicted in their response to a semiannual survey. More than two-thirds of respondents to the National Association for Business Economics (NABE) Policy Survey also see inflation remaining above four percent at the end of this year.

The survey summarized the responses of 217 NABE members, and was conducted between March 2 and March 10, the organization said in a statement. The US Federal Reserve has raised rates 4.75 percentage points in a bid to tackle rising inflation, which reached its highest level



in decades last year. Price rises slowed slightly to an annual level of 6.0 percent in February, which is well above the Fed's long-term target of two percent.

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

Sri Lanka's economy shrinks 7.8% in 2022

Sri Lanka's economy shrank 7.8 percent in 2022 from the previous year, government data showed, as the country struggled with its worst financial crisis in more than seven decades. The island's fourth-quarter GDP contracted 12.4 percent, according to the figures.

Sri Lanka's growth is expected to shrink by 3 per cent this year, Moody's Investors Service said but growth is expected to rebound in 2024. Economic mismanagement coupled with the impact of the Covid-19 pandemic left Sri Lanka severely short of dollars for essential



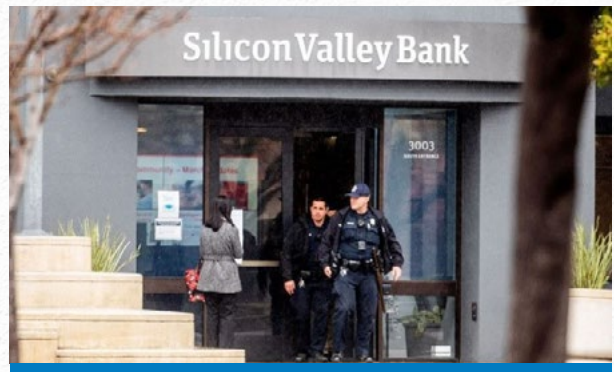
imports at the start of last year tipping the country into the worst financial crisis since Independence from the British in 1948.

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

Silicon Valley Bank: largest failure since 2008 crisis

Startup-focused lender SVB Financial Group became the largest bank to fail since the 2008 financial crisis on 10 March, in a sudden collapse that roiled global markets, left billions of dollars belonging to companies and investors stranded. California banking regulators closed the bank, which did business as Silicon Valley Bank, on 10 March and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver for later disposition of its assets.

Based in Santa Clara, the lender was ranked as the 16th biggest in the US at the end of last year, with about \$209 billion in assets. Specifics of the tech-focused bank's abrupt collapse were a jumble, but the Fed's aggressive interest rate hikes in the last year, which had crimped financial



conditions in the start-up space in which it was a notable player, seemed front and center. As it tried to raise capital to offset fleeing deposits, the bank lost \$1.8 billion on Treasury bonds whose values were torpedoed by the Fed rate hikes.

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

IMF to temporarily raise borrowing limits to aid vulnerable countries



The International Monetary Fund says its executive board has agreed to temporarily increase the limits on member countries' annual and cumulative access to IMF loan resources to help them cope with a particularly challenging and uncertain environment, reports Reuters. In an announcement, the IMF said its cumulative lending limits were increased to 600 percent of a country's quota, or shareholding in the fund, from a previous

limit of 435 percent. The 12-month borrowing limit was raised to 200 percent of quota from 145 percent.

The IMF, which has about \$1 trillion in total lending resources, said the executive board also discussed possible changes in access limits under the Poverty Reduction and Growth Trust, its concessional lending arm for low-income countries.

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

World food prices fall for 11th consecutive month

The United Nations food agency's world price index fell in February for an 11th consecutive month, and is now down 19 percent from a record high hit last March following Russia's invasion of Ukraine. The Food and Agriculture Organisation's (FAO) price index, which tracks the most globally traded food commodities, averaged 129.8 points last month against 130.6 for January. It was the lowest reading since September 2021.

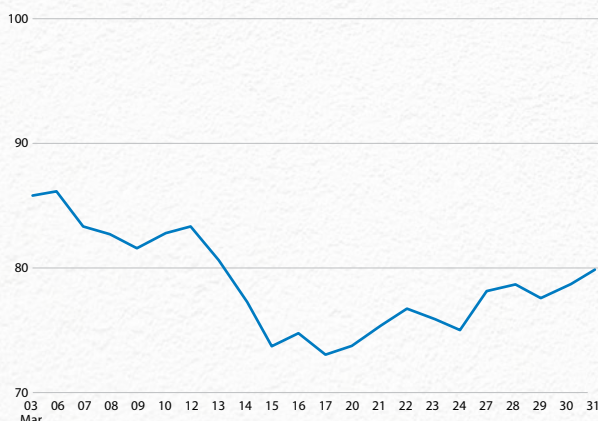
The monthly update said the decline in the index reflected lower prices for vegetable oils and dairy products, which more than offset a steep rise in sugar prices, reports Reuters. Vegetable oils



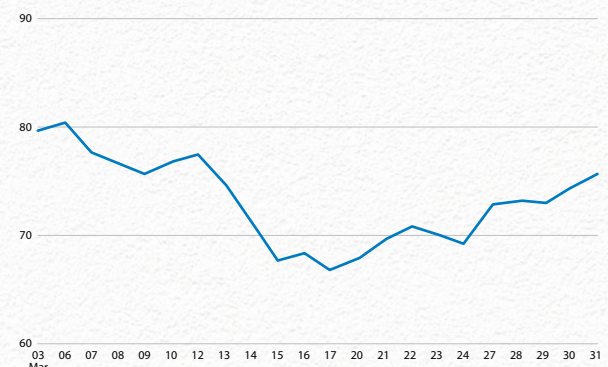
fell by 3.2 per cent and dairy by 2.7 per cent, while sugar rose by 6.9 per cent to a six-year high due largely to a downward revision to production in India.

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

Brent Crude Oil (\$/barrel)



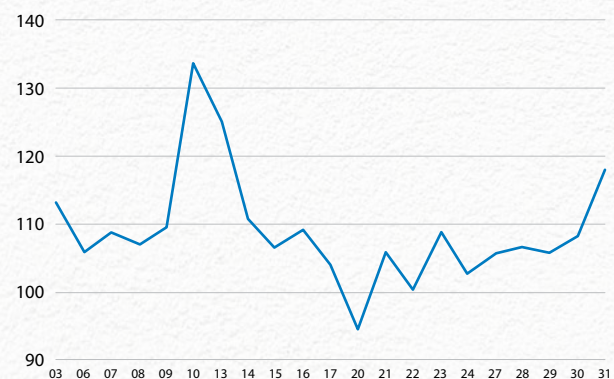
West Texas Intermediate Crude Oil Price (\$/barrel)



Gold Price (USD/oz)



Natural Gas (p/therm)

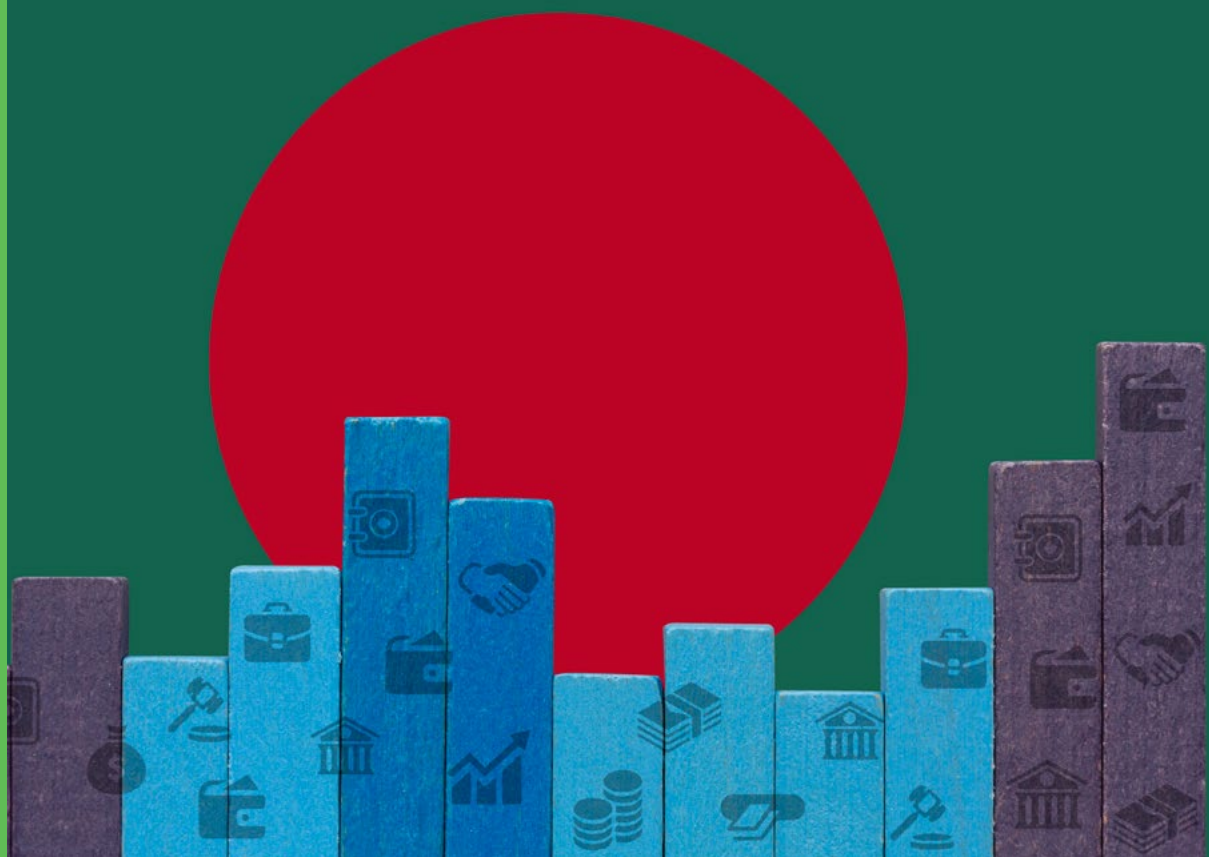


Sources:

1. www.bbc.com
2. www.goldprice.org

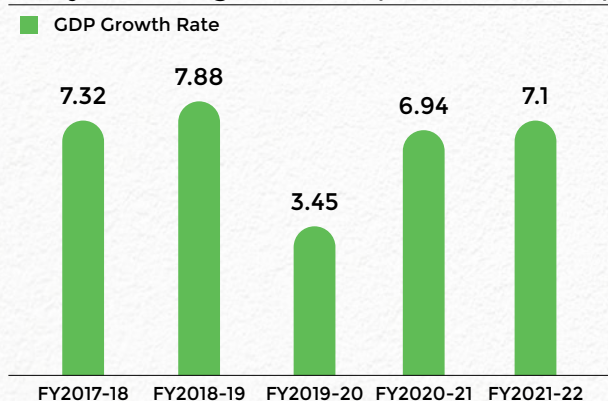
Graph: Global Economy Scenario

BANGLADESH ECONOMY

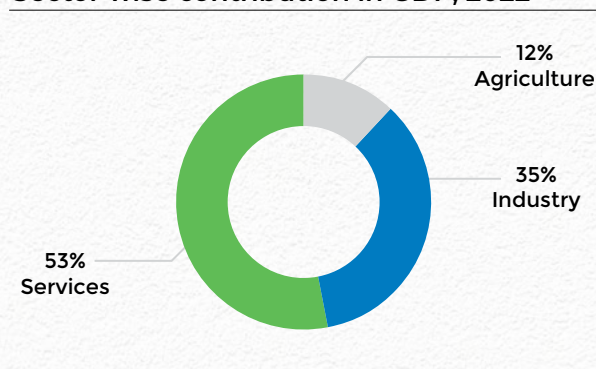


Key indicators of economy at a glance

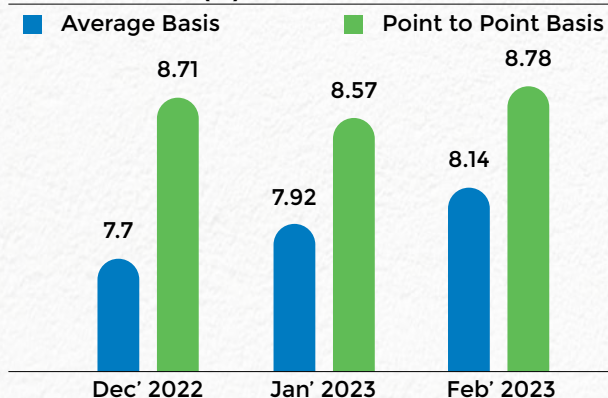
Five years GDP growth rate (Base: 2005-06=100)



Sector wise contribution in GDP, 2022

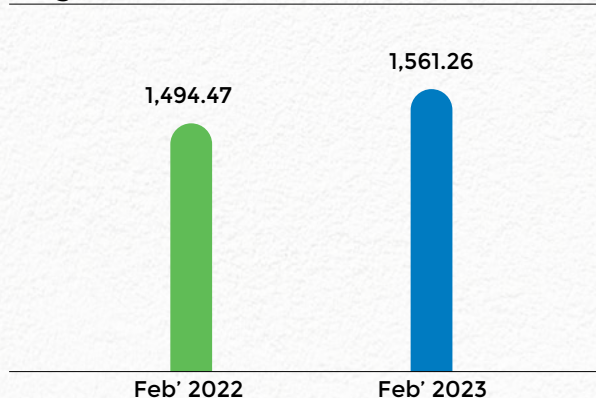


Inflation Rate (%)



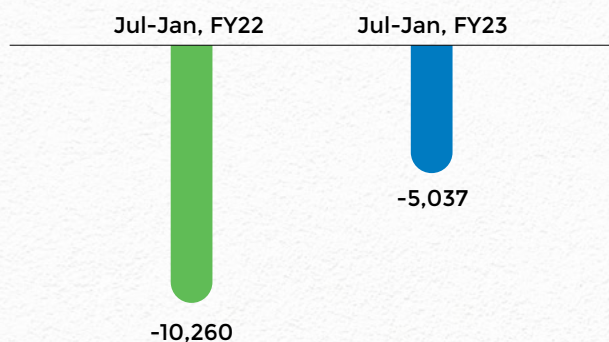
Wage Earners' Remittances

In million US\$



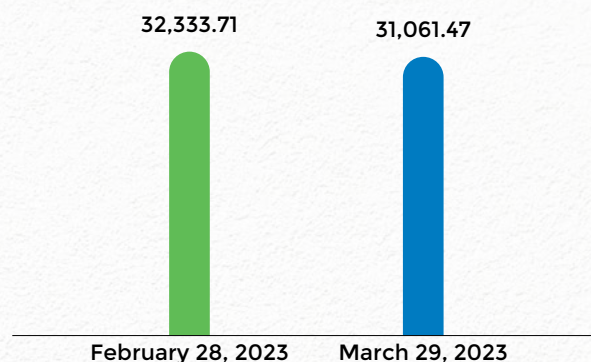
Current Account Balance

In million US\$



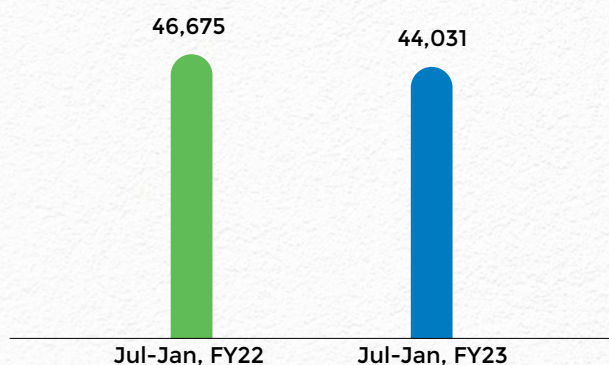
Foreign Exchange Reserve

In million US\$



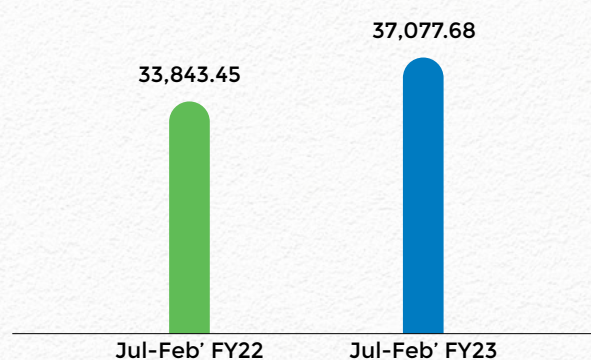
Import

In million US\$



Export

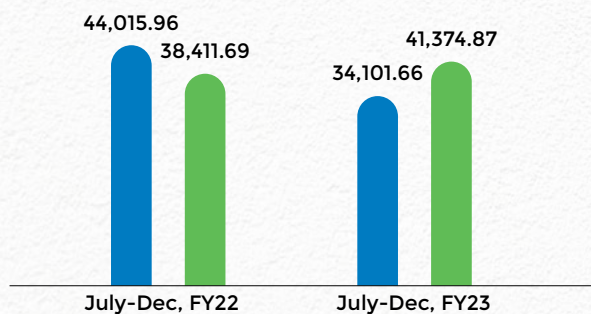
In million US\$



L/C Opening and Settlement

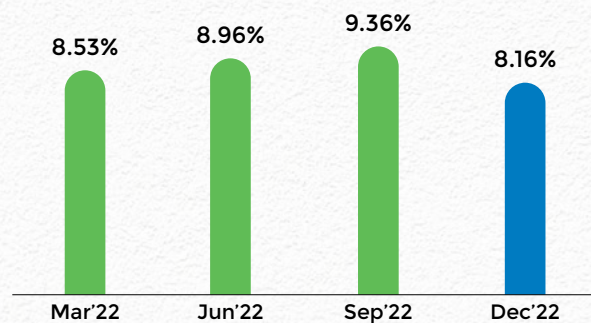
In million US\$

■ Opening ■ Settlement



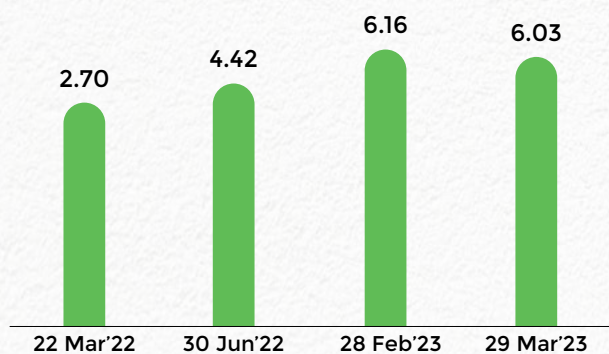
Classified Loan

in percent



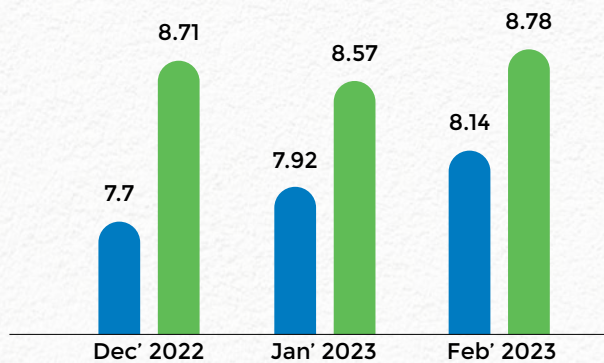
Call Money Rate

in percent



Inflation Rate (%)

■ Average Basis ■ Point to Point Basis



New inflation measure to replace outmoded index

Bangladesh is updating the consumer inflation index with lot many goods and services in count, with 2021-22 as new base year, as price rises have upset indices locally and globally. Officials say the updated gauge to measure inflation is likely to be launched next fiscal year, beginning in July, as the existing one uses 2006 fiscal as base year and fails

to portray real picture of inflation. "There have been huge changes in the consumption habits over the years, so we need the latest commodity basket to reflect the real picture of the price changes," said a senior official working at the national accounting wing of Bangladesh Bureau of Statistics (BBS).

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

BBS Labor Force Survey 2022

Particulars	2021-22	2016-17	Change
Unemployment Rate	3.6%	4.2%	Decrease
Total Labor Force	73.41 million	63.5 million	Increase
No. of Unemployed	2.63 million	2.7 million	Decrease
Labor Force Participation in Agriculture Sector	45.33%	40.6%	Increase
Labour Force Participation in Industrial sector	17.02%	20.4%	Decrease
Labour Force Participation in Service sector	37.65%	39%	Decrease
Female Labour Force Participation	42.68%	36.3%	Increase
Population out of Labor Force	46.90 million	45.5 million	Increase

Source: Bangladesh Bureau of Statistics (BBS)

Unemployment rate drops to 3.6pc: BBS

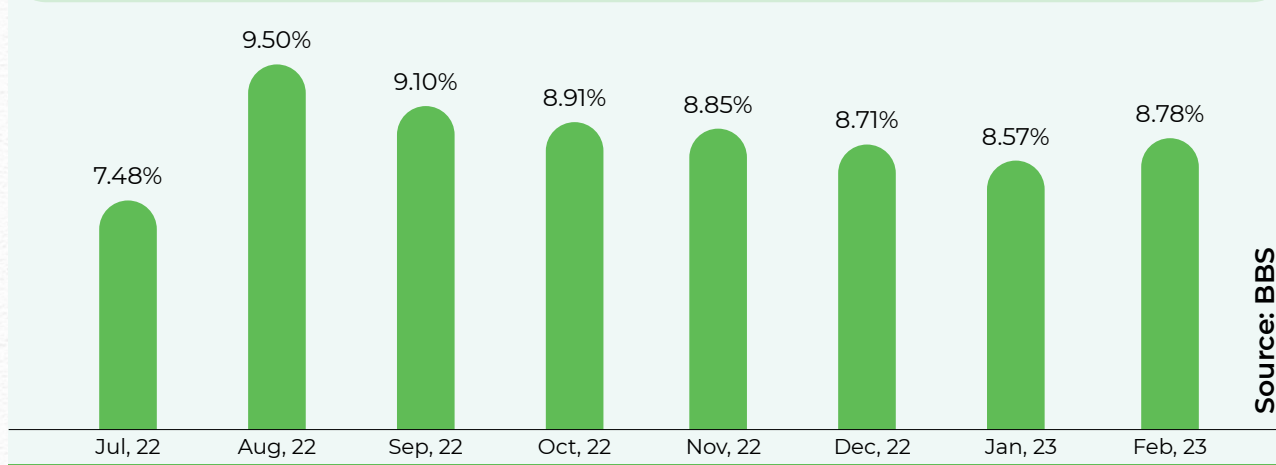
The country's unemployment rate declined to 3.6 per cent in 2022 from 4.2 per cent five years ago, according to the Bangladesh Bureau of Statistics (BBS) survey. Of Bangladesh's 73.41 million labour force, 2.63 million were unemployed last year, as per the provisional findings of the BBS Labour Force Survey (LFS) 2022. State Minister for Planning Dr Shamsul Alam said

labour force in the industrial sector had been increasing over the years, but the dimension changed in the LFS 2022. Labour force in the agriculture sector might increase, as there were some new dimensions and scopes of works in the agriculture sector over the years, and the Covid pandemic had an impact on employment.

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

Inflation increased to 8.78pc in February

Point-to-point inflation



The general point-to-point inflation rate increased slightly to 8.78 per cent in February mainly because of the slight rise in food inflation, according to the monthly Consumer Price Index (CPI) of the Bangladesh Bureau of Statistics (BBS). The inflation rate was 8.57 per cent in January and 8.71 per cent in

December, reports BBS. In February, the point-to-point food inflation increased to 8.13 per cent, which was 7.76 per cent in the previous month. The point-to-point non-food inflation declined slightly to 9.82 per cent in February down from 9.84 per cent in January.

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

May 24, 2022 to Feb 28, 2023

Non-essentials' imports Tk 34 Billion

Govt. revenue declines to Tk 29.86 Billion

As of March 29, 2023

Forex Reserves US\$ 31.05 Billion

"Demand and availability of high-value imported fruits symbol of 'income equality' as a vast majority has been compelled to switch to 'compromised diet' excluding fish and meat": Economist

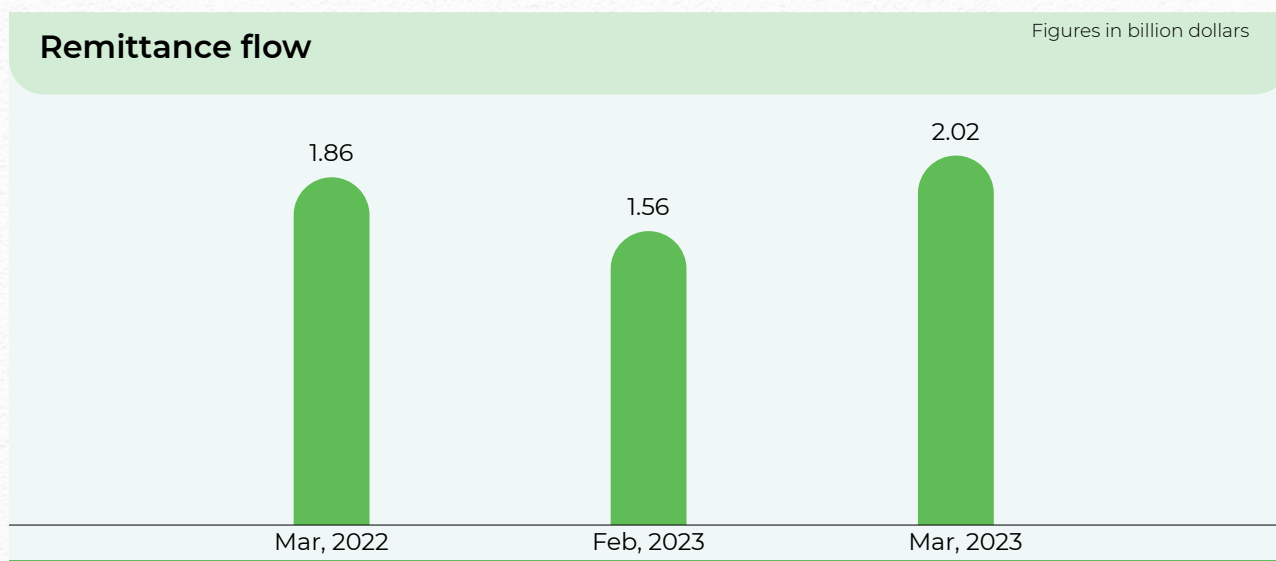
Austerity saves forex but at NBR's cost

Imports of 135 products plummeted 52 per cent in volume and 41 per cent in value during the last nine months following the imposition of prohibitive duties to save Bangladesh's falling forex reserves. The items include fresh fruits, fresh flowers, cosmetics and furniture which the government defined as less important to import in this situation of dollar crisis. Statistics show government revenue from these imports also

contracted substantially. Until March 29, 2023, country's foreign-exchange reserves had declined to US\$ 31.05 billion from \$33.86 billion on December 1, 2022, according to Bangladesh Bank sources. To discourage import, the National Board of Revenue (NBR) imposed on May 24, 2022 Regulatory Duty (RD) of up to 20 per cent on those products.

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

March remittances cross \$2.0b



After six months, Bangladesh's remittance earnings crossed US\$2-billion mark in March, giving a much-needed impetus to the falling forex reserves. The volume of remittance may increase further in April when the Muslim-majority country will celebrate Eid-ul-Fitr, a religious festival for Muslims across the globe. Bangladesh Bank (BB) data show that in March, Bangladeshi

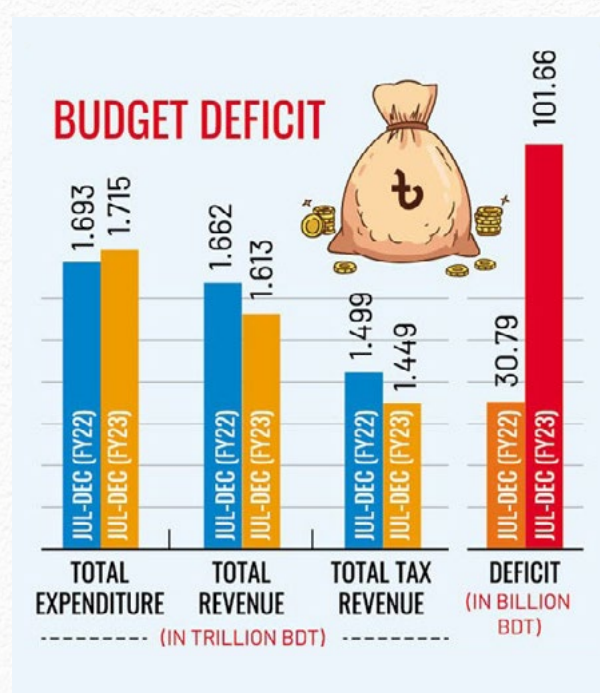
nationals working abroad sent in foreign currencies worth US\$ 2.02 billion, up by 29.29 per cent compared to the earnings in the previous month of February when the US\$400 billion plus economy received US\$1.56 billion. The expatriates remitted home US\$ 1.86 billion in the corresponding month of March in 2022.

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

Budget deficit widens on lower revenue receipt

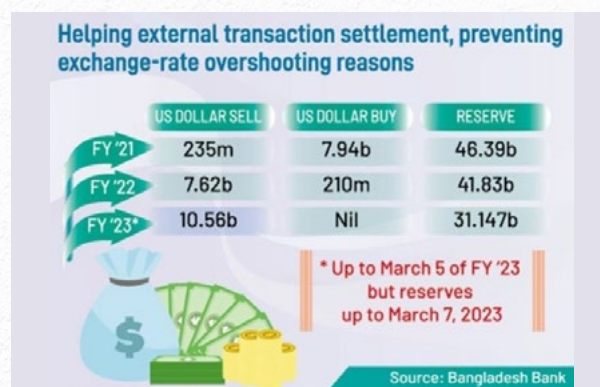
Government budget deficit widened in the first six months of the current fiscal year on narrowing revenue receipt. The budget deficit was recorded up to December at Tk 101.66 billion amid lower revenue collection and the deficit was at Tk 71.53 billion up to November. The total revenue mobilisation was recorded at Tk 1.613 trillion up to December, down by nearly Tk 50 billion from the same period a year earlier. The total expenditure was Tk 1.715 trillion during the period under review. In the official accounting tax revenue was recorded at about Tk 1.449 trillion, down by 3.3 per cent year on year. Non-tax revenue (NTR), however, remained almost at par during the July-December period at Tk 163.87 billion.

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



Reserves fall as BB funnels huge dollars into banks

Bangladesh's foreign-exchange reserves are taking a tumble as the central bank goes on selling a record volume of US dollar to the commercial banks having an acute forex dearth to settle their mounting overseas transactions. To avoid the overshooting of exchange rates because of the shortfall of the dollar on the money market, Bangladesh Bank (BB) kept injecting the greenback into the banks for last eight months. According to BB statistics, the central bank purchased US\$ 7.93 billion from the market and sold US\$ 235 million in the financial year (FY) 2020-2021. The arithmetic was altogether different in



the previous fiscal (FY'22) as it bought US\$210 million while sold US\$ 7.62 billion to the banks.

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

Government debt snowballs to Tk 13.60t for deficit financing

Aggregate government debt liabilities snowballed to approximately Tk.13.60 trillion as of December, 2022. The increase in current fiscal's first-half debt burden was Tk. 0.22 trillion. In percentage terms, it reflects a six-month increase of 1.6 per cent in December of the current fiscal 2022-23. Of the total public debts, domestic borrowing was Tk 8.64 trillion and external Tk 4.96 trillion. The debt-to-GDP burden, however, looks down at 30.56 per cent at the end of December against 32.38 per cent at the end of June

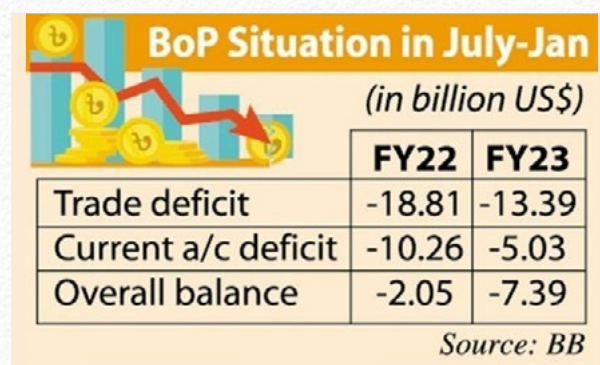


2022, in proportion to ramped-up gross domestic product.

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

BoP deficit balloons to \$7.4b in seven months

Bangladesh's current-account deficit narrowed nearly 51 per cent to US\$5.04 billion year on year in the July-January period of this fiscal but overall balance of payments (BoP) deteriorated nearly 260 per cent to \$7.4 billion. During the first seven months of the fiscal year 2022-23, the current-account deficit stood at \$5.04 billion as compared to \$10.26 billion in the same period of the previous



fiscal, according Bangladesh Bank (BB) data. The overall balance of the BoP deteriorated to \$7.4 billion from \$2.05 billion during the period under review,

for a widening gap between incomings and outgoings in the country's financials.

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

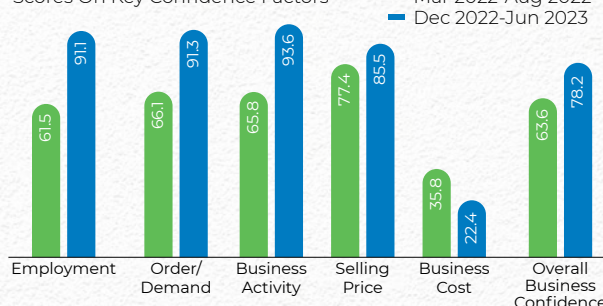
Businesses more confident now but soaring costs a big headache: Survey

Despite economic headwinds, Bangladeshi businesses turned out to be more confident about the demand, selling prices, business activities, employment and investment, reveals a survey. The only indicator that keeps deteriorating is their costs – that of electricity, water and gas, rent and materials – that are hurting the businesses, according to the Bangladesh Business Confidence Survey 2022-23.

(Ref: <https://www.tbsnews.net>)

Business confidence survey 2022-23

Scores On Key Confidence Factors



Score ranges from 0 to 100 where less than 50 means pessimistic and more than 50 means optimistic

Source: Business initiative leading development (BUILD) and feed the future Bangladesh trade activity

RMG exports to non-traditional markets see 35pc growth in July-Feb period

Bangladesh's apparel exports to the non-traditional markets, which excludes the European Union, US, and Canada, witnessed a 35 per cent growth during the first eight months of the current fiscal year. The country fetched US\$5.69 billion during the July-February period of FY'23, which was \$4.21 billion in the same period of the last fiscal. During the period, our exports to India grew over 61 per cent to US\$753 million, Japan to US\$1.08 billion, marking 47.65 per cent growth. During the July-February period of FY'22, Bangladesh's share of the non-traditional markets was 15.32 per cent, which now stands at 18.13 per cent.

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



E-commerce buoyant riding on women entrepreneurs



Women entrepreneurs are playing a vital role in keeping Bangladesh's digital commerce segment buoyant using their skills and resilience, giving a much-needed fillip to a sector reeling under crisis because of plummeting sales, scams and unprecedented inflation. Overcoming many odds, thousands of women entrepreneurs in Bangladesh

who started their businesses with technology platforms have become self-reliant and created jobs for others. They have also become promoters of local products, helping local handicraft artisans deliver their products to the doorsteps of end-customers and ensure fair payments.

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

BANKING INDUSTRY



Summary of Banking Statistics

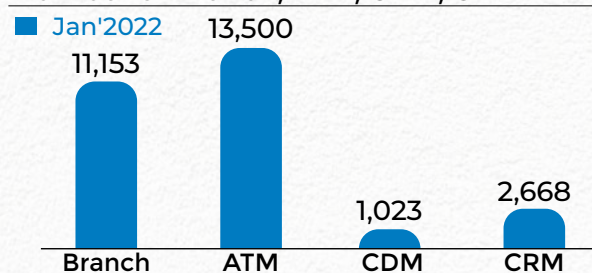
● Bank Deposit and Credit

Items	Jan, 2023	Dec, 2022	Jan, 2022	Percentage change Jan, 2023 over Jan, 2022
Deposits held in DMBs* (Taka In million)	1,48,77,713	1,48,91,691	1,40,17,539	6.14
Bank Credit (Taka In million)	1,76,67,448	1,75,82,944	1,62,74,091	8.56

* Excludes Inter bank Deposits and Government Deposits.

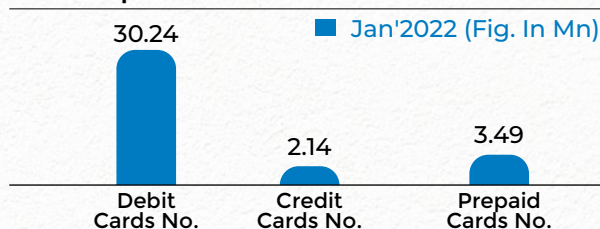
- In perspective of the total population (165.16 million, source: Preliminary Report on Population and Housing Census 2022, BBS) of Bangladesh, on an average 14,808 people receive financial services from one branch and 12,233 people receive digital financial services from one ATM.

Number of Branch, ATM, CDM, CRM



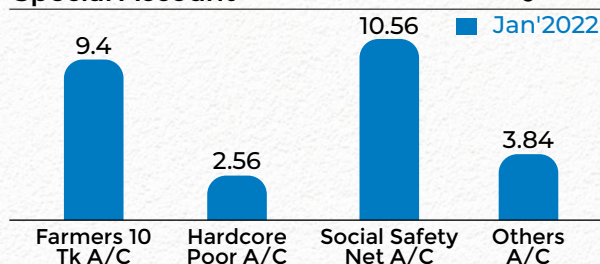
- In January 2022, the number of local and foreign currency transactions were 43.35 million with an amount of TK. 3,97,576.74 million.

Number of Debit Card, Credit Card and Prepaid Card



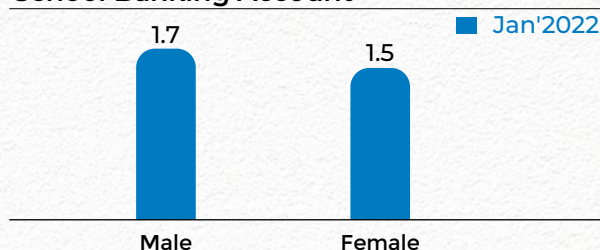
- Total No. of Special Account (Underprivileged people receive government allowances through no-frill accounts such as Farmers 10 TK. Account, Hardcore Poor Account, Social Safety Net Account etc.)

Special Account (Fig in Mn)



- School Banking activities encourage student (below 18 years) to develop saving behavior. In January, 2022, it is observed that there are more male student accounts than female student accounts and the total deposit balance of those accounts is TK. 22,255.15 million.

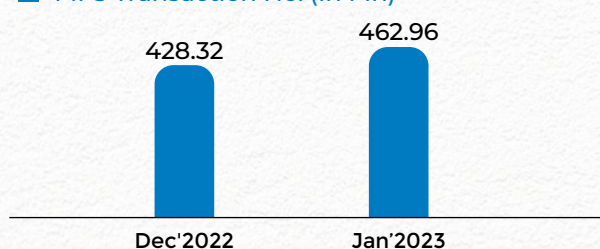
School Banking Account



Interest Rate Spread based on Monthly Weighted Average Rate of Interest on Deposits and Advances (February 2023)

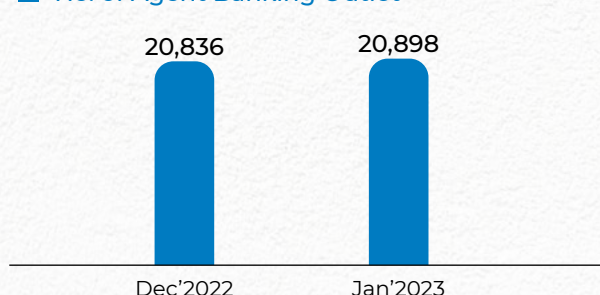
- In January 2022, the number of MFS (Mobile Financial Service) accounts is 194.13 million of which 86.20 million are in urban area and 107.92 million are in rural area. The float amount in this month is Tk. 96,920.12 million.

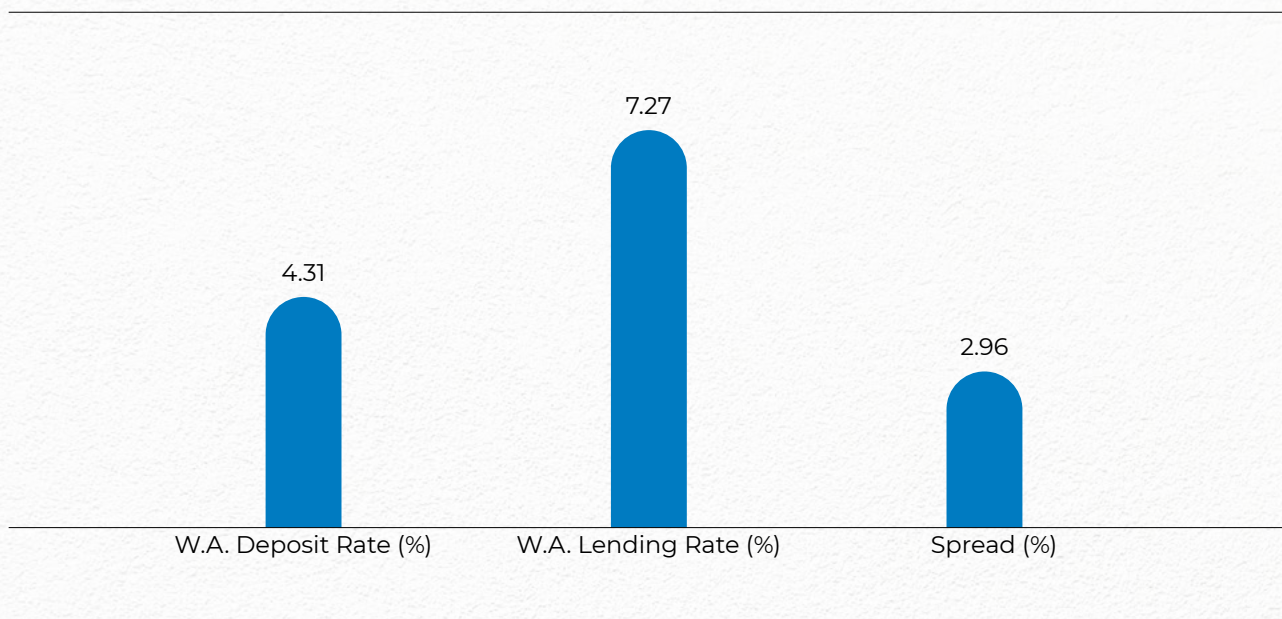
MFS Transaction No. (In Mn)



- Currently, 31 Scheduled Banks are operating Agent Banking Activities in Bangladesh and at the end of January, 2022, the ratio of Agent Banking accounts in urban and rural areas is about 16:84. In Agent Banking, total number of accounts is 17.76 million and deposit balance is TK. 2,98,227.44 million in January, 2022.

No. of Agent Banking Outlet





Bank Company (Amendment) Act, 2023: Walls closing in on habitual defaulters

The cabinet cleared the draft Bank Company (Amendment) Act, 2023 on March 28, 2023 that would usher in major consequences for habitual loan defaulters and restrict the influence of families on the bank board. As per the draft act, which was approved at the meeting chaired by Prime Minister Sheikh Hasina, habitual loan defaulters will not be allowed to run businesses or travel abroad. A maximum of three members of a family can serve



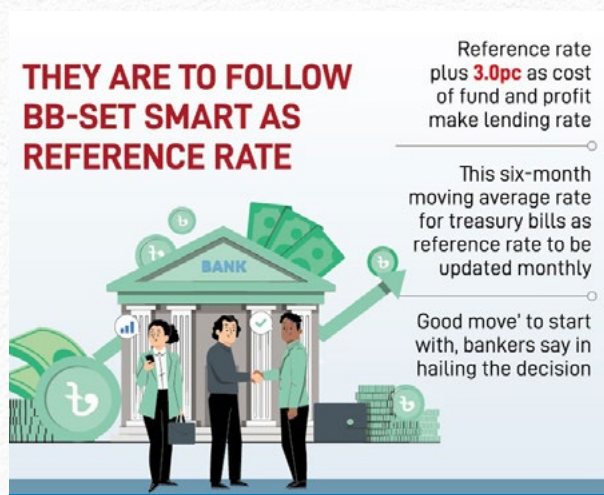
on the bank board, down from four in the existing law.

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

Banks free to fix own lending rates from July

Banks will be free to fix lending rates on their own in keeping with the central-bank set SMART or six-month moving average rate for treasury bills as reference rate from July, 2023 next. The banks could add 3.0 percentage points more in the form of cost of fund and profit margin to the benchmark rate to fix their lending rates. For example, six months' moving average of 182-day treasury bill is now around 6.98 per cent. With inclusion of 3.0 percentage points, the maximum lending rate comes at around 10 per cent.

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



Banks to pay 4% penal interest for unpaid EDF loans



The central bank has decided to impose a 4 per cent penal interest on the banks' overdue amount of loans made from its Export Development Fund (EDF). Bangladesh Bank has observed that EDF loans are not being realised in

accordance with instructions. In view of the situation, it has been decided that penal interest, or compensation in the case of shariah-based banking, will be charged by the BB to ADs at 4 per cent per annum above the prevailing interest rate on the overdue amount of EDF loans for the delayed period.

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

Raise SME loan ratio to 25% by 2024

Bangladesh Bank asked banks and non-bank financial institutions to raise their loan disbursement ratio for cottage, micro, small and medium enterprises to 25 per cent of their outstanding loans by next year. From 2024, of all the loans provided to this sector, 50 per cent must be distributed among cottage, micro and

small enterprises, according to a central bank notice. Moreover, at least another 15 per cent will have to be given out to women entrepreneurs, 40 per cent to manufacturing, 25 per cent to service and 35 per cent to trading sectors.

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

BB orders waiver on maintenance fees for retail merchants' bank accounts

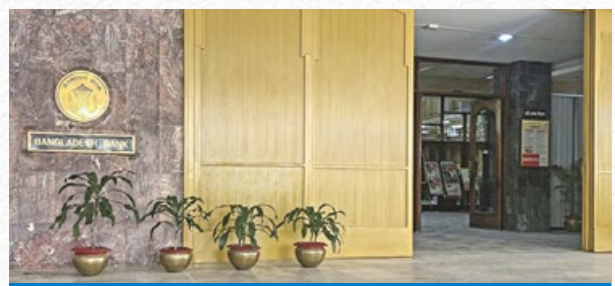
The Bangladesh Bank (BB) has issued a circular to all commercial banks, directing them to waive the maintenance fees charged on the bank accounts of retail merchants. The circular also mandates that these privileged personal retail accounts be exempted from the minimum deposit obligation, with no minimum deposit amount required for these bank accounts. The circular issued

with the aim of facilitating the inclusion of labour-dependent micro and floating entrepreneurs, service providers engaged in various fringe professions, and self-made or self-initiated product sellers and service providers through social media in the digital payment ecosystem through banking services.

(Ref: <https://www.tbsnews.net>)

No minimum deposit for micro-merchant accountholders now

Small merchants who have personal retail accounts will not have to maintain any minimum deposit and face any account maintenance fee, according to a central bank notice. In November 2020, the central bank allowed micro and underprivileged businesses to open personal retail accounts with a view



to bringing millions of small traders under the digital payment ecosystem. This enables micro and underprivileged businesses that have accounts with banks,

mobile financial service and payment service providers to open personal retail accounts without a trade licence.

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

Central bank lifts loan cap for oil-based power projects

The Bangladesh Bank has exempted oil-based power-producing companies from the single borrower exposure limit to keep the flow of money uninterrupted in the energy sector required to facilitate power generation. For the import of fuel oil and other raw materials for power generation, a bank can lend over 25% of its capital to any single person, organisation, or group of power producers till 31 December this year, according to the central bank



circular, signed by Abu Farah Md Nasser, deputy governor of Bangladesh Bank.

(Ref: <https://www.tbsnews.net>)

Who have highest/lowest bank deposits in Bangladesh?

HIGHEST/LOWEST BANK DEPOSITS IN BANGLADESH

(Per Capita in Taka)

HIGHEST		LOWEST	
Dhaka	6 lakh	Rangamati	5,000
Chattogram	2.4 lakh	Khagrachari	7,000
Cox's Bazar	1.64 lakh	Gaibandah	11,000
Lakshmipur	1.2 lakh	Lalmonirhat	11,000
Sylhet	97,000	Kurigram	11,000
Narayanganj	95,000		

Source: Bangladesh Bank

Prepared by: Khondoker Md Shoyeb



Bangladesh Bank has recently released data on deposits on all banks and it came out that people in hilly district of Rangamati have a per capita bank deposit of Tk 5,000, the lowest in the country. And, as expected, Dhaka is the home to people with the country's highest per capita deposit of Tk 6 lakh, which is 120 times

higher than the hilly district. Chattogram district stood second with per capita deposit of Tk 2.41 lakh and Cox's Bazar third with Tk 1.64 lakh. In case of divisions, Dhaka, again, tops the list with Tk 2.33 lakh where Rangpur comes last with Tk 17,000.

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

Division	Population	Districts	Amount	In percent
Dhaka	4.19 crore	13 districts	Tk 9.79 lakh crore	85 percent
		Dhaka District	Tk 8.32 lakh crore	
		Rest 12 district	Tk 1.47 lakh crore	
Chattogram	3.27 crore	All Districts	Tk 3.29 lakh crore	64 per cent
		Only Chattogram District	Tk 2.11 lakh crore	
Khulna	1.8 crore	All Districts	Tk 67,574 crore	

Source: BB

Bank loan disbursement to poultry, livestock rises

Banks disbursed a higher amount of loans to the poultry and livestock sector in the first seven months of the current fiscal year compared to the same period a year ago, according to data by Bangladesh Bank. In the seven months ending with January, the share of poultry and livestock in total farm loans of Tk 18,684 crore rose 21 per cent from 17 per cent during the same period the previous year. Poultry and livestock producers got Tk 3,923 crore in loans in the July-January period this fiscal, which was 35 per cent higher



from the same months a year ago, shows monthly report on agriculture and rural finance.

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

Daily transaction of MFS crosses Tk 32b



The average daily transaction of mobile financial service (MFS) has crossed Tk32 billion and its volume shows a growing trend. The BB has released the updated statistics of MFS with information on 13 service providers. Analysing the data, the BB report said

that MFS gets popular in Bangladesh due to convenient transaction opportunities and payment facilities. It has been seen that in the first month of this year January, customers transacted Tk1.05 trillion. This figure is the second-highest recorded transaction on mobile so far.

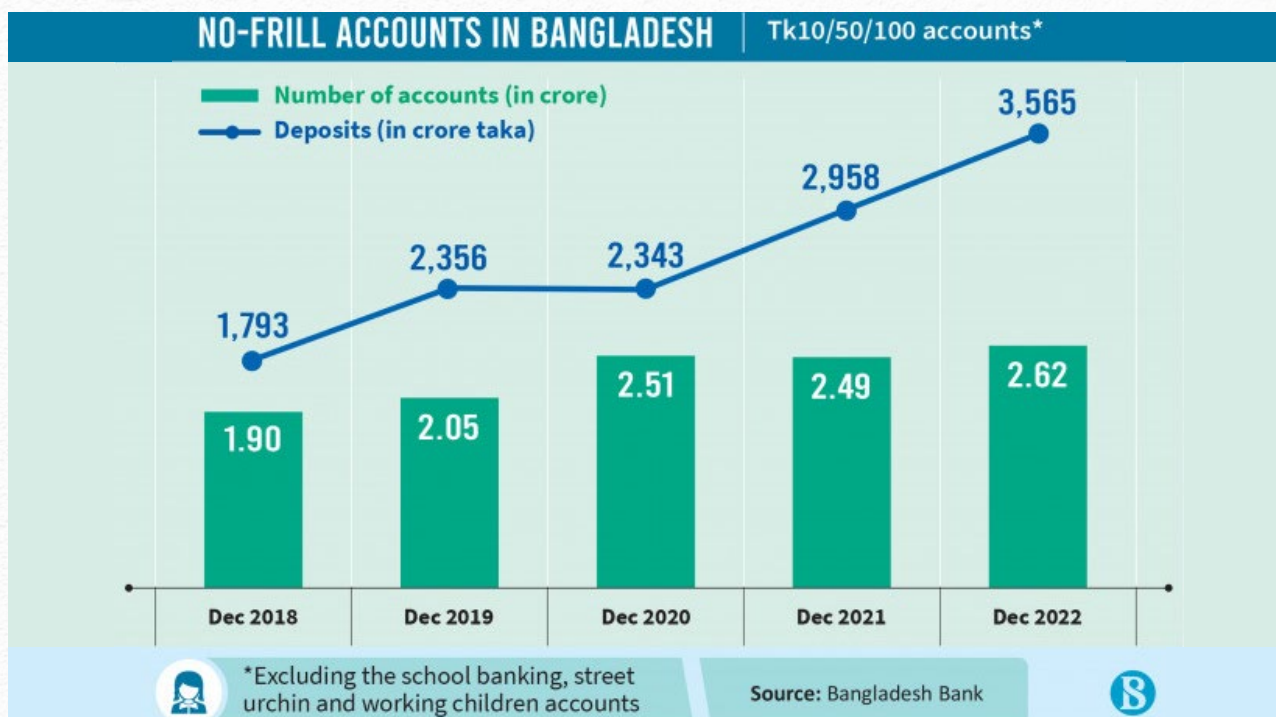
(Ref: <https://thefinancialexpress.com.bd>)

Extreme poor's deposits fall in 2022

The savings of the extreme poor declined by 6.11% last year as they could not save money due to income loss brought on by the economic crisis and increased living costs. The total deposit of the ultra-poor who have no-frill Tk10/50/100 accounts dropped to Tk215 crore at the end of December last year from Tk229 crore in the same period of the previous year,

according to a Bangladesh Bank report. However, the total deposit in no-frill accounts increased by 20.52%, or Tk607 crore, last year, mostly due to contributions from freedom fighters, social safety net beneficiaries, and ready-made garment workers.

(Ref: <https://www.tbsnews.net>)



Depreciation adds Tk60,000cr payment burden for foreign loan borrowers

The once cheaper foreign loan has now turned into a burden for private sector borrowers as they will have to pay an additional Tk60,000 crore against the total foreign currency loan of \$24.3 billion thanks to taka devaluation. Back in 2021, when the greenback rate stood at Tk84.8, private borrowers indebted in dollars were staring at a payment of Tk2 lakh crore against their loans. Fast forward to

the present day, with the dollar surging to Tk107, and the payment for the same quantum of offshore debt has jumped to Tk2.60 lakh crore. The total external loan in the private sector declined to \$24.3 billion at the end of December last year after reaching the record high of \$25.9 billion in June that year, according to the Bangladesh Bank data.

(Ref: <https://www.tbsnews.net>)



Mercantile Bank Donates to PROYASH



Mercantile Bank Limited donated Tk.5.00 lac to PROYASH. Bank's chairman Morshed Alam M.P. handed over the cheque to Proyash Executive Director & Principal Col. Md. Anwar Uz Zaman on March 23, 2023 at MBL Head Office, Dhaka. Md. Anwarul Haq, Chairman, Executive Committee, M. A. Khan Belal, Chairman, Mercantile Bank Securities Ltd.; Al-Haj Akram Hossain (Humayun), Alhaj Mosharref Hossain, Mohammad Abdul Awal, Directors and Quamrul

Islam Chowdhury, Managing Director & CEO of the bank were present at the program while A. S. M. Feroz Alam & Md. Abdul Hannan, Vice Chairmen and M. Amanullah, Chairman, Risk Management Committee attended virtually. Bank's Additional Managing Director & CRO Mati Ul Hasan, CFO Tapash Chandra Paul, PhD, Company Secretary Abu Asghar G. Haruni and Head of CRMD & SFU Shamim Ahmed of MBL were also present.

Bangladesh Bank & Mercantile Bank signs an Agreement



Mercantile Bank Limited signed a participatory agreement with Bangladesh Bank for disbursement of loans under Green Transformation Fund (GTF), a refinancing scheme worth Tk.5,000 crore, to the export-oriented and production-based industries at the latter's headquarters in Dhaka on March 16, 2023. In presence of Abdur Rouf Talukder, Governor of Bangladesh bank, Md. Quamrul Islam Chowdhury, Managing Director & CEO of Mercantile Bank and Chowdhury

Liaquat Ali, Director of Sustainable Finance Department of Bangladesh Bank signed the agreement on behalf of their respective organizations. Deputy Governor Kazi Saidur Rahman and Executive Director Khurshid Alam from Bangladesh Bank, Shamim Ahmed, Head of Sustainable Finance Unit & CRMD of Mercantile Bank along with other senior officials from both the organizations were also present on the signing ceremony.

Mercantile Bank held Training on 'Credit Risk Management'

Mercantile Bank Training Institute organized a Training on 'Credit Risk Management : Bangladesh Bank Guidelines' recently. A total number of 152 respective desk officials from branches and Uposhakhas of the bank

participated in the training session both physically and through the virtual platform. Mati Ul Hasan, Additional Managing Director & CRO of the bank inaugurated the training. In his speech, Mati Ul Hasan advised participating



officers to practice due diligence and to be prudent in discharging their assigned responsibilities and to be strictly compliant with the central bank guidelines. Mohammad Abul Hashem, Director, Bangladesh Bank Training

Academy was the key resource person of the training. Shamim Ahmed, SVP & Head of CRMD of the MBL conducted the concluding session while Javed Tariq, Principal of MBTI moderated the training.

Mercantile Bank conducts Training on MBL Home Loan



Mercantile Bank Limited **conducted** a training on MBL Home Loan at its training institute in Dhaka. Desk officials from 70 branches across the country attended the program both physically and virtually. Hasne Alam, Deputy Managing Director & CBO of the bank inaugurated the training. In his address Hasne Alam advised the participating officers to meticulously comprehend with the revised and comprehensive

PPG of “MBL Home Loan” and act proactively to promote bank’s retail products among potential customers. Ashim Kumar Saha, VP & Acting Head of Retail Banking Division along with officials from the said division of the bank and the MBTI faculties conducted the training sessions as resource persons. Javed Tariq, Principal of MBTI moderated the training program

Mercantile Bank Donates to SWAC



Mercantile Bank Limited donated Tk.5.00 lac to the Society for the Welfare of Autistic Children (SWAC). Bank's Company Secretary Abu Asghar G. Haruni handed over the cheque to SWAC Chairperson Subarna Chakma on March 19, 2023 at the SWAC's Head Office, Dhaka. Shamim Ahmed, SVP and Head of Credit Risk

Management Division & Sustainable Finance Unit of the bank was present along with other senior officials from both the organizations. Mercantile Bank Limited donates each year to SWAC as part of Corporate Social Responsibility of the Bank.

BANGLADESH BANK CIRCULAR

MARCH 2023

ACD Circular

- ACD Circular Letter No. 02, Date: 21/03/23, Subject: Refinance scheme of 5000 Crore Taka for agriculture sector to ensure food security of the country.

BRPD Circular

- BRPD Circular Letter No. 10, Date: 29/03/23, Subject: Name change of International Finance Investment and Commerce Bank Limited to IFIC Bank PLC.
- BRPD Circular No. 05, Date: 16/03/23, Subject: Guidelines on Cloud Computing
- BRPD Circular Letter No. 09, Date: 19/03/23, Subject: Master Circular on Schedule of Charges.
- BRPD Circular Letter No. 08, Date: 06/03/23, Subject: Regarding Loan Adjustment of Government Identified Sick/Closed Industries (Non-Textile Sector)
- BRPD Circular Letter No. 07, Date: 06/03/23, Subject: Regarding setting the English and Bangla theme for International Women's Day, 8th March, 2023.
- BRPD Circular Letter No. 06, Date: 02/03/23, Subject: Exemption from the provision of section 26kha(1) of Bank Company Act, 1991 regarding general credit limit to electricity producing companies.

DOS Circular

- DOS Circular Letter No. 09, Date: 23/03/23, Subject: Keeping Hajj activities related scheduled bank branches open on 25 March 2023.
- DOS Circular Letter No. 08, Date: 15/03/23, Subject: Office time table of the bank companies during the month of Holy Ramadan of Hijri 1444
- DOS Circular Letter No. 07, Date: 12/03/23, Subject: Instruction to take necessary measures to facilitate casting of vote by the voter employees of the related areas on 13, 16 and 20 March 2023 for election of Upazilla Parishads, Union Parishads and Pourashavas.

DCM Circular

- DCM Circular Letter No. 01, Date: 12/03/23, Subject: Instruction to be followed by scheduled banks for preventing fake note circulation during the month of Holy Ramadan/2023

DFIM Circular

- DFIM Circular Letter No. 04, Date: 28/03/23, Subject: Regarding setting the English and Bangla theme for International Women's Day, 8th March, 2023.
- DFIM Circular Letter No. 05, Date: 19/03/23, Subject: Office time table of the financial institutions during the month of Holy Ramadan of Hijri 1444.

DMD Circular

- DMD Circular Letter No. 03, Date: 19/03/23, Subject: Time schedule of Bangladesh Government Bill/Bond Auction, Bangladesh Bank Bill Auction, Repo, ALS & EDS Money platform transaction during Ramadan.

FEID Circular

- FEID Circular Letter No. 03, Date: 27/03/23, Subject: Amendment of Operating Guidelines regarding Steering Committee under the Two Step Loan (TSL) Component of Foreign Direct Investment Promotion Project.

FEPD Circular

- FEPD Circular No. 05, Date: 19/03/23, Subject: Repayment of loans availed from Export Development Fund (EDF)
- FEPD Circular No. 04, Date: 06/03/23, Subject: Realization of export proceeds

SMESPD Circular

- SMESPD Circular Letter No. 05, Date: 28/03/23, Subject: Temporary Relaxation of CMSME Sector wise Loan/ Investment Disbursement and Scheduling of Recovery of Installments against Pre-Financing Scheme
- SMESPD Circular Letter No. 04, Date: 07/03/23, Subject: Regarding target and allocations of sector-wise loans for CMSME Entrepreneurs

SFD Circular

- SFD Circular No. 01, Date: 23/03/23, Subject: Showing the expenditure related to promote use of Bangla-QR as CSR

SD Circular

- SD Circular No. 01, Date: 12/03/23, Subject: Regarding time refixation of SBS-1 reporting

PSD Circular

- PSD Circular Letter No. 02, Date: 20/03/23, Subject: Change in BACH and RTGS Schedule.
- ISMD Circular No. 01, Date: 05/03/23, Subject: Regarding submission of up-to-date information of branches.

MBL CIRCULAR MARCH 2023

Instruction Circular

- Circular No. 3019, Date: 30.03.2023, Subject: Revised Provisional Profit Rate (s) on Mudaraba Mashik Munafa Amanat Prokolpo (MMMAP) w.e.f. 1st April, 2023.
- Circular No. 3018, Date: 31.03.2023, Subject: Revised Interest rate of Aporijita Masik Munafa Prokolpo (AMMP)
- Circular No. 3017, Date: 25.03.2023, Subject: nR KvH@μ±gi mv±_ mswkó e`vsK kvLv ±Lv±v ivLv cÖm±½|
- Circular No. 3016, Date: 22.03.2023, Subject: cweÍ igRvb gvm Dcj±¶` Rvj ±bvU cÖwZ±iv±a cÖ±qvRbxq e`e`v MÖnY cÖm±½|
- Circular No. 3015, Date: 21.03.2023, Subject: ißwwb Ges Drcv`bgzLx wkíLv±Zi Rb` `vbxq gz`Övq MwVZ Green Transformation Fund n±Z cybt A_@vqb Znwe±j AskMÖnY cÖm±½|
- Circular No. 3014, Date: 22.03.2023, Subject: Western Union Campaign-2023
- Circular No. 3013, Date: 21.03.2023, Subject: Collection of IPO of Trust Islami Life Insurance Ltd. from the Eligible Investors (EI) and General Public (GP) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.
- Circular No. 3012, Date: 21.03.2023, Subject: Disbursement of Festival Bonus Eid-ul-Fitr, 2023.
- Circular No. 3011, Date: 19.03.2023, Subject: Provide information regarding liability position (if any) on account of Neptune Marine & Trading Ltd. along with it's allied/sister/related concern and Directors within 21.03.2023.
- Circular No. 3006, Date: 12.03.2023, Subject: 13, 16 I 20 gvP© 2023 Zvwi±L ±`±ki wewfbœ Dc±Rjv cwil` I BDwbqb cwil±i mvaviY/k,b` c±i Dcwbe@vPb Ges ±cSimfvi mvaviY wbe@vPb Dcj±¶` mswkó wbe@vPbx GjvKvq ±fvU±K`Ö wn±m±e e`enZ@e` `vcbvi Aew`Z e`vs±Ki kvLv/ DckvLv eÜ ivLv Ges ±fvUvi±i ±fvUwvaKvi cÖ±qv±Mi mz±hvM `v±bi cÖ±qvRbxq e`e`v MÖnY cÖm±½|
- Circular No. 3005, Date: 06.03.2023, Subject: A_@AvBb 2022 BsGi gva`±g ms±kwaZ Stamp Act. 1899 Gi Av±jv±K wewfbœ PvR© WKz±bgUm I `wjvw` mæúv` ±bi ±¶±¶ cÖ±hvR` ÷`væú wWDwU ev í±éi me@±kl nvi wba@vib cÖm±½|
- Circular No. 3004, Date: 23.03.2023, Subject: cwí±ek evÜe A_@vqb I ±UKmB A_@vq±bi (cwí±ek evÜe A_@vqbm) ewl@K j¶`gvÍv AR@b cÖm±½|
- Circular No., Date:, Subject: Revision of Provisional Profit Rate with monthly Installment size under "Taqwa Mudaraba Hajj Sanchaya Prokolpo (TMHCP).

Information Circular

- Circular No. 1971, Date: 30.03.2023, Subject: Urgent Notice for Co-ordinating Agency and Lead Agency.
- Circular No. 1970, Date: 30.03.2023, Subject: Time Extension for Haj Registration-2023
- Circular No. 1969, Date: 27.03.2023, Subject: Formation of NGO Financing Monitoring Cell

- Circular No. 1968, Date: 27.03.2023, Subject: Renewal of Enlistment of 03 (Three) Insurance Companies as Approved Insurer of our Bank for the Year' 2023. Ref. Our Information Circular No. 1960/2023, Dated: 19/03/2023
- Circular No. 1967, Date: 27.03.2023, Subject: Refund of the reduced registration fees to the pilgrims. Ref. Our information Circular No. 1966/2023, dated 23/03/2023.
- Circular No. 1966, Date: 23.03.2023, Subject: Revised Haj Packages & Time Extension for Haj Registration -2023 Ref. No- Our Information Circular No. (i) 1936/2023, dated 7/02/2023, (ii) 1959/2023 dated 19/03/2023
- Circular No. 1964, Date: 23.03.2023, Subject: Ramadan Offer in 2023 for Mercantile Bank Cardholders
- Circular No. 1963, Date: 20.03.2023, Subject: Revised time schedule during Holy Ramadan 2023 (Hijri 1444) of BACPS, BEFTN & RTGS
- Circular No. 1961, Date: 20.03.2023, Subject: Published of Approved Haj Agencies List (5th phase) for 1444 Hijri/2023 Christian Era. Ref. Our Information Circular No. 1958/2023, dated 19/03/2023
- Circular No. 1960, Date: 19.03.2023, Subject: Renewal of Enlistment of Dhaka Insurance Limited as Approved Insurer of our Bank for the Year'2023. Ref. Our Information Circular No. 1947/2023, Dated: 02/03/2023
- Circular No. 1959, Date: 19.03.2023, Subject: Time Extension for Haj Registration -2023 Ref. Our Information Circular No. 1956/2023, dated 16/03/2023
- Circular No. 1958, Date: 19.03.2023, Subject: Published of Approved Haj Agencies List (4th phase) for 144 Hijri/2023 Christian Era. Ref. Our Information Circular No. 1945/2023, dated 27/02/2023
- Circular No. 1957, Date: 16.03.2023, Subject: Registration fees of Government pilgrims deposit to Sonali Bank Limited
- Circular No. 1956, Date: 16.03.2023, Subject: Haj Registration-2023
- Circular No. 1955, Date: 16.03.2023, Subject: Renewal of Agreement
- Circular No. 1954, Date: 16.03.2023, Subject: wnRwi 1444 (2023 wLÖ÷vã) mvþji cweî igRvb gvþmi Awdm mgqm,wP wba©viY cÖmþ½|
- Circular No. 1953, Date: 09.03.2023, Subject: List of defaulting Borrower of Social Islami Bank Limited
- Circular No. 1952, Date: 12.03.2023, Subject: Time Extension for Haj Registration -2023. Ref. Our Information Circular No. 1948/2023, dated 02/03/2023
- Circular No. 1948, Date: 02.03.2023, Subject: Time Extension for Haj Registration -2023. Ref. Our Instruction Circular No. 3001/2023, dated 27/02/2023
- Circular No. 1947, Date: 02.03.2023, Subject: Renewal of Enlistment of Central Insurance Company Limited as Approved Insurer of our Bank for the Year' 2023. Ref. Our Information Circular No. 1940/2023, dated 14/02/2023

ID Circular

- Circular No. 11, Date: 21.03.2023, Subject: Payment of loans availed from Export Development Fund (EDF)
- Circular No. 10, Date: 15.03.2023, Subject: Opening of Nostro Account in ACU Dollar (USD) with Emirates NBD Bank (P.J.S.C) Indian Branch, SWIFT: (FBILINBM)
- Circular No. 09, Date: 09.03.2023, Subject: ißvwb mnvqK Znwej (Export Facilitation Fund) MVb cÖmþ½|
- Circular No. 08, Date: 07.03.2023, Subject: Realization of export proceeds

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@mbkbd.com

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