CHAIRMAN
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
CONTENTS

04  Abstract
06  Global Economy
08  Bangladesh Economy
12  Banking Industry
14  MBL News
21  A précis of Bond Market in Bangladesh: Current Scenario, Prospect and Challenges
24  Our Business Contributor: PHP Group
28  Bangladesh Bank Circulars During November 2021
30  MBL Circulars during November 2021

MBL Performance November 2021

CONTENTS
We currently stand at the edge of 2021 after completing 11 (eleven) months of the year. As predicted by all the experts, current year has gone rather well for the world as well as for Bangladesh. The country has been growing splendidly over the last decade. During the year 2020, when countries were hardly registering any positive growth Bangladesh did so and overhauled India in terms of per capita GDP. As per the estimates of IMF, our country is set to keep surpassing India, one of the fastest growing economies of the world up to 2026. This is an extraordinary achievement for a country that is going to celebrate 50 years of victory from the tyranny of Pakistani forces. This victory we got after a long nine months of war under the leadership of Father of the Nation Bangabandhu Sheikh Mujibur Rahman. We pay homage to those who made the ultimate sacrifice during the liberation war.

Bangladesh has been enlisted as a developing country. This would not have been possible without the tireless efforts of Honorable Prime minister. In the month ended November 2021, Bangladesh also hosted International Investment Summit 2021 with slogan ‘Discover limitless opportunities’ to brand new Bangladesh among the investors of the world. Hon’ble Prime minister being the chief guest inaugurated the event. This will open doors to investments worth multi billion dollars. For this purpose, Government has already built EPZs and is in process of building a few more. ICT sector of the country is blooming along with the manufacturing sectors. All in all, the country is heading in the right direction towards materializing vision 2041 of the honorable prime minister.

It has been one of main goals of MBL to grow with the country. As a Bank, we also hope to be a part of this process of development. This edition of ‘MBL spectrum’ will have a theme similar to that of the summit. As we near the end of 2021 and beginning of 2022, as always this edition will project the progress of the Bank in terms of various indicators and data.

Tapash Chandra Paul, PhD
Chief Editor, MBL Spectrum
MBL PERFORMANCE
NOVEMBER 2021

Deposits

<table>
<thead>
<tr>
<th>YTD Dec 2020</th>
<th>YTD Nov 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,281.74</td>
<td>26,916.69</td>
</tr>
</tbody>
</table>

YTD in Crore

Advances

<table>
<thead>
<tr>
<th>YTD Dec 2020</th>
<th>YTD Nov 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>24,899.22</td>
<td>25,584.06</td>
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</tbody>
</table>

YTD in Crore

Import

<table>
<thead>
<tr>
<th>YTD Nov 2020</th>
<th>YTD Nov 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,049.26</td>
<td>25,083.25</td>
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</table>

YTD in Crore

Export

<table>
<thead>
<tr>
<th>YTD Nov 2020</th>
<th>YTD Nov 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,261.18</td>
<td>14,517.05</td>
</tr>
</tbody>
</table>

YTD in Crore

Inward Remittance

<table>
<thead>
<tr>
<th>YTD Nov 2020</th>
<th>YTD Nov 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,644.79</td>
<td>3,722.91</td>
</tr>
</tbody>
</table>

YTD in Crore

Cost of Deposit

<table>
<thead>
<tr>
<th>Nov-21</th>
<th>Sept-21</th>
<th>June-21</th>
<th>Mar-21</th>
<th>Dec-20</th>
<th>Nov-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.78%</td>
<td>4.81%</td>
<td>4.93%</td>
<td>5.15%</td>
<td>6.12%</td>
<td>6.19%</td>
</tr>
</tbody>
</table>

Yield on Advances

<table>
<thead>
<tr>
<th>Nov-21</th>
<th>Sept-21</th>
<th>June-21</th>
<th>Mar-21</th>
<th>Dec-20</th>
<th>Nov-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.30%</td>
<td>7.36%</td>
<td>7.37%</td>
<td>7.33%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Spread

<table>
<thead>
<tr>
<th>Nov-21</th>
<th>Sept-21</th>
<th>June-21</th>
<th>Mar-21</th>
<th>Dec-20</th>
<th>Nov-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.52%</td>
<td>2.55%</td>
<td>2.44%</td>
<td>2.18%</td>
<td>2.17%</td>
<td>2.17%</td>
</tr>
</tbody>
</table>
**World Economic Outlook Growth Projections**

<table>
<thead>
<tr>
<th>Commodities</th>
<th>$Barrel/ $Oz</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTI Crude Oil</td>
<td>67.68</td>
</tr>
<tr>
<td>Brent Crude Oil</td>
<td>70.93</td>
</tr>
<tr>
<td>Gold</td>
<td>1,779.89</td>
</tr>
</tbody>
</table>

Sources: [www.bbc.com](http://www.bbc.com), [www.goldprice.org](http://www.goldprice.org)
'World economy needs to be overhauled to withstand future challenges'

- The governance of the world economy needs to be overhauled to ensure it can withstand future health and economic shocks, as well as challenges posed by climate change and the rise of China, advisors to the Group of Seven rich nations said.
- Supply chains, vaccine distribution, access to critical minerals, cyber threats, digital tax, crypto-assets and climate change required a step-change in how the world economy is managed, the advisors said, reports Reuters.

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

International Investment Summit November-2021

- To explore the investment opportunities in Bangladesh, Bangladesh Investment Development Authority (BIDA) organized two-day International Investment Summit 2021 Bangladesh, a hybrid format comprising physical events to be held at a city hotel and virtual platforms.
- Foreign investors are showing greater interest in the country’s ICT, pharmaceutical, agro processing, light engineering and automobile sectors, and blue economy in addition to the apparel sector.

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

Reducing trade barriers can reignite Asia’s growth engine

- While tariff barriers to trade in Asia are low overall, a new measure of non-tariff barriers suggests those remain high in many Asian emerging markets and developing economies. Unlike tariffs, these barriers include policies that introduce frictions such as licensing requirements or restrictions on trade, payments, or exchanging foreign currencies.
- According to recent research, which was detailed in the IMF’s Asia-Pacific Regional Economic Outlook, easing non-tariff barriers can boost gross domestic product by about 1.6 percent, potentially healing about a quarter of expected pandemic scarring.
- The findings take on added significance given that IMF forecasts suggest GDP in 2024 will be 6 percent below the pre-crisis trend in Asian emerging and developing economies, equal to losses of about $1 trillion annually.

(Ref: https://blogs.imf.org)
Bangladesh Economy

Bangladesh now a $409b economy: GDP size up, growth down as new base year takes effect

- According to the new base year 2015-16, Bangladesh was an economy of Tk 34,840 billion in current prices in FY21, up 15.7 per cent from Tk 30,111 billion as per the previous base year 2005-06.

- In terms of dollars, the GDP size stood at $409 billion in the last fiscal year if Tk 85 per USD exchange rate is taken into account. Per capita income rose to $2,554 in FY21 as per the new calculation, which was $2,227 as per the old one.

(Ref: https://www.thedailystar.net)
Bangladesh’s exports register growth

- Bangladesh booked the highest-ever single-month export growth of 60.37 per cent, year on year, in October with overall US$4.72-billion income as apparel shipments rebounded from pandemic recession.

- As readymade garment (RMG) industry kept its wheels rolling, under special arrangements, even amid the coronavirus onslaught, the clothing exporters were happy to make substantial shipments with supply chains restored and a demand surge in the reopening western world.

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

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Bangladesh’s trade deficit widens over threefold

- Bangladesh’s trade deficit widened over threefold in the first quarter (Q1) of the current fiscal year for higher import-payment pressure, officials said, casting its cascading impacts on the economy.

- The country’s trade imbalance with the rest of the world increased by US$4.46 billion to $6.50 billion during the July-September period of the FY 2021-22, from $2.04 billion in the same period of FY’2, according to the central bank’s latest statistics.

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

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Money movement indicates spending pick-up

- Soaring commodity prices amid rising inflation are forcing consumers to spend more. Consumer confidence has rebounded strongly in recent months as reflected in money movement indicators, with people releasing their pent-up demands, especially for travelling, following the vaccination roll-out.

- The drastic fall in demand deposits with banks, which show disposable income, declined by Tk9,000 crore in June-September, indicating that consumer spending has made a strong return.

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

<table>
<thead>
<tr>
<th>Demand deposits in 2021</th>
<th>Deposits Growth (YoY)</th>
<th>Consumer Loan Growth</th>
<th>Call Money rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figures in lakh crore taka</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jun 2021: 1.66</td>
<td>13%</td>
<td>2.58%</td>
<td>2%</td>
</tr>
<tr>
<td>Jul 2021: 1.57</td>
<td>11.26%</td>
<td>3.46%</td>
<td>3%</td>
</tr>
<tr>
<td>Aug 2021: 1.61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep 2021: 1.56</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand deposits declined by tk 9,000 crore in Jun-Sep</td>
<td>Cash on hols declined by around tk 4,000cr in Sep. from Aug.</td>
<td>Lending rate upward above 7%</td>
<td></td>
</tr>
</tbody>
</table>
Most listed MNCs see moderate growth in EPS

- Most of the listed multinational companies (MNCs) have registered moderate growth in EPS (earnings per share) for July-September (Q3), 2021 compared to same period of previous year riding on increased turnover.

- Some of those companies said management skill and reduction in costs have also facilitated the growth of their EPS.

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

Bangladesh’s RMG production cost to increase 5pc due to diesel price-hike: BGMEA

- Bangladesh Garment Manufacturers and Exporters Association (BGMEA) urged the government to reconsider the raise in the fuel price that casts multiple impacts on the industry and transportation.

- Though apparel-export-earning growth during recent months is good, the industry has been passing through a challenging time due to the losses incurred during the invasive pandemic.

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

Daily BPC profit now swells to Tk 25m

- Global oil prices crashed over fears of demand slump with the spread of newly exposed Covid variant ‘Omicron’. Brent crude, the benchmark in international oil price, now hovers around US$72.72 per barrel-down from around US$ 82 on November 3.

- The twist gave the state-run Bangladesh Petroleum Corporation (BPC) to see its profits swelling further daily. By official count BPC’s profit now grows to around Tk 25 million a day, an almost threefold rise from the amount it would profit a couple of days back.

- If the downtrend in oil prices on the international market lasts long, BPC’s profit margins will also go high.

(Ref: https://thefinancialexpress.com.bd)
Exports get more competitive, imports costlier due to Taka devaluation

- Bangladesh’s export-competitiveness improved to some extent as Real Effective Exchange Rate (REER) of the local currency decreased nearly 1.8 per cent in June on a quarter-on-quarter basis.
- REER below 100 means the country’s exports remain competitive and imports expensive. According to Export Promotion Bureau, country’s export receipts registered a sharp increase by nearly 23 per cent during the past four months to October of this fiscal year.

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

StanChart arranges Bangladesh’s first ever green bond for Pran Agro

- Standard Chartered Bangladesh has arranged the country’s first-ever green bond for Pran Agro Ltd, a concern of Pran-RFL Group. The total value of the bond is Tk 150 crore.
- The proceeds of the bonds will be utilised to finance green and energy-efficient initiatives such as such as recycling waste water, climate action through waste decomposing, building sustainable communities by providing employment among rural and poverty-stricken communities, preserving life on land through contract-based organic farming of PRAN Agro Limited.

(Ref: https://today.thefinancialexpress.com.bd)
Govt bank borrowing grows 20% in four months

- The government’s total borrowing from the banking system rose to over Tk2.11 lakh crore. In the first four months of the current financial year, the government’s year-on-year bank borrowing grew around 20%.

- The government is increasing the flow of credit from the banking system to meet the budget deficit and implement development projects.

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

<table>
<thead>
<tr>
<th>Govt’s Borrowing From Banking System</th>
<th>Borrowing In Jul-Oct FY22</th>
<th>Net credit to government Tk 9, 695 Crore</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Borrowing</td>
<td>Repaid 9,944</td>
</tr>
</tbody>
</table>

Source: Bangladesh Bank
Banks, financial institutions asked to lower NPLs, ramp up stimulus delivery

- Government’s finance authority asks the state-owned banks (SoBs) and financial institutions (FIs) to expedite implementation of stimulus packages by ramping up fund disbursement and recovery, and lowering the loads of non-performing loans (NPLs).
- The Financial Institutions Division (FID) secretary asked the bank chief executives to bring down the rate of NPLs at a reasonable level.

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

Non-performing loans swell to over Tk 1.0t despite policy backup

- Classified loans in Bangladesh’s banking system swelled to more than Tk 1.0-trillion mark again, as of September, despite receiving state policy support.
- The volume of non-performing loans (NPLs) grew by nearly 14 per cent or Tk 124.16 billion to Tk 1011.50 billion as on September 30, from Tk 887.34 billion as on December 31, 2020.

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

ICB’s earning per share rises sharply

- The state-run Investment Corporation of Bangladesh (ICB) saw a steep rise in EPS (earnings per share) for first quarter (July-September) of the fiscal year (FY) 2021-22 compared to same quarter of the FY 2020-21.
- The company’s EPS increased in Q1, 2021-22 due to a rise in capital gains and decrease in interest expense, according to ICB. The company’s EPS soared 84.21 per cent in Q1, 2021-22 compared to same quarter of the FY 2020-21.

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

Masihul Huq Chowdhury reappointed Community Bank MD

Masihul Huq Chowdhury has recently been reappointed as the managing director of Community Bank Bangladesh Ltd for the second consecutive term, which will be effective from December 1. He has been serving the bank as the MD since its inception in 2019.

(Ref: https://www.thedailystar.net)
Md. Quamrul Islam Chowdhury, Managing Director and CEO of Mercantile Bank Limited recently received certificate and crest for achieving “U.S. Dollar Clearing MT202 Elite Quality Recognition Award” from J.P. Morgan Chase Bank, NY to meet or exceed their stringent Straight Through Process (STP) performance standard by maintaining 99.86% STP. This award is the testimony and acknowledgement of the consistent & high quality performance of Mercantile Bank’s fund transfer operation management. Sazzad Anam, Executive Director and Head of Financial Institutions, Treasury Services, JP Morgan Chase Bank N.A, Bangladesh Representative Office handed over the award at a meeting held on Mercantile Bank’s Head Office. Shamim Ahmed, Deputy Managing Director & CAMLCO and S.M. Mahbubul Alam, Head of Internal Division were also present at the occasion.
November 09, 2021, Bangladesh Bank and Mercantile Bank Limited signed an agreement on “Refinance scheme for providing working capital loan/investment facilities to give salary to the employees of hotels, motels, theme parks of Tourism Sector”. The program was held at Conference Room of Department of Off-Site Supervision of Bangladesh Bank, Head Office, Dhaka. Md. Quamrul Islam Chowdhury, Managing Director & CEO of Mercantile Bank Limited and Md. Anwarul Islam, General Manager, Department of Off-Site Supervision of Bangladesh Bank signed the agreement on behalf of their respective organizations.

Among others, Md. Aminur Rahman Chowdhury, DGM Md. Lutful Haider Pasha, Joint Director, S.M. Khaled Abdullah, Deputy Director of Department of Off-Site Supervision of Bangladesh Bank and Shamim Ahmed, SVP and Head of CRMD & SFU of Mercantile Bank Limited were also present on that signing ceremony.
Agreement Signing Ceremony with Prime Islami Life Insurance

Mercantile Bank Limited has signed an agreement with Prime Islami Life Insurance Limited on 28.11.2021 at Bank’s Head Office, Dhaka. Md. Quamrul Islam Chowdhury, Managing Director & CEO of Mercantile Bank and Md. Apel Mahmud, ACII (UK), Managing Director and CEO of Prime Islami Life Insurance signed the agreement on behalf of their respective Organizations. As per the agreement, Mercantile Bank will facilitate the collection of insurance premium and disbursement of various claim settlement, other charges, bonus, pensions, employees salary, general expenditures, etc. through Online Banking, mobile financial services “MyCash”, digital banking app “MBL Rainbow”, Agent Banking outlets, Debit & Credit card and other delivery channels. Mati Ul Hasan, AMD & CRO, Adil Raihan, DMD & CSBO from MBL and other high officials of both the Organizations were present in the ceremony.

Agreement Signing with Narayanganj City Corporation

Mercantile Bank Limited has signed an agreement with Narayanganj City Corporation on 11 November 2021. In presence of Dr. Salina Hayat Ivy, Mayor of Narayanganj City Corporation the agreement was signed by Adil Raihan, DMD & CSBO of the Bank and Md. Abul Amin, CEO of Narayanganj City Corporation & Deputy Secretary on behalf of their respective organizations at the Conference Room, Narayanganj City Corporation.
As per the agreement, Mercantile Bank will facilitate the collection of Water and Sewerage Bill, Holding Tax, Trade License Fees (New and Renewal) and other services of Narayanganj City Corporation through Online Banking System, Collection Booth, Mobile Financial Services “MyCash”, Agent Banking, Digital Banking App “MBL Rainbow”, Internet Banking and Other Delivery Channels.

Md. Shahadat Hossain Khan, VP & Head of Narayanganj Branch from Mercantile Bank Limited and Md. Hemayet Hossain, Chief Accounts Officer from Narayanganj City Corporation along with other officials from both organizations were also present in the ceremony.

Signed MOU with Bangladesh Parjatan Corporation

Mercantile Bank Limited has signed a MoU with Bangladesh Parjatan Corporation on November 18, 2021 at BPC Head Office, Agargaon. Md. Hannan Mia, Chairman of Bangladesh Parjatan Corporation and Secretary (Grade-1) of the Government of the People’s Republic of Bangladesh was present in the ceremony. The MoU was signed by Adil Raihan, Deputy Managing Director and CSBO of MBL and Shohidul Islam Bhuiyan, General Manager (Commercial) of Bangladesh Parjatan Corporation and Deputy Secretary on behalf of their respective organizations. As per the MoU, all employees of Mercantile Bank Limited will avail services of BPC’s Hotel, Motel, Restaurant, Rest House, Conference Hall, etc. Md. Abdus Samad, Director (Commercial, Finance & Administration, Planning) of BPC and Joint Secretary, Md. Mahmud Kabir, General Manager (Works) from Bangladesh Parjatan Corporation and other officials from both the organizations were also present in the signing ceremony.
A day-long Training Program on “Prevention of Money Laundering & Combating the Financing of Terrorism” was held on November 13, 2021 in Madaripur for the officials of different scheduled Banks operating in Madaripur & Shariatpur Districts. Mercantile Bank Ltd arranged the Training Program as Lead Bank under the guidance of Bangladesh Financial Intelligence Unit (BFIU). Shamim Ahmed, Deputy Managing Director & Chief Anti Money Laundering Compliance Officer (CAMLCO), Mercantile Bank Limited chaired the program while Mohammad Mahbub Alam, Deputy General Manager, BFIU was the chief guest. Besides, Md. Anwarul Haque, Joint Director, Mohammad Main Uddin, Joint Director and Md. Faisal Kabir, Assistant Director of BFIU also attended the training program.
Virtual Training for Foreign Exchange officials of MBL

Mercantile Bank Limited organized a virtual Training on ‘Foreign Exchange Transaction Monitoring & Management System and Cyber Security Awareness’ at MBL Training Institute in Dhaka. Respective desk officials from various AD branches and head office of the bank participated the virtual sessions. A total number of 218 officials of the bank attended the online program. Shamim Ahmed, Deputy Managing Director & CAMLCO of the bank inaugurated the training virtually.
Mercantile Bank Limited organized a Training on ‘MBL Home Loan’ at MBL Training Institute in Dhaka on November 20, 2021. A total number of 41 officials from various branches of Dhaka zone participated in the training. Mati Ul Hasan, Additional Managing Director & CRO of the bank inaugurated the training program.
A developed and diversified financial system with a sound debt and equity market enhances risk pooling and risk sharing opportunities for investors and borrowers. This also provides a safety cushion for banks as it helps move a crisis outside the banking system making it easier for the government to stand back. Bond financing reduces macroeconomic vulnerability to shocks and systemic risk through diversification of credit and investment risks. A mature bond market helps develop the derivatives market thereby facilitating hedging mechanisms and enabling greater diversification of risks by participants. Also, the wide variety of instruments available in a developed debt market results in gains to savers and borrowers. Besides, the coexistence of a developed domestic bond market and banking system helps each to act as a backstop for the other.

**Bond Market of Bangladesh & its probable benefits for the economy**

The bond market in Bangladesh is currently characterized by excessive reliance on bank credit, government dominated debt instruments characterized by primary auctions based activity, relatively high and risk-free interest rates, nearly non-existent corporate and international bonds, absence of market based or benchmark yield curve, lack of institutional investors, poor confidence on the private sector, shallow capital market, lack of appropriate regulations and infrastructure, lack of expertise and innovation, inefficient and unaccountable trustees, high tax incidence and issue cost, and lack of product variations. In Bangladesh, an efficient bond market can provide the following benefits –

- It can provide a stable source of finance when the equity market is volatile.
- It can potentially supplement the existing banking system in mobilizing funds to enterprises (both government and corporates) as doing so reduces vulnerability of the financial system to external shocks by diversifying the funding basket of the economy.
- It can provide alternative investment options for institutions such as insurance companies and pension funds, which by their very nature seeks long-term assets to match their long-term liabilities.
It allows for the development of credit derivative products, thereby allowing efficient credit risk transmission.

- Bond financing lowers funding cost for high quality borrowers by way of credit rating based instrument pricing and advantage of lower intermediation costs compared to bank financing.
- Efficient bond markets can also help spreading the risk among ultimate savers rather than getting concentrated in the intermediaries.

**Corporate Bond Market of Bangladesh**

The corporate bond market is very small in Bangladesh due to dominating role of banking sector in corporate finance. There are shortcomings like diversifying debt instruments and absence of proper guidelines for bonds and debentures in Bangladesh. These are creating obstacle for corporate bond market development.

Bangladesh Capital Market Development Master Plan identified that high level of interest rates are consisting with the corporate bonds. The other constraints for corporate bond market development in Bangladesh are changing circumstances of market conditions, long delay in registration process, and high cost of issuance and lack of market awareness. It is revealed that the success of corporate bond market depend on relationship between corporate and banking sector, rules and regulation of financial market and proper protection to investors. There are mentionable advantages are remaining in an economy and financial system due to corporate bond market. These advantages are source of capital, investment opportunities, and lower cost of capital, reduce risks during the crises period of banking sector, pressure to reduce bank interest rates, and encourage the companies for corporate citizenship. Currently, the following 02 corporate bonds are launched in the market and listed in DSE –

1. IBBL Mudaraba Perpetual Bond-2007- BDT 300.00 crore
2. Ashuganj Power Supply company Limited-2020- BDT 100.00 crore

**Government Bond Market of Bangladesh**

Government of Bangladesh (GOB) issues Special Bonds, Treasury Bonds, and Treasury Bills to cover in financing budget deficit for government cash position unaffected. Moreover, Bangladesh bank, the central bank of the country maintains a petty cash account namely ‘Ways and Means Advance’ (WMA). The GOB borrows money first from WMA then from Treasury Bills. Bangladesh Capital Market Development Master Plan revealed that interest rates on government bonds are repressed and government yield curve is not able to highlights the actual level of risk free rates in the economy, inflation scenarios and other macroeconomic circumstances. The financial institutions are bound to purchase government bonds at a lower rate than market-determined yield. It was identified that some indicators are responsible for liquidity problems in government bond market. These indicators are increased market volatility, lower turnover, and trade size reduction, lower number of investors, higher yields, trade fails, and price-gapping.

**Islamic Bond Market of Bangladesh**

Islamic capital market becomes important in the global economy where ‘sukuk’ plays significant part in this market. Sukuk means 100% tangible assets to deliver assets fully backed to investors. The Islamic Fiqh Academy of the Organization of Islamic Conference (OIC) defined sukuk as combination of assets which represented in written financial instruments and sold at market price where majority of tangible assets. Sukuk has unique features such as safe fund, less speculation, low trading turnover and less volatile. The growth of Sukuk market has operated by corporates, financial institutions and sovereigns. This market is considered as alternative form of financing for business, projects, banks and financial institutions as stable funding sources. Sukuk has use as a tool in the Islamic
money market which serves liquidity management facilities to banks and other financial institutions. In Bangladesh, currently there are 02 SUKUK in operation. These are –

1. Bangladesh Bank issued Ijarah Sukuk to raise fund for developing the infrastructure of a project named Safe Water Supply to the Whole Country as per Bangladesh Government Investment Sukuk Guideline, 2020 amounting BDT 8,000.00 crore.

2. Secured, Convertible/ Redeemable Beximco Green-Sukuk al Istisna’a Private Offer of BDT 22,500,000,000. The purpose of the Green Sukuk issue will be the construction of Solar Projects of Teesta Solar Limited of BDT 14.185 billion and Korotoa Solar Limited of BDT 2.302 billion, the two subsidiaries of BEXIMCO Power Company Limited and financing and refinancing (non-interest bearing) of machinery and equipment required for the expansion of textile division of BEXIMCO Limited of BDT 6.013 billion.

In 2004, Bangladesh introduced Bangladesh Government Islamic Investment Bond (BGIIB) with the objective to develop a sound foundation for the Islamic bond market and also to convert excess liquidity into investment through Islamic bonds. According to the Bangladesh Bank Islamic Investment Bond Guidelines 2004 (Amended 2014), the maturity period of Islamic bonds is at 3 months and 6 months. The Islamic bonds are issued based on the profit sharing ratio through open auction. In order to boost Islamic finance further, Bangladesh Bank (BB) launched a weekly sukuk programme in 2015, thus providing local lenders with a new short-term liquidity management tool. As per Bangladesh Bank data, currently two Islamic bonds are available in operation such as, three-month Bangladesh Government Islamic Investment Bond (BGIIB) and six-month BGIIB.

**Major Challenges for Bond Market Development in Bangladesh**

- Lengthy issuance process & high issuance cost
- High return offered by government Shanchaypatra
- Absence of a vibrant & liquid secondary market
- Limited number of prospective investors due to focus on capital gains
- Lack of trust on credit rating provided by rating agencies
- No tax incentive for Banks, NBFIIs and Insurance Companies
- Weak regulatory and governance infrastructure
- Conventional long-term financing vis-à-vis bond financing
- Lack of broad-based market structure

**Conclusion**

The thin bond market in Bangladesh faces manifold challenges emanating from several sources including excessive reliance on bank credit, government debt instruments dominated by primary auction based activity, absence of benchmark yield curve, and lack of product variation. The situation calls for well prioritized policies and actions in several areas. Reduction in interest on government savings instruments and registration fees, tax exemption on interest income of bonds/debentures, rating of bond instruments by independent rating agency prior to issue are some measures that can be implemented without delay. Other policies proposed for implementation include: raising a part of debt through issue of marketable bonds for public utilities and infrastructure projects and debt securitization for existing ones, development of institutional investors, better corporate governance and improved disclosure and transparency in business transactions to create confidence of investors and issuers alike.
PHP Family (previously known as PHP Group of Industries) is a Bangladeshi conglomerate based in Chittagong. The group comprises over 30 companies that are operating in diversified business sectors. Pioneering the steel and float glass industries in Bangladesh, PHP Family has been continuously exploring newer horizons each day with innovative & eco-friendly technologies. It was envisioned in 1969 by Sufi Mohammed Misanur Rahman who is the chairman of the group as of 2018.

In the expansion of trade and commerce and investment, the man who is working like a thriving young man despite himself being an elderly person he is the Chairman of countrywide famous PHP Group, Sufi Mohammad Misanur Rahman. PHP is a notable institution of present time, which has been able to raise storms in the system of technology and development of 21st Century. PHP’s float glass has world class standard for which it has got market facility in certain countries of the world.
Born to a pious Muslim family in Kanchan in Rupganj of Narayanganj in 1943, Rahman started his career with a private company with a monthly salary of Tk 100, after passing his intermediate exams. He later joined Sonali Bank in Chittagong in 1965 with a salary of Tk 163. After the country’s independence, he quit his job and started a business importing commodities in bulk with a capital of Tk 1,483.

In the span of his long and lustrous journey, Rahman established 34 successful businesses in different sectors, including ship-breaking and recycling, flat and long steel, float glass, aluminium, power, textile, asphalt, petro refinery, shipping, stocks and securities, insurance, property management, news media, latex and rubber, agro, cold storage, fisheries, education and healthcare.

A passion for helping others developed early on in his life. Although a job holder initially, he later began his “In fact, the spirit of living is the spirit of giving. It is the purpose of human life,” said Rahman, chairman of PHP Family, one of the country’s largest conglomerates. Referring to the teachings of Mother Teresa, Rahman said: “Give the world the best you have and it may never be enough. Give your best anyway.”

Rahman is a businessman with intense moral sense and his deep religious convictions inspire him to dedicate his wealth to the welfare of society and mankind.

**Awards**

PHP Family was recognized for their corporate social responsibility activities at the sixth Standard Chartered-Financial Express Corporate Social Responsibility Awards. Ex-Finance Minister AMA Muhith handed over the award to Sufi Mohamed Mizanur Rahman, Chairman of PHP Family, at an event at the Westin hotel in Dhaka.

**Pride of Chittagong**

The Daily Purbokone and telecom operator GrameenPhone jointly honored Sufi Mohamed Mizanur Rahman as ‘Pride of Chittagong’ in a function for his outstanding contribution on employment generation where Ex-Speaker and Present Honorable President of The Government of Peoples Republic of Bangladesh Abdul Hamid Advocate MP awarded the trophy.
PHP Group Awarded Best IT User

Mr. Mizan being awarded the “Business Person of the Year 2003” of Bangladesh by Finance Minister - Government of Bangladesh.

Ref:
- www.thedailystar.net
- www.goldenbusinessbd.com
- https://phpfamily.co/achievements/awards/
- https://www.tbsnews.net
BANGLADESH BANK CIRCULARS
DURING NOVEMBER 2021

BRPD (Banking Regulation and Policy Department)
- BRPD Circular Letter No. 48, Date: 25/11/21, Subject: Regarding fixation of 25 March 2020 as cut-off date for the direct recruitment of candidates in the recruitment circulars publishable up to 31 December 2021
- BRPD Circular Letter No. 47, Date: 17/11/21, Subject: Displaying the list of unclaimed deposits and valuables of banks in Bangladesh Bank website

DOS (Department of Offsite Supervision)
- DOS Circular Letter No. 50, Date: 24/11/21, Subject: Instruction to take necessary measures to facilitate casting of vote by the voter employees of the related areas on 28th November 2021 for election of Pourashavas and Union Parishads
- DOS Circular Letter No. 49, Date: 09/11/21, Subject: Instruction to take necessary measures to facilitate casting of vote by the voter employees of the related areas on 11th November 2021 for election of Union Parishads
- DOS Circular Letter No. 48, Date: 08/11/21, Subject: List of Holidays for the Year 2022

DMD (Debt Management Department)
- DMD Circular No. 02, Date: 16/11/21, Subject: Implementation of “Guidelines on Electronic Dealing System for Interbank Money Market [EDSMoney]”
- DMD Circular Letter No. 06, Date: 15/11/21, Subject: Use of Govt, Semi-govt, Autonomous, Semi-autonomous Institutions’ Name List (Prepared By Ministry of Public Adminstration) in case of Pensioner Sanchaypatra Selling.

FEPD (Foreign Exchange Policy Department)
- FEPD Circular Letter No. 31, Date: 25/11/21, Subject: Cash incentive/Export incentive in textile and other sectors.
- FEPD Circular No. 39, Date: 18/11/21, Subject: Repatriation of proceeds against service exports and method of receipts
- FEPD Circular Letter No. 30, Date: 15/11/21, Subject: Export Incentive against export of Aromatic rice
- FEPD Circular Letter No. 29, Date: 10/11/21, Subject: Regarding submission of statement of VAT deducted at source against services provided by non residents
- FEPD Circular No. 38, Date: 10/11/21, Subject: Export incentive against export of Cement Sheet.
- FEPD Circular No. 37, Date: 10/11/21, Subject: Export incentive against export of MS Steel Products.
FEPD Circular No.36, Date: 10/11/21, Subject: Export incentive against export of Bicycle and its parts.

FEPD Circular No. 35, Date: 10/11/21, Subject: Export incentive against export of Tea

FEPD Circular No. 34, Date: 10/11/21, Subject: Export incentive against export from Specialized Zone (BEZA, BEPZA and Hi-tech Park)

FEPD Circular Letter No. 28, Date: 08/11/21, Subject: Cancellation of Petroleum License -KSRM Billet Industries Ltd. & Uniglory Accessories Ltd

PSD (Payment Systems Department)

PSD Circular No. 11, Date: 17/11/21, Subject: Issuance of PSP license to “Progoti Systems Limited”

SPA

SPA Circular No. 01, Date: 15/11/21, Subject: Purchase of fuel/oil in foreign exchange by airlines/shippinglines or their agents in Bangladesh

SPA Circular No. 02, Date: 21/11/21, Subject: Operations of resident entities working as general sales agents and shipping agents of foreign airlines/shipping lines in Bangladesh
**MBL CIRCULARS DURING NOVEMBER 2021**

**Instruction Circulars**

1. Circular no. 2708, Date: 28.11.2021, Subject: Rectification/regularization of data in the system against Loans & Advances sanctioned/dispursed by your Branch/Division/Window.

2. Circular no. 2707, Date: 25.11.2021, Subject: 28 November 2021 ইং তারিখে পৌরসভা এবং ইউনিয়ন পরিষদের নির্বাচিত উপলক্ষ সংস্থি নির্বাচিত এলাকায় হেতৃকে হিসাবে ব্যাবহারী স্থানান্তর অবমুক্ত ব্যাঙ্কের শাখা / উপশাখা বন্ধ রাখা এবং ভোটারদের ভোটানীকর প্রয়োজনের সুযোগ দানের প্রয়োজনীয় ব্যবস্থা গ্রহণ প্রস্তুত।

3. Circular no. 2706, Date: 21.11.2021, Subject: Request for Compliance the terms and conditions of “Guidelines for Trust Fund Management in Payment and Settlement Services” issued by Payment System Department, Bangladesh Bank and Amendment Agreement signed between MBL and bkash regarding Cash Management.


5. Circular no. 2704, Date: 17.11.2021, Subject: নকল করানো ভাইরাসের কারণে কঠিন নিম্ন অধীনে পেশাজীবী, কৃষক ও প্রাক্তন/ক্ষুদ্র ব্যবসায়ীদের জন্য পুন:অধীনস্থ যুবক গ্রহণ প্রস্তুত।

6. Circular no. 2703, Date: 17.11.2021, Subject: Regarding collection of IPO SJBL Mudaraba Perpetual Bond from the Eligible Investors (EI) and General Public (GP) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.

7. Circular no. 2702, Date: 17.11.2021, Subject: Regarding reversal of Expired Bank Guarantee issued by different Branches of the Bank.

8. Circular no. 2701, Date: 16.11.2021, Subject: নকল করানো ভাইরাসের কারণে কঠিন নিম্ন অধীনে পেশাজীবী, কৃষক ও প্রাক্তন/ক্ষুদ্র ব্যবসায়ীদের জন্য পুন:ব্যবস্থাপনা দিয়েছি প্রস্তুত।

9. Circular no. 2699, Date: 10.11.2021, Subject: 11 November 2021 ইং তারিখে ৫৪৮ টি ইউনিয়ন পরিষদের নির্বাচিত উপলক্ষ সংস্থি নির্বাচিত এলাকায় হেতৃকে হিসাবে ব্যাবহারী স্থানান্তর অবমুক্ত ব্যাঙ্কের শাখা/উপশাখা বন্ধ রাখা এবং ভোটারদের ভোটানীকর প্রয়োজনের সুযোগ দানের প্রয়োজনীয় ব্যবস্থা গ্রহণের প্রস্তুত।


12. Circular no. 2695, Date: 02.11.2021, Subject: Instruction for Providing Cash Deposit and Cash Withdrawal Service to Agent Banking Customers from all the MBL Uposhakha.

13. Circular no. 2694, Date: 04.11.2021, Subject: Regarding collection of IPO of AIBL Mudaraba Perpetual Bond from the Eligible Investors (EI) and General Public (GP) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.

14. Circular no. 2692, Date: 01.11.2021, Subject: জাতীয় সংসদের ৬৭ সিরাজগঞ্জ-৬ শাখা আসন, ২৯টি পৌরসভা এবং ৪৪ টি ইউনিয়ন পরিষদের নির্বাচিত উপলক্ষ সংস্থি নির্বাচিত এলাকায় হেতৃকে হিসাবে ব্যাবহারী স্থানান্তর অবমুক্ত ব্যাঙ্কের শাখা/উপশাখা বন্ধ রাখা এবং ভোটারদের ভোটানীকর প্রয়োজনের সুযোগ দানের প্রয়োজনীয় ব্যবস্থা গ্রহণের প্রস্তুত।
**Information Circulars**

1. Circular no.1734, Date: 29.11.2021, Subject: Signing of Memorandum of Understanding between Bangladesh Parjatan Corporation and Mercantile Bank Limited for availing services of BPC’s Hotel, Motel, Conference Hall, etc. at a Special Discount on Rent for only our employees.

2. Circular no.1727, Date: 09.11.2021, Subject: ২০২২ সালের ফ্রির তালিকা।

3. Circular no.1726, Date: 04.11.2021, Subject: Information Regarding Changes of FAX Number of Sonar Bangla Insurance Limited.

4. Circular no.1724, Date: 02.11.2021, Subject: SimplePay Facility for MBL Credit Cardholders at Electro Mart Limited.

**ID Circulars**

1. Circular no. 92, Date: 29.11.2021, Subject: জাতীয় সংস্থাগত অনলাইন ম্যানেজমেন্ট সিস্টেম এর আওতায় সংস্থাবন্ধ (ওজন আর্থীয় ডেভেলপমেন্ট বন্ধ, ইউএস ডলার হিসিমিয়াম এবং ইউএস ডলার ইনসেটমেন্ট বন্ধ) এর সেবাদানে কার্যক্রম অনুর্ধ্ব পরিচালনার জন্য প্রতিষ্ঠিত মিডিয়া চালুকরণ এরফসে।

2. Circular no. 90, Date: 21.11.2021, Subject: Repatriation of proceeds against service exports and method of receipts.


4. Circular no.88, Date:17.11.2021, Subject: অনুমিত বাণিজ্যি কর্তব্য প্রদত্ত বৈদেশিক লোক মূল্য কর্তায় নিবন্ধিত ঘোষণার এরফসে।

5. Circular no. 87, Date: 17.11.2021, Subject: দেশে উৎপাদিত সিস্টেম শিল্প রসারিতে রসানী ঘোষণার এরফসে।

6. Circular no. 86, Date:17.11.2021, Subject: দেশে উৎপাদিত MS Steel Products রসানী ঘোষণার এরফসে।

7. Circular no. 85, Date: 17.11.2021, Subject: দেশে উৎপাদিত বাইসাইকেলের এর পাতাস রসারিতে রসানী ঘোষণার এরফসে।

8. Circular no.84 , Date: 17.11.2021, Subject: দেশে উৎপাদিত বাণিজ্যি কর্তব্যের রসানী ঘোষণার এরফসে।

9. Circular no. 83, Date: 17.11.2021, Subject: বিশীদেশি অঞ্চল (বোজা, বোলজা এবং হাইটেক পার্ক) এ অবস্থিত প্রতিষ্ঠানের জন্য দেশের রসানী ঘোষণার এরফসে।

10. Circular no. 82, Date:14.11.2021, Subject: কেএসআরএম সিলেট ইত্যাদিজিয়া লিমিটেড এবং ইউনিয়ন সোলার সার্বিস লিমিটেড এর পেট্রোলিয়াম লাইসেন্স বাণিজ্যি পরিচালনার জন্য এরফসে।

11. Circular no. 81, Date: , Subject: আমদানি নিয়ন্ত্রণ সনদপত্র (IRC) উৎসাহিত মূল্যবার্ষিকী মোতাবেক আমদানি জমিপত্র (LC) খোলা এরফসে।

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**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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