

MBPLC. Spectrum

VOLUME – 29
Monthly Online Bulletin

Research and Planning Division
Mercantile Bank PLC.
Head Office, Dhaka.

OCTOBER 2023



বাংলা ব্যাংক



মার্কেন্টাইল ব্যাংক পিএলসি.
Mercantile Bank PLC.

দক্ষতাই আমাদের শক্তি

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EDITOR'S NOTE

October 2023 has been a month of contrasts for Bangladesh's economy and banking sector. The nation continues to make strides towards its 2041 vision, with digitalisation efforts at the forefront. The Bangladesh Bank has been proactive in issuing directives to foster the adoption of digital banking, further propelling this digital revolution.

However, the spectre of global economic uncertainty and the conflict in Ukraine and Russia have cast long shadows over our progress. Inflation has spiked to 9.93% in October 2023, a significant increase from June 2023, eroding the purchasing power and savings rates of our citizens. In response to these economic pressures, the Bangladesh Bank has made the decision to hike the lending rate by 50 basis points to 10.70%. This move is expected to help manage inflation and stabilize the economy, but it may also affect borrowing costs for businesses and individuals. We have also witnessed a surge in remittances, with the inflow in October 2023 reaching \$1.98 billion, the highest in four months.

The government has been active in launching several major infrastructural projects, including the Dhaka Elevated Expressway (DEE), the Padma Rail Bridge, the Agargaon-Motijheel part of Dhaka Metro Rail, and the Bangabandhu Sheikh Mujibur Rahman Tunnel. These projects are expected to stimulate economic growth and enhance the quality of life for our citizens.

In this edition, we delve into a comprehensive analysis of Bangladesh's current economic landscape, along with a detailed overview of our bank's financial performance up until October 2023.

Tapash Chandra Paul, PhD

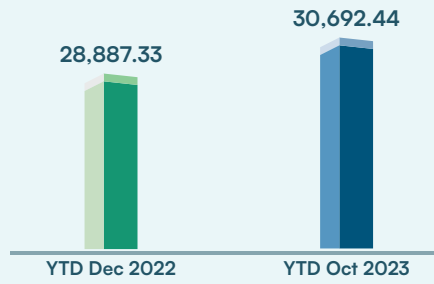
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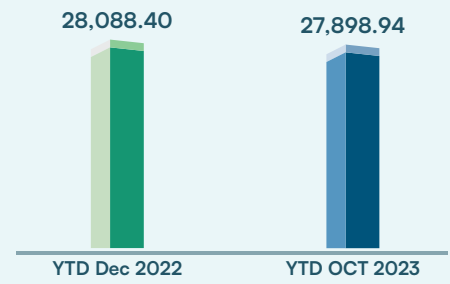
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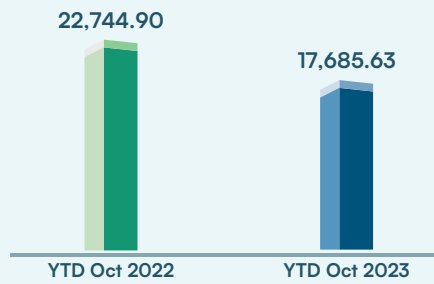
Deposits BDT in Crore



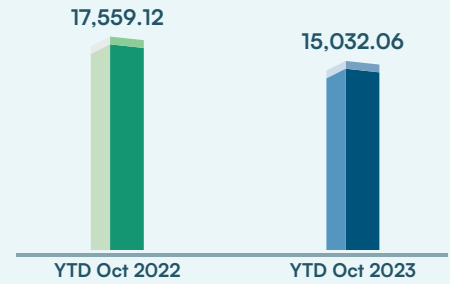
Loans & Advances BDT in Crore



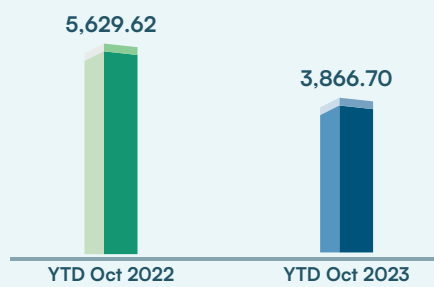
Import BDT in Crore



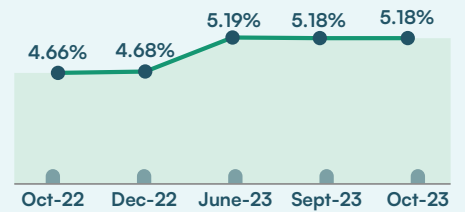
Export BDT in Crore



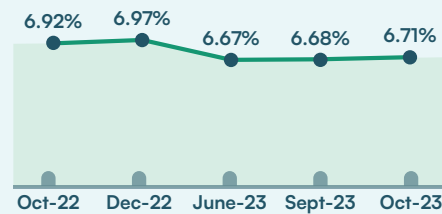
Inward Remittance BDT in Crore



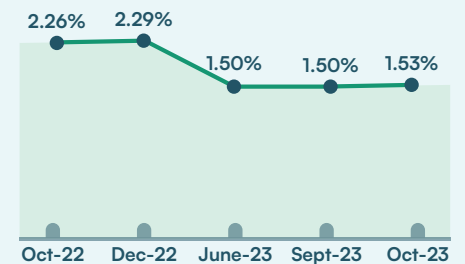
Cost of Deposit



Yield on Advances



Spread





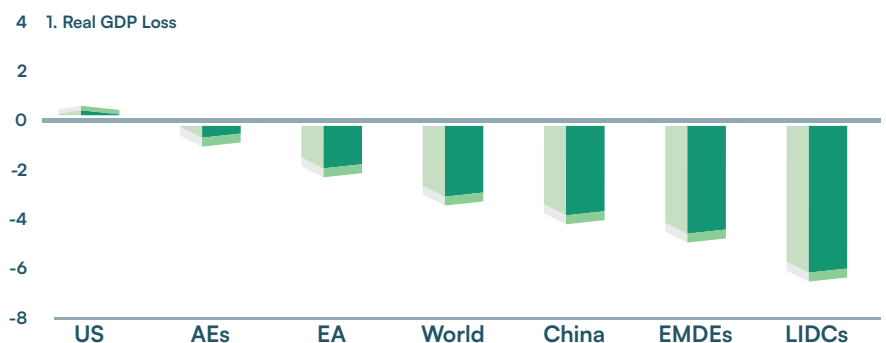
GLOBAL ECONOMY

Navigating Global Divergences

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year's peaks, it is too soon to take comfort. Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions.

Incomplete Recovery: Scarring from the Shocks of 2020-22

(Percent; deviation in 2023 from pre-pandemic projections)



Growth Outlook: Offsetting Divergences

Global growth is projected to fall from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024 on an annual average basis (Table 1.1). There is a downward revision of 0.1 percentage point for

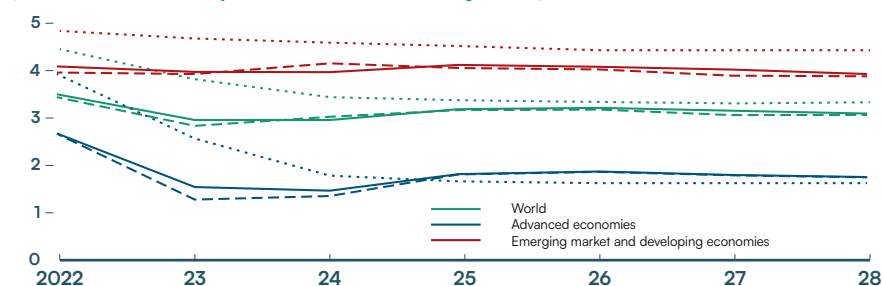
2024 compared with the July 2023 WEO Update projection. At the same time, there are more sizable changes in the underlying growth trajectories of major economies, with stronger projections for the

United States and downward revisions for China and the euro area. The forecasts for growth during 2023–24 are also slower than those before the onset of the shocks of 2020–22.

Advanced economies continue to drive the decline in annual average growth from 2022 to 2023, with stronger services activity offset by weaker manufacturing, as well as idiosyncratic factors. On average, these economies are expected to have broadly stable growth in 2024 with a pickup in 2025. By contrast, emerging market and developing economies, on average, are projected to see

Growth Outlook: Stable and Slow

(Percent; dashes = April 2023; dots = January 2022)



Source: IMF staff calculations.

Note: Solid lines denote GDP growth from the October 2023 WEO, and dashed lines and dotted lines denote GDP growth forecasts from the April 2023 WEO and the January 2022 WEO Update, respectively. WEO= World Economic Outlook.

stable growth over 2022–24, with a slight pickup in 2025,

although with sizable shifts across regions.

Table-1 Overview of the World Economic Outlook Projections
(Percent change, unless noted otherwise)

	2022	Projections		Difference from July 2023 WEO Update ¹		Difference from April 2023 WEO ¹	
		2023	2024	2023	2024	2023	2024
World Output	3.5	3.0	2.9	0.0	-0.1	0.2	-0.1
Advanced Economies	2.6	1.5	1.4	0.0	0.0	0.2	0.0
United States	2.1	2.1	1.5	0.3	0.5	0.5	0.4
Euro Area	3.3	0.7	1.2	-0.2	-0.3	-0.1	-0.2
Germany	1.8	-0.5	0.9	-0.2	-0.4	-0.4	-0.2
France	2.5	1.0	1.3	0.2	0.0	0.3	0.0
Italy ²	3.7	0.7	0.7	-0.4	-0.2	0.0	-0.1
Spain	5.8	2.5	1.7	0.0	-0.3	1.0	-0.3
Japan	1.0	2.0	1.0	0.6	0.0	0.7	0.0
United Kingdom ²	4.1	0.5	0.6	0.1	-0.4	0.8	-0.4
Canada	3.4	1.3	1.6	-0.4	0.2	-0.2	0.1
Other Advanced Economies ³	2.6	1.8	2.2	-0.2	-0.1	0.0	0.0
Emerging Market and Developing Economies	4.1	4.0	4.0	0.0	-0.1	0.1	-0.2
Emerging and Developing Asia	4.5	5.2	4.8	-0.1	-0.2	-0.1	-0.3
China	3.0	5.0	4.2	-0.2	-0.3	-0.2	-0.3
India ⁴	7.2	6.3	6.3	0.2	0.0	0.4	0.0
Emerging and Developing Europe	0.8	2.4	2.2	0.6	0.0	1.2	-0.3
Russia	-2.1	2.2	1.1	0.7	-0.2	1.5	-0.2
Latin America and the Caribbean	4.1	2.3	2.3	0.4	0.1	0.7	0.1
Brazil	2.9	3.1	1.5	1.0	0.3	2.2	0.0
Mexico	3.9	3.2	2.1	0.6	0.6	1.4	0.5
Middle East and Central Asia	5.6	2.0	3.4	-0.5	0.2	-0.9	-0.1
Saudi Arabia	8.7	0.8	4.0	-1.1	1.2	-2.3	0.9
Sub-Saharan Africa	4.0	3.3	4.0	-0.2	-0.1	-0.3	-0.2
Nigeria	3.3	2.9	3.1	-0.3	0.1	-0.3	0.1
South Africa	1.9	0.9	1.8	0.6	0.1	0.8	0.0
<i>Memorandum</i>							
World Growth Based on Market Exchange Rates	3.0	2.5	2.4	0.0	0.0	0.1	0.0
European Union	3.6	0.7	1.5	-0.3	-0.2	0.0	-0.1
ASEAN-5 ⁵	5.5	4.2	4.5	-0.4	0.0	-0.3	-0.1
Middle East and North Africa	5.6	2.0	3.4	-0.6	0.3	-1.1	0.0
Emerging Market and Middle-Income Economies	4.0	4.0	3.9	0.1	0.0	0.1	-0.1
Low-Income Developing Countries	5.2	4.0	5.1	-0.5	-0.1	-0.7	-0.3
World Trade Volume (goods and services)	5.1	0.9	3.5	-1.1	-0.2	-1.5	0.0
Imports							
Advanced Economies	6.7	0.1	3.0	-1.8	-0.1	-1.7	0.3
Emerging Market and Developing Economies	3.2	1.7	4.4	-0.2	-0.5	-1.6	-0.7
Exports							
Advanced Economies	5.3	1.8	3.1	-1.0	-0.1	-1.2	0.0
Emerging Market and Developing Economies	4.1	-0.1	4.2	-1.3	0.1	-1.7	-0.1

Commodity Prices (US dollars)							
Oil ⁶	39.2	-16.5	-0.7	4.2	5.5	7.6	5.1
Nonfuel (average based on world commodity import weights)	7.9	-6.3	-2.7	-1.5	-1.3	-3.5	-1.7
World Consumer Prices⁷	8.7	6.9	5.8	0.1	0.6	-0.1	0.9
Advanced Economies ⁸	7.3	4.6	3.0	-0.1	0.2	-0.1	0.4
Emerging Market and Developing Economies ⁷	9.8	8.5	7.8	0.2	1.0	-0.1	1.3

Source: IMF staff estimates.

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during July 25, 2023–August 22, 2023. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = *World Economic Outlook*.

¹Difference based on rounded figures for the current, July 2023 WEO *Update*, and April 2023 WEO forecasts.

²See the country-specific notes for Italy and the United Kingdom in the “Country Notes” section of the Statistical Appendix.

³Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

⁴For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

⁵Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

Inflation Outlook: Gradual Decline to Target

Global headline inflation is expected to steadily decline from its peak of 8.7 percent in 2022 (annual average) to 6.9 percent in 2023 and 5.8 percent in 2024 (Table 1.1). The forecast for 2024 is revised upward by 0.6 percentage point, reflecting higher-than-expected core inflation. On a year-over-year basis, projected global headline inflation peaked at 9.5 percent in the third quarter of 2022 and is projected to reach 5.9 percent by the fourth quarter of 2023 before falling to 4.8 percent in the fourth quarter of 2024, still above the prepandemic (2017–19) annual average of about 3.5 percent. Although monetary tightening is starting to bear fruit, a central driver of the fall in headline inflation projected for 2023 is declining international commodity prices.

Inflation Outlook: Falling

(Percent; dashes = April 2023)



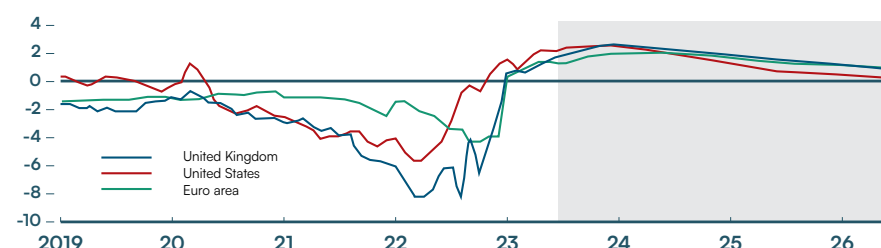
Source: IMF staff calculations.

Note: Solid lines denote inflation rates from the October 2023 WEO, and dashed lines denote inflation rates from the April 2023 WEO. Core inflation excludes volatile food and energy prices. WEO = *World Economic Outlook*.

Tighter Monetary Policy, Tighter Credit

Monetary Policy to Remain Tight

(Percentage points)



Acute stress in the banking sector has receded. The March 2023 banking scare remained

contained and limited to problematic regional banks in the United States and Credit Suisse—

—a Swiss globally systemically important bank—on account of swift reaction by authorities in both countries. However, rapid rate hikes in major advanced economies over the past 18 months, a necessary response to rapidly rising inflationary pressures, have resulted in a tight monetary policy stance—real rates above neutral rates—that is expected to endure well into 2025.

Outlook: Stable but Slow

The latest projections confirm that the global economy is slowing as inflation declines from last year's multidecade peak. A contraction in global per capita real GDP—which often happens in a global recession—is not part of the baseline scenario. Growth and

employment in the first half of the year remained more resilient than forecast in the April 2023 WEO. Although there is little change in the forecast for the global average since the July 2023 WEO Update, several shifts in growth and inflation prospects

are observed across countries. In addition, medium-term prospects for economic growth remain the lowest in decades, with middle- and lower-income countries facing a slower pace of convergence toward higher living standards.

Ref : <https://www.imf.org/en/Publications/WEO/Issues/2023>

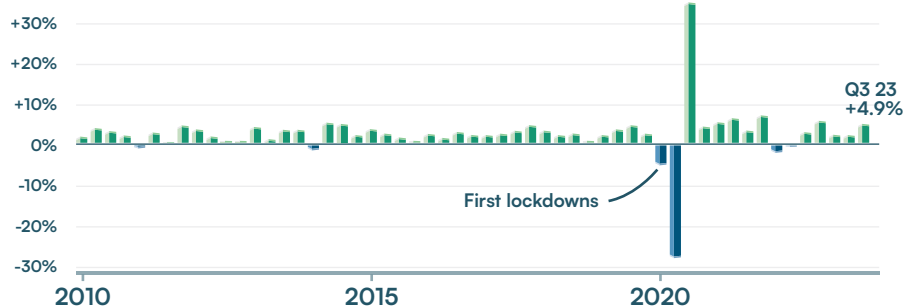
US economy grows faster than expected

The US economy grew faster than expected in the third quarter of the year, helped by a tight jobs market and consumer spending. The economy expanded at an annual rate of 4.9% in the July to September period, according to the government's first estimate. It marked the biggest rise seen since the last three months of 2021.

Consumers spent a lot despite the Federal Reserve trying to clamp down on spending with higher interest rates. Analysts expected that the economy would grow by 4.5% in the third quarter of this year. But a strong jobs market

US economic growth

Seasonally adjusted GDP, quarterly growth



Source: U.S. Bureau of Economic Analysis

BBC

meant that consumers were able to ask for bigger pay packets and keep spending on concerts, movies or holidays over the summer. Consumer spending, which accounts for more than two-

thirds of economic activity in the US, was the main driver behind the rise. The latest figure is a big spike from the 2.1% growth seen in the three months to July.

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

Australia 'hopeful' of EU trade deal



Australia's trade minister says he is "hopeful" of striking a free trade deal with the European Union ahead of talks in Japan, more than five years after negotiations began. The two sides have tussled over

how far Europe should prise open its markets to Australia's sheep meat, beef and sugar exports.

At the same time, Europe wants better access to Australia's rich

deposits of "critical minerals", easing its reliance on Russia and China for the key ingredients in clean-energy products such as wind turbines and electric car batteries. "I am hopeful that with some goodwill on the part of both our groups that we can successfully conclude a free trade agreement," Australia's trade minister, Don Farrell, said in a video statement late Friday after landing at Osaka's Kansai airport.

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

IMF concerned for loss of lives, economic slowdown from Mideast conflict, chief says

The International Monetary Fund (IMF) is concerned about the tragic loss of lives in the epicenter of the Israel-Gaza war and the destruction and reduction of economic activity, managing director Kristalina Georgieva said at an investment conference on 25 October. “What is happening in the Middle East is happening at a time when growth is slow and interest rates are high and cost of servicing debt has gone up because of COVID and war,” she said.

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



Global industry could save \$437b a year



Global industry could save around \$437 billion a year from 2030 via energy efficiency savings and could also achieve big reductions in carbon emissions, a study showed. The report by the Energy Efficiency

Movement, an industry collective, which has Switzerland’s ABB, Germany’s DHL Group, Sweden’s Alfa Laval and Microsoft among its members, said four gigatons of carbon emissions could be saved

by 2030 each year - if companies doubled down on efficiency measures.

That would be the equivalent of taking 60 percent of the world’s internal combustion vehicles off the roads, the report, seen by Reuters, said. Companies could undertake regular energy audits, review the ideal size of industrial assets, connect sites and machines to reap energy synergies and use more efficient engines, the report said.

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

South Asia expected to grow by nearly 5.8pc this year, making it world’s fastest-growing region

South Asia is expected to grow by 5.8% this year, making it the fastest-growing region in the world even as the pace remains below pre-pandemic levels,

the World Bank said on 3rd October. The latest South Asia Development Update from the World Bank projected growth in the region to slow slightly

to 5.6% in 2024 and 2025, as post-pandemic rebounds fade and reduced global demand weighs on economic activity.

At almost 6.0% this year, the region is growing faster than all other emerging markets, said Franziska Ohnsorge, the organisation's chief economist for South Asia. The region's economic outlook could also be affected by the slowdown in China's economy and is vulnerable to further shocks from natural disasters, which have become more frequent and intense due to climate change.

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



US budget deficit widens to \$1.7 tn on lower tax revenue



The US budget deficit has widened to \$1.7 trillion, government data showed on 20 October, in a development that could add pressure on President Joe Biden as he seeks reelection in 2024. The

deficit expanded by \$320 billion for the fiscal year ending September 30, following a drop in tax revenues and lower deposits of earnings by the Federal Reserve on the back of higher interest rates.

Elevated rates also added to spending, bringing the 2023 shortfall to its third-largest on record. When the accounting impact involving this program is removed over the recent two years, the deficit nearly doubles to around \$2 trillion, Treasury officials confirmed when speaking with journalists on Friday. In the latest year, spending increased in some areas, with a \$134 billion rise in Social Security due to cost-of-living adjustments and a \$162 billion bump in outlays for interest on the public debt.

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

Developing countries facing a debt crunch

High interest rates, growing investor risk aversion and borrowing that ballooned in recent years have left a range of developing economies mired in debt crises. Helping them claw out of this will be a key agenda item at the annual IMF and World Bank meetings in Morocco's tourist hub of Marrakech which kicks off next week.



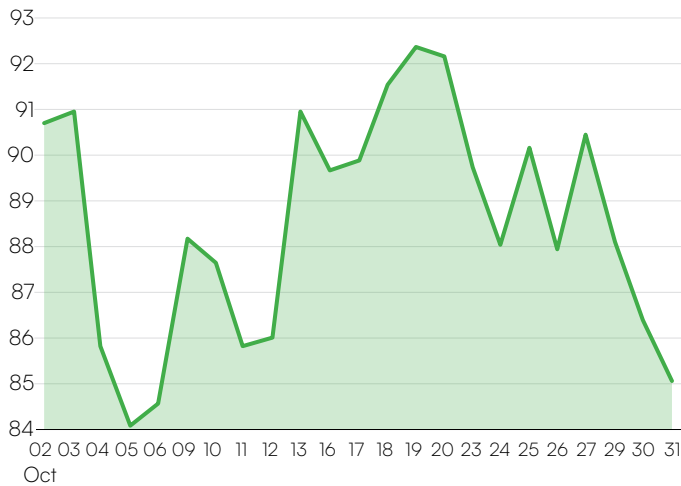
North Africa's largest economy needs to repay some \$100 billion of hard-currency debt over the next five years. Cairo currently spends over 40 percent of revenues

on interest payments; financing needs for fiscal 2023/204 stand at \$24 billion. Egypt has a \$3 billion IMF programme and has devalued the pound by roughly

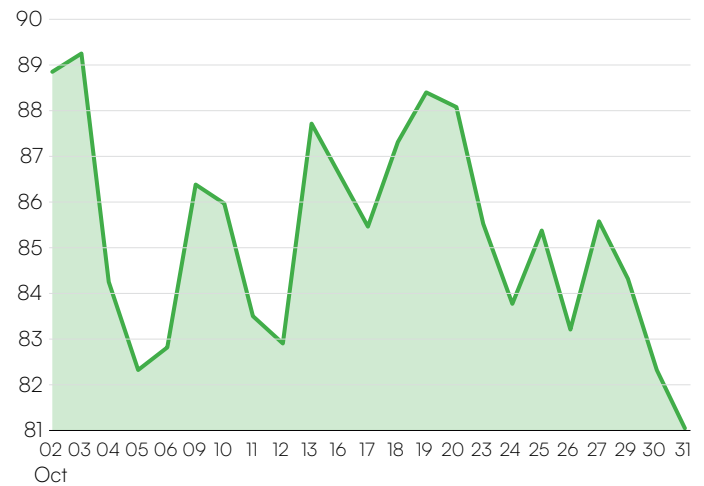
50 percent since February 2022. But a \$2 billion privatisation plan has been slow, and it has delayed the removal of electricity subsidies.

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

Brent Crude Oil (\$/barrel)



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

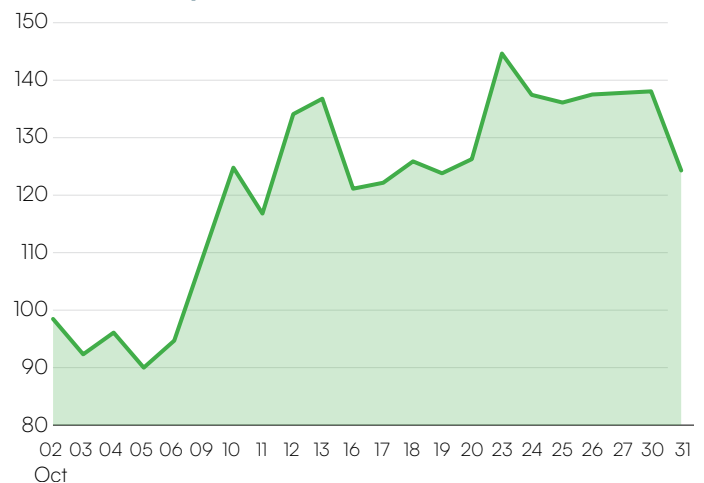


Gold Price (USD/oz)

30 Day Gold Price in USD/oz



Natural Gas (p/therm)



Graph: Global Economy Scenario

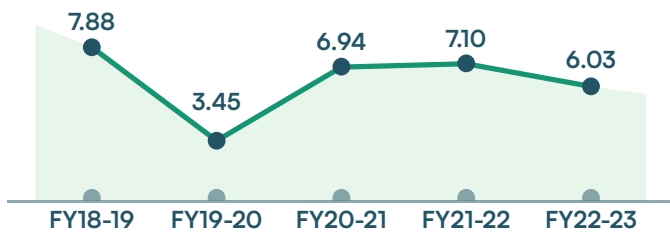
Sources:

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

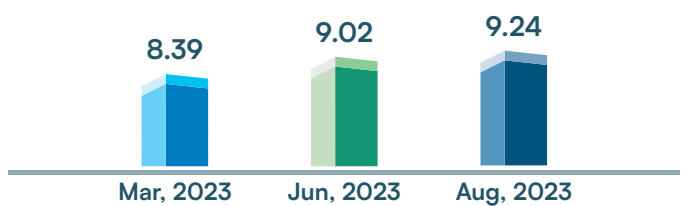
BANGLADESH ECONOMY

Key Indicators of Economy at a glance

GDP Growth Rate %



Inflation Rate 12 Month Average



Current national income aggregates

Items	2022-23P	Percentage Change over previous year
GDP at current prices, in million Taka	4,43,92,733	11.77%
Per Capita GDP at current prices, in Taka	259,919	12.1%
GNI at current prices, in million Taka	4,61,85,291	11.85%
Per Capita GNI at current prices, in Taka	270,414	12.18%

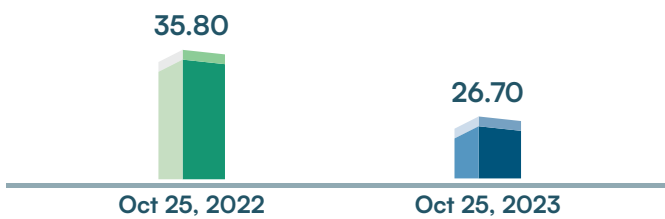
Reserve Money and Broad Money (TK. In Crore)

Items	2022-23P	Percentage Change over previous year	
Reserve Money	344,931	365,659.60	6.01%
Broad Money	17,07,930.40	18,74,249.70	9.74%

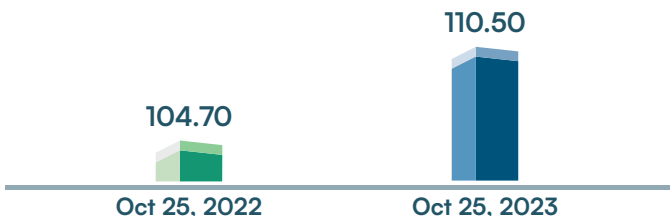
Wage Earners Remittance in Million US\$



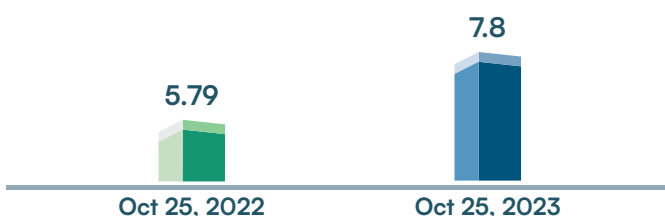
Foreign Exchange Reserve In Billion US\$



Interbank TK.-USD Exchange Rate



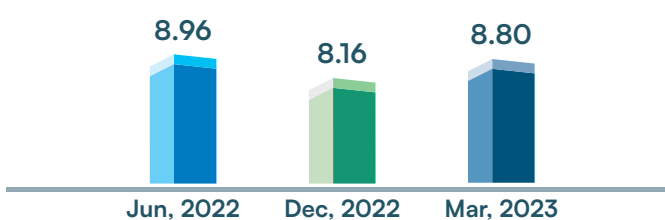
Call Money Rate %



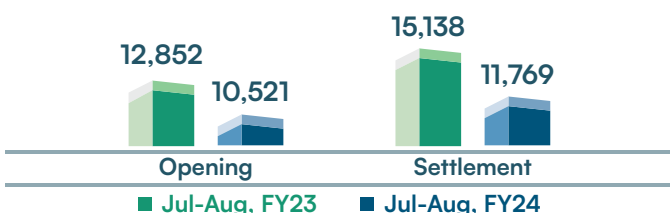
Export (EPB) in Million US\$



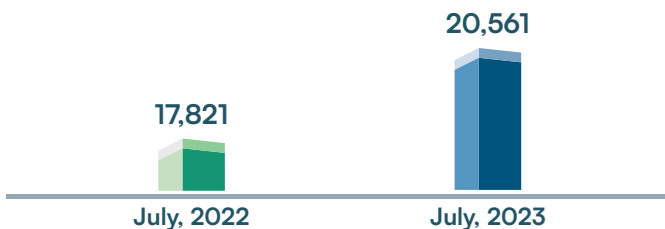
Classified Loan



L/C Opening and Settlement In million US\$



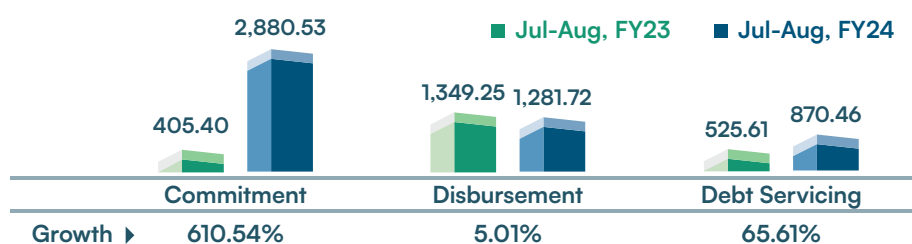
Tax Revenue (NBR) Tk. In crore



Bangladesh's foreign loan interest payments triple in Jul-Sep

The impact of the taka's devaluation on Bangladesh's foreign loan payments has become evident in the latest data as the government paid a staggering Tk4,147 crore or over \$378 million, in interest alone, during the July-September quarter of the current fiscal year. This figure represents a significant increase, surpassing the previous year's payments by more than threefold. According

FOREIGN ASSISTANCE JULY TO SEPTEMBER



Source: Economic Relations Division (ERD)

to data from the Economic Relations Division (ERD), the government paid Tk1,297 crore, approximately \$137 million, in

interest during the same quarter just a year ago.

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

Deficit in BD financial account widens to \$2.0b

- Bangladesh's current account showed surplus for the first two months of this fiscal year, but economists believe largely for import squeeze amid dollar dearth, but BoP takes pressures for lower forex inflows.
- During July, the very first month of the fiscal year 2023-24, the current-account surplus was recorded at US\$507 million. And in July-August period it stood at \$1.1 billion, according to Bangladesh Bank's latest data.
- However, the financial woes stemming from a recurrent shortfall in the country's financial account—another key component of the balance of payments (BoP)—continue with the deficit further widening during the July-August period.
- The FAD ballooned over \$2.0 billion during the period under review—a situation where external payment for imports is getting difficult while prices staying high for supply strains apart from market misconduct.

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

Foreign debt repayment surges 65pc in Q1

- The external debt servicing shot up by more than 65 per cent year on year to US\$ 870.5 million in the first quarter of the current fiscal year (FY 2023-24). Data issued by the Economic Relations Division (ERD) revealed that the repayment of principal amount was \$ 492 million and the interest payment was \$ 378.5 million during the period.
- People familiar with the development told the FE that the amount of debt servicing was rising as many of the foreign-funded projects have matured to start repayment. However, Bangladesh's total stock of external debt was equivalent to Tk 5.331 trillion as of March 2023.

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

LDC graduation: Bangladesh to get duty benefits beyond 2026



Bangladesh is set to enjoy duty-free market access beyond its graduation from the least-developed country bracket in

November 2026 after the World Trade Organisation decided to extend support measures for graduating countries. The decision,

which was taken with the view to providing a smooth and sustainable transition period for LDCs, came at a General Council aimed at making preparations for the 13th WTO Ministerial Conference scheduled for February 2024 in Abu Dhabi. Previously, Bangladesh was supposed to lose duty-free and quote-free market access upon LDC graduation to all regions save for the EU in 2026. Now, Bangladesh will continue to enjoy the duty-free benefit for a certain period as the WTO has not given a specific timeframe yet.

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

BD's Tk 14.5t govt debt to rise further

- An already-disproportionate government debt-to-GDP ratio in Bangladesh will further rise during 2023-2025 period, according to Fitch Ratings, while the total debt buildup stands at Tk 14.5 trillion until March. The Fitch outlook on credit ratings covers some of Asia's fast-growing emerging economies, including Bangladesh.
- Bangladesh's debt-to-GDP ratio widened nearly 2.0-percentage points to 32.56 per cent as of March 2023, according to Ministry of Finance data. Domestic debt stood at Tk 9.2 trillion while external debt at Tk 5.3 trillion during the period.

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

Economic growth may fall to 5.6pc in FY '24

- Economic advances in Bangladesh may decelerate as the World Bank lowers the country's growth forecast by 0.60- percentage points to 5.6 per cent for this fiscal amid blowing headwinds.
- Sluggish consumption and private investment -- amid high inflation and belt-tightening measures -- are cited as cardinal causes of growth contraction in the current fiscal year (FY) 2023-24 in the country context in the latest WB development update for South Asia.

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

Jute prices continue to fall



- Jute growers in Bangladesh are facing deepening woes as prices of the natural fibre have been in a downward slide amid a consistent decline in exports, according to industry insiders. Besides, sales in the domestic market are scant at best due to the government's indifference towards enforcing a law making it mandatory to pack certain commodities in jute bags.
- As such, the finest quality jute is currently being sold at about Tk 2,600 per maund (37 kilogrammes) while it was Tk 2,700 just one month back, they said. The price of medium quality jute fell the most, decreasing by about 20 percent year-on-year to Tk 2,100 per maund in absence of adequate demand from mills.

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

RMG exports to EU up 11.47pc in July-September of FY24

- As per the latest statistics of the Export Promotion Bureau (EPB), readymade garment export to the European Union reached US\$ 5.51 billion during July-September of FY24, 11.47% up compared to the same period of the previous fiscal year. “Our exports to Spain, France, Netherlands and Italy showed 23.26%, 8.67%, 18.97% and 23.22% growth respectively.
- On the other hand, export to Germany, the largest export market in the EU, declined by 4.41% with an amount of US\$ 1.45 billion compared to the July-September, FY23. Our RMG export to the USA stood US\$ 2.07 billion in the first three months of FY 2023-24 with 2.77 % growth. At the same time, exports to the UK and Canada reached US\$ 1.45 billion and US\$ 352.86 million, with 21.35 % and 5.44% growth respectively.

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

Govt. moves to set minimum monthly wages for 12 new sectors

The government has taken steps to set minimum monthly wages for workers in 12 new sectors to bring them under regulations. The proposed sectors include private clinics, hospitals, diagnostic centres, dairy industry, electric and electronics goods manufacturing,

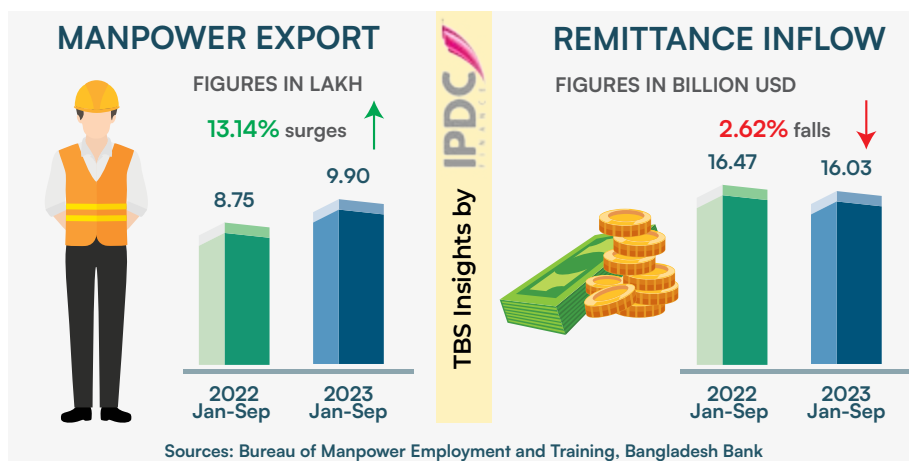
poultry farming, brick kilns, commercial amusement parks, battery manufacturing, dried fish processing, private airlines, stone crushing and IT parks. Earlier, the Department of Labour and the Department of Inspection for Factories and Establishments

collected information from the field level and recommended that the Ministry of Labour and Employment include these sectors in the wage board.

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

Remitters offered extra Tk2.75 per dollar. Will it work this time?

Banks have been allowed to take remittances by offering additional Tk 2.75 to Tk112.75 per dollar in a desperate effort to boost the inflow of the greenback, which went down to a 41-month low in September. Considering the 2.5% incentive offered by the government, remitters will now receive Tk115.50 per dollar if they send the money through the banking channel. At the meeting, the leaders of two organisations conveyed that, moving forward,



each bank can provide an incentive of up to 2.5% above the predetermined exchange

rate of Tk110 per dollar for remittances.

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

Govt aims to collect 11.2pc of GDP in taxes by FY26

- The government aims to collect total revenue amounting to 11.2 per cent of GDP by the end of the fiscal 2025-26, according to the Medium Term Macroeconomic Policy Statement (2023-24 to 2025-26) of the Finance Division under the Finance Ministry.
- It said that Bangladesh has consistently maintained an expansionary fiscal stance keeping a moderate budget deficit-usually around 5.0 per cent of GDP-to foster economic growth, reduce poverty, and improve social outcomes. However, the tax-GDP ratio in Bangladesh is significantly lower than its peers and hence, the government has taken several initiatives to improve revenue collection.

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

34.2pc youth in BD either unemployed or underemployed

- Nearly one-third or 34.2 per cent of the country's youth are either unemployed or underemployed, thus making them highly vulnerable, reveals a latest study by The South Asian Network on Economic Modelling (Sanem) and the ActionAid Bangladesh. Bangladeshi youth face vulnerabilities like limited access to quality education and health care, high dropout, poverty and economic insecurity.
- Gender inequality, limited access to technology and digital literacy, climate change and environmental vulnerabilities, socio-political instability, migration and vulnerability to exploitation and mental health issues are also there.

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

Govt to provide Tk 90 crore incentive to boost Boro production: Agriculture Ministry

- The government will provide an incentive of Tk 90 crore to boost the cultivation and production of hybrid varieties of Boro paddy across the country. A total of 14.40 lakh small and marginal farmers will get 2 kg of hybrid Boro seeds required for cultivation in one bigha of land under the programme.
- Gender inequality, limited access to technology and digital literacy, climate change and environmental vulnerabilities, socio-political instability, migration and vulnerability to exploitation and mental health issues are also there.

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



Interest rate cap, soaring exchange rates hurting economy

Structural issues like caps on interest rates and highly appreciated exchange rates are having a detrimental impact on the economy of Bangladesh. Besides, the persistently higher inflation due to the printing of paper currencies by the government is also creating an adverse impact on the socio-economic arena. These were disclosed at a seminar styled 'The Bangladesh economy: Emerging structural issues and correcting policy measures' hosted by Unnayan Shamannay (UnSy). Former Bangladesh Bank chief economist Dr Biru Paksha Paul said-

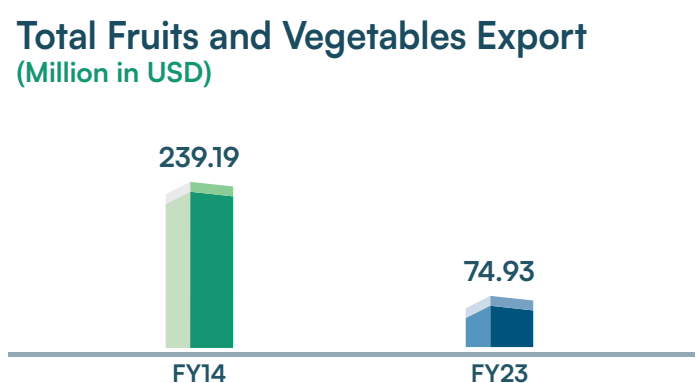
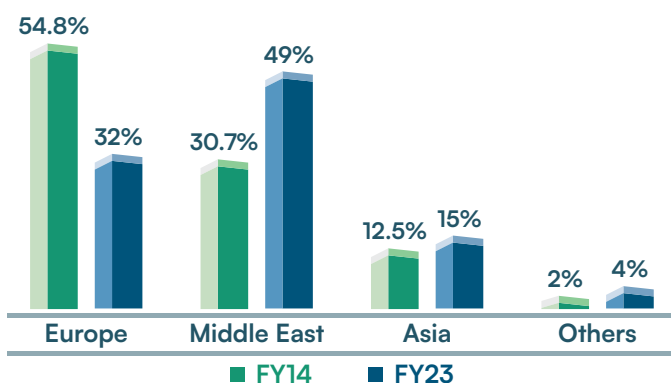
- The structural issues are kicking in after 2019. We are facing setbacks following interest caps were introduced in 2020.
- Leaving interest and foreign-currency exchange rates on the market, allowing the banks to work freely.
- An economy could be compared to a human body needing to shake off extra fat to ensure good health.
- Inflation is like blood pressure, as too high is bad and too low is also unwelcome.
- Agriculture's contribution to Bangladesh's economy was declining as other sectors were growing as usual.
- About banking, deposit growth came down from 22 per cent in 2012 to 7.0 per cent this year while private credit growth was over 11 per cent that was unsustainable.

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

Bangladesh's fruits, vegetables exports plunge 68.7% in a decade



Decline in fruits and vegetables export to Europe
Regionise expaorts of fruits and vegetables
(as share of total export)

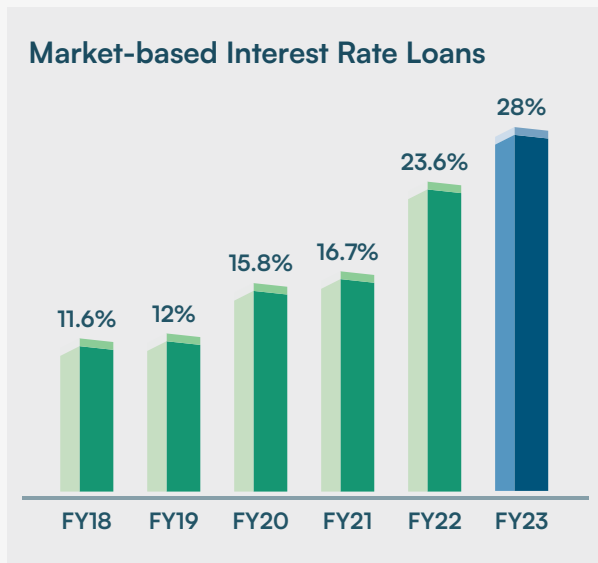


- Bangladesh's fruits and vegetables exports have declined by a staggering 68.7% in the past decade, from \$239.19 million in FY14 to \$74.93 million in FY23, due to low competitiveness caused by high export costs, lack of good agricultural practices (GAP) and necessary infrastructures, according to the Bangladesh Fruits, Vegetables & Allied Products Exporters' Association.
- A recent report by the association reveals that exports of these products to Europe accounted for 54.8% of the country's total exports of these products in FY14, but this share has steadily declined to 32% in FY23. On the other hand, in FY23, 49% of total fruits and vegetables exports of the country went to the Middle East, which was 30.7% a decade earlier.

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

Debt burden climbs as hard loans double in three years

Market-based Foreign Loans on the Rise



Bangladesh borrows from development partners through fixed-rate & market-based floating-rate systems

Fixed interest rate is specified in contracts, and it does not change

For market-based loans, interest is based on SOFR and Euribor

Bangladesh now has to pay interest by adding a spread to SOFR and Euribor, which takes the interest rate to 6%-7%

- Foreign loans, the key source of financing development projects, is rapidly becoming costlier for Bangladesh with an increasing reliance on higher-cost borrowing, also known as hard loans, tied to market-based or floating interest rates. According to the Economic Relations Division (ERD), commitments to market-based loans have witnessed a substantial rise, accounting for 28% of the total \$8.46 billion for the fiscal 2022-23. This marks a significant increase from the previous year's 23.6% and nearly double the figures from just three years ago.
- The Asian Development Bank (ADB), a top-tier development partner for Bangladesh, committed a \$1.85 billion loan to the country in the last fiscal year. Nearly four-fifths of this amount will be subject to market-based interest rates that cost between 5% and 7%.

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

Youth unemployment stands at 8%, way over national rate



- The youth unemployment rate in 2022 emerged as a pressing issue, with the figures more than doubling the national level. In a country with a labour force of 2.68 crore individuals aged 15-29, a significant 21.5 lakh, representing 8%, have been found unemployed, marking a stark contrast to the national unemployment rate of 3.53%, a situation that underscores the formidable challenges that young people face in their quest for employment.
- What's particularly striking is the educational background of these unemployed youth. The largest share, 27.8%, holds tertiary degrees, followed by those with secondary school completion at 23.8%, and higher secondary graduates at 19.7%.

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

Unemployment among graduates: Females still have highest rate



- Although an increasing number of female students are coming out of universities every year, they continue to have the highest unemployment rate among graduates, according to the recently released Labour Force Survey (LFS) 2022. Out of around eight lakh graduates seeking jobs, 3.36 lakh females were jobless in 2022.
- The unemployment rate among female graduates was 18.88 percent, which was higher than the overall jobless rate of 12 percent among people with higher education, showed the LFS data by the Bangladesh Bureau of Statistics (BBS). Meanwhile, the women labour force participation rate has risen to 42.77 percent in 2022 from 36.3 percent five years ago.

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

Import cost at Ctg port falls 9% in Q1 of FY24

Imports via Chattogram port remained virtually unchanged in the first quarter of the current fiscal year, with a year-on-year decline of just 0.12%. However, import costs fell by about 9% during the same period. According to Chattogram Customs House data, about 2,16,30,394 tonnes of goods were imported through the country's premier seaport in the July-September period of FY24 compared to 2,16,57,444 tonnes imported during the same period



of FY23. Import expenditure for the July-September period of FY24 stood at around Tk1,09,430 crore,

down by 8.81% from Tk1,20,007 crore for the same period in FY23.

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

Per capita debt is around \$365, finance minister tells JS



- Finance Minister AHM Mustafa Kamal said that currently the per capita debt of the country is around \$365. He said the amount of foreign debt until June 2023 is \$62,312.71 million (temporary), including \$36,781.03 million from multilateral sources and \$25,531.68 million from bilateral sources.
- Kamal said according to data of the Bangladesh Bureau of Statistics, the total population is 170.79 million and the current per capita debt is around \$364.85. According to the information provided by the finance minister, the highest \$19,536.82 million was taken from the World Bank as loan.

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



BANKING INDUSTRY

ICAB honours 59 firms for best presented annual reports, disclosures



The Institute of Chartered Accountants of Bangladesh (ICAB) recognised 59 listed and non-listed entities in 17 sectors for their best presented annual reports and corporate governance

disclosures. Apart from honouring the first, second and third prize winners in each sector, the Certificate of Merit was conferred on the companies for achieving the minimum score. Commerce

Minister Tipu Munshi handed over the “23rd ICAB National Award for Best Presented Annual Reports 2022” to the winners at an event at the Sonargaon Hotel in Dhaka.

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

BB raises lending rate to 10.70% to tame inflation

- A day after hiking the policy rate, the Bangladesh Bank today raised the lending rate to 10.70 percent in order to tame the skyrocketing inflation. As a result, banks now can add a 3.50 percent margin with the reference rate, also known as SMART, which stands at 7.20 percent. As a result, the lending rate will be 10.70 percent. The previous interest margin was 3 percent.
- The six-month moving average rate of treasury bills, abbreviated as SMART was 7.20 percent in September and the rate will be applicable for October. The central bank withdrew the lending rate cap in June and introduced a new interest rate regime to meet conditions attached to the International Monetary Fund's \$4.5 billion loan. But inflation showed no sign of falling sharply.

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

BB issues new rules on cash assistance for shrimp and fish exports



- The new directive stated from now on the application for cash assistance will have to submit the certificate of the concerned trade organisation. The Bangladesh Bank (BB) on issued new guidelines for cash assistance (incentive) against exports of frozen shrimp and other fish items.
- The new directive stated from now on the application for cash assistance will have to submit the certificate of the concerned trade organisation. The Foreign Exchange Policy Department of the BB issued the directive on Wednesday and sent to all the authorised dealers in foreign exchange transactions for immediate execution.

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

Banks now banking on fee-based incomes

- Many of Bangladesh's commercial banks, having core income-generating instruments under immense pressures, now focused on fee-based incomes under a changed strategy to navigate the crunch time.
- The change in the income-making approach to make their balance sheet sustainable comes in the wake of looming liquidity crunch in the banking industry because of the existing volatility in the country's macroeconomic situation.

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

Foreign loan commitments surge over 600%

Although foreign aid commitments made by global lenders to Bangladesh surged more than 600 percent in July-September of the current fiscal year, the disbursement declined. Figures from the Economic Relations Division (ERD) showed that it



received pledges involving \$2.88 billion in the first quarter, up more than 610 percent from \$405 million in the identical three months of 2022-23. Of the commitments,

\$2.79 billion came in the form of loans and the rest \$90.53 million in the form of grants. However, the disbursement declined nearly 5 percent to \$1.28 billion in July-

September of 2023-24. It was \$1.34 billion in the first quarter of FY23.

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

Bank loans getting costlier with fresh rate rise

Funds are getting costlier with the maximum rate of interest on bank credits set to be raised by 35 basis points from November as the central bank tightens fist to combat inflation. With the latest rise, the lending rate will be crossing 11.0 per cent, which turns out to be a matter of serious concern for businesses in the current context of

macroeconomic volatility locally and globally.

Under the newly introduced interest-rate-calculation regime by Bangladesh Bank (BB) from July last, the lending rate is now being fixed based on the reference rate or SMART (six-month moving average rate of treasuries) rate. And the average

cut-off yield in the auction of 182-day treasury bills continues mounting throughout this month of October following the hike in policy rate by 75 basis points, and it is basically contributing to the significant rise in SMART rate, officials said.

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

Banks asked to encash 50% of exporters' retention deposits



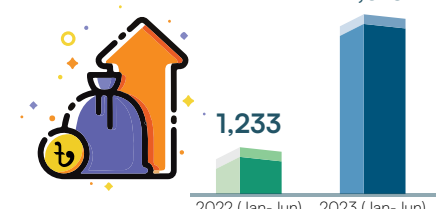
- The Bangladesh Bank has directed banks to encash 50% of the dollars deposited in exporters' retention quota (ERQ) accounts to boost foreign currency liquidity in the market. In a letter sent on October 08, 2023, the central bank asked banks to immediately encash half of the total \$639 million in deposits held by ERQ accounts on 21 September. Accordingly, exporters will receive a rate of Tk110 per dollar for their retained export proceeds.
- Bankers say, considering the current situation, the liquidity of the dollar has been good for the past few months. However, the challenge lies in banks' efforts to maintain strong liquidity by reducing the opening of letters of credit (LCs) for imports. This is because they are placing greater emphasis on forex portfolio management due to the heavy pressure of deferred payments.

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

Loan write-offs more than triple in H1

- In the first six months this year, banks have written off loans more than three times the amount of the same period last year. According to the data from the Bangladesh Bank, Tk4,513 crore of loans were written off between January and June, marking a 247% year-on-year rise. According to central bank data, the total written-off loans amounted to Tk67,721 crore by the end of June this year. From 2003 to 2022, Tk20,828 crore has been recovered, resulting in net written-off loans of less than Tk47,000 crore.

Increase in Loan Write-off Figures in Crore Tk



Source: Bangladesh Bank (Provisional data)

- Defaulted loans rose by around Tk24,418 crore in the April-June quarter of this year, the central bank said. The total default loan in the banking sector stood at Tk1,56,039 crore in June, which was 10.11% of the total outstanding loans. That is, if written-off loans are considered, the default loans of the banking sector will be more than Tk2 lakh crore.

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

Remitters to get Tk 115.5 per dollar as banks offer an additional incentive

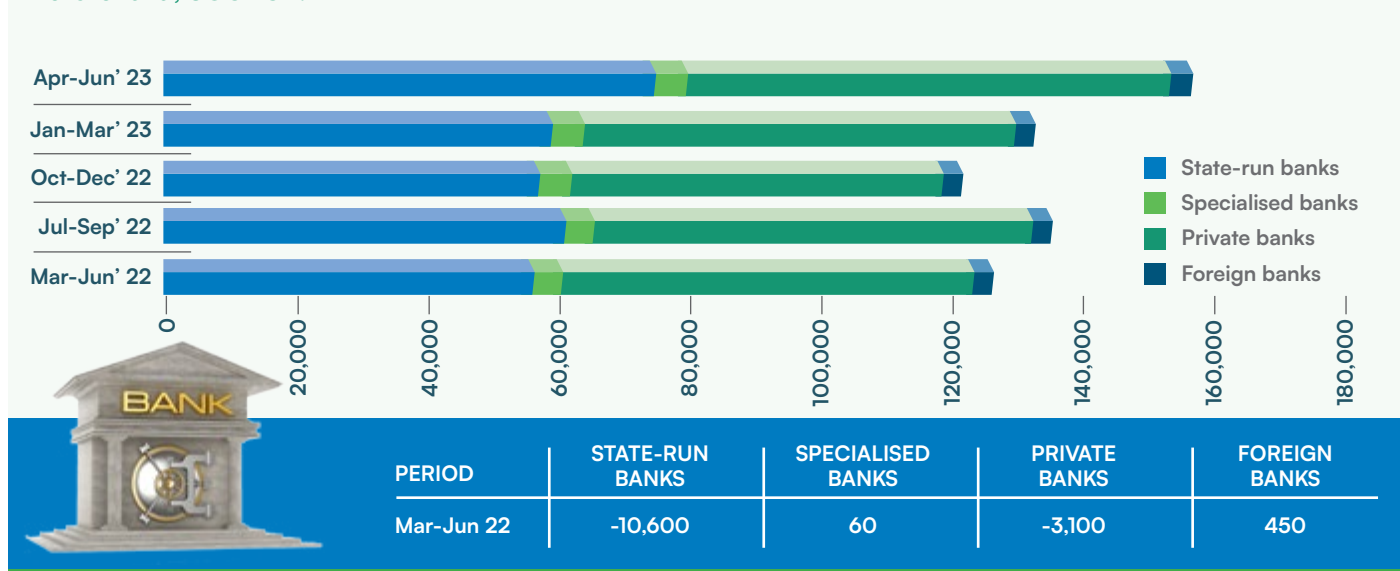
- Remitters will get Tk 115.5 per dollar for legal channelling of funds through the banking system as banks will offer an additional incentive along with the government's existing incentive. Currently, the purchase rate of a US dollar is Tk 110 and the selling rate is Tk 110.50 on the interbank exchange market.
- In 2019, the government started providing a 2.0 per cent incentive for inward remittances. Later, it was increased to 2.5 per cent. Recently, the Bangladesh Foreign Exchange Dealers' Association (Bafeda) and the Association of Bankers' Bangladesh (ABB) held a joint meeting, according to local news portals.

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

State banks' default loan surges

TOTAL AMOUNT OF CLASSIFIED LOANS IN BANKS

In crore taka; SOURCE: BB



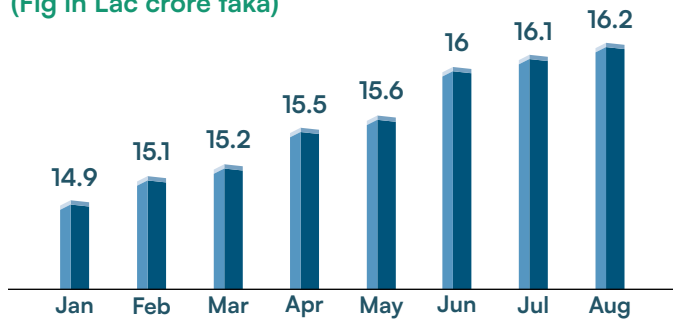
- Default loans in the banking sector shot to a historic high at the end of June this year owing to rising non-performing loans (NPLs) at state-owned commercial banks, said Bangladesh Bank (BB). The amount of NPLs at the state banks stood at Tk 74,450 crore, up 28.45 percent from that three months ago, said the central bank in its quarterly report. With the spike, the ratio of their gross classified loans surged to 25.01 percent of their total outstanding loans.
- Default loans at private banks rose 11.76 percent while foreign banks saw a 5.26 percent increase, taking the total default loans to Tk 156,040 crore at the end of the fiscal year (FY) 2022-23. The amount was 10.1 percent of the total outstanding loans, the highest since September 2022, rising from 8.8 percent in March.

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

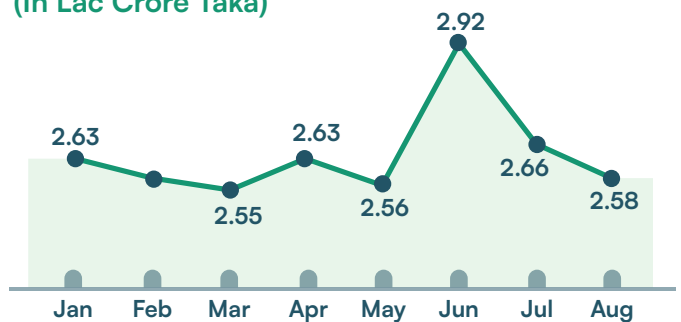
Taka returning to banking system as deposit interest rises

Monetary Survey

Deposits in the Banking System (Fig in Lac crore taka)



Currency Outside Banks in 2023 (In Lac Crore Taka)



Source: Bangladesh Bank

- Due to an increase in deposit interest rates and sluggishness in investments before the upcoming national elections, approximately Tk33,000 crore has returned to the banking system in the first two months of the current fiscal year from individual holdings. According to data from the Bangladesh Bank, currency held by individuals outside of banks amounted to Tk2.91 lakh at the end of June this year.
- However, by the end of August, this figure had decreased to Tk2.58 lakh. In August, private sector credit growth hit a 22-month low at 9.75%. This marked the ninth consecutive month of decreasing credit growth. In August last year, it stood at 14.07%.

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

Excess liquidity in banks falls to Tk1.74 lakh crore

- The excess liquidity is calculated after maintaining the required statutory liquidity ratio (SLR) and cash reserve ratio (CRR). It is mandatory for banks to maintain 4% CRR of total deposits in cash form and 13% SLR in non-cash form with the Bangladesh Bank. Excess liquidity in banks decreased by approximately Tk6,000 crore in August compared to July following some steps taken by the Bangladesh Bank to control inflation in line with its contractionary policy stance.
- According to central bank data, excess liquidity in banks reached Tk1.74 lakh crore at the end of August from Tk1.80 lakh crore a month ago. The decreasing trend in excess liquidity is likely to continue even in September, BB officials said.

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

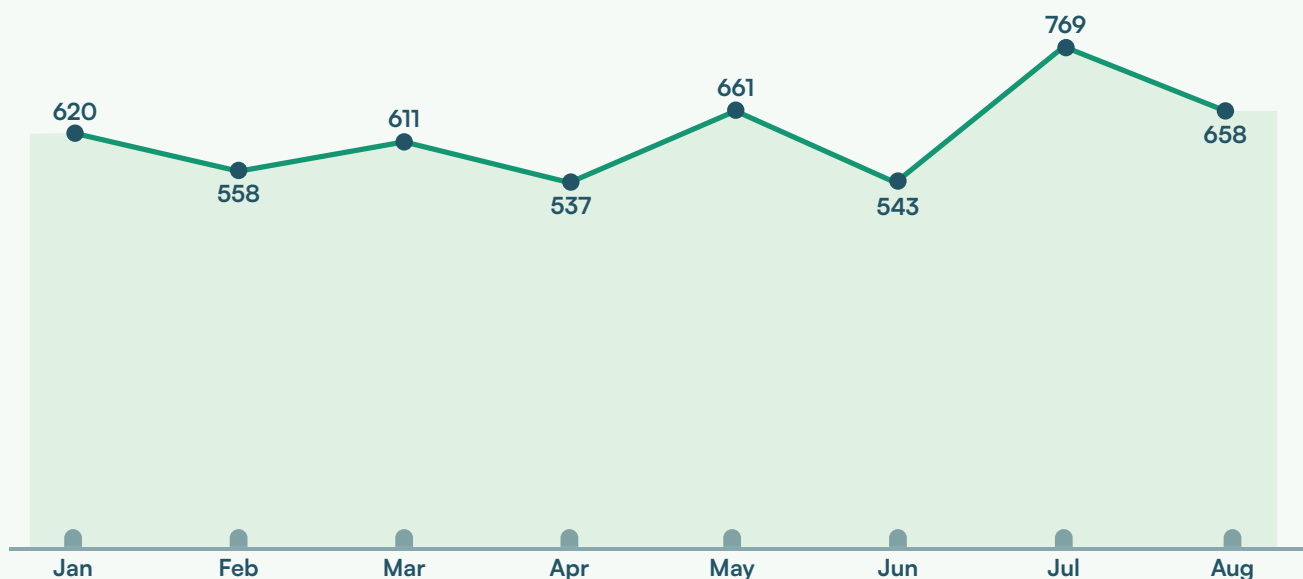
Jul-Aug foreign loan repayment rises 38.2% amid disbursement slump

- Bangladesh's foreign loan disbursement has decreased while debt repayment has increased 38.2% year-on-year in the first two months of the current fiscal year. Foreign aid disbursement has dropped 14.48% to \$739.07 million from \$864.29 million a year ago, according to data published by the Economic Relations Division (ERD).
- Meanwhile, Bangladesh paid back \$400.5 million to its development partners in July and August, compared to \$289.78 million in the same period of FY23. However, foreign loan commitments increased by a whopping 275% to \$1.14 billion in July and August compared to \$304.92 million in the same period of the previous fiscal year, according to the ERD data.

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

Banks cutting credit card limits in foreign currency

Foreign Currency Transaction Thru Cards in 2023 (in crore taka)



- Foreign currency spending using credit cards increased significantly abroad because the dollar is cheaper when spent through cards compared to the market exchange rate. The usage limit of credit cards in foreign currency plummeted by around 30% due to the substantial devaluation of taka amid a dollar crisis in Bangladesh. Moreover, foreign currency spending using credit cards increased significantly abroad because the dollar is cheaper when spent through cards compared to the market exchange rate.
- Due to the limited access imposed by some banks, foreign currency transactions on credit cards declined by 14% to Tk658 crore in August after reaching an all-time high of Tk769 crore in July, as per central bank data. In June, the transactions stood at Tk543 crore. The number of foreign currency transactions surged by over 26% to 9.65 lakh in July compared to the previous month. In August, the number of transactions declined again to 9.43 lakh. According to central bank data, the number of credit cardholders reached 43.56 lakh by the end of August.

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

Bankruptcy cases yield little for banks

- Bangladesh's banking sector is struggling to recover loans from defaulting companies and individuals through bankruptcy courts, having realised only over Tk 4.16 billion in the past 26 years to June 2023. The number of under-trial cases stands at 172, with the banks claiming an estimated amount of Tk 4.24 billion as of June 2023.
- In the past 26 years, 361 such cases have been settled, with the claimed amount totalling Tk 23.32 billion. Since the enactment of the Bankruptcy Act in 1997, a total of 533 cases have been filed against various individuals and companies up to June 2023.

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

Use of credit cards in departmental stores on the rise



- The use of credit cards in Bangladesh is increasing sharply, bolstered by growing spending on daily essentials at departmental stores amid higher inflation. Spending through credit cards jumped to Tk 2,437 crore in August, up 4.09 percent from the previous month's Tk 2,341 crore, according to data from the Bangladesh Bank. Cardholders spent Tk 1,218 crore -- accounting for 49.99 percent of total transactions made through credit cards -- to purchase commodities at departmental stores in the country, central bank data showed.
- In July, 50.11 percent or Tk 1,173 crore of total transactions were done through credit cards in departmental stores. The increase in credit card spending in departmental stores and retail outlets indicates that consumers are spending more on daily necessities in the face of rising inflation.

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

Banks suffering for growing liquidity stress

Indicators of Tight Liquidity



Call money rate closed 7%



Banks taking liquidity support from BB



Private sector credit growth slows



Banks raising interest rate on loans and deposits

Average Call Money Rate (2023)



Reasons Behind Tight Liquidity Situation



Raising policy rate to 7.25%



Higher amounts of bad loans



Lack of trust in some shariah-based banks



Volatility in forex market for last two years

- A majority of banks in Bangladesh, including some Shariah-based ones, are facing difficulties to run their activities due to a liquidity crisis. The liquidity crunch deepened further as the central bank recently raised the policy rate to tackle ongoing inflationary pressure in the country. As such, these lenders are now dependent on the call money market, a short-term money market, and Bangladesh Bank to secure funds for meeting their payment obligations.
- The average overnight call money rate stood at 7.47 percent yesterday, the highest in the last several years, as per the latest data of Bangladesh Bank. The average call money rate crossed the 7 percent mark on October 5, when the banking regulator raised the policy rate by 75 basis points to 7.25 percent to step up its fight against inflation.

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

Banking Statistics Summary

Bank Deposit and Credit

(Fig in Million)

Items	Aug, 2023	Aug, 2022	Percentage Changes Aug, 2023 over Aug, 2022
Deposits held in DMBs	1,61,76,757	1,46,82,943	10.17%
Bank Credit	1,88,55,531	1,72,35,030	9.4%

Branches, ATM, POS, CDM and CRM

Period	Branch	ATM	POS	CDM	CRM
July, 2023	11,227	13,725	106,832	302	3,517
August, 2023	11,229	13,732	106,225	296	3,652

Debit, Credit and Prepaid Cards

(Fig in Million)

Period	Debit Cards	Credit Cards	Prepaid Cards	Transaction Number	Transaction Amount (TK)
July, 2023	32.67	2.27	4.41	43.23	376,697.05
August, 2023	33.16	2.29	4.59	44.29	407,510.59

Mobile Financial Services (MFS)

(In Million)

Period	MFS Agent	MFS A/C	Transaction Number	Transaction Amount (TK)	Remittance through MFS (TK)
July, 2023	1.60	209.57	483.53	983,068.51	4,820.26
August, 2023	1.62	212.42	512.29	10,95,551.48	5,154.03

Agent Banking

(Fig in Million)

Period	No. of Agent	No. of Outlet	Total No. of A/C (in Million)	Deposit Balance (TK in Million)	No. of Transaction (In Million)	Transaction Amount (TK in Million)
July, 2023	15,574	21,399	20.15	342,644.73	14.86	725,166.88
August, 2023	15,671	21,559	20.45	347,776.09	13.23	681,252.49

MICR and Non-MICR, EFT, E-commerce and Internet Banking

(Fig in Million)

Period	MICR & Non-MICR Cheque		EFT	
	Number	Amount (in TK)	Number	Amount (in TK)
July, 2023	1.7077	21,06,032.58	11.4363	605,640.288
August, 2023	1.7075	21,29,811.66	12.0353	623,034.078

Period	Internet Banking		e-Commerce	
	Number	Amount (in TK)	Number	Amount (in TK)
July, 2023	7.8071	462,434.4659	4.5416	14,266.8058
August, 2023	8.4149	520,996.7285	4.6470	14,809.3527

No-frill Accounts

(Fig in Million)

Period	i) Farmers 10 Tk A/C	ii) Hardcore Poor A/C	iii) Social Safety Net A/C	iv) Others A/C	Total Special A/C
July, 2023	9.58	2.57	10.69	3.93	26.77
August, 2023	9.59	2.57	10.66	3.94	26.76

School Banking

(Fig in Million)

Period	School Banking A/C	Deposit Balance (in TK)
July, 2023	3.89	22,993.04
August, 2023	3.91	22,851.43

Agricultural and Non-farm Rural Credit, SME Loan and Industrial Term Loan

(Fig in Million)

Category	Period	Disbursement	Outstanding
Agricultural and Non-farm Rural Credit	Jul-Sep, FY24P	8,824.64	54,164.17
SME Loan	Oct-Dec, FY23P	60,611.61	282,896.54
Industrial Term Loan	Oct-Dec, FY23P	29,574.55	360,051.14

MBPLC. NEWS

Mercantile Bank achieves '23rd ICAB National Award



Mercantile Bank PLC has achieved bronze prize under category of Private Banking sector in prestigious 23rd ICAB National Award for Best Presented Annual Reports 2022. Tipu Munshi, MP, Hon'ble Minister, Ministry of Commerce, Government of

People's Republic of Bangladesh handed over the award to Tapash Chandra Paul, PhD, CFO of Mercantile Bank PLC at Pan Pacific Sonargaon Hotel, Dhaka on 30 October 2023. Md. Mukitil Kabir, VP & Head of Corporate Affairs Division and Ujjal Kanti Dey,

FCA, FVP & Head of Financial Administration Division of MBPLC also attended the program among others. M Shamsul Alam, State Minister, Ministry of Planning was the special guest while ICAB president Md. Moniruzzaman, FCA presided over the program.

Mercantile Bank Inaugurates 4 Sub-branches

Mercantile Bank PLC launched four more Sub-branches across the country to provide banking services to the customers on Sunday. Bank's Vice Chairman A. S. M. Feroz Alam virtually inaugurated the sub-branches as the chief guest. Four sub-branches are Mirpur Section-6 sub-branch and Monipuripara sub-branch in Dhaka, Steel Mill sub-branch in Chattagram and Raipura sub-branch in Narsingdi. Bank's Managing Director & CEO Md. Quamrul Islam Chowdhury opened the banking activities of four sub-branches virtually by cutting ribbon in a ceremony arranged at the Head Office of the bank. Md. Anwarul Haq, Vice Chairman and M A Khan Belal, Chairman, Mercantile Bank Securities Ltd., joined the program virtually as special guests. Mati Ul Hasan, Additional Managing Director of the bank gave his vote of thanks.



Md. Zakir Hossain, Adil Raihan, Shamim Ahmed, Hasne Alam and Md. Mahmood Alam Chowdhury, DMDs, Ashim Kumar Saha, Shah Md. Sohel Khurshid & Mohammad Iqbal Rezwan, SEVPs and Abu Asghar G. Haruni, Company Secretary. Alhaj Md. Jamal Molla, Mayor of Raipura Poursava in Narsingdi, Md Kamal Molla, businessman, Shahnur Begum, Ward Councillor, reserved seat for woman in chattagram City

Corporation, Alhaj Mohammad Ali, Mohammad Ilias, Dr. Kazi Kamal Ahmed, Syed Ansar Ullah, rais Uddin Ahmed Ranju spoke as the guests of honour. Invited guests and valued customers of the bank, four HOBs of controlling branch of the sub-branches, in-charges of the sub-branches, Regional Heads and senior executives were connected virtually on the occasion.

Mercantile Bank Donates Agricultural machineries at Bauphal in Patuakhali



Mercantile Bank Limited donated agricultural machineries at Bauphal in Patuakhali. Ten power tillers

has been given to the farmers of Bauphal, Boga, Dhulia, Naomala, Kanakdia, Surjomoni, Keshobpur,

Kachipara, Adabaria & Chandra Dip Union on October 07, 2023 from the special CSR fund of the

bank. A.S.M. Feroz Alam, Vice Chairman of MBL handed over the power tillers to the farmers as the chief guest. Md. Quamrul Islam Chowdhury, Managing Director & CEO of the Bank was present as the special guest.

Besides, Mohammad Shafruzzaman Khan, FVP & Head of Agriculture Credit Division of MBL, Golam Moula, Head of Barishal Branch, Moudud Ahmed, Head of Bhola Branch, Md. Mosleh Uddin, Head of Patuakhali Branch, Md. Al Mamun, Head of Kalaiya Branch,

Md. Alomgir Hussain, incharge of MBL Kalisuri Bazar Upashakha and farmers were also present on the occasion. Mentionable that previously five power tillers were handed over to the farmers remaining 5 Union of the Bauphal Upazila on 03 August 2023.

Mercantile Bank held 'Business Review Conference' of Chattogram Region



The Business Review Conference of Chattogram Region of Mercantile Bank PLC was held at a Hotel in Chattogram on 28th October, 2023. Md. Quamrul Islam Chowdhury, Managing Director & CEO of the bank was present in the conference as the chief guest while DMD & COO Md. Mahmood Alam Chowdhury was the special guest. Zakir Hossain, DMD &

Regional Head of the Bank's Chattogram Region presided over the conference. 16 HOBs of the mentioned region participated the business review conference.

The MD & CEO advised the Heads of Branches to ensure best possible customer services with latest technology based banking to achieve the target

in the 4th quarter of the current year. Furthermore, he emphasized on the expansion of business around all districts of the region, improve the quality of the loans and encourage the loans to SME & Agriculture sector. Bank's DMD & COO Md. Mahmood Alam Chowdhury urged the participants to be persevering to recover bad loans and amicable in their duties.

Mercantile Bank held 'Business Review Conference' of Cumilla-Noakhali Region

The Business Review Conference of Cumilla-Noakhali Region of Mercantile Bank PLC was held at a Hotel in Feni on 21st October,

2023. Md. Quamrul Islam Chowdhury, Managing Director & CEO of the bank was present in the conference as the chief guest while

AMD & CRO Mati UI Hasan was the special guest. Md. Mahmood Alam Chowdhury, DMD & COO of the bank was also present. Farid



Uddin Ahmed Bhuiyan, Regional Head of the Bank's Cumilla-Noakhali Region presided over the conference. 29 HOBs and 6 In-charges of Upashkhas of the mentioned region participated the business review conference.

The MD & CEO advised the Heads of Branches and In-charges of the Upashkhas to ensure best possible customer services with latest technology based banking to achieve the target in the 4th quarter of the current year. Furthermore, He emphasized on the expansion

of business around all districts of the region, improve the quality of the loans and encourage the loans to SME & Agriculture sector. Bank's AMD & CRO Mati UI Hasan urged the participants to be amicable in their duties.

Mercantile Bank PLC signs a tripartite agreement with DSE & CSE



Mercantile Bank PLC has signed a tripartite agreement with Dhaka Stock Exchange Limited and Chittagong Stock Exchange PLC October 25, 2023 in the meeting room of "DSE Tower" at Nikunja in Dhaka. The agreement was signed by Khairul Bashar Abu Taher Mohammed, Chief Regulatory Officer of Dhaka Stock Exchange

Limited, Hasnain Bari, Deputy General Manager of Chittagong Stock Exchange PLC and Shamim Ahmed, Deputy Managing Director & CAMLCO of Mercantile Bank PLC. The agreement was made for sharing uniform and integrated electronic subscription system for listing of public offer portion of Tk. 50.00 crore of Mercantile Bank

Perpetual Bond. Saifur Rahman Majumder, Managing Director (Current Charge), DSE, Faruque Ahmed, FVP & Head of Nikunja Branch and Mohammad Tarek Parvez Khan, FVP of Treasury Division from the bank along with other officials of respective organizations were present in the ceremony.

Mercantile Bank held Agent conference on Prevention of Money Laundering at Bogura



Mercantile Bank PLC. organized a conference on 'Prevention of Money Laundering and Combating Financing against Terrorism' recently for the owners of Agent Outlets of Rajshahi and Rangpur Division at Hotel La Villa in Bogura on October 26. Md. Enayet Ullah, EVP & Head of ICCD discussed on operational activities of agent

outlets abiding by the banking rules and regulations along with the guidelines of Bangladesh Bank. Md. Moshaddeque Hossain, SVP & DCAMLCO gave his speech focusing on preventing money laundering and combating financing against terrorism and Md. Motiar Rahman, Head of North Bengal Zonal Office delivered his

welcome speech. Darpan Kanti Roy, FBP & Head of Agent Banking and Mobile Banking Division gave his vote of thanks. The attendees were awarded certificates and gifts at the end of the conference. The HOBs of concerned branches and Officials of Agent Banking Divisions were present in the conference.

MBPLC. CIRCULAR OCTOBER 2023

Instruction Circular

- Circular No. 3144, Date: 31/10/2023, Subject: Re-fixation of interest rate(s) on all unclassified Loans & Advances.
- Circular No. 3143, Date: 29/10/2023, Subject: Amendment of Operations Manual (OM) of Investment Promotion and Financing Facility II (IPFF II) Project and Operational Directives (OD) of Investment Promotion and Financing Facility (IPFF) Project.
- Circular No. 3142, Date: 26/10/2023, Subject: Credit Policy of the Bank (Revised & updated edition: 2023-2024)
- Circular No. 3141, Date: 04/10/2023, Subject: কৃষিজাত পণ্য প্রক্রিয়াজাতকরণের জন্য মফস্বল ভিত্তিক শিল্প স্থাপনে পুনঃঅর্থায়ন স্কিম এর নাম এবং নীতিমালা পরিবর্তন প্রসঙ্গে।
- Circular No. 3140, Date: 23/10/2023, Subject: De-listing of Mr. Md. Jamal Uddin Advocate, Bangladesh Supreme Court from the Panel Lawyers list of Mercantile Bank PLC.
- Circular No. 3139, Date: 22/10/2023, Subject: Submission of Survey & Valuation Report by 3rd party Surveyor/Valuator & Branch as per Prescribed Format.
- Circular No. 3138, Date: 22/10/2023, Subject: Providing of Data/Information under the jurisdiction of our respective Division/Department/Cell/Unit regarding Financial Inclusion.
- Circular No. 3137, Date: 18/10/2023, Subject: Acceptance of Bills against local BTB L/Cs.
- Circular No. 3135, Date: 18/10/2023, Subject: Collection of Public Offer of Mercantile Bank Perpetual Bond from the Eligible Investors (EI) and General Public (GP) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.
- Circular No. 3134, Date: 16/10/2023, Subject: Introduce new software MBPLC Sustainable

Finance reporting and Input Un-Categorized Loan Data/ update Categorized Loan Data in MBPLC Sustainable Finance reporting software for Categorization of ESRM (Environmental and Social Risk Management) and smooth reporting to Bangladesh Bank and other authorities regarding Sustainable Finance and Green Finance activities of our Bank.

- Circular No. 3133, Date: 09/10/2023, Subject: Re-clustering of Branches.
- Circular No. 3132, Date: 08/10/2023, Subject: Re-fixation of Profit/ mark Up Profit/ Rent Rate on all types of Investment products under Banks Islami Shariah Based Banking Operations.
- Circular No. 3131, Date: 08/10/2023, Subject: Re-fixation of interest rate(s) on all unclassified Loans & Advances.
- Circular No. 3130, Date: 03/10/2023, Subject: জিএসপি (GSP) সুবিধা গ্রহণের জন্য বিটিএমএ থেকে ইস্যুকৃত প্রত্যয়নপত্রে স্বাক্ষর প্রধান প্রসঙ্গে।
- Circular No. 3129, Date: 01/10/2023, Subject: Re-fixation of Profit/ Mark up Profit/ Rent Rate on all types of Investment products under Bank's Islami Shari'ah Based Banking operations.
- Circular No. 3128, Date: 01/10/2023, Subject: Realization of Supervision Charge.
- Circular No. 3127, Date: 01/10/2023, Subject: Re-fixation of interest rate(s) on all unclassified Loans & Advances.

INFORMATION CIRCULAR

- Circular No. 3144, Date: 31.10.2023, Subject: Re-fixation of interest rate(s) on all unclassified Loans & Advances.
- Circular No. 3143, Date: 29.10.2023, Subject: Amendment of Operations Manual (OM) of Investment Promotion and Financing Facility II (IPFF II) Project and Operational Directives (OD) of Investment Promotion and Financing Facility (IPFF) Project.

- Circular No.2049 , Date: 10.10.2023, Subject: বিদ্যমান ডাটা সেন্টার স্থানান্তর করার উদ্দেশ্যে প্রাইম ব্যাংক লিমিটেড এর ব্যাংকিং কার্যক্রমে সাময়িক বিরতি প্রসংগে।
- Circular No. 2048, Date: 10.10.2023, Subject: Syllabus of “Written Examination” for promotion of eligible Officers (Non Executives).
- Circular No. 2047, Date: 09.10.2023, Subject: Proper verification of Certified ‘Form xli’ and other particulars of Directorship from RJSC for opening any types of Bank account in the name of “MetroNet Bangladesh Limited” to safeguard the interests of all stakeholders.
- Circular No. 2045, Date: 08.10.2023, Subject: Message from the Honorable Managing Director & CEO (Final quarter of the year 2023).
- Circular No. 2043, Date: 01.10.2023, Subject: Migration of Mercantile Bank Dual Currency Prepaid Card into Single Currency Prepaid Card.
- Circular No. 48, Date:12.10.2023 , Subject: পাটপণ্য রপ্তানির ক্ষেত্রে ভিন্ন এডি ব্যাংকের মাধ্যমে প্রত্যাবাসিত রপ্তানিমূল্য উৎপাদনকারীর ব্যাংকে প্রেরণ প্রসংগে।
- Circular No. 47, Date: 08.10.2023, Subject: Reinstatement of limits of Exporters’ Retention Quota (ERQ) accounts প্রসংগে
- Circular No. 46 , Date: 08.10.2023, Subject: Settlement of import liabilities out of export proceeds
- Circular No. 45, Date: 04.10.2023, Subject: আইটি ফি ল্যাপসিং খাত হতে উৎসে কোন কর কর্তন না করা প্রসংগে
- Circular No. 44, Date: 02.10.2023, Subject: নতুন পণ্য /নতুন বাজার (বস্ত্রখাতে) সম্প্রসারণ সহায়তা (New Market Exploration Assistance) প্রদান প্রসংগে

ID CIRCULAR

- Circular No. 51, Date: 29.10.2023 , Subject: হিমায়িত চিংড়ি ও অন্যান্য মাছ রপ্তানি খাতে নগদ সহায়তা প্রদান প্রসংগে
- Circular No. 50 , Date: 23.10.2023, Subject: প্রবাসী রেমিট্যান্সের অর্থ বেনিসিয়ারীর নিকট বিতরণ প্রসংগে।
- Circular No.49 , Date:23.10.2023, Subject: Guidelines for Granting Permission for Establishment of Foreign Commercial Offices in Bangladesh, Providing Recommendations of Visas and Issuing Work Permits to Foreign Workers, 2023 by Bangladesh Investment Development Authority (BIDA).
- Circular No. 43, Date: 01.10.2023, Subject: Revised pricing terms of USD and EURO financing under Green Transformation Fund (GTF)
- Circular No. 42, Date: 01.10.2023, Subject: আয়কর আইন, ২০২৩ এর ১২৪ ধারা (আয়কর অধ্যাদেশ, ১৯৮৪ এর 52Q) অনুযায়ী সেবা, রেভিনিউ শেয়ারিং ইত্যাদি বাবদ প্রাপ্ত রেমিট্যান্সের উপর উৎসে কর কর্তন ও জমাদান প্রসংগে
- Circular No. 41, Date: 01.10.2023, Subject: Forward sale and purchase in foreign exchange.

BANGLADESH BANK CIRCULAR OCTOBER 2023

DOS Circular

- DOS Circular Letter No. 24, Date: 31/10/23, Subject: Keeping scheduled bank branches closed in the election areas on 5th November 2023 Sunday for Election of 244 Brahmanbaria-2 and 276 Lakshmipur-3 of National Parliament.
- DOS Circular Letter No. 23, Date: 08/10/23, Subject: Intermission of Banking Operations of Prime Bank Limited due to Data Centre Relocation.

BRPD Circular

- BRPD Circular Letter No. 50, Date: 12/10/23, Subject: Performing '1 Minute Silence' from 10:00 am to 10:01 am on 15 October 2023.
- BRPD Circular Letter No. 49, Date: 12/10/23, Subject: Name change of The Premier Bank Ltd to The Premier Bank PLC.
- BRPD Circular Letter No. 48, Date: 10/10/23, Subject: Name change of Jamuna Bank Ltd to Jamuna Bank PLC.
- BRPD Circular Letter No. 47, Date: 09/10/23, Subject: Regarding Loan Rescheduling of Cold Storage Industry.
- BRPD Circular Letter No. 46, Date: 09/10/23, Subject: Name change of Pubali Bank Ltd to Pubali Bank PLC.
- BRPD Circular Letter No. 45, Date: 08/10/23, Subject: Name change of BRAC Bank Ltd to BRAC Bank PLC.
- BRPD Circular Letter No. 44, Date: 05/10/23, Subject: Interest/Profit Rate of Loan/Investment.
- BRPD Circular Letter No. 43, Date: 04/10/23, Subject: Name change of Agrani Bank Ltd to Agrani Bank PLC.
- BRPD Circular Letter No. 42, Date: 04/10/23, Subject: Name change of First Security Islami Bank Ltd to First Security Islami Bank PLC.

DFIM Circular

- DFIM Circular Letter No. 21, Date: 08/10/23, Subject: Interest/Profit Rate of Deposit and Loan/Lease/Investment.

FEPD Circular

- FEPD Circular Letter No. 18, Date: 30/10/23, Subject: Realization of Export Proceeds
- FEPD Circular No. 18, Date: 25/10/23, Subject: Cash incentive against export of frozen shrimps and other fishes.
- FEPD Circular Letter No. 17, Date: 18/10/23, Subject: Disbursement of NRB remittances to their beneficiaries.
- FEPD Circular Letter No. 16, Date: 08/10/23, Subject: Settlement of import liabilities out of export proceeds.
- FEPD Circular Letter No. 15, Date: 01/10/23, Subject: Regarding non-deduction of tax at source from IT freelancing income
- FEPD Circular No. 17, Date: 01/10/23, Subject: Inclusion of the name of BSTMPIA for issuance of certificate for cash incentive under new market exploration assistance

FID Circular

- FID Circular No. 01, Date: 29/10/23, Subject: Submission of Financial Inclusion Related Data

FEID Circular

- FEID Circular Letter No. 06, Date: 17/10/23, Subject: Guidelines for Granting Permission for Establishment of Foreign Commercial Offices in Bangladesh, Providing Recommendations of Visas and Issuing Work Permits to Foreign Workers, 2023'by Bangladesh Investment Development Authority (BIDA)

IPFF II Circular

- IPFF II Circular No. 01, Date: 25/10/23, Subject: Amendment of Operations Manual of Investment Promotion and Financing Facility II (IPFF II) and Operational Directives of Investment Promotion and Financing Facility Project

MPD Circular

- MPD Circular No. 03, Date: 04/10/23, Subject: Refixation of Interest Rate Corridor.

PSD Circular

- PSD Circular No. 12, Date: 03/10/23, Subject: Regarding issuance of MFS account for 14-18 years old young person

SFD Circular

- SFD Circular No. 04, Date: 22/10/23, Subject: Regarding Sustainability Rating of Banks and Financial Institutions
- SFD Circular No. 03, Date: 22/10/23, Subject: Regarding Sustainable Finance Policy

SMESPD Circular

- SMESPD Circular Letter No. 10, Date: 01/10/23, Subject: Change in name and policy of “Refinance Scheme for Setting up Agro Based Product Processing Industries in Rural Areas”

INVITATION FOR CONTENTS

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

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