

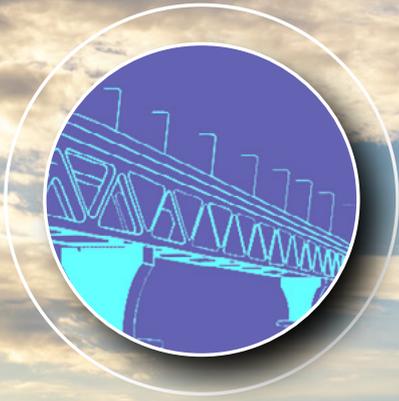
MBL

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MONTHLY ONLINE BULLETIN

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

JUNE 2022

SPECTRUM



বাংলা ব্যাংক

 মার্কেটাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
দক্ষতাই আমাদের শক্তি

EDITORIAL

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During June 2022

ABSTRACT

June 2022 was one of the most remarkable months of Bangladesh's history. Various significant events took place. Budget 2022-23 was declared, flood hit the eastern districts of Bangladesh. The most significant event was the inauguration of Padma Multipurpose Bridge. A bridge that is likely to be the face of Bangladesh in the years to come. Along with improve connectivity; This Bridge will ensure that resources produced in the southern part of the country are utilized properly. The GDP of the country is expected to grow up in the region of 0.33 percent to 1.26 Percent. This edition of 'MBL Spectrum' will celebrate this achievement. We would also like to thank the Hon'ble Prime minister Sheikh Hasina. Without her vision, grit and determination; this would never have been possible.

Global consumer price inflation has climbed higher around the world and is above central bank targets in almost all countries. Inflation is envisioned to remain elevated for longer and at higher levels than previously assumed. It is expected to peak around mid-2022 and then decline only gradually as global growth moderates, demand shifts further from goods toward services, supply chain bottlenecks abate, and commodity prices edge down, including for energy. Central banks may be forced to tighten monetary policy more rapidly than currently expected, to bring rising price pressures under control. In advanced economies, activity is being dampened by rising energy prices, less favorable financial conditions, and supply chain disruptions, all of which have been exacerbated by the war in Ukraine.

Bangladesh Bank has recently declared monetary policy for FY 2023. BB's monetary and credit programs for FY23 will pursue a cautious policy stance with a tightening bias to contain inflation and exchange rate pressures while supporting the economic recovery process, ensuring the necessary low of funds to the economy's productive and employment generating activities for long-term economic growth. This was expected for the reasons already mentioned.

So, the overall mantra all over the world seems to be caution. This applies to us as well. 'MBL spectrum' will incorporate the economic scenarios and banking industry news while also depicting the key data of Mercantile Bank Limited.

Tapash Chandra Paul, PhD

Chief Financial Officer

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MBL PERFORMANCE JUNE 2022

Deposits

BDT in Crore



Loans & Advances

BDT in Crore



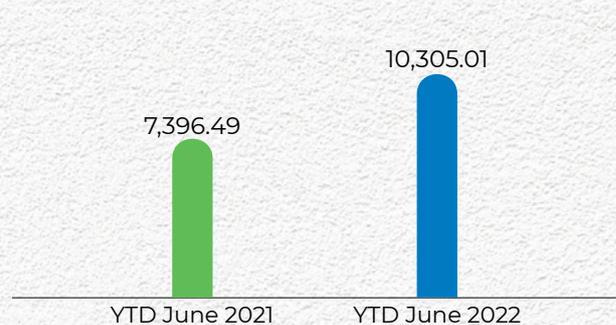
Import

BDT in Crore



Export

BDT in Crore



Inward Remittance

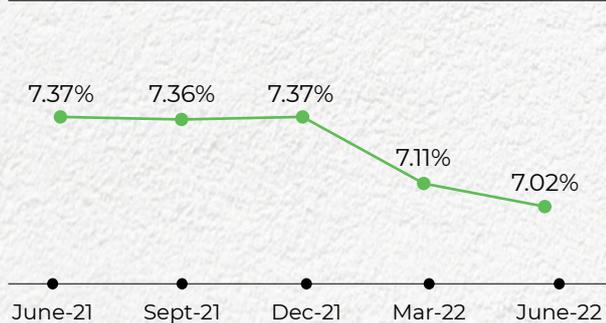
BDT in Crore



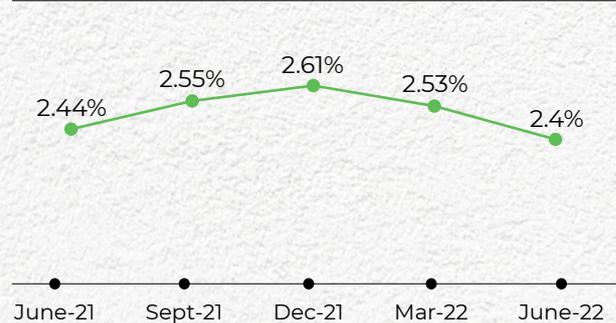
Cost of Deposit



Yield on Advances



Spread



GLOBAL ECONOMY

Global Economy

US consumer confidence falls



Americans' feelings about the economy slumped further in June after falling sharply the month before amid concerns over skyrocketing inflation. Amid the fastest increase in US consumer prices in more than four decades, made worse

by the war in Ukraine, the consumer confidence index fell to 98.7 from 103.2, its lowest level since February 2021, according to The Conference Board's monthly survey.

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

UK inflation hits 40-year record, highest in G7

Soaring food prices pushed British consumer price inflation to a 40-year high of 9.1 percent last month, the highest rate out of the Group of Seven countries and underlining the severity of the cost-of-living crunch. The reading, up from 9.0 per cent in April, matched the consensus of a Reuters poll of economists. Historical records from the Office for National Statistics show May's inflation was the highest since March 1982 - and worse is likely to come. Sterling, one of the worst-performing currencies against the US dollar this year, fell below \$1.22, down 0.6 per cent on the day, Reuters reports.



The Bank of England said last week that inflation was likely to remain above 9 percent over the coming months before peaking at slightly above 11 percent in October, when regulated household energy bills are due to rise again.

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

Energy crisis grips Australia

Australians have been warned to expect blackouts across the densely populated east coast, as an energy crisis grips one of the world's biggest coal and gas producers. The Australian Energy Market Operator warned there could be significant power shortfalls in the states of Queensland and New South Wales, which are home to more than 13 million people. It also issued notices for a forecast of reserve shortfalls in the states of Victoria, South Australia and Tasmania.

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



Ukrainian refugees could ease eurozone labour crisis: ECB

The influx of Ukrainian refugees into the European Union could gradually ease labour shortages in the euro zone as some of those fleeing the war are likely to settle permanently, the European Central Bank said. Around seven million people, mostly women and children, have fled Ukraine so far since Russia launched its invasion on February 24, and more are leaving each day, with many hoping to find durable employment opportunities in the 27-nation EU.

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



World Bank slashes global growth forecast to 2.9pc

The World Bank on slashed its global growth forecast by 1.2 percentage points to 2.9 per cent for 2022, warning that Russia's invasion of Ukraine has compounded the damage from the COVID-19 pandemic, with many countries likely to face recession. The Russian invasion of Ukraine had magnified the slowdown in the global economy, which was now entering what could become "a protracted period of feeble growth and



elevated inflation," the World Bank said in its Global Economic Prospects report.

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

Global remittances flows expected to reach \$5.4t by 2030: IFAD

Global remittances, the hard-earned money sent by migrant workers to their family members in low- and middle-income countries (LMICs), grew by 8.6 per cent in 2021, says the International Fund for Agricultural Development (IFAD), news agency UNB reported.

Despite predictions that the COVID-19 pandemic would reduce remittance flows, the momentum was sustained due to a 48 per cent increase in money sent through mobile channels, according to the report MobileRemit Africa launched by IFAD. The aggregated flows of family



remittances to LMICs are expected to reach US\$5.4 trillion by 2030, a figure equivalent to twice the GDP of Africa in 2021.

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

Bank of Japan keeps easing despite global rate hikes

The Bank of Japan stuck to its monetary easing policy even as other central banks raise interest rates to tame inflation, but said it would 'pay due attention' to forex markets after the yen hit a 24-year low. The bank will hold rates at minus 0.1 per cent and continue buying unlimited government bonds to maintain a low cap on long-term yields — part of a decade-old plan to boost the world's third-largest economy. A weaker currency helps Japanese exporters as it inflates



repatriated profits, noted Yoshikiyo Shimamine, executive chief economist of Dai-ichi Life Research Institute.

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

Sri Lankan economy contracts 1.6pc in January to March quarter

Sri Lanka's economy contracted 1.6 per cent in the January to March quarter versus the same period a year earlier and is expected to shrink even more in the current quarter amid the nation's worst financial crisis in decades. The state-run Census and Statistics Department said inflation, currency devaluation and low foreign exchange reserves were the main causes of the contraction. Agriculture shrank by 6.8 per cent and industries by



4.7 per cent while services expanded 0.7 per cent, compared to the same period a year ago.

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

Pakistan adopts painful economic path to secure IMF bailout

Pakistan will raise taxes for rich, cut tax leakages and privatise government assets as the cash-strapped nation looks to bring back fiscal rectitude to convince the International Monetary Fund (IMF) to release bailout payments, Reuters reports. The nation of 220 million people is facing a balance of payments crisis, with foreign reserves falling below \$10 billion, hardly enough for 45 days of imports, and a widening current account and ballooning fiscal deficits.

The government raised tax rate on banks to 42 per cent from 39 per cent, increased



capital gains tax to 15 per cent if assets sold within a year and raised withholding tax to as much as 5 per cent. Experts said taxation measures could give the government additional revenue of 80 billion rupees in the current year.

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

IMF urges countries to avoid blanket subsidies as food, fuel prices soar

The International Monetary Fund (IMF) said governments fighting soaring food and fuel prices should target aid to vulnerable citizens rather than issue across-the-board aid that risked adding to strains on public finances. Over half of 134 countries surveyed said they had introduced subsidies or tax cuts to soften the blow of soaring price rises triggered by the war in Ukraine, the IMF said in a blog, reports Reuters.

"Policymakers should allow high global prices to pass through to the domestic



economy while protecting vulnerable households affected by the increases," the IMF blog said. "That's ultimately less costly than keeping prices artificially low for all irrespective of their ability to pay."

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

Central banks walk inflation-recession tightrope

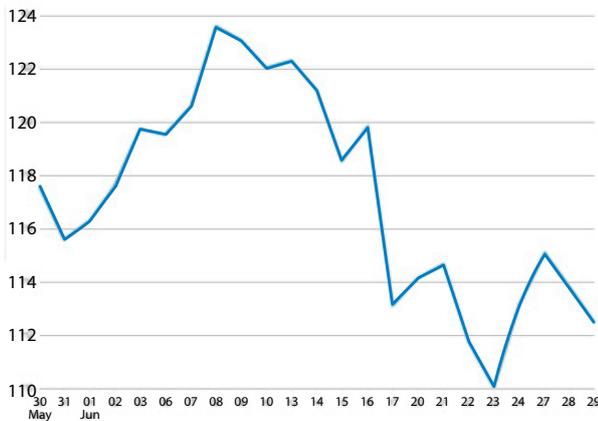
Central banks have ramped up their battle against runaway inflation, a necessary remedy that could have the adverse side effect of tipping countries into recession, analysts say. Just several weeks, the US Federal Reserve announced its biggest interest rate hike in almost 30 years, followed by the fifth straight increase by

the Bank of England and the first in 15 years in Switzerland.

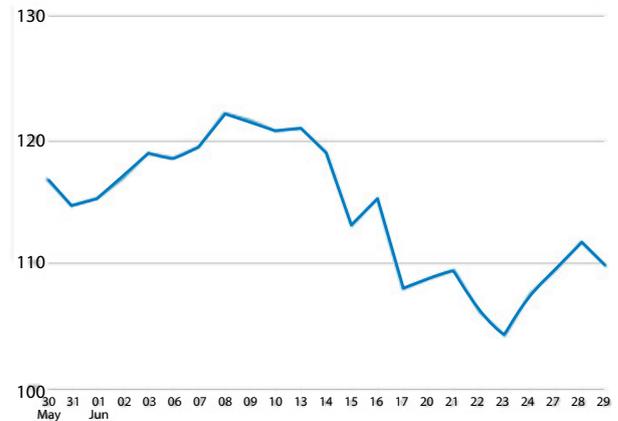
The moves rattled stock markets as investors fear that while the rate increases are needed, they could put the brakes on economic growth if the tightening of monetary policy becomes too aggressive.

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

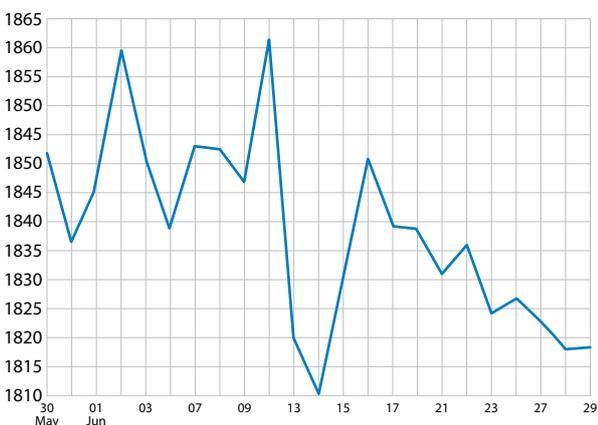
Brent Crude Oil (\$/barrel)



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



Gold Price



Gold Price Performance USD

Change	Amount	%
June 30	-3.17	-0.17%
30 Days	-26.97	-1.46%
6 Months	-8.43	-0.46%
1 Year	+43.27	+2.44%
5 Years	+601.16	+49.36%
20 Years	+1506.96	+482.85%

BANGLADESH ECONOMY

Export earnings cross \$50 billion in FY22

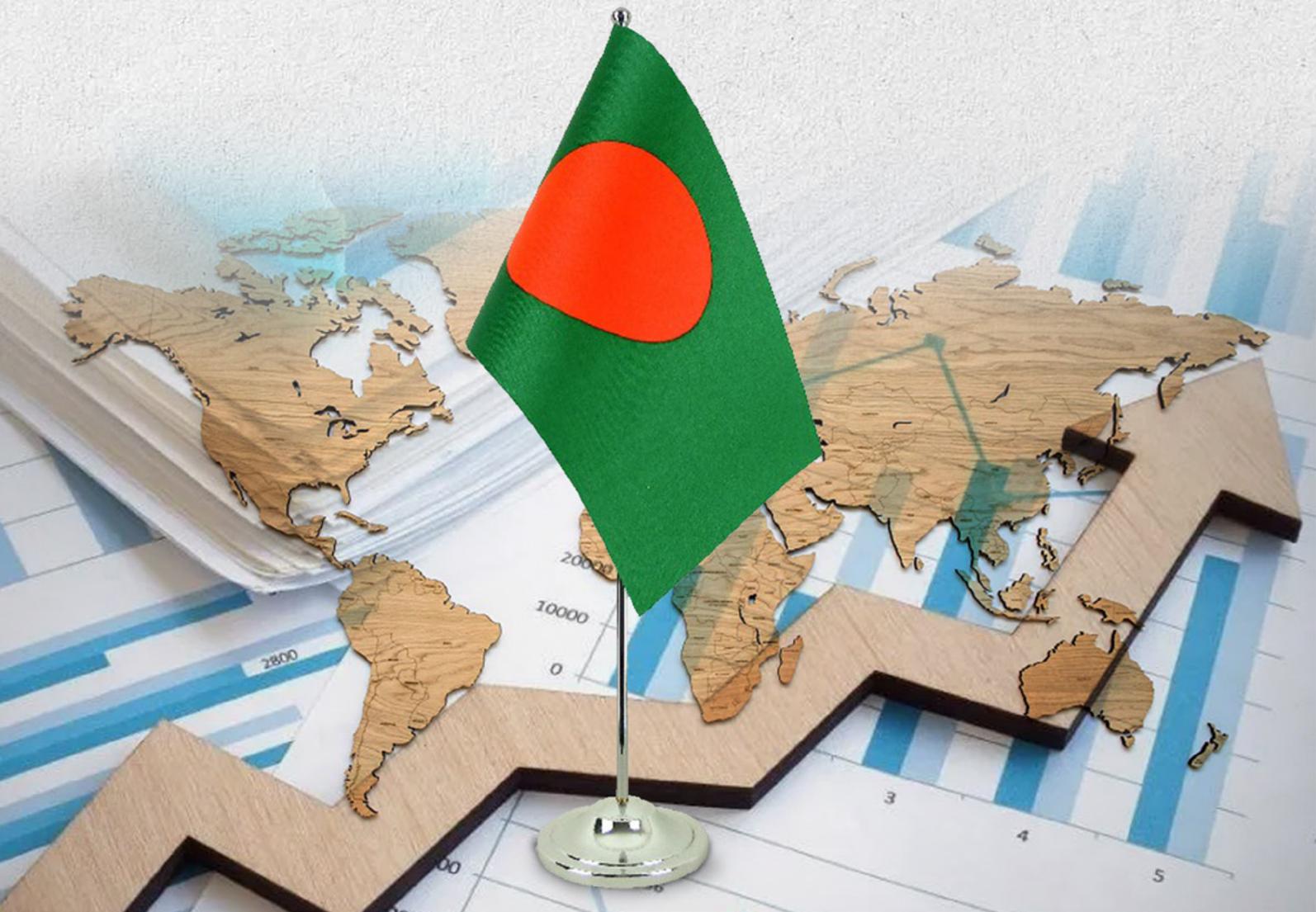
The country's exports crossed \$50 billion for the first time ever in the outgoing fiscal, thanks to a record year for the readymade garments sector, according to Export Promotion Bureau (EPB). According to the EPB, the country earned \$47.17 billion from exporting goods and services during the July-May period of the current fiscal (2021-22).

The source at EPB confirmed that readymade garments worth around \$3.20 billion were exported in 25 days of the current month, reports UNB. Bangladesh meanwhile became a member of the \$50-billion export income club by exporting goods and services around \$50.37 billion. The final export earnings will be released by EPB at the beginning of next month (July).



The government was focusing on increasing export income from the beginning of fiscal year 2021-22. The ministry of commerce, Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) have worked together to increase export volume of Bangladesh.

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



Japan to provide Tk 114.09b to Bangladesh for three projects

Japan will provide some 165,989 million Yen or approximately Tk 114.09 billion to Bangladesh for three projects. Out of the total amount, Japan will provide 1,65,861 million Yen or approximately Tk 114.0 billion for two investment projects while another 128 million Yen or approximately Tk 95.70 million as grant against a grant project.

Out of the total amount, Japan will provide 1,65,861 million Yen (equivalent to Tk 114.0 billion or \$1.4 billion) for the 2nd tranche of Dhaka Mass Rapid Transit Development Project (MRT Line 5, Northern Route) and Southern Chattogram Regional Development Project. The rate of interest of this loan will be 0.70 per cent for construction, 0.01 per cent for consultancy services, Front End Fee (at a time) 0.2 per



cent, and repayment period will be 30 years with a grace period of 10 years.

Besides, Japan will provide 128 million Yen or around Tk 95.70 million as grant against the project for Improvement of Meteorological Radar System in Dhaka and Rangpur.

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

Parliament passes Finance Bill



Parliament passed the Finance Bill 2022 on 30 June, 2022, with some much-debated provisions, to grant legal cover to a new national budget which critics say should have been more welfare-oriented in the crisis time than growth centric. The new fiscal measures included amnesty for whitening offshore movable assets and a cap of Tk 3.6 million as allowable limit for cash transaction for corporate taxpayers.

In the upcoming fiscal year 2022-23, corporate taxpayers will be able to enjoy a 2.5-percent cut in tax rates if they limit cash transaction within the threshold.

Finance Minister AMH Mustafa Kamal has brought 17 amendments to the proposed budget placed on June 9, 2022, setting off flurries of talks on its different provisions.

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

Bangladesh holds talks with IMF for third day over budget support

The government officials held talks with the representatives of the International Monetary Fund (IMF) for the third day on 29 July, 2022, on borrowing funds from the Washington-based lender to narrow the budget deficit. Officials of the finance ministry, and the Economic Relations Division joined the talks with IMF representatives, according to two Bangladesh representatives who attended the talks.

According to The Financial Express, Bangladesh has initiated the negotiation after a lapse of a decade with the hope of getting more than \$1.0 billion as budget support from the IMF.



The IMF extends budget support usually under its Resilience and Sustainability Facility, Extended Credit Facility and Extended Fund Facility. Bangladesh took \$987 from the IMF as budget support last time in the 2011-12 fiscal year under its Extended Credit Facility to stabilise the economy.

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

Bangladesh receives record \$8.41b foreign loans in 11 months

Bangladesh received a record USD \$8.41 billion in foreign loans in 11 months of current FY2021-22, the Economic Relations Division said, reports UNB. At current exchange rate the amount is equivalent to Tk 782.21 billion, the highest loan ever in a single fiscal year. The amount is 47 per cent higher than the previous fiscal year. After the economic crisis in Sri Lanka, there

is a lot of talk about Bangladesh's foreign debt. However, economists and analysts are dismissing the comparison between the two countries. They say foreign debt is still below 13 per cent of Bangladesh's GDP. In case of Sri Lanka, it is close to 50 per cent.

(Ref: <https://en.prothomalo.com>)

Bangladesh sees 22pc jump in fruit production in 12 years: Agriculture minister

Bangladesh has become a 'global example of success' in fruit production over the past few years, but needs to grow the industry more to meet local demand, said Agriculture Minister Abdur Razzak. Currently, Bangladesh has the fastest increase in fruit production according to the UN Food and Agriculture Organisation (FAO). Bangladesh has seen an 11.5 per cent annual rise in fruit production. The country has had success in farming a variety of fruits. Fruit production went



up to 12.2 million tonnes from 10 million tonnes in 2008-09, Razzak said.

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

Inflation rockets to eight-year high

Inflation surged to an eight-year high of 7.42 per cent in May, driven by a hike in food costs, underscoring the plight a majority of the population in Bangladesh is currently experiencing. In May, sharp rise in the Consumer Price Index (CPI) was more than one percentage point higher than in April, when it stood at 6.29 per cent, according to data released by the Bangladesh Bureau of Statistics (BBS).

Bangladesh is not the only country that is experiencing higher inflation. A Pew Research Center analysis of data from 44 advanced economies finds that, in nearly all of them, consumer prices have risen

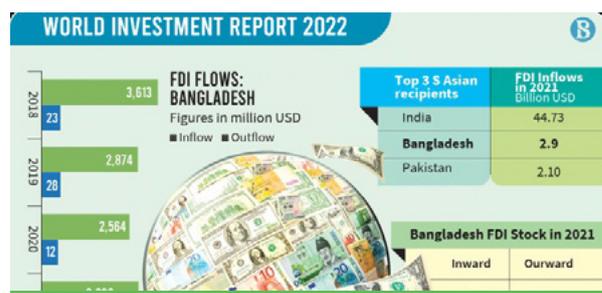


substantially since pre-pandemic times. In 37 of these 44 nations, the average annual inflation rate in the first quarter of 2022 was at least twice what it was in the first quarter of 2020, as Covid-19 was beginning its deadly spread.

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

FDI in Bangladesh jumped 13% after two years: Unctad

Foreign direct investment (FDI) in Bangladesh rose by 12.9% to \$2.9 billion – around the pre-pandemic level – in 2021. In the same year, the number of international project finance deals in Bangladesh tripled to 14, reaching \$4.7 billion. Meanwhile, outward FDI from Bangladesh rose nearly seven times to \$92 million in 2021. Despite successive waves of Covid-19, FDI flows to the developing countries in Asia grew for the third consecutive year, with developing economies in Asia receiving 40% of global foreign investment inflows, said the the



World Investment Report 2022 prepared by the United Nations Conference on Trade and Development (Unctad).

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

'Allocate 2pc of GDP in budget for climate financing'

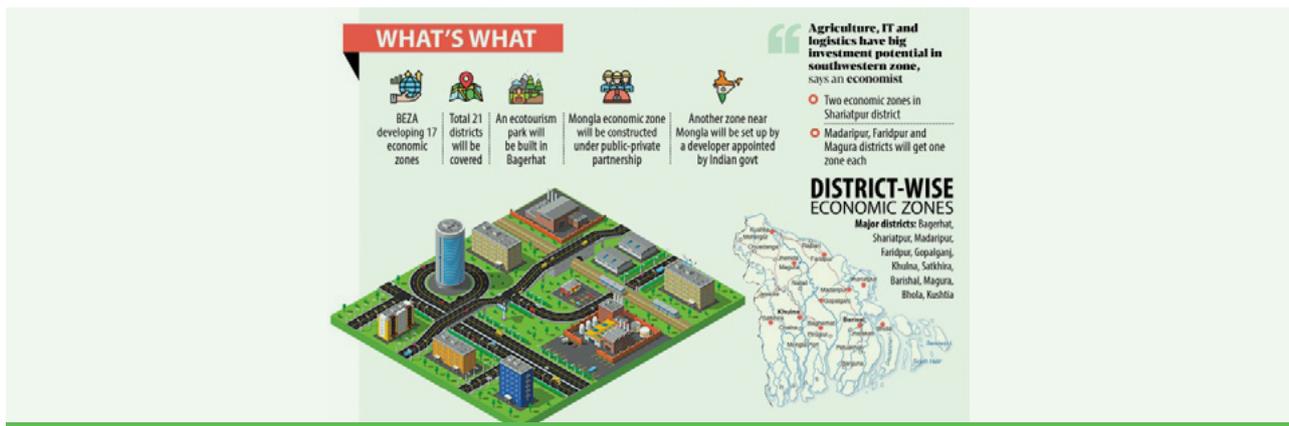
Allocate 2.0 per cent of the GDP in the proposed national budget for the 2022-23 fiscal year (FY23) for climate financing in order to ensure a sustainable economy in the country, speakers demanded. The seminar was jointly organised by COAST Foundation, Center for Participatory Research & Development (CPRD) and Coastal Development Partnership (CDP) at CIRDAP auditorium in Dhaka. The experts also urged the government to include coastal infrastructure issues as a prioritised investment sector to achieve



a sustainable and climate resilient economy.

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

17 economic zones getting ready for south-west



The government is setting up 17 economic zones in southwestern districts to bring about an industrial revolution in the largely non-industrialised region as it looks to accelerate economic growth of Bangladesh. The zones are part of the governmental goal of setting up 100 economic zones across the country, with a view to creating one crore jobs and

exporting \$40 billion worth of goods and services from the enclaves. The 6.15km bridge will connect Bangladesh with the Asian Highway, paving the way for an industrial revolution to take place in 21 southwestern districts in particular and in the country in general.

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

Padma Bridge to strengthen Patuakhali's fishing industry



Patuakhali, a southern district on the shores of the Bay of Bengal, annually produces about 1.23 lakh tonnes of fish, of which 36,000 tonnes are consumed locally while the remainder is sold in different parts of the country. Local fishermen previously faced numerous difficulties in selling the perishable product but as the

launch of Padma Bridge now facilitates direct shipping, they are expanding their farming capacities in anticipation of better prices and demand. There are 26 rivers, 563 canals and 1.42 lakh ponds in Patuakhali, according to the District Fisheries Office.

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

BANKING INDUSTRY



BB lines up Tk 100cr for digital nano loans

Bangladesh Bank introduced a Tk 100 crore refinance scheme for “digital nano loan” disbursements with an aim to expand the financial inclusion of marginalised people. Participating banks will be able to disburse loans of Tk 500 to Tk 50,000 to individual customers with up to 9 per cent interest under the scheme.

The loans have to be disbursed entirely digitally by using internet banking, mobile apps, mobile financial services (MFS), or



e-wallet services, according to the central bank circular.

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

NBFIs barred from writing off loans without legal process

The Bangladesh Bank issued a circular for non-bank financial institutions asking not to write off any defaulted loans without following due legal course of action. The BB asked the NBFIs to take legal measures against the loans secured through scams and fraudulent means and subsequently were diverted the same and misused the money. Before the legal process ends, the NBFIs would not be allowed to write off the loans under the regulatory provision that allows an NBFIs to do so. The NBFIs sector



has been facing massive irregularities after People's Leasing and Financial Services became insolvent to pay depositors' money.

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

No more EDF loan for exporters misusing the facility

Exporters failing to settle loans from the Export Development Fund (EDF) with export proceeds within the deadline will no longer be eligible for the borrowing facility from the foreign exchange reserve, said the central bank. The Bangladesh Bank found that loans given from the foreign exchange reserve have been found to be misused by some exporters, who turned those into huge forced loans due to failure in payment to the lenders on the due date. Bangladesh Bank has set aside \$7.5 billion in EDF



facilities for exporters from its reserves. Recently, exporters have asked the fund to be increased to \$10 billion.

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

50% loan moratorium to customers of financial institutions until December

Under this facility, from April 1 to December 31 of this year, any kind of loan penalty, interest or additional charges will be levied. The central bank has extended the same opportunity to financial institutions as the ones given to banks by allowing borrowers to repay 50% of the installment payable on a quarterly basis and avoid the defaulter status. The facility has been given

till 31 December, said a directive issued by the Financial Institutions and Markets Department of Bangladesh Bank. Within the last working day of every three months, however, a customer has to pay the amount as per the payment policy. Failure to do so will result in regular classification and report to the CIB.

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

3cr people in Bangladesh still unbanked: WB

Despite its push for financial inclusion, Bangladesh has remained one of the top seven countries with a sizeable part of the population unbanked. About 30 million of its nearly 170 million people still do not have an account with a financial institution or mobile money platform. About 53 per cent of the adult population in Bangladesh had an account in 2021, up from 50 per cent in

2017. The international financial institution published “The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19”. Of the world’s 1.4 billion unbanked population, over half or 740 million comes from seven economies, including China, India, Pakistan and Bangladesh, according to the report.

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

Cash incentive on remittance to remain unchanged at 2.5pc

Keeping the rate of incentive on sending remittance unchanged at 2.5 per cent in the fiscal year 2022-23, finance minister AHM Mustafa Kamal has hoped that a satisfactory growth of remittance will be back on track soon. In his budget speech, he mentioned that in FY2020-2021 the growth of remittance stood at 36.10 per cent. However, since the very beginning of FY2021-2022, the income from remittances slightly decreased.

With a view to encouraging remittance through legal channels, he said the government has raised the rate of incentives by 0.5 per cent to 2.5 per cent from January,



2022. There is a plan to ensure overseas employment of 8.10 lakh Bangladeshi workers and provide skill development training to 5.20 lakh workers in different trades, he said.

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

1,621 new millionaires in 3 months

Despite an economic slump, the number of millionaire bank accounts in the country increased by 1,621 in the first three months of 2022. According to Bangladesh Bank data, currently the number of millionaire accounts in the banking sector stands at 103,597, which was 101,976 at the end of December last year. As of March 2022, the total amount of deposit in the millionaire accounts stands at Tk.663,505 crore. During the Covid-19 outbreak in March 2020, the number of accounts of individuals and institutions holding more than Tk.1 crore in



banks was 82,625. A year later, in September 2021, the number of such accounts exceeded 100,000, according to the central bank.

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

Inflation drains Tk.50,000 cr from bank savings

Surging inflation has caused savers to suffer a big loss, eating up Tk.50,000 crore in savings from banks in the first 10 months of the current fiscal year. The sharp fall in bank savings has dried up liquidity in the banking system at a time when the government and the private sector need money the most for investments. In July-April of FY22, the banking sector saw its deposits plummet

by 40% to Tk.75,535 from Tk.126,000 crore in the same time a year ago, according to data from the Bangladesh Bank. The total excess liquidity dropped by Tk.13,300 crore in the span of a month in April from Tk1.99 lakh crore in March, according to data from the Bangladesh Bank.

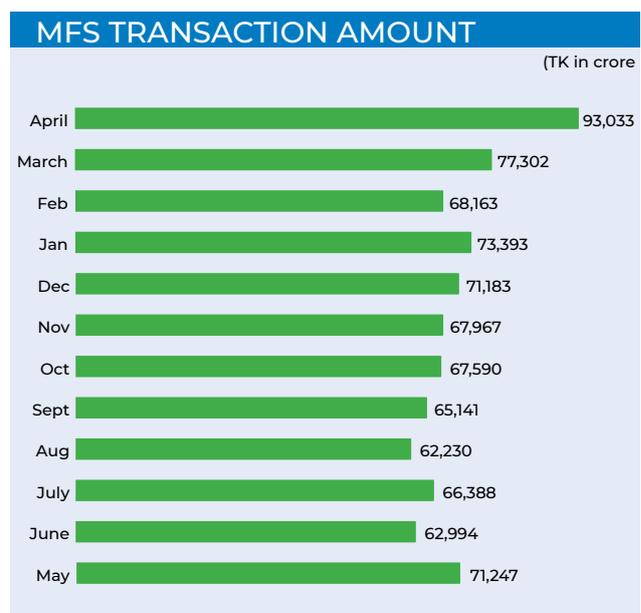
(Ref: <https://www.tbsnews.net>)

Eid boosts MFS transactions to record Tk 93,033cr in Apr

The amount of money transacted through the mobile financial service posted a massive growth in April with the amount reaching a record high of Tk 93,033 crore due mainly to Eid-ul-Fitr-centric shopping and transfer of money. The Bangladesh Bank also increased the transaction limit through MFS amid a rapid adoption of the service by people.

The transaction in April was 20.35 per cent or Tk 15,731 crore higher than the Tk 77,302 in the previous month and it was 55.98 per cent or Tk 33,390 crore higher than the Tk 59,642 crore in the same month of 2021.

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



Resolve complaints seriously

Bangladesh Bank asked banks to seriously look into and resolve complaints of clients over their financial services so that none faces further hassles. Banks have been asked to accept complaints by providing an official receipt copy signed by the official

concerned, as per the latest BB circular. Banks have to resolve a complaint within 10 days. And no bank is allowed to spend more than 45 days to resolve a complaint under any circumstance.

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

ADB gives \$143m to help enhance cross-border trade



The Asian Development Bank (ADB) will provide a \$143 million policy-based loan to Bangladesh to improve the volume, efficiency, predictability, and security of cross-border trade in the country. To this end, the ADB signed an agreement with Bangladesh on June 15. Fatima Yasmin, secretary of the Economic Relations Division, and Edimon Ginting, country director of the ADB, virtually signed the agreement.

The ADB assistance will help increase the volume of imported and exported cargoes at the Akhaura, Sonamasjid, and Tamabil border crossing points (BCPs) by 50 per cent by 2027 while reducing average customs clearance and cargo trans-shipment time by 50 per cent.

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

MBL NEWS

Mercantile Bank donated Tk.10 Crore to Prime Minister's Relief Fund



Mercantile Bank Limited donated an amount of Tk.10.00 (Ten) Crore to Prime Minister's Relief & Welfare Fund to help the flood affected people of Sunamgonj, Sylhet and other districts of the country. Morshed Alam M.P., Chairman & A. S. M. Feroz Alam, Vice Chairman of Mercantile Bank Limited handed

over the cheque to Dr. Ahmad Kaikus, Principal Secretary to the Prime Minister at a ceremony arranged at Prime Minister's Office on June 27, 2022. Honorable Prime Minister Sheikh Hasina was virtually connected to the program from Gonobhaban.

Mercantile Bank Inaugurates 4 Uposhakhas



Mercantile Bank Limited launched four more uposhakhas across the country to provide easy banking services to the customers June 22, 2022. Bank's Vice Chairman A. S. M. Feroz Alam, virtually inaugurated the uposhakhas as the chief guest. Four uposhkhas are 'Port Road uposhkha' in Barishal, 'Patuatuli uposhkha', 'Bir Pratik Shaheed Zakir Hossain Road uposhkha' & 'Nazira Bazar uposhkha' in Dhaka. Bank's Managing Director & CEO Md. Quamrul Islam Chowdhury opened the banking activities of the uposhakhas virtually by cutting ribbon in a ceremony arranged at the Head Office of the bank. M. Amanullah, Chairman, Risk Management Committee, Al-Haj Akram Hossain (Humayun), M. A. Khan Belal & Mohammad Abdul Awal, Directors of the bank spoke on the

program virtually as the special guests. Moreover, Sharif Anwar Hossain, Director of DSE, Ahmed Rashid Lali, Ex-Director of DSE and Richard D Rozario, President of DSE Brokers Association of Bangladesh also spoke among others.

Mati Ul Hasan, AMD, Adil Raihan, Shamim Ahmed, Hasne Alam and Md. Mahmood Alam Chowdhury, DMDs, Tapash Chandra Paul, PhD, CFO of the bank, Ashim Kumar Saha & Mohammad Iqbal Rezwani, SEVPs and Abu Asghar G. Haruni, Company Secretary of the bank, invited guests, valued customers, four HOBs of controlling branch of the uposhakhas, in-charges of the uposhakhas along with senior executives of the bank were connected virtually on the occasion.

Mercantile Bank starts 2nd phase Foundation Training for TAO



Mercantile Bank Training Institute started two week long Foundation Training for the 2nd phase for its Trainee Assistant Officers (TAO) on 13 June, 2022. A total number of 46 officers participated in the training. Md. Quamrul Islam Chowdhury, MD & CEO of the Bank inaugurated the training and delivered his speech highlighting the importance of Foundation Training and advised participating officers to be strictly

compliant with the banking ethics and guidelines and be proactive in providing excellent service to the customers of the bank. Additional Managing Director & CRO Mati Ul Hasan delivered his speech to suggest the freshers to be passionate and dedicated providing customer service. Javed Tariq, Principal of MBTI, along with other faculty members of the institution also present in the program.

SYNOPSIS OF MONETARY POLICY STATEMENT FY 2022-23

Tapash Chandra Paul, PhD

Chief Financial Officer

Email: tapchpaul@gmail.com

Bangladesh Bank takes cautious stance in monetary policy to contain inflation and exchange rate pressures as well as long-term economic growth.

Key Monetary and Credit Aggregates

Item	Actual			Program	
	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Net Foreign Assets*	27.7	2.8	-12.5	-10.7	-2.1
Net Domestic Assets	9.3	12.0	16.9	16.7	16.0
Domestic Credit	10.4	12.4	15.6	16.7	18.2
Credit to the public sector [@]	21.7	21.9	27.9	32.3	36.3
Credit to the private sector	8.3	10.7	13.1	13.6	14.1
Broad money	13.6	9.6	9.1	10.0	12.1
Reserve money	22.4	6.5	0.0	9.0	9.0
Money multiplier	4.49	5.01	4.90	5.06	5.04

Source: Bangladesh Bank.*Calculated using the constant exchange rates of 27 June 2022. e = estimate.
[@] amount of net credit to government in FY21 and FY22 were Tk. 420 billion and Tk. 600 billion (estimate) respectively, and for FY23, it is assumed to be Tk. 1063 billion as per the national budget.
 (y-o-y growth in %)

GDP growth

GDP growth is projected to be 7.5 percent – which has also been mentioned in the proposed national budget for FY2022-23.

Economic recovery

- A broad-based economic recovery of Bangladesh has already taken place towards its pre-COVID growth trajectory, as reflected by the BBS estimation of real GDP growth of 7.25 percent for FY22.
- BB aims to support the economic recovery process through ensuring funds to the productive sectors and employment-generating activities.
- BB will continue its support to implement the government's ongoing stimulus packages alongside BB's refinance schemes in the face of new adversities, including the Russia-Ukraine war in addition to the COVID-19 pandemic.
- Given the shallow trade linkage of Bangladesh with Russia and Ukraine, the direct adverse impact of the war is expected to be limited. The climate and environment-related vulnerabilities, like the recent sudden floods in the North and Northeastern part of the country, could have some headwinds on the country's overall price stability and growth prospect.

Inflation

- Like many other economies, the pass-through of surging global energy and commodity prices resulted in higher inflation in Bangladesh.
- The CPI-based average inflation stood at 5.99 percent in May 2022 and is unlikely to be contained within the target ceiling of 5.30 percent ending June 2022.
- MPS projects the inflation rate to be 5.6 percent in FY2022-23.
- The policy rate has been raised and private sector credit growth has cut down.

Reduction of exchange rate pressure

- The external sector faced some headwinds in FY22, as reflected in the widened current account deficit resulting from a higher trade deficit and relatively moderate inflow of remittances. The overall balance of payments (BoP) witnessed a deficit of USD 3.7 billion during July-April of FY22, exerting some depreciating pressures on the exchange rate.
- BB intervened in the foreign exchange market by selling a substantial amount of foreign currency to support exchange rate stability and maintain the external competitiveness of the Bangladesh Taka (BDT) in FY22.
- BB's monetary policy also seeks to promote import-substituting economic activities and discourage imports of luxury goods, fruits, non-cereal foods, canned and processed foods, etc., to reduce exchange rate depreciating pressure, protect foreign exchange reserves, and control inflation.
- In this respect, BB will introduce a new refinance line of credit for import-substituting products to minimize import dependency and save valuable foreign exchange reserves.
- The LC margins for luxury goods, fruits, non-cereal foods, canned and processed foods, etc., will be increased comprehensively to discourage their imports.

Credit growth

Projected credit growth to the private sector at 14.1 percent for FY2022-23, which is higher than the estimated 13.1 percent for FY2021-22. It was set at 14.8 percent for FY2021-22.

The growth of the public sector credit is set at 36.3 percent in FY2022-23, which is higher than 27.9 percent in FY2021-22.

Broad Money Growth

The broad money growth is projected to rise to 12.1 percent in FY2022-23 from 9.1 percent in FY2021- 22 as per the MPS.

Liquidity

- The monetary policy stance and monetary program outlined for FY22 were intended to maintain necessary liquidity into the banking system accompanied by a lower market interest rate regime, meeting the private and public sector demand.
- BB has taken necessary policy measures, including open market operations, issuing BB bills, and tightening policy rates to manage money market liquidity conditions.
- BB has decided to increase its policy rate (the repo rate) by 50 basis points to 5.50 percent from 5.00 percent to deal with the demand side pressures along with ensuring the required flow of funds to the priority and productive sectors to promote supply-side activities.

SWIFT CSP EXTERNAL INDEPENDENT ASSESSMENT

MD. FAISAL HOSSAIN
First Vice President
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SWIFT is one of the major vehicles for international transactions. It connects more than 11,000 member institutions in more than 200 countries and territories, making it one of the fundamental pillars of the financial industry.

SWIFT facilitates high-volume international transactions in banks over the internet, which highly attracts adversaries to conduct fraudulent activities and financial crimes. In this regard, ensuring adequate security for overall SWIFT activities is one of the major concerns of the bank.

In light of the above, SWIFT alliance has mandated to submit an Independent

Assessment report on SWIFT Customer Security Programme (CSP) as per Customer Security Controls Framework (CSCF) 2021 once in a year. With a view to ensure an acceptable level of SWIFT operational security and also to comply with the directives of SWIFT alliance, MBL has engaged an external company named “Enterprise InfoSec Consultants (EIC)” to conduct Independent Assessment on SWIFT CSP.

The SWIFT Customer Security Programme (CSP) is an initiative that assists Mercantile Bank in strengthening its cybersecurity frameworks. At the completion of the assessment, MBL has complied with more than 90% of the requirements.

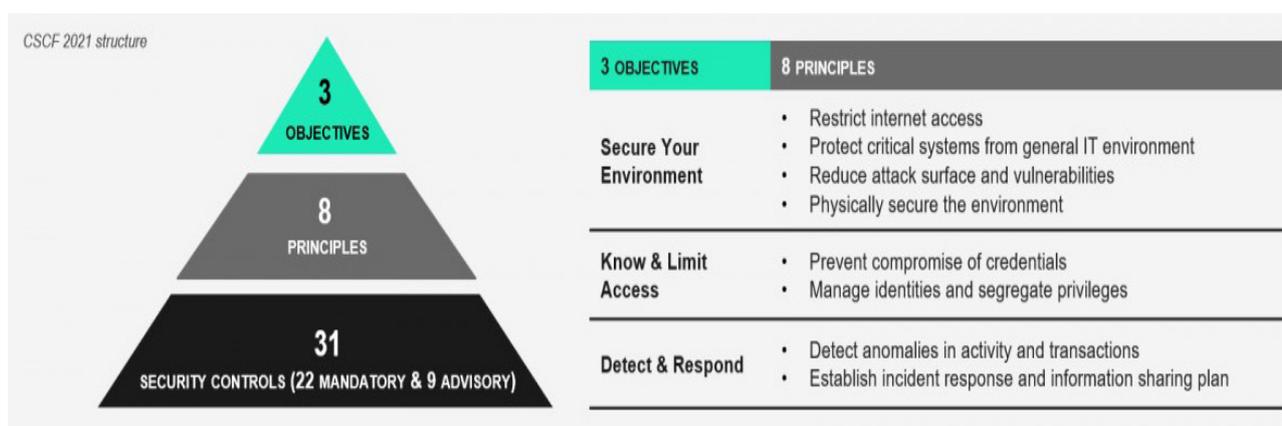


Fig: SWIFT Customer Security Controls Framework (CSCF) v2021

To commemorate this accomplishment a closing ceremony of the SWIFT Customer Security Programme (CSP) was held on May 18, 2022, at the MBL Head Office where the

CEO of Enterprise InfoSec Consultants (EIC) handed over the results of the assessment to the MD & CEO of Mercantile Bank Ltd.



Fig: Closing Ceremony of SWIFT CSP Assessment Project

Md. Quamrul Islam Chowdhury, MD & CEO along with Mati UI Hasan, AMD & CRO; Shamim Ahmed, DMD & CAMLCO; Tapash Chandra Paul, PhD, CFO; Muhammad Mahmud Hasan, CTO; S. M. Mahbubul Alam, Head of International Division; Md.

Faisal Hossain, CISO & Head of Information Security & Governance Division from Mercantile Bank and Mr. Moshiul Islam, CEO of Enterprise InfoSec Consultants (EIC) were present at the ceremony.

BANGLADESH BANK CIRCULAR

DURING JUNE 2022

ACD Circular

core for agriculture sector to combat financial crisis due to Covid-19 pandemic

- ACD Circular Letter No. 02, Date: 27.06.2022, Subject: Agriculture loan facility for the flood affected farmers of North & North-eastern region of the country
- ACD Circular Letter No. 01, Date: 27.06.2022, Subject: Refinance scheme on Milk Production and Artificial Insemination sector
- ACD Circular No. 03, Date: 05.06.2022, Subject: Agriculture loan facility for the flood affected farmers

BRPD Circular

- BRPD Circular No. 15, Date: 30.06.2022, Subject: Loan Rescheduling of Leather Sector for the Purpose of Purchasing Raw Hides
- BRPD Circular No. 14, Date: 22.06.2022, Subject: Loan Classification
- BRPD Circular No. 13, Date: 22.06.2022, Subject: Providing banking services to freedom fighters, elderly, widows and special-need customers with special care
- BRPD Circular No. 12, Date: 15.06.2022, Subject: Regarding involvement of bank directors and their related organizations in the procurement activities of goods, services etc of bank company
- BRPD Circular Letter No. 23, Date: 13.06.2022, Subject: Regarding Receive and Disposal of Clients' Complaint and Application
- BRPD Circular Letter No. 22, Date: 07.06.2022, Subject: Providing "Statement of Transaction" and "Balance Confirmation Certificate" of bank account to clients
- BRPD Circular No. 11, Date: 02.06.2022, Subject: Refinance Scheme for Digital Nano Loan
- BRPD Circular Letter No. 21, Date: 02.06.2022, Subject: Single Borrower and Large Loan Exposure Limit.
- BRPD Circular No. 10, Date: 01.06.2022, Subject: Change of designation title 'General Manager' and 'Deputy General Manager' of Bangladesh Bank
- BRPD Circular Letter No. 20, Date: 01.06.2022, Subject: Restrictions for ensuring discipline in bank-company management.
- BRPD Circular Letter No. 19, Date: 01.06.2022, Subject: Proper implementation of 'Population and Housing census 2022'

DCM Circular

- DCM Circular Letter No. 02, Date: 29.06.2022, Subject: Providing note detection services by the officials of scheduled banks to the cattle traders in "Qurbani haat" for prevention of fake notes

DFIM Circular

- DFIM Circular Letter No. 14, Date: 28.06.2022, Subject: Restrictions for ensuring discipline in NBFIs' management
- DFIM Circular Letter No. 13, Date: 28.06.2022, Subject: Loan/Lease/Investment Classification
- DFIM Circular Letter No. 12, Date: 27.06.2022, Subject: Regarding Implementation of the Guidelines For Customer Services and Complaint Management

- DFIM Circular Letter No. 11, Date: 20.06.2022, Subject: Policy regarding the appointment of Chief Executive Officer in Financial Institutions
- DFIM Circular Letter No. 10, Date: 16.06.2022, Subject: Special Policy on Loan Repayment through One Time Exit
- DFIM Circular Letter No. 09, Date: 08.06.2022, Subject: Regarding service offer to Freedom Fighters and Special needs clients on a priority basis
- DFIM Circular Letter No. 08, Date: 07.06.2022, Subject: Loan/Lease/Investment Write-off Policy for Financial Institutions
- DFIM Circular Letter No. 07, Date: 06.06.2022, Subject: Regarding 'Population and Housing census 2022'

DOS Circular

- DOS Circular Letter No. 25, Date: 30.06.2022, Subject: Keeping Hajj activities related scheduled bank branches open on 02 July 2022
- DOS Circular Letter No. 24, Date: 30.06.2022, Subject: Instructions to follow hygiene for preventing the expansion of COVID-19
- DOS Circular Letter No. 23, Date: 23.06.2022, Subject: Keeping Hajj activities related scheduled bank branches open on 25 June 2022
- DOS Circular Letter No. 22, Date: 22.06.2022, Subject: Refinance Scheme for Ship Building Industry.
- DOS Circular Letter No. 21, Date: 19.06.2022, Subject: Conducting banking services in the flood affected areas
- DOS Circular Letter No. 20, Date: 16.06.2022, Subject: Keeping Hajj activities related scheduled bank branches open on 18 June 2022
- DOS Circular Letter No. 19, Date: 13.06.2022, Subject: DOS Circular Letter No.19: Instruction to take necessary measures to facilitate casting of vote by the voter employees of the related areas on 15th June 2022.
- DOS Circular Letter No. 18, Date: 09.06.2022, Subject: Keeping Hajj activities related scheduled bank branches open on 11 June 2022.
- DOS Circular Letter No. 17, Date: 02.06.2022, Subject: Notification for Relaxation of Statutory Liquidity Ratio (SLR) of Padma Bank Limited

FEPD Circular

- FEPD Circular Letter No. 21, Date: 29.06.2022, Subject: Settlement of loans against Export Development Fund (EDF)
- FEPD Circular No. 10, Date: 08.06.2022, Subject: Export incentive against export of light engineering products under advance payment.

FID Circular

- FID Circular Letter No. 02, Date: 20.06.2022, Subject: Refinance Scheme for Digital Nano Loan

ISMD Circular

- ISMD Circular Letter No. 02, Date: 23.06.2022, Subject: Regarding Submission of Data to Integrated Supervision System

MPD Circular

- MPD Circular No. 02, Date: 30.06.2022, Subject: Re-fixation of Repo interest rate of Bangladesh Bank

PSD Circular

- PSD Circular No. 10, Date: 20.06.2022, Subject: Continuation of Payment Services in Sylhet & other flood affected areas.
- PSD Circular No. 09, Date: 06.06.2022, Subject: Change of designation title 'General Manager' and 'Deputy General Manager' of Bangladesh Bank.

SFD Circular

- SFD Circular No. 03, Date: 26.06.2022, Subject: Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh
- SFD Circular No. 02, Date: 19.06.2022, Subject: Refinance Scheme for Pre-shipment Credit to Mitigate the Crisis Due to Novel Corona Virus.

SMESPD Circular

- SMESPD Circular Letter No. 02, Date: 20.06.2022, Subject: Incentive facility against loans & advances provided to women entrepreneurs of CMSME sector

MBL CIRCULARS DURING JUNE 2022

Instruction Circular

1. Circular No. 2858, Date: 28.06.2022, Subject: বাংলাদেশে ব্যাংক কর্তৃক মার্কেটহোল ব্যাংক লিমিটেড এর প্রধান কার্যালয়, ঢাকা-এর উপর পরচালিত ৩১.১২.২০২০ তারিখ স্থতিভিত্তিক ১৯তম বর্ষিক পরিদর্শন প্রতবিদেনের পরপালন প্রতবিদেন এর উপর জুন ১৬, ২০২২ তারিখে অনুষ্ঠিত পরচালনা পর্ষদে ৪০৩ তম সভার সদ্ধান্ত ও পরামর্শসমূহের পরপালন এবং বাস্তবায়ন প্রসঙ্গে।
2. Circular No. 2857, Date: 29.06.2022, Subject: Strengthening security arrangement of all Branches, Uposhakha, ATM Booths, MBL Xpress and Head Office permises during Eid-UI-Azha vacation.
3. Circular No. 2856, Date: 27.06.2022, Subject: Renewal of Enlistment of Janata Insurance Company Limited as Approved Insurer of our Bank for the Year' 2022.
4. Circular No. 2854, Date: 27.06.2022, Subject: Regarding Collection of IPO of Navana Pharmaceuticals Limited from the Eligible Investors (EI) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.
5. Circular No., Date: 2852, Subject: 26.06.2022 Commencement of Remittance business with Mondial Bony Service S.P.A, Italy.
6. Circular No. 2851, Date: 26.06.2022, Subject: Instruction for endorsement of Passport against MBL International Card under Personal Travel Quota
7. Circular No. 2850, Date: 23.06.2022, Subject: Transferring eligible Corporate customers of SME nature to SME Financing Division.
8. Circular No.2849, Date: 23.06.2022, Subject: ঋণ শ্রেণিকরণ প্রসঙ্গে।
9. Circular No. 2848, Date: 23.06.2022, Subject: করোনা আইরাসের কারণে সৃষ্ট সংকট মোকাবেলায় প্রি-শিপমেন্ট ক্রেডিট (Pre-shipment Credit) খাতে পুনঃঅর্থায়ন স্কিম প্রসঙ্গে।
10. Circular No. 2847, Date: 21.06.2022, Subject: বৃহত্তর সিলেট অঞ্চলসহ দেশের বন্যা কবলিত এলাকায় পরিশোধ সেবা কার্যক্রম অব্যাহত রাখা প্রসঙ্গে।
11. Circular No.2846, Date: 20.06.2022, Subject: Sending 'Account Statement' by e-mail/post/ courier, 'Balance Confirmation Certificate' & ' Transaction Alert' by SMS to the customer.
12. Circular No.2844, Date: 19.06.2022, Subject: বন্যা কবলিত এলাকায় ব্যাংকিং কার্যক্রম পরিচালনা প্রসঙ্গে।
13. Circular No. 2842, Date: 14.06.2022, Subject: গ্রাহকের অভিযোগ/আবেদনপত্র গ্রহণ ও নিষ্পত্তিকরণ প্রসঙ্গে।
14. Circular No. 2841, Date: 13.06.2022, Subject: ১৫ জুন ২০২২ ইং তারিখে কুমিলা সিটি কর্পোরেশন, ০৬টি পৌরসভা, উপজেলা পরিষদ এবং ইউনিয়ন পরিষদের নির্বাচন উপলক্ষে সংশ্লিষ্ট নির্বাচনী এলাকায় ভোটকেন্দ্র হিসেবে ব্যবহৃতব্য স্থাপনায় অবস্থিত ব্যাংকের শাখা/উপশাখা বন্ধ রাখা এবং ভোটারদের ভোটাধিকার প্রয়োগের সুযোগ দানের প্রয়োজনীয় ব্যবস্থা গ্রহণ প্রসঙ্গে।
15. Circular No. 2840, Date: 12.06.2022, Subject: দেশের উত্তর-পূর্বাঞ্চলে সৃষ্ট সাম্প্রতিক বন্যায় ক্ষতিগ্রস্ত কৃষকদের কৃষি ঋণ সুবিধা প্রদান প্রসঙ্গে।
16. Circular No. 2839, Date: 12.06.2022, Subject: Regarding Collection of IPO of Achia Sea Foods Limited from the Qualified Investors (QI) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.
17. Circular No. 2838, Date: 09.06.2022, Subject: ১১ জুন ২০২২ তারিখে হজ কার্যক্রমের সাথে সংশ্লিষ্ট ব্যাংক শাখা খোলা রাখা প্রসঙ্গে।
18. Circular No. 2836, Date: 05.06.2022, Subject: বাংলাদেশ ব্যাংকের “উপমহাব্যবস্থাপক” এবং “মহাব্যবস্থাপক” পদনাম পরিবর্তন প্রসঙ্গে।

19. Circular No. 2835, Date: 06.06.2022, Subject: Renewal of Enlistment of United Insurance Company Limited as Approved Insurer of our Bank for the Year' 2022.
20. Circular No. 2834, Date: 01.06.2022, Subject: জনগুমারি ও গৃহগণনা ২০২২” সুষ্ঠুভাবে বাস্তবায়ন প্রসঙ্গে।
21. Circular No. 2833, Date: 01.06..2022, Subject: Revision of Loan Celling for Reconditioned Car and Allowances (With Loan)

Information Circular

1. Circular No. 1849, Date: 29.06.2022, Subject: Information Regarding Changes of BTCL Telephone Number of MBL Naogaon Branch.
2. Circular No. 1847, Date: 28.06.2022 , Subject: Reduction of Card Cheque and Fund Transfer processing fee from 1.00% to 0.75% of transaction amount starting from 1st July to 31st December 2022.
3. Circular No. 1843 , Date: 19.06.2022, Subject: Information Regarding Changes of BTCL Telephone Number of MBL Cumilla Branch
4. Circular No. 1842 , Date: 19.06.2022 , Subject: Information Regarding Changes of BTCL Telephone Number of MBL Satkhira Branch.
5. Circular No.1841 , Date: 16.06.2022 , Subject: Credit Rating of Mercantile Bank Limited for the Year December 31, 2021.
6. Circular No. 1838 , Date: 14.06.2022 , Subject: Information Regarding Changes of BTCL Telephone Number of MBL Donia Branch

ID Circular

1. Circular No. 47, Date: 30.06.2022, Subject: Settlement of Loans against Export Development Fund (EDF).
2. Circular No. 46 , Date: 09.06.2022, Subject: হান্কা প্রকৌশল পণ্য রপ্তানিতে অগ্রিম রপ্তানিমূল্য প্রত্যাবাসনের ক্ষেত্রে রপ্তানি প্রমোদনা/নগদ সহায়তা প্রদান।
3. Circular No. 45, Date: 09.06.2022, Subject: ১৪৪৩ হিজরী/২০২২ খ্রিষ্টাব্দে সরকারি ও বেসরকারি উভয় ব্যবস্থাপনার হজ প্যাকেজ মূল্য বৃদ্ধি প্রসঙ্গে।
4. Circular No.44, Date: 09.06.2022, Subject: ১৪৪৩ হিজরী/২০২২ খ্রি. বেসরকারি ব্যবস্থাপনার হজযাত্রীদের সৌদি আরবে প্রদেয় যাবতীয় ব্যায় স্ব-স্ব এজেন্সির ব্যাংক একাউন্ট (IBAN) এ প্রেরণ সংক্রান্ত।
5. Circular No. 43, Date: 09.06.2022, Subject: সরকারি ও বেসরকারি ব্যবস্থাপনায় হজবর্ত পালন ১৪৪৩ হিজরী/২০২২ খ্রিষ্টাব্দ।

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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