

# **Annual Report**

**2021-2022**



**Bangladesh Bank**

# Annual Report

(July 2021-June 2022)



**BANGLADESH BANK**  
(The central bank of Bangladesh)



**Letter of Transmittal**  
**BANGLADESH BANK**

Dhaka  
12 January 2023

The Secretary  
Financial Institutions Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Dhaka.

Dear Secretary,

In accordance with Article 40 (2) of the Bangladesh Bank Order, 1972 (P. O Number 127) I have the honor to submit the Annual Report of Bangladesh Bank for the financial year 2021-2022 to the Government of the People's Republic of Bangladesh. Audited Accounts of the Bank for the said financial year has already been forwarded on 30 August 2022.

Yours faithfully,



(Abdur Rouf Talukder)  
Governor



## **Board of Directors\***

Mr. Fazle Kabir	Chairman
Mr. Md. Ashadul Islam <sup>(i)</sup>	Director
Mr. Abu Hena Md. Rahmatul Muneem <sup>(ii)</sup>	Director
Mr. Abdur Rouf Talukder	Director
Mr. Sheikh Mohammad Salim Ullah <sup>(iii)</sup>	Director
Mr. Mahbub Ahmed	Director
Mr. A. K. M Aftab ul Islam, FCA	Director
Mr. Md. Nazrul Huda	Director
Mr. Ahmed Jamal	Director
Mr. Md. Masud Biswas <sup>(iv)</sup>	Secretary
Mr. Mohd. Humayun Kabir <sup>(v)</sup>	Secretary

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\* As on 30 June, 2022.

(i) Mr. Md. Ashadul Islam has served as Director of the Board up to 26 August 2021.

(ii) Mr. Abu Hena Md. Rahmatul Muneem was reappointed as Director of the Board with effect from 06 January 2022.

(iii) Mr. Sheikh Mohammad Salim Ullah was appointed as Director of the Board in place of Mr. Md. Ashadul Islam with effect from 01 September 2021.

(iv) Mr. Md. Masud Biswas, Executive Director has served as Secretary of the Board up to 07 July 2021.

(v) Mr. Mohd. Humayun Kabir, Executive Director was made as the Secretary to the Board in place of Mr. Md. Masud Biswas with effect from 08 July 2021.



**Governor**

Fazle Kabir

**Deputy Governors**

Ahmed Jamal

Kazi Sayedur Rahman

A. K. M Sajedur Rahman Khan

Abu Farah Md. Nasser

**Head of BFIU**

Md. Masud Biswas

**Executive Directors\***

Dr. Md. Akhtaruzzaman<sup>(i)</sup>

A. K. M. Fazlul Haque Mia<sup>(ii)</sup>

Mohd. Humayun Kabir

Md. Serajul Islam

Joarder Israil Hossain

Nurun Nahar

Md. Awlad Hossain Chowdhury

Debdulal Roy<sup>(iii)</sup>

Dr. Md. Habibur Rahman<sup>(iv)</sup>

Mohammad Zakir Hasan<sup>(v)</sup>

Mohammad Ahmed Ali

Md. Khurshid Alam

Main Uddin Ahmed

Mohammad Khurshid Wahab

Md. Habibur Rahman

Md. Obaidul Hoque

Md. Abul Bashar

Md. Anwar Hossain

Md. Zakir Hossain Chowdhury

Md. Shazzad Hossoin

Dr. Md. Kabir Ahmed

Md. Nazrul Islam

Md. Shahin Ul Islam

S.M. Hasan Reza

Md. Shafiqul Islam

Shaikh Md. Salim

Parimal Chandra Chakraborty

Jibon Krishno Roy

Mohammad Mamunul Hoque

A.F.M.Shahnul Islam

Md. Nurul Amin

Prokash Chandra Bairagi

Md. Julhas Uddin<sup>(vi)</sup>

Md. Forkan Hossain

S.M. Abdul Hakim

Md. Abdul Hakim

Dr. Md. Ezazul Islam<sup>(vi)</sup>

Mansura Parvin<sup>(ii)</sup>

G.M. Abul Kalam Azad<sup>(vii)</sup>

Swapan Kumar Das

\* As on 30 June, 2022.

(i) Executive Director (Research) on deputation as Director General of Bangladesh Institute of Bank Management (BIBM)

(ii) Executive Director (Statistics)

(iii) Executive Director (Programming)

(iv) Chief Economist

(v) Executive Director (Maintenance)

(vi) Executive Director (Research)

(vii) Executive Director (Ex Cadre-Publication)

## **Directors of Different Departments/Units/Cells\* of the Head Office<sup>#</sup>**

Accounts and Budgeting Department	H.M. Delwar Hussain, Director
Agricultural Credit Department	Md. Ali Mahmud, Director
Bangladesh Bank Training Academy	Md. Liakat Ali Molla, Director
	Dipankar Bhattacharjee, Director
	Kakoli Jahan Ahmed, Director
	Noor Mohammad Sheikh, Director
	S.M. Salim Uddin, Director
	Parikshit Chandra Paul, Director
	Sagir Ahmed Sharif, Director
	Md. Golam Moula, Director
	Md. Golzare Nabi, Director
	Md. Sakhawat Hossain, Director
	Chandan Saha, Director
	Md. Monjurul Haque, Director
	A.B.M. Zahirul Huda, Director
	Md. Rafiqul Islam, Director
	Md. Sayedur Rahman Khan, Director
	Maksuda Begum, Director
	Ali Akbar Faraji, Director
	Anwar Aftab Ahmed, Director
	Md. Abul Kalam Azad, Director
	Md. Tafazzal Hossain, Director
	Sudhangshu Kumar Sarker, Director
Credit Information Bureau	Md. Anis Ur Rahman, Director
Debt Management Department	Khondaker Siddiqur Rahman, Director
Department of Banking Inspection-1	Md. Azizul Haque, Director
Department of Banking Inspection-2	S.M. Mohsin Hossain, Director
Department of Banking Inspection-3	Md. Sirajul Islam, Director
Department of Banking Inspection-4	Mohammad Ali, Director
Department of Banking Inspection-5	Md. Khasru Parvez, Director
Department of Banking Inspection-6	M. Fardul Ahmed, Director
Department of Banking Inspection-7	Md. Mortuz Ali, Director
Department of Banking Inspection-8	Md. Rafiqul Islam, Director
Department of Communications and Publications	Saeda Khanam, Director
Department of Currency Management	Md. Rajab Ali, Director
Department of Financial Institutions and Markets	Md. Zulkar Nayn-2, Director
Department of Foreign Exchange Inspection	Mohammad Selim, Director
Deposit Insurance Department	Md. Ibrahim Bhuiyan, Director
Department of Off-site Supervision	Md. Anwarul Islam, Director
Expenditure Management Department-1	Md. Abdul Mannan, Director
Expenditure Management Department-2	Abu Wafa Md. Mufty, Director
Financial Inclusion Department	Md. Rafiqul Islam, Director
Financial Institutions Inspection Department	Jayasree Bagchi, Director
Financial Integrity and Customer Services Department	Dr. Md. Sirajul Hoque, Director
Financial Sector Support and Strategic Planning Department	Md. Amir Uddin, Director
Financial Stability Department	Subhash Chandra Kirity, Director
Foreign Exchange Investment Department	Sheikh Humayun Kabir, Director
Foreign Exchange Operation Department	Jagannath Chandra Ghosh, Director
Foreign Exchange Policy Department	Mohammad Abdul Haque, Director
Forex Reserve and Treasury Management Department	Kazi Rafiqul Hassan, Director
	Saiful Islam, Director
	Md. Abul Kalam, Director

\* As per alphabetical arrangement. # As of 30 June 2022.

## **Directors of Different Departments/Units/Cells\* of the Head Office# (Continued)**

Governor's Secretariat	Rokeya Khatun, Director
Human Resources Department-1	Md. Golam Mostafa, Director
Human Resources Department-2	Md. Mahbubul Haque, Director
ICT Infrastructure Maintenance and Management Department	Pankaj Kumar Mallick, Chief Maintenance Engineer
Information Systems Development and Support Department	Mohammed Ishaque Miah, System Manager
Integrated Supervision Management Department	Md. Amir Hossain Pathan, System Manager
Internal Audit Department	Mohammad Abdur Razzaq, System Manager
Law Department	Chai Cha Aung Chak, Director
Monetary Policy Department	Md. Ruhul Amin, Director
NFIS Administrative Unit	Md. Amzad Hossain Khan, Director
Payment Systems Department	Md. Abdul Kayum, Director (Research)
Research Department	Dr. Imam Abu Sayed, Director (Research)
Research Department-Library	Md. Saiful Islam Khan, Director
Secretary's Department	Md. Mezbaul Haque, Director
Security Management Department	Dr. Sayera Younus, Director (Research)
SME and Special Programmes Department	Mohammed Abdul Halim, Director (Research)
Special Studies Cell	Bishnu Pada Biswas, Director (Research)
Statistics Department	Luthfe Ara Begum, Director (Research)
Sustainable Finance Department	Nurnaher Begum, Director (Research)
	Farida Parvin, Director (Research)
	Tasnim Fatema, Director (Ex Cadre-Library)
	S.M. Rezaul Karim, Director
	Lt. Col. (Retd.) Md Shamimur Rahman, PSC, Director <sup>@</sup>
	Md. Jaker Hossain, Director
	Nirmal Chandra Tanchangya, Director
	Tarun Kanti Ghosh, Director (Statistics)
	Mrinal Kanti Sarker, Director (Statistics)
	Dr. Muhammad Amir Hossain, Director (Statistics)
	Md. Meraj Uddin Sarkar, Director (Statistics)
	Dr. Shamim Ara, Director (Statistics)
	Ashish Kumar Roy, Director
	Shabnam Shirin, Director (Statistics)
	Md. Shafiqul Islam, Director (Statistics)
	Md. Nurul Islam, Director (Statistics)
	Md. Habibour Rahman, Director (Statistics)
	Dr. Nargis Hasina, Director (Statistics)
	Khondkar Morshed Millat, Director

Note: 1) Besides, Directors-Md. Hanif Miah; Khondaker Abdul Kayum; Md. Humayun Kabir; Md. Sakhawat Hossain Bhuiyan, Md. Aminul Islam Akand, Sirajul Islam, Mahmud Salah Uddin Naser; Shaikh Jahangir Hossain; Moni Shankar Kundu; Md. Shahidul Islam; Md. Rezaul Karim Sarker; Md. Abdul Wahab; Md. Kawsar Matin, Md. Rokuzzaman, Md. Ashraful Alam; and Manoj Kumar Howlader were on deputation with EEF Unit, Grihayan Tohbil and Fund Management, Microcredit Regulatory Authority, Bangladesh Institute of Bank Management, Institute of Bankers Bangladesh, Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments Sector Project, Foreign Direct Investment Promotion Project, Second Small and Medium-Sized Enterprise Development Project, COVID-19 Emergency and Crisis Response Facility Project, The Security Printing Corporation Bangladesh Ltd, and Credit Guarantee Scheme (CGS) Unit respectively as on 30 June 2022.

2) Directors-Md. Shahidul Islam, Husne Ara Shikha, Wahida Nasrin, Subrata Chakma, Md. Shahed Ali, Avilash Chandra Mazumder, Md. Mokbul Hossain and Md. Shabbirul Alam Chowdhury were attached with HRD-1.

\* As per alphabetical arrangement. #As of 30 June 2022. @ Contractual Basis.

### **Branch Offices\* and Office Heads#**

Barishal	Parimal Chandra Chakraborty, Executive Director Md. Sawkatul Alam, Director Md. Mahbubur Rahman, Director Bishnupada Kar, Director
Bogura	A.F.M.Shahinul Islam, Executive Director Mohammad Rafiqul Islam-2, Director Gobinda Lal Gaine, Director Md. Hafizur Rahman, Director
Chattogram	Md. Nurul Amin, Executive Director Arief Hossain Khan, Director Md. Mujibul Hoque, Director Md. Nurul Alam, Director
Khulna	S.M. Hasan Reza (CC) , Executive Director Samir Kumar Biswas, Director Sudha Rani Das, Director
Motijheel	Md. Shazzad Hossoin, Executive Director Prokash Chandra Bairagi, Executive Director (Currency Officer) Shantonu Kumar Roy, Director Syed Ahmed, Director Md. Emdadul Haque, Director Dr. Maksuda Begum, Chief Medical Officer Dr. Rabeya Akther, Chief Consultant (Gynecology) Dr. Md. Mahfuzul Hussain, Chief Consultant (Medicine)
Mymensingh	S.M. Abdul Hakim, Executive Director Md. Osman Ghani, Director
Rajshahi	Jiban Krishno Roy, Executive Director Md. Mazibur Rahman-10, Director Md. Niamul Kabir, Director Mirza Abdul Mannan, Director
Rangpur	Md. Abdul Hakim, Executive Director Mohammad Jamal Uddin, Director Madhusudan Banik, Director Md. Shakhawat Hossain, Director
Sadarghat	Md. Abdul Kadir, Director
Sylhet	Mohammad Mamunul Hoque, Executive Director Rup Ratan Pine, Director A.K.M. Ehsan, Director Khaled Ahmed, Director

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\* As per alphabetical arrangement.

# As of 30 June, 2022.

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## List of Abbreviations

A/C	Account	BRAC	Bangladesh Rural Advancement Committee
ACD	Agriculture Credit Department	BRDB	Bangladesh Rural Development Board
ACU	Asian Clearing Union	BRMC	Board Risk Management Committee
ACUD	Asian Clearing Union Dollar	BRPD	Banking Regulation & Policy Department
ADB	Asian Development Bank	BRTA	Bangladesh Road Transport Authority
ADP	Annual Development Programme	BSBL	Bangladesh Samabaya Bank Limited
ADR	Advance Deposit Ratio	BSCIC	Bangladesh Small and Cottage Industries Corporation
ADs	Authorised Dealers	BSEC	Bangladesh Securities and Exchange Commission
AFI	Alliance for Financial Inclusion	BSI	Banking Soundness Index
AFD	Agence Francaise de Developpement	BSRD	Bangladesh Systemic Risk Dashboard
AGDs	Authorized Gold Dealers	BTMC	Bangladesh Textile Mills Corporation
AIIB	Asian Infrastructure Investment Bank	BURU	Basic Unit for Resources and Opportunities of Bangladesh
ALM	Asset-Liability Management	CA	Certifying Authority
AML	Anti Money Laundering	CAMD	Capital Adequacy and Market Discipline
APG	Asia Pacific Group on Money Laundering	CAMEL	Capital Adequacy, Asset Quality, Management, Earnings and Liquidity
ASA	Association for Social Advancement	CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk
ASEAN	Association of South East Asian Nations	CAMLCO	chief Anti-money Laundering Compliance Officer
ATDTL	Average Total Demand and Time Liabilities	CASPI	CSE all share price Index
ATM	Automated Teller Machine	CAR	Capital Adequacy Ratio
B2B	Business to Business	CBS	Core Banking Solution
B2P	Business to Person	CCB	Capital Conservation Buffer
BACH	Bangladesh Automated Clearing House	CCB	Counter-cyclical Capital Buffer
BACPS	Bangladesh Automated Cheque Processing Systems	CCTG	Coordination Committee Technical Group
BAFEDA	Bangladesh Foreign Exchange Dealers Association	CCTV	Closed-circuit Television
BARD	Bangladesh Academy for Rural Development	CDBL	Central Depository Bangladesh Limited
BASIC	Bangladesh Small Industries and Commerce	CDLC	Central Depository for Large Credit
BB	Bangladesh Bank	CECRFP	COVID-19 Emergency and Crisis Response Facility Project
BBMC	Bangladesh Bank Musharaka Certificate	CEO	Chief Executive Officer
BBS	Bangladesh Bureau of Statistics	CET1	Common Equity Tier-1
BBTA	Bangladesh Bank Training Academy	CETP	Central Effluent Treatment Plant
BCBS	Basel Committee on Banking Supervision	CEU	Chief Economist's Unit
BCP	Basel Core principles	CEZL	City Economic Zone Limited
BCR	Bangladesh Compounded Rate	CFR	Cost and Freight
BDBL	Bangladesh Development Bank Limited	CFSI	Composite Financial Stability Index
BDT	Bangladesh Taka	CFT	Combating the Financing of Terrorism
BEZA	Bangladesh Economic Zones Authority	CGS	Credit Guarantee Scheme
BEFTN	Bangladesh Electronic Fund Transfer Network	CIB	Credit Information Bureau
BEPZA	Bangladesh Export Processing Zone Authority	CIF	Cost, Insurance and Freight
BFIU	Bangladesh Financial Intelligence Unit	CIC	Central Intelligence Cell
BGIIB	Bangladesh Government Islamic Investment Bond	CICO	Cash In/ Cash Out
BGIS	Bangladesh Government Investment Sukuk	CIP	Commercially Important Person
BGITB	Bangladesh Government Islamic Treasury Bill	CIPC	Customers Interest Protection Centre
BGTBs	Bangladesh Government Treasury Bonds	CIT	Cheque Imaging and Truncation
BHBFC	Bangladesh House Building Finance Corporation	CMMS	Corporate Memory Management System
BHI	Bank Health Index	CMS	Cottage, Micro and Small Enterprise
BIA	Bangladesh Insurance Academy	CMSME	Cottage, Micro, Small and Medium Enterprises
BIBM	Bangladesh Institute of Bank Management	CNY	Chinese Yuan Renminbi
BIDA	Bangladesh Investment Development Authority	COVID-19	Corona Virus Disease of 2019
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation	CP	Commercial paper
BJMC	Bangladesh Jute Mills Corporation	CPI	Consumer Price Index
BKB	Bangladesh Krishi Bank	CRAR	Capital to Risk-weighted Asset Ratio
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association	CRMR	Comprehensive Risk Management Report
BO	Beneficiary Owners	CRR	Cash Reserve Requirement
BoP	Balance of Payments	CSE	Chittagong Stock Exchange
BPC	Bangladesh Petroleum Corporation	CSR	Corporate Social Responsibility
BPSSR	Bangladesh Payment and Settlement Systems Regulations	CYFI	Child and Youth Finance International
		DBI-1	Department of Banking Inspection-1

DBI-2	Department of Banking Inspection-2	FIs	Financial Institutions
DBI-3	Department of Banking Inspection-3	FICSD	Financial Integrity and Customer Service Department
DBI-4	Department of Banking Inspection-4	FID	Financial Inclusion Department
DBI-5	Department of Banking Inspection-5	FIID	Financial Institutions Inspection Department
DBI-6	Department of Banking Inspection-6	FIU	Financial Intelligence Unit
DBI-7	Department of Banking Inspection-7	FMI	Financial Market Infrastructure
DBI-8	Department of Banking Inspection-8	FPMU	Food Planning and Monitoring Unit
DFEI	Department of Foreign Exchange Inspection	FoB	Free on Board
DFIM	Department of Financial Institutions & Market	FPM	Financial Projection Model
DFS	Digital Financial Services	FRS	Financial Stability Report
DIB	Dollar Investment Bond	FRTB	Floating Rate Treasury Bond
DID	Deposit Insurance Department	FRTMD	Foreign Reserve and Treasury Management Department
DIS	Deposit Insurance System	FSD	Financial Stability Department
DITF	Deposit Insurance Trust Fund	FSM	Financial Stability Map
DMB	Deposit Money Bank	FSR	Financial Stability Report
DMD	Debt Management Department	FSSSPD	Financial Sector Support and Strategic Planning Department
DNC	Department of Narcotics Control	FSSP	Financial Sector Support Project
DNS	Deferred Net Settlement	FVI	Financial Vulnerability Index
DOMS	Digital Office Management System	FX	Foreign Exchange
DOS	Department of Off-site Supervision	FY	Financial Year (July- June)
DP	Depository Participant	G2P	Government to Person
DPA	Domestic Processing Areas	G-7	Group of Seven
DPB	Dollar Premium Bond	GCRM	Guidelines on Country Risk Management
DSE	Dhaka Stock Exchange	GDE	Gross Domestic Expenditure
DSEX	Dhaka Stock Exchange Broad Index	GDP	Gross Domestic Product
D-SIBs	Domestic Systemically Important Banks	GDS	Gross Domestic Savings
DTH	Direct to Home	GF	Green Finance
DVS	Document Verification System	GFET	Guidelines for Foreign Exchange Transactions
EC	Executive Committee	GHG	Green House Gas
ECF	Extended Credit Facility	GIIB	Government Islamic Investment Bond
ECL	Expected Credit Loss	GIZ	German Agency for International Cooperation
EDF	Export Development Fund	GNI	Gross National Income
EDS	Electronic Dealing System	GNS	Gross National Savings
EDW	Enterprise Data Warehouse	GPF	General Provident Fund
EEF	Equity and Entrepreneurship Fund	GoB	Government of Bangladesh
EFD	Electric Fiscal Device	GS	Govornor Secretariat
EFT	Electronic Fund Transfer	GSIMS	Government Savings Instrument Management System
EI	Expenditure-Income	GTF	Green Transformation Fund
EMT	Executive Management Team	GVA	Gross Value Added
EOI	Expression of Interest	H1	First Half
EPB	Export Promotion Bureau	H2	Second Half
EPZ	Export Processing Zone	HBFC	House Building Finance Corporation
ERMC	Executive Risk Management Committee	HFT	Held for Trade
ERP	Enterprise Resource Planning	HHK	Hybrid Hoffman Kiln
ERQ	Exporters' Retention Quota	HRD	Human Resources Department
ESCAP	the United Nations Economic and Social Commission for Asia and the Pacific	HTM	Held to Maturity
ESDD	Environmental and Social Due Diligence	HQLA	High Quality Liquid Asset
ESF	Entrepreneurship Support Fund	IAD	Internal Audit Department
ESRM	Environmental and Social Risk Management	IAMCL	International Association of Deposit Insurers
ESRR	Environmental and Social Risk Rating	IASB	ICB Asset Management Company Ltd
ETP	Effluent Treatment Plant	IB	International Accounting Standards Board
EU	European Union	IBF	Islamic Banking
EXIM	Export Import Bank of Bangladesh	IBFT	Islamic Bond Fund
FAO	Food and Agriculture Organisation	IBS	Internet Banking Fund Transfer
FATF	Financial Action Task Force	ICAAP	Islamic Banking System
FC	Foreign Currency	ICAB	Internal Capital Adequacy Assessment Process
FCA	Financial Conduct Authority	ICB	International Chartred Accountants of Bangladesh
FCD	Forreign Currency Deposit		Investment Corporation of Bangladesh
FCBs	Foreign Commercial Banks		
FCK	Fixed Chimney Kiln		
FDI	Foreign Direct Investment		
FEPD	Foreign Exchange Policy Department		

ICC	Internal Control and Compliance	MFIs	Microfinance Institutions
ICML	ICB Capital Management Ltd	MFS	Mobile Financial Services
ICT	Information and Communication Technology	MFSPs	Mobile Financial Service Providers
ID	Identity Document	MI	Market Infrastructure
IDA	International Development Association	ML	Money Laundering
IDLC	Industrial Development Leasing Company	MLT	Medium to Long Term
IDR	Investment Deposit Ratio	MoF	Ministry of Finance
IDRA	Insurance Development and Regulatory Authority	MoU	Memorandum of Understanding
IESBA	International Ethics Standards Board for Accountants'	MPD	Monetary Policy Department
IFC	International Finance Corporation	MPI	Murabaha Post Import
IFRS	International Financial Reporting Standards	MPS	Monetary Policy Statement
IFF	Illicit Financial Flow	MRA	Microcredit Regulatory Authority
IIFM	Islamic Inter-bank Fund Market	MSI	Monetary Sector Index
IMF	International Monetary Fund	MSMEs	Micro, Small and Medium Enterprises
IMTOs	International Money Transfer Operators	MT	Metric Ton
IOSCO	International Organization of Securities Commissions	MTR	Murabaha Trust Receipt
IPDC	Industrial Promotion and Development Company	NAFTA	North American Free Trade Agreement
IPFF	Investment Promotion and Financial Facility	NBFIs	Non-Bank Financial Institutions
IPO	Initial Public Offering	NBR	National Board of Revenue
IRM	Investment Risk Management	NCI	Non-controlling Interest
IRIDP-3	'Important Rural Infrastructure Development Project on Priority Basis-3	NDA	Net Domestic Assets
ISAs	International Standards on Auditing	NEER	Nominal Effective Exchange Rate
ISDSD	Information Systems Development and Support Department	NFA	Net Foreign Assets
ISMD	Integrated Supervision Management Department	NFAs	No-Frill Accounts
ISO	International Organisation for Standardisation	NFCs	Non Financial Corporations
ISS	Integrated Supervision System	NFIS	National Financial Inclusion Strategy
ISSP	Information System Strategy Paper	NGOs	Non-Governmental Organisations
ISTCL	ICB Securities Trading Company Ltd.	NIBM	National Institute of Bank Management
IT	Information Technology	NIM	Net Interest Margin
ITC-ILO	International Training Centre of the International Labour Organisation	NIS	National Integrity Strategy
ITES	Information Technology Enabled Services	NITAs	Non-resident Investor's Taka Accounts
ITM	Interbank Transaction Matrix	NPI	Non-performing Investment
JBC	Jibon Bima Corporation	NPLs	Non-performing Loans
JICA	Japan International Cooperation Agency	NPSB	National Payment Switch, Bangladesh
JPY	Japanese Yen	NRB	Non-resident Bangladeshi
KDDL	Karnafully Dry Dock Limited	NSDS	National Sustainable Development Strategy
KSA	Kingdom of Saudi Arabia	NSFR	Net Stable Funding Ratio
KYC	Know Your Customer	OBO	Off-shore Banking Operation
LC	Letter of Credit	OBUs	Off-shore Banking Unit
LCR	Liquidity Coverage Ratio	ODA	Official Development Assistance
LDPE	Low-Density Polyethylene	ODB	Overdraft-block
LEA	Law Enforcement Agencies	ODC	Overdraft- current
LED	Light Emitting Diode	OFC	Other Financial Corporations
LF-I-SME	Local Finance Initiatives Support to SMEs	OIC	Organization of Islamic Cooperation
LFSSP	Line of Finance to Support SMEs Project	OMO	Open Market Operation
LIBOR	London Interbank Offered Rate	OMOF	Open Market Operations Fund
LPG	Liquefied Petroleum Gas	OMS	Open Market Sales
LS	Liquidity Support	OPGSPs	Online Payment Gateway Service Providers
LSF	Liquidity Support Facility	OTC	Over the Counter
LTD.	Limited	P2B	Person to Business
LTFF	Long Term Financing Facility	P2G	Person to Government
M1	Narrow Money	P2P	Person to Person
M2	Broad Money	PCB	Printed Circuit Board
MCR	Minimum Capital Requirements	PCBs	Private Commercial Banks
ME	Mutual Evaluation	PDs	Primary Dealers
MF-CIB	Credit Information Bureau for Micro Finance Institutions	PET	Polyethene Terephthalate
		PFDS	Public Food Distribution System
		PF	Proliferation Financing
		PFI	Participating Financial Institution
		PGL	Portfolio Guarantee Limit
		PIF	Post Import Financing
		PKSF	Palli Karma Sahayak Foundation
		PLS	Profit and Loss Sharing

PMBF	Professional Masters in Banking and Finance	SGD	Singapore Dollar
PMFI	Participating Microfinance Institutions	SIM	Subscriber Identity Module
PMS	Performance Management System	SLR	Statutory Liquidity Ratio
PN	Policy Note	SMAP	Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project
POL	Petroleum, Oil and Lubricants	SMEs	Small and Medium-sized Enterprises
POs	Partner Organisations	SMESDP	Small and Medium-sized Enterprise Sector Development Project
POS	Point of Sale	SMESPD	SME & Special Programmes Department
PPE	Personal Protective Equipment	SOCBs	State Owned Commercial Banks
PP&E	Property, Plant and Equipment	SOICs	State Owned Insurance Companies
PSD	Payment Systems Department	SP	Special Publication
PSO	Payment Systems Operator	SPCBL	Security Printing Corporation (Bangladesh) Ltd.
PSP	Payment Services Providers	SPCSSECP	Supporting Post COVID-19 Small Scale Employment Creation Project
PSR	Profit Sharing Ratio	SPM	Suspended Particulate Matter
PV	Photovoltaic	SPS	Service Process Simplification
PVC	Polyvinyl Chloride	SPTB	Special Treasury Bonds
QFSAR	Quarterly Financial Stability Assessment Report	SPV	Special Purpose Vehicle
QIIP	Quantum Index of Industrial Production	SQAT	Software Quality Assurance and Testing
QR	Quick Response	SREP	Supervisory Review Evaluation Process
RAKUB	Rajshahi Krishi Unnayan Bank	SREUP	Safety Retrofits and Environment Upgrades in RMG Project
RAM	Random Access Memory	SRF	Socially Responsible Financing
RBCA	Risk Based Capital Adequacy	SSD	Solid State Drive
RBS	Risk Based Supervision	STRs	Suspicious Transaction Reports
RCF	Rapid Credit Facility	SWIFT	Society for Worldwide Interbank Financial Telecommunication
RECI	Regional Economic Climate Index	TA	Technical Assistance
REER	Real Effective Exchange Rate	TF	Terrorist Financing
REPO	Repurchase Agreement	TDS	Tax Deducted at Source
RFFO	Regulatory Fintech Facilitation Office	TIN	Tax Identification Number
RFI	Raid Financing Instrument	TMS	Treasury Management System
RHS	Right Hand Side	TMSS	Thengamara Mohila Sabuj Sangha
RICO	Racketeer Influenced and Corrupt Organizations Act	ToR	Terms of Reference
RM	Reserve Money	ToT	Terms of Trade
RMG	Ready Made Garments	TSEL	Technaf Solar Tech Energy Limited
ROA	Return on Assets	TSS	Technical Support Services
ROE	Return on Equity	UAE	United Arab Emirates
RTGS	Real Time Gross Settlement	UBSP	Urban Building Safety Project
RTI	Right to Information	UK	United Kingdom
RTL	Raw Tech Limited	UNCTAD	United Nations Conference on Trade and Development
RWA	Risk Weighted Assets	UNODC	United Nations Office on Drugs and Crime
SAARC	South Asian Association for Regional Cooperation	US	United States
SABINCO	Saudi-Bangladesh Industrial & Agricultural Investment Company Limited	USA	United States of America
SAP	Systems, Applications and Products in data processing	USB	Universal Serial Bus
SARs	Suspicious Activity Reports	USD	US Dollar
SBs	Specialized Banks	USDOJ	US Department of Justice
SBC	Shadharan Bima Corporation	VAT	Value Added Tax
SCBs	State -owned Commercial Banks	VDP	Village Defense Party
SCDP	Second Crop Diversification Project	VSBK	Vertical Shaft Brick Kiln
SCT	Strategic Communication Team	WAR	Weighted Average Resilience
SD	Statistics Department	WAR-WIR	Weighted Average Resilience-Weighted Insolvency Ratio
SD	Secure Digital	WEDB	Wage Earner Development Board
SDC	Sales Data Controller	WHO	World Health Organization
SDC	Swiss Agency for Development and Cooperation	WP	Working Paper
SDGs	Sustainable Development Goals	WTO	World Trade Organisation
SDR	Special Drawing Rights		
SFD	Sustainable Finance Department		
SEC	Securities and Exchange Commission		
SEF	Small Enterprise Fund		
SEIP	Skills for Employment Investment Programme		
SEK	Singapore Dollar		
SF	Sustainable Finance		

## Macroeconomic Performance and Prospect

### Global Growth, Price Situation and Outlook

1.01 After the recurrent shocks of COVID-19 and a sharp recovery of 6.0 percent in 2021; the global output growth is expected to slow down to 3.2 percent in 2022 and further to 2.7 percent in 2023, especially downturns in the United States, Euro area, the United Kingdom, Japan and China due mainly to the war in Ukraine (Table 1.01). Several shocks have hit the world economy already weakened by the pandemic; higher-than-expected inflation worldwide, especially in the United States and major European countries triggering tighter financial condition; a worse slowdown in China, reflecting COVID-19 outbreaks and lockdown and further negative spillovers from the war in Ukraine. Due to rising food and energy costs as well as persistent supply-demand imbalances, it is now expected that global inflation will increase sharply to 8.8 percent in 2022 from 4.7 percent in 2021. The Russia-Ukraine war has been the main factor driving worldwide food price inflation, especially for grain products like wheat. Export limitations in various nations have also contributed to global food price hikes. The impact of food inflation would be more crucial in low-income nations where food consumption makes up a large portion of total consumption. Moreover, a substantial reduction in the flow of Russian pipeline gas to Europe would lead to a sharp rise in gas prices. In such situation a disinflationary monetary policy is expected and that will lead to reduce global inflation to 6.5 percent in 2023. With the onset of COVID-19 pandemic, the volume of global trade fell down by 7.8 percent in 2020 due to lockdown-induced supply disruptions. As government in many countries eased

**Table 1.01 World Economic Outlook Projections for 2022 and 2023**

	Actual		Projections	
	2020	2021	2022	2023
<b>World Output</b>	<b>-3.0</b>	<b>6.0</b>	<b>3.2</b>	<b>2.7</b>
<b>Advanced Economies</b>	<b>-4.4</b>	<b>5.2</b>	<b>2.4</b>	<b>1.1</b>
United States	-3.4	5.7	1.6	1.0
Euro area	-6.1	5.2	3.1	0.5
Germany	-3.7	2.6	1.5	-0.3
France	-7.9	6.8	2.5	0.7
Italy	-9.0	6.6	3.2	-0.2
Spain	-10.8	5.1	4.3	1.2
Japan	-4.6	1.7	1.7	1.6
United Kingdom <sup>1</sup>	-9.3	7.4	3.6	0.3
Canada	-5.2	4.5	3.3	1.5
Other Advanced Economies <sup>2</sup>	-1.8*	5.3	2.8	2.3
<b>Emerging Market and Developing Economies</b>	<b>-1.9</b>	<b>6.6</b>	<b>3.7</b>	<b>3.7</b>
Emerging and Developing Asia	-0.6	7.2	4.4	4.9
China	2.2	8.1	3.2	4.4
ASEAN-5 <sup>3</sup>	-3.4*	3.4	5.3	4.9
South Asia				
Bangladesh	3.4	6.9	7.2	6.0
India <sup>4</sup>	-6.6	8.7	6.8	6.1
Pakistan <sup>5</sup>	-1.0	5.7	6.0	3.5
Sri Lanka	-3.5	3.3	-8.7	-3.0
<b>World Trade Volume (goods and services)</b>	<b>-7.8</b>	<b>10.1</b>	<b>4.3</b>	<b>2.5</b>
<b>Imports</b>				
Advanced Economies	-8.4	9.5	6.0	2.0
Emerging Market and Developing Economies	-7.8	11.8	2.4	3.0
<b>Exports</b>				
Advanced Economies	-9.0	8.7	4.2	2.5
Emerging Market and Developing Economies	-4.8	11.8	3.3	2.9
<b>Commodity Prices (U.S. dollars)</b>				
Oil <sup>6</sup>	-31.7	65.9	41.4	-12.9
Nonfuel (Average based on world commodity import weights)	6.5	26.3	7.3	-6.2
<b>Consumer Prices<sup>7</sup></b>	<b>3.2</b>	<b>4.7</b>	<b>8.8</b>	<b>6.5</b>
Advanced Economies	0.7	3.1	7.2	4.4
Emerging Market and Developing Economies <sup>7</sup>	5.1	5.9	9.9	8.1
South Asia				
Bangladesh	5.6	5.6	6.1	9.1
India	6.2	5.5	6.9	5.1
Pakistan <sup>5</sup>	10.7	8.9	12.1	19.9
Sri Lanka	4.6	6.0	48.2	29.5

<sup>1</sup>The projection for the United Kingdom are based on information available as 12 September 2022 and do not fully incorporate the fiscal announcement on 23 September 2022.

<sup>2</sup>Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

<sup>3</sup>Indonesia, Malaysia, Philippines, Thailand, Vietnam.

<sup>4</sup>Data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with FY12 as a base year.

<sup>5</sup>The projection for Pakistan are based on information available on the end August and do not include the impact of recent floods.

<sup>6</sup>Simple average of prices of UK Brent, Dubai Fateh, and West Texas intermediate crude oil.

<sup>7</sup>Excludes Venezuela.

Source: World Economic Outlook, October 2022, International Monetary Fund.

restrictions on cross border mobility in the advancement of vaccination programmes and adopted business friendly economic policies, the volume of global trade increased dramatically by 10.1 percent in 2021. The growth of world trade is projected to slow down to 4.3 percent in 2022 and 2.5 percent in 2023, reflecting further decline in global demand and

supply chain problems in the wake of Russia-Ukraine war along with the appreciation of dollar.

1.02 The output growth in 2022 for the world's advanced economies is projected to 2.4 percent against the actual output growth of 5.2 percent in 2021. The output growth in United States for 2022 is projected to 1.6 percent, reflecting much less momentum in private consumption, due partly to the decline in household purchasing power and the anticipated effects of tightening of monetary policy. The projected output growth for euro area is also downgraded to 3.1 percent in 2022 from 5.2 percent in 2021 due to downward growth forecasts in major economies—Germany, France, Spain and Italy.

1.03 The output growth in emerging markets and developing economies is projected downward to 3.7 percent in 2022 from 6.6 percent in 2021. The main factors contributing to such downward projection are the expectations of a sharp decrease in China's economic growth and a moderate growth in India's economy. China's output is projected to grow by 3.2 percent in 2022 from the actual growth of 8.1 percent in 2021, owing primarily to the renewed COVID-19 outbreaks and lockdowns. On the other hand, India's output growth is projected to decline by 1.9 percentage points to 6.8 percent in 2022 from actual growth of 8.7 percent in 2021, due mainly to less favourable external conditions and faster policy tightening.

1.04 The war in Ukraine may cause supply-related shocks to the prices of food and energy, which might cause core inflation to rise substantially and lead monetary policy further toward tightening. In advanced economies, inflation increased to 3.1 percent in 2021 from 0.7 percent in 2020 due mainly to higher food and energy prices. The inflation in 2022 for

advanced economies is projected to increase to 7.2 percent due mainly to notable rises in headline inflation in United Kingdom and the euro area. But it is expected to fall to 4.4 percent in 2023 as central banks tighten monetary policy. However, inflation in emerging and developing economies, excluding Venezuela, increased slightly to 5.9 percent in 2021 from 5.1 percent in 2020. It is projected to increase to 9.9 percent in 2022 but to decrease to 8.1 percent in 2023.

1.05 The Russia-Ukraine conflict and sanctions may induce to decline global demand and supply after a sharp recovery of global trade in 2021 from the COVID-19 pandemic situation. The imports growth for advanced economies increased from -8.4 percent in 2020 to 9.5 percent in 2021. The imports growth in this region may decrease to 6.0 percent in 2022 and further to 2.0 percent in 2023. In emerging markets and developing economies, the imports growth increased robustly from -7.8 percent in 2020 to 11.8 percent in 2021, which is projected to decrease significantly to 2.4 percent in 2022 and further increase slightly to 3.0 percent in 2023. Exports growth of the advanced economies stood at 8.7 percent in 2021 from -9.0 percent in 2020 which is projected to decrease to 4.2 percent in 2022 and further to 2.5 percent in 2023. Exports of the emerging markets and developing economies increased sharply by 11.8 percent in 2021 from -4.8 percent in 2020, which is anticipated to decrease by 3.3 percent in 2022 and further by 2.9 percent in 2023.

1.06 According to World Economic Outlook, October 2022, there are a wide range of factors which could negatively affect global economic performance. The war in Ukraine could disrupt gas supply to European economies from Russia and would increase inflation worldwide through

higher fuel prices. In the condition of tight labour market, workers could demand higher wages and trigger a wage-price spiral. The rising interest rates in advanced economies in containing inflation would tighten financial conditions worldwide. This could result in increasing cost of borrowing, creating pressure in international reserves, cause depreciation against dollar and induce debt distress in emerging market and developing economies. Moreover, the war in Ukraine may fragment the world economy into geopolitical blocs with newer payment systems and reserve currencies, which could hamper international trade and cooperation.

1.07 The World Economic Outlook, October 2022, outlined some policy priorities needed to restore the global economy from its gloomy developments in 2022. Containing inflation will be the first priority for the policymaker since the gradual increase in prices reduces the living standard worldwide. In the backdrop of tighter monetary conditions, highly indebted governments should reduce dependence on foreign currency borrowing. Instead, they need to increase taxes and lower expenditure. Ending war in Ukraine would expand supply of global commodities and governments should not stock food and energy, rather, remove trade barriers, which induce higher world prices. Countries with the use of fossils fuels such as coal for meeting energy crisis should treat it as temporary measures and extend efforts towards renewable energy. Finally, governments should intensify vaccination rates to prevent future variants of COVID-19 pandemic.

1.08 The Global Financial Stability Report, April 2022, highlighted some concerns about the stability of global financial system. In the event of higher global commodity prices, central banks face immense challenges in preventing inflation

while bringing the economy towards targeted growth trajectory. They have to limit the accommodative stance for containing inflation through tightening financial condition that could induce financial vulnerabilities and influence on growth. Emerging markets are facing tighter financial conditions and higher risks of capital outflows. The war in Ukraine has also drawn a number of medium-term structural issues that policymakers will tackle in coming years. The geopolitics of energy security may put climate transition at risk. Capital markets might become more fragmented, with possible implications for the role of the US dollar. The fragmentation of payment systems could be associated with the creation of the blocs of central bank digital currency. In addition, more widespread use of crypto assets in emerging markets could undermine domestic policy objectives. Multilateral cooperation will remain the key to overcome these medium-term challenges.

### Developments in the Bangladesh Economy

1.09 Although the economy of Bangladesh returned to the recovery phase aided by appropriate policies and ongoing stimulus packages, this recovery has faced new headwinds following the surge in global commodity prices in the context of the war in Ukraine.

### Growth Performance

1.10 The BBS has provisionally estimated 7.25 percent real GDP growth rate for FY22, which was 6.94 percent in FY21. The sectoral growth compositions are shown in Table 1.02.

1.11 Agriculture contributed 11.50 percent of GDP in FY22, with slower growth from 3.17 percent in FY21 to 2.20 percent in FY22. During this period, the growth of animal farming; and forest and related services sub-sectors increased slightly compared to the previous year.

However, the growths in crops and horticulture; and fishing sub-sectors fell dramatically to 1.06 percent and 2.08 percent respectively in FY22 from 2.29 percent and 4.11 percent in FY21.

**1.12** The industrial sector contributed 37.07 percent of GDP in FY22 and grew by 10.44 percent, higher than 10.29 percent growth in FY21. This growth was mainly supported by the growths of manufacturing; water supply, sewerage, waste management and remediation activities; and construction sub-sectors. On the other hand, electricity, gas, steam, and air conditioning supply sub-sector recorded lower growth of 5.96 percent while mining and quarrying sector exhibited negative growth of (-)1.94 percent in FY22 as compared to the previous year.

**1.13** Services sector accounts for the largest share of GDP. This sector contributed 51.44 percent of GDP in FY22, slight lower than 51.92 percent in FY21. Services sector grew by 6.31 percent in FY22, higher than 5.73 percent growth in FY21. The components of services sector- such as, wholesale and retail trade, and repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; financial and insurance activities; real estate activities; education; arts, entertainment and recreation; and other service activities exhibited higher growths in FY22 than those of the previous year.

**1.14** On the demand side of GDP, private consumption grew by 13.18 percent due to opening of the economy from restrictions imposed over the last couple of years for containing the spread of the COVID-19 pandemic. Furthermore, public consumption increased by 5.79 percent during the same period. As a result, total consumption spending grew by 12.57 percent, which contributed 9.10

**Table 1.02 Sectoral GDP Growth in Bangladesh**

(at FY16 constant prices)

	FY17- FY22 (Average)	FY21	FY22 <sup>P</sup>
<b>1. Agriculture</b>	<b>3.13</b>	<b>3.17</b>	<b>2.20</b>
a) Crops and horticulture	2.15	2.29	1.06
b) Animal farming	2.99	2.94	3.10
c) Forest and related services	5.10	4.98	5.08
d) Fishing	4.21	4.11	2.08
<b>2. Industry</b>	<b>9.07</b>	<b>10.29</b>	<b>10.44</b>
a) Mining and quarrying	7.64	6.49	-1.94
b) Manufacturing	9.24	11.59	12.31
i) Large industry	8.73	10.61	12.87
ii) Small, medium and micro industry	10.01	13.89	11.71
iii) Cottage industry	9.43	10.27	11.75
c) Electricity, gas, steam and air conditioning supply	6.63	9.54	5.96
d) Water supply; sewerage, waste management and remediation activities	4.86	6.65	7.43
e) Construction	9.41	8.08	8.94
<b>3. Service</b>	<b>5.96</b>	<b>5.73</b>	<b>6.31</b>
a) Wholesale and retail trade, and repair of motor vehicles, motorcycles	7.56	7.64	8.72
b) Transport and storage	5.23	4.04	5.70
c) Accommodation and food service activities	4.73	4.53	5.59
d) Information and Communication	7.05	7.11	6.15
e) Financial and Insurance Activities	6.44	5.82	7.60
f) Real estate activities	3.53	3.42	3.66
g) Professional, scientific and technical activities	4.16	5.09	4.25
h) Administrative and support service activities	6.69	6.02	5.48
i) Public administration and defence, compulsory social security	6.99	6.05	4.02
j) Education	6.05	5.81	6.23
k) Human health and social work activities	10.47	10.60	9.78
m) Arts, entertainment and recreation	5.49	5.76	6.07
n) Other service activities	3.16	3.08	3.19
<b>GDP (at constant market price)</b>	<b>6.57</b>	<b>6.94</b>	<b>7.25</b>

<sup>P</sup> Provisional

Source: Bangladesh Bureau of Statistics.

percentage points to the total growth of GDP. Total investment increased by 10.00 percent and contributed 3.23 percentage points to GDP growth. The contribution of net exports to GDP became negative as the contribution of imports was extremely higher than that of exports to GDP.

### Savings and Investment

**1.15** According to provisional data, total investment as a percentage of GDP increased to 31.68 percent in FY22 from 31.02 percent in FY21. The ratios of public and private investment to GDP increased to 7.62 percent and 24.06 percent respectively from 7.32 percent and 23.70 percent over the same period.

**1.16** Gross national savings as a percentage of GDP decreased to 25.45 percent in FY22 from 30.79 percent in FY21. Domestic savings

as a percentage of GDP also declined to 21.56 percent from 25.34 percent during the same period. At current market prices, investment increased by 15.06 percent, while gross domestic savings decreased by 4.15 percent, resulting in the increase in domestic savings-investment gap as a percentage of GDP to -10.12 percent in FY22 from -5.68 percent in FY21 (Chart 1.01).

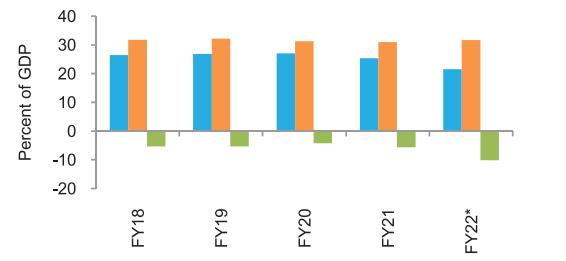
### Price Developments

1.17 During the first four months of FY22, twelve-month average CPI inflation showed a downward trend and reached at 5.44 percent in October 2021. After that, it started to increase gradually and stood at 6.15 percent in June 2022, higher than 5.56 percent in June 2021. Inflation increased by 0.59 percentage points and it exceeded the targeted ceiling of 5.30 percent in FY22 (Chart 1.02). The higher general CPI inflation was the result of the increase in both food and non-food inflation in FY22 compared to the previous year. Food and non-food inflation increased to 6.05 percent and 6.31 percent respectively, in June 2022, from 5.73 percent and 5.29 percent in June 2021. The surge in both food inflation (0.32 percentage points) and non-food inflation (1.02 percentage points) indicates inflationary pressure prevailed in the economy in FY22, due mainly to lingering supply shocks and surging global energy and commodity prices.

### Money and Credit Developments

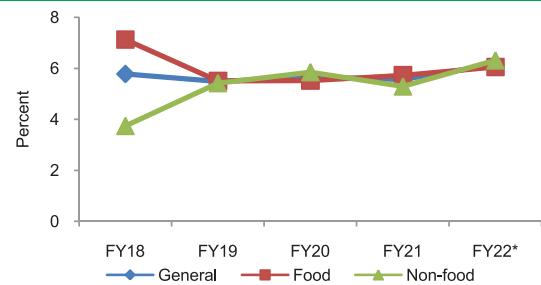
1.18 The monetary policy stance for FY22 was necessarily expansionary and accommodative like that of FY21. The monetary and credit programmes for FY22 were intended ensuring necessary liquidity in the local and foreign currency markets, continuing the economic recovery momentum, stabilizing the

**Chart 1.01 Trends in Domestic Savings and Investment**



\*Provisional.  
Source: Bangladesh Bureau of Statistics.

**Chart 1.02 Trends in National CPI Inflation**  
(12-month average : base FY06=100)



\*Provisional.  
Source: Bangladesh Bureau of Statistics and Bangladesh Bank.

interest rate and exchange rate movement, and containing inflation in line with achieving the targets of a 7.20 percent real GDP growth and a 5.30 percent general inflation as announced in the national budget for FY22. Some policy measures taken by BB were—allowing low cash reserve and high loan distribution ratio, keeping a low level of various policy interest rates, purchasing government securities from banks' holdings, continuing different low-cost refinance lines and moratorium facilities, extending the time for realizing the export receipts and import payments, and offering credit guarantee facilities for cottage, micro, small and medium enterprises (CMSMEs). BB's timely intervention assured a comfortable liquidity position in the money market during FY22, sufficiently meeting the private and public demand. BB mopped up

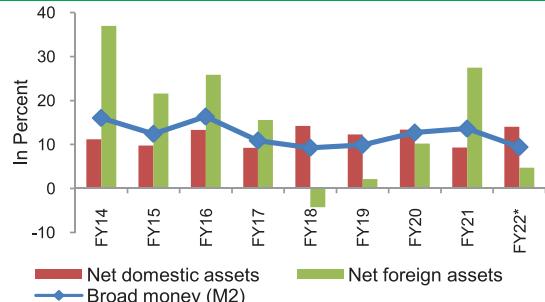
some of banks' excess reserve by issuing BB bills during August-November of FY22. In addition, BB increased the repo rate twice by 25 basis points to 5.00 percent from 4.75 percent in May 2022 and again by 50 basis points to 5.50 percent in June 2022. BB also injected required cash through repo and liquidity support facilities during February-June of FY22, considering the market demand for money. On the other hand, BB intervened in the local foreign exchange market by selling a substantial amount of foreign currency to support exchange rate stability and maintain the external competitiveness of Bangladesh Taka (BDT) in FY22.

1.19 Broad money (M2) growth decelerated to 9.43 percent in FY22 from 13.62 percent in FY21 but much lower than programmed ceiling of 15.0 percent. The deceleration in broad money was driven by negative growth in net foreign assets (NFA) during FY22. Net domestic assets (NDA) grew by 16.21 percent in FY22 against the target growth of 16.5 percent and 9.81 percent actual growth in FY21 (Chart 1.03). Net foreign assets decreased by 11.22 percent in FY22 against the programmed growth of 10.4 percent.

1.20 Domestic credit grew by 16.10 percent, slightly lower than the targeted growth of 17.8 percent for FY22 but much higher than the actual growth of 10.11 percent in FY21, mainly due to the substantial increase of credit flows to both the public and private sectors from the banking system.

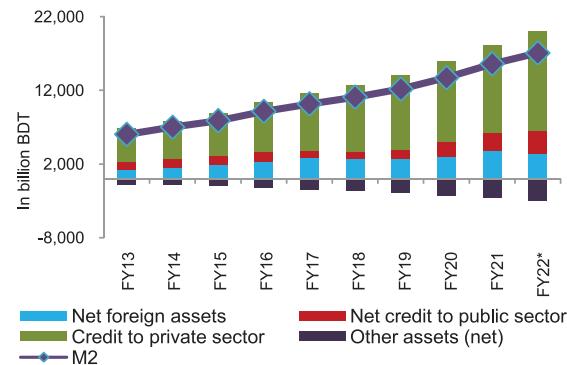
1.21 Private sector credit grew by 13.66 percent in FY22, slightly lower than the targeted growth of 14.8 percent for FY22 but much higher than actual growth of 8.35 percent in FY21. However, the lower growth in credit to the private sector might be caused by the spillover effect of the Russia-Ukraine war and adherence towards quality credit. Sources of broad money

**Chart 1.03 Trends in Growth of Monetary Aggregates**



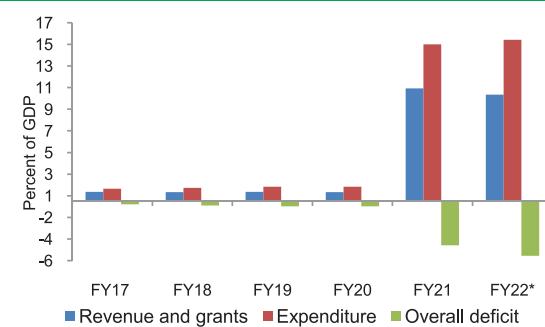
\*Provisional  
Source: Monetary Policy Department, Bangladesh Bank.

**Chart 1.04 Trends in Sources of Broad Money**



\*Provisional  
Source: Monetary Policy Department, Bangladesh Bank.

**Chart 1.05 Trends in Revenue, Expenditure and Overall Budget Deficit**



\*Revised Budget.  
Source: Ministry of Finance.

are shown in Chart 1.04.

1.22 Reserve Money (RM) reduced by 0.26 percent which was targeted to grow 10.0 percent in FY22. RM grew by 22.35 percent in

FY21. The decrease in the net foreign assets (NFA) was the main reason behind the negative growth of reserve money during FY22.

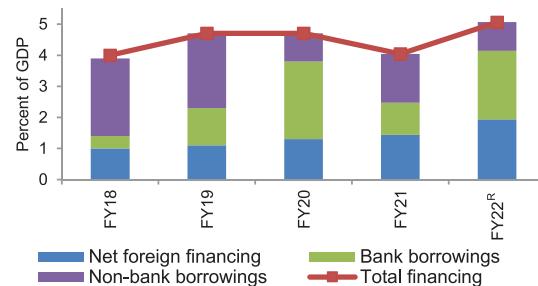
1.23 At the end of FY22, the weighted average interest rate on bank advances decreased to 7.09 percent in June 2022 from 7.33 percent in FY21. The weighted average interest rate on bank deposits decreased to 3.97 percent in June 2022 from 4.13 percent at the end of FY21. As the decrease in interest rate on advances was higher than the decrease in interest rate on deposits, the interest rate spread dropped slightly to 3.12 percent in June 2022 from 3.20 percent in June 2021.

### Public Finance

1.24 Government's fiscal policy for FY22 was intended to overcome the challenges and impacts of COVID-19 and bring the economy to its growth trajectory despite a dismal situation in the world economy. The budget aims to optimally mobilise public resources to attain sustainable and inclusive growth. On this backdrop, the national budget for FY22 was announced with an overall deficit (including grants) of 5.06 percent of GDP, which was 4.07 percent of GDP in FY21. The deficit was largely financed from domestic sources, which increased slightly from 2.60 percent of GDP in FY21 to 3.13 percent of GDP in FY22. The Government's financing from banking system increased from 1.03 percent of GDP in FY21 to 2.20 percent of GDP in FY22, while financing from non-bank sources decreased from 1.57 percent to 0.93 percent of GDP over the same period (Chart 1.05 and 1.06).

1.25 The target of revenue collection for FY22 was 18.36 percent higher than the actual revenue receipts in FY21. However, total revenue-GDP ratio decreased to 9.78 percent in

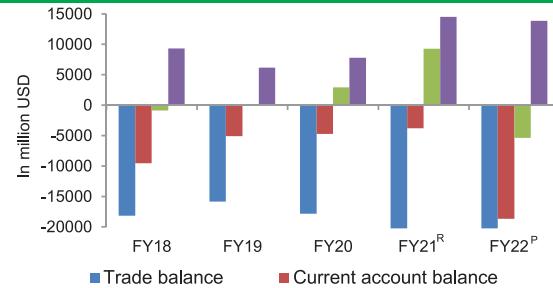
**Chart 1.06 Trends in Deficit Financing**



<sup>R</sup> Revised Budget.

Source: Ministry of Finance.

**Chart 1.07 Trends in Balance of Payment**



<sup>R</sup> Revised, <sup>P</sup> Provisional

Source: Statistics Department, Bangladesh Bank.

FY22, lower than 10.36 percent in FY21.

1.26 Public expenditure as percentage of GDP increased from 14.51 percent in FY21 to 14.93 percent in FY22. The volume of public expenditure grew by 28.98 percent in FY22. Recurrent expenditure in FY22 stood at 8.56 percent of GDP which was 8.38 percent in FY21 (Chart 1.05).

### External Sector

1.27 In FY22, imports growth was higher than exports growth. Exports (f.o.b) grew by 33.45 percent while imports (f.o.b) growth was 35.95 percent. The total exports (f.o.b) in FY22 stood at USD 49246 million, which was USD 36903 million in FY21. On the other hand, the total imports (f.o.b) were USD 82495 million in FY22 compared to USD 60681 million in FY21. As a result, the trade deficit widened and stood

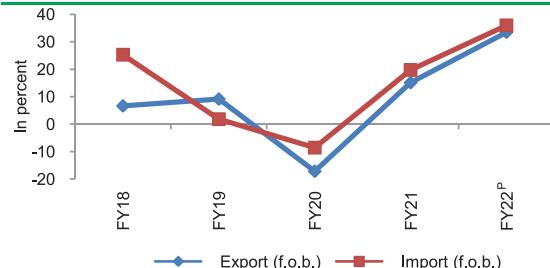
at USD 33249 million in FY22, which was USD 23778 million in FY21. Workers' remittance inflow declined significantly by 15.12 percent and stood at USD 21032 million in FY22, which was USD 24778 million in FY21. Due to higher amount of trade deficit than inflow of remittances, a substantial amount of deficit was appeared in current account balance and stood at USD (-) 18697 million in FY22 from USD (-) 4575 million in FY21. In FY22, an overall balance of payment remained negative and stood at USD (-) 5380 million, which appeared a surplus of USD 9274 million in FY21. This reverse scenario was mainly caused by huge deficit in current account balance accompanied lower inflows in the capital and financial accounts (Chart 1.07, Appendix-3: Table-XVI).

**1.28** According to Export Promotion Bureau (EPB) data, export earnings increased sharply by 34.38 percent in FY22, higher than 15.10 percent growth in previous year. Export as percentage of GDP marginally increased to 11.20 percent in FY22 compared with 9.31 percent in FY21. In FY22, almost all export items showed remarkable growths, among which growths in fruits (812.07 percent) and knitted fabrics (235.82 percent) were tremendous. Besides, printed materials, specialized textiles, glass and glassware, and engineering equipment also exhibited significant growth.

**1.29** Gross international foreign exchange reserves stood at USD 41826.73 million at the end of June 2022 covering 6 months of prospective import payments which was USD 46391.44 million at the end of June 2021. Higher trade deficit than inflow of remittances and lower inflows in the capital and financial accounts led to fall in the foreign exchange reserves.

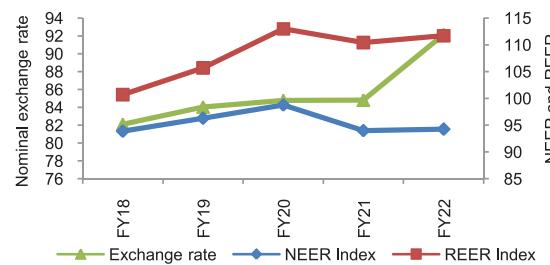
**1.30** In FY22, the volatility of world foreign exchange market became relatively higher than

**Chart 1.08 Trends in Export and Import Growth**



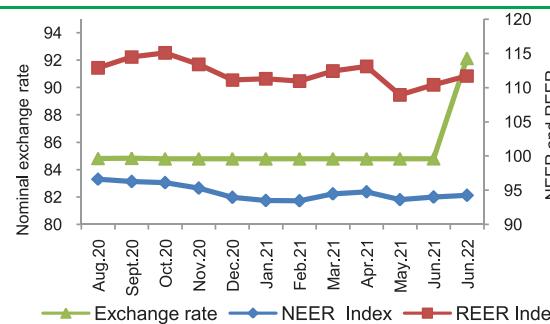
<sup>P</sup> Provisional  
Source: Statistics Department, Bangladesh Bank.

**Chart 1.09 Trends in NEER and REER Indices**



Note: For NEER and REER base is FY16=100, based on 15 currency basket  
Source: Monetary Policy Department, Bangladesh Bank.

**Chart 1.10 Recent Movements in NEER and REER Indices**



Note: For NEER and REER base is FY16=100, based on 15 currency basket  
Source: Monetary Policy Department, Bangladesh Bank.

previous year. BB tried to stabilise the foreign exchange market through selling a huge amount of USD. For this purpose, BB sold USD 7621.70 million, while purchased USD 210 million during FY22. Consequently, annual average exchange rate stood at BDT 86.30 per USD in FY22, much

higher than BDT 84.81 per USD in FY21 indicating depreciating pressure in nominal exchange rate. The nominal effective exchange rate (NEER) index as calculated with trade weighted 15-currency basket (base: FY16=100) increased by 0.28 percent in FY22. Similarly, the real effective exchange rate (REER) index increased by 1.19 percent in the same fiscal year (Chart 1.09 and 1.10), indicating also depreciating pressure on Taka against Bangladesh's trade partners' currencies.

1.31 Outstanding external debt stock of government increased from USD 50879.95 million at the end of FY21 to USD 57625.05 million at the end of FY22. The government outstanding external debt to GDP ratio increased from 12.22 percent in FY21 to 12.39 percent in FY22.

### Near and Medium-Term Outlook for Bangladesh Economy

1.32 A resilient recovery was found in the economy of Bangladesh in FY22, despite the impacts from the prolonged COVID-19 pandemic and ongoing Russia-Ukraine war. This recovery was driven by buoyant economic activities mainly in the industry and service sectors, backed by the strong domestic demand reflected in a sharp import growth and a continued external demand indicated by a hefty export growth. Moreover, with the help of BB's growth-supportive monetary policy, an uninterrupted inflow of credit to both the private and public sectors played crucial role in the output growth. In continuation of current economic development of the country, the real GDP growth is projected to be 7.5 percent while keeping inflation at 5.6 percent in FY23. However, some headwinds to this growth and inflation outlook could emerge from the factors like the adverse impact of the Russia-Ukraine war if prolonged, continuation of rising global

commodity and energy prices, and persistent large current account deficits with depreciation pressure on exchange rate.

1.33 The recent increasing trend of gross investment in both the private and public sectors supported by rising credit flows to these sectors implies growing domestic demand and is optimistic to growth outlook. Moreover, the recent opening of the Padma Bridge could create new avenues of investment and employment opportunities in the south and south-western part of the country. On the other hand, the robust export growths in readymade garments (RMG) and other than RMG like home textiles, footwear, engineering products, chemical products, leather and leather products indicate rising external as well as huge scope of investment demand in those sectors. However, the inflation outlook might confront uncertainty to limit within the target due to recent increase in energy prices and its spillover impact on the prices of other goods and services. In addition, global supply-demand imbalances in the event of Russia-Ukraine war, depreciation pressure of BDT against dollar and anticipated rise in inflation in India and China—the two largest trading partners might pose upward risks to the inflation outlook. Measures such as BB's limiting LC margin to zero percent for essential commodities and government's steps of reducing import tax on necessary items, increasing imports of food and continuing its open market sales (OMS) of necessary goods at low costs could cool down the upward inflationary pressure from food components.

1.34 In the backdrop of declining trend of NFA, broad money growth mainly relies on healthy growth in domestic credit, focusing sufficient funds in the productive sectors, including agriculture, CMSMEs and export-oriented

industries to restore growth at the pre-pandemic level. It is expected that increasing trend of private sector credit growth will contribute to achieve the economic growth target for FY23. BB will also continue its support to implement the government's ongoing stimulus packages alongside BB's refinance schemes to expand economic activities in the face of probable adverse impacts from Russia-Ukraine war in addition to the existing COVID-19 pandemic.

1.35 The outbreak of COVID-19 pandemic and afterward the recent rising global food and energy prices squeeze further fiscal space worldwide. Bangladesh government's revenue collection in term of GDP is not very auspicious compared to the other peer countries. In recent years, expenditure is about 50 percent higher than revenue collection due mainly to investment in mega projects in power and energy, and transportation and communication sectors that occupy leading position in annual development programme (ADP) and support to the growth outlook. Consequently, the budget deficit is widening and government borrowing from the banking system, particularly from BB has witnessed a sharp increase recently, which could create upward pressure on the inflation outlook. However, the government's revenue mobilization derives, emphasizing non-bank borrowing as well as austerity measures like energy saving initiative, prudent investments in mega projects in power and energy, and transportation and communication sectors could reduce deficit and keep growth and inflation on the targeted path.

1.36 A continued deficit is appeared in current account balance in external sector of Bangladesh since FY17. Even a negative overall balance is prevailing in balance of payment (BoP) in recent months. Consequently, foreign exchange reserve has declined and

exchange rate has also sharply depreciated. The main factors behind negative overall balance are higher import growth, negative growth of remittances and less inflow in the capital and financial accounts. Despite huge imports (over 60 percent higher than exports), a substantial amount of intermediate and machinery goods (about 80 percent of imports) is now importing, which could expand production as well as exports and be positive to the growth outlook, through growing global prices and exchange rate depreciation might be headwinds to inflation outlook. In such a situation, increasing exports and remittances, and raising funds from external sources could be sources of hope. BB's ongoing monetary policy is also expected to be helpful in promoting import-substitute economic activities and discourage imports of luxury goods, fruits, non-cereal foods, canned and processed foods, etc. for reducing pressure on exchange rate from excessive depreciation, protecting foreign exchange reserves and controlling inflation.

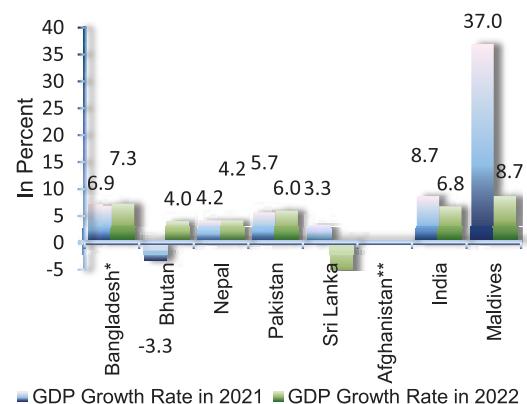
1.37 The strong recovery in economic activities is expected to prevail during the coming years. However, this growth and inflation outlook is clouded by some uncertainties like pass-through effects of higher global commodity and energy prices into domestic wage and production costs, and potential loss of export demand in Europe caused by the Russia-Ukraine war driven economic slowdown and exchange rate volatility from growing current account deficits. Overall macroeconomic stability of Bangladesh's economy needs adopting cautious and prudent monetary and fiscal measures in the near term. In addition, the harmonization of domestic monetary and fiscal policies with the world's current best practices could also bring favorable outcomes against external shocks.

## Trends of the Real Sector of Bangladesh Economy

2.01 In the phase of global recovery from COVID-19 and worldwide demand-supply chain anomaly amid the Russia-Ukraine war, Bangladesh economy is accelerating its real GDP growth by gradually outstripping the economic catastrophe, supported by full resumption of economic activities. The potential loss of export demand and war-induced rise of the global food, fuel and commodity prices made the import cost higher which ultimately provoked inflation and exchange rate to rise. Notwithstanding the repeated wave of economic disruption, Bangladesh kept its output growth suitable where in case of other South Asian countries, the growth seemed moderated in 2021 (Chart 2.01). According to the International Monetary Fund's (IMF) report World Economic Outlook, April 2022, the global growth will be subdued in 2022 and 2023, which can be observed in the growth upshots of the South Asian countries as well. It is notable that, previously declared government's 28 stimulus packages worth of around BDT 2.00 trillion and implementation of a wide range of supportive policy measures by Bangladesh Bank helped sustaining real GDP growth while most of the other South Asian countries also trying to reshape their economies in FY22. The estimate (according to base year FY:16=100) of the Bangladesh Bureau of Statistics (BBS) indicates that real GDP recorded a growth of 7.25 percent in FY22, which was higher than 6.94 percent growth in FY21 (Table 2.01). The economic impact and diversified prospects of Padma Bridge may act as a driving force to achieve desired GDP growth in the present fiscal year.

2.02 The provisional GDP of Bangladesh at

**Chart 2.01 Movements of Growth in South Asian Countries in 2021 and 2022**

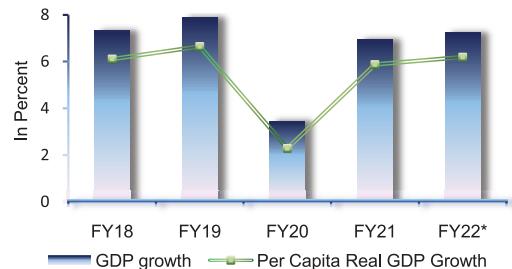


Source: World Economic Outlook, October 2022, IMF (Projection for 2022).

\* Bangladesh growth data are on fiscal year basis (July-June) published by the Bangladesh Bureau of Statistics (BBS).

\*\* Data are omitted by IMF because of high degree of uncertainty.

**Chart 2.02 Trends in Bangladesh Real GDP Growth**



\* Provisional

Source: Bangladesh Bureau of Statistics (BBS).

current market prices is estimated at BDT 39764.62 billion for FY22, which is 12.64 percent higher than that of the preceding year. In FY22, per capita real GDP and GNI are estimated at BDT 177953.80 and BDT 184559.56 respectively. However, per capita real GDP growth in FY22 was 6.19 percent which was slightly higher compared to the growth of FY21. During the same period, per

capita nominal GDP and GNI were estimated at BDT 232828 (USD 2723) and BDT 241470 (USD 2824) respectively.

### Sectoral Growth Rate of GDP

2.03 The growth matrix depicts that, the gradual acceleration of economic growth drive was led by industry sector, followed by services sector and agriculture sector in FY22.

### Agriculture Sector

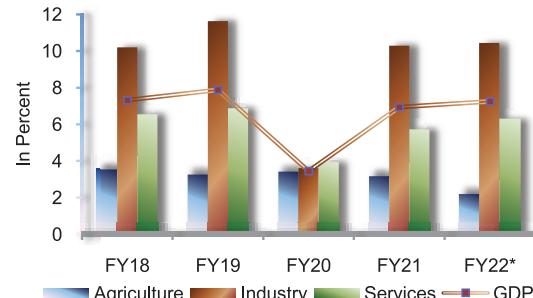
2.04 Following a downward growth trend, the growth of agriculture sector decreased to 2.20 percent in FY22 from 3.17 percent in FY21. This downfall is mainly due to less production of crops and horticulture; and fishing subsectors. In contrast, the growth of animal farming; and forest and related services subsectors increased notably during the period under review.

2.05 Among various subsectors, the growth of forest and related services subsector increased slightly to 5.08 percent in FY22 from 4.98 percent in FY21 which was the highest growth compared to the growth of other subsectors of agriculture. On the contrary, crops and horticulture subsector experienced a huge growth fall which is 1.06 percent in FY22 compared to 2.29 percent in FY21. Fishing subsector also fell from 4.11 percent in FY21 to 2.08 percent in FY22 which describes almost half of the growth fall this time. Overall, the growth of agriculture sector in FY22 was not good enough. This sector needs to be propped up by necessary interventions and supports.

### Industry Sector

2.06 Nonetheless, simultaneously bashed by COVID-19 pandemic aftermath and economic disruption amid Russia-Ukraine war, industry sector has performed well by achieving 10.44

**Chart 2.03 Trends in Sectoral Growth**



\* Provisional

Source: Bangladesh Bureau of Statistics (BBS).

**Table 2.01 Sectoral Growth Rate of GDP**

(Base Year: FY16)

	FY20	FY21	FY22(p)
<b>1. Agriculture</b>	<b>3.42</b>	<b>3.17</b>	<b>2.20</b>
a) Crops and horticulture	2.50	2.29	1.06
b) Animal farming	3.19	2.94	3.10
c) Forest and related services	5.34	4.98	5.08
d) Fishing	4.40	4.11	2.08
<b>2. Industry</b>	<b>3.61</b>	<b>10.29</b>	<b>10.44</b>
a) Mining and quarrying	3.16	6.49	-1.94
b) Manufacturing	1.68	11.59	12.31
i) Large industry	0.41	10.61	12.87
ii) Small, medium and micro industry	2.69	13.89	11.71
iii) Cottage industry	3.67	10.27	11.75
c) Electricity, gas, steam and air conditioning supply	0.67	9.54	5.96
d) Water supply, sewerage, waste management and remediation activities	2.18	6.65	7.43
e) Construction	9.13	8.08	8.94
<b>3. Service</b>	<b>3.93</b>	<b>5.73</b>	<b>6.31</b>
a) Wholesale and retail trade; repair of motor vehicles and motorcycles	3.21	7.64	8.72
b) Transport and storage	1.73	4.04	5.70
c) Accommodation and food service activities	1.69	4.53	5.59
d) Information and communication	6.57	7.11	6.15
e) Financial and insurance activities	4.72	5.82	7.60
f) Real estate activities	3.68	3.42	3.66
g) Professional, scientific and technical activities	3.38	5.09	4.25
h) Administrative and support service activities	6.33	6.02	5.48
i) Public administration and defence; compulsory social security	5.49	6.05	4.02
j) Education	5.33	5.81	6.23
k) Human health and social work activities	10.70	10.60	9.78
l) Arts, entertainment and recreation	5.43	5.76	6.07
m) Other service activities	3.06	3.08	3.19
<b>Total GVA at constant basic price</b>	<b>3.76</b>	<b>7.00</b>	<b>7.30</b>
<b>GDP (at constant market price)</b>	<b>3.45</b>	<b>6.94</b>	<b>7.25</b>

Source: Bangladesh Bureau of Statistics (BBS)

percent growth in FY22, which was higher than previous financial year. The industry sector, constituting more than one-third of gross value-added (GVA) in the economy, grew healthy even during the economic crisis

because of rapid surge in both domestic and foreign demand. Growth in the industry sector was highly underpinned by the external demand which is mostly reflected by export growth, supported by different policy supports like incrementing export development fund (EDF), working capital loans for the export-led industries, etc. Among the subsectors, mining and quarrying undergone negative growth of -1.94 percent in FY22 which was 6.49 percent in FY21. Likewise electricity, gas, steam and air conditioning supply subsector also experienced decreasing growth of 5.96 percent in FY22 which was 9.54 percent in FY21. Of the manufacturing subsectors, large industry and cottage industry registered higher growth of 12.87 and 11.75 percent respectively in FY22 from 10.61 and 10.27 percent respectively in FY21. However, the growth of small, medium and micro industry decreased to 11.71 percent in FY22 from 13.89 percent in FY21. The growth of construction subsector increased to 8.94 percent in FY22 from 8.08 percent in FY21.

2.07 Provisional data on Quantum Index (base: FY06=100) of Industrial Production (QIIP) of FY22, showed a growth of 15.15 percent which was higher than the growth of preceding financial year (Appendix-3, Table-IX). Manufacture of textile; wearing apparel; leather and related products; paper and paper products; rubber and plastic products; basic metals; fabricated metal products except machinery; electrical equipment; machinery and equipment; motor vehicle, trailers and semi-trailers; and other transport equipment grew from 9.66, 16.25, 14.91, 15.29, -9.27, 11.67, -3.13, 4.02, 1.52, -30.48, and -31.31 percent respectively in FY21 to 10.84, 37.10, 22.28, 29.86, 12.50, 17.96, 8.41, 20.27, 2.78, 182.83 and -7.70 percent respectively in FY22. While manufacture of food products; beverage;

**Table 2.02 Sectoral Share of GDP**

(Base Year: FY16)

	FY20	FY21	FY22(p)
<b>1. Agriculture</b>	<b>12.52</b>	<b>12.07</b>	<b>11.50</b>
a) Crops and horticulture	5.96	5.70	5.37
b) Animal farming	2.06	1.98	1.90
c) Forest and related services	1.78	1.75	1.71
d) Fishing	2.71	2.64	2.51
<b>2. Industry</b>	<b>34.94</b>	<b>36.01</b>	<b>37.07</b>
a) Mining and quarrying	1.91	1.91	1.74
b) Manufacturing	22.40	23.36	24.45
i) Large industry	11.43	11.81	12.43
ii) Small, medium and micro industry	7.04	7.49	7.80
iii) Cottage industry	3.94	4.06	4.22
c) Electricity, gas, steam and air conditioning supply	1.22	1.25	1.23
d) Water supply, sewerage, waste management and remediation activities	0.10	0.10	0.10
e) Construction	9.31	9.40	9.55
<b>3. Service</b>	<b>52.54</b>	<b>51.92</b>	<b>51.44</b>
a) Wholesale and retail trade; repair of motor vehicles and motorcycles	14.97	15.06	15.26
b) Transport and storage	7.65	7.44	7.33
c) Accommodation and food service activities	1.12	1.09	1.08
d) Information and communication	1.29	1.29	1.28
e) Financial and insurance activities	3.26	3.22	3.23
f) Real estate activities	8.68	8.39	8.10
g) Professional, scientific and technical activities	0.18	0.18	0.17
h) Administrative and support service activities	0.74	0.73	0.72
i) Public administration and defence; compulsory social security	3.56	3.52	3.42
j) Education	2.71	2.68	2.56
k) Human health and social work activities	3.21	3.32	3.39
l) Arts, entertainment and recreation	0.15	0.14	0.14
m) Other service activities	5.03	4.85	4.66
<b>Total GVA at constant basic price</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Bangladesh Bureau of Statistics (BBS)

tobacco products; wood and products of wood and cork; printing and reproduction of recorded media; coke and refined petroleum products; chemicals and chemical products; pharmaceuticals and medicinal chemical; other non-metallic mineral products; computer, electronic and optical products; and furniture dropped to -3.90, 58.44, -13.83, 3.08, 1.82, -9.67, -6.38, 2.77, 2.47, -9.18 and -0.16 percent respectively in FY22 from -2.42, 74.52, -6.15, 11.85, 16.48, 31.26, 17.53, 25.88, 15.41, 5.20 and 0.21 percent respectively in the previous financial year.

### Services Sector

2.08 Despite the incessant economic downturn caused by COVID-19 pandemic which

### Box 2.01 GDP Forecasting Practices in Bangladesh Bank

Forecasting is a decision-making approach based on past and present data that allows policymakers, economists, professionals, and academicians to forecast the state of the economy by analyzing recent market and economic models. Furthermore, it assists government and central bank in making prudent economic decisions and formulating effective monetary policy. The Economic Modeling and Forecasting Wing of Bangladesh Bank's Research Department estimates real GDP growth using model-based output-gap approach, which is briefly discussed below.

#### **Model-based GDP Forecast of Bangladesh**

This macroeconomic model contains the output gap, which is the difference between an economy's actual and potential output which can be specified as follows:

$$\text{GDP growth at constant price} = f(\text{output gap}, \text{growth of potential GDP}) \quad (1)$$

$$\text{Output gap} = f(\text{CLIW}, \text{RRL}) \quad (2)$$

Here, the Composite Leading Indicator of the World (CLIW) depicts global output by taking a weighted average of the CLI of Bangladesh's major trading partners (China, the Euro zone, India, the United States, and the United Kingdom), and RRL is the real lending rate.

The output gap indicator is based on neo-classical supply side theory. Starting with a Cobb-Douglas production function, the following relationship may be derived between the change in total gross value added (TGVA) and total gross fixed capital formation (TGFCF), both measured at constant prices (see below):

$$\Delta \text{TGVA} = \frac{A}{\lambda^{1-\alpha}} \left( \frac{g}{g + \delta} \right) \text{TGFCF} \quad (3)$$

Where A is a proportional technical coefficient in the production function,  $\alpha$  is the technical coefficient of the production factor Capital,  $\lambda$  is the steady state capital-labor ratio (labor measured in efficiency units),  $\delta$  is the capital stock depreciation rate and g is the steady state growth path of investment expenditures. Or more compactly:

$$\Delta \text{TGVA} = \gamma \cdot \text{TGFCF} \quad (4)$$

According to equation (4), a long-run rise in the country's output necessitates the extension of its productive capacity through investment expenditures. On the long term steady state growth path, this equation (4) holds true. However, output improvements that result from increased productive capital expenditures take time to manifest. As a result, equation (4) is estimated using a dynamic equation:

$$\Delta (\Delta \text{TGVA}) = \alpha_1 * ((\Delta \text{TGVA}(-1)) + \alpha_2 * (\text{TGFCF}(-1))) \quad (5)$$

This equation (5) is then employed to compute the economy's potential output (TGVAPOT) trajectory. It also provides a one-year forward (static) projection of potential output.

In the following stage, a series of production gaps is constructed by subtracting GDP at basic prices from potential GDP. Bangladesh's output-gap is then projected using composite leading indicators of the world (CLIW), real lending rate (RRL), and dummy variable addressing COVID-19 pandemic with the specified series of output-gap. Bangladesh's GDP growth at constant prices is estimated using the expected output gap and potential GDP growth.

Some recent exercises conducted by EMFW predict 7.60 percent GDP growth under baseline scenario and 7.54 percent growth under alternative scenario for FY23 for Bangladesh economy. In the baseline scenario, CLIW has been unchanged from July 2022 and onwards, and RRL has been unchanged from June 2022 and onwards. In the alternative scenario, CLIW has been decreased by 100 basis points from August 2022 and onwards. The CLIW has been reduced following the contraction in World Output owing to downturns in China and Russia, while US consumer spending undershot expectations (World Economic Outlook, July 2022).

further reinforced by the Russia-Ukraine war, the service sector, comprising more than half of gross value added (GVA), stands firmly to its recovery phase in FY22 with a growth of 6.31 percent against 5.73 percent in FY21. Within the sector, a large growth impulse in FY22 primarily came from human health and social work activities; and; wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods. Among various sub-sectors of services, human health and social work activities; wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; financial and insurance activities; education; information and communication; arts, entertainment and recreation; transport and storage; accommodation and food service activities; and administrative and support service activities registered the growth of 9.78, 8.72, 7.60, 6.23, 6.15, 6.07, 5.70, 5.59 and 5.48 percent in FY22 which were 10.60, 7.64, 5.82, 5.81, 7.11, 5.76, 4.04, 4.53 and 6.02 percent respectively in FY21 (Table 2.01).

### **Sectoral Share of GDP**

2.09 The sectoral decomposition of the share of GDP exhibits that services sector, as usually maintaining the largest contributor to GDP followed by industry and agriculture sector.

2.10 The services sectors' share in GDP stood at 51.44 percent in FY22 which was 51.92 percent in the preceding year. Among the subsectors of services, the shares of transport and storage; accommodation and food service activities; information and communication; real estate activities; professional, scientific and technical activities; administrative and support service activities; public administration and defence; education; and other service activities marginally went down from 7.44, 1.09, 1.29,

8.39, 0.18, 0.73, 3.52, 2.68 and 4.85 percent respectively in FY21 to 7.33, 1.08, 1.28, 8.10, 0.17, 0.72, 3.42, 2.56 and 4.66 percent respectively in FY22. On the other hand, the share of wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; financial and insurance activities; and human health and social work activities slightly increased from 15.06, 3.22 and 3.32 percent respectively in FY21 to 15.26, 3.23 and 3.39 percent respectively in FY22. However, the share of arts, entertainment and recreation remained unchanged at 0.14 percent during the same period (Table 2.02).

2.11 The contribution of the industry sector to GDP increased from 36.01 percent in FY21 to 37.07 percent in FY22. Among the subsectors of industry, the shares of manufacturing and construction increased slightly from 23.36 and 9.40 percent in FY21 to 24.45 and 9.55 percent in FY22. On the other hand, the share of mining and quarrying; and electricity, gas, steam and air conditioning subsectors marginally dropped from 1.91 and 1.25 percent respectively in FY21 to 1.74 and 1.23 percent respectively in FY22. However, water supply, sewerage and waste management subsector remain the same during the period under consideration (Table 2.02).

2.12 Contribution of agriculture sector to GDP has gradually been declining and shifting towards service and industry sector as per development paradigm especially after 1980s. The share of agriculture slightly went down from 12.07 percent in FY21 to 11.50 percent in FY22. Out of this sector, the share of all subsectors of agriculture i.e., crops and horticulture; animal farming; forest and related services; and fishing to GDP slowed-down from 5.70, 1.98, 1.75 and 2.64 percent respectively

in FY21 to 5.37, 1.90, 1.71 and 2.51 percent respectively in FY22 (Table 2.02).

### GDP Based on Expenditure

2.13 Looking at the expenditure-based GDP at current market price, gross domestic product (GDP) surpassed gross domestic expenditure (GDE) by BDT 279.76 billion in FY22. This statistical discrepancy arises mainly due to the differences in data compilation technique of BBS. In FY21, the amount of statistical discrepancy was BDT 254.71 billion (Table 2.03).

2.14 Gross domestic expenditure (GDE) reflects the aggregate demand originating from domestic economic activities, measured as the sum of domestic consumption and investment, along with resource balance (exports minus imports). Domestic demand was estimated at BDT 43788.46 billion at current market prices in FY22 which was 17.38 percent higher than that of FY21. Resource balance (net exports) was estimated at BDT (-) 4303.61 billion in FY22.

2.15 Total consumption expenditure and trade deficit accounted for 78.99 percent and 10.90 percent of GDE respectively in FY22. In nominal terms, investment increased by 15.06 percent while consumption increased by 18.34 percent during the same period.

### Savings and Investment

2.16 Gross domestic savings (GDSs) at current market price, stood at 21.56 percent of GDP in FY22, lower than 25.34 percent of GDP in the previous financial year. Gross national savings (GNSs) decreased to 25.45 percent of GDP in FY22 from 30.79 percent in FY21.

2.17 Investment as a percent of GDP increased to 31.68 in FY22 from 31.02 in FY21. Private investment to GDP ratio slightly

**Table 2.03 GDP by Expenditure Groups**

(At current market price)  
(Billion BDT)

Particulars	FY20	FY21	FY22(p)
Domestic demand(1+2)	33045.91	37305.91	43788.46
Consumption(1)	23119.82	26355.72	31189.64
Private	21226.67	24278.99	28935.71
General Government	1893.15	2076.72	2253.93
Investment(2)	9926.09	10950.19	12598.82
Private	7614.07	8366.82	9568.54
Public	2312.02	2583.37	3030.27
Resource balance (3)-(4)	-1707.58	-2258.77	-4303.61
Exports(3)	3310.85	3764.16	4872.32
Imports(4)	5018.43	6022.93	9175.93
Gross domestic expenditure	31338.34	35047.14	39484.86
Gross domestic product	31704.69	35301.85	39764.62
Statistical discrepancy	366.36	254.71	279.75

Source: Bangladesh Bureau of Statistics (BBS)

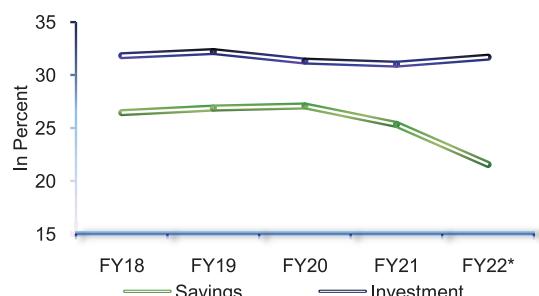
**Table 2.04 Savings and Investment**

(As percent of GDP)

Particulars	FY20	FY21	FY22(p)
<b>Investment</b>	<b>31.31</b>	<b>31.02</b>	<b>31.68</b>
Private	24.02	23.70	24.06
Public	7.29	7.32	7.62
<b>Domestic Savings</b>	<b>27.08</b>	<b>25.34</b>	<b>21.56</b>
<b>National Savings</b>	<b>31.42</b>	<b>30.79</b>	<b>25.45</b>

Source: Bangladesh Bureau of Statistics (BBS).

**Chart 2.04 Trends in Savings and Investment**



\* Provisional

Source: Bangladesh Bureau of Statistics (BBS).

increased to 24.06 percent in FY22 from 23.70 percent in FY21 due mainly to different monetary and fiscal policy supports to accelerate the business activities and investments. Likewise public investment to GDP ratio also increased to 7.62 percent in FY22 from 7.32 percent in FY21 (Table 2.04).

2.18 Gross domestic savings (GDSs) and Gross National Savings (GNSs) at current market prices decreased by -4.15 and -6.90 percent respectively in FY22 compared to FY21. Domestic savings-investment gap as percent of GDP increased to (-) 10.12 percent in FY22 from (-) 5.68 percent in FY21 since the ratio of investment to GDP increased slightly but the ratio of domestic savings to GDP deceased considerably (Chart 2.04).

### Sectoral Growth Outlook

2.19 In the backdrop of pandemic recovery and reconstruction of the economy, the government has set the real GDP growth target at 7.5 percent for FY23, which is higher than the projection of 6.7 percent of the International Monetary Fund. This target looks ambitious but could be achievable if the improved COVID-19 situation continues and further no other shocks halted the production activities. As the COVID-related restrictions were withdrawn, the economic recovery was evident during FY22 because of normal environment for all the economic activities in agricultural, manufacturing and services sectors which increased the internal and external demand. The growth of the economy will come back to its normal path by successful implementation of stimulus packages taken by the government and Bangladesh Bank. To achieve broad-based and inclusive growth, Bangladesh Bank is continuing its various policy measures which include expansion of the mobile financial services,

agent banking and sub-branch opening in the remote areas; and creation of sufficient loanable funds. With the recent unveiling of road communication of the Padma Bridge has opened a new economic gateway between south-western districts and the rest of the country. The economic activities in the south-western part of the country have already been significantly stimulated and are expected to further gear up in the coming months especially after launching ongoing rail connectivity project through the Padma Bridge.

2.20 In addition to the recovery from the COVID-19 pandemic, there may arise some adverse situations from the Russia-Ukraine war. Due to food and fertilizer dependency of Bangladesh with Russia and Ukraine, there could have an indirect impact of the war on price stability. Moreover, recent flood hitting in the North and north-eastern regions of the country may be harmful for the crops, livestock, fisheries, and infrastructures, which may also create some downside risks to the economic growth prospects. Low power supply and fuel price hike in the recent months may also have some negative consequences on the cost of production, import costs and GDP growth. A comprehensive effort may be required to achieve the desired economic growth alongside infrastructural developments in the country in a sustainable manner.

## Price and Inflation

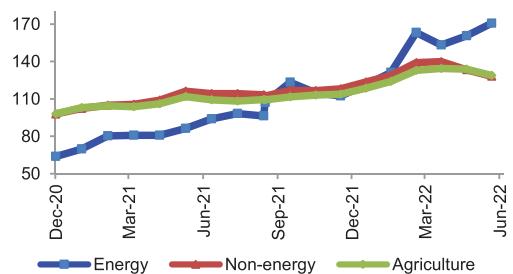
### Global Inflation Scenario

3.01 Global inflation is facing somewhat a turbulent trend in 2022. The global inflation has been revised up by the IMF due to the rise in food and energy prices as well as lingering supply-demand imbalances, and it is anticipated to reach 7.2 percent in advanced economies and 9.9 percent in emerging market and developing economies in this year. Global inflation was forecasted to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 mentioned in the World Economic Outlook, October 2022. The upward inflation revision in 2022 is larger for advanced economies, where it is anticipated to reach 7.2 percent from 3.1 percent in 2021 projected in the World Economic Outlook, October 2022, on a fourth-quarter-over-fourth-quarter basis, driven by significant increases in headline inflation among major economies like the United States (0.4 percentage point upward revision to 8.1 percent) and the euro area (1.0 percentage point upward revision to 8.3 percent). Forecasts for 2024 are relatively unchanged—up by only 0.1 percentage point on a fourth-quarter-over-fourth-quarter basis—reflecting confidence that inflation will decline as central banks tighten policies and energy price base effects turn negative.

3.02 The Russia-Ukraine war has been a major shock to global commodity markets. The supply chain disruptions led by Russia-Ukraine conflict, energy price index triggered at 170.7 in June 2022, marking up 81.8 percent increase in comparison to June 2021. However, non-energy and agriculture indices experienced comparatively a lower increase and stood at 128.1 and 128.9 respectively (Chart 3.01). The

**Chart 3.01 International Commodity Price Indices**

(Base: 2010=100)



Source: Commodity Market Outlook, The World Bank, June 2022.

price of crude oil stood at USD 116.8/bbl in June 2022 which was USD 71.8/bbl in June 2021. The commodity prices are anticipated to rise considerably in the second half of 2022 and may remain high for the medium term, with price increases being particularly notable for commodities like energy and some grains, where Russia and Ukraine are key exporters. Targeted assistance to poorer households, facing higher food and energy prices for short term priority and supporting investments in new carbon-free energy sources and more effective food production along with advancements in energy efficiency policy over the longer term may envisage this scenario (Commodity Price Data, June 2022, World Bank).

### Inflation in SAARC and Other Asian Countries

3.03 Among the SAARC countries, Sri Lanka is anticipated to experience the highest inflation rate of 48.2 percent in 2022 followed by Pakistan (12.1 percent), Bhutan (7.7 percent), India (6.9 percent), Nepal (6.3 percent) and Bangladesh (6.2 percent). Maldives may be able to maintain the lowest rate of inflation at 4.3 percent in 2022 in this region. Among the other Asian countries, inflation in Myanmar is projected to be the highest at 16.2 percent, while

Malaysia may experience the lowest 3.2 percent inflation in 2022 (Table 3.01, Chart 3.02).

### Consumer Prices in Bangladesh

3.04 The CPI based 12 month average general or headline inflation moderated at a slow pace up to the first half of FY22. During the second half of FY22 it continued to pick up and increased to 6.15 percent higher than the target (5.80 percent) set in the revised national budget. The components of average inflation such as the food, non-food and core inflation were also gradually increased throughout the year. The raise in headline inflation was mostly driven by food inflation which stemmed from supply-demand mismatch, rising exchange rate and domestic fuel prices, global supply chain disruption for Russia-Ukraine war and its resultant impact of commodity price hike in the international markets. Moreover, non-food inflation increased due to recent fuel price hike and pass-through effect of soaring import related goods.

3.05 Consumer price index (CPI) based annual average headline inflation exerted an upward trend throughout FY22 except for the first four months of the financial year and rose to 6.15 percent in June 2022 which was 5.56 percent in June 2021. It may be noted that the CPI based general inflation continued to pick up since November 2021 as the global economy badly affected by the pandemic fallout resulting from rise in all commodity prices in the international markets which further gear up by the Russian-Ukraine war that started in February 2022. The annual average inflation rate increased by 0.35 percentage point compared to the revised annual target of 5.80 percent set in the national budget for FY22 (Table 3.02, Chart 3.03, and Appendix-3: Table VII). On the other hand, point-to-point inflation rate reached to 7.56 percent in June 2022 which

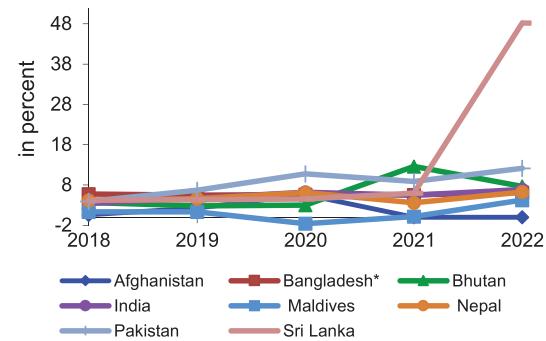
**Table 3.01 Inflation in SAARC and Other Asian Countries**

Countries	2018	2019	2020	2021	2022 <sup>P</sup>
1. Afghanistan	0.6	2.3	5.6	n/a	n/a
2. Bangladesh	5.8	5.5	5.6	5.6	6.2
3. Bhutan	3.7	2.8	4.2	8.2	7.7
4. India	3.4	4.8	6.2	5.5	6.9
5. Maldives	1.4	1.3	-1.6	0.2	4.3
6. Nepal	4.1	4.6	6.2	3.6	6.3
7. Pakistan	3.9	6.7	10.7	8.9	12.1
8. Sri Lanka	4.3	4.3	4.6	6.0	48.2
Other Asian countries					
9. Indonesia	3.3	2.8	2.0	1.6	4.6
10.Korea	1.5	0.4	0.5	2.5	5.5
11.Malaysia	1.0	0.7	-1.1	2.5	3.2
12.Myanmar	5.9	8.6	5.7	3.6	16.2
13.Singapore	0.4	0.6	-0.2	2.3	5.5
14.Thailand	1.1	0.7	-0.8	1.2	6.3

<sup>P</sup> Projection, n/a Not available

Sources: 1. Consumer Price Index (Base: FY06=100), Bangladesh Bureau of statistics for Bangladesh data which are related to financial year (July-June).  
2. World Economic Outlook, October 2022 for other data on calendar year basis.

**Chart 3.02 Inflation Situation in SAARC Countries**



Sources: 1. \*Bangladesh Bureau of statistics, figures relate to financial year (July-June).

2. World Economic Outlook, October 2022.

**Table 3.02 Monthly Trend of Inflation in FY22**  
(12-month average: FY06=100)

Months	General	Food	Nonfood
Jul-21	5.54	5.68	5.33
Aug-21	5.53	5.60	5.43
Sep-21	5.50	5.49	5.52
Oct-21	5.44	5.32	5.64
Nov-21	5.48	5.29	5.78
Dec-21	5.55	5.30	5.93
Jan-22	5.62	5.33	6.06
Feb-22	5.69	5.40	6.13
Mar-22	5.75	5.47	6.19
Apr-22	5.81	5.53	6.26
May-22	5.99	5.81	6.27
Jun-22	6.15	6.05	6.31

Source: Bangladesh Bureau of Statistics.

was 5.64 percent in June 2021 (Chart 3.04). The trend of annual average national level CPI and inflation rate by consumption basket sub-groups are shown in Table 3.03.

### Food and Non-food Inflation

3.06 Annual average food inflation showed a downward trend during the first half of the FY22 and then depicted an upward trend during the second half. In June 2022, average food inflation stood at 6.05 percent which was 5.73 percent in June 2021. On the other hand, average non-food inflation experienced an upward trend throughout FY22 and stood at 6.31 percent in June 2022 which was 5.29 percent in June 2021 (Table 3.03).

3.07 The point-to-point food inflation showed an upward trend and increased to 8.37 percent in June 2022 which was 5.45 percent in June 2021. The point-to-point non-food inflation also showed an increasing trend in the first half of FY22 and in the second half it depicted a downward trend. In June 2022 it stood at 6.33 percent (Chart 3.04 and Appendix-3: Table VII).

### Core Inflation

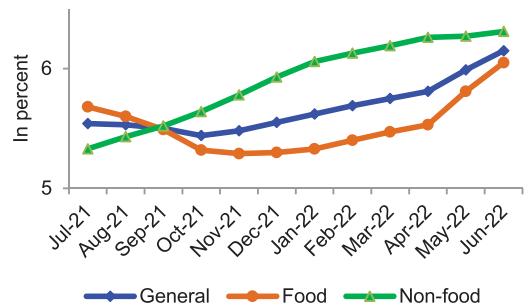
3.08 The 12 month average core inflation (non-food, non-fuel) increased by 1.41 percentage points to 6.95 percent in June 2022 against 5.54 percent in June 2021. On the other hand, point-to-point core inflation decreased by 0.78 percentage point to 6.24 percent in June 2022 compared to 7.02 percent in June 2021 (Chart 3.05).

### Rural and Urban Inflation

3.09 The average rural inflation rate stood at 6.42 percent in FY22 which was 0.76 percentage point higher than the average urban inflation rate of 5.66 percent. The annual average rural inflation rate was 5.59 percent in FY21. The average rural food inflation increased to 6.51 percent in FY22 which was 5.99 percent in FY21. On the other hand, the average rural non-food inflation also increased to 6.25 percent in FY22 from 4.85 percent in FY21 (Table 3.03 and Chart 3.06).

**Chart 3.03 Monthly Trend of Inflation in FY22**

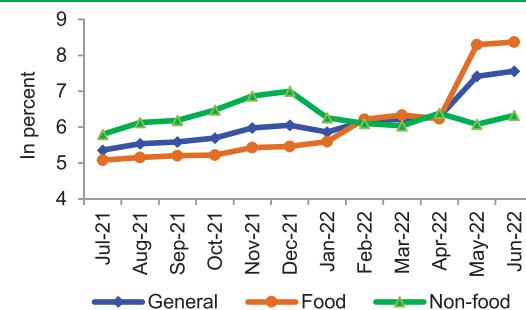
(12-month average: FY06=100)



Source: Bangladesh Bureau of Statistics.

**Chart 3.04 Monthly Trend of Inflation in FY22**

(Point-to-point : FY06=100)



Source: Bangladesh Bureau of Statistics.

**Table 3.03 Annual Average CPI Based Inflation**

(base: FY06=100)

Group	Weight	FY19	FY20	FY21	FY22
a. National level					
General Index	100.00	258.65 (5.48)	273.26 (5.65)	288.44 (5.56)	306.18 (6.15)
Food	56.18	281.33 (5.51)	296.86 (5.52)	313.86 (5.73)	332.86 (6.05)
Non-food	43.82	229.58 (5.43)	243 (5.85)	255.85 (5.29)	271.98 (6.31)
b. Rural					
General Index	100.00	256.74 (5.15)	271.2 (5.63)	286.37 (5.59)	304.76 (6.42)
Food	61.41	273.55 (5.27)	289.08 (5.68)	306.4 (5.99)	326.34 (6.51)
Non-food	38.59	230.01 (4.93)	242.74 (5.53)	254.51 (4.85)	270.42 (6.25)
c. Urban					
General Index	100.00	262.17 (6.07)	277.06 (5.68)	292.27 (5.49)	308.81 (5.66)
Food	46.52	300.3 (6.04)	315.83 (5.17)	332.08 (5.15)	348.75 (5.02)
Non-food	53.48	229.00 (6.1)	243.34 (6.26)	257.64 (5.88)	274.07 (6.38)

Note: Figures in parentheses represent annual inflation

Source: Bangladesh Bureau of Statistics.

3.10 The average urban food inflation decreased to 5.02 percent in FY22 from 5.15 percent in FY21. However, the average urban

**Table 3.04 Annual Average National Level CPI by Consumption Basket Sub-groups**

(base: FY06=100)

Group/sub-group	Weight	FY20	FY21	FY22	% Change FY21	% Change FY22
General index	100	273.26	288.44	306.18	5.56	6.15
1. Food, beverage and tobacco	56.18	296.86	313.86	332.86	5.73	6.05
2. Non-food of which	43.82	243.00	255.85	271.98	5.29	6.31
i) Clothing & footwear	6.84	290.00	298.14	320.14	2.81	7.38
ii) Gross rent, fuel & lighting	14.88	220.70	228.29	232.43	3.44	1.81
iii) Furniture, furnishing, household equipment & operation	4.73	282.67	298.15	320.30	5.48	7.43
iv) Medical care & health expenses	3.47	230.07	247.86	253.62	7.73	2.32
v) Transport and communications	5.80	248.48	271.45	313.00	9.24	15.31
vi) Recreation, entertainment, education & cultural services	4.28	190.13	193.61	202.60	1.83	4.64
vii) Miscellaneous goods and services	3.82	259.27	288.53	312.28	11.29	8.23

Source: Bangladesh Bureau of Statistics.

non-food inflation increased to 6.38 percent in FY22 from 5.88 percent in FY21 (Table 3.03 and Chart 3.07).

### Food Grain Production

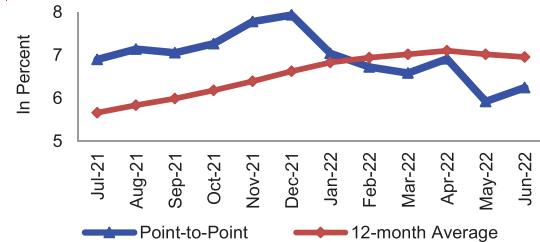
3.11 Total food grain production increased to 39.1 million metric tons in FY22 which was 38.7 million metric tons in FY21. Total government procurement of food grain increased by 0.4 million metric ton to 2.0 million metric tons in FY22 against 1.6 million metric tons in FY21. Total government and private food grain import decreased by 1.7 million metric tons to 5.0 million metric tons in FY22, which was 6.7 million metric tons in FY21. The government distributed 3.1 million metric tons of food grain under its Public Food Distribution System (PFDS) in FY22, which was 0.8 million metric tons higher than that of FY21. Government food grain stock at the end of the FY22 increased to 1.6 million metric tons against 1.4 million metric tons at the end of FY21 (Table 3.05).

### Wage Rate Trends

3.12 The growth of general wage rate index stood at 6.06 percent in FY22 which was lower than 6.12 percent in FY21. The growth of wage rate indices of three sub-sectors namely agriculture, industry and service sectors

**Chart 3.05 Core Inflation**

(base: FY06=100)

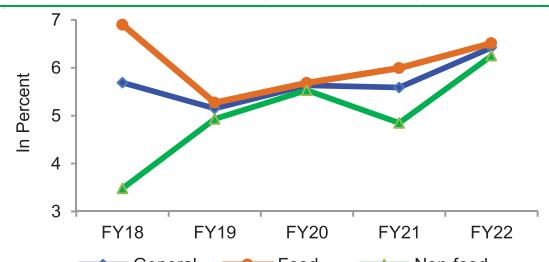


Source: 1. Bangladesh Bureau of Statistics.

2. Research Department, Bangladesh Bank.

**Chart 3.06 Rural Inflation**

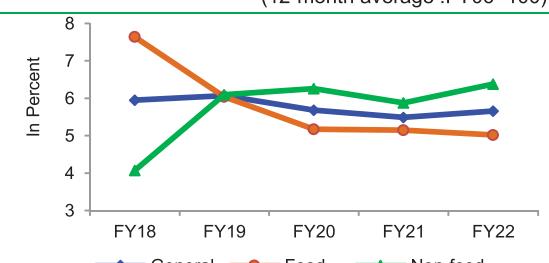
(12-month average :FY06=100)



Source: Bangladesh Bureau of Statistics.

**Chart 3.07 Urban Inflation**

(12-month average :FY06=100)



Source: Bangladesh Bureau of Statistics.

reached at 6.10, 5.85 and 6.32 percent respectively in FY22 which were 6.39, 5.51 and 6.07 percent respectively in FY21 (Table 3.06, Chart 3.08). The growth rate of agriculture sector decreased, however, the growth rate of services and industry sub-sectors increased in FY22, as compared to FY21. Within the industry sub-sectors, the growth of wage rate index of production (8.30 percent) was higher than that of construction (4.41 percent).

#### Near Term Inflation Outlook

3.13 CPI based inflation rates for advanced economies, and emerging market and developing economies are projected to be 4.4 percent and 8.1 percent respectively for 2023 (Table 3.07). Inflation is generally expected to return to near pre-pandemic levels by the end of 2024. However, several factors could cause it to maintain momentum and raise longer term expectations. Further supply-related shocks to food and energy prices from the war in Ukraine could sharply increase headline inflation and pass through to core inflation, triggering a further tightening in monetary policy (World Economic Outlook, October 2022).

3.14 The Food Outlook, June 2022, a biannual flagship publication of Food and Agriculture Organization (FAO), outlined some concerns such as a likely tightening of food markets, food import bills setting a new record pass through the soaring input prices, weather and market uncertainties stemming from Russia-Ukraine war. The rice harvest in 2022 is predicted to remain sufficient cope with profitability, though a high input cost and water constraint could prevent rice production. Thus, while there are still plenty of reserves, global rice consumption and trade may continue to rise. The FAO's forecast for world rice production in 2022 is pegged at 519.5 million metric tons,

**Table 3.05 Food Situation**

Particulars	FY19	FY20	FY21	FY22
Production Target	37.3	40.0	39.6	40.7
Actual Production	37.4	37.6	38.7	39.1
Total Imports (Government and Private)	5.8	6.4	6.7	5.0
Procurement	2.4	1.9	1.6	2.0
Public Food Distribution	2.6	2.8	2.3	3.1
Closing Stock	1.7	1.1	1.4	1.6

Source: Food Planning and Monitoring Unit, Ministry of Food

**Table 3.06 Trends of Wage Rate Indices**

(base: FY11=100)

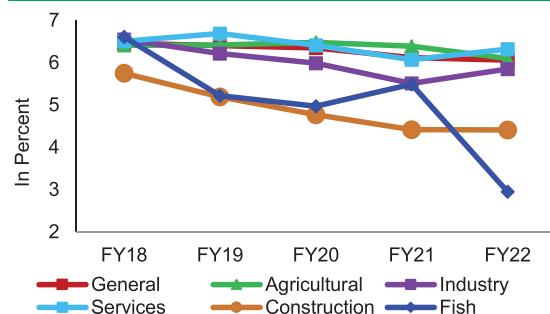
	FY19	FY20	FY21	FY22
General	160.23 (6.40)	170.39 (6.35)	180.83 (6.12)	191.80 (6.06)
Agriculture	159.92 (6.42)	170.28 (6.48)	181.16 (6.39)	192.21 (6.10)
Agriculture	159.91 (6.44)	170.32 (6.51)	181.23 (6.41)	192.39 (6.16)
Fish	160.59 (5.22)	168.58 (4.97)	177.84 (5.49)	183.06 (2.95)
Industry	158.74 (6.22)	168.24 (5.99)	177.52 (5.51)	187.83 (5.85)
Construction	152.86 (5.19)	160.17 (4.77)	167.24 (4.42)	174.62 (4.41)
Production	170.66 (8.14)	184.65 (8.21)	198.37 (7.43)	214.87 (8.30)
Services	164.78 (6.69)	175.33 (6.41)	185.99 (6.07)	199.42 (6.32)

Note: Figures in parentheses are annual percentage changes.

Source: Bangladesh Bureau of Statistics.

**Chart 3.08: Growth Rate of Wage Index**

(base: FY11=100)



Source: Bangladesh Bureau of Statistics.

which is only 1.4 million metric tons lower than that of the record high in 2021. Global wheat production in 2022 is predicted to decline from the 2021 record level by 0.8 percent, reaching 771 million metric tons and marking the first drop in four years.

3.15 The inflation scenario of Bangladesh experienced gloomy in FY22 and onwards especially until September 2022. Containing inflation at tolerable levels and maintaining stability of exchange rate would be a critical challenge for Bangladesh. However, the inflation outlook in the coming months will depend on further spillover of price from supply-demand mismatch, ongoing Russia-Ukraine war, volatility of exchange rate and commodity price hike in the international markets. Meanwhile, Bangladesh Bank and other respective agencies of Government of Bangladesh have taken various measures to tackle ongoing inflationary pressure. Moreover, Bangladesh government will have to monitor the situation incessantly. Both the monetary and fiscal authorities will have to come forward with appropriate remedial measures for tackling inflationary pressure in the coming days.

**Table 3.07 Global Inflation Situation**

(in percent)

	2020	2021	2022 <sup>p</sup>	2023 <sup>p</sup>
World	3.2	4.7	8.8	6.5
Advanced Economies	0.7	3.1	7.2	4.4
Euro Area	0.3	2.6	8.3	5.7
Emerging Market and Developing Economies	5.2	5.9	9.9	8.1
Emerging and Developing Asia	3.1	2.2	4.1	3.6
Bangladesh	5.6	5.6	6.0	6.2
China	2.4	0.9	2.2	2.2
India	6.2	5.5	6.9	5.1
Pakistan	10.7	8.9	12.1	19.9
Sri Lanka	4.6	6.0	48.2	29.5
United States	1.2	4.7	8.1	3.5

<sup>p</sup> Projection

Source: World Economic Outlook, October 2022.

## Money and Credit

### Performance of Monetary and Credit Policy in FY22

4.01 The monetary policy for FY22 was designed to spur economic recovery from COVID-19 pandemic induced catastrophe and to maintain appropriate overall price and financial stability. The monetary policy stance was essentially expansionary and accommodative with a view to achieving 7.20 percent real GDP growth and 5.30 percent headline inflation ceiling, as announced in the national budget. The economic recovery continued and real GDP growth increased from 6.94 percent in FY21 to 7.25 percent in FY22, well supported by the fiscal and monetary policies. But CPI headline inflation was upbeat and rose to 6.15 percent in FY22 from 5.56 percent in FY21 because of global supply chain disruption, depreciation pressure of BDT, increased pent-up demand in domestic fronts and commodity price hike in the global market.

4.02 Against the backdrop of global commodity price hikes stemming from the COVID-19 pandemic driven supply disruptions fueled by the Russia-Ukraine war, an orderly exit from the extraordinary expansionary policy stance was necessary. Despite lower than programmed monetary growth, Bangladesh had faced growing inflationary and exchange rate depreciating pressure since the second half of FY22 mainly because of spillover effect of the unexpectedly higher global inflation rate along with excessive current account deficits. The CPI based twelve month average inflation in Bangladesh went up to 6.15 percent in FY22, surpassing the target ceiling of 5.30 percent set for FY22, which was 5.56 percent in FY21. Rising prices across the global markets following the demand-supply mismatch fueled by Russia-Ukraine war induced

**Table 4.01 Monetary and Credit Programme vs Actual Developments**

Particulars	(In billion BDT)		
	End June 2021	Programme	Actual <sup>P</sup>
1. Net foreign assets	3852.4 (27.1)	4251.0 (10.3)	3420.1 (-11.2)
2. Net domestic assets (a+b)	11750.7 (9.8)	13692.5 (16.5)	13655.1 (16.2)
a) Domestic Credit (i+ii)	14287.3 (10.4)	16826.4 (17.8)	16608.4 (16.2)
i) Credit to the public sector <sup>1/</sup>	2398.8 (21.7)	3178.3 (32.5)	3096.0 (29.1)
ii) Credit to private sector	11888.6 (8.3)	13648.1 (14.8)	13512.4 (13.7)
b) Other items (net)	-2536.7	-3133.9	-2953.2
3. Narrow money (i+ii)	3752.4 (14.5)	-	4253.1 (13.3)
i) Currency outside banks	2095.2 (9.1)	-	2364.5 (12.9)
ii) Demand deposits <sup>2/</sup>	1657.2 (22.3)	-	1888.6 (14.0)
4. Time Deposits	11850.7 (13.4)	-	12822.2 (8.2)
5. Broad money (1+2) or (3+4)	15603.1 (13.6)	17943.6 (15.0)	17075.3 (9.4)

Note: Figures in the parentheses indicate growth (y-o-y) in percent.

<sup>1/</sup>This includes net credit to government and government lending fund has been treated as deposit in calculating claims on government (net).

<sup>2/</sup>Demand deposits of monetary authority are excluded.

<sup>P</sup>Provisional

Source: Monetary Policy Department, Bangladesh Bank.

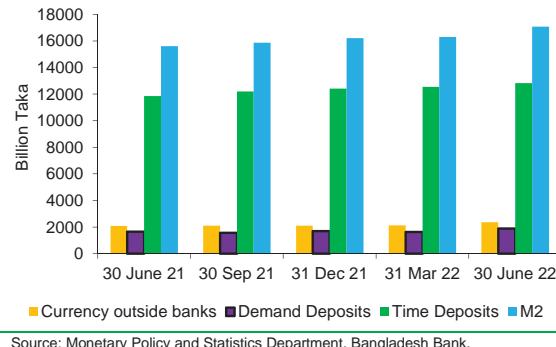
supply disruption were also playing role in increasing prices of both food and non-food items in FY22. To stabilize foreign exchange market as a part of its preventive measures, Bangladesh Bank (BB) absorbed excess liquidity by issuing BB bills in the H1 and selling foreign currency to the banks in H2 in FY22. With the support of easy monetary policy and some macro prudential policy measures by BB, alongside the withdrawal of COVID-related restrictions, a broad based economic recovery was evident in FY22 reflected through various macroeconomic and financial indicators. During this period, normalcy returned in almost all economic activities in agriculture, manufacturing and service sectors was restored propelled by growing internal and external demand. The real GDP growth has been initially estimated at 7.20 percent for FY22 which was higher than previous year's estimated growth of 6.94 percent. The real GDP growth increased to

7.25 percent in FY22 because of higher growth performances in industrial and service sectors.

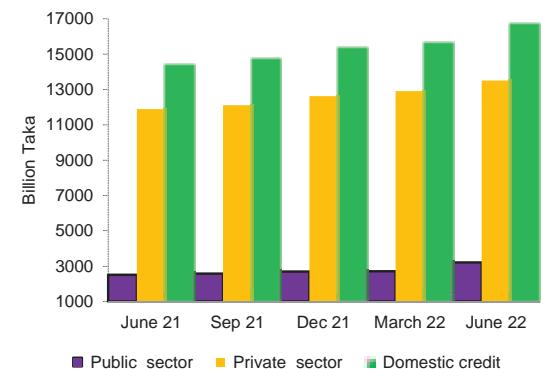
**4.03** The import payments witnessed a robust increase because of recent commodity price hikes in the international markets, driven by post-COVID economic recovery related augmented domestic demand. The export growth in FY22 was also significantly higher due to unhindered policy supports like the enhancement of export development fund (EDF) and working capital loans for the export-oriented industries. However, the inflows of remittances were moderate in FY22 compared to FY21. The higher outflows of migrant workers with increased cash incentives from 2.0 percent to 2.5 percent and related policy relaxation amid the recent steep depreciation of BDT are expected to lead vital roles in attracting more inflows of remittances in the days ahead. Because of relatively higher import growth than that of export receipts and remittances, the current account balance witnessed a widen deficit of USD 18.70 billion during FY22 compared with 4.58 billion deficit during the corresponding period of the previous fiscal year. The overall balance of payments also witnessed a deficit of USD 5.38 billion during FY22 against a surplus of USD 9.27 billion in FY21. The overall BOP deficit strongly drew down the banking system's net foreign assets as well as shrinking the BB's foreign exchange reserves position to USD 41.83 billion as on 30 June 2022 against USD 46.39 billion at the end of June 2021.

**4.04** BB had been pivotal in implementing the various stimulus packages through a range of complementary and supportive policy measures by injecting working capital loans and extending various refinance for agriculture, CMSMEs, large industries, export-oriented industries and the service sector. In FY22, BB directly involved in implementing the government's ten major stimulus packages amounting to nearly BDT 1.7 trillion which is 4.28 percent of nominal GDP, for covering

**Chart 4.01 Movements in the Components of Broad Money (M2)**



**Chart 4.02 Movements in Domestic Credit and its Components**



the COVID-19 related disruptions. In FY22, the recovery process of Bangladesh's economy faced enormous pressure due to the Russia-Ukraine war. The war heightened the potential losses of export demand along with international commodity price hikes which led to higher import costs and trade deficit, mounting pressure on exchange rates and inflation. The prices of food items like edible oil, vegetables, eggs and meat and the prices of non-food items like transportation and communication, household furniture, clothing and footwear were mainly responsible for the rising headline inflation in Bangladesh in FY22. The performance of external sector of Bangladesh also witnessed a significant momentum in FY22. Both the exports and imports growths were robust in

FY22 and stood at 34.38 percent and 35.93 percent respectively. The share of exports of home textile, engineering and leather and leather products were very significant in the total exports. On the other hand, amid unexpected global commodity price hikes, the import growth of industrial raw materials, including raw cotton, yarn, textiles articles, pharmaceutical inputs, fertilizer, plastic and rubber articles; iron, steel and other base metals and capital machinery predominantly made the overall import growth robust. Higher volume and growth of imports than those of exports led to a substantial trade deficit during FY22. The inward remittances, one of the vibrant factors for balancing the current account deficit, recorded a negative growth mainly due to the covid-19 pandemic related job losses, dislocations and the reduction of expatriates' working days in different countries.

### Money and Credit Situation

4.05 To assist the growth supportive monetary policy stance and to attain the inflation target, the growth of major anchor variables of the monetary and credit policy and program including broad money (M2) and domestic credit were programmed to be within 15.0 percent and 17.8 percent respectively in FY22. Against this ceiling, broad money grew by 9.4 percent which remained well below the programmed path during FY22, pulled by much lower net foreign assets in the banking system. The movement of domestic credit, however, remained adequately much in line with the programmed path in FY22, well supported by the private sector credit growth. The faster recovery of economic activities owing to the relaxation of COVID-related restrictions appears to have contributed to the upward trend of the private sector credit growth in FY22. However, the public sector credit growth was slightly lower than the target mainly because of decent inflows of funds from foreign sources and mobilization of

**Table 4.02 Actual and Programmed Growth of Reserve Money and its Components**

Particulars	End June 2021		End June 2022
	Actual	Programme	Actual <sup>b</sup>
Net foreign assets <sup>1/c</sup>	3549.7	-	3398.7
Net foreign assets <sup>2/d</sup>	3578.8	4011.3	3176.5
Net domestic assets <sup>1/e</sup>	-74.9	-	67.0
Net domestic assets <sup>2/f</sup>	-103.9	-189.0	289.1
Domestic Credit	479.5 (-3.8)	617.8 (28.8)	703.8 (46.8)
Credit to the public sector <sup>3/g</sup>	290.8 (-32.4)	329.0 (13.1)	546.2 (87.8)
Credit to deposit money banks <sup>4/h</sup>	188.7 (177.8)	288.7 (53.0)	157.6 (-16.5)
Other items (net)	-583.5	-806.7	-414.7
Reserve money	3474.9 (22.4)	3822.3 (10.0)	3465.7 (-0.3)
Currency issued	2268.9 (9.0)	2544.0 (12.1)	2561.8 (12.9)
Deposits of banks with BB <sup>5/i</sup>	1206.0 (59.2)	1278.3 (6.0)	903.8 (-25.1)
Money multiplier	4.49	4.69	4.93

Note: Figures in the parentheses indicate growth (y-o-y) in percent.

<sup>1/</sup> Calculated from monetary survey using end of period exchange rates.

<sup>2/</sup> Calculated using constant exchange rates of end June 2022.

<sup>3/</sup> Govt. lending fund is treated as deposit in calculating net credit to Govt.

<sup>4/</sup> Considers only loans and advances to DMBs.

<sup>5/</sup> Excluding foreign currency clearing account balance and non-bank deposits.

<sup>6/</sup> Excluding foreign currency clearing account balance and offshore bank account.

<sup>b</sup> Provisional

Source: Monetary Policy and Statistics Department, Bangladesh Bank.

idle money from various state owned banks. The public sector credit growth rose to 29.1 percent from previous year's growth of 21.7 percent. The actual growth of private sector credit surged to 13.7 percent from the previous year's growth of 8.3 percent. It is noted that the private sector credit growth which presumably reflects the private investment at the national level, increased by a large extent in Bangladesh compared with many other Asian countries. The monetary and credit program of their actual outcome and development of the major components of broad money are presented in Table 4.01 and Chart 4.01 respectively.

### Reserve Money developments

4.06 BB uses reserve money (RM) as an operating target to modulate liquidity consistent with the overall monetary projection as well as keeping broad money (M2) in line with the program path for maintaining price stability.

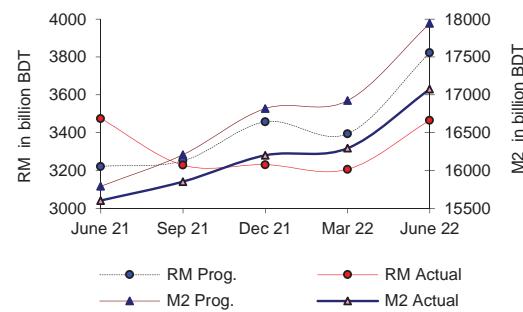
Bangladesh Bank's own instruments along with government's treasury bills and bonds are used to track RM for maintaining M2 growth within the projected level.

4.07 In line with the projected broad money growth, monetary program was set at 10.0 percent growth of RM for FY22 while actual growth declined by 0.3 percent. Net foreign assets (NFA) of BB declined by BDT 402.3 billion and stood at BDT 3176.5 billion in June 2022 against the programmed level of BDT 4011.3 billion. Actual growth of reserve money lied below the programmed path mainly due to significant depletion of BB's NFA triggered from the net sale of foreign currency to the banks, induced by very strong import demands. On the other hand, net domestic assets (NDA) of BB stood at BDT 289.1 billion in June 2022 against the negative program value of BDT 189.0 billion set for FY22. Domestic credit of BB ameliorated to 46.8 percent and reached BDT 703.8 billion in June 2022. Domestic credit growth significantly ameliorated by virtue of robust increase in BB's credit to public sector. BB's credit to public sector went up by 87.8 percent and surged to BDT 546.2 billion in June 2022. On the other hand, credit to deposit money banks (DMB's) declined by 16.5 percent and amounted to BDT 157.6 billion in June 2022. The other items (net) settled at BDT (-) 414.7 billion in June 2022 against the programmed level of BDT (-) 806.7 billion. The reduction of liability in other items (net) as per the projection mainly drawbacks by increasing other assets relative to other liabilities. The actual and programmed RM growth for FY22 are presented in Table 4.02 and Chart 4.03.

### Money Multiplier

4.08 Money Multiplier increased to 4.93 in FY22 as compared with 4.49 in FY21. Money multiplier is usually affected by the behavior of

**Chart 4.03 Programmes and Actual Developments of M2 and RM**



Source: Monetary Policy and Statistics Department, Bangladesh Bank.

**Table 4.03 Income Velocity of Money**

Year	GDP at current market prices	Broad Money ( $M_2$ ) (end period)	Income velocity of money
FY 17	23243.07	10160.76	2.29 (0.98)
FY 18	26392.48	11099.81	2.38 (3.94)
FY 19	29514.29	12196.12	2.42 (1.78)
FY 20	31704.69	13737.35	2.31 (-4.63)
FY 21	35301.85	15608.95	2.26 (-2.01)
FY 22	39764.62	17081.22	2.33 (2.93)

Note: Figures in parentheses indicate percentage changes over previous fiscal year.

Source: 1) Monetary Policy and Statistics Department, Bangladesh Bank.

2) Bangladesh Bureau of Statistics.

**Table 4.04 Quarterly Positions of Bank Credit\***

Outstanding as of	Advances	Bills	Total
30 June 21	11664.92 (97.98)	240.25 (2.02)	11905.16
30 Sep 21	11836.03 (97.60)	291.48 (2.40)	12127.51
31 Dec 21	12360.82 (97.52)	314.79 (2.48)	12675.61
31 Mar 22	12630.22 (97.30)	350.23 (2.70)	12980.45
30 June 22	13249.42 (97.49)	341.73 (2.51)	13591.15

Note: Figure in parentheses indicate percentage shares of total bank credit.

\* Excluding foreign bills and inter bank credit.

Source: Monetary Policy and Statistics Department, Bangladesh Bank.

banks, individuals as well as central bank which are reflected in changes in reserve-deposit ratio and currency-deposit ratio. Reserve-deposit ratio edged down to 0.075 in FY22 from 0.102 in

**BOX 4.01 COVID-19 Crisis: BB's Role**

The COVID-19 pandemic has been creating unprecedented challenges for all the regions of the world including Bangladesh. The first patient of COVID-19 was identified in Bangladesh in early March 2020. Immediately the government has adopted drastic preventive measures including community wide extensive spells of mandatory quarantines and lockdowns to limit the spread of the COVID-19 pandemic. Consequently, sustained economic conditions of the country has severely affected as a result of government decision on business closure to protect the people from the pandemic. In order to overcome the adverse impacts of COVID-19 outbreak on Bangladesh economy, on the other hand, BB and government took very comprehensive policy measures since March 2020 which continued till date. BB adopted accommodative monetary policy stance and some degrees of forbearances to cope with the pandemic. The salient policy measures of BB are listed below:

**Accommodative Monetary Stance**

- Cash Reserve Requirement (CRR) of the banks reduced from 5.50 to 5.00 percent on bi-weekly average basis and from 5.00 to 4.50 percent on daily basis on 01 April 2020. The CRR again reduced from 5.00 to 4.00 percent on bi-weekly average basis and from 4.50 to 3.50 percent on daily basis on 15 April 2020.
- Repo rate reduced from 6.00 to 5.75 percent on 24 March 2020, from 5.75 to 5.25 percent on 12 April 2020, and from 5.25 to 4.75 percent on 30 July 2020. The reverse repo rate reduced from 4.75 to 4.00 percent on 30 July 2020.
- The bank rate reduced from 5.00 percent to 4.00 percent on 29 July 2020.

**Easing Repayment Schedule**

- The short-term agricultural credits were allowed to reschedule for a maximum of 2 (two) years with or without down payment.
- The rate of interest/profit on agricultural and rural credit has been re-fixed at maximum 8.00 percent instead that of previous 9.00 percent with effective from 1 April 2021.
- Tenure of realization of export proceeds was enhanced up to 180 days from the prescribed period of 120 days from the date of shipment. The facilities were applicable from 19 March to 31 December 2021.
- The banks were instructed not to charge any late payment fee/charge/penal interest/additional revenue or any other fee/charge due to delayed credit card bill payment from 15 March to 31 May 2020.

Since the onset of COVID-19 pandemic, the government and BB have so far announced 28 economic stimulus packages of which 10 packages are directly concerned with BB. The size of the entire stimulus packages is BDT 2004.29 billion which is 5.68 percent of GDP of FY21. In order to mitigate the adverse impacts of COVID-19 on Bangladesh economy and to facilitate faster economic recovery

**BOX 4.01 (Continued)**

from the economic meltdown, the BB related stimulus packages are: (i) working capital loans for adversely affected large industry and service sector; (ii) interest subsidy for commercial banks against suspended interest for April-May, 2020; (iii) low-interest working capital loans to micro, small and medium enterprises, including cottage industries; (iv) refinance scheme for agriculture sector; (v) payment of salary and allowances to the workers-staffs of the active export-oriented industries; (vi) pre-shipment credit facility to export-oriented industries; (vii) refinance scheme for low-income earning professionals/farmers/small businessmen; (viii) Export Development Fund (EDF) to facilitate local exporters; (ix) Credit Guarantee Scheme (CGS) for CMSMEs Sector; and (x) working capital for paying salaries, and allowances of the employees of hotels, motels, and theme parks. A significant progress has so far been achieved in implementation of the packages in terms of allocation of refinance schemes for the affected large industry and service sectors, number of beneficiary entrepreneurs, farmers/agriculture farms, and Export Development Fund for local exporters. All the efforts along with government's support helped recover the economy to pre- pandemic levels, with 6.94 percent and 7.25 percent GDP growth rates in FY21 and FY22, respectively.

FY21 while currency-deposit ratio inched up to 0.161 in FY22 from 0.155 in FY21. The relative strength of these two ratios helped increase money multiplier in FY22.

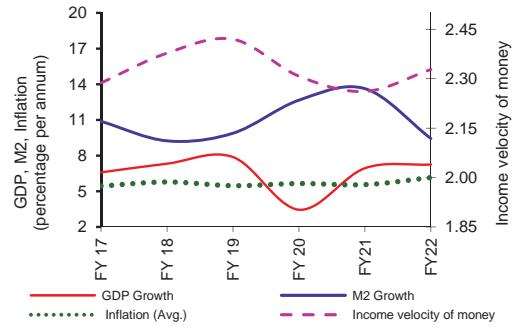
#### Income Velocity of Money

4.09 After falling in the last two consecutive financial years, the income velocity of money increased to 2.33 in FY22 from 2.26 in FY21, reflecting slower broad money growth (M2) than the growth of nominal GDP indicating faster recovery in economic activities from the COVID-19 pandemic shock. The magnitudes of income velocity of money and their changes during FY17-FY22 are shown in Table 4.03. Movements of the growth of GDP at current market prices, broad money (M2) growth, annual average inflation and income velocity of money during FY17-FY22 are represented in Chart 4.04.

#### Bank Credit

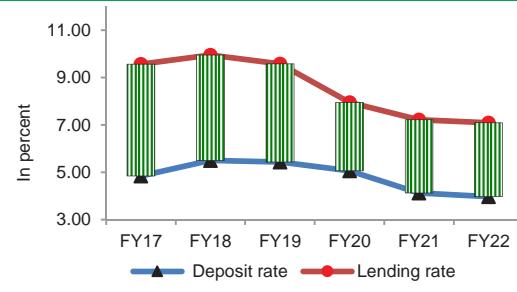
4.10 Outstanding bank credit (excluding foreign bills and inter-bank items) in FY22 rose by BDT 1685.99 billion or 14.16 percent to BDT

**Chart 4.04 Movement of GDP growth, M2 growth, rate of inflation and income velocity of money**



Source: 1) Monetary Policy and Statistics Department, Bangladesh Bank.  
2) Bangladesh Bureau of Statistics.

**Chart 4.05 Weighted Average Interest Rates of Scheduled Banks**



Source: Statistics Department, Bangladesh Bank.

13591.15 billion against the increase of BDT 888.77 billion or 8.07 percent to BDT 11905.16 billion in FY21. The bank credit rose because of economic recovery, trade financing stemming from higher import prices and lower lending rate. Advances edged up by BDT 1584.50 billion or 13.58 percent to BDT 13249.42 billion in FY22 against the rise of BDT 888.08 billion or 8.24 percent to BDT 11664.92 billion in FY21. Bills purchased and discounted went up by BDT 101.48 billion or 42.24 percent to BDT 341.73 billion in FY22 against the increase of BDT 0.70 billion or 0.29 percent to BDT 240.25 billion in FY21. The quarterly position of bank credit and its components are depicted at Table 4.04.

### Bank Deposits

4.11 Bank deposits (excluding inter-bank items) increased by BDT 1330.28 billion or 9.19 percent to BDT 15799.96 billion during FY22 against the increase of BDT 1778.69 billion or 14.02 percent to BDT 14469.68 billion in FY21. The total bank deposits increased due to rise in per capita income and inflows of remittances. Demand deposits increased by BDT 231.34 billion or 13.96 percent to BDT 1888.59 billion in FY22 against the increase of BDT 301.97 billion or 22.28 percent to BDT 1657.25 billion in FY21. Time deposits increased by BDT 971.51 billion or 8.20 percent to BDT 12822.18 billion in FY22 against the increase of BDT 1395.96 billion or 13.35 percent to BDT 11850.67 billion in FY21. Government deposits increased by BDT 127.42 billion or 13.25 percent to BDT 1089.19 billion in FY22 against the increase of BDT 80.78 billion or 9.17 percent to BDT 961.77 billion in FY21. Quarterly position of bank deposits has been shown at Table 4.05.

### Credit-Deposit Ratio

4.12 The credit-deposit ratio of the scheduled banks excluding the specialized banks was 0.86

**Table 4.05 Quarterly Outstanding Positions of Bank Deposits\***

Balances as of	Demand deposits	Time deposits	Govt. deposits	Total deposits	(In billion BDT)
30 Jun 21	1657.25	11850.67	961.77	14469.68	
30 Sep 21	1564.27	12192.50	970.93	14727.70	
31 Dec 21	1680.19	12413.24	1056.97	15150.40	
31 Mar 22	1623.30	12543.51	1056.53	15223.34	
30 Jun 22	1888.59	12822.18	1089.19	15799.96	

\*Excluding interbank and restricted deposits.

Source: Monetary Policy Department, Bangladesh Bank.

**Table 4.06 Weighted Average Lending and Deposit Rates of Scheduled Banks and Their Spreads**

Items	As of end June (in percent)					
	FY17	FY18	FY19	FY20	FY21	FY22
Deposit rate	4.84	5.50	5.43	5.06	4.13	3.97
Lending rate	9.56	9.95	9.58	7.95	7.33	7.09
Spread	4.72	4.45	4.15	2.89	3.20	3.12

Source: Monetary Policy Department, Bangladesh Bank.

at the end of June 2022 which was 0.82 at the end of June 2021. The ratio of credit to deposit marginally increased in FY22 reflecting higher credit demand compared to previous year.

### Scheduled Banks' Borrowing from BB

4.13 Scheduled banks' borrowings from the BB increased by BDT 180.34 billion or 24.49 percent to BDT 916.60 billion in FY22 which increased by BDT 233.26 billion or 46.37 percent to BDT 736.26 billion in FY21. Scheduled banks' borrowings from the BB increased in FY22 mainly because of the increase in other borrowings especially from EDF loan and scheduled banks' borrowing from BB's refinance fund.

### Scheduled Banks Balances with the BB and Their Cash in Tills

4.14 Balances of scheduled banks with BB abruptly decreased by BDT 302.14 billion or 25.05 percent to BDT 903.83 billion at the end of

June 2022 against the increase of BDT 448.29 billion or 59.17 percent to BDT 1205.97 billion at the end of June 2021. On the other hand, cash in tills of scheduled banks increased by BDT 23.63 billion or 13.60 percent to BDT 197.34 billion at the end of June 2022 against the increase of BDT 13.91 billion or 8.70 percent to BDT 173.71 billion at the end of June 2021.

### Cash Reserve Requirement (CRR)

4.15 The Cash Reserve Requirement (CRR) for the scheduled banks with the BB remained unchanged in FY22 which was reduced by 150 basis points in two parcels to 4.0 percent of their total demand and time liabilities to enhance adequate liquidity in the economy in FY20. Banks are required to maintain CRR at the rate of 4.0 percent on bi-weekly average basis provided that the CRR would not be less than 3.5 percent in any day with effect from 15 April 2020.

### Statutory Liquidity Ratio (SLR)

4.16 According to the amendment of sub section (2) under section 33 of the Bank Company Act, 1991, banks should have to maintain SLR separately, (a) for the conventional banks- the statutory liquid assets inside Bangladesh, which also includes excess reserves with BB, will not be less than 13.0 percent of their total demand and time liabilities, and (b) for the *Shariah* based Islami banks- this rate shall not be less than 5.5 percent. This became effective on 01 February 2014 and remained unchanged in FY22.

### Bank Rate

4.17 The bank rate which was unchanged at 5.00 percent since 2003 was reduced to 4.00 percent on 29 July 2020 to rationalize it with the changing market interest rate scenario.

### Repo Rate

4.18 To maintain price stability, BB increased

**Table 4.07 Liquidity Indicators**

As On	ADR (%)	LCR (%)	NSFR (%)	Call Money Rate (%)	Credit deposit ratio
30 Jun 2021	71.55	211.70	109.39	2.25	0.16
30 Sep 2021	72.08	200.83	110.56	1.90	0.15
31 Dec 2021	73.15	193.60	110.13	2.66	0.15
31 Mar 2022	74.17	180.39	107.78	2.66	0.15
30 Jun 2022	74.77	165.56	109.22	4.88	0.16

1. Banks were instructed in September 2019 to maintain their ADR within maximum 85 (81.5 percent + 3.5 percent of special consideration) percent for conventional banks and 90 (89.0 percent + 1.0 percent of special consideration) percent for Islamic *Shariah* based banks respectively according to DOS circular no.05 dated 17 September 2019.

2. LCR measures a bank's need for liquid assets in a stressed environment over the next 30 calendar days: minimum requirement for LCR is greater or equal to 100 percent.

3. NSFR measures a bank's need for liquid assets in a stressed environment over one year period: minimum requirement for NSFR is greater than 100 percent.

Source: Department of Off-site Supervision and Monetary Policy Department, Bangladesh Bank.

**Table 4.08: Excess Liquid Assets of Various Bank-groups**

As On	State-owned Banks	Specialized Banks	(In billion BDT)			
			Private Banks (Other than Islamic)	Islamic Banks	Foreign Banks	Total
30 Jun 2021	1046.75	0.00	707.57	327.60	232.71	2314.63
30 Sep 2021	987.14	0.00	664.61	333.33	210.79	2195.88
31 Dec 2021	900.00	0.00	699.00	321.00	248.00	2167.29
31 Mar 2022	804.61	0.00	647.72	279.38	268.02	1999.74
30 Jun 2022	793.99	0.00	763.76	219.17	257.43	2034.35

Source: Department of Off-site Supervision Department, Bangladesh Bank.

repo rate twice in FY22. BB increased repo rate by 25 basis points and re-fixed at 5.00 percent from 4.75 percent as on 29 May 2022. BB again increased repo rate by 50 basis points and re-fixed at 5.50 percent from 5.00 percent as on 30 June 2022.

### Reverse Repo Rate

4.19 Reverse repo rate remained same at 4.00 percent in FY22. However, to rationalize interest rate corridor, BB decreased reverse repo rate by 75 basis points and re-fixed at 4.00 percent from 4.75 percent as on 30 July 2020.

### Interest Rates on Deposits and Lending

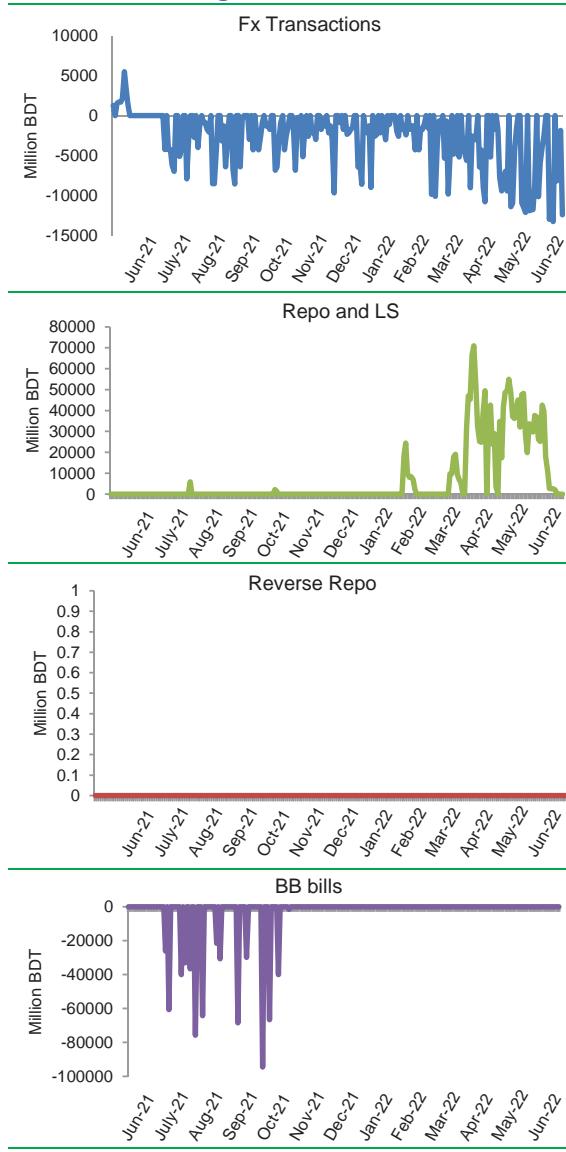
4.20 Although the interbank call money rate increased to 4.88 percent in FY22 from 2.25 percent in FY21, declining trends were reflected in the weighted average lending and deposit rates. The weighted average lending rate declined to 7.09 percent in FY22 from 7.33 percent in FY21 along with the weighted average deposit rate also came down to 3.97 percent in FY22 from 4.13 percent in FY21. The interest rate spread (the difference between the lending rate and deposit rate) also dwindled to 3.12 percent in FY22 from 3.20 percent in FY21, indicating an improvement in the banking sector's efficiency. Scheduled commercial banks are now operating almost all of their lending activities well below the 9.0 percent interest rate cap. Table 4.06 and Chart 4.05 represent weighted average interest rates of scheduled banks deposit and lending rates along with their spread from FY17 to FY22.

### Liquidity Situation

4.21 Total excess liquidity of the banking system edged down to BDT 2034.24 billion in FY22 from BDT 2317.11 billion in FY21 due to higher credit growth compared to deposit growth and accommodative monetary policy. Excess reserve also decreased to BDT 330.62 billion in FY22 from BDT 731.89 billion in FY21 mainly because of selling foreign currency by BB.

4.22 Monetary policy stance and monetary and credit programmes for FY22 were intended to ensure necessary liquidity in the local and foreign currency markets, continuing the economic recovery momentum, stabilizing the prevailing market interest rate and exchange rate movements and containing inflation. BB's timely and prudent intervention was ensured a comfortable liquidity condition in the money market during FY22; sufficiently fulfill the public and private demand. As a part of BB's routine activities, some excess reserves were mopped up by issuing BB bills amounting to BDT 689.72

**Chart 4.06 Liquidity Management Operations During FY22**



Source: Monetary Policy Department, Bangladesh Bank.

billion during August-November of FY22. Taking market demand for money into account, BB also injected required cash amounting to BDT 1707.81 billion through repo and liquidity support facilities during February-June of FY22. On the other hand, BB intervened in the local foreign exchange market by selling total amount of USD 7.62 billion to uphold exchange rate stability and maintain the external competitiveness of the BDT in FY22.

## Banking Sector Performance, Regulation and Bank Supervision

5.01 During FY22, the prime focus of Bangladesh Bank (BB) was to sustain resilience while maintaining the stability of the financial system. Besides, BB also worked in tandem to support the government's initiatives of revitalising the economy from the challenging domestic and global market situations exposed by the consecutive waves of the COVID-19 pandemic. Though the impact of the pandemic was subdued to some extent due to the widespread vaccination initiatives of the government and the economy started to recuperate in response to the various policy measures, the pace was slowed down due to the recent worldwide turmoil resulting from the Russia-Ukraine war. To support the smooth operations of the scheduled banks and non-bank financial institutions (NBFIs) under this critical juncture, BB has adopted a series of policies and taken a number of prudential measures since the inception of the pandemic and fine-tuned them from time to time to address the issues as required. Mentionable policies are the re-fixation of the regulatory liquidity ratios to ensure additional liquidity in the banking sector, issuance of various directives for banks for preventing the outbreak of COVID-19, moderation of foreign trade and foreign currency

transaction regulations, temporary relaxation in the loan classification policy, modeling and implementation of the stimulus packages for different segments of the economy with refinancing schemes to those packages and introduction of a special fund for capital market investment, restriction on dividend pay-outs to strengthen banks' capital base to improve their risk resilience capacity. Other major policies and circulars issued during this time were guidelines on interest rate risk in the banking book for effective measurement and management of interest rate risk by banks, guidelines on country risk management (GCRM) for bank for addressing the risk of both on and off-balance sheet exposures to minimise loss of banks caused by adverse events in a foreign country, policy regarding verification of audited financial statements submitted by borrowers before loan approval/renewal, policy for post-import financing, etc. Besides, BB has recently issued guidance for the bank companies to develop the recovery plan for preparing their responses to potential shocks in advance in the event of any stressful situation, a circular for limiting concentrated exposures to strengthen banks' credit risk management. Alongside, BB has relentlessly driven its efforts to curb the recently

**Table 5. 01 Bank Types, Number of Banks and Their Assets and Deposits Shares**

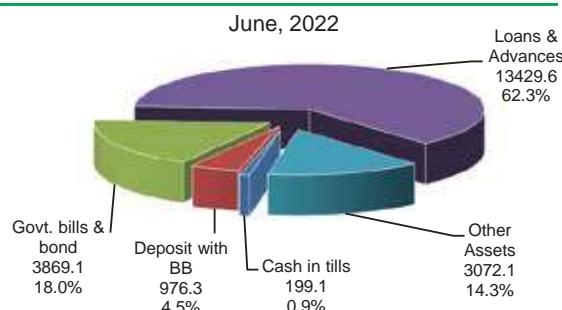
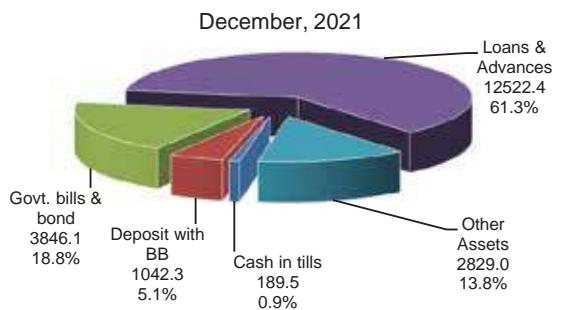
Bank Types	2020						2021						(in billion BDT)	
	Number of Banks	Number of Branches	Total Assets	Share in Industry Assets (in percent)	Total Deposits	Share in Industry Deposits (in percent)	Number of Banks	Number of Branches	Total Assets	Share in Industry Assets (in percent)	Total Deposits	Share in Industry Deposits (in percent)		
SCBs	6	3798	4616.7	25.1	3570.2	25.9	6	3810	5080.5	24.9	3991.2	26.3		
SBs	3	1492	401.0	2.1	350.6	2.5	3	1512	445.9	2.2	412.2	2.7		
PCBs	43	5395	12378.7	67.3	9287.0	67.3	43	5550	13769.0	67.4	10136.0	66.8		
FCCBs	9	67	1009.6	5.5	590.1	4.3	9	65	1133.9	5.5	642.0	4.2		
<b>Total</b>	<b>61</b>	<b>10752</b>	<b>18406.0</b>	<b>100.0</b>	<b>13797.9</b>	<b>100.0</b>	<b>61</b>	<b>10937</b>	<b>20429.3</b>	<b>100.0</b>	<b>15181.4</b>	<b>100.0</b>		

Note: 1. All banks, except BKB and RAKUB, prepare their balance sheet on calendar year basis, and are obliged to submit their audited balance sheet at the end of every calendar year. That is why banks' performance-related figures are stated in calendar year basis.

2. Figures reported by Department of Off-site Supervision are different from those of Statistics Department due to different data collecting methods.

Source: Department of Off-site Supervision and Banking Regulation and Policy Department, Bangladesh Bank.

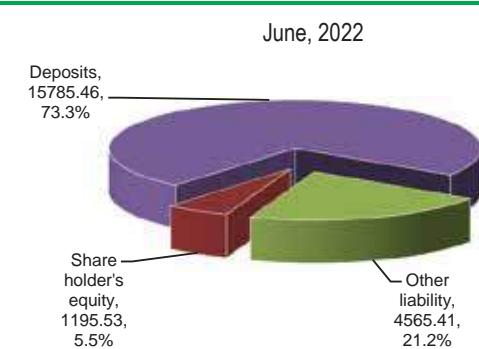
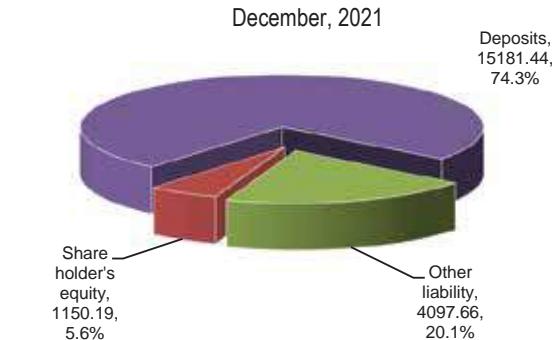
**Chart 5.01 Aggregate Industry Assets**  
(in billion BDT)



Source: Department of Off-site Supervision, Bangladesh Bank.

developed pressure on the country's foreign exchange reserves. It has formulated several policies in line with the austerity measures taken by the government, mostly to tame the high import costs associated with surging global commodity prices primarily caused by the war. It is expected that the adaptation of these policies and regulatory measures will support the banking sector as well as the economy to overcome the current challenges and strengthen the stability of the overall financial system. BB, as a part of its supervisory activities, conducted regular and special on-site inspections throughout the year. The performance of the risk management committee at the board level of banks has also been evaluated regularly. Special monitoring has also been continued to oversee the liquidity of the banking sector. Moreover, BB has continued its efforts to reduce the overall NPLs of the banking

**Chart 5.02 Aggregate Industry Liabilities**  
(in billion BDT)



Source: Department of Off-site Supervision, Bangladesh Bank.

sector. At the end of FY22, the overall NPL ratio and capital to risk weighted asset ratio (CRAR) stood at 8.96 percent and 11.15 percent respectively.

### Banking Sector Performance

5.02 Depending on the ownership structure, there are four categories of scheduled banks in Bangladesh: state-owned commercial banks (SCBs), specialised banks (SBs), private commercial banks (PCBs) and foreign commercial banks (FCBs). Total number of scheduled banks operating in FY22 was 61. The number of bank branches increased to 10,937 at the end of December 2021 from 10,752 at the end of December 2020. Number of bank branches stood at 10,963 at the end of June 2022 (Appendix 4, Table I). On the other hand, depending on the mode of operations (e.g. conventional and Islamic Shariah-based), there

are three types of banks: full-fledged conventional banks, full-fledged Islamic Shariah-based banks and banks with dual operation. Bank types, number of banks and their assets and deposits shares are shown in Table 5.01.

5.03 In 2021, the SCBs held 24.9 percent share of the total assets of the banking sector which was 25.1 percent in 2020. PCBs share of the total assets was 67.4 percent in 2021 which was 67.3 percent in 2020. The FCBs held 5.5 percent share of the total assets in 2021 as same as the last year. The SBs share of the total assets was 2.2 percent in 2021 which was 2.1 percent in 2020. At the end of December 2021, total assets of the banking sector stood at BDT 20429.3 billion which was 11 percent higher than that of the previous year (Table 5.01).

5.04 Total deposits of the banking sector stood at BDT 15181.4 billion in 2021 which was BDT 13797.93 billion in 2020 showing an increase of 10.03 percent. From the year 2020 to 2021, considering the share in total deposit of the banking sector, SCBs share increased from 25.9 percent to 26.3 percent, PCBs share decreased from 67.3 percent to 66.8 percent, FCBs share decreased from 4.3 percent to 4.2 percent and SBs share increased from 2.5 percent to 2.7 percent (Table 5.01).

### Banking Network by Branches

5.05 As on 30 June 2022 the total number of branches of the 61 scheduled banks were 10,963 (Appendix 4, Table I), of which, 48.56 percent (5324) bank branches were in rural areas and the rest (5639 branches or 51.44 percent) were in urban areas. The SCBs had 2046 rural branches and 1766 urban branches, SBs had 1222 rural branches and 297 urban branches, PCBs had 2056 rural branches and

**Table 5.02 Capital to Risk Weighted Assets Ratio by Types of Banks**

Bank Types	2013	2014	2015	2016	2017	2018	2019	2020	2021	End June 2022
SCBs	10.8	8.3	6.4	5.9	7.0	10.3	5.0	9.6	8.1	6.4
SBs	-9.7	-17.3	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-33.6	-35.8
PCBs	12.6	12.5	12.4	12.4	12.2	12.8	13.6	13.7	13.7	13.0
FCBs	20.2	22.6	25.6	25.4	23.3	25.9	24.5	28.4	25.9	26.4
Total	11.5	11.3	10.8	10.8	10.8	12.1	11.6	12.5	12.0	11.2

Source: Department of Off-site Supervision, Bangladesh Bank.

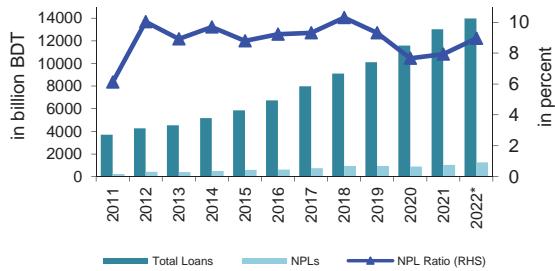
**Chart 5.03 Aggregate Capital Adequacy Position**



\*30 June 2022.

Source: Department of Off-site Supervision, Bangladesh Bank.

**Chart 5.04 Aggregate Position of NPLs to Total Loans**



\*Up to June 2022

Source: Department of Off-site Supervision, Bangladesh Bank.

3511 urban branches, and FCBs had 65 urban branches during the same time.

### Aggregate Balance Sheet

5.06 In 2021 the total assets of the banking sector stood at BDT 20,429.29 billion showing an increase of 10.99 percent over the total assets in 2020. During this period, the SCBs assets rose by 10.05 percent and that of the PCBs increased by 11.23 percent. The aggregate banking sector assets consisted of

BDT 12,522.40 billion as loans and advances (61.3 percent of total assets), BDT 189.52 billion as cash in tills including foreign currencies, BDT 1,042.28 billion as deposits with BB including foreign currencies, BDT 3,846.13 billion as investment in (government bills and bonds) treasury securities and the rest BDT 2828.96 billion as other assets during the period (Chart 5.01).

5.07 Deposits continued the main source of funds of the banking industry and it (excluding inter-bank) constituted 74.31 percent of the total amount of liability and shareholders' equity in 2021. Total shareholders' equity of the banks was BDT 1150.19 billion at the end of December 2021 which was BDT 1093.74 billion in same period of 2020 (Chart 5.02).

### Capital Adequacy

5.08 Capital adequacy focuses on the overall position of bank's capital and the protection of the depositors and other creditors from potential losses that a bank might incur. It helps the banks to absorb possible losses due to credit, market and operational risks that a bank might be exposed to during its normal course of business. Under Basel-III, banks in Bangladesh are instructed to maintain the minimum capital requirement (MCR) at 10.0 percent of the risk weighted assets (RWA) or BDT 4.0 billion as capital, whichever is higher. The aggregate amount of regulatory capital of the banking sector was BDT 1495.51 billion as on 31 December 2021 which decreased to BDT 1494.06 billion at the end of June 2022.

5.09 Table 5.02 shows the capital to risk weighted assets ratio (CRAR) by type of banks. It was observed that the CRAR of SCBs, PCBs and FCBs were 6.4, 13.0 and 26.4 percent respectively as on 30 June 2022. Two SBs, BKB

**Table 5.03(a) Ratio of Gross NPLs to Total Loans by Types of Banks**

Bank Types	(in percent)										End June 2022
	2013	2014	2015	2016	2017	2018	2019	2020	2021		
SCBs	19.8	22.2	21.5	25.0	26.5	30.0	23.9	20.9	19.3		21.9
SBs	26.8	32.8	23.2	26.0	23.4	19.5	15.1	13.3	12.0		11.7
PCBs	4.5	4.9	4.9	4.6	4.9	5.5	5.8	4.7	5.3		6.0
FCBs	5.5	7.3	7.8	9.6	7.0	6.5	5.7	3.5	4.3		4.4
Total	8.9	9.7	8.8	9.2	9.3	10.3	9.3	7.7	7.9		9.0

Source: Banking Regulation and Policy Department, Bangladesh Bank

**Table 5.03(b) Ratio of Net NPL to Net Total Loans by Types of Banks**

Bank Types	(in percent)										End June 2022
	2013	2014	2015	2016	2017	2018	2019	2020	2021		
SCBs	1.7	6.1	9.2	11.1	11.2	11.3	6.1	0.0	2.5		6.0
SBs	19.7	25.5	6.9	10.5	9.7	5.7	3.0	1.3	0.4		-0.1
PCBs	0.6	0.8	0.6	0.1	0.2	0.4	-0.1	1.5	-1.1		-0.6
FCBs	-0.4	-0.9	-0.2	1.9	0.7	0.7	0.2	-0.6	-0.7		-0.5
Total	2.0	2.7	2.3	2.3	2.2	2.2	1.0	-1.2	0.4		0.5

Source: Banking Regulation and Policy Department, Bangladesh Bank

**Table 5.04 Amount of NPLs by Types of Banks**

Bank Types	(in billion BDT)										End June 2022
	2013	2014	2015	2016	2017	2018	2019	2020	2021		
SCBs	166.1	227.6	237.5	310.3	373.3	487.0	439.9	422.7	449.8		554.3
SBs	83.6	72.6	49.7	56.8	54.3	47.9	40.6	40.6	39.9		41.9
PCBs	143.1	184.3	207.6	230.6	294.0	381.4	441.7	403.6	515.2		626.8
FCBs	13.0	17.1	18.9	24.1	21.5	22.9	21.0	20.4	27.9		29.6
Total	405.8	501.6	513.7	621.8	743.1	939.2	943.3	887.3	1032.7		1252.6

Source: Banking Regulation and Policy Department, Bangladesh Bank

and RAKUB failed to maintain MCR on risk weighted assets basis. Besides, 5 SCBs and 5 PCBs could not maintain the minimum required capital. The CRAR of the banking industry as a whole was 11.2 percent at the end of June 2022 (Chart 5.03).

### Asset Quality

5.10 The most important indicator to demonstrate the asset quality is the ratio of gross non-performing loans (NPLs) to total loans and net NPLs to net total loans. At the end of December 2021, the gross NPL ratio of the banking sector stood at 7.93 percent. Table 5.03

(a) shows that FCBs had the lowest and SCBs had the highest gross NPL ratio at the end of December 2021. FCBs gross NPL ratio was 4.29 percent, whereas those of SCBs, PCBs and SBs were 19.28, 5.31 and 12.02 percent respectively at the end of December 2021.

5.11 From the Table 5.03 (a), it is observed that the ratio of gross NPLs to total loans and advances indicates a mixed trend in the banking sector during the period from 2013 to June 2022. NPL ratio of the banking sector was 8.9 percent in 2013. But the ratio increased slightly to 9.7 percent in 2014. After a decline to 8.8 percent in 2015, NPLs ratio of the banking sector rose from 9.2 percent to 10.3 percent during the period from 2016 to 2018 and reduced again to 9.3 percent in 2019. However, NPLs of banking sector stood at noticeably lower, 7.7 percent in 2020 and 7.9 percent in 2021 after providing classification freeze and soft repayment facilities in response to COVID-19 pandemic. At the end of June 2022, NPL ratio of the overall banking sector stood at 9.0 percent.

5.12 Comparatively poor assessment along with inadequate follow-up and supervision of the loans has eventually resulted in the current situation of poor asset quality of SCBs and SBs. However, various measures (i.e. strengthening of recovery unit, special recovery programme, etc.) for increasing recovery against loans have been taken by the banks. Besides, several policy initiatives regarding restructuring, rescheduling, interest waiver and write off of classified loans have also been taken by BB to reduce NPLs.

5.13 Table 5.03(b) shows that the ratio of net NPLs (net of provisions and interest suspense) to net total loans (net of provisions and interest suspense) of the banking sector was negative

**Table 5.05 Required Provision and Provision Maintained by all Banks**  
(in billion BDT)

All Banks	2013	2014	2015	2016	2017	2018	2019	2020	2021	End June 2022
Amount of NPLs	405.8	501.6	594.1	621.7	743.0	939.1	943.3	887.7	1032.7	1252.6
Required Provision	252.4	289.6	308.9	362.1	443.0	570.4	613.2	648.0	806.5	862.7
Provision maintained	249.8	281.6	266.1	307.4	375.3	504.3	646.6	646.8	666.5	730.5
Excess(+) / shortfall( -)	-2.6	-7.9	42.8	-54.7	-67.7	-66.1	-66.6	-1.2	-140.1	-132.2
Provision maintenance ratio (%)	99.0	97.2	86.1	84.9	84.7	88.4	89.2	99.8	82.6	84.7

Source: Banking Regulation and Policy Department, Bangladesh Bank

**Table 5.06 Comparative Position of Provision Adequacy**  
(in billion BDT)

Year	Items	SCBs	SBs	PCBs	FCBs
2020	Required provision	290.8	25.3	315.2	16.6
	Provision maintained	241.6	23.7	361.2	20.3
	Provision maintenance ratio (%)	83.1	93.5	114.6	122.2
2021	Required provision	370.3	23.3	390.8	22.2
	Provision maintained	199.7	23.6	414.4	28.8
	Provision maintenance ratio (%)	53.9	101.5	106.0	129.7
2022 June	Required provision	315.3	23.9	499.4	24.1
	Provision maintained	209.1	24.5	468.3	28.7
	Provision maintenance ratio (%)	66.3	102.4	93.8	118.8

Source: Banking Regulation and Policy Department, Bangladesh Bank

**Table 5.07(a) Written-off Loans by Types of Banks**  
(in billion BDT)

Bank Types	2016	2017	2018	2019	2020	2021	End June 2022
SCBs	222.2	226.2	231.9	232.6	232.9	239.9	228.8
SBs	5.6	5.6	5.6	6.0	6.1	6.1	6.1
PCBs	211.1	239.9	280.4	303.0	316.2	344.7	354.7
FCBs	8.1	10.3	11.0	12.7	13.3	14.3	14.4
<b>Total</b>	<b>446.9</b>	<b>481.9</b>	<b>528.8</b>	<b>554.3</b>	<b>568.5</b>	<b>605.0</b>	<b>604.0</b>

Source: Banking Regulation and Policy Department, Bangladesh Bank

**Table 5.07(b) Total Outstanding of Written-off Loans by Types of Banks**  
(in billion BDT)

Bank Types	2016	2017	2018	2019	2020	2021	End June 2022
SCBs	177.9	178.0	180.3	178.7	174.8	175.3	175.5
SBs	3.5	3.5	3.4	3.8	3.8	3.6	3.6
PCBs	172.5	185.8	208.7	244.4	252.6	251.0	243.7
FCBs	7.6	9.3	8.6	10.0	10.4	10.9	10.8
<b>Total</b>	<b>361.5</b>	<b>376.5</b>	<b>401.0</b>	<b>436.9</b>	<b>441.5</b>	<b>440.8</b>	<b>433.6</b>

Source: Banking Regulation and Policy Department, Bangladesh Bank

(-0.4 percent) at the end of December 2021. The net NPLs ratios were 2.5, 0.4, -1.1 and -0.7 percent for the SCBs, SBs, PCBs and FCBs respectively at the end of December 2021. At the end of June 2022, net NPL ratio of the

overall banking sector stood at 0.5 percent.

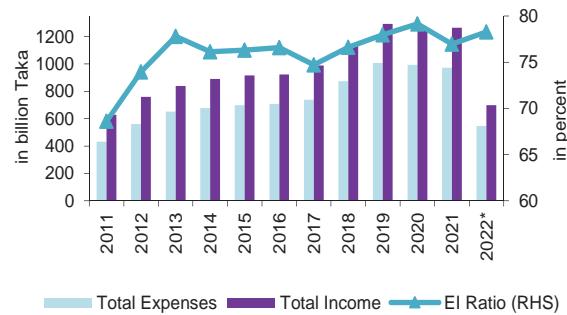
5.14 Table 5.04 shows the amount of NPLs of the four types of banks from 2013 to June 2022. The amount of NPLs of the SCBs increased from BDT 166.1 billion in 2013 to BDT 449.77 billion in 2021. The NPLs of PCBs had also increased from BDT 143.1 billion in 2013 to BDT 515.21 billion in 2021. The amount of NPLs of FCBs also increased from BDT 13.0 billion in 2013 to BDT 29.57 billion in 2021. However, the amount of NPLs of SBs showed almost a decreasing trend since 2016 and stood at BDT 39.91 billion in 2021. At the end of June 2022, total NPLs of the banking sector stood at BDT 1252.58 billion.

5.15 Table 5.05 exhibits the aggregate amount of NPLs, the required loan loss provision and the actual provision maintained by the banks from 2013 to June 2022. The table shows that banks failed to maintain the required level of provision against their NPLs from 2013 to 2021. Banks maintained 99.8 percent of the required provisions in 2020, which declined to 82.6 percent in 2021. However, the ratio has slightly increased to 84.7 percent at the end of June 2022.

5.16 A comparative position of provision against loans (for both classified and unclassified) of four types of banks for 2020, 2021 and June 2022 is illustrated in Table 5.06. From the table, it can be observed that SBs, PCBs and FCBs, except SCBs, were able to maintain required provision against loans in 2021. However, at the end of June 2022, PCBs as well as SCBs could not maintain required provision.

5.17 In order to rectify an unnecessarily and artificially inflated size of the balance sheet, a uniform guideline for loan write-off was

**Chart 5.05 Trends in Aggregate Position of Income and Expenditure in the Banking Industry**



\*Up to June 2022.

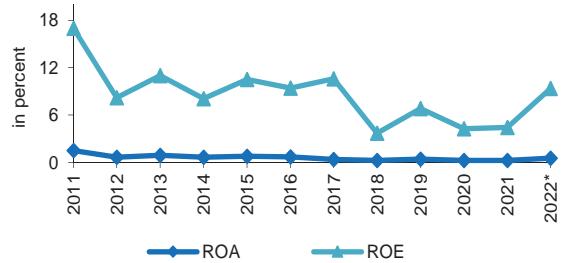
Source: Department of Off-site Supervision, Bangladesh Bank.

**Table 5.08 Expenditure-Income Ratio by Types of Banks**

Bank types	2013	2014	2015	2016	2017	2018	2019	2020	2021	End June 2022
SCBs	84.1	84.1	84.5	90.2	81.3	80.5	84.9	83.2	86.1	82.3
SBs	94.8	99.5	113.9	137.8	124.0	144.6	159.8	158.1	162.9	169.1
PCBs	77.9	75.8	75.5	73.5	73.8	76.7	77.6	79.6	75.3	76.3
FCBs	50.4	46.8	47.0	45.7	46.6	47.5	48.8	46.2	43.9	35.2
<b>Total</b>	<b>77.8</b>	<b>76.1</b>	<b>76.3</b>	<b>76.6</b>	<b>74.7</b>	<b>76.6</b>	<b>78.0</b>	<b>79.2</b>	<b>77.0</b>	<b>78.3</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

**Chart 5.06 Trends in Aggregate Profitability in the Banking Industry**



\*Up to June 2022

Source: Department of Off-site Supervision, Bangladesh Bank.

introduced first in 2003. Later a new policy was in on 6 February 2019 (BRPD circular no. 01). Banks can write off bad/loss loans complying with the terms and conditions mentioned in the aforesaid circular. The cumulative amount of written-off loans by different categories of banks is illustrated in Table 5.07(a). At the end of June 2022, PCBs held the highest portion of write-off

**Table 5.09 Profitability Ratio by Types of Banks**

(in percent)

Bank Types	ROA										ROE									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	End June 2022	2013	2014	2015	2016	2017	2018	2019	2020	2021	End June 2022
SCBs	0.59	-0.55	-0.04	-0.16	0.21	-1.30	-0.61	-1.07	-0.68	0.21	10.93	-13.46	-1.47	-6.02	3.45	-29.61	-13.68	-29.57	-21.61	5.43
SBs	-0.40	-0.68	-1.15	-2.80	-0.62	-2.77	-3.31	-3.01	-3.03	-3.31	-5.81	-5.97	-5.79	-13.88	-3.07	-13.47	-17.04	-13.85	-13.21	-13.68
PCBs	0.95	0.99	1.00	1.03	0.89	0.79	0.77	0.70	0.62	0.59	9.76	10.26	10.75	11.09	12.01	10.98	11.16	10.22	9.34	9.38
FCBs	2.98	3.38	2.92	2.56	2.24	2.23	2.30	2.13	1.17	2.57	16.93	17.67	14.59	13.08	11.31	12.42	13.43	13.10	7.59	16.03
<b>Total</b>	<b>0.90</b>	<b>0.64</b>	<b>0.77</b>	<b>0.68</b>	<b>0.74</b>	<b>0.25</b>	<b>0.43</b>	<b>0.25</b>	<b>0.25</b>	<b>0.52</b>	<b>11.10</b>	<b>8.09</b>	<b>10.51</b>	<b>9.42</b>	<b>10.60</b>	<b>3.86</b>	<b>6.83</b>	<b>4.28</b>	<b>4.44</b>	<b>9.37</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

loan totalling BDT 354.73 billion. SBs had the lowest write-off loan amounting to BDT 6.06 billion at the end of 30 June 2022. Table 5.07(b) demonstrates the total outstanding of written-off loan of SCBs, PCBs, SBs and FCBs. It can be observed that SCBs, PCBs, FCBs and SBs had written-off loan outstanding totalling BDT 175.52 billion, 243.68 billion, 10.83 billion and 3.56 billion respectively at the end of June 2022.

### Management Soundness

5.18 Sound management is one of the important pre-requisites for the strength and growth of any financial institution. Although there is no direct means to measure management soundness but total expenditure to total income, operating expenses to total expenses, earnings and operating expenses per employee and interest rate spread are generally used to determine management soundness of a financial institution. Besides, issues such as technical competence and leadership of mid and senior level management, compliance with banking laws and regulations, implementation of internal policies, ability to implement strategic plan and timely initiatives, etc. are taken into consideration to measure the quality of management.

5.19 Table 5.08 shows that the expenditure to total income (EI) ratio of the banking sector was 76.97 percent at the end of December 2021. As evident from table, the EI ratio of the SBs was 162.94 percent which was the highest

**Table 5.10 Net Interest Margin by Types of Banks**

(in percent)

Bank Types	2013	2014	2015	2016	2017	2018	2019	2020	2021	End June 2022
SCBs	-0.3	2.0	1.6	1.8	2.0	2.4	1.9	1.8	1.6	1.9
SBs	2.0	1.5	1.4	0.8	2.1	0.6	0.0	-0.2	-0.6	-0.6
PCBs	2.8	4.1	3.9	3.9	3.5	3.6	3.5	3.0	2.9	2.5
FCBs	3.7	6.0	6.1	5.0	4.4	4.4	4.2	4.1	3.0	3.0
<b>Total</b>	<b>2.0</b>	<b>3.6</b>	<b>3.3</b>	<b>3.3</b>	<b>3.1</b>	<b>3.2</b>	<b>3.1</b>	<b>2.7</b>	<b>2.5</b>	<b>2.4</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

among the bank types in 2021 due mainly to high operating expenses of these banks. The EI ratios of the SCBs, PCBs and FCBs were 86.13, 75.32 and 43.89 percent respectively in December 2021. The EI ratios of all types of banks showed a decreasing trend compared to those of last year except SBs. The EI ratio of the banking sector stood at 78.29 percent at the end of June 2022. Increasing trend in EI ratio particularly operating expenses to total expenses has negative impacts on the net profits of the banks.

### Earnings and Profitability

5.20 Although various indicators are used to determine earnings and profitability, the most representative and widely used ones are return on assets (ROA), return on equity (ROE) and net interest margin (NIM).

5.21 Earnings as measured by ROA and ROE differ among the bank categories. Table 5.09 shows ROA and ROE of four types of banks during the period from 2013 to June 2022. The table illustrates that the ROA of the SCBs

and SBs were always less than the industry average ROA. The ROA of SCBs improved (0.21 percent) in June 2022 as compared to 2021 (-0.68 percent). On the other hand, after showing an increasing trend from 2013 to 2016, ROA of PCBs has declined gradually in the recent years. Though ROA of FCBs showed a decreasing trend from 2014 to 2018 but it always remained in a strong position. ROA of the banking sector stood at 2.57 percent in June 2022.

5.22 Table 5.09 also presents that ROE of SCBs stood at -21.61 percent in 2021 from -29.57 percent in 2020. ROE of SBs also increased to -13.21 percent in 2021 from -13.85 percent in 2020 whereas ROE of PCBs decreased to 9.34 percent in 2021 from 10.22 percent in 2020. ROE of FCBs declined to 7.59 percent in 2021 from 13.10 in 2020. ROE of the banking sector stood at 9.37 percent in June 2022. Trends in aggregate profitability for all banks are given in Chart 5.06.

5.23 Table 5.10 shows that net interest margin (NIM) of the banking industry decreased to 2.5 percent in 2021 from 2.7 percent in 2020. The NIM for all the types of banks (SCBs, SBs, PCBs and FCBs) dropped off in 2021 as compared to that of 2020. It reveals that NIM for PCBs and FCBs was always higher than the industry average. NIM for SCBs was negative 0.3 percent in 2013, afterwards it showed a positive trend from 2014 to 2021. However, NIM for overall banking sector exhibited a downward trend from 2014 to 2021 except slight increase in 2018. NIM for overall banking sector stood at 2.4 percent at the end of June 2022 (Table 5.10).

### Liquidity

5.24 An effective liquidity management helps to ensure bank's ability to meet cash flow obligations which are uncertain as they are

**Table 5.11 SLR Eligible Assets as Percentage of ATDTL by Types of Banks**

Bank Types	(in percent)										End June 2022
	2013	2014	2015	2016	2017	2018	2019	2020	2021		
SCBs	44.3	42.0	41.4	40.0	30.4	24.8	27.3	37.8	35.4	32.9	
SBs	15.3	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PCBs	28.0	28.2	19.7	17.8	14.8	14.2	16.4	20.9	20.1	19.3	
FCBs	46.2	56.9	51.8	48.2	43.8	48.4	29.7	40.7	42.0	41.4	
Total	32.5	32.7	26.5	24.9	19.9	18.2	19.9	26.2	25.4	24.0	

Source: Department of Off-site Supervision, Bangladesh Bank.

affected by external events and other agents' behaviour. Indicators like advance-deposit ratio (ADR), statutory liquidity ratio (SLR), interbank call money rate, and repo rate show the real picture of liquidity of the banking sector. On the other hand, one can evaluate bank's strength to survive in any liquidity stressed situation through liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

5.25 Overall advance deposit ratio (ADR) in the banking sector stood at 73.2 percent in December 2021. The prudential limit of ADR for conventional and Islamic Shariah based banks were 87 percent and 92 percent respectively.

5.26 All scheduled banks are required to maintain cash reserve ratio (CRR) bi-weekly basis at 4.0 percent against their average total demand and time liabilities (ATDTL) of second preceding month with an obligation to maintain daily minimum 3.5 percent cash against the same ATDTL held by the bank. The current rate of statutory liquidity ratio (SLR) for conventional banks is 13.0 percent of ATDTL and in case of Islamic Shariah based banks, the rate of SLR is 5.5 percent of their ATDTL of second preceding month. Four banks (three specialised and BDBL) are exempted from the maintenance of SLR, but these banks have to maintain CRR at the same rate like other scheduled banks.

5.27 Banks having off-shore banking operation (OBO) have to maintain CRR and SLR for the liabilities arising from that operation. Scheduled banks having OBO are required to

maintain minimum 2.0 percent CRR on bi-weekly average basis with a provision of minimum 1.5 percent on daily basis of the ATDTL of OBO of second preceding month. The current rate of SLR in this regard for conventional banks is 13.00 percent of ATDTL and for Islamic Shariah based banks, this rate is 5.50 percent of the same ATDTL of second preceding month.

5.28 As on 30 June 2022, the liquidity coverage ratio (LCR) of the banking sector was 165.56 percent (against minimum requirement of 100 percent), indicating that banks had a reasonable buffer of high quality assets to cover the cash outflow for a minimum of next 30 calendar days under stressed scenario. The net stable funding ratio (NSFR) of the banking sector, as a whole, was 109.10 percent in June 2022 indicating that banks were also more dependent on stable funding rather than volatile funding to expand their business activities.

### **Legal Framework and Prudential Regulations**

#### **Risk Based Capital Adequacy (RBCA) for Banks**

5.29 According to the road map of the phase-in arrangements, December 2019 was the final timeline for the implementation of Basel III framework by the banks. Basel III framework requires increasing the level as well as the quality of capital that banks must hold. Banks are expected to maintain a minimum total capital ratio of 10.0 percent, where 6.0 percent is to be maintained as Tier-1 capital. Besides, all banks must hold common equity tier 1 (CET1) capital (the highest quality and most loss absorbing form of capital) in an amount of at least 4.5 percent of total risk weighted assets (RWA) at all time.

5.30 Banks have been submitting capital adequacy reports/statements following new

Basel III accord from the quarter ended in March 2015. It was found that capital to risk weighted asset ratio (CRAR) of the banking industry stood at 11.2 percent at the end of June 2022 while CET1 was 7.2 percent which fulfilled overall Basel III capital adequacy requirements, though at an individual bank level, there might have shortfall of maintaining CET1 and minimum capital requirements respectively.

5.31 Under Basel III, banks will have to build up additional capital conservation buffer (CCB). Maintenance of CCB has ended up with 1.6 percent in June 2021 which stood at 1.2 percent at the end of June 2022. Besides, at individual level, 41 banks have already fulfilled the CCB requirements.

5.32 In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, BB introduced the minimum requirement of leverage ratio as 3.0 percent. This ratio of the banking industry stood at 4.4 percent at the end of June 2022 where at individual level, 50 banks have already fulfilled the minimum requirements.

### **Loan Classification**

5.33 At the beginning of the FY13, BB reformed the loan classification and provisioning policy to align with the international best practice. However, due to COVID-19 pandemic situation, economic and business environment got worse. With a view to facilitating the existing business environment and aligning with the macroeconomic cycle, some relaxations were brought in the objective criteria of loan classification policy declared in 2012. To combat the negative impacts of COVID-19 and to facilitate the borrowers through ease of repayments, BRPD issued several directives regarding loan classification and provisioning from time to time in order to facilitate the local as

**Table 5.12 A Summary of On-site Banking Inspections in FY22**

Name of the Departments	Comprehensive Inspections		Special Inspections	Core Risk Inspections	Quick Summary Inspections	Total Inspections
	Head Offices	Branches				
DBI -1	7	96	28	18	-	149
DBI -2	7	319	63	8	-	397
DBI -3	21	252	166	54	-	493
DBI -4	11	149	132	55	11	358
DBI -5	19	120	8	172	-	319
DBI -6	11	5	33	5	49	103
DBI -7	5	74	5	5	115	204
DBI -8	12	34	12	11	8	77
<b>Total</b>	<b>93</b>	<b>1049</b>	<b>447</b>	<b>328</b>	<b>183</b>	<b>2100</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

well as international trade and commerce. Lastly, on June 2022, a directive has been issued where required instalment size is being increased progressively as part of the soft repayment facility. While formulating the policy, sector specific and category-wise considerations such as CMSMEs, agricultural sector, large loans etc. as well as current international and local economic conditions due to COVID-19, political unrest pertaining to war, flood hazard in Bangladesh etc. have been taken under consideration.

### Off-site Supervision of Banks

5.34 With a view to promoting and maintaining soundness, solvency and systematic stability of the financial sector as well as protecting the interest of depositors, BB carries out two types of supervisory activities namely (i) off-site supervision and (ii) on-site inspection. Department of Off-site Supervision (DOS) of BB is accountable for conducting off-site supervisions of banks. During FY22, the department took some innovative initiatives to strengthen banking supervision for intensive and rapid analysis of the financial health of the banks.

### Risk Management Activities of Banks

5.35 BB revised six core risk management guidelines to ensure robustness, efficiency and

effectiveness of risk management system for the banking sector. Besides, the guideline issued in 2012 named 'Risk Management Guideline for Banks' has been revised and already been put into effect to facilitate banks in adopting contemporary methods to identify, measure, monitor and control potential risks and improve their resilience capacity. At present, BB is monitoring implementation status of various instructions according to those guidelines.

5.36 BB assigns a comprehensive risk management rating for each bank on a half-yearly basis based on the information of the comprehensive risk management report (CRMR), minutes of executive risk management committee (ERMC) meetings, board risk management committee (BRMC) meetings, and the compliance status of BB instructions as submitted by the concerned bank and other sources.

### On-site Supervision of Banks

5.37 Under the continuous supervision/surveillance system, the overall financial condition of the banks operating in Bangladesh is monitored throughout the year on the basis of periodic on-site inspections conducted by the concerned departments of BB. As part of statutory obligation, currently BB's eight departments of banking inspection (DBI) are engaged in conducting on-site supervision

### Box 5.01 Application of Data Analytics to Improve Financial Integrity

#### Data Analytics and Financial Integrity (FI)

Data Analytics is a widely used technology that involves systematic computational analysis of data for detecting meaningful trends and patterns of the financial ecosystem to offer better quality services through effective decision making. We know financial industry is experiencing broadly calculated and uncalculated (such as geopolitical) risk, which is hard to diversify. However, proper data generating process can address calculated risk in a better way. Consequently, this cutting edge technology is now overwhelmingly used across industries. An advanced feature in this field known as predictive analytics is anticipated to be conducive to maintain high standards of integrity in the financial industry.

#### Institutional Framework for Maintaining Integrity

Bangladesh has many institutions in operation for maintaining high standard of FI. Bangladesh Financial Intelligence Unit (BFIU) is the central agency to fight against money laundering, terrorist financing and financing of proliferation of weapons of mass destruction. Besides BFIU, Financial Integrity and Customers Services Department (FICSD) is also functioning as an individual department of BB for resolving and monitoring complaints submitted through different mode like email, help line and physical applications. Statistics Department has recently formed a section named *Big Data Analytics and Data Science Unit* equipped with advanced data analytic tools and technical expertise aiming towards the development of early alert systems against fraudulent activities based on predictive analytics.

#### Digitalisation in Financial Industry

Financial services in the country have registered extensive digitalization. BB has developed modern electronic payment infrastructure based on which interbank digital payment systems like Electronic Fund Transfer (EFT), Real Time Gross Settlement (RTGS) along with competitive number of Mobile Financial Services (MFS) and POS, QR code, ATM are in operation. BB has also developed a number of dashboards along with Integrated Supervision System (ISS) that are continuously fed by stakeholders with relevant data regarding foreign exchange transactions, suspicious transactions, classifications of loans and many other important issues of the financial system. This digitalization process generates enormous amounts of data useful for supervision, monitoring, further analysis including artificial intelligence and building predictive models.

#### Data Preservation and Integration

Data reporting dashboard and preservation process of BB are committed to maintain high professional standard. BB has its own server and backup server for emergency situations with enough storage capacity. Each department has access to database through Enterprise Data Warehouse (EDW) and Dashboards which are featured with real time update, friendly visualization of data and designed to generate reports on particular information. *Foreign Exchange Transaction Monitoring System* is an exemplary reporting system that is used for real time monitoring of exports, imports, inward remittances and other foreign exchange related information. This system is integrated with the ASYCUDA world system database of custom authority

**Box 5.01 (Continued)**

and Export Promotion Bureau. This integration helps reducing trade based scam unprecedentedly and facilitates foreign trade in many ways. *Corporate Memory Management System (CMMS)* is a database used for preventing employment of swindler in financial industry and *Complaint Monitoring System (CMS)* is used for monitoring number of complaints and their types against any financial entity. *Credit Information Database* is another notable initiative that preserves every credit holder's information which improves the efficiency in credit disbursement and reduces non performing credit in the banking industry. Database integration among different stakeholders of the financial system is a fundamental prerequisite for predictive analytics. Heading towards this target, integration with Bangladesh Trade and Tariff Commission, Chief Controller of Import and Export, Registrar of Joint Stock Companies and Firms is under consideration.

**Concluding Remarks**

Financial industry is witnessing unprecedented growth in the last few years with rapid change in its inherent features. At the same time the industry continues to struggle with increasing sophisticated financial crimes. Advanced technologies and techniques are also being deployed to combat those offenses. BB is also developing its FI infrastructure based on advanced and latest technology. The way BB is approaching will not only minimize financial crime by early flagging the incident, but also the system will help to understand the market structure, predict the future price level and analyze many other features of the economy.

activities. These inspection departments mainly conduct their on-site supervision activities on SCBs, SBs, PCBs (including banks operating under Islamic Shariah), FCBs and other financial institutions including Investment Corporation of Bangladesh (ICB) and money changers. They conduct different types of on-site inspections such as (i) comprehensive/regular/traditional inspection (ii) core risks evaluation and (iii) special/surprise inspection.

5.38 The overall performance of the banks (such as capital adequacy, asset quality, liquidity, earnings, management competence, etc.) is evaluated in a comprehensive inspection and banks are rated from "1" to "5" scale in ascending order based on the evaluation. The on-site inspection departments also monitor the compliance of the suggestions or recommendations made in the inspection reports. Inspections are also conducted to

examine the compliance of the core risk management guidelines on asset liability management, credit/investment risk management, internal control and compliance, and information systems security issued by BB. Special/surprise inspections are conducted for specific purposes or to investigate complaints received from the banks' customers. During FY22, BB's eight departments of banking inspection have conducted a total number of 2100 on-site inspections on various banks under their jurisdiction where total number of comprehensive inspections and special inspections were 1142 and 447 respectively. A number of head offices of the local banks and country offices of the foreign commercial banks were also taken under the core risk evaluation process in FY22. Moreover, BB's inspection departments carried out a number of inspections to review the accuracy of the statement of internal capital adequacy assessment process

**Box 5.02 Implementation of Risk Based Supervision (RBS): BB's Initiative to Strengthen Financial Sector Supervisory Framework**

With an aspiration of strengthening BB's supervisory capacity and developing financial sector's supervisory framework in line with global standard, Bangladesh Bank has embarked on the journey towards implementation of risk based supervision (RBS). In this regard, BB has formed two committees- one termed as 'RBS Advisory Committee (RAC)' headed by Deputy Governor and the other as 'Working Group (WG)' headed by Executive Director while a fully dedicated cell known as 'Risk Based Supervision Implementation Cell' is functioning in the back-end. BB is also taking assistance from IMF and has already generated some preliminary assessment templates and guidance notes along with the following action plan to effectively roll-on the RBS implementation process.

- Completing RBS Pilot program on three banks by June 2023;
- Including other scheduled banks in pilot program during 2023-2024 and
- Implementing RBS in Banking Industry of Bangladesh by 2025.

To streamline its existing supervisory practices, BB is also planning to launch initiatives starting from overhauling existing supervisory framework to developing a comprehensive RBS dashboard in coming days. Moreover, BB is preparing to approach regional central banks to share their RBS implementation experience and exploring new avenues of training and capacity building for supervisors. With full-scale implementation, RBS is expected to bring about the following changes in the banking industry.

- Introduction of a dynamic and forward-looking approach in risk-management;
- More efficient and effective allocation of supervisory resources;
- Less likelihood of financial crisis;
- Enhanced protection for depositors against potential losses;
- Customized risk management strategies considering bank-specific need and

Informed decisions with a better understanding of the risks backed by real-time data.

The future of supervision will be shaped by anticipatory and data driven approach and risk based supervision, with its inherent merit, aims to ensure that this very objective is met fittingly where a healthy and vibrant banking industry shapes the future growth horizon of Bangladesh.

(ICAAP) of banks. A summary of on-site supervision carried out by BB's eight departments of banking inspection (DBI) is shown in Table 5.12.

5.39 The Department of Foreign Exchange Inspection (DFEI) is also devoted to conduct on-site inspection on the issues related to foreign exchange transactions, foreign trade financing and foreign exchange risk management of banks. The inspection jurisdiction of this department covers the function of off-shore banking units, exchange houses and overseas branches/operations of local banks. This department also supervises foreign exchange transactions of money changers. The inspections of this department are carried out broadly in two dimensions—‘regular’ and ‘special’ which are done on on-site basis. The inspections of DFEI are segregated in following types: ‘comprehensive inspection on authorized dealer (AD) branches’, ‘FX risk management inspection’, ‘cash incentive inspection’, ‘comprehensive inspection on money changers’ and special inspection on authorised dealer (AD) branches, offshore banking units and money changers. In FY 22, the numbers of inspections conducted by DFEI were as follows:

Comprehensive inspection on authorised dealer branches	152
Inspections on foreign exchange risk management	57
Special inspections on money changers	14
Comprehensive inspection on money changers	69
Special inspections on foreign trade and foreign exchange related irregularities	61
Inspections on offshore banking unit (OBU)	04
<b>Total</b>	<b>357</b>

5.40 Financial Integrity and Customer Services Department (FICSD) of BB has been working to facilitate a customer-friendly banking environment to promote ease and reliability in transactions and services provided by banks and NBFIs. The coverage of banking services has been increased as well as the numbers of complaints from customers have also been increased. In this respect FICSD provides a platform where all the customers, from home and abroad including the unprivileged people of remote areas of the countries are getting remedies by lodging their banking related complaints easily. For direct submission of complaints, this department has introduced a hotline number ‘16236’. A good number of experienced and efficient officers of the department are engaged in receiving calls and providing instant support through the hotline. Apart from that, customers can submit their complaints through e-mail, android app, BB website, post office and courier service. With a combination of skilled and enthusiastic work force, FICSD is addressing each of the complaints with due attention which helped the department to achieve acclaim locally as well as internationally. To ensure accountability of services, a comprehensive guideline titled “Guidelines for Customer Services and Complaint Management” has been issued by this department for scheduled banks and NBFIs. This department monitors the compliance status of these guidelines. Apart from providing services to the customers, FICSD is playing a leading role in detecting irregularities in banks and FIs as well by conducting on-site supervisions on the basis of instructions of the higher authority, tip-offs or sensitive complaints. During FY22, a total of 179 special inspections were conducted by this department among them 21 on state-owned commercial banks (SCBs),

01 on specialised banks (SBs), 114 on private commercial banks (PCBs), 29 for islamic shariah based banks (ISBs), 02 on foreign commercial banks (FCBs), 12 on NBFIs. FICSD is working diligently to uphold the image of BB as a regulatory body at home and abroad by resolving the complaints and answering the queries of customers along with contributing in the overall banking and financial sector activities including import-export, foreign exchange flow, general banking, loans and advances, human resource management, mobile financial services, etc. The Hotline 16236 of 'Customers Interest Protection Centre (CIPC)' has been listed on the government information portal (Tottho Batayon). FICSD's relentless effort to protect the consumers' interest as well as maintaining discipline and transparency in the overall financial sector resulted in settlement of 6329 complaints out of 6923 during FY22. FICSD has been playing an important role in both local and international trade through settlement of complaints or disputes related to the import-export bills received from home and abroad. In FY22, FICSD received and resolved such 503 complaints related to trade bills. During FY22, total 101 numbers of writ petitions and other suits filed by the different stakeholders were received by this department and thereby appropriate actions have been taken as per the directions of the honorable court regarding the aforesaid writs and suits. In addition, FICSD is working closely with other concerned departments including the Law Department of BB to avoid various legal complications with regards to these writ petitions and suits. FICSD also analyse the root cause of the complaints and accordingly recommend the concerned department for policy changes.

5.41 FICSD is the only platform where all the customers from home and abroad including the

unprivileged groups of remote areas are getting instant remedies by lodging their banking related complaints easily. Apart from providing services to the customers, FICSD is playing a leading role in detecting fraud and forgeries in banks and NBFIs as well. Accountability in banks and NBFIs has also been increased significantly due to conducting timely and intensive supervision by this department. Over the time, with increasing number of banks and NBFIs, applying modern information and communication technology, financial inclusion and diversity of banking services, the size and diversity of the overall economy have been increased many folds. Simultaneously, the number of irregularities and complaints have also been increased along with the growing number of customers and the department has taken prudent measures to settle the complaints. With a view to ensuring the sustainable financial inclusion, BB has established CIPC in its 8 offices outside the capital to make the services available and convenient all over the country. It is maintaining close communication with the Customers' Interest Protection Centers (CIPCs) in branch offices of BB, monitoring their activities, and implementing pragmatic decisions by consolidating and analyzing the monthly statements of the complaints received by the branch offices and 'Customer Service and Complaint Management Cells' of scheduled banks/NBFIs. It works to conduct on-site inspections on the basis of sensitive complaints. It implements decisions taken based on on-site inspection/spot verification of the complaints those require corrective action by banks/NBFIs. It also provides early warnings on internal and external frauds in coordination with the other supervision-related departments of BB and to ensure the effectiveness of their internal controls

to prevent frauds. It conducts investigations based on tip-offs or instructions of the higher authority at banks, money changers, MLM companies, NGOs etc. and take necessary steps at the requests of government agencies or other departments of BB. There is a software titled 'Complaint Monitoring System' in FICSD for preserving and analyzing information, preparing reports and displaying dashboard. Overall scenario on day-to-day activities of the department is reflected through this software.

### Financial Stability and Macro Prudential Supervision

5.42 A resilient, robust and stable financial system is crucial for stable economic growth and development of any country. In this perspective, Financial Stability Department (FSD) of BB, since its inception, has been working diligently for designing and implementing various macro prudential and risk monitoring tools. Also the department has been identifying, assessing and quantifying plausible risks and vulnerabilities in the financial system and analysing their outlook from financial stability perspective. Moreover, the department conducts some research works on globally recognised contemporary stability issues. Outcomes of the risk assessment tools and research works are shared with concerned departments of BB to provide them with important and significant inputs towards strengthening resilience of the overall banking sector. Along-with focusing on different contemporary issues like COVID-19 pandemic, the department publishes Financial Stability Report (FSR), Quarterly Financial Stability Assessment Report (QFSAR), Bangladesh Systemic Risk Dashboard (BSRD), and Composite Financial Stability Index (CFSI). Besides, reports on some other areas, namely Central Database for Large Credit (CDLC),

**Table 5.13 The recent position of DITF**

Particulars	Unaudited Figure (as on 31 December 2021)	Premium Rate*	Coverage Amount
Total fund	BDT 116.4 billion	---	Up to BDT 100 thousand (per bank depositor)
Total time and demand liabilities	BDT 16560.3 billion	---	
Total investment	BDT 116.3 billion	---	
Insurable deposit	BDT 12379.2 billion	---	
Fully insured depositors	91% (Approximately)	---	
Sound bank categories	---	0.08%	
Early warning bank categories	---	0.09%	
Problem bank categories	---	0.10%	

\* Effective from 2013

Source: Deposit Insurance Department, Bangladesh Bank.

Financial Projection Model (FPM) are prepared and shared with other related departments of BB. Moreover, on 12 December 2021, FSD prepared a paper titled, "Financial Stability Indicators for Different Financial Markets in the Context of Sustainable Development Goals (SDGS)" extract of which was incorporated in FSR 2021. In view of the importance of the SDGs on the economic development, the BB has incorporated SDGs' issues in its Strategic Plan: 2020-2024. Based on that mandate FSD took the initiatives to prepare a paper/document that envisages an overview of the potential financial stability indicators of different financial markets in the context of SDGs. The stability indicators (of different financial segments namely banks, NBFIs, MFIs, MFS, capital market and insurance sector in Bangladesh) which have either "direct" or "indirect but significant" linkages with the official list of SDGs and its targets are covered in the paper. Moreover, some fundamental indicators of real, external, and fiscal sectors are also covered as complementary set of indicators, as financial stability has deep connection with these sectors. In total, sixty financial stability indicators are covered in this study. Theoretical aspect of the selected indicators as well as the rationale for selection of those has been illustrated. It was

clear from the document that there are some close conducive links between financial stability indicators and SDGs. These indicators can be considered as the key elements to assess the stability position of SDGs' aligned financial system and this assessment can be applied suitably in various analyses.

5.43 For evaluating the resiliency of banks, NBFIs, and other financial sectors against probable shocks, FSD prepares Financial Stability Report (FSR) annually and publishes it to disseminate the information regarding risk elements as an early warning system among the stakeholders of the financial system. Apart from FSR, the department publishes Quarterly Financial Stability Assessment Report (QFSAR) to encompass the key trends of financial risks and their stability implications in the financial system as well as in the economy of Bangladesh. Forward-looking exercises like stress tests are being conducted on individual banks and the banking system as a whole on a quarterly basis for making sure they have enough capital to withstand shocks and can support the economy. The key findings are communicated to the concerned departments of BB with an aim of taking preventive measures. To mitigate the identified risks as outcomes of stress tests, banks are advised to take early initiatives accordingly. Besides, the department publishes the aggregate results of the stress test in the FSR and the QFSAR to raise awareness among the stakeholders of the financial system.

5.44 Financial Projection Model (FPM), a forecasting tool developed under the technical assistance from the World Bank, is used semi-annually for projecting performance of the banks under different hypothetical scenarios. The model conducts projections for next 12 (twelve) quarters about various aspects of the

banking industry. Historical micro data along with current and expected financial sector and macroeconomic conditions are considered in formulating assumptions and stressed scenarios.

5.45 Interbank Transaction Matrix (ITM) has been used for investigating any plausible liquidity crisis in the interbank market. Besides, it is also applying the composition and functions of the interbank network systems through contagion and 'domino effect'. The bilateral funded and non-funded exposures of banks and NBFIs have been taken care of through ITM tool and ITM report is generated on quarterly basis and in FY22, three ITM reports on different dates i.e. 30.09.2021, 31.12.2021 and 31.03.2022 were produced. Based on the findings of ITM, the selected banks/NBFIs were addressed for mitigating the probable risk of interbank loan, deposit and director loans in order to maintain stability of the banking industry. However, after getting feedback from banks, FSD shared these observations and compliances to the respective departments of BB for necessary action. In order to analyse the health of the banks, the department has been preparing the Bank Health Index (BHI) and Heat Map semi-annually for every single bank highlighting their relative soundness and vulnerabilities.

5.46 With a view to avoiding any adverse effect to the domestic financial system resulting from the failure of the domestic systemically important banks (D-SIBs), the department identifies D-SIBs semi-annually as the impact of the failure of a D-SIB would be significantly greater than that of a non-systemic bank. Furthermore, risk associated with non-financial corporation's (NFCs) are analysed quarterly using the 'Central Database for Large Credit (CDLC)' to circumvent large credit concentration

and identify assets in advance that may cause financial distress.

5.47 In order to identify plausible systemic risk and provide early warning signs in the financial system, the department has been preparing Bangladesh Systemic Risk Dashboard (BSRD) on half-yearly basis since the second half of 2016. It contains analysis on a set of qualitative and quantitative systemic risk indicators of the financial system of Bangladesh, summarising seven key risk areas namely macro risk, credit risk, funding and liquidity risk, market risk, profitability and solvency risk, interlinkages, and structural risk. This dashboard is regularly uploaded to the website of BB. To measure the financial stability situation of Bangladesh's economy as well as to monitor build up of systemic risk in the macro-financial system, the department prepares Composite Financial Stability Index (CFSI) on a half-yearly basis. More specifically, this is a tool developed to measure the volatility in the different sectors in the economy and the impact of them on the overall financial system. It is an aggregated form of twenty different indicators under four sub-indices- Real Sector Index (RSI), Fiscal Sector Index (FSI), External Sector Index (ESI) and Financial and Monetary Sector Index (MSI) using semi-annual/annual data, this index has been updated on a regular basis. These indicators encompass the major soundness aspects of the four main sectors of the economy namely real sector, external sector, fiscal sector, and financial and monetary sector to form a single composite indicator which indicates the stability condition of the financial system as well as build-up of any systemic stress. CFSI report is published in the FSR regularly.

5.48 The Coordination Committee Technical Group (CCTG), formed under the framework

titled 'Coordinated Supervision Framework for Bangladesh Financial System', assists the Coordination Committee of financial sector regulators (BSEC, RJSC, IDRA and MRA). The CCTG members meet periodically for exchanging ideas and information, and promoting cooperation among various regulators of the financial system.

5.49 FSD has been publishing a stability mapping model called the financial stability map (FSM) to analyse and capture potential threats to Bangladesh's macro-financial system. This mapping model, based on global best practices and tailored to the unique nature of Bangladesh's financial system, takes into account eight different components (external economy, domestic economy, households, non-financial corporations, fiscal condition, financial market condition, capital and profitability, and funding and liquidity), and 37 indicators related to Bangladesh's macro-financial system. The analysis provides a comprehensive assessment of the stability of Bangladesh's macro-financial system, with a summary published in the FSR on a regular basis, noteworthy that the first FSM was published in the FSR in 2018.

### **Banking Sector Infrastructure for Financial Stability and Customer Protection**

#### **Deposit Insurance Systems in Bangladesh**

5.50 The Deposit Insurance is a system for providing protection to the depositors of banks. It appears to be an essential component of ensuring a sound and stable banking system while maintaining the discipline in the financial sector.

5.51 In Bangladesh, Deposit Insurance System (DIS) was introduced to protect the bank depositors in August 1984 in the name of "The

Bank Deposit Insurance Ordinance 1984". In July 2000, the Ordinance was replaced by an Act called "Bank Amanat Bima Ain- 2000". In accordance with the Act, BB is authorised to maintain a fund called deposit insurance trust fund (DITF). In Bangladesh, if any bank become liquidated or declared bankrupt, the DIS will follow the system of payment of compensation as per international practice or as per the law of the land. The Board of Directors of BB acts as the Trustee of the DITF.

5.52 DIS in Bangladesh is limited to Pay-Box systems. Main functions of "Bank Amanat Bima Ain-2000" carried out by BB are; to collect premium from all scheduled banks in Bangladesh, on a half-yearly basis (June 30 and December 31); invest the funds in long term ( 05 years and 10 years BGTB and BB Bills) and the accumulated profit of invested securities is reinvested to the mentioned instruments. In case of winding up of an insured bank, BB will take necessary steps to pay each depositor of that bank, an amount equal to his/her deposits which will not exceed BDT one hundred thousand, as per the provision of "Bank Amanat Bima Ain- 2000".

5.53 It is worth mentioning that the amendment of "Bank Amanat Bima Ain-2000" as "Amanat Surokkah Ain" is under process. On this amendment the NBFIs will come under the umbrella of DIS along with the scheduled banks while the per depositor coverage limit will increase up to BDT 200 thousand (per bank per depositor). BB has published a circular regarding public awareness about the DIS. In addition, information in this regard is being displayed on BB's website. Any individual or institution interested in Deposit Insurance System (DIS) of Bangladesh can get necessary information from BB's website. In order to cope

up with the international best practices of Deposit Insurance, BB acts as one of the potential member of International Association of Deposit Insurers (IADI).

#### Activities of Credit Information Bureau

5.54 Credit Information Bureau (CIB) was set up in BB on 18 August 1992 with the objective of minimising the extent of default loans. CIB has been providing its online services since 19 July 2011. The new CIB online solution developed by BB's internal resources started its live operation on 01 October 2015. With the adoption of highly sophisticated ICT facilities the performance of the CIB services has been improved significantly in terms of efficiency and quality. The Online system of CIB is playing an important role to maintain a risk free lending procedure in the banking industry.

5.55 The CIB database consists of detailed credit information in respect of borrowers, co-borrowers and guarantors having outstanding amount of BDT 1 and above. The total number of borrowers was 54,71,031 at the end of June 2022 while it was 40,86,977 during the same period of previous year showing an increase of around 33.86 percent. The total number of classified borrowers in banks/NBFIs was 7,08,839 at the end of June 2022 which was around 61 percent higher comparing with the same period of last year which was 4,39,141. The total outstanding amount of loans and advances of the banking and non-banking financial institutions stood at BDT 14,982.69 billion (including BLW amount) in June 2022 which recorded an increase of around 14 percent compared with BDT 12,826.42 billion in June 2021. Furthermore, total classified outstanding amount recorded an increase of around 15 percent in June, 2022 which was BDT 1,893.42 billion while it was BDT 1,639.84 billion in June 2021.

5.56 In CIB database the total number of individuals and firms stood at 1,25,25,784 in June 2022. Now 24 months credit history is available in CIB report of a borrower. Besides, in order to allow the borrower access (individuals as well as firms) to the CIB online database, a draft of chapter IV of BB Order, 1972 has been prepared by incorporating some sub-articles to the chapter IV and by amending some sub-articles of the chapter IV. In order to enact it as law, activities related to this are going on.

5.57 Moreover, BB CIB started to develop a collateral information system in order to prepare a collateral database of immovable assets (land/building, flat, capital machineries). In this database information on collateral that is mortgaged by borrowers against sanctioned loans/advances of banking/NBFIs will be stored. The main purpose of developing such a system is to prevent fraud/forgery arises from mortgaging unlawfully the same property against new loans sanctioned by banks/NBFIs. At this moment collateral data testing is under process and 20 banks/NBFIs have been selected as a pilot project to pursue data testing activities. Another initiative has been taken to establish CIB for Micro Finance Institutions (MF-CIB) by signing an MoU between Microcredit Regulatory Authority (MRA) and BB. Now, development of MF-CIB system is under process.

## Performance and Prospect of Islamic Banking system (IBS) in Bangladesh

6.01 Islamic banking started only as an idea in the early 1960s, which has grown since then to a full-fledged world-wide financial system. The principles of Islamic financial system or *Shariah* compliance issues underpin Islamic banking to implicate its operations, balance sheet structures, and risks management techniques that differ from the conventional banking. Islamic banking has grown rapidly in value and geographical reach, and has become an important and integral part of the financial systems in more than 60 countries in the world. As a new paradigm of banking, it has started its journey in 1983 in Bangladesh with the establishment of the first Islamic bank "Islami Bank Bangladesh Limited". Since then it has been able to exposed its continued expansion fuelled by growing acceptance of the interest-free banking by the people in Bangladesh during the last four decades.

### **Islamic Banking Highlights in FY22**

6.02 During FY22, the topmost priority of Bangladesh Bank (BB) was to uphold the resilience and stability of financial sector as well as to support the government initiatives of recovering the economy from the challenging domestic and global adversities caused by the COVID-19 pandemic and the Russia-Ukraine war. The recent surge in inflation coupled with external sector volatility originated from the war have created a big challenges to the banking industry. Despite, Islamic banks not only have weathered the storm but also registered a respectable growth in FY22.

- Total assets of Islamic banking system reached to BDT 5121.42 billion at the end of June 2022 with an increase of 11.92 percent from BDT 4575.84 billion in 2021. The share

of Islamic banking system accounted for 23.44 percent of total assets of the whole banking industry in 2021 which further increased to 23.77 percent by end June 2022.

- Total deposits of Islamic banking system stood at BDT 4123.71 billion at the end of June 2022, with an increase of 9.91 percent from BDT 3751.91 billion in 2021. The share of Islamic banking system recorded at 26.06 percent of total deposits of the entire banking industry in 2021 which slightly declined to 25.38 percent by the end June 2022.
- Total Investments (loans and advances) of Islamic banking system stood at BDT 3901.31 billion at the end of June 2022 with an increase of 14.34 percent from BDT 3411.91 billion in 2021. The share of Islamic banking system registered for 29.96 percent of total loans & advances of the whole banking sector in 2021 which stood at 29.54 percent by the end June 2022.
- Excess liquidity of Islamic banking stood at BDT 346.40 billion in 2021 which was BDT 296.40 billion in 2020. The share of Islamic banking system accounted for 15.98 percent of total excess liquidity of the whole banking sector in 2021.
- Total remittances mobilized by the Islamic banking system was USD 7367.30 million in 2021 and USD 6747.69 million in 2020 which stood at USD 2942.24 million during January-June 2022. Islamic banks have contributed 29.73 percent share of the total remittances mobilized by the banking sector as a whole in 2021 which stood at 27.26 percent by the end June 2022.

### Box 6.01 Salient Features of Islamic Banking System (IBS)

Islamic banking system refers to the financial services in accordance with Islamic *Shariah*. The *Shariah* compliance function is the only and unique feature of Islamic Banking, and is essential to maintain its uniqueness of operations. Islamic banks all over the world was established with a view to promote, foster and develop the application of Islamic principles in the economy and to offer contemporary financial services in conformity with Islamic *Shariah*. *Shariah* bans *Riba* (interest), *Gharar* (products with excessive uncertainty), *Maysir* (gambling), short-sales, as well as the financing of illicit activities harmful to society, which are strictly prohibited in the IBS. Abolition of *Riba* and a fixed rate of interest is replaced by a variable rate of return based on real economic activities makes it different from the conventional interest-based commercial banking.

#### **Major Techniques of Deposit Mobilization and Financing in Islamic banking system**

##### **Deposit Mobilization Modes**

###### **a) Al-Wadeah Accounts**

i) *Al-Wadeah* Current Deposit Account

###### **b) Mudaraba Accounts**

i) *Mudaraba* Savings Deposit Account      ii) *Mudaraba* Term Deposit Account

iii) *Mudaraba* Special Deposit Account      iv) *Mudaraba* Savings Bond

##### **Financing Modes**

###### **a) Bai-Modes**

i) *Bai-Murabaha*      ii) *Bai-Istijrar*      iii) *Bai-Muajjal*  
 iv) *Bai-Salam*      v) *Bai-Istisna*      vi) *Bai-As-Sarf*

###### **b) Share-Modes**

i) *Murabaha*      ii) *Musaraka*

###### **c) Ijara - Modes**

i) Hire Purchase under Shirkatul Melk

##### **Distinguishing characteristics of Islamic Banking**

- Interest-based lending and the financing of unethical goods and services are strictly prohibited.
- Returns on investments must be based on real economic activities and/or underlying assets and performance.
- Islamic finance discourages hoarding and prohibits transactions with extreme uncertainties, and gambling related activities.
- All financial transactions will have to be in accordance of: (a) sales of goods, services or benefits, or (b) profit and-loss sharing (PLS) arrangements, all of which must be underpinned by the “assets-backed” characteristics.
- Deposits are mobilized mainly based on the principles of *Al-Wadiah* (safe custodianship) and *Al-Mudaraba* (trust financing).
- Investments or utilization of funds are made mainly on profit and-loss sharing (PLS) arrangements to foster the investors’ participation in equity, which promotes the assiduity in the investment management and proper monitoring.
- Other Islamic financial mechanisms (such as *Murabaha*, *Ijara* and *Istisna*) also require the involvement of investors in the real economy; as a result, financial transactions are also fully backed by real assets in all the economic transactions.
- Islamic banking emphasizes risk sharing while conventional finance put emphasis on risk transfer, which significantly restricts IBS investors from conventional hedging mechanisms.
- Islamic banking system is based on justice and risk sharing relationship in economic transactions while conventional banking is based on the debtor-creditor relationship.
- Equity-based Islamic contracts can reduce adverse selection and moral hazard problems, which thereafter, restrain the credit risk of the Islamic banks and financial institutions.
- Islamic finance upholds contractual obligations and the disclosure of information, which in turn reduces the risk of asymmetric information and moral hazard.

- The number of branches of Islamic banks including Islamic branches/windows of conventional banks extended to 2118 at the end of June 2022 which was 2077 in 2021 and 1717 in 2020. Islamic banking system represented 19.24 percent of total branch network of the entire banking industry in 2021 which covered 19.32 percent by the end June 2022.
- Total employment in the Islamic banking stood at 48728 at the end of June 2022 which was 45260 at the end of December 2021. Islamic banking system supported 23.93 percent of total employment creation of the entire banking industry in 2021.

### Evolvement and Market Share of Islamic Banking in FY22

6.03 The Islamic banking system continued to show strong growth along with the growth in the economy, as reflected in the increase of its market share in terms of assets, deposits, investment, employment creation, foreign exchange earnings and outreach through branch network among the total banking industry.

- It is evident from Table 6.01 that total assets of Islamic banking system stood at BDT 4575.84 billion in 2021 with an increase of BDT 503.89 billion or 12.37 percent as compared to BDT 4071.95 billion in 2020 which increased to BDT 5121.42 billion or 11.92 percent by the end of June 2022. The share of Islamic banking system accounted for 23.44 percent of total assets of the whole banking industry in 2021 which further increased to 23.77 percent by the end of June 2022.
- Total deposits of Islamic banking system reached to BDT 3751.91 billion in 2021 with an increase of BDT 392.32 billion or 11.68 percent as compared to BDT 3359.59 billion

**Table 6.01 Industry Progress and Market Share of Islamic Banking System**

Particulars	Islamic Banks (Yearly growth in percent)						Share in Overall Banking Industry (In percent)		
	All Banks	2020	2021	2022*	2020	2021	2022*	2020	2021
Assets	18406.00	19519.70	21546.42	4071.95 (16.34)	4575.84	5121.42 (12.37) (11.92)	22.12	23.44	23.77
Deposits	13791.50	14397.60	16244.70	3359.59 (16.33)	3751.91	4123.71 (11.68) (9.91)	24.36	26.06	25.38
Investment	10963.10	11388.50	13207.80	3051.72 (12.28)	3411.91	3901.31 (11.80) (14.34)	27.84	29.96	29.54
Gross NPLs	887.30	992.10	1252.60	122.61 (-2.42)	147.79	162.12 (20.54) (9.70)	13.82	14.90	12.94
Export** (Million USD)	33674.12	38758.31	27384.11	7254.91 (-9.96)	10718.25	6595.95 (47.74) (-38.46)	21.54	27.65	24.09
Imports** (Million USD)	51091.47	57256.41	45257.49	15220.42 (12.55)	23280.14	1413857.51 (52.95) (-40.47)	29.79	40.66	30.62
Remittances** (Million USD)	18205.01	24777.71	10792.15	6747.69 (49.29)	7367.30	2942.24 (9.18) (-60.06)	37.07	29.73	27.26
Branches	10752	10793	10963	1717 (27.75)	2077 (20.97)	2118 (1.97)	15.97	19.24	19.32
Liquidity excess(+) /Short fall(-)	2046.3	2167.76	-	296.40 (23.24)	346.40 (16.87)	-	14.48	15.98	-
Written-off bad debts	432.70	568.90	604.00	17.55 (-3.97)	24.32 (38.60)	22.67 (-6.78)	4.06	4.27	3.75
Employment (In Person)	181937	189161	-	38784 (8.02)	45260 (16.70)	48728 (7.66)	21.32	23.93	-

\*End June 2022, \*\* During January-June 2022.

Source: Data of respective banks, Bangladesh Bank (BB) Annual report, Monthly Economic Trends and Major Economic Indicator.

in 2020. Total deposits increased to BDT 4123.71 billion or 9.91 percent by end June 2022. The share of Islamic banking system recorded at 26.06 percent of total deposits of the entire banking industry in 2021 which slightly declined to 25.38 percent by the end of June 2022.

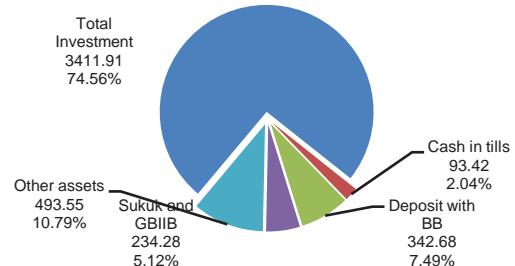
- Total Investments (loans and advances) of Islamic banking system stood at BDT 3411.91 billion in 2021 which went up by BDT 360.19 billion or 11.80 percent as compared to BDT 3051.72 billion in 2020. It increased to BDT 3901.31 billion or 14.34 percent by the end of June 2022. The share of Islamic banking system accounted for 29.96 percent of total loans and advances of the whole banking sector in 2021 which somewhat declined to 29.54 percent by the end of June 2022.
- Excess liquidity of Islamic banking stood at BDT 346.40 billion in 2021 which was higher by BDT 50.00 billion or 16.87 percent than that of BDT 296.40 billion in 2020. The share of Islamic banking system accounted for 15.98 percent of total excess liquidity of

the whole banking sector in 2021.

- Gross non performing investment (NPI/NPL) of Islamic banking stood at BDT 147.79 billion in 2021, which was higher by BDT 25.18 billion or 20.54 percent than that of BDT 122.61 billion in 2020. At the end of June 2022 NPI stood at BDT 162.12 billion. The share of Islamic banks was 14.90 percent of total gross NPL of the whole banking industry in 2021 which declined to 12.94 percent by the end of June 2022.
- Total export earnings through Islamic banking system was USD 10718.25 million in 2021 and USD 7254.91 million in 2020 which stood at USD 6595.95 million during January-June 2022. IBS earned 27.65 percent of total export proceeds of entire banking industry in 2021 which has recorded at 24.09 percent during January-June 2022.
- Total remittances mobilized by the Islamic banking system was USD 7367.30 million in 2021, which was higher by USD 619.61 million or 9.18 percent than that of USD 6747.69 million in 2020. During January-June 2022 remittance mobilization by the Islamic banking system stood at USD 2942.24 million. Islamic banks have contributed 29.73 percent share of remittances mobilized by the banking sector as a whole in 2021 which slightly came down to 27.26 percent during January-June 2022.
- The number of branches of Islamic banks including Islamic branches/windows of conventional commercial banks reached 2118 at the end of June 2022 which was 2077 in 2021 and 1717 in 2020. The share of Islamic banking branches/windows represented 19.24 percent of total branch network of the entire banking industry in 2021 which enhanced to 19.32 percent by the end of June 2022.

**Chart 6.01(a) Total Assets of Islamic Banks in 2021**

(Billion BDT)

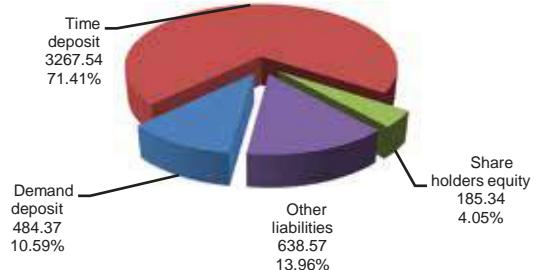


Note: Share holders' equity is only for full-fledged Islamic banks.

Source: Respective Islamic banks.

**Chart 6.01(b) Total Liabilities of Islamic Banks in 2021**

(Billion BDT)



Note: Share holders' equity is only for full-fledged Islamic banks.

Source: Respective Islamic banks.

**Table 6.02 Capital to Risk Weighted Assets**

(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
Total capital	177.68	206.98	237.98	266.42	334.95	346.43
Risk weighted assets	1617.31	1800.39	1947.04	2127.68	2579.15	2870.41
Capital to risk weighted assets (ratio in percent)	10.99	11.50	12.22	12.52	12.99	12.07

\* End June 2022.

Source: Data of respective banks.

- Total employment in the Islamic banks stood at 48728 at the end of June 2022 which was 45260 in 2021 and 38784 in 2020. Islamic banking system supported 23.93 percent of total employment creation of the entire banking industry in 2021.

### Performances of Islamic Banking in FY22

- 6.04 The speed at which Islamic banking has grown and the rate at which it has progressed

makes it pertinent to study its performances systematically so as to ensure its soundness and stability. During FY22 Islamic banking sector remained well-performed to bolster effective financial intermediation to support the economic recovery process.

### Assets

6.05 In 2021, total assets of Islamic banking system (IBS) stood at BDT 4575.84 billion showing an increase of 12.37 percent as compared to total assets of BDT 4071.95 billion in 2020. This notable surge in assets of IBS was mainly backed by the growth in investments, which grew by 11.80 percent from the previous year investment. Among the total assets, investment secured the highest position (74.56 percent), followed by other assets (10.79 percent), deposit with BB (7.49 percent), *sukuk* and BGIIB (5.12 percent) and cash in hand (2.04 percent) [Chart 6.01(a)]. At the end of June 2022, total assets of IBS stood at BDT 5121.42 billion with an increase of 11.92 percent over 2021.

### Liabilities

6.06 The Islamic banks in Bangladesh started from a very limited resource base. But with the progress of time, they have shown strong performance in respect to mobilization of deposits. Total deposits of the Islamic banking system stood at BDT 3751.91 billion in 2021 which was BDT 392.32 billion or 11.68 percent higher than that of BDT 3359.59 billion in 2020. In 2021, deposits (time + demand) continued as main sources of funding of Islamic banks which stood at 82.00 percent of total liabilities. Among the total liabilities, other liabilities were 13.96 percent and shareholders' equity was 4.05 percent [Chart 6.01(b)]. At the end of June 2022, total deposits of IBS stood at BDT 4123.71 billion with an increase of 9.91 percent than that of end December 2021.

**Table 6.03 Ratio of Gross NPIs to Total Investments**

Particulars	2017	2018	2019	2020	2021	2022*
Total investment	2107.05	2416.71	2717.88	3051.72	3411.91	3901.31
Gross NPIs	94.35	107.14	125.65	122.61	147.79	162.12
Ratio of gross NPIs to total investments (in percent)	4.48	4.43	4.62	4.02	4.33	4.16
Gross NPI by types of Islamic banks						
Full-fledged	88.51	100.88	117.73	115.14	142.39	156.31
Branches	4.13	3.44	4.01	3.25	3.28	3.93
Windows	1.71	2.82	3.91	4.22	2.11	1.88

\* End June 2022.

Source: Data of respective banks.

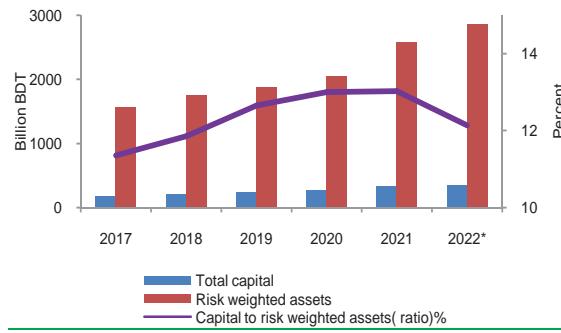
**Table 6.04 Ratio of Net NPIs to Total Net Investments of Islamic Banks**

Particulars	2017	2018	2019	2020	2021	2022*
Total net investment	2083.59	2391.43	2688.63	3020.68	3532.47	3852.99
Net NPIs	51.63	67.58	67.36	57.14	71.81	78.82
Ratio of net NPIs to total net investments (%)	2.48	2.83	2.51	1.89	2.03	2.05
Net NPI by types of Islamic banks						
Full-fledged	48.57	63.51	62.46	51.97	68.99	76.08
Branches	2.22	2.27	2.68	2.42	2.01	2.12
Windows	0.84	1.80	2.22	2.75	0.81	0.62

\* End June 2022.

Source: Data of respective banks.

**Chart 6.02 Ratio of Capital to Risk Weighted Assets of Full-fledged Islamic Banks**



\* End June 2022.

Source: Data of respective banks.

### Capital Adequacy

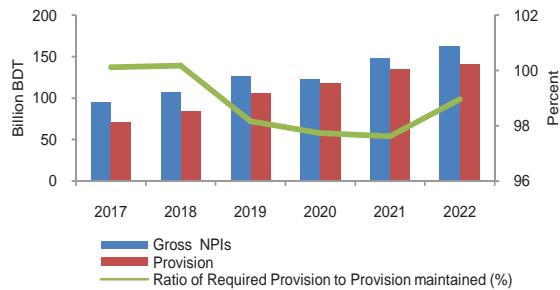
6.07 The capital adequacy ratio is important from the view point of financial strength of the banks and their protection from unpleasant events which arise as a result of liquidity risk as well as the credit risk that banks might endure in

the normal course of their business. Banks that have higher capital adequacy ratios are considered to be safe and able to meet their financial obligations easily. It also helps to make sure that the entire financial system is both efficient and stable. Within the framework of Basel-III standards, banks in Bangladesh are instructed to maintain a minimum capital adequacy ratio of 10.0 percent of the capital base to risk-weighted assets (RWA) or BDT 4.0 billion as capital, whichever is higher to cover credit, market and operational risks. The aggregate amount of regulatory capital of full-fledged Islamic banks stood at BDT 334.95 billion as on 31 December 2021, which increased to BDT 346.43 billion at the end of June 2022. Table 6.02 shows the capital to risk weighted assets ratio (CRAR) of Islamic banks. It is witnessed that the CRAR of full-fledged Islamic banks stood at 12.99 percent as on 31 December 2021 from 12.52 percent of 31 December 2020. At the end of June 2022, it stood at 12.07 percent. The figure reflected only for full-fledged Islamic banks' branches and windows of conventional banks are not included.

### Asset Quality

6.08 In Islamic banking system asset quality is measured by the ratio of gross non-performing investments (NPIs) to total investments and net NPIs to net total investments. The gross NPI ratio of IBS stood at 4.16 percent at the end of June 2022 from 4.33 percent of end December 2021. Although it was somewhat lower at 4.02 percent at the end of December 2020. As of June 2022, the amount of gross NPIs of Islamic banking system was BDT 162.12 billion of which the full-fledged Islamic banks, branches and windows of conventional banks were BDT 156.31 billion, BDT 3.93 billion and BDT 1.88 billion respectively (Table 6.03).

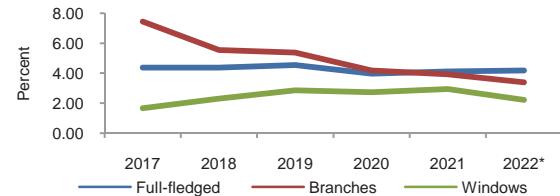
**Chart 6.03 Gross NPI, Provision and Ratio of Provision Maintained to Required Provision**



\* End June 2022.

Source: Data of respective banks.

**Chart 6.04 Ratio of Gross NPLs to Total Investments of Islamic Banks**



\* End June 2022.

Source: Data of respective banks.

**Table 6.05 Required Provision and Provision Maintained by Islamic Banks**

(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
Amount of Gross NPI	94.35	107.14	125.65	122.61	147.79	162.12
Required Provision	70.61	84.51	105.48	117.80	134.36	140.80
Provision maintained	70.69	84.65	103.54	115.13	131.16	139.34
Ratio of provision maintained to required provision	100.11	100.17	98.16	97.73	97.62	98.96
Excess(+)/Shortfall(-)	0.08	0.15	-1.94	-2.68	-3.20	-1.46
Provision excess/shortfall by types of Islamic banks						
Full-fledged	0.08	0.14	-2.04	-2.97	-3.50	-1.82
Branches	-0.03	-0.02	0.01	0.06	0.05	0.02
Windows	0.03	0.02	0.10	0.23	0.25	0.33

\* End June 2022.

Source: Data of respective banks.

**Table 6.06 Written-off Bad Debts (Investment) of Islamic Banks**

(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
Total bad debts	98.10	120.16	120.55	121.66	141.76	134.63
Written-off bad debts	15.20	18.06	18.27	17.55	24.32	22.67
Ratio written-off bad debts to total bad debts (%)	15.49	15.03	15.16	14.42	17.16	16.84
Bank-wise written-off bad debts (investment) in percentage						
Full-fledged	14.62	14.65	14.94	14.03	16.72	16.38
Branches	41.57	36.14	26.50	36.90	35.10	39.65
Windows	12.28	8.21	11.43	11.72	27.82	22.61

\* End June 2022.

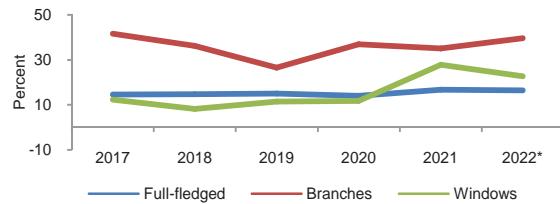
Source: Data of respective banks.

As of June 2022, the amount of net NPIs of Islamic banking system was BDT 78.82 billion of which the full-fledged Islamic banks, branches and windows of conventional banks were BDT 76.08 billion, BDT 2.12 billion and BDT 0.62 billion respectively. The ratio of net NPIs (net of provisions and profit suspense) to net total investment (net of provisions and profit suspense) of the Islamic banking system increased to 2.03 percent at the end of December 2021 (Table 6.04) from 1.89 percent of end December 2020 and further increased to 2.05 percent at the end of June 2022. Table 6.05 shows the aggregate amount of NPIs, the required provision and the actual provision maintained by the Islamic banking system from 2017 to 2022. It is observed that in 2021 aggregate provision maintained by the Islamic banking system was lower than the required provision which was also lower in 2020. At the end of June 2022, the ratio of required provision to provision maintained stood at 98.96 percent. Banks may now write off bad/loss investments (loans) complying with the conditions covered by the new policy guidelines of BB introduced in February 2019. The cumulative amount of written-off investments by the full-fledged Islamic banks, branches and windows of conventional banks are shown in Table 6.06.

### Management Soundness

6.09 As the bank relies on the public trust in relation to performing its activities, the management soundness of the bank must therefore be at its best level. Maintaining the trust means maintaining the management soundness, which includes continuously improving the management standards. Although there is no direct means to measure management soundness but total expenditure to total income, operating expenses to total expenses, earnings

**Chart 6.05 Written-off Bad Investment to Total Bad Investment**



\* End June 2022.  
Source: Data of respective banks.

**Table 6.07 Expenditure-Income Ratio of Islamic Banks**

(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
Total income	173.25	206.40	236.65	233.20	249.20	138.23
Total expenditure	118.73	146.78	172.60	181.68	188.29	101.62
Ratio of expenditure to income (%)	68.53	71.11	72.93	77.91	75.56	73.51
Ratio of expenditure to income by types of Islamic banks						
Full-fledged	69.91	71.71	72.78	78.00	76.53	74.09
Branches	57.23	61.68	61.19	62.02	50.38	58.31
Windows	58.18	68.42	79.82	83.41	72.07	71.79

\*End June 2022.  
Source: Data of respective banks.

**Table 6.08 Profitability ratio (ROA) of Islamic banks**

(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
Net income	19.32	21.26	20.42	22.03	42.76	24.79
Total assets	2676.21	2982.48	3403.74	3925.15	4694.13	5037.79
ROA	0.72	0.71	0.60	0.56	0.91	0.49
ROA by types of Islamic banks						
Full-fledged	0.63	0.58	0.51	0.47	0.84	0.47
Branches	2.45	3.47	2.68	2.67	2.70	0.93
Windows	1.26	1.24	0.89	0.73	1.20	0.61

\*End June 2022.  
Source: Data of respective banks.

and operating expenses per employee and profit rate spread are generally used to determine the management soundness of a financial institution. In addition, *Shariah* compliance issues with other Islamic banking laws and regulations are considered as the vital baton to measure the quality of management of Islamic banks. The expenditure to total income (EI) ratio of the Islamic banking system came down to 75.56 percent at the end of December 2021 from 77.91 percent at the end of December 2020 (Table 6.07). It declined further to 73.51 percent at the end of June 2022. As evident from the table, the EI ratio of full-fledged Islamic banks was 76.53 percent, the highest among the Islamic banking

system in 2021. The EI ratios of the branches and windows were 50.38 and 72.07 percent respectively at the end of December 2021.

### Earnings and Profitability

6.10 Return on assets (ROA), return on equity (ROE) and net profit margin (NPM) are the most typical and widely used technique to determine the earnings and profitability of a bank. Earnings might vary among different types of bank measured by using ROA and ROE. The ROA of Islamic banking system improved in 2021 (0.91 percent) as compared to 2020 (0.56 percent). But at the end of June 2022 it declined to 0.49 percent. Among the Islamic banking system, ROA of the branches was the highest (2.70 percent), followed by windows (1.20 percent) and full-fledged (0.84 percent) in FY21 (Table 6.08). Table 6.09 presents the ROE of the Full-fledged Islamic banks. It shows that ROE was in mix trend during 2017 to June 2022. In 2021, it stood at 9.37 percent. Branches and windows of Islamic banks have no ROE due mainly to lack of shareholder's equity. Net profit margin of the Islamic banking system stood at 1.84 percent in 2021 which was 1.90 percent in 2020 (Table 6.10). The net profit margin for Islamic banks further slowed down at the end of June 2022. Individually the net profit margin for full-fledged, branches and windows were 1.73, 4.14 and 3.47 percent respectively in 2021.

### Liquidity

6.11 Islamic banks, like conventional banks, are also exposed to liquidity risks and need robust liquidity management capacity to mitigate these risks to exploit investment opportunities. The level of liquidity influences the ability of a banking system to withstand shocks. In case of Islamic banks, investment-deposit ratio and statutory liquidity ratio show the real picture of

**Table 6.09 ROE for Full-fledged Islamic Banks**

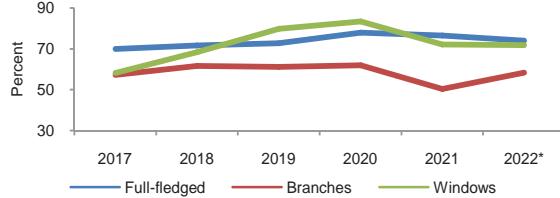
(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
Net income	15.43	15.88	15.65	16.90	18.88	11.33
Share holders' equity	134.24	145.33	155.63	167.03	201.63	211.44
ROE	11.50	10.92	10.05	10.12	9.37	5.36

\* End June 2022.

Source: Data of respective banks.

**Chart 6.06 Expenditure-income Ratio of Islamic banks**



\* End June 2022.

Source: Data of respective banks.

liquidity of this sector. Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are also used to evaluate bank's strength to survive in any liquidity strained situation.

- i. At present, Islamic banks like other scheduled banks are required to maintain cash reserve ratio (CRR) bi-weekly 4.0 percent against their average total demand and time liabilities (ATDTL) of the preceding two months with an obligation to maintain daily minimum of 3.5 percent. The statutory liquidity reserve (SLR) for the Islamic banks is 5.5 percent of their ATDTL of the preceding two months. The SLR eligible assets as percentage of ATDTL of Islamic banks are shown in Table 6.11.
- ii. Investment-deposit ratio (IDR) of the Islamic banking system stood at 86.06 percent at the end of June 2022 against their prudential IDR limit of 92 percent.
- iii. The liquidity coverage ratio (LCR) promotes the short-term resilience of a bank's liquidity risk profile by ensuring that they have

sufficient high quality liquid asset (HQLA) to survive in a significant stress scenario lasting 30 calendar days. As on 30 June 2022, LCR of Islamic Banks was 152.90 percent (against minimum requirement of 100 percent), indicating that banks had a reasonable buffer of high quality assets to cover the cash outflow for a minimum of next 30 calendar days under stressed scenario (Table 6.12).

- iv. The net stable funding ratio (NSFR) requires to maintain a stable funding profile in relation to bank's off-balance sheet assets and liabilities. The NSFR of the Islamic Banks was 113.17 percent in June 2022 indicating that banks were also more dependent on stable funding rather than volatile funding to expand their business activities. As on 30 June 2022, the Islamic banks were able to maintain CRR against the required rate as well as they also maintained SLR higher than the required rate (Table 6.12).

### Outreach of Islamic Banking system

6.12 The Islamic Banking sector in Bangladesh is structured with a composition of 10 full-fledged Islamic banks having 1593 branches out of total 10963 branches of the whole banking sector. In addition, 23 Islamic banking branches of 11 conventional commercial banks and 502 Islamic banking windows of 13 conventional commercial banks are also providing Islamic financial services in Bangladesh as of end June 2022. The Islamic Banking services networks through branches have been consistently increased over time. The number of Islamic banking branches (including Islamic branches and windows of conventional banks) stood at 2077 in 2021 which was 1717 in

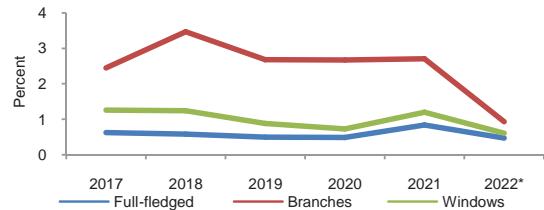
**Table 6.10 Net Profit Margin of Islamic Banks**  
(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
Net profit income	49.61	56.98	62.13	60.24	69.50	27.86
Profit earning assets	2220.93	2475.79	2842.26	3163.70	3777.66	2827.58
Profit margin (ratio)%	2.23	2.30	2.19	1.90	1.84	0.99
Profit margin ratio by types of Islamic banks						
Full-fledged	2.18	2.25	2.10	1.83	1.73	0.93
Branches	3.77	3.70	4.47	3.67	4.14	1.46
Windows	2.35	2.46	2.35	2.09	3.47	1.64

\* End June 2022.

Source: Data of respective banks.

**Chart 6.07 ROA by Types of Islamic Banks**



\* End June 2022.

Source: Data of respective banks.

**Table 6.11 SLR Eligibility Assets as Percentage of ATDTL of Islamic Banks**  
(In Billion BDT)

Particulars	2017	2018	2019	2020	2021	2022*
SLR eligibility assets	162.53	160.95	196.45	406.18	477.06	392.28
Total ATDTL	2114.54	2425.32	2743.94	3242.80	3797.84	3950.90
SLR eligibility assets as percentage of ATDTL	7.69	6.64	7.16	12.53	12.56	9.93
Liquidity maintained	178.06	156.64	200.87	403.79	496.68	398.29
Liquidity excess(+) / shortfall(-)	15.53	-4.32	4.42	-2.39	19.62	6.01

\* End June 2022.

Source: Data of respective banks.

2020. At the end of June 2022, it reached at 2118 of which, 10 full-fledged Islamic banks have 1593 branches, with a combination of 964 in urban and 629 in rural areas; 11 conventional commercial banks have 23 branches (22 in urban and 1 in rural areas) and 13 conventional banks have 502 windows, (416 in urban and 86 in rural areas) which is shown in Table 6.13.

### Foreign Exchange Trading and Remittances Mobilization by Islamic Banking System

6.13 The Islamic Banking sector has made tangible contributions to the foreign exchange trading in Bangladesh by serving in Import, Export and Remittance mobilization.

## Imports

6.14 Total imports (L/C settlement) through Islamic banking system was USD 23280.14 million in 2021 which was USD 15220.42 million in 2020. Among these, full-fledged Islamic banks settled USD 16407.05 million, while Islamic branches and windows in conventional banks settled USD 6637.52 million and USD 235.57 million, respectively in 2021. During January-June 2022, total import of IBS recorded at USD 13857.51 million (Table 6.14).

## Exports

6.15 In 2021 total export earnings through Islamic banking system was USD 10718.25 million which was USD 7254.91 million in 2020. The full-fledged Islamic banks earned USD 9175.93 million, while Islamic banking branches and windows in conventional banks earned USD 1365.48 million and USD 176.85 million respectively in 2021. During January-June 2022, total export earnings of IBS stood at USD 6595.95 million (Table 6.15).

## Remittances Mobilization

6.16 Islamic banking systems have continued to show robust growth in remittances mobilization. The total inward remittances through Islamic banking system stood at USD 7367.30 million in 2021 which was USD 6747.69 million in 2020. The full-fledged Islamic banks alone mobilized USD 7343.18 million, and Islamic banking branches and windows in conventional banks contributed USD 16.09 million and USD 8.03 million respectively in 2021. During January-June 2022, total remittances mobilized by IBS stood at USD 2942.24 million (Table 6.16).

## CSR Initiatives of Islamic Banking System

6.17 Corporate social responsibility (CSR)

**Table 6.12 Liquidity information of Islamic Banks\***

Indicators	Required (%)	Maintained (%)
LCR	100.00	152.90
NSFR	100.00	113.17
CRR	3.47	3.47
SLR	5.50	11.44
IDR	92.00	86.06

\*End June 2022.

Source: Department of Off-site Supervision, Bangladesh Bank.

**Table 6.13 Branches and Windows of Islamic Banking System**

Types of banks	Items	2017	2018	2019	2020	2021	2022*
Full-fledged	Total	1124	1197	1266	1308	1590	1593
	Urban	665	698	733	763	962	964
	Rural	459	499	533	545	628	629
Branches	Total	19	19	19	21	23	23
	Urban	18	18	18	20	22	22
	Rural	1	1	1	1	1	1
Windows	Total	23	23	59	388	464	502
	Urban	23	23	59	332	379	416
	Rural	0	0	0	56	85	86
Grand Total	Total	1166	1239	1344	1717	2077	2118
	Urban	706	739	810	1115	1363	1402
	Rural	460	500	534	602	714	716

\* Up to end June 2022.

Source: Data of respective banks.

**Table 6.14 Imports by Islamic Banking System**

Types of banks	2017	2018	2019	2020	2021	2022*
Full-fledged	10903.05	11024.25	11243.48	10381.01	16407.05	9902.10
Branches	618.29	690.06	2195.17	4726.56	6637.52	3694.83
Windows	172.47	135.56	84.31	112.85	235.57	260.58
Total	11693.81	11849.88	13522.96	15220.42	23280.14	13857.51

\*During January-June 2022.

Sources: Data of respective banks.

**Table 6.15 Exports by Islamic banking System**

Types of banks	2017	2018	2019	2020	2021	2022*
Full-fledged	6845.36	7474.48	7436.07	6489.77	9175.93	5491.38
Branches	232.45	280.55	579.67	701.68	1365.48	1005.49
Windows	66.11	40.53	41.69	63.46	176.85	99.08
Total	7143.92	7795.55	8057.43	7254.91	10718.25	6595.95

\* During January-June 2022.

Sources: Data of respective banks.

influences an organization's decision on its ethical and social need approaches in corporate practices, and it is also important for sustaining long-term development. Presently Islamic banking sector is seizing near about 30 percent of the total banking industry in Bangladesh and is contributing

to the socio-economic and environmental development of the country through its CSR activities. Total expenditure on CSR activities of the Islamic banking sector registered at BDT 2.75 billion in 2021 which was BDT 3.44 billion in 2020. Up to end of June 2022, the CSR expenditure in IBS stood at BDT 2.91 billion (Table 6.17).

### Islamic Financial Instruments for Liquidity Management in Bangladesh

6.18 Contrasting conventional banks, presently BB has a very limited policy instrument and financial product for Islamic banks to manage its liquidity. BB has only three products such as Bangladesh Government Islamic Investment Bond (BGIIB), Bangladesh Government Investment Sukuk (BGIS) and Islamic Inter-bank Fund Market (IIFM) to manage liquidity in the Islamic banking sector. These are the eligible securities available for Islamic banks in Bangladesh for maintaining SLR. The Islamic banks maintain their SLR at a concessional rate compared with the conventional banks in the absence of enough *Shariah*-compliant SLR eligible instruments in the market.

### Bangladesh Government Islamic Investment Bond (BGIIB)

6.19 Bangladesh Government has introduced a *Mudaraba* Bond named "Bangladesh Government Islamic Investment Bond in October 2004 with a view to mitigating the long-felt need for a *Shariah*-based monetary instrument which can be used as an approved security for the purpose of maintaining the SLR as well as providing an outlet for investment or procurement of funds by the Islamic banks. As per rules, Bangladeshi institutions, individuals and non-resident Bangladeshis who agree to share profit or loss in accordance with Islamic

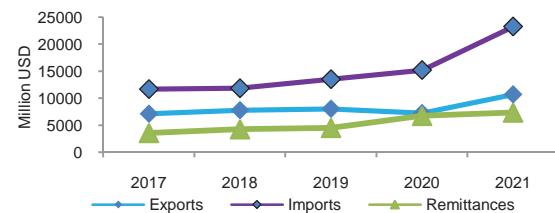
**Table 6.16 Remittance Mobilization by Islamic Banking System**

Types of banks	2017	2018	2019	2020	2021	(Million USD) 2022*
Full-fledged	3553.02	4242.76	4482.02	6730.11	7343.18	2900.79
Branches	18.91	19.56	37.28	13.84	16.09	37.78
Windows	0.56	0.35	0.57	3.74	8.03	3.68
Total	3572.50	4262.67	4519.88	6747.69	7367.30	2942.24

\* During January-June 2022.

Sources: Data of respective banks.

**Chart 6.08 Export, Import and Remittances of Islamic Banking System**



Source: Data of respective banks.

**Table 6.17 Expenditures on CSR Activities by Islamic Banks**

Types of banks	2017	2018	2019	2020	2021	(In Billion BDT) 2022*
Full-fledged	2.28	4.20	2.15	3.23	2.62	2.90
Branches	0.008	0.005	0.008	0.003	0.104	0.004
Windows	0.057	0.010	0.014	0.206	0.020	0.001
Total	2.35	4.22	2.17	3.44	2.75	2.91

\* Up to June 2022.

Sources: Data of respective banks.

*Shariah* may invest in this bond. The operation of 6-month BGIIB was introduced in FY04 and 3-month BGIIB was introduced in January 2015. Currently 3-month and 6-month maturity BGIIBs are operated in accordance with the rules of Islamic *Shariah*. As of end June 2022 the total sale against this bond stood at BDT 86.64 billion while total amount of financing stood at BDT 33.49 billion and net balance against the BGIIB stood at BDT 53.14 billion. As of end June 2021 the total sale of BGIIB was BDT 170.21 billion and the financing was BDT 12.74 billion and net balance was BDT 157.47 billion. The sale amount of BGIIB was significantly decreased in FY22 (Table 6.18).

### Bangladesh Government Investment Sukuk (BGIS)

6.20 Bangladesh Government issued the maiden investment *Sukuk* for raising funds aiming at implementing a project titled ‘Safe Water Supply for the Whole Country’ on 28 December 2020. The nature of this *Sukuk* is *Ijara*. There are usually three parties involved in an Islamic *Sukuk* termed as originator, special purpose vehicle (SPV) and Investors. The government is the originator of the *Sukuk*. Bangladesh Bank acts as a SPV. Investors are receiving profit of 4.69 percent on their aggregate investment in the *Sukuk* bond. Profits are paid on half yearly basis. Debt Management Department (DMD) of BB fixed the rental rate based on the rate of 06 Month Bangladesh Government Islamic Investment Bond. The predetermined rental rate gives a higher profit than the yield of T-bills and bonds and carries a lower investment risk. As per existing rules, the *Shariah*-based Islamic banks, NBFIs and insurance companies are eligible to get 70.0 percent of *Sukuk* certificate, while, the conventional banks and other financial institutions are entitled to receive 15.0 percent of the bonds. Besides, 10.0 percent of the BGIS are sanctioned to Islamic branches and windows of the conventional banks, and individual investors are eligible to get the remaining 5.0 percent of the bond. The *Sukuk* certificates held by banks and financial institutions on their own account also qualify as approved securities for the central bank’s SLR requirement. First auction of *Sukuk* (5 Years Bangladesh Government Investment *Sukuk*) was held on 28 December 2020. As per the latest available information, total outstanding amount of BGIS was BDT 180 billion up to end June 2022 (Table 6.19).

**Table 6.18 Bangladesh Government Islamic Investment Bond**

Particulars	FY 19	FY 20	FY 21	FY 22
i. Sale of BGIIIB	107.11	131.88	170.21	86.64
ii. Financing against BGIIIB	84.80	67.82	12.74	33.49
iii. Net balance	22.31	64.06	157.47	53.14

Source: Debt Management Department (DMD) and Motijheel Office of Bangladesh Bank.

**Table 6.19 Bangladesh Government Investment Sukuk (BGIS)**

Auction Date	28 December 2020	09 June 2021	29 December 2021	19 April 2022
No of bid received	39	67	34	19
Face value of bid received	151.53	327.26	233.04	123.06
No of bid accepted	39	67	34	19
Face value of bid accepted	40.00	40.00	50.00	50.00
Weighted average profit rate (%)	4.69	4.69	4.65	4.65
Outstanding on issue date	40.00	80.00	130.00	180.00

Source: Debt Management Department (DMD) and Motijheel Office of Bangladesh Bank.

### Islamic Inter-bank Fund market

6.21 On 27 December 2011, an Islamic Interbank Fund Market (IIFM) was introduced for integration of liquidity management of Islamic banking sector. Islamic banks and branches or windows of conventional scheduled banks can transfer their fund to Islamic Bond Fund (IBF) daily after their investment. IBF acts as a custodian; profit on investment are distributed among recipients of funds on daily basis temporarily which are adjusted on annual (January-December) final rate of profit announced by recipient of funds. Providers of funds do not receive any profit if the fund is not invested. All transactions are accomplished on the basis of *Mudaraba*. Recipient of funds (Islamic *Shariah* based schedule banks and branches or windows of conventional scheduled banks) receive it depending on availability according to profit sharing ratio (PSR) determined by IBF. Period of received funds is for 1(one) day (overnight), but in case of holiday this duration can be extended to the next

working day. Islamic inter-bank fund market has been established in resemblance with the call money market for conventional banks to eliminate temporary and short term liquidity mismatch of Islamic banks. However, this fund market is not yet active as per expectation. Islamic banks are not participating in this market due to lower yield rates which will have to be solved duly by proper activation of the market.

### **Potential Islamic Instruments for strengthening Monetary Policy in Bangladesh**

6.22 Due to lack of *Shariah*-compliant ample securities, Islamic banks have been experiencing an extreme surplus liquidity situation. Excess liquidity in the Islamic banking system stood at BDT 346.40 billion in 2021 which was 15.98 percent of total excess liquidity of the banking industry as a whole. Currently Islamic banks can invest only in BGIIIB and BGIS, but its returns are not very much impressive. On the other hand, the objective of introducing BGIIIB remains unachievable since the government is not using the fund proceeds to meet its normal budgetary requirements. As a result, Islamic banks are facing systemic restricted funding situations and limited portfolio management options. From BB's viewpoint, such limitations may pose severe bottlenecks to the transmission of monetary policy decisions aimed at price stability and financial stability. As liquidity management is the important process of determining the optimum level of operating target as part of the overall monetary management strategy. Hence, to solve the excess liquidity problem of the Islamic banking sector, additional *Shariah*-compliant instruments like short-term or medium-term *Sukuk* or a variety of short-term Islamic bonds are required to develop for efficient management of the excess liquidity of Islamic banking sector. In this

regard, the following potential *Shariah*-compliant instruments can be considered to be introduced by BB, Government and all other respective stakeholders: (i) Non-tradable 'Bangladesh Government Islamic Treasury Bill' (BGITB), (ii) Islamic Repo and Reverse Repo: Outright Purchases/Sales of BGIS, (iii) Unrestricted *Wakalah* as an alternative to Repo and Reverse Repo, (iv) Bangladesh Bank *Musharaka* Certificates, (v) Interbank *Mudarabah* Placements, (vi) Commodity *Murabahah*, (vii) Central Bank *Wadiyah* (Trust) Certificate/Deposit, (viii) Central Bank Paper, (ix) Government Paper and (x) Islamic Repurchase Agreements or Sale and Buyback (Box 6.02).

### **Supervision in Islamic Banking System**

6.23 Effective prudential supervision is highly necessary in Islamic Banking (IBs) framework as like conventional banking to ensure the safety and soundness and help in reducing risks to the stability of the financial system. Compliance with the Basel Core Principles is also important for effective supervision of Islamic banks. The conduct of Islamic banking supervision needs to be undertaken in such a manner that addresses its special characteristics, inherent challenges, and risks.

6.24 The Department of Banking Inspection-6 and 7 (DBI- 6 and 7) in BB are delegated with the responsibility of supervising the performances of 10 full-fledged Islamic banks and Islamic banking branches and windows of the conventional schedule banks with special emphasis on regulatory, supervisory, and Islamic *Shariah* compliances. These departments are conducting different types of onsite inspections which are described below:

- Each year 31st December based quick

### Box 6.02 Potential Islamic Monetary Policy Tools for Liquidity Management

- i. **Non-tradable 'Bangladesh Government Islamic Treasury Bill (BGITB):** Bangladesh Bank (BB), on behalf of the Government of Bangladesh, may issue a non-tradable 'Bangladesh Government Islamic Treasury Bill (BGITB) based on *Murabaha* to the purchase ordered on a competitive bidding auction basis to finance government internal procurement or imports from overseas countries. The tenure of BGITB may be 1 month to 1 year. Detailed guidelines of issuing this type of BGITB may be determined through a consultative process involving all respective stakeholders.
- ii. **Islamic Repo and Reverse Repo: Outright Purchases/Sales of BGIS:** Bangladesh Bank can inject/sterilize liquidity temporarily into/from the banking system in case of liquidity shortfall/surplus via repo (outright purchase)/reverse repo (through *Bai-Muajjal* and outright sale) of Taka denominated Bangladesh Government *Ijarah Sukuk* (BGIS) issued by the government treasury and its SPV. Repo maturities can be extended from overnight to one year, but there is no time period in the case of reverse repo due to ownership transfer via outright sale. So, the maturity of a repo can be from overnight to 1 year, depending on the liquidity situation, but the maturity of a reverse repo is usually overnight.
- iii. **Unrestricted Wakalah as an Alternative to Repo and Reverse Repo:** The unrestricted *Wakalah* agreement may be used as an alternative to Islamic Repo and Reverse Repo. Unlike the Repo and Reverse Repo systems, BB may arrange an auction where participating Islamic banks (*muwakkil*) may place their excess liquidity with BB (*wakil*), authorizing them to use the money in a profitable venture/way, usually against a fixed fee. BB may use this *Wakalah* money for suitable/profitable projects/businesses run as *Mudaraba*, *Musharaka*, *Murabaha*, *Salam*, *Istisna*, and *Ijarah*. However, the *Wakalah* facility may be offered to absorb short-term excess liquidity of the Islamic banks as a standing facility. Similarly, BB may grant deposit facilities to Islamic banks in case of a shortfall of liquidity based on *Mudaraba*, where profits can depend on the deposit profit rate offered by that bank to its six-month deposit clients.
- iv. **Bangladesh Bank Musharaka Certificates:** The Bangladesh Bank *Musharaka* Certificate (BBMC) is an equity-based instrument that may be issued against the government or central bank's ownership in profitable commercial banks enable to regulate domestic liquidity through open market operations. For this purpose an Open Market Operations Fund (OMOF) may be established, and BBMCs can be issued against the OMOF. The OMOF would hold the shares in commercial banks that the government and/or the central bank own, which form the basis for issuing the BBMC. The management of the OMOF may be delegated to the central bank for usage as the desired tools of monetary policy.
- v. **Interbank Mudaraba Placements:** It refers to a mechanism whereby a deficit Islamic banking institution (i.e. an investee bank) can obtain investment from a surplus Islamic banking institution (investor bank) based on *Mudaraba* (profit sharing) principle. The period of investment ranges from a period of overnight to 12 months, while the rate of return is based on the rate of gross profit before distribution for investment of 1-year of the investee bank.
- vi. **Commodity Murabaha:** It is used to facilitate short-term interbank lending using transactions in commodities to structure an investment between two Islamic banks. A variety of this transaction is the *Salam Sukuk*, which uses forward commodity contract to generate longer term investment (usually three months).
- vii. **Central Bank Wadiyah (Trust) Certificate/Deposit:** This certificate is issued against funds placed by IBs at the central bank for various maturities. Remuneration is at the central bank's discretion given the debt nature of the facility. Central banks may pay a bonus at maturity that is usually tied to a domestic financial benchmark (including the average return on Interbank *Mudaraba* investments).
- viii. **Central Bank Paper:** There are two forms of these papers: (a) *Musharaka* Certificates issued against the central bank ownership of a pool of income earning assets; or (b) *Sukuk* issued against the central bank ownership of real fixed assets. These papers are freely tradable with maturities of less than one year.
- ix. **Government Paper:** Similar to central bank papers, these instruments can be issued as *Musharaka* Certificate against government ownership of a pool of income earning assets, or as *Sukuk* issued against the government ownership of real assets. These instruments are freely tradable with maturities that can be structured (particularly for *Sukuk*) similar to those of domestic government securities.
- x. **Islamic Repurchase Agreements or Sale and Buyback:** Usually it involves two separate contracts, an outright sale of security at an agreed price and a forward purchase of security at a specified price and future date.

summary inspection is conducted. Asset quality, calculation of required provision and accuracy of income-expenditure of the banks are verified in this inspection.

- Comprehensive inspection is conducted on the head offices and branches of the banks which are inspected during quick summary inspection. The overall performances of the banks (such as capital adequacy, asset quality, management competence, earnings, liquidity, etc.) are evaluated in a comprehensive inspection and banks are rated from "1" to "5" scale in ascending order based on the evaluation. Small branches are inspected as on 30th September each year.
- June based core risk inspection consists of asset-liability management (ALM), investment risk management (IRM), internal control and compliance (ICC) and ICT security are conducted on head offices and branches of banks.
- In order to review the accuracy of the statement of internal capital adequacy assessment process (ICAAP) of banks, the departments carried out supervisory review evaluation process (SREP) inspection on the head offices of the banks.
- Self-assessment of anti-fraud internal control inspection and AML inspection are also conducted.
- *Shariah* compliance is also examined based on principles of Islamic *Shariah* and guidelines on Islamic banking (BRPD circular no-15/2009) in quick summary inspection as well as comprehensive inspections of banks and their selected branches. Income filtering based on Islamic *Shariah* principles is also ensured. The internal *Shariah* audit conducted by Internal *Shariah* Audit Department of

respective banks is also scrutinized. Besides, on the request of different departments, special inspections are conducted upon necessity. Compliance and implementation progress of the recommendations made in the inspection reports of bank branches and head offices are also monitored in a regular basis.

#### **BB's Initiatives for Development of Islamic Banks and *Shariah* Based Financial Institutions during FY22**

6.25 BB has taken various initiatives for developments of financial sector as a whole during FY22. Major initiatives undertaken for improvement of Islamic banks and *shariah* based financial institutions are:

- In line with the Government's initiative towards building digital Bangladesh, BB has introduced a refinance scheme of BDT 1.00 billion out of its own fund named "Digital Microcredit" to give the digital microcredit/investment at lower interest/profit rate. Islamic banks also provide investment (loan) facility under this scheme by following *Shariah* based terms and conditions (RBPD circular No. 11, dated 02 June 2022).
- BB has introduced a refinance scheme of BDT 20.00 billion out of its own fund named "Refinance Scheme for Shipbuilding Industry". Islamic banks may also provide fund to their clients under this scheme by following their own *Shariah* based investment rules and may avail the refinance facility from Bangladesh Bank (BRPD circular No. 09, dated 26 May 2022).
- The Government of Bangladesh (GoB) has signed a Framework Agreement with Islamic Development Bank (IsDB) to support its CMSMEs under a project titled as "Line of

Finance to Support SMEs Project under the IsDB SPRP for COVID-19, Restore Track (LFSSP)". BB is designated as "Executing Agency (EA)" for implementing this project. The project component includes a line of financing for US\$ 47.00 million (approx. BDT 3.98 billion) of which an eligible amount (approx. BDT 3.98 billion) would be disbursed in a Shariah Compliant method to eligible financial institutions (banks and NBFIs) for supporting CMSME sector. (SMESPD (LFSSP) circular no: 03, dated 27 March 2022).

- A special fund amounting BDT 2.00 billion has been set up for investment in capital market in purpose of investment in 100 percent asset backed green *Sukuk* and renewable energy sector. In case of investment in green *Sukuk* by private investors, the nature of investible *Sukuk* should be: *Istisna Sukuk*, *Salam Sukuk*, *Ijarah Sukuk* and Hybrids *Sukuk* (DOS circular no-39, dated 27 September 2021).
- Islamic *shariah* based financial institutions could transfer money to investor's bank account approved by the board of directors. Before that documentation must be keep in book. (DFID circular no-07, dated 17 August 2021).

## Sustainable and Inclusive Banking

### Sustainable Banking

7.01 Sustainability, sustainable finance and sustainable banking are the terms those are very much correlated and intensively supplementary to each other. The COVID-19 pandemic has given an atrocious reminder about the need for emphasizing these terminologies to strengthen the resilience of our economy as a whole. There is no doubt about the fact that decisions made under the current circumstances could shape the real economy and financial ecosystem for coming years. The newly evolved sustainable finance policy aims to support the financing of the transition to a sustainable economy by ensuring action through financing with inclusiveness, resilience and contribution of the financial system and national aspirations. In an emerging economy like Bangladesh, environmental management needs to be the key focus area of the business fraternity and especially the banking industry being the major intermediary. Addressing environmental and social risks associated with financing activities by banks/ non- bank financial institutions (NBFIs) is a 'must do' step in credit approval, monitoring and evaluation. Accordingly, Bangladesh Bank (BB) has been working as a regulator of banking industry with providing guidelines timely so that financing by banks and NBFIs should be at the expected level to ensure meeting the present needs but definitely without compromising the ability to meet those of future. BB has always been keen to incentivise sustainable banking. It has already issued guidelines for green and sustainable finance, environmental and social risk management, and such more considering the requisition of time. Introduction of sustainable finance policy has given an ample

opportunity for the banks and NBFIs to contribute to inclusive sustainable green growth where green finance, sustainable agriculture, sustainable CMSME, socially responsible financing, other financing and CSR activities linked to sustainability is structurally addressed. Sustainable banking mainly focuses on three broad categories—sustainable finance (including green banking), corporate social responsibility and financial inclusion.

### Sustainable Finance

7.02 Sustainable banking initiatives of BB has broadly categorised into the following aspects: policy initiatives, monitoring of sustainable finance activities of banks and NBFIs, refinance support from BB in diverse green products/sectors, and BB's own initiatives for environmental management.

### Policy Initiatives

7.03 BB addressed environmental risk management for the first time in 2011 and policy guidelines for green banking for banks in the same year. In 2013, NBFIs were brought under green banking activities. In 2020, BB introduced sustainable finance policy for banks and NBFIs. Meanwhile government's development plans including National Sustainable Development Strategy (NSDS) 2010-2021, Perspective Plan of Bangladesh: 2010–2021, 7th and 8th Five Year Plan, globally adopted sustainable development goals (SDGs), combating COVID-19 has been considered during policy formulation and monitoring of green banking activities by banks and NBFIs. Table 7.01 depicts green banking policy initiatives.

7.04 Banks and NBFIs have been

contributing to sustainable finance since January 2021. During FY22 the total amount of disbursement as sustainable finance was BDT 1007.69 billion by banks and BDT 29.24 billion by NBFIs. Percentage of sustainable finance against total loan disbursement during this period is 9.95 percent. Category-wise amount of sustainable finance by banks and NBFIs is given in Table 7.02. Total disbursement for sustainable finance was BDT 1036.94 billion in FY22, which was BDT 354.19 billion in FY21.

### Green Finance

7.05 The total amount of disbursement as green finance during FY22 was BDT 73.40 billion by Banks and BDT 9.96 billion by NBFIs. Percentage of green finance against total term loan disbursement is 3.52 percent. Category-wise amount of green finance by banks and NBFIs and category-wise percentage are given in Table 7.02 and Chart 7.01 respectively. Chart 7.02 shows the trend in green finance disbursed by banks and NBFIs during last 5 years.

### Environmental and Social Risk Management (ESRM)

7.06 Environmental and social risk rating (ESRR) is obligatory in line with guidelines on ESRM for banks and NBFIs. The number of projects rated by environmental and social due diligence (ESDD) checklist during FY22 was

**Table 7.01 BB's Policy and Regulation for Bank and NBFIs on Sustainability**

Circular/Circular Letter No.	Date	Particulars
BRPD Circular No. 02/2011	27.02.2011	Green Banking Policy Guidelines for Banks has been issued.
GBCSRD Circular No. 04/2013 and Letter No. 05/2013	11.08.2013 and 11.09.2013	Policy Guidelines for Green Banking was also issued for the NBFIs and for the banks scheduled in 2013.
GBCSRD Circular No. 04/2015	09.07.2015	Banks and NBFIs were instructed to form a 'Climate Risk Fund' having allocation at least 10% of their corporate Social responsibility budget.
SFD Circular No. 02/2016	04.12.2016	All banks and NBFIs to establish Sustainable Finance Unit and Sustainable Finance Committee by abolishing both Green Banking and CSR units.
SFD Circular No. 02/2017	08.02.2017	Guidelines on Environmental and Social Risk Management (ESRM) for Banks and NBFIs along with an Excel -based Risk Rating Model have been issued.
SFD Circular No. 03	16.03.2017	Master Circular: Refinance Scheme for Green Products/Initiatives
SFD Circular No. 02/2018	05.04.2018	Master Circular for Islamic Refinance Scheme.
SFD Circular No. 01/2019	04.04.2019	Accreditation of all the scheduled banks and NBFIs' investment in impact fund as Green Finance.
SFD Circular No. 03	08.07.2020	Refinancing/on lending scheme of USD 200 million and Euro 200 million under Green Transformation Fund (GTF).
SFD Circular No. 05	31.12.2020	Sustainable Finance Policy for Banks and NBFIs.
SFD Circular No. 06	31.12.2020	Sustainability Rating for Banks and Financial Institutions.
SFD Circular No. 01	11.01.2021	Target and Achievement of Sustainable Finance and green finance.
SFD Circular No. 02	17.01.2021	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
SFD Circular No. 03	26.06.2022	Guidelines on Environmental and Social Risk Management (ESRM) for Banks and NBFIs in Bangladesh.

Source: Sustainable Finance Department, Bangladesh Bank

**Table 7.02 Summary of Sustainable Finance (January-June 2022)**

(In million BDT)

Type of Bank/NBFI	Sustainable Agriculture	Sustainable CMSME	Socially Responsible Financing (SRF)	Working Capital and Demand Loan of Green Products/Projects/Initiatives	Priority Green/Eco-Friendly Products for Trading Sector	Green Finance	Sustainable Finance
SOCBs (06)	24,850.53	6,238.10	7,845.51	716.29	0.00	2,124.54	41,774.97
SDBs (03)	78,462.03	2,620.59	0.00	0.00	0.00	8.57	81,091.19
PCBs (40)	175,239.09	126,101.11	170,009.35	181,621.61	33,882.95	69,897.14	756,751.25
FCBs (09)	18,333.92	1,075.72	55,748.37	46,338.41	5,209.70	1,374.81	128,080.92
Total	296,885.57	136,035.52	233,603.23	228,676.31	39,092.65	73,405.07	1,007,698.34
NBFIs (34)	2,597.90	2,210.71	11,842.45	1,828.29	796.88	9,966.32	29,242.54
Grand Total	299,483.47	138,246.23	245,445.68	230,504.60	39,889.52	83,371.38	1,036,940.88

Note: The figures in the parentheses are the number of banks/NBFIs.  
Source: Sustainable Finance Department, Bangladesh Bank

**Table 7.03 Green Finance in FY22**

(In million BDT)

Types of Banks/NBFIs	Category of Green Finance											<b>Total</b>
	Renewable Energy	Energy Efficiency	Alternative Energy	Liquid Waste Management	Solid Waste Management	Recycling and Manufacturing of Recyclable Goods	Environment Friendly Brick Production	Green Environment Friendly Establishments	Green Agriculture	Green CMSME	Green SRF	
SOCBs (06)	27.64	119.37	131.45	160.83	1.00	157.56	337.33	304.41	12.12	872.68	0.15	2,124.54
SDBs (02)	5.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.51	0.00	0.00	8.57
PCBs (40)	2,665.85	14,609.11	41.24	4,117.70	878.50	6,010.68	2,584.30	36,316.12	1,123.90	756.53	793.20	69,897.14
FCBs (09)	3.00	0.00	0.00	100.21	0.00	3.10	0.00	324.26	224.14	720.10	0.00	1,374.81
Bank's Total	2,701.55	14,728.48	172.69	4,378.74	879.50	6,171.34	2,921.63	36,944.79	1,363.67	2,349.31	793.35	73,405.07
NBFIs (33)	1,302.16	2,664.13	30.00	853.50	38.39	169.17	0.00	2,164.27	260.45	1,830.39	653.85	9,966.32
<b>Grand Total</b>	<b>4,003.72</b>	<b>17,392.61</b>	<b>202.69</b>	<b>5,232.24</b>	<b>917.89</b>	<b>6,340.51</b>	<b>2,921.63</b>	<b>39,109.05</b>	<b>1,624.12</b>	<b>4,179.71</b>	<b>1,447.21</b>	<b>83,371.38</b>

Note: The figures in the parentheses are the number of banks/NBFIs.

Source: Sustainable Finance Department, Bangladesh Bank.

1,58,651. An amount of BDT 3,735.17 billion was disbursed in 1,70,473 rated projects in FY22. Chart 7.03 shows the trend in ESRR by banks and NBFIs during last 5 years.

### Climate Risk Fund

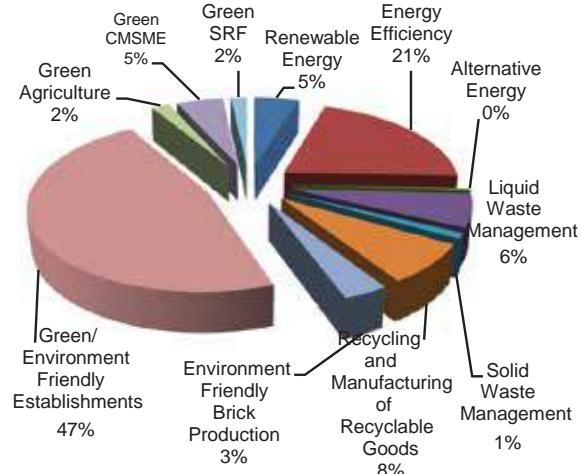
7.07 An amount of BDT 0.80 billion was utilised from climate risk fund by banks and NBFIs in FY22. This amount has been utilised as grant.

### Online Banking and Energy Efficiency

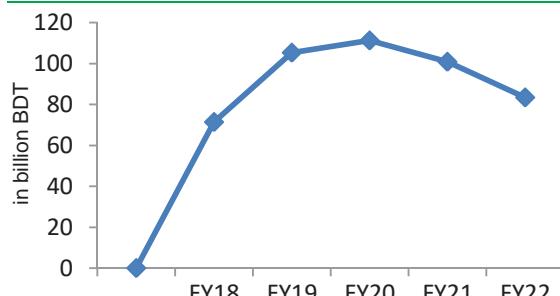
7.08 Green banking policy has pursued the banks to establish online branches and bring the branches powered by solar energy. The number of branches powered by solar energy was 704 at the end of FY22. Percentage of online branches was 97.26 percent at the end of FY22.

### Sustainability Rating

7.09 Sustainability rating methodology for banks and NBFIs was circulated on 31 December 2021. Sustainability rating is defined as the rating of the banks and NBFIs with respect to their performance in five major components namely (i) sustainable finance (ii) CSR (iii) green refinance (iv) core banking sustainability and (v) banking services

**Chart 7.01 Share of Category-wise Green Finance in FY22**

Source: Sustainable Finance Department, Bangladesh Bank.

**Chart 7.02 Trend in Total Green Finance**

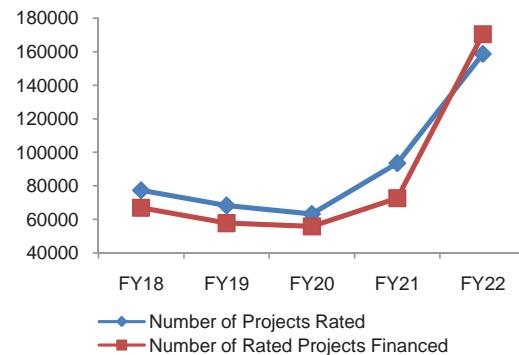
Source: Sustainable Finance Department, Bangladesh Bank.

coverage. Banks and NBFIs are financial intermediaries and they are going to be rated with their performance on environmental, social and governance attributes, especially on their policies and performance. They are going to be rated once a year. Good performers having higher rating scores will be incentivized with respect to BB's year wise recognition as one of the top ten banks and top five financial institutions. The poor performers or non performers are going to be given required treatments so that they compelled to back in track. According to this given methodology, sustainability rating of banks and NBFIs for the year of 2020 and 2021 have been prepared and the name of top ten banks and top five NBFIs in this rating has been published in BB's website.

### Bangladesh Bank Refinance Scheme for Green Products/Initiatives

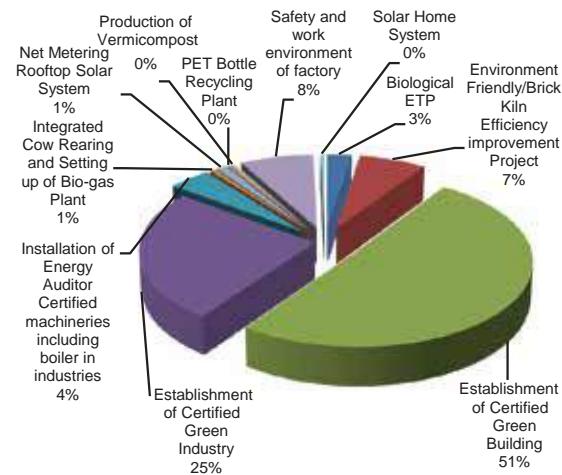
7.10 A revolving refinance scheme of BDT 2.0 billion was established in 2009 with a view to broadening finance for green products or initiatives at a lower cost of fund which increased to 4.0 billion subsequently. Initially, 6 green products or initiatives were identified to extend the refinance facility under this scheme. Later on, considering the market demand and expert opinions from the technical advisory committee, time to time experts and stakeholder's consultations, BB has enhanced the eligible green products/initiatives from 6 to 55 for refinance under the scheme Table 7.04 in FY20. Participatory banks/financial institutions (PFI) are allowed to charge a maximum of 6-7 percent interest rate on financing in green products/initiatives under the scheme. However, due to the consideration of government's priority to agriculture sector "Solar Irrigation Pumping System" has been given priority over the conventional diesel and electricity run pumps. In

**Chart 7.03 Trend in ESRR by Banks and NBFIs**



Source: Sustainable Finance Department, Bangladesh Bank

**Chart 7.04 Product-wise Refinance Disbursement in FY22**



Source: Sustainable Finance Department, Bangladesh Bank.

accordance with the government's policy, BB has set a maximum of 6 percent interest rate at 6 percent for financing to participatory banks/financial institution (PFI) in 'Solar Irrigation Pumping System' under the refinance scheme. The cumulative amount refinanced under the scheme up to June 2021 stood at BDT 6,474.47 million. In FY22, total disbursement under the BB's refinance was BDT 792.58 million. The disbursement trend from FY18 to FY22 and product wise disbursement figure are presented in Table 7.05 and Chart 7.04 respectively.

### Financing Brick Kiln Efficiency Improvement Project Supported by Asian Development Bank (ADB)

7.11 Asian Development Bank (ADB) supported revolving relending facility financing brick kiln efficiency improvement project was established in BB June 2012 with a view to improving the brick industry especially environment friendly brick kilns through energy efficient technology for reducing green house gas (GHG) and suspended particulate matter (SPM). Bangladeshi currency is for conversion of fixed chimney kiln (FCK) to improved zigzag kiln and part-B (special fund resources): USD 20.00 million equivalent Bangladeshi currencies for establishment of new vertical shaft brick kiln (VSBK), hybrid hoffman kiln (HHK) and tunnel kiln. An amount of USD 50.00 million equivalent to BDT 4039.70 million relending facility was disbursed to 19 subprojects through 20 PFIs till December 2019. The duration of the project ended in December 2019 with full disbursement.

### Green Transformation Fund

7.12 In February 2016, BB announced its intention to create a new long term refinancing window of USD 200 million, namely Green Transformation Fund (GTF). Though initially the fund was available only for export-oriented textile, leather and jute sectors, it became available for all export-oriented sectors in June 2019 to ensure sustainable export growth of the country in the process of transformation to a greener economy. It is intended to facilitate access to financing in foreign exchange by all manufacturer-exporters in export-oriented sectors to import capital machinery and accessories for implementing environment-friendly initiatives. The initiatives include water use efficiency in wet processing, water conservation and management, waste

**Table 7.04 List of Eligible Green Products/ Initiatives under “Refinance Scheme for Green Products/Initiatives”**

Sl. No	Green Product/Initiatives
1	Solar Home System
2	Solar Micro
3	Solar Irrigation Pumping System
4	Surface Water withdrawal, Refinement and Supply Run by Solar Pumping and Plant
5	Solar PV Assembly Plant
6	Solar PV Power Plant
7	Solar Cooker Assembly Plant
8	Solar Water Heater Assembly Plant
9	Solar Air Heater and Cooling System Assembly Plant
10	Cold Storage Run by Solar Energy
11	Setting up Bio-gas Plant in Existing Cattle/Poultry Farm
12	Integrated Cow Rearing and Setting up Bio-gas Plant
13	Organic Manure from Slurry
14	Medium Size Bio-gas Plant
15	Large Scale Biomass Based Bio-gas Plant
16	Poultry and Dairy Based Large Scale Bio-gas Plant
17	Windmill Electricity Generation Plant
18	Hydro Electricity Plant (Pico, Micro, Mini)
19	Replacement of Energy Inefficient Materials by Energy Efficient Materials
20	Auto Sensor Power Switch Assembly Plant for Electricity Savings
21	Energy Efficient Improved Cook Stove Assembly Plant
22	LED Bulb Manufacturing Plant
23	LED Bulb/Tube Light Assembly Plant
24	Replacement of Conventional Lime Kiln by Energy Efficient Kiln
25	Waste Heat Recovery System
26	Bio Crude Oil Production through Pyrolysis Method
27	Biological ETP
28	Combination of Biological and Chemical ETP
29	Conversion of Chemical ETP to Combined Biological and Chemical ETP
30	Central Effluent Treatment Plant (CETP)
31	Waste Water Treatment Plant
32	Sewage Water Treatment Plant
33	Methane Recovery and Electricity Generation from Municipal Waste
34	Organic Manure Production from Municipal Waste
35	Hazardous Waste Management
36	Fecal Sludge Management and Treatment
37	PET Bottle Recycling Plant
38	Plastic Waste (PVC, PP, LDPE, HDPE, PS) Recycling Plant
39	Paper Manufacturing by Recycling of Waste/Used Paper Plant
40	Recyclable Baggage Manufacturing
41	Recyclable Non-Oven Polypropylene Yarn and Baggage Manufacturing Plant
42	Solar Battery Recycling Plant
43	Used Led Acid Battery Recycling Plant
44	Compressed Block Brick Manufacturing Plant
45	Foam Concrete Brick Manufacturing Plant
46	Setting up Modern Technology Based Plant (HHK/Tunnel Kiln/equivalent Technology) to Reduce Carbon Emission in Brick Manufacturing Industry
47	Green Industry
48	Green Featuring Building
49	Improving Working Environment and Safety Ensuring Project
50	Vermicompost Production
51	Palm Oil Production Through Energy Efficient Plant
52	Solar Pico Grid
53	Solar Nano Grid
54	Solar Mini Grid
55	Net Metering Rooftop Solar System

Source: Sustainable Finance Department, Bangladesh Bank

management, resource efficiency and recycling, renewable energy and energy efficiency, heat and

temperature management, air ventilation and circulation efficiency and work environment improvement initiatives (FE Circular No. 02/2016). In April 2020, an amount of Euro 200.0 million along with the existing USD 200.00 million was introduced in GTF. The disbursement from GTF up to FY22 was USD 138.75 million in 43 projects and Euro 61.72 million in 26 projects.

### **Refinance Scheme for Islamic Banks and Financial Institutions for Investment in Green Products/Initiatives**

7.13 In September 2014, BB introduced the “Islamic Refinance Fund” with the surplus liquidity of SLR of Shariah based Islamic banks. To encourage the further involvement of the Shariah based banks and NBFIs in green finance, BB launched a refinance scheme for Islamic banks and NBFIs. Over time, considering the modification in the country’s economic structural conditions, advanced technology, gradually rising demand for the eco-friendly products/initiatives, BB has issued an integrated and comprehensive SFD “Master Circular” on 05 April 2018. According to this circular, the scheme was re-titled as “Refinance Scheme for Islamic Banks and Financial Institutions for Investment in Green Products/Initiatives”. BB enhanced the product range from 50 to 51 under this scheme and segregated these products into 8 categories viz. renewable energy, energy-efficient and energy savings technology, alternative energy, waste management, recycling and recyclable product, environment friendly brick production, environment friendly installations and miscellaneous. The cumulative amount of refinance under the scheme up to June 2021 stood at BDT 476.73 million. Total disbursement under this scheme during FY21 was BDT 37.91 million.

**Table 7.05 Disbursement Trend of BB Refinance Scheme for Green Products/Initiatives**

(In million BDT)

Products	FY18	FY19	FY20	FY21	FY22
Bio gas	10.50	4.56	1.24	2.17	4.70
Solar home system	0.00	0.19	0.45	1.32	3.61
Solar mini grid	0.00	0.00	0.00	27.50	0.00
Effluent treatment plant	0.00	0.00	0.00	0.00	9.00
HHK technology in brick kiln	60.00	108.44	132.50	193.14	20.00
Vermicompost	0.00	5.00	100.00	0.00	55.00
Green industry	0.00	0.79	1.26	1.67	3.37
Safe working environment	500.00	152.33	198.70	400.00	200.00
Organic manure from slurry	0.00	0.00	0.00	0.00	400.00
Paper waste recycling	81.97	39.96	88.10	60.00	59.90
Energy efficient technology	13.00	10.00	46.29	200.00	34.50
Led bulb/tube	0.00	0.00	0.00	24.00	0.00
Manufacturing/assembly plant	0.00	0.00	0.00	0.00	2.50
<b>Total</b>	<b>665.47</b>	<b>321.27</b>	<b>568.54</b>	<b>994.81</b>	<b>792.58</b>

Source: Sustainable Finance Department, Bangladesh Bank.

### **Refinance Fund for Technology Development /Upgradation of Export-Oriented Industries**

7.14 BB introduced BDT10.00 billion refinance fund for technology development/up-gradation. The fund has been circulated for banks and NBFIs (SFD circular no. 02 dated 17 January 2021). It offers refinance facility for the modernisation and technological development/up-gradation of export-oriented industries in Bangladesh. The fund facilitates 32 industrial sectors mentioned in the Export Policy, 2018-2021 under 11 initiatives/categories. In FY22, the total disbursement under the refinance scheme was BDT 106.36 million.

### **Corporate Social Responsibility**

7.15 With a view to simplifying, emphasising and organising CSR activities for the environmental, social, equitable and sustainable development of the country, a new policy guideline on Corporate Social Responsibility (CSR) for banks and NBFIs was issued on 9 January 2022 (SFD circular no.1). The guidelines clearly state the sectors and sub-sectors of CSR, the budgetary allocation and administrative

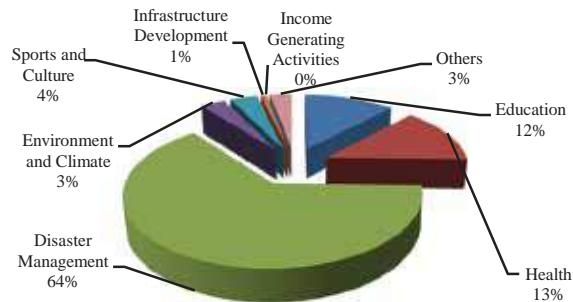
setup, screening and monitoring process of CSR, and prohibition in CSR activities. Besides, BB also issued a revised reporting format for CSR activities of banks and NBFIs on 10 April 2022 (SFD circular letter no. 01).

### CSR Activities of Banks and NBFIs

7.16 The total amount of CSR expenditure by banks and NBFIs in FY22 was BDT 9349.20 million while the amount was BDT 9225.66 million in FY21. The sector-wise expenditure scenario of banks and NBFIs are stated in Table 7.07. Bank's total CSR expenditure in FY22 was BDT 9271.80 million. Banks spent major portions in disaster management, health, education, and sports and culture to 64.04, 13.39, 12.01, and 3.62 percent respectively of the total CSR activities. CSR expenditure on environment and climate change mitigation and adaptation, and others sector were 3.33 percent and 2.91 percent respectively. Besides, only 0.51 percent of total CSR expenditure was made under infrastructure development. Banks' expenditure in income generating activities was insignificant. Shares of expenditure in CSR programmes of banks in FY22 are shown in Chart 7.05.

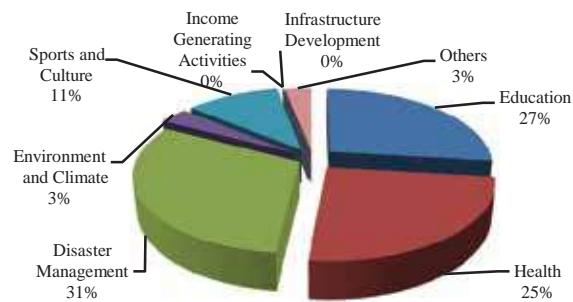
7.17 NBFIs spent BDT 77.40 million in CSR activities in FY22. The major amount of CSR expenditure by NBFIs went to disaster management (31.02 percent), education (26.91 percent), and health (24.82 percent). However, they spent in sports and culture, environment and climate change mitigation and adaptation, and others sector, 10.95, 3.28, and 3.01 percent respectively during the same period. In contrast, no CSR expenditure was made on infrastructure development and income generating activities in FY22. Sectoral shares of CSR expenditure by NBFIs in FY22 are stated in Chart 7.06.

**Chart 7.05 Share of Sector-wise CSR Expenditure of Banks in FY22**



Source: Financial Inclusion Department, Bangladesh Bank

**Chart 7.06 Share of Sector-wise CSR Expenditure of NBFIs in FY22**



Source: Financial Inclusion Department, Bangladesh Bank

**Table 7.06 CSR Expenditure of Banks and NBFIs in FY22**

Sectors	Banks		NBFIs	
	Amount	Sectoral Share (percent)	Amount	Sectoral Share (percent)
Education	1113.40	12.01	20.80	26.91
Health	1241.40	13.39	19.20	24.82
Humanitarian and disaster relief	308.70	3.33	2.50	3.28
Environment	19.20	0.21	0.00	0.00
Cultural welfare	5937.40	64.04	24.00	31.02
Infrastructural development	46.90	0.51	0.00	0.00
Income generating activities	335.50	3.62	8.50	10.95
Others	269.40	2.91	2.30	3.01
<b>Total</b>	<b>9271.80</b>	<b>100.00</b>	<b>77.40</b>	<b>100.00</b>

Source: Sustainable Finance Department, Bangladesh Bank

### BB's Own CSR Activities

7.18 BB has established "Bangladesh Bank Disaster Management and Social Responsibility

Fund" by transferring BDT 50 million from its annual profit each year to conduct its own CSR activities in different areas such as education, health, environment, women empowerment, human resources development, etc. with a view to developing the backward sectors of Bangladesh and ensuring its sustainable development. Later the fund was extended to BDT 100 million in FY15. BB sanctioned BDT 171.24 million in FY22 which was BDT 51.65 million (contribution from BB profit and bank interest) in FY21 from the fund. The sector wise expenditure from BB's CSR fund in FY22 is shown in Table 7.07.

#### Refinance Scheme of Pre- shipment Credit

7.19 In COVID-19, exports get hampered because of stopping and cancelling export contracts from Bangladesh. Therefore, to ensure uninterrupted exports, BB formed a scheme named "Refinance Scheme of Pre-shipment Credit" for all export orient industries. The scheme is fully funded by BB and its size is BDT 50 billion for the tenure of 03 years starting from the date 13 April 2020.

#### Interest Rate and Duration of the Scheme

7.20 Initially the interest rate at the client level was 6.00 percent and BB charged 3.00 percent interest rate on PFI. But for the advancement of the exports, it is reduced to 5.00 percent from previous 6.00 percent. For the PFI it is 2.00 percent. But now, the interest rate at the client level is 3.50 percent and BB charged 0.50 percent interest rate on PFI. Each time the facility is limited for a maximum of 180 days (starting from the date of credit to bank's current A/C maintained with BB, Motijheel office).

#### Eligibility of the Scheme

7.21 Any exporter who is not a defaulter and has not had three consecutive overdue export

**Table 7.07 Sector-wise Expenditure of BB's CSR Fund in FY22**

Sectors	Amount (In million BDT)	No. of Projects	Sectoral Share (percent)
Health	37.76	10	22.05
Education	62.23	38	36.34
Development Priorities	4.93	3	2.88
Environment	2.83	1	1.65
Infrastructure			
Development	33.29	5	19.44
Culture and Heritage	30.22	4	17.65
Total	171.25	61	100.00

Source: Sustainable Finance Department, Bangladesh Bank

bills (under this scheme) can be eligible for the facility. Furthermore, refinance facility will not be approved against any contract/ export LC issued by SHELL company/bank.

#### Scheme Update as on 30 September 2022

- Total PFIs signed agreement for the facility: 34
- Total PFIs taken the facility: 10
- Total amount disbursed: 7.26 billion
- Total export institutes: 70
- Sector: Textile and RMG.
- Total direct beneficiary: 1,90,948

#### Impact of the Scheme

7.22 The scheme facilitates the exporters to get money at an interest rate of 3.50 percent, instead of the 7.00 percent. That the commercial banks impose on their clients. This 3.50 percent gap is a tremendous facility for them especially in COVID-19 situation. Exporters are being able to provide salary to the workers in time by getting money from this scheme. Despite the pandemic uncertainty, Bangladesh's economy has shown emerging signs of recovery. Pre-shipment credit and other stimulus packages have largely contributed to this early recovery.

#### Financial Inclusion Activities in Bangladesh

7.23 Financial inclusion has emerged as one of the most effective policies to achieve inclusive

and sustainable economic development. In line with this policy objective, BB has been engaged in the exploration of innovative initiatives to bring the financially excluded people under the umbrella of formal financial services. As part of these initiatives, BB has been promoting multi-faceted and affordable alternative delivery channels including the digital services to make formal financial services available at the doorsteps of the mass people.

7.24 As per the responsibilities conferred upon vide various statutes, acts including the parent law 'The Bangladesh Bank Order, 1972' (amended up to July 2020), BB has been committed to promote financial inclusion activities to facilitate the best use of economic resources. As a part of this mission, BB has taken different initiatives to improve the access to credit and other financial services, especially for the unbanked and poor populace of the country who generally left out of the financial services.

7.25 BB has committed for a greater financial inclusion of under-served productive sectors and brought new dimensions in financial markets for rapid poverty eradication, inclusive economic and social progress. In order to meet the commitments and targets within the stipulated time and to monitor the self-progress, BB has started outlining its commitments to the nation through publishing 'Strategic Plan' since 2010. In the latest Strategic Plan for 2020-2024, BB has set several action plans which have been coupled with the indicators for deepening financial inclusion in Bangladesh. On implementation of those action plans, it is expected that financial services will be reached out to all including the underprivileged people, gender gap will be reduced, and finally the usage of financial services will be increased to the expected level.

7.26 In addition to the institutional goals, BB has played an instrumental role in formulating country's first financial inclusion strategy, the "National Financial Inclusion Strategy (NFIS) of Bangladesh", where the commitment for financial inclusion of all citizens has been reaffirmed.

#### **Early Stages of Financial Inclusion in Bangladesh**

7.27 The nationalisation of the banks in 1972 facilitated in reaching out to more remote places and diversifying banking services for a greater population. Another important step was the establishment of Bangladesh Krishi Bank (a specialised bank for financing the agricultural sector) in 1973, which facilitated access to agricultural finance to a large portion of the rural population. Meanwhile, microfinance institutions also found their ground to grow their operation as aid delivery channel and operating microcredit at the rural level.

7.28 As the time evolved, in 1982, BB started licensing of private commercial banks in Bangladesh that increased financial access points and thus helped more people to be on-boarded in the financial system. With the emergence of mobile and internet, digital financial services (DFS) boosted the financial inclusion in Bangladesh further, especially in the last decade. Among the available DFS, mobile banking has gained much popularity and helped more unbanked people to use financial services. The role of DFS has also been pivotal in combating the COVID-19 pandemic.

7.29 In FY22, BB with its various initiatives, remained focused on reaching out to more unbanked and underprivileged people, exploring new areas and ensuring quality and affordable financial services.

## Financial Inclusion through Conventional Channels

### Expansion of Branch Network of the Banks

7.30 The conventional and comprehensive way of extending banking services to the areas where there is a need for those services as well as business prospect for the banks is the full-fledged branch banking. Earlier, banks were permitted to maintain a ratio of 4:1 for setting up new branches in the urban and rural areas till 2011. With a view to reaching more rural areas with banking services, Bangladesh Bank issued a circular on bank branch expansion in 2011 and re-fixed the rural-urban branch ratio to 1:1. In FY22, a total of 170 new bank branches were opened. The number of bank branches as on 30 June 2022 stood at 10,963.

### SME/Agri Branches and Sub-branches

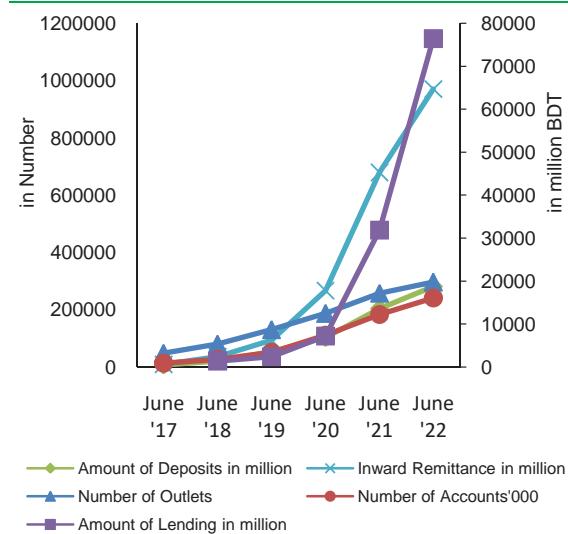
7.31 In 2010, BB allowed banks to establish SME/agri branches. Then, in 2019, BB allowed banks to establish sub-branches. These new channels are bringing more unbanked and underprivileged people under the formal banking network. Such Sub-branches are providing limited scale banking services and operating within a limited expenditure under the supervision of a nearby full-fledged branch of the bank.

## Financial Inclusion through Alternative Channels

### Agent Banking

7.32 BB allowed scheduled banks to extend banking services through agents in 2013. Agents of a bank can offer limited-scale banking and financial services under a valid agency agreement. Through this system banks can extend their services to the remote areas without setting up a branch or employing their

**Chart 7.07 Trends in Agent Banking Activities**



Source: Financial Inclusion Department, Bangladesh Bank.

own officials to the remote location. This new system is cost efficient for the banks as well as suitable for a local entrepreneur to act for a bank in their locality. As a result, agent banking is gaining much popularity in the remote areas.

7.33 Financial inclusion has gained a pace through agent banking in the rural areas creating endless possibilities for both banks and their customers. Agent banking is helping banks in mobilising deposits, disbursing credit and most importantly distributing inbound foreign remittances. Even in the time of spreading COVID-19, when every other business and banking activities saw a downturn, the agent banking has still made a significant progress.

7.34 As of June 2022, 30 banks were engaged in agent banking. A total of 14,299 agents were deployed with 19,737 outlets in FY22 which was 10.74 percent and 15.10 percent higher than 12,912 agents and 17,147 outlets respectively in FY21. Total number of accounts up to June 2022 was 16,074,378 and total balance of these accounts was BDT 280.85 billion. The distribution of foreign remittances,

### Box 7.01 Methodology for Sustainability of Banks and NBFIs

#### Definition, Scope and Objectives

Sustainability has been defined in the recently issued SFD circular on “Sustainable Finance Policy for Banks and NBFIs” dated 30 December 2020 in its best possible expression in such a manner as such an issue that never ever be compromised with anything. Wherever we go, wherever we may be, if we are there, if we exist, if anything persist it is because of sustainability. Banks and NBFIs can play their best possible role through their intended involvement and proactive engagement with required concentration and dedication to Sustainable Finance activities. Sustainable finance (SF) activities has a wider scope of definition containing green banking (GB) activities including green finance (GF) and other GB activities, sustainable CSR activities along with sustainable agriculture, CMSME, socially responsible financing linked to sustainability, other sustainable linked finance, green investment and last but not the least the core banking issues related to sustainability. So sustainability rating may be defined as the rating of the banks and NBFIs with respect to their performance in four major components namely (i) sustainable finance (ii) CSR (iii) green refinance and (iv) core banking sustainability.

Banks and NBFIs are financial intermediaries and they need to be rated with their performance on environmental, social and governance attributes, especially their policies and performance. In this regard methodology of sustainability rating has been issued vide SFD Circular No.-6 dated: 31 December 2022 and SFD Circular Letter No.-5 dated: 17 August 2021. Good performers having higher rating scores will be incentivized with respect to BB's year wise recognition as one of the top ten banks and top five financial institutions. Rating on performance on yearly basis will start from the year 2020 and the poor performers or non performers will be given required treatments so that they compelled to back in track.

#### Component

##### Sustainable Finance Indicators

It is a structured mechanism for financing a product/a project/an initiative a sustainable one, not only belong to green or climate finance based on (i) climate change mitigation (ii) climate change adaptation (iii) other environmental sustainable Implementations and Impact on inclusive sustainable green Growth but also other products belong to agriculture, CMSME or socially responsible financing category with respect to sustainability. Banks/NBFIs green governance, environment and social risk management (ESRM) and intra-institutional green banking practices are very important sustainability issues. Sustainable finance indicators include banks/NBFIs sustainable finance performance including green finance, priority sustainable agriculture and CMSME finance, access to sustainable finance for women, in-house green banking performances, ESRM compliance, participation in green investment etc. Timely required intervention by the board of directors (in case of SOCBs, PCBs or SDBs) or competent authority (in case of FCBs) in any sustainable finance (including risk management or ToR of SFU) issues, capacity building initiatives, sustainable finance disclosures etc will also be evaluated in the rating.

**Box 7.01 (Continued)****CSR Activities**

CSR activities linked to sustainability help banks/NBFIs to be socially accountable. Merely philanthropy of CSR activities will have no scope for evaluation. Bangladesh Bank (BB) has policy intervention and monitoring initiatives with a view to mainstreaming of CSR activities in the financial sector into a broad range of direct and indirect CSR engagements including humanitarian relief and disaster response; widening of advancement opportunities for disadvantaged population segments with support in areas of Healthcare, Education and climate risk fund (CRF) putting importance on environment and climate change mitigation and adaptation etc. The CSR expenditure in the area of health, education and CRF of banks/NBFIs in accordance with the policy and guidelines provided by BB will be evaluated in sustainability rating. The rating also includes evaluating CSR governance, gender equity and in-house CSR performance of banks/NBFIs.

**Green Refinance**

BB has proactively come forward to complement refinance facility (in BDT) with a view to broadening financing avenues for green products/projects/initiatives such as solar energy, bio-gas plant, effluent treatment plant, recycling, energy efficiency etc. In this rating, the performance of PFIs will depend upon availing refinance facility for a number of green products/projects/initiatives belong to different categories/sectors. Similarly the performance of PFIs will also depend upon availing refinance facility on utilizing USD component and Euro component under green transformation fund (GTF) will have a positive impact over this rating.

**Core Banking Sustainability**

The term 'Sustainability' is well integrated into core banking practices. The concept of sustainable banking has gradually been created by banking practices that are environment-friendly. This assists the financial sector to play a role in supporting development goals and to facilitate the transition to a green and low carbon economy. Evaluating performance of banks and NBFIs in sustainable finance or any other aspect requires analyzing their core banking activities. Generally, the core banking includes deposit, loan/investments and credit processing. Among the integral core banking services are floating new accounts, servicing loans, calculating interests, processing deposits and withdrawals, and customer relationship management activities. But in this case, the methodology includes performance regarding maintenance of asset quality, capital adequacy, proper liquidity, regulatory compliance, practice of governance etc. Sustainability of core banking practices is equally important as practice of sustainable financing.

**Banking Services Coverage**

Considering the financial inclusive activities as a valuable part of calculating sustainability rating, banking service coverage network should be a key element of sustainability rating methodology. Under this issue number of brunches, number of deposit A/C, number of loan A/C and number of agent outlet are taking into consideration.

through agent banking in FY22 was BDT 970.48 billion. Trends in agent banking activities are shown in Chart 7.07.

### **Introduction of Automated Teller Machine (ATM)**

7.35 ATMs are making significant contribution towards creating branchless banking worldwide. Considering the comfort and convenience of the customers, BB encourages banks to introduce ATMs for their customers. This avenue allowed banks to provide allied services such as debit card, credit card, POS/online transactions, etc. The first ATM in Bangladesh was introduced in 1993. As on 30 June 2022, the number of ATMs in Bangladesh was 13,036.

### **Electronic Payment Services**

7.36 The popularisation of POS and e-commerce services helped customers to make domestic and overseas payments with ease and convenience. Specially, with the evolution of technology, these services helped to financially include the tech-savvy young generation. BB also introduced Bangladesh Automated Cheque Processing Systems (BACPS) in 2010, Bangladesh Electronic Funds Transfer Network (BEFTN) in 2011, National Payment Switch Bangladesh (NPSB) in 2012 and Real Time Gross Settlement System (RTGS) in 2015. These technical moves increased the speed of money and thus reduced time required for making interbank transactions significantly. As the usage of these services increases, the cost reduces and induces financial inclusion.

### **Mobile Financial Services**

7.37 BB has introduced mobile financial services (MFS) in 2011. Initially MFS was used as a mode of payment instrument, but later MFS has been used as a medium of deposit mobilisation also. MFS has experienced a rapid

growth since the mobile phone network is omnipresent all over in Bangladesh. BB has also introduced e-KYC and electronic documentation for opening an MFS account which further accelerated financial inclusion.

7.38 At the early stage, only the cash-in/cash-out (CICO) transactions were popular through MFS, but now all modes of transactions including person to person (P2P), person to business (P2B), business to person (B2P), person to government (P2G) and government to person (G2P) are also popularly used.

7.39 MFS has grown exponentially since the inception and the growth continued in FY22. BB has instructed all MFS companies to open accounts of the garment workers, receivers of government subsidies, stipend, scholarship etc. and allow them withdrawal of their hard-earned money with subsidised cash-out fee. The number of registered and active MFS clients increased by 78.75 and 55.99 percent respectively during FY22. The number of transaction and volume were also increased by 17.04 and 26.86 percent respectively.

### **Licensing of PSPs and PSOs**

7.40 As a part of financial inclusion and deepening financial services, BB has been providing licenses for payment services providers (PSP) and payment system operators (PSO) under the "Bangladesh Payment and Settlement Systems Regulation-2014 (BPSSR-2014)". PSPs, such as e-wallet, mobile wallet etc., are facilitating payment(s) or payment processes directly to the customers and settling their transactions through a scheduled bank or financial institution. PSOs, such as payment gateway, payment aggregator etc., are engaging as fintech companies which operate as settlement systems for payment activities

between/among participants. As of December 2022, a total of 5 PSPs and 8 PSOs were in operation and their activities are helping financial inclusion in Bangladesh.

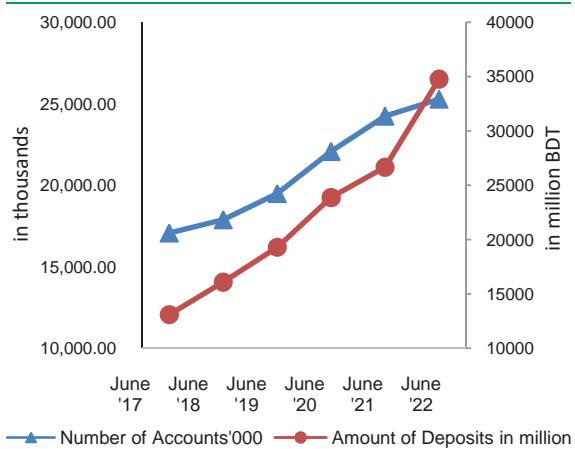
### Initiatives for Marginal and Specialised Segments

#### No-Frill Accounts

7.41 The focus of financial inclusion in Bangladesh rests mainly on low-income groups. Since the financial service is regarded as an important prerequisite for poverty alleviation and improving living standard, BB issued a set of directives to the commercial and specialised banks to onboard the poor, marginalised and special segment of population to the formal banking system and to retain them in the system through opening a special type of bank accounts with zero or nominal charges and free of unnecessary fees or frills. Those accounts are commonly known as no-frill accounts (NFA). NFAs require simplified know-your-customer requirement and documentation. BB guided commercial banks for opening NFAs for farmers, recipients of the social security programs, freedom fighters, small life insurance policyholders, garment workers, cleaning workers of the city corporations, footwear and leather goods makers, small-scale factory workers, physically-challenged persons, street urchins, dwellers of the former enclaves, flood affected marginal people, small businessmen, etc. In addition, banks were instructed to offer higher interest rate against the deposits of those accounts. NFAs have been playing a pivotal role in respect to financial inclusion over the years.

7.42 As of June 2022, a total number of 25,276,832 NFAs were opened under the financial inclusion programme. The number was 24,233,665 in June 2021 indicating an increase of 4.30 percent. The total amount of deposits in

**Chart 7.08 Trends in No-frill Accounts**



Source: Financial Inclusion Department, Bangladesh Bank.

the NFAs reached BDT 34,763.3 million in June 2022 compared to BDT 26,659.4 million in June 2021 indicating an increase of 30.40 percent. Trends in NFAs are shown in Chart 7.08.

#### School Banking

7.43 One of the most significant milestones in the financial inclusion initiatives of BB is the introduction of school banking. To develop savings habit at a very early age, the programme introduces banking services and modern banking technology to students of age less than 18 years. BB issued directives for the banks to introduce school banking in November 2010, later framed a comprehensive policy in October 2013. These policies have preceded the directive to convert school banking accounts to general savings accounts once the students reach the age of 18 years (subject to the consent of the account holder).

7.44 In light of these policies, banks can open student accounts with a minimum deposit of BDT 100 where no service charges applicable. Moreover, these accounts offer attractive interest rates, debit card facility and school-centric financial education services. So far 55 banks have offered school banking. The

total number of students' accounts under school banking initiatives increased to 3,218,193 in June 2022 with the total deposits of BDT 23,390.90 million. The number of accounts and amount of deposits increased by 241,550 (8.11 percent) and BDT 1,912.8 million (8.91 percent) respectively in June 2022 as compared to June 2021. Chart 7.09 shows the picture of school banking accounts in Bangladesh.

### **Banking for the Working Children**

7.45 BB has directed banks to provide financial services to street urchin and working children to secure their hard-earned money and help them to grow a saving attitude. Children who do not have parents can open accounts in the banks with the help of the registered non-government organisations (NGOs). The NGOs involved in this process are fully responsible for the account operation and for the welfare of the account holders. No fees are charged on these accounts.

7.46 Up to June 2022, 19 banks have opened 23,235 street urchin and working children accounts through the help of 23 NGOs. The total amount of deposits in these accounts was BDT 4.46 million. The number of accounts for street urchin and working children increased by 9,577 in June 2022 from 13,658 in June 2021, indicating a 70.12 percent increase over the last year.

### **Introduction of Refinance Packages**

#### **BDT 5.0 Billion Refinance Scheme for BDT 10/50/100 Account Holders**

7.47 In 2014, BB created a refinance scheme with a revolving fund of BDT 2.0 billion to facilitate income generating activities of the low income people with BDT 10.00 account. Under the scheme, the banks were able to lend without any collateral. In September 2021, BB took

several measures to facilitate rapid recovery of rural economy from the pandemic as well as to make this scheme more attractive both for the banks and the targeted borrowers. As a part of those measures, the fund size of the refinance scheme increased from BDT 2.00 billion to BDT 5.00 billion. Individual loan size in the revised scheme increased from BDT 50,000 to BDT 500,000. The most significant revision of the scheme lies in the interest rate which is now 7.0 percent at the borrower level and 1.00 percent at the bank level, replacing the earlier rates of 9.00 percent at the borrower level and 4.00 percent at bank level. Besides, *Shariah* based banks are now permitted to participate in the scheme. So far 50 banks that signed in the scheme sent an annual lending target of BDT 3.90 billion under the scheme for the calendar year 2022. Up to June 2022, a total of 94,535 borrowers have received BDT 5.60 billion from both the BDT 2.00 billion and BDT 5.00 billion schemes.

#### **Refinance Scheme of BDT 30.00 Billion for COVID-19 Affected Marginal People**

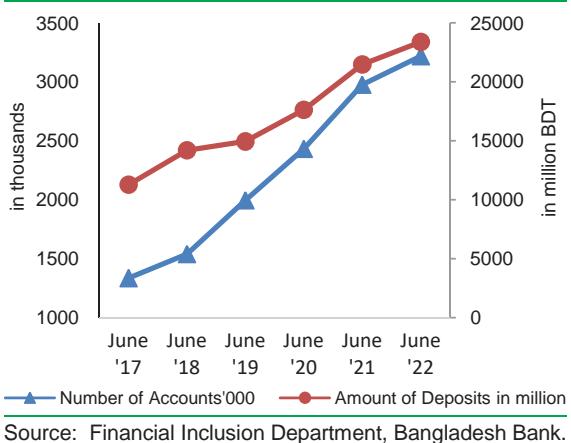
7.48 In line with achieving the targets of Sustainable Development Goals and vision 2041 of Government of Bangladesh and Financial Inclusion Department (FID) of BB is working relentlessly to stimulate the economic growth of the country through connecting the marginal people with financial inclusion activities. In this connection this department has taken a number of initiatives in recent days. With a view to overcoming the possible negative impacts of the worldwide outbreak of the COVID-19 pandemic, BB launched a revolving refinance scheme of BDT 30.0 billion on 20 April 2020 for the COVID-19 affected low income professionals, farmers, micro/small businesses to help them recover from negative impact of the pandemic. It is mentionable that remittance-providing workers,

who were returning from abroad due to pandemic situation, were also privileged to get credits under the scheme. As per directives issued on 28 October 2021 vide FID circular no: 02/2021, this facility is being disbursed through Micro Finance Institutions (MFIs) as well as directly by scheduled bank branches and sub-branches in order to ensure the facility to reach grassroots level. At this point, the interest rate of loan at the end user level has been fixed at a maximum of 9.00 percent and 7.00 percent in case of disbursing by MFIs and scheduled banks respectively. The scheduled banks will pay 0.50 percent interest to BB against refinance facility and they will provide the same facility to MFIs at 3.00 percent interest. As of 30 June 2022, around 0.56 million targeted people availed financing facility of BDT 27.81 billion through this scheme. BB recovered 17.92 billion from scheduled banks against the refinanced amount by this time. This refinance scheme has opened a great scope for the marginal people to carry on their livelihoods amidst the COVID-19 pandemic.

#### Financial Literacy and Consumer Empowerment

7.49 Financial literacy of the citizen is a prerequisite to make financial inclusion sustainable. With a view to making financial inclusion initiatives more successful, BB has taken numerous initiatives. BB has identified 'strengthen financial education and financial literacy initiatives' as an important core objective in the Strategic Plan for 2020-2024. With a view to increasing public awareness and formulating financial literacy and financial education policy, BB has designed a special programme named 'School Banking Conference' in 2014. School banking conferences are being arranged at the district-level of Bangladesh. Students from different educational institutions, parents, teachers, government officials, journalists and

**Chart 7.09 Trends in School Banking Activities**



Source: Financial Inclusion Department, Bangladesh Bank.

other stakeholders of that locality participate, learn and share financial knowledge through various activities. Considering financial literacy as a foundational learning for the future citizen, BB has been working to include a special chapter on financial literacy in the national curriculum for the secondary level education.

7.50 Moreover, as part of the commitment to build a nation with strong financial base, BB has undertaken a project financed by Alliance for Financial Inclusion (AFI) named as 'Striving for a Financially Literate Society'. Under this project, the following three initiatives have been implemented:

- Developed financial literacy guidelines specially designed for the employees of banks and non bank financial institutions to deploy financial literacy by them among the people under their jurisdiction;
- Produced financial literacy content and website aimed at different segments of people such as cottage, micro, small and medium enterprises (CMSMEs); women, youths, farmers/agro-based people; mobile financial service (MFS) users; social safety net beneficiaries; senior citizens, etc.; and

- Produced short animated financial literacy videos for better dissemination of financial literacy among the mass population.

7.51 In addition to the above-mentioned programmes and initiatives, BB arranges different financial awareness campaign such as open credit disbursement programme, awareness raising campaign under different schemes and projects, special fairs such as banking fair, SME fair, women entrepreneur fair, etc.

#### **International Collaboration and Knowledge Sharing**

7.52 BB has built partnership with some international strategic alliances and become member of international organisations to boost financial inclusion, financial deepening and also to ensure an enabling and inclusive financial environment in Bangladesh.

7.53 Governor of BB was the Chair of the Board of Directors of Alliance for Financial Inclusion (AFI)<sup>1</sup> from June 2018 to September 2019. Officials from BB are contributing in various Board committees and working groups of AFI. BB has also been elected as Vice-Chair of the gender inclusive finance committee of the AFI board.

7.54 The Maya Declaration, a member institution's self-commitment regarding financial inclusion has been introduced by AFI in September 2011 at the AFI Global Policy Forum in Riveria Maya, Mexico. BB signed the Maya Declaration and made 69 commitments of which 47 commitments were successfully achieved till June 2022.

7.55 It is mentionable that due to significant progress in financial inclusion, BB was awarded

with the AFI Policy Award in 2014, The Child and Youth Finance International (CYFI)'s Global Inclusion Award for 2016 and 2017, and AFI Gender Inclusive Ambassador Award in 2018.

#### **Other Financial Inclusion Initiatives**

##### **Introduction of Simplified Account Opening Form**

7.56 The inability of financial institutions to properly verify prospective clients leads to financial exclusion. In order to promote financial inclusion, Bangladesh Financial Intelligence Unit (BFIU) has reviewed the account opening form used by the banks and prepared a simplified account opening form. Accordingly, BB issued circular on account opening form in February 2020. The simplified form is designed to offload the burden of the marginalised clients from submission of many documents based on their risk exposure. Apart from the requirements of the simplified forms, the banks have been allowed to seek additional information from customers (if they deem it necessary).

##### **e-KYC Implementation Initiative across Financial Sector**

7.57 BFIU issued the e-KYC guidelines in 2020 for the financial institutions including banks, NBFIs, insurance companies, capital market intermediaries, MFS, DFS and other companies licensed by BB. Every financial institution was supposed to implement this guideline by December 2020. Later, considering the COVID-19 situation, the deadline has been extended in case to case basis. The e-KYC guideline contains a set of instructions for the financial institutions to enable them to conduct customer due diligence in a digital means based on the NID card and the bio-metrics data stored

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<sup>1</sup> A global knowledge exchange platform of 82 regulators from 75 countries for financial inclusion. (<https://www.afi-global.org>)

against each NID card. The key objective of promoting e-KYC is to enable quick on boarding of customer identity through digital means which can leverage saving of time, cost and provide ease for both the client and service providers. As of 30 April 2022 the implementation status of e-KYC in Bangladesh is as follows:

Implementation Status	No. of Banks	No. of NBFI
Fully implemented	23	3
Partially Implemented	18	4
Under process	18	25
Not Applicable	1	1
<b>Total</b>	<b>60</b>	<b>33</b>

The financial institutions (FIs) provide their progress to the BFIU time to time on e-KYC implementation. As per their report following number of accounts have been opened through e-KYC till 30 April 2022:

FI type	Male	Female	Others	Total
Bank	1,039,158	565,364	30,684	<b>1,635,206</b>
NBFI	204,617	68,848	-	<b>273,465</b>
MFS	56,387,679	56,387,679	-	<b>112,775,358</b>
<b>Total</b>	<b>57,631,454</b>	<b>57,021,891</b>	<b>30,684</b>	<b>114,684,029</b>

The use of e-KYC system has blessed our financial system with ease of operation, quick customer acquisition and been ensuring financial inclusion in a secured and fast manner.

#### Deepening of Access to Finance in Rural Areas

7.58 BB has been pursuing annual agricultural credit policy to increase financial inclusion and access to finance in the rural areas. The policy also aims at reaching every corner to rejuvenate rural economy each year. In addition to financial inclusion, agricultural credit policy helps employment generation, increases agricultural production and ensures food safety for the country.

7.59 Short-term agricultural credits are generally disbursed to the farmers for the production of crops and those are repayable within a calendar year. So, agricultural credit supply needs to be continued through policy initiatives to retain them in the financial systems. In FY22, a total of BDT 288.34 billion has been disbursed to 3.30 million borrowers of them 1.80 million was women.

#### Small Enterprise Refinance Scheme

7.60 BB introduced a refinancing scheme named 'Small Enterprise Refinance Scheme' (SERS) of BDT 1.00 billion out of its own fund for supporting the development of small enterprises in the country in 2004. Later, to meet up the increasing demand from the end borrower, the fund size has been increased to BDT 15.00 billion. To encourage women entrepreneurs for taking CMSME initiatives, as per SME and SPD circular letter issued on 4 August 2021 bank and NBFI can borrow fund from BB at a 0.50 percent interest rate (which was previously 3.00 percent) and disburse to small entrepreneurs at a maximum rate of 5.00 percent (which was previously 7.00 percent). In the circular letter issued on 4 August 2021, BB has dedicated this fund only for women entrepreneurs. Moreover, BB will provide 1.00 percent incentive to the end users of the refinance scheme and another 1.00 percent to the refinance taking bank or NBFI upon duly repayment of the loan. Up to 30 June 2022, an amount of BDT 54.99 billion was refinanced under this fund to 45630 enterprises on revolving basis. Among them 32904 were women entrepreneurs.

#### Enhancing Eligible Collateral Base for Greater Access to Finance

7.61 Sufficient collateral is one of the important prerequisites to avail loan from any

bank or NBFI in Bangladesh. Among the collaterals, immovable fixed assets are most widely acceptable. Hence, financing to escalate the cottage, micro, small and medium enterprise (CMSME) industry is hindered by the lack of adequate immovable collateral. Movable assets can be considered as alternative source of collateral for the CMSME loans. A project named 'Secured Lending and Movable Collateral Registry Reform in Bangladesh' has been undertaken jointly by BB, Ministry of Finance and International Finance Corporation (IFC) of World Bank Group. The objective of this project is to generate the acceptability of transferable or movable assets through reformation of eligible collateral. Consequently, the periphery of eligible assets considered as collateral and to ease financing intricacy for the CMSME entrepreneurs is being widened.

### **Regulatory Changes in Financial Inclusion**

#### **Establishment of Refinance Fund Titled 'Start-Up' Fund**

7.62 BB has instructed all scheduled banks to set up a 'Start-up Fund' by transferring 1.00 percent of their annual net profit each year starting from 2020 for the next five years (SME & SPD circular no. 04 and circular letter no. 05 dated 29 March 2021 and 26 April 2021). The amount of start-up fund stood at BDT 1.29 billion in FY22. In addition, BB has raised a fund amounting BDT 5.00 billion to support refinance facility for start-up financing. As on 30 June 2022, total loans/investments disbursed under 'Start-up Fund' was BDT 0.04 billion and number of accounts/customers was 18. It is to be noted that all banks are instructed in the bankers' meeting held on 16 June 2022 to finance at least 03 customers every year under the start-up fund facility.

### **Regulatory Responses on Financial Inclusion due to COVID-19**

7.63 BB has taken several steps in the COVID-19 pandemic situation, including the following:

- Uninterrupted digital financial services in different sectors by enhancing transaction limit and waivers of fees;
- Disbursement of salaries, wages and government social safety net benefits through the workers'/customers bank account or mobile wallets;
- Disbursement of government allowance of distressed population by providing cash assistance to 5.00 million poor families who have lost their source of earnings during the COVID-19 pandemic through mobile financial services (MFS) and BDT 10.00 account;
- Formed a revolving refinance scheme with an initial fund of BDT 30.00 billion for providing credit facilities to low-income people to ensure inclusive growth;
- Develop financial assistance package of BDT 200.00 billion for capital loan/investment facility for cottage, micro, small and medium enterprises (CMSME) and BDT 100.00 billion refinance scheme for CMSME sector to provide working capital facility;
- Refinance scheme of BDT 30.00 billion for agriculture sector to combat financial crisis due to the COVID-19 pandemic; and
- Refinance scheme of BDT 50.00 billion for providing working capital in agriculture sector due to break-out of the COVID-19.

## Performance, Regulation and Supervision of NBFIs

8.01 In addition to the banks, non bank financial institutions (NBFIs) are playing key role in the financial sector of Bangladesh. NBFIs conduct their business operations with diversified financing modes such as, syndicated financing, bridge financing, lease financing, securitization, private placement of equity etc. Currently, 35 NBFIs are operating in Bangladesh. These are regulated under Financial Institution Act, 1993 and licensed by Bangladesh Bank (BB). According to the section 14(1) of the Financial Institution Act, 1993 NBFIs are not subject to-

- i. Issue cheques, pay-orders or demand drafts;
- ii. Receive demand deposits; and
- iii. Involve in gold or foreign exchange transaction.

Unlike banks, most of the NBFIs have separate subsidiaries to operate merchant banking activities. NBFIs also play an important role in the real estate sector. NBFIs are regulated and supervised by two core departments of Bangladesh Bank: (a) Department of Financial Institutions and Markets (DFIM) and (b) Financial Institutions Inspection Department (FIID). DFIM formulates the policies, regulations and guidelines to regulate NBFIs. It also conducts off-site supervision to NBFIs. FIID performs the on-site supervision of NBFIs by conducting comprehensive and special inspection.

### **License and Regulation**

8.02 The authority of granting licenses to NBFIs and their regulations and control are vested in Bangladesh Bank by the Financial Institutions Act, 1993. Under the Act, Financial Institution Regulation 1994 was issued by BB with the approval of the government. Besides, there

are prudential regulations and guidelines for NBFIs issued by BB under section 18 (Chha) of FI Act 1993. According to Circular no. 5 dated 24 July 2011, minimum paid up capital requirement for an ongoing NIFI is BDT 1.0 billion. However, paid up capital and reserves cannot be less than the minimum ratio of risk weighted asset as set by Bangladesh Bank which is presently 10 percent. NBFIs may access public funds, either directly or indirectly through term deposits (minimum 3 months duration), commercial papers (CPs), bonds and debentures. Depositors of NBFIs are not covered under the deposit insurance scheme of Bangladesh Bank. NBFIs are subject to some prudential guidelines in terms of income recognition, asset classification and provisioning norms; single and group borrower exposure limits; capital market exposures; classification and valuation for the investment portfolio; cash reserve ratio (CRR)/statutory liquidity reserve (SLR) requirements; accounting and disclosure and supervisory reporting requirements.

### **Number of NBFIs and Their Branches**

8.03 Among the NBFIs, three (3) are government-owned, thirteen (13) are joint ventures with foreign participation, and the rest nineteen (19) are private-sector companies. The number of branches of NBFIs stood at 271 as on 30 June 2022. Among the branches, 80 are set up in the district of Dhaka and the rest 191 are located in 36 districts across the country. The ownership structure of the NBFIs and their branch expansion related data are shown in Table 8.01.

### **Assets**

8.04 Total asset of NBFIs at the end of June 2022 stood at BDT 973.24 billion (un-audited),

which was BDT 896.56 billion (un-audited) at the end of 2021.

### Investment

8.05 NBFIs are investing in different sectors of the economy, but their investments are mostly concentrated in industrial sector. Sector wise composition of NBFIs' investment at the end of June 2022 (Provisional) was as follows:

Trade and commerce 14.75 percent, industry 45.73 percent, agriculture 2.53 percent, housing 19.07 percent, financial corporation 6.56 percent, service 6.93 percent, consumer finance 3.66 percent and others 0.77 percent. (Chart 8.01)

### Investment in Capital Market

8.06 NBFIs are allowed to invest in the capital market up to 25 percent of their paid up capital and reserve as per section 16 of Financial Institutions Act, 1993. As of 30 June 2022, NBFIs total investment in capital market stood at BDT 44.86 billion which was accounted for 4.61 percent of the total assets of all NBFIs (as per DFIM circular no.-3, dated-15 February 2022).

### Deposits

8.07 Total deposits of the NBFIs at the end of December 2021 decreased to BDT 444.20 billion (53.91 percent of total liabilities) from BDT 453.20 billion (55.55 percent of total liabilities) at the end of 2020 showing an overall decrease of 2 percent. At the end of June 2022, total deposit of NBFIs stood at BDT 478.08 billion (Table 8.02).

### Other Liabilities and Equity

8.08 Total liability of the industry increased to BDT 823.96 billion at the end of December 2021 from BDT 815.84 billion of December 2020. At the end of June 2022, total liability and equity stood at BDT 929.90 billion and BDT 43.34 billion respectively (Table 8.02).

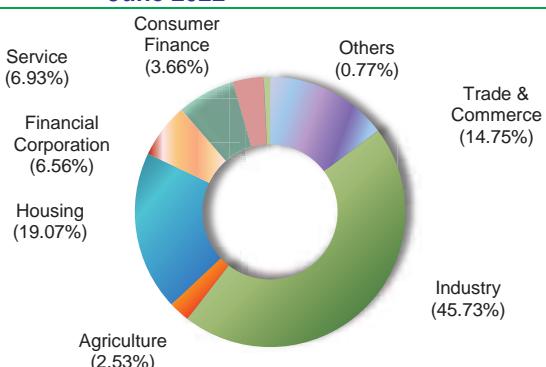
**Table 8.01 Trends in Structure of NBFIs**

Period	2016	2017	2018	2019	2020	2021	2022*
No. of NBFIs	33	34	34	34	35	35	35
Government-owned	3	3	3	3	3	3	3
Joint-venture	11	12	12	12	13	13	13
Private	19	19	19	19	19	19	19
New branches	14	30	8	11	3	1	8
Total branches	224	254	262	273	276	277	271

\* As on 30 June 2022

Source: Department of Financial Institutions and Markets, Bangladesh Bank.

**Chart 8.01 Investment Pattern of NBFIs as of 30 June 2022**



Source: Department of Financial Institutions and Markets, Bangladesh Bank

### Performance and Rating of NBFIs

8.09 Like banks, the performance of NBFIs is also evaluated through the CAMELS rating which involves analysis and evaluation of the six crucial dimensions. The six indicators used in the rating system are capital adequacy, asset quality, management efficiency, earnings, liquidity and sensitivity to market risk.

### Capital Adequacy

8.10 Capital adequacy focuses on the total position of NBFIs' capital and protects the depositors from the potential shocks of losses that a NBFI might incur. It helps absorbing major financial risks related to credit, market, interest rate, etc. NBFIs in Bangladesh have been instructed under the Basel II Accord to maintain capital adequacy ratio (CAR) of not less than 10.0 percent of risk weighted average (RWA)

with at least 5.0 percent in core capital.

### Asset Quality

8.11 Non performing loan (NPL) ratio is an indicator of asset quality. This is the ratio of gross non-performing loan/lease to total loan/lease. At the end of June 2022, the NPL for NBFIs was 22.99 percent. In the total asset composition of all NBFIs, the amount of loans/ lease was 71.24 percent during the said period. The trends of the ratio of gross non-performing loan/lease to total loan/lease are shown in Table 8.03.

### Earnings and Profitability

8.12 Earnings and profitability of an NBFIs reflects its efficiency in managing resources and its long term sustainability. Among various measures of earnings and profitability, the best and widely used indicator is the return on assets (ROA) which is supplemented by return on equity (ROE). The industry ROA and ROE at the end of June 2022 were (0.44) and (9.91) respectively (Table 8.04).

### Liquidity

8.13 Term liabilities are subject to a SLR of 5.0 percent inclusive of average 2.5 percent (at least 2.0 percent in each day) CRR on bi-weekly basis. The SLR for the NBFIs operating without taking term deposit is 2.5 percent. Note that, at the end of FY20, in order to mitigate the impacts of COVID-19 on financial institutions and their clients, the CRR was lowered from 2.50 percent to 1.50 percent on bi-weekly basis and from 2.00 percent to 1.00 percent on daily basis to increase the money supply at the financial institutions.

### Sensitivity to Market Risk

8.14 The sensitivity to market risk reflects the degree of changes in asset-liability position, earnings and capital in response to the changes in interest rates or equity prices. Vulnerability of

**Table 8.02 Trends in Assets, Liabilities and Deposits of NBFIs**

Period	2015	2016	2017	2018	2019	2020	2021	(Billion BDT) 2022*
Total assets	611.0	713.9	839.90	851.6	871.5	902.16	896.56	973.24
Total liabilities	509.0	606.46	725.95	739.6	753.12	815.84	823.96	929.90
Liabilities-assets ratio	83.3	84.95	86.36	86.8	86.4	90.43	91.90	95.55
Total deposit	318.1	382.43	467.98	466.2	451.93	453.20	444.20	478.08
Deposit as % of Total liabilities	62.5	63.1	64.41	63.0	60.0	55.55	53.91	51.41

\* As on 30 June 2022.

Source: Department of Financial Institutions and Markets, Bangladesh Bank

**Table 8.03 Trends in Total loan/lease and Classified Loan/Lease**

Period	2016	2017	2018	2019	2020	2021	(Billion BDT) 2022*
Loan/lease	530.7	580.4	641.9	678.1	670.21	671.20	693.32
Classified loan/lease	38.7	52.1	59.2	80.4	89.05	103.28	159.36
Classified loan/ lease as % of total loan/lease	7.3	8.9	9.2	11.9	13.29	15.39	22.99

\* As on June 2022.

Source: Department of Financial Institutions and Markets, Bangladesh Bank

**Table 8.04 Trends in Profitability of NBFIs**

	2016	2017	2018	2019	2020	2021	(Percent) 2022*
Return on equity (ROE)	6.9	8.3	7.45	(25.2)	(1.99)	(2.79)	(9.91)
Return on asset (ROA)	1.00	1.14	0.98	(2.56)	(0.19)	(0.23)	(0.44)

\* As on June 2022

Source: Department of Financial Institutions and Markets, Bangladesh Bank

the NBFIs in a stressed situation emanated from either an interest rate or equity price shock or both. When evaluating this sensitivity component, emphasis should be given to management's ability to identify, measure, and control market risk through the implementation of effective core risk management system. For many NBFIs, the primary source of market risk arises from non-trading positions and their sensitivity to changes in interest rates.

### Composite CAMELS Rating

8.15 At the end of June 2021, out of 35 NBFIs, the composite CAMELS rating of 13 were

"2 or Satisfactory", 8 were "3 or Fair", 8 were "4 or Marginal" and 3 were "5 or Unsatisfactory". One is under process and the rest 2 are exempted from the rating process considering special circumstances.

### **Legal Reform and Prudential Regulations**

8.16 As part of the ongoing initiative, Bangladesh Bank (BB) emphasizes the improvement in financial strength and transparency of NBFIs and undertakes some legal and regulatory policy measures. "Guidelines on Commercial Paper for Financial Institutions" has been revised to introduce some best practices and to set standards that will facilitate financial institutions to perform efficiently regarding CP in a more organized way.

### **Capital Adequacy and Progress of BASEL Accord Implementation in NBFIs**

8.17 Basel-II norms were implemented from 1 January 2012. Prudential guidelines on capital adequacy and market discipline (CAMD) have been issued to promote international best practices and to make the capital of NBFIs more risk sensitive as well as more shock resilient. NBFIs have to follow the guidelines as statutory compliance. NBFIs operating in Bangladesh are instructed to maintain the minimum capital requirement (MCR) at 10.0 percent of the risk weighted assets (RWA) or BDT 1.0 billion whichever is higher in accordance with Basel-II guidelines. Basel-III has not been introduced yet in this sector considering the capacity constraint of NBFIs to implement the principles of the accord.

### **Corporate Governance in NBFIs**

8.18 BB has taken adequate policy measures regarding good corporate governance framework for NBFIs to ensure more discipline and good governance in operation and management of NBFIs. BB has clearly specified the authority,

responsibility and functions of the Board of Directors, Executive Committee, Risk Management Committee, Audit Committee, Management and Chief Executive Officer of NBFIs. Chairman of the Board of Directors or chairman of different committee of board is not allowed to hold the directorship of the subsidiary/affiliated companies of respective NBFIs. The required number of directors in the board ranges from 9 to 11. The board sets and approves the vision/mission, annual strategic business plan, key performance indicators, core risk management guidelines, etc. of the organisation. On the other hand, the Managing Director/Chief Executive Officer (CEO) is responsible to conduct day to day functions and materialization of the strategic business plan.

### **Asset Classification and Provisioning**

8.19 NBFIs are required to maintain provision for expected losses on loans, advances, leases, investments considering some objective criteria as well as qualitative judgment. Assets are classified as standard, special mention accounts, sub-standards, doubtful and bad/losses, requiring the NBFIs to keep provision by 1.00 percent, 5.00 percent, 20.00 percent, 50.00 percent and 100.00 percent respectively. At the end of June 2022, the total outstanding of loan/lease was BDT 693.32 billion of which NPL was BDT 159.36 billion (22.99 percent of total loan/lease, Table 8.03). A master circular was issued on 26 July 2021 to ensure proper utilization of loan/lease/advances.

### **Credit Policy**

8.20 NBFIs have to follow Integrated Risk Management Guidelines in disbursement of loan/lease/investment. As per regulations of BB, NBFIs have to release the loan amount to the respective client's account and NBFIs have also

been asked to ensure the proper utilization of disbursed amount before the disbursement of next installments. NBFIs have to reserve loan/lease/ investment file properly. It is also mandatory for NBFIs to take adequate eligible securities against loan.

### Core Risk Management

8.21 Guidelines on five core risk areas, namely, credit risk management, internal control and compliance, asset-liability management, prevention of money laundering and terrorist financing, and information and communication technology (ICT) security have been issued for NBFIs. Besides these, with a view to addressing and managing all the risks in a more prudent and organized way the 'Integrated Risk Management Guidelines for Financial Institutions' have also been issued to adopt improved policies and procedures in line with internationally best practices for their risk management framework. The guidelines encompass all the probable risks that include credit risk, market risk, liquidity risk, operational risk, compliance risk, strategic risk, reputational risk, environmental risk, and money laundering risk.

### Stress Testing

8.22 Stress testing is a simulation technique used to test the resilience of different non bank financial institutions under a set of exceptional, but plausible assumptions through a series of tests. Stress testing alerts NBFI management to adverse unexpected outcomes related to a variety of risks (interest rate, credit, equity and liquidity). Stress test rating scale of 1 to 5 and zonal positioning through weighted average resilience-weighted insolvency ratio (WAR-WIR) matrix has been introduced to develop auto-generated recommended action plan. NBFIs are conducting stress testing on quarterly basis.

**Table 8.05 Inspections Conducted by FIID in FY22**

Name of Inspection	Number
Head office comprehensive inspection of NBFIs	32
Branch comprehensive inspection	0
Core risk inspection	0
FICL inspection (Quick Summary Report)	36
Special Inspection	23

\* As on June 2022

Source: Financial Institutions Inspection Department, Bangladesh Bank

### Non Bank Financial Institutions Inspection

8.23 During FY22, Financial Institutions Inspection Department (FIID) has conducted total 32 comprehensive inspections on head offices of financial institutions. Details of the inspection conducted by the department are shown in the Table 8.05. This department also monitors implementations made in the inspection reports.

### Consumer Protection Regulations

#### Schedule of Charges

8.24 To ensure the standard of customer's service and protection of customer's interests BB has directed NBFIs to formulate 'Customer Service and Complaint Management Policy'. NBFIs have to form complaint cell in their head offices, regional offices and branch offices under direct supervision of Chief Executive Officer to settle the customer's complaints according to 'Customer Service and Complaint Management Policy'. BB has rationalized the charges of some services to ensure the interest of depositors/investors/customers and advised all NBFIs to display the complete schedule of charges in suitable places in their branches and head offices so that the clients can easily notice it. They are also advised to post the same information in their websites. BB monitors these issues and NBFIs are required to submit semi-annual statements in these regard. No charge/commission like commitment fee, supervision fee and cheque dishonor fee can be charged on their clients by NBFIs.

### **Guidelines on Products and Services, and Commercial Paper of Financial Institutions in Bangladesh**

8.25 Along with the banks, the financial institutions with their customized products and services have emerged as the competitive financial intermediaries to meet the growing and changing demands of customers. The "Guidelines on Products and Services of Financial Institutions in Bangladesh" has outlined the different characteristics of products and services offered by NBFIs which helps financial institutions to adapt with the changing environment also to promote sound risk management system and bring discipline in launching new products and services. In order to set some regulations regarding commercial papers 'Guidelines on Commercial Papers for Financial Institutions' has been introduced. This allowed NBFIs to get involved in commercial papers as investor, issuer, guarantor, and issuing and paying agent by fulfilling the terms and conditions as mentioned in the guidelines. The existing guidelines have been revised by DFIM circular letter no-02 dated on 27 February 2020 to ensure best practices and to set standards that will facilitate non bank financial institutions to perform efficiently regarding commercial papers in a more organized way.

### **Cost of Funds Index for NBFIs**

8.26 NBFIs are regularly submitting their monthly statements of base rate and cost of funds to BB as per guideline published in 2013. On the basis of these statements, BB prepares an aggregate cost of funds index, uploads that in the BB website and updates on a monthly basis. The cost of funds index is used as an acceptable reference rate. The base rate system facilitates the interest rate determining process and ensures more transparency and accountability

in the NBFIs. The cost of fund of NBFIs in December 2021 was 6.53 percent which increased to 7.12 percent in June 2022.

### **Regulations on Corporate Memory Management System (CMMS) for Non Bank Financial Institutions**

8.27 As part of formulation and implementation of national integrity strategy (NIS), a circular has been issued for the preservation and use of information of the penalized employees of non bank financial institutions through Corporate Memory Management System (CMMS).

### **Measures to Mitigate Covid-19 Impact on Non Bank Financial Institutions**

8.28 Like elsewhere across the globe, the COVID-19 pandemic has brought challenges in financial and economic sectors in Bangladesh. Bangladesh Bank has taken several policy measures to mitigate the impacts of COVID-19 on NBFIs and their clients. Some of the key policies are: relaxation on loan/lease/advance classification, lowering the CRR from 2.5 percent to 1.5 percent on bi-weekly basis and from 2.0 percent to 1.0 percent on daily basis, easing the terms and conditions of restructuring and revolving loan renewal facilities etc. Moreover, Bangladesh Bank facilitates interest rate subsidy and refinance scheme for pandemic affected clients of non bank financial institutions and banks under the government stimulus packages for providing working capital in industry and service sector; and cottage, micro, small, and medium enterprises (CMSME) sector. Circular has also been issued to rationalise interest rate on loan/lease/investment of NBFIs. With all these policy measures this sector is expected to be more resilient to adjust the adverse effect of COVID-19.

## Financial Market

9.01 Financial market plays a crucial role in strengthening the economy with mobilising resources and offering finance to the appropriate sectors. Bangladesh Bank (BB) continued its proactive role in financial market stability during FY22. In dynamic approach to rebound programmes for the economy from the COVID-19 adversities, BB practised congenial initiatives in signalling credibly to financial system through notable market indicators such as liquidity access, transmission mechanism based interest rate, vigilant supervision and competitive foreign exchange rates. Furthermore, BB prudently applied policy tools while deemed necessary in FY22 for controlling and enhancing recovery of the market and fortifying vibrant financial system.

### Markets' Highlights, FY22

- Banking system liquidity followed a downward trend in FY22 due to rising private sector credit growth and a diminishing deposit growth. Furthermore, lower remittance inflow and surge in imports also brought down the banks excess liquidity.
- Accordingly, money market experienced a moderate volatility in FY22 with interbank call money rate climbing higher due to liquidity shortage in the banking sector and rebound program of the economy from the pandemic.
- In addition, BB raised Repo rate twice during FY22. Firstly, Repo rate was increased by 25 basis points in May 2022, from 4.75 percent to 5.00 percent. Later on, BB revised Repo rate upward by 50 basis points in June 2022 and re-fixed at 5.50

percent from 5.00 percent. In FY22, Reverse Repo rate remained unchanged at 4.00 percent.

- Capital market showed some volatility with downward trend in price indices, market capitalization, and turnover. Commodity and energy prices instability and sharp depreciation of BDT per USD, exchange rate influenced unfavorably to capital market performance.
- In FY22, BDT-USD exchange rate experienced excessive volatility and depreciation (by 9.23 percent) on account of moderate remittance inflows and growing trade deficit resulted from ongoing Russia-Ukraine crisis, COVID-19 pandemic and surge in import growth.
- Minimizing undue exchange rate volatility, BB intervened with net sales of USD 7.4 billion and therefore foreign exchange reserve declined crucially to USD 41.8 billion in FY22.

### Markets Overview

9.02 Financial system of Bangladesh consists of three specified sectors: formal, semi-formal and informal. The formal financial sector includes the money market (banking system, microcredit institutions, nonbank financial institutions and interbank foreign exchange market), the capital market (stock markets), the bond market and the insurance market. Operational functions of these institutions are controlled by different regulators such as BB (oversees banking system), Bangladesh Securities and Exchange Commission (oversees stock market activities),

Insurance Development and Regulatory Authority (oversees insurance companies), and Microcredit Regulatory Authority (oversees micro credit institutions). The Ministry of Finance also has some administrative role in certain aspects. However, the semi-formal and informal sector being partly or not quietly governed by compatible regulators also contributed considerably to the financial market.

## I. Money Market

### Call Money Market in FY22

9.03 The money market in Bangladesh experienced a moderate volatility in FY22. BB meticulously applied open market operations (OMOs) and debt management tools to stabilize call money market. BB's careful policy steps favour banks to hold liquidity supportive for stable weighted average call money rate spreading from 1.79 percent to 4.88 percent during FY22 (Table 9.01 and Chart 9.01). In FY22, average trade volume in interbank call money increased by BDT 353.08 billion, which was 34.3 percent higher than that of FY21. Rising call money rate implied liquidity shortage in the money market due to rebound economic activities, lower remittance inflows and negative trade balance.

### Repo Auctions in FY22

9.04 BB conducts various types of Repo (overnight Repo, term Repo, liquidity support facility (LSF) and special Repo) auctions to inject liquidity to banks at a pre-determined and auction based rates against collaterals: market and face value of government treasury bills, bonds and BB Bill. In FY22, interest rate for overnight Repo, term Repo and LSF were 4.75 percent, 4.85 percent and 4.75 percent respectively.

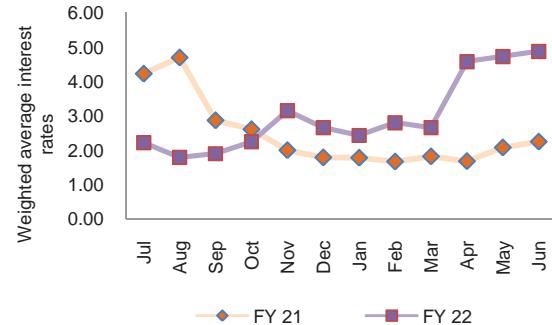
9.05 Repo repayment duration is between

**Table 9.01 Volume of Trade and Weighted Average Interest Rates in Call Money Market**

Periods	Volume of trade (Billion BDT)	Weighted average interest rates (%)	Volume of trade (Billion BDT)	Weighted average interest rates (%)
	FY21		FY22	
July	1758.93	4.23	468.18	2.22
August	1653.82	4.70	936.65	1.79
September	1559.57	2.87	1642.29	1.90
October	730.01	2.61	1731.56	2.25
November	814.72	2.00	1549.37	3.15
December	961.73	1.79	1303.99	2.66
January	877.80	1.78	1520.69	2.43
February	970.67	1.67	1526.68	2.80
March	910.73	1.82	1571.75	2.66
April	789.83	1.68	1326.88	4.58
May	641.77	2.08	1345.46	4.73
June	679.43	2.25	1662.44	4.88
Average	1029.08	2.46	1382.16	3.00

Source: Debt Management Department, Bangladesh Bank.

**Chart 9.01 Movements of Call Money Rate**



Source: Monetary Policy Department, Bangladesh Bank.

1-day to 360-day. For periodical need term Repo of 7, 14 and 28 days were introduced on 06 June 2018. Besides, 360 days term Repo was commenced on 13 May 2020 to meet longer term requirement, though no bid was received against this instrument in FY22. Term Repo rate is fixed through auction considering overnight Repo rate as benchmark.

9.06 A total of 64 Repo auctions were held during FY22. In all 2025 bids amounting to BDT 1779.67 billion were received of which total

**Table 9.02 Repo Auctions in FY22**

Total auctions held during the year	Tenor	Bids received		Bids accepted		Interest rate of the accepted bids (%) <sup>®</sup>
		Number of bids	Face value (Billion BDT)	Number of bids	Face value (Billion BDT)	
64	1-Day/4-Day	1838	1667.35	1824	1648.78	4.75-7.75
	7-Day	187	112.32	185	111.09	4.85-5.10
	14-Day	-	-	-	-	-
	28-Day	-	-	-	-	-
<b>Total</b>		<b>2025</b>	<b>1779.67</b>	<b>2009</b>	<b>1759.87</b>	<b>4.75-7.75</b>

\* Overall interest rate range of different tenors.

<sup>®</sup>The current rate of overnight repo is 5.50 percent effective from 30 June, 2022 which was previously 4.75 percent effective from 30 July 2020.

Source: Monetary Policy Department, Bangladesh Bank.

2009 bids amounting to BDT 1759.87 billion were accepted (Table 9.02). During FY21 total 719 bids for BDT 329.68 billion were received of which all bids were accepted. The volume of accepted amounts was increased by BDT 1430.19 billion during FY22. Interest rate against the accepted bids was ranging 4.75-7.75 percent per annum which was 4.75-5.50 percent per annum in FY21.

### Reverse Repo Auctions in FY22

9.07 For attaining monetary policy objectives, BB utilizes Reverse Repo auction to mop up liquidity from the banks to keep the reserve money and money multiplier on track and for impacting currency, reserves and deposits. The interest rate of Reverse Repo (policy rate) remained unchanged at 4.00 percent which signalled the market to maintain reasonable interest rate on bank deposits for protecting the marginal savers. During FY22, no Reverse Repo auction was held.

### Bangladesh Bank Bill FY22

9.08 To conduct effective monetary management and sterilize liquidity of the banking system, operations of 7-day and 14-day BB Bill were introduced in April 2016 alongside the earlier commenced 30-day BB Bill. BB carefully uses BB Bill considering overall liquidity situation of the economy. However, no auction of BB Bill was held in FY22.

## Government Securities

### Government Treasury Bills Auctions

9.09 Treasury bills and bonds are short-term and long-term debt instruments issued by BB on behalf of the government. These indirect monetary instruments are used mainly for financing government cost efficiently. Securities are issued through an auction process where allotments are conferred to the bids which fill the notified issue amount ranging from the lowest to highest yield. Pro-rata partial allotments are made for bids at the cut-off-yield. Objectives of securities issuance are two-fold. First one is to initiate mechanism for financing government's budget deficit and the other relates to managing excess liquidity prevailing in the market.

9.10 In FY22, a total of 24 primary dealers (PDs) banks acted as underwriters and market makers with their commitments to bid in auctions, though as per norms, auction committee constituted for the bills and bonds may devolve any unsubscribed amount to BB/PD and non PD banks considering the auction rate, market timing, macroeconomic and liquidity situation of banks.

9.11 Weekly auctions of 91-day, 182-day and 364-day treasury bills were continued to use as the main instruments for debt management of the government in FY22. The results of treasury bills auctions in FY22 are summarised at Table

**Table 9.03 Auctions of Government Treasury Bills in FY22**

Tenor of bills	Bids offered		Bids accepted		Outstanding bills as of end June 2022 (Billion BDT)	Weighted average annual yield (WAR) range (%)	
	Number	Face value (Billion BDT)	Number	Face value (Billion BDT)		FY21	FY22
14-Day	-	-	-	-	0.00	-	-
91-Day	2397	1788.03	684	660.26	302.77	0.35-5.40	0.45-6.03
182-Day	1192	837.78	324	282.16	183.01	0.58-6.15	0.70-6.49
364-Day	1193	721.63	334	230.31	305.14	1.03-6.44	1.16-6.66
Devvolvement on BB/PDs				198.44			
<b>Total</b>	<b>4782</b>	<b>3347.44</b>	<b>1342</b>	<b>1371.17</b>	<b>790.92</b>	<b>0.35-6.44</b>	<b>0.45-6.66</b>

Source: Monetary Policy Department, Bangladesh Bank.

9.03. The range of annual weighted average yields of most of the treasury bills increased in FY22 as compared to FY21, indicating some what liquidity shortage in the market.

9.12 A total of 4782 bids amounting to BDT 3347.44 billion were received, of which 1342 bids amounting to BDT 1371.17 billion (including BDT 198.44 billion devolvement (BB/PDs) were accepted as in FY22. The weighted average yield-to-maturity against the accepted bids was ranged from 0.45 percent to 6.66 percent. In FY21, a total of 4259 bids amounting to BDT 3512.51 billion were received, of which BDT 1125.00 billion (including devolved amount of BDT 25.65 billion) were accepted.

### Bangladesh Government Treasury Bonds (BGTBs) Auctions

9.13 Treasury bonds, bearing half yearly coupon rate with tenors of 2-year, 5-year, 10-year, 15-year and 20-year are auctioned in every month as per predetermined auction calendar. The BGTB auction committee scrupulously fixed the cut-off rate known as coupon rate for bond pricing. Banks are eligible to use BGTBs for SLR purposes in the form of held to maturity (HTM). HTM securities are amortised in order to converge at face value and held for trade (HFT) securities are traded

following mark to market norms. Both T-bills and bonds are eligible for trading in the secondary market using the market infrastructure (MI) module which is an automated platform of government securities for auction and trading of BB.

9.14 A total of 4571 bids for BGTBs worth BDT 1944.00 billion were received and 1817 bids amounting to BDT 789.58 billion were accepted, of which BDT 139.52 billion was devolved on BB/PDs. The outstanding bonds amount was increased by 443.56 billion (16.56 percent) to BDT 3122.74 billion at the end of June 2022 from BDT 2679.18 billion at the end of June 2021. The weighted average annual yield-to-maturity for the treasury bonds ranged from 2.2325 percent to 8.4835 percent in FY22. The auction summary of BGTBs during FY22 is given in Table 9.04.

### Floating Rate Treasury Bond (FRTB)

9.15 3-year floating rate Treasury Bond (FRTB) was introduced on 25 March 2019 for establishing a robust bond pricing mechanism through variability of interest rate and for secondary bond market development. 91-Days BCR (Bangladesh compounded rate) used to set FRTB rate. At the end of June 2022, 91-Days BCR was 5.03 percent. However, no auction of

**Table 9.04 Auctions of Bangladesh Government Treasury Bonds, FY22**

Tenor of bonds	Bids offered		Bids accepted		Outstanding bonds as of end June 2022 (Billion BDT)	The range of annual weighted average yield (%)
	Number	Face value (Billion BDT)	Number	Face value (Billion BDT)		
2-Year Devolvement on BB	650	393.26	163	160.47 39.54	413.00	2.2325-7.2100
3-Year FRTB Devolvement on BB	-	-	-	-	0.00	-
5-Year Devolvement on BB/PDs	1032	424.84	575	173.23 24.40	711.62	3.8107-7.8000
10-Year Devolvement on BB/PDs	1283	528.47	533	148.65 46.35	999.15	5.2491-8.1000
15-Year Devolvement on BB	792	312.01	259	80.78 13.88	510.82	5.6439-8.2653
20-Year Devolvement on BB	814	285.42	287	86.93 15.35	488.15	6.0092-8.4835
<b>Total</b>	<b>4571</b>	<b>1944.00</b>	<b>1817</b>	<b>789.58</b>	<b>3122.74</b>	<b>2.2325-8.4835*</b>

\* Range of the weighted average annual yield of the accepted bids.

Source: Monetary Policy Department, Bangladesh Bank.

the FRTB was held in FY22 and previously issued bond amounting to BDT 5.0 billion was repaid after maturity on 27 March 2022.

#### Government Islamic Securities

##### Bangladesh Government Islamic Investment Bond (Islamic Bond)

9.16 The government provides guarantee against the Bangladesh Government Islamic Investment Bond (BGIIIB), a pool of funds formed by Islamic banks and individuals for developing money market for Islamic banking. Bangladeshi institutions, individuals and non-resident Bangladeshis who agree to share profit or loss as per Islamic *Shariah* rule may buy BGIIIB. Return of BGIIIB depends on investment in line with *Shariah* savings rate and other related factors on the balance sheet of respective Islamic banks which borrowed money from this fund. Currently, 3-months and 6-months maturity BGIIIBs are operated following rules of Islamic *Shariah*. As of end June 2022, the total sale of BGIIIB was BDT 86.64 billion, while total amount of financing stood at BDT 33.49 billion, and its net balance was BDT 53.14 billion.

##### Bangladesh Government Investment Sukuk (BGIS)

9.17 To widen *Shariah* based financing in investment opportunity and development, government commenced Bangladesh Government Investment Sukuk (BGIS) Bond on 08 October 2020. For BGIS instrument, Finance Division, Ministry of Finance acts as the originator and BB as the special purpose vehicle (SPV). So far, three *Sukuk* (BGIS) bonds under *Ijarah* and *Istisna* mode have been issued; whereas holder institutions of *Sukuk* certificates on own account qualify as approved securities for SLR requirement.

9.18 First *Sukuk* bond of BDT 80.00 billion was initiated in two tranche issuance (on 29 December 2020 and 10 June 2021) for raising fund against 05 year tenor project 'Safe Water Supply for the Whole Country' at 4.69 percent fixed rent (profit). Subsequently, second *Sukuk* bond of BDT 50.00 billion was issued on 30 December 2021 against 05 year tenor project 'Need Based Infrastructure Development of Government Primary School Project (1st Phase)' at 4.65 percent rental rate. Later, third *Sukuk* bond amounting to BDT 50.00 billion

against 05 year term project 'Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3)' was commenced on 20 April 2022 at 4.75 percent fixed rental rate. As on end June, FY22, the outstanding balance of BGIS stood at BDT 180.00 billion.

### **Diaspora Bonds**

9.19 Government introduced 03 types of diaspora bonds: wage earner development bond (WEDB), US dollar investment bond (DIB) and US dollar premium bond (DPB) to encourage savings and enhance remittance inflow. WEDB, 05 years maturity bond, is issued in BDT against inward remittances and available for any amount of foreign currency (equivalent to BDT). Up to BDT 1.5 million, 12 percent interest rate is applicable on WEDB and further investment slabs determine following interest rate.

9.20 DIB and DPB, both 03 years bonds, are issued in USD against bond holder's FC account maintained with non-Shariah scheduled banks and also available for any amount of foreign currency. Interest rates of DIB and DPB are 5.5 percent and 5.0 percent respectively up to USD 0.1 million investment. Subsequent interest rates for DIB and DPB shall be fixed on basis of further investment slabs. Interest and principal are payable in USD for DIB, whereas for DPB principal is in USD and interest in BDT. Total sales of diaspora bonds decreased by 44.4 percent to BDT 9.83 billion in FY22 which was BDT 17.69 billion in FY21.

## **II. Capital Market**

### **Capital Market Activities in FY22**

9.21 The capital market is considered as the second largest segment of the financial system which contributes in accelerating economic growth by providing long-term funds. Dhaka

Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and its affiliates make up the market. Both exchanges use corporate bonds, debentures, and equity securities (shares) as market instruments. The Bangladesh Securities and Exchange Commission (BSEC) is the regulatory authority for capital market development. Besides, BB also contributes notably for capital market as a banking sector regulator.

9.22 Chart 9.02 shows the trends in market behaviour of DSE. DSE broad index (DSEX) and market capitalisation both enhanced rapidly during July-September of FY22 as observable from the chart. However, DSEX experienced downfall in October-November with rise in December-January of FY22. From February-June of FY22, DSEX followed downward trend. In case of market capitalisation, it experienced almost similar trend as DSEX did. After first half of FY22, DSEX and market capitalisation stood at 6756.7 and BDT 5422.0 billion. Following the downward drift, DSEX and market capitalisation reached at 6376.9 and BDT 5177.8 billion at end of FY22 (Chart 9.02).

### **Primary Issuance**

9.23 Sixteen companies have collected new equity of BDT 14.5 billion through public placements in FY22, which was BDT 9.3 billion by 15 companies in FY21. Bonus shares of BDT 20.4 billion were declared by 80 listed companies against retained profits in FY22. This was much lower than BDT 29.8 billion issued by 115 companies in FY21. Contrary, right shares amounting to BDT 0.1 billion were issued by only one company in FY22, which was BDT 0.8 billion by two companies in FY21. In FY22, none was delisted, whereas two companies with BDT 9.3 billion issued capital was delisted in FY21.

### Secondary Market Activities

9.24 As percentage of market capitalisation, the secondary market are dominated by the manufacturing sector with 44.9 percent share followed by the services and miscellaneous sector (31.5 percent), the financial sector (22.9 percent) and bonds (0.8 percent) as of FY22. In DSE, market capitalisation slightly increased by 0.7 percent to BDT 5177.8 billion at the end of FY22 (Table 9.06), which was 13.0 percent of GDP (at current market price). In CSE, it also increased by 2.3 percent to BDT 4484.2 billion at the end of FY22 and was 11.3 percent of GDP (at current market price). In FY22, the amount of turnover in the secondary market at DSE increased by 25.1 percent, while it decreased by 89.6 percent at CSE. DSE broad index (DSEX) increased by 3.7 percent to 6376.9 in FY22, while the CSE all-share price index (CASPI) increased by 5.2 percent to 18727.5 (Tables 9.05 and 9.06).

### Non-Resident Portfolio Investment

9.25 Gross investment inflow in shares and securities of the companies listed on the stock exchanges by non-residents through the non-resident investor's taka account (NITA) decreased to BDT 19.2 billion in FY22 from BDT 29.2 billion in FY21. Similarly, gross outflow as sale proceeds and dividends of shares and securities decreased to BDT 37.6 billion in FY22 from BDT 86.0 billion in FY21. From the beginning (April 1992) to June 2022, gross portfolio investment inflow stood at BDT 506.8 billion against a gross outflow of BDT 492.1 billion as sale proceeds and dividends.

### Investment Corporation of Bangladesh

9.26 The Investment Corporation of Bangladesh (ICB) was commenced to speed up industrialisation and develop a well-organised

**Chart 9.02 Trends in Market Behaviour of DSE**



Source: Dhaka Stock Exchange.

vibrant capital market. ICB is playing major role in capital market expansion through portfolio management. ICB's developing activities have been escalated by three subsidiary companies: ICB Capital Management Ltd (ICML), ICB Asset Management Company Ltd. (IAMCL) and ICB Securities Trading Company Ltd. (ISTCL).

9.27 In FY22, ICML provided underwriting assistance of BDT 0.3 billion to 04 companies, and acted as issue manager for 10 companies amounting to BDT 10.7 billion. Second subsidiary company-IAMCL, emerged as asset management companies, had floated 9 closed-end and 15 open-ended mutual funds as of FY22. Net investment in portfolios of 24 mutual funds of IAMCL stood at BDT 13.3 billion in FY22. Third one- ISTCL grown as stockbroker with depository participant (DP) services, had total turnover amounted to BDT 328.3 billion in FY22, indicating 9.9 percent of the total turnover of both DSE and CSE.

9.28 The ICB itself sold unit certificates amounting to BDT 3.7 billion against the repurchase of unit certificates amounting to BDT 0.8 billion in FY22. Besides its total investment against the investors' accounts stood at BDT 14.4 billion, while deposit received stood at BDT 1.3 billion in FY22. The loans approved by the

ICB stood at BDT 10.5 billion in investors' accounts in FY22.

### Scheduled Banks' Investments in Capital Market Securities

9.29 Holdings of capital market assets (equities, debentures) by the scheduled banks, excluding investment in Government Treasury Bills/Bonds and BGIIB, stood at BDT 619.6 billion at the end of June 2022 as against BDT 546.1 billion at the end of June 2021. Outstanding advances of the scheduled banks against shares and securities amounted to BDT 74.4 billion at the end of June 2022, which was BDT 69.5 billion at the same time of the previous year.

### Measures Supporting Capital Market Development in FY22

9.30 To safeguard investors' interest and ensure compliance of securities laws and coordination, BSEC has taken several measures during FY22; some of which are pointed below:

- Attracting investors in bonds, BSEC started to give consent to issue *Shariah-based green Sukuk* bonds that used to finance the climate and environment-friendly project. The first corporate *Sukuk* bond was approved on 8 July 2021, which started transaction on 13 January 2022.
- To increase supply and transactions of securities in capital market, BSEC has issued registration certificates among the stakeholders.
- To attract investors from global and NRB communities, BSEC organized a road show titled 'The Rise of Bengal Tiger: Potentials of Bangladesh Capital Markets' in 4 cities of the United States from 26 July 2021 to 02 August 2021 and in Switzerland during

**Table 9.05 Activities of Dhaka Stock Exchange (DSE)**

Particulars	End June		
	FY20	FY21	FY22
No. of listed securities*	589	609	625
Issued equity and debt* (Billion BDT)	1299.8	1397.3	1521.6
Equity through IPOs (Billion BDT)	3.0	9.3	14.5
Market capitalisation (Billion BDT)	3119.7	5142.8	5177.8
Turnover in value (Billion BDT)	780.4	2547.0	3186.0
Turnover in volume (no. in Billion)	26.0	83.6	2870.5
DSE Broad Index (DSEX)@	3989.09	6150.48	6376.94

\*Including mutual funds and debentures

@ DSE introduced the benchmark DSE Broad Index (DSEX) as per 'DSE Bangladesh Index Methodology' designed and developed by S and P Dow Jones Indices with effect from January 28 2013.

Source: Dhaka Stock Exchange.

**Table 9.06 Activities of Chittagong Stock Exchange (CSE)**

Particulars	End June		
	FY20	FY21	FY22
No. of listed securities*	331	348	381
Issued equity and debt* (Billion BDT)	735.9	833.7	1023.4
Market capitalisation (Billion BDT)	2447.6	4383.7	4484.2
Turnover in value (Billion BDT)	53.1	116.9	12.1
Turnover in volume (no. in Billion)	1.7	4.1	4.3
All-share Price Index (CASPI)	11332.59	17795.0	18727.5

\*Including mutual funds and debentures.

Source: Chittagong Stock Exchange

20-22 September 2021.

- BSEC, along with the Ministry of Foreign Affairs and Bangladesh Investment Development Board (BIDA), jointly organized an event titled 'Investment Flashmob: Networking Dinner' on 09 March 2022 at the capital of the United Arab Emirates to attract expatriates and foreign investors to invest in multiple sectors including the stock market of Bangladesh.
- Following the declaration of IOSCO, 'World Investor Week-2021' has been observed from 04 October 2021 to 10 October 2021 to create awareness among investors on

financial literacy and investment in the capital market.

- BSEC organized a seminar named 'Trade Based Money Laundering in Bangladesh' on 09 August 2021.
- To monitor stock market rumors and false news through print, electronic, and social media; BSEC formed a four-member committee with representatives of Central Depository Bangladesh Limited (CDBL) and DSE on 08 January 2022.
- Two separate workshops were organized entitled 'BSEC's Action to Meet the Challenges of the 4th Industrial Revolution' and 'Implementation of e-Governance and Innovation Action Plan' on 22 December 2021.
- To regulate the share price movement, BSEC instructed stock exchanges to impose standard downward price change limit (circuit breaker of 2 percent instead of 5 percent) on 25 May 2022.

### III. Credit Market

#### Scheduled Banks' Advances by Economic Purposes

9.31 The advances of scheduled banks for economic purposes showed an upward trend in FY22 (Table 9.07). As of end June 2022, total advances stood BDT 12986.7 billion, implying 14.0 percent higher than that of end June 2021. Of total advances, major growth increments were identified in agriculture, fishing and forestry sector (18.0 percent), trade and commerce (15.0 percent), working capital financing (13.6 percent), and industrial sector (10.5 percent) in FY22 compared to that of FY21. The most notable aspect is that others sector had leading growth of 23.8 percent in FY22. However,

**Table 9.07 Advances of Scheduled Banks by Economic Purposes**

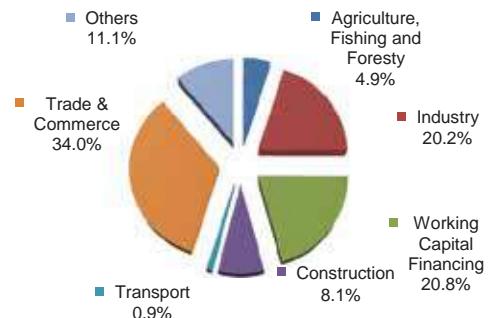
Sector	End June (Billion BDT)		
	FY21	FY22 <sup>P</sup>	% change
Agriculture, Fishing and Forestry	537.0	633.9	18.0
Industry	2369.9	2619.3	10.5
Working Capital Financing <sup>+</sup>	2376.6	2700.7	13.6
Construction	960.5	1055.8	9.9
Transport	135.5	113.0	-16.6
Trade and Commerce	3842.6	4420.6	15.0
Others	1166.3	1443.4	23.8
<b>Grand Total</b>	<b>11388.5</b>	<b>12986.7</b>	<b>14.0</b>

<sup>P</sup> Provisional

<sup>+</sup>excluding export and import financing

Source: Statistics Department, Bangladesh Bank.

**Chart 9.03 Sector-wise Shares of Total Advances in FY22**



Source: Statistics Department, Bangladesh Bank.

construction sector showed low improvement by 9.9 percent, whereas transport sector depicted negative increment of 16.6 percent in FY22.

9.32 In FY22, the trade and commerce sector contributed the most (34.0 percent), followed by working capital financing (20.8 percent), advances for industry (20.2 percent), other sectors (11.1 percent), construction (8.1 percent), agriculture, fishing, and forestry (4.9 percent), and transportation (0.9 percent). Sector-wise contributions to total advances are depicted in Chart 9.03.

#### Industrial Term Loans of Banks and Financial Institutions

9.33 Disbursement of industrial term loans by banks and financial institutions increased by 5.2

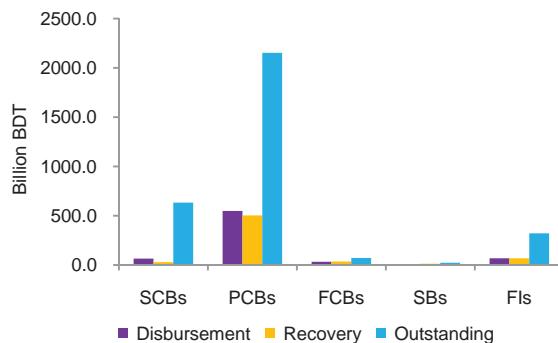
**Table 9.08 Industrial Term Loans of Banks and Financial Institutions**

Lender	Disbursement		Recovery		Outstanding		Overdue		(Billion BDT)	
	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22
SCBs	57.2	64.5	27.4	30.1	752.5	633.8	263.3	166.2	35.0	26.2
PCBs	545.5	547.3	450.7	502.6	2050.0	2152.5	234.1	269.6	11.4	12.5
Foreign banks	32.0	32.7	33.7	35.5	78.8	70.8	2.3	2.6	3.0	3.7
Specialised banks (BKB, RAKUB)	8.1	10.3	9.9	12.5	17.5	24.1	7.7	7.4	44.2	30.8
Non bank Financial institutions (NBFIs)	44.9	68.9	63.2	67.9	254.1	323.0	50.9	63.4	20.0	19.6
<b>Total</b>	<b>687.7</b>	<b>723.6</b>	<b>584.9</b>	<b>648.6</b>	<b>3152.9</b>	<b>3204.1</b>	<b>558.4</b>	<b>509.3</b>	<b>17.7</b>	<b>15.9</b>

Source: SME and Special Programmes Department, Bangladesh Bank.

percent to BDT 723.6 billion in FY22 as compared to FY21. Recoveries also increased by 10.9 percent to BDT 648.6 billion in FY22. However, outstanding balance of the industrial term loans showed a positive growth of 1.6 percent and stood at BDT 3204.1 billion as of end June 2022 compared to end June 2021. The overdue loans decreased by 8.8 percent in FY22 and overdue as percentage of outstanding recorded 15.9 percent as of end June 2022 (Table 9.08).

9.34 Private commercial banks (PCBs) had major shares (67.2 percent) in total outstanding loans of BDT 3204.1 billion as of end June 2022, being major players in industrial term lending (Table 9.09 and Chart 9.04). Though six SCBs and two specialised banks (BKB, RAKUB) together had 20.5 percent shares of outstanding loans, with high levels of overdue loans, their actual role in current lending was quite minor, as they disbursed only BDT 74.8 billion (10.3 percent) out of total disbursed loans of BDT 723.6 billion in FY22. In terms of disbursement, PCBs had the major amount (BDT 547.3 billion) in FY22, followed by financial institutions (BDT 68.9 billion), SCBs (BDT 64.5 billion), foreign banks (BDT 32.7 billion), and specialised banks (BDT 10.3 billion).

**Chart 9.04 Industrial Term Loans of Banks and Financial Institutions in FY22**

Source: SME and Special Programmes Department, Bangladesh Bank.

9.35 Foreign banks had very lower overdue loans (3.7 percent of outstanding) as of end June 2022. Overdue loans were also lower in PCBs (12.5 percent) and non bank financial institutions (19.6 percent) as compared to SCBs (26.2 percent) and SBs (30.8 percent) as of end June 2022. However, two specialised banks—BKB and RAKUB are basically lenders of agriculture sector; their role in industrial term loan remained insignificant.

#### Investment Promotion and Financing Facility II (IPFF II) Project

9.36 On behalf of the Ministry of Finance, BB is implementing the Investment Promotion and Financial Facility II (IPFF II) Project (July,

2017-June, 2022), co-financed by the government of Bangladesh and the World Bank, to promote private sector-led long-term infrastructure financing and build capacities of financial institutions and other stakeholders such as BB, PPP Authority and line ministries. Under on-lending component of IPFF II project, long-term infrastructure financing has been extended against eligible sectors like power generation, port development, water supply and sewerage, economic zones, information, industrial and solid waste management, communication technology and health and education.

9.37 So far, 9 commercial banks and 6 NBFIs have been enlisted as participating financial institutions (PFIs). In FY22, BDT 5.8 billion was disbursed under on-lending component for financing four sub-projects namely Raw Tech Limited (RTL), Technaf Solar Tech Energy Limited (TSEL), City Economic Zone Limited (CEZL), and the second tranche of *Karnafully Dry Dock Limited* (KDDL). In FY21, BDT 4.09 billion was disbursed in financing of two sub-projects namely *Karnafully Dry Dock Limited* (KDDL) and Summit Communications Limited. Conversely, technical assistance (TA) component has been utilized in enhancing stakeholders' capacity. Hence, 92 officials of different ministries, agencies and organizations were trained under IPFF II project.

### **Equity and Entrepreneurship Fund (EEF)/ Entrepreneurship Support Fund (ESF)**

9.38 Equity and Entrepreneurship Fund (EEF) was formed by the government with initial allocation of BDT 1.0 billion in FY01 to encourage investments in innovative agro-based/ food processing and ICT industries. As per sub-agency agreement signed between BB and ICB on 01 June 2009, ICB is now

conducting operational activities of EEF/ESF while BB is overseeing policy formulation, fund management and monitoring activities.

9.39 In 2018, the Honourable Finance Minister approved a loan policy with heading 'Entrepreneurship Support Fund (ESF)' instead of the equity model. Under revised policy, expression of interest (EOI) received up to 30 June 2022 against food processing and agro-based and ICT sector were 4581 and 20 respectively, of which 84 food processing and agro-based EOI got loan sanction of BDT 1.7 billion.

9.40 Up to 30 June 2022, a total of 2063 projects (including 1923 food processing and agro-based projects worth BDT 34.6 billion and 140 ICT projects worth BDT 2.2 billion) received financial support from EEF/ESF. Cumulative disbursement stood at BDT 14.9 billion in 932 food processing and agro-based projects and BDT 1.3 billion in 105 ICT projects as of end of June 2022. So far, a total of 430 agro-based companies and 71 ICT companies had bought back shares of BDT 4.0 billion and BDT 0.5 billion. Rural infrastructures have been developed as consequence of agro-based projects implementation that received financial support. World class software developed by fund assisted ICT projects have been used in domestic market and also exported.

### **Housing Finance**

9.41 Total outstanding of housing loans from banks and financial institutions as of end June 2022 amounted to BDT 1058.94 billion (Table 9.09), which was 7.8 percent of total credit to the private sector. Private banks with broad deposit collection have enlarged housing loan business and had dominant position (Table 9.09) with BDT 589.0 billion outstanding housing loans as of FY22. SCBs scored the second highest of

BDT 259.3 billion and other banks had BDT 45.3 billion in total outstanding of housing loans as of FY22. Besides, specialised housing finance companies with long-term deposits collection also hold significant position of BDT 94.0 billion loans as of FY22.

9.42 The Bangladesh House Building Finance Corporation (BHBFC), only state-owned housing loans lender had outstanding amount of BDT 39.3 billion as of end June 2022. Primary source of BHBFC fund is the paid-up capital contributed by the government. Other than this, BHBFC raised fund by selling government guaranteed debentures with assistance of the Ministry of Finance to BB and to other commercial banks. In FY21 and FY22, BDT 5.1 billion and BDT 5.9 billion were disbursed out of recoveries of BDT 5.7 billion and BDT 6.5 billion respectively.

9.43 To provide housing facilities for marginalized communities, *Grihayan Tahobil* was set up by the government in 1998 under the management of BB. *Grihayan Tahobil* supplies loans to NGOs only at 1.5 percent simple interest rate for disbursing housing credit to rural poor at 5.5 percent simple interest rate with recovery term of 1 to 7 years. Up to June 2022, *Grihayan Tahobil* released BDT 4.7 billion among 615 NGOs over 405 upazilas of 64 districts and 94,073 houses had already been build. As of FY22, the *Tahobil* also recovered BDT 2.9 billion against the total recoverable amount of BDT 3.1 billion implying a recovery rate of 95.3 percent.

9.44 Under *Grihayan Tahobil* schemes, a 12 storied women hostel capable of providing accommodation to 744 women workers had been build at Ashulia, Savar, Dhaka with the collaboration and supervision of the Department

**Table 9.09 Outstanding Housing Loans**

Lenders	Outstanding as of end June (Billion BDT)		
	FY20	FY21	FY22 <sup>P</sup>
a. Specialised housing finance providers	90.8	93.6	94.0
i. BHBFC	34.7	37.0	39.3
ii. Delta-Brac Housing Finance	43.2	43.4	41.37
iii. National Housing Finance and Investment limited	12.9	13.2	13.60
b. Banks	772.3	814.7	893.6
i. PCBs	489.6	532.6	589.0
ii. SCBs	242.1	238.1	259.3
iii. Other banks (foreign and specialised)	40.6	44.0	45.3
c. Other financial institutions	68.0	65.6	70.14
d. Micro-credit lenders			
Grameen Bank	1.0	0.8	1.2
<b>Total</b>	<b>932.1</b>	<b>974.7</b>	<b>1058.94</b>

<sup>P</sup>Provisional

Sources: Department of Financial Institutions and Markets, Statistics Department, Bangladesh Bank; Bangladesh House Building Finance Corporation and Grameen Bank.

of Women Affairs at the cost of BDT 0.2 billion. Besides, a four storied dormitory with residential facility for 1,008 female workers in Mongla EPZ under BEPZA had been constructed at the cost of BDT 0.3 billion.

9.45 Besides, *Grihayan Tahobil* sanctioned BDT 0.02 billion in favor of the project '*Ghore Fera Karmoshuchi*' implementing by Bangladesh Krishi Bank (BKB) and first instalment of BDT 0.01 billion was released. Moreover, *Grihayan Tahobil* provided BDT 0.3 billion as grant to people affected by natural calamities like *Sidr*, *Aila*, *Amphans*, river erosion, etc.

#### IV. Foreign Exchange Market

9.46 Foreign exchange market plays significant role in smoothing international trade and transactions. Participants of market are BB, authorized dealers, and customers. Though BB is empowered by the Foreign Exchange Regulation Act of 1947 for regulating exchange regime, in spite of direct act BB carefully monitors market activities and intervenes if

necessary. BB also notifies necessary guidelines considering monetary policy stance and macro-economic situation. Contrary, inter-bank foreign exchange market also carries importance as wholesale market through which most currency transactions are channeled. Three main components of the inter-bank market are: spot market, forward market and future market.

### Exchange rate

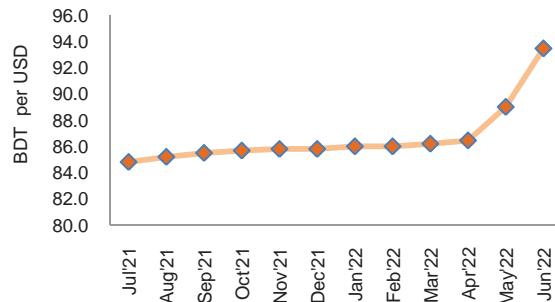
9.47 BB commenced floating exchange rate regime since 2003. Under this regime, banks are free to set their own rates for inter-bank and customer transactions. BB may purchase and sell USD as and when it deems necessary to maintain market stability. In FY22, exchange rate of BDT-USD experienced excessive volatility due to large deficit in BoP posing depreciating pressure on the foreign exchange rate. Accordingly, exchange rate stood at BDT 93.45 as of end June 2022 compared to BDT 84.81 as of end June 2021 (Chart 9.05), denoting BDT-USD exchange depreciation by 9.25 percent in FY22 against 0.04 percent appreciation in FY21.

9.48 Due to ongoing crisis for Russia-Ukraine war and adversities of the COVID-19 pandemic; increasing import payment which outrun export growth resulting in growing trade deficit impacted exchange rate negatively during FY22. To minimize undue exchange rate volatility, BB intervened with net sales of USD 7.4 billion and therefore, foreign exchange reserve declined crucially in FY22.

### Foreign Exchange Reserves

9.49 Foreign exchange reserves, refers to foreign assets held or controlled by central bank that acts as important indicator for gauging any economy's ability to absorb external shocks.

**Chart 9.05 BDT-USD Exchange Rates Movement (End Month) in FY22**



Source: Monetary Policy Department, Bangladesh Bank.

BB's gross foreign reserves comprising major currencies (G-7), gold and special drawing rights (SDR); are used to finance BoP obligations and/or to control exchange rates regime.

9.50 The global war scenario and the pandemic situation had highly elevated commodity and energy prices resulting in surge in import payment growth relative to export earnings. Concurrently, moderate remittance inflows and enhancing trade deficit caused deluge in BoP deficit of USD 5.4 billion in FY22. This evidently declined foreign exchange reserves to USD 41.8 billion (equivalent to 4.7 months of imports of goods and services) at end of FY22 from USD 46.4 billion at the end of FY21.

## Agricultural and CMSME Finance

10.01 The agricultural sector is playing an important role in meeting the nation's nutrition demands, ensuring sustainable food security, increasing export earnings, rural employment, and improving the income level of the people as a whole. The contribution of this sector to Bangladesh's GDP is 11.50 percent in FY22. Furthermore, this sector employs approximately 41.0 percent of the total workforce. Moreover, in reducing rural poverty and accelerating growth, the agricultural sector plays a key role in the economy of Bangladesh.

10.02 Bangladesh Bank (BB) formulates an "Agricultural and Rural Credit Policy and Programme" to ensure an adequate flow of funds to the agricultural and rural economies in accordance with the broad-based objective of the Government of Bangladesh (GoB). With a view to improving the socio-economic condition of the country and emphasising the role of the agricultural and rural sectors, agricultural and rural credit policies and programmes have been implemented through all the scheduled banks operating in Bangladesh. However, the current policy is expected to help in supporting the desired agricultural production as well as increasing credit flow and overcoming the impact of the COVID-19 pandemic situation on the agricultural sector. During FY22, BDT 288.34 billion (101.56 percent of target) was disbursed as agricultural and rural credit through all scheduled banks against the target of BDT 283.91 billion (Table 10.01).

### The Major Achievements of the Agricultural Credit Programme in FY22

10.03 The major features and achievements of the programme implemented in FY22 were as

**Table 10.01 Comparative Position of Disbursement and Recovery of Agricultural Loan\***

	Disbursement	FY20	FY21	(Billion BDT) FY22
1. <b>Disbursement (target)</b>	<b>241.2</b>	<b>262.9</b>	<b>283.9</b>	
a) Crops loan (other than tea)	131.9	156.6	169.4	
b) Purchase and installation of irrigation equipment	13.0	9.8	9.5	
c) Livestock	24.4	29.3	32.8	
d) Marketing of agricultural goods	5.7	4.5	4.8	
e) Fisheries	24.5	28.5	31.0	
f) Poverty alleviation	15.8	11.2	11.8	
g) Other agricultural activities	26.1	22.9	24.5	
2. <b>Actual disbursement</b>	<b>227.5</b>	<b>255.1</b>	<b>288.3</b>	
a) Crops loan (other than tea)	114.0	128.9	128.4	
b) Purchase and installation of irrigation equipment	2.7	4.4	4.78	
c) Livestock	31.7	35.3	54.3	
d) Marketing of agricultural goods	1.3	1.8	1.8	
e) Fisheries	26.1	29.5	35.9	
f) Poverty alleviation	20.9	20.4	21.1	
g) Other agricultural activities	30.9	34.9	42.2	
3. <b>Term structure of loan disbursed</b>	<b>227.5</b>	<b>255.1</b>	<b>288.3</b>	
a) Short term	191.5	220.7	238.9	
b) Long term	36.0	34.5	49.5	
4. Recovery	212.5	271.2	274.6	
5. Due for recovery	279.8	336.6	351.2	
6. Total outstanding loan	455.9	459.4	498.0	
7. Overdue	60.6	58.7	59.5	
8. Overdue as percentage of outstanding	13.3	12.8	11.9	

\* Excluding Bangladesh Rural Development Board and Bangladesh Samabaya Bank Limited

Source: Agricultural Credit Department, Bangladesh Bank.

follows:

- Around 3.30 million farmers availed agricultural and rural credit facility, of which 1.80 million women received BDT 108.29 billion from different banks.
- Around BDT 8.48 billion was disbursed among 0.13 million farmers through 21,858 open credit disbursement programmes arranged by different banks.
- Around 2.50 million small and marginal farmers availed BDT 201.82 billion in agricultural loans from different banks.
- About BDT 0.20 billion agricultural and rural credit was disbursed among 4,073 farmers living in less developed areas like haor, char, etc.

- Around 9.90 million bank accounts were opened by farmers in the state-owned commercial banks and other scheduled banks with an initial deposit of BDT 10 only.
- Bangladesh Krishi Bank (BKB) distributed more than BDT 1.08 billion to 22,176 tribal farmers in the three hill tract districts at 4.0 percent interest rate.

### Credit Disbursement to Agriculture Sector

10.04 The actual disbursement to agriculture sector in FY22 was BDT 288.34 billion, compared to a target of BDT 283.91 billion, and was 13.03 percent higher than the actual disbursement of BDT 255.11 billion in FY21. Table 10.01 shows the comparative position of overall disbursement and recovery of agricultural loans during FY20-FY22, and charts 10.01 and 10.02 show targets and actual disbursement of agricultural loans, respectively, in FY22.

10.05 Short-term loans accounted for approximately 82.84 percent of the total disbursement while long-term loans for irrigation equipment, agricultural machinery, livestock, and other purposes accounted for the remaining 17.16 percent. During FY22, credit for crop production accounted for 53.73 percent of total short-term loans (Table 10.01).

10.06 In FY22, total outstanding loans in the agricultural sector (all banks) increased by BDT 38.62 billion, or 8.41 percent, to BDT 498.02 billion, from BDT 459.40 billion in FY21 (Table 10.02).

10.07 Two specialised banks Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB) and six state-owned commercial banks (SCBs) played a key role in the disbursement of agricultural and rural credit, mostly due to their vast network of branches in countryside locations. The contribution of foreign commercial banks (FCBs) and private commercial banks (PCBs) is also imperative in this regard. The BKB, RAKUB and FCBs exceeded the disbursement targets by 12.35, 9.68 and 19.06 percent respectively, and the SCBs and PCBs fell short of achieving the disbursement target by 8.33 and 2.05 percent respectively in FY22. Apart from this, the Bangladesh Rural Development Board (BRDB) disbursed BDT 11.19 billion from their own funds and no disbursement was made by Bangladesh Samabaya Bank Limited (BSBL).

### Credit Recovery

10.08 All the banks should conduct proper and intensive supervision to ensure smooth recovery and take appropriate measures to disburse credit to the real farmers. During FY22, the

**Table 10.02 Agricultural Credit Performance by Lenders\***

(Billion BDT)

	FY20	FY21	SCBs	BKB	RAKUB	PCBs	FCBs	FY22 Total
Disbursement target	241.24	262.92	31.95	60.00	18.50	166.64	6.82	<b>283.91</b>
Actual disbursement	227.49	255.11	29.29	67.41	20.29	163.23	8.12	<b>288.34</b>
Recovery	212.45	271.24	27.39	76.69	26.71	135.39	8.46	<b>274.64</b>
Overdue	60.60	58.65	24.47	13.27	13.26	8.49	0.00	<b>59.49</b>
Outstanding	455.93	459.40	125.11	186.29	33.91	149.15	3.56	<b>498.02</b>

\* Excluding Bangladesh Rural Development Board and Bangladesh Samabaya Bank Limited.

Source: Agricultural Credit Department, Bangladesh Bank.

recovery of agricultural credit increased by 1.25 percent to BDT 274.63 billion, from BDT 271.24 billion in FY21. Consequently, the ratio of recovery to outstanding registered 55.15 percent in FY22, which is lower than that of 55.14 percent in FY21 (Table 10.02).

10.09 The overdue as percentage of outstanding agricultural loan decreased from 12.77 percent in FY 21 to 11.95 percent at the end of FY 22 (Table 10.01 and 10.02).

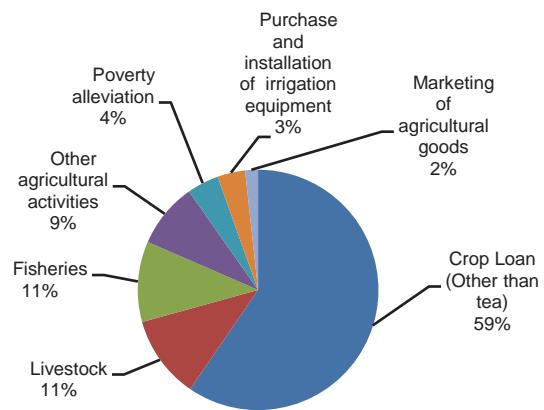
### Sources of Agricultural Finance

10.10 Despite the presence of a potent informal credit market in rural areas, BKB and RAKUB play an instrumental role in the agricultural and rural finance of the country. PCBs, on the other hand, have been gradually extending their network throughout the country by means of establishing new branches and agent banking outlets, thus establishing the lion's share in agricultural finance in the country. In FY22, two specialized banks (BKB and RAKUB) and six SCBs disbursed BDT 116.99 billion or 40.57 percent of total agriculture credit disbursement of BDT 288.34 billion, PCBs BDT 163.23 billion or 56.61 percent, and FCBs BDT 8.12 billion or 2.82 percent (Table 10.02). The SCBs' overdue loans as a percent of their agricultural outstanding loans stood at 19.56 percent at the end of FY22, while for RAKUB and BKB it was recorded at 39.11 and 7.12 percent, respectively (Table 10.02). The PCBs' overdue loans as a percentage of their outstanding loans stood at 5.69 percent at the end of FY22.

### Interest Subsidy from Government (Budgetary Allocation)

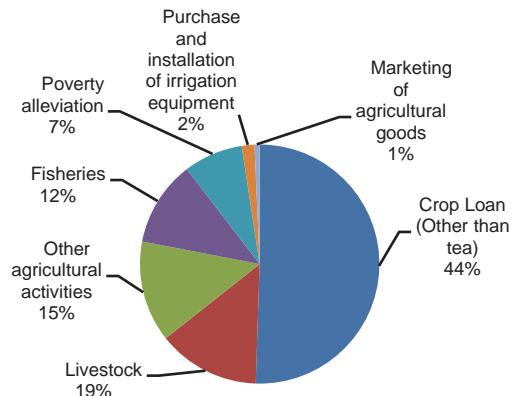
10.11 In spite of a large demand for pulses, oil seeds, spices and maize, the production of these crops is not sufficient in the country. In

**Chart 10.01 Target for Agricultural Credit Disbursement in FY22**



Source: Agricultural Credit Department, Bangladesh Bank.

**Chart 10.02 Actual Agricultural Credit Disbursement in FY22**



Source: Agricultural Credit Department, Bangladesh Bank.

order to encourage production of such crops and disbursement of loans to this sector by the state-owned (commercial and specialised) banks at concessional interest rates at the farmer level, the interest rate has been set at 4.0 percent from 1 July 2010 under the interest-loss subsidy facilities of the government.

10.12 Along with the state-owned (commercial and specialised) banks, PCBs and FCBs have been disbursing loans since FY12 against their annual agricultural and rural credit targets in pulses, oil seeds, spices and maize cultivation

under the government's facility of 5.0 percent interest subsidy. The interest subsidy has been set at 4.0 percent started in April 2021. During FY22, 35 banks received BDT 0.023 billion in interest subsidies of 5.0 percent and 4.0 percent (effective April 2021) for disbursement and proper recovery.

### **Interest Subsidy from Bangladesh Bank**

#### **Scheme for Disbursement of Agricultural loan at 4.0 Percent Concessional Interest Rate for Grain and Crop Sectors to Mitigate the Crisis due to Outbreak of the COVID-19**

10.13 Due to the outbreak of COVID-19, it was deemed necessary to provide agricultural loans at a concessional interest rate to continue food production and keep supply at the normal level. With this view, banks were instructed (through the ACD circular-02 dated: 27 April 2020) to provide agricultural loans at a 4.0 percent concessional interest rate (maximum) for cultivating grain crops, cash crops, vegetables and tuber crops. Against the disbursement of these loans, banks will be reimbursed at 5.0 percent as interest loss from BB. These facilities were effective from 1 April 2020 and continued up to 30 June 2021. To avail the reimbursement facility, banks had to ensure that loans were disbursed directly to the farmers at a maximum of 4.0 percent through their own network. Besides these, they had to follow the norms and rules and regulations of the annual agricultural and rural credit policy. After the completion of the financial year, banks could claim a reimbursement amount against adjusted loans to BB. BB normally justifies the claims at random basis by inspecting at least 10.0 percent of the claims. Then the reimbursements are made from BB's own fund. During FY21, banks disbursed BDT 45.94 billion at the end user level under this scheme. During FY22, 31 banks

claimed a BDT 0.11 billion interest subsidy against their disbursement in FY21. BB inspects the claimed amount in accordance with the policy, and in FY22, BDT 0.06 billion in interest subsidy was provided to 31 banks.

### **Refinance Facility from Bangladesh Bank**

#### **Refinance Facility under Government Guarantee**

10.14 With a view to enhancing the country's agricultural development and food security, BB is supporting continuously BKB and RAKUB by providing refinance facilities under government guarantee. The interest rate at the participating financial institution (PFI) level is 4.0 percent, and the interest rate at the end borrower level is 8.0 percent, with maximum loan tenure of one year. During FY22, BKB and RAKUB have availed BDT 10.0 billion (renewal) and BDT 10.0 billion [BDT 5.0 billion + BDT 5.0 billion (renewal)] refinance facilities from BB against their agricultural and rural credit finance. BKB repaid the refinance facility (BDT 1.0 billion) with interest during FY22.

#### **Refinance Scheme for Milk Production and Artificial Insemination**

10.15 In order to ensure nutrition security for the mass people of the country, to reduce dependency on imported milk and milk products and to promote self-employment for unemployed youth, BB has introduced a refinance scheme for milk production and an artificial insemination scheme with a fund of BDT 2.0 billion in 2015. Fourteen participating banks and non-bank financial institutions (NBFIs) signed participation agreements with BB to avail of a refinance facility with an interest subsidy of 5.0 percent. Following the recovery of the loans from the borrowers, the banks and NBFIs are eligible for a 5.0 percent interest subsidy from

the government on the amount disbursed, subject to the fulfillment of terms and conditions. The tenure of the scheme has been extended up to December 2024, aiming to subsidize the loan disbursed among the borrowers. Under this scheme, the participating banks and financial institutions have disbursed BDT 2.0 billion to the end borrowers. From 2015 to June 2022, a total of BDT 1.98 billion was recovered from the participating banks and financial institutions. A total of 18,429 borrowers were benefited from the scheme.

#### **Refinance Scheme to Assist Jute Sector**

10.16 In FY19, BB undertook a revolving refinance scheme of BDT 3 billion to revive jute and jute industries as well as to help farmers to get fair price of jute produced by them and also provide working capital to jute goods manufacturing companies, jute exporters and raw jute traders. An amount of total BDT 0.22 billion was refinanced among 6 beneficiaries during FY22.

#### **Special Stimulus Refinance Scheme for Agricultural Sector**

10.17 The outbreak of COVID-19 posed a serious threat to food production. Banks must distribute at least 60.0 percent of their total targeted amount to the crop sector, according to the annual agricultural policy. To fund the current capital-based farming, BB introduced a re-financing scheme amounting to BDT 50.0 billion for the agricultural sector (horticulture, fish farming, poultry, dairy and livestock sectors). Under this non-revolving refinance scheme, 43 participatory banks disbursed agricultural loans to the borrowers' level at a 4.0 percent interest rate. The PFIs, on the other hand, were refinanced by BB at a 1.0 percent interest rate. Under this scheme, PFIs were able to distribute loans to customers by June 2021. At

the end of June 2021, BDT 42.95 billion was disbursed among 1,83,070 beneficiaries. In continuation of the previously adopted incentive packages, amid the fallout of the COVID-19 pandemic, BB formed a refinance scheme titled "Special Incentive-based Refinance Scheme in Agricultural Sector (Phase II)" of BDT 30.0 billion with its own fund. The aim and objective of the scheme is to provide low-interest loans to various sectors of agriculture for a more dynamic and vibrant agricultural sector and to combat the financial crisis stemmed from the COVID-19 fallout. Under this scheme, 37 participating banks are getting refinancing facilities at 1.0 percent interest from BB, and the simple interest rate at the farmers' level is a maximum of 4.0 percent. As of June 2022, BDT 27.86 billion was disbursed among 187,199 beneficiaries.

#### **Refinance Scheme of BDT 5.0 Billion to Create Employment and to Eliminate Poverty for the People Who Have Returned Home Due To COVID-19 Pandemic and Other Reasons**

10.18 Due to the COVID-19 pandemic, a significant number of employed people in the urban population have suddenly lost their jobs and have been forced to return to the village. Many of these people are now staying in villages and are forced to endure a tremendously subhuman life. It is imperative to bring these communities under the benefits of the incentive package announced by the Honorable Prime Minister. In this backdrop, BB has introduced an own-funded refinance scheme named "Refinance scheme of BDT 5.0 billion to create employment and to eliminate poverty for the people who have returned home due to the COVID-19 pandemic and other reasons," according to ACD circular-01 dated 3 January

2022. The scheme is aimed at financing low-capital-based local businesses; the purchase of small and medium vehicles in the transportation sector; the small engineering industry; fisheries; livestock; the purchase of agricultural machinery and crop sales; and small businesses that employ physically challenged people and poor women. The tenure of the scheme is from January 2022 to December 2024. The rate of interest at the beneficiary level is 6.0 percent, and at the PFI level it is 0.5 percent. During FY22, 16 PFIs disbursed BDT 0.46 billion among 3,254 beneficiaries.

#### **Demand Loan**

10.19 Another special type of finance is provided to the banks by BB to meet the regular agricultural credit demand, which is a demand loan with 90 days of maturity against their demand promissory note. During FY22, BKB availed BDT 5.0 billion and RAKUB availed BDT 20.0 billion of demand loans.

#### **Development Partners' Funded Agricultural Credit Related Project/Programme Operated under Bangladesh Bank's Supervision**

#### **Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project (SMAP, BD-P77)**

10.20 With a view to increasing the agricultural productivity and diversity of the small and marginal farmers of Bangladesh by providing agricultural loans and technical support services to farmers through microfinance institutions, this revolving pre-finance project started its journey in 2015. During FY22, BDT 6.39 billion was disbursed to 113,471 end borrowers through 11 PMFIs. Since its inception, a total of BDT 32.49 billion was disbursed to 571,432 borrowers, of which 83.0 percent were female. The provision

of technical support to borrower farmers will be institutionalized within the PMFIs. With a view to establishing it, the project authority is now providing all sorts of support for the capacity building of PMFIs. SMAP will focus on disbursing credit for diversified products in agriculture and livestock. In addition to improving credit quality and technical support services (TSS) activities, "Review Meeting with Senior Officials of PMFIs" and "Capacity Building Programme for Mid-Level Officials of PMFIs" have been planned.

#### **ADB Funded Second Crop Diversification Project (SCDP)**

10.21 This project started its operation in 2011 with USD 26.0 million funded by the ADB. The participation agreement was signed between BB, BASIC Bank Ltd., and Eastern Bank Ltd. The project implementation area covers 54 upazilas in 25 districts in the north and south-western zones of Bangladesh. Up to 30 June 2022, BDT 2.04 billion was disbursed to 0.204 million farmers.

#### **Marginal and Small Farm Systems Crop Intensification Project (MSFSCIP)-Kurigram District**

10.22 The project is financed by the International Fund for Agricultural Development (IFAD) and its loan component is BDT 0.14 billion. The project is being carried out in Kurigram district's nine thanas. Four PFIs signed a participation agreement with BB. The project period was from 1987 to 1997, but refinancing is still continuing on a revolving basis. PFIs can be refinanced at bank rates through BB. At the beneficiary level, interest rates are determined by the PFIs. As of 30 June 2022, the balance of the revolving fund was BDT 8.07 million.

**Table 10.03 Target and achievement of CMSME outstanding(up to June 2022)**

(Billion BDT)

Period	Net outstanding based target by banks and NBFI's	Net outstanding amount (at the end of the year)				Total	Women entrepreneur	Achievement
		Manufacturing	Service	Trading				
2021	2527.61	830.07	448.45	879.34	2,157.86	88.02	85.37%	
2022	2855.65	870.83	485.87	943.67	2,300.37	104.46	80.56%	

Source : SME and Special Programmes Department, Bangladesh Bank.

**Pre-finance under Government Guarantee****Ansar-VDP Unnayan Bank**

10.23 BB provides a pre-finance facility to Ansar-VDP Unnayan Bank for implementing its agricultural and micro-credit programmes. The objective of this facility is to extend credit facilities to the members of Ansar-VDP Bank to alleviate poverty and expand income-generating activities. These loans are provided with a government guarantee covering the loan amount and interest accrued thereon. As of June 2022, the outstanding principal amount of loans is BDT 5.0 billion. BB provided this loan at 2.0 percent, while Ansar-VDP Unnayan Bank currently charges a maximum interest rate of 5.0 percent for agricultural credit and 8.0 percent for micro-credit at the borrower level. At the end of

June 2022, a total of 55,916 beneficiaries were financed from this pre-finance facility since its inception, of which 20,049 beneficiaries were benefited in FY22. Besides, BB has sanctioned BDT 10.0 billion, which will be provided gradually by fulfillment of terms and conditions of the sanction letter.

**Karmasangsthan Bank**

10.24 Karmasangsthan Bank also avails a pre-finance facility from BB against government guarantee. It covers credit facilities to its customers in the fishing and livestock sectors (including the sectors mentioned in the "Bangabandhu Youth Loan Policy") out of the traditional loan facility. As on 30 June 2022, a total of BDT 14.0 billion was provided to Karmasangsthan Bank, of which the

**Table 10.04 Statement of Refinance on CMSMEs under Different Refinance Schemes of BB (up to June 2022)**

Name of Fund	Amount refinance (Billion BDT)				No. of beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
1. Refinance Scheme for Agro-based Industries in Rural Areas	9.39	6.46	9.04	24.89	3,709	-	-	3,709
2. Small Enterprises Refinance Scheme	11.39	34.18	9.42	54.99	15,387	23,733	6,510	45,630
3. New Enterprises Refinance Fund for CMSMEs	0.09	1.26	0.02	1.37	590	1,041	403	2,034
4. Islamic Shariah-based Refinance Fund	3.84	1.19	1.66	6.69	284	699	78	1,061
5. JICA FSPDSME	0.90	7.33	4.14	12.37	1,082	34	894	2,010
6. JICA UBSP	0	0	0.90	0.90	06	-	-	06
7. COVID-19 Refinance Scheme	66.89	-	-	66.89	12,472	51,688	9,151	73,311
8. SREUP	0	0	1.90	1.90	17	-	-	17
9. COVID-19 related CECRFB Project	7			7.00	1,412	1,544	963	3,919
10. SPCSSECP	0.05	0.93	0.02	1.00	47	314	13	374
11. LFSSP	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>99.55</b>	<b>51.35</b>	<b>27.10</b>	<b>178.00</b>	<b>35,006</b>	<b>79,053</b>	<b>18,012</b>	<b>132,071</b>

Source : SME and Special Programmes Department, Bangladesh Bank.

**Table 10.05 Refinance Scheme for Agro-based Product Processing Industries in Rural Area (up to June 2022)**

Banks/NBFIs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Bank	8.69	2.63	2.22	13.5	2,177	-	-	2,177
NBFIs	0.70	3.83	6.82	11.4	1,532	-	-	1,532
<b>Total</b>	<b>9.39</b>	<b>6.46</b>	<b>9.04</b>	<b>25.0</b>	<b>3,709</b>	-	-	<b>3,709</b>

Source: : SME and Special Programmes Department, Bangladesh Bank.

outstanding amount was BDT 11.0 billion. BB offers these loans at bank rates, whereas Karmasangsthan Bank currently charges its customers a maximum interest rate of 8.0 percent. The loans provided to their customers should comply with the annual agricultural and rural credit policies published by BB and the bank's "Bangabandhu Youth Loan Policy." Up to 30 June 2022, a total of 99,395 beneficiaries were benefited from this pre-finance facility since its inception, of which 34,770 beneficiaries were benefited in FY22.

#### Financing Cottage, Micro, Small and Medium Enterprises (CMSMEs)

10.25 SME and Special Programmes Department (SMESPD) of BB has been providing different refinance facilities such as refinance fund for new entrepreneurs in cottage, micro and small industry; refinancing fund against Islamic Shariah-based financing; COVID-19 refinance scheme; revolving fund account of Japan International Cooperation Agency (JICA) assisted financial sector project for the development of SME (FSPDSME) fund and JICA assisted urban building safety project (UBSP); programme to support safety retrofits and environmental upgrades in the Bangladeshi ready-made garment (RMG) sector project (SREUP); line of finance to support SMEs project (LFSSP) under the Islamic Development Bank (IsDB), strategic preparedness and

response programme (SPRP) for COVID-19, restore track and supporting post COVID-19 small scale employment creation project (SPCSSECP). Banks and NBFIs have come forward for development of the SME sector under the close monitoring and supervision of BB. Total loan and advance outstanding in the CMSME sector was BDT 2300.37 billion at the end of June 2022, representing 80.6 percent of the annual CMSME net outstanding based target of BDT 2855.65 billion set by banks and NBFIs for the year 2022 (Table 10.03).

#### Refinance Schemes

10.26 Presently, SMESPD of BB is running 5 refinance schemes from its own funds and 6 projects with assistance from JICA, AIIB, and European development partners in the CMSME sector, which are revolving in nature (Table 10.04). A total amount of BDT 178.00 billion was provided to different banks and NBFIs under different refinance/pre-finance schemes up to June 2022. Out of the total refinance, BDT 99.55 billion was provided as working capital, BDT 51.35 billion as medium-term loan, and BDT 27.10 billion as long-term loan. These pre-finance and refinance facilities help CMSMEs expand their businesses and create new job opportunities. Details of BB's refinancing facilities for promoting CMSMEs are outlined in Table 10.04.

**Table 10.06 Refinancing under Small Enterprise Refinance Scheme (Up to June 2022)**

Banks/NBFIS	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Bank (44)	10.19	15.97	3.97	30.13	9,411	16,693	3,950	<b>30,054</b>
NBFIs (27)	1.20	18.21	5.45	24.86	5,976	7,040	2,560	<b>15,576</b>
<b>Total</b>	<b>11.39</b>	<b>34.18</b>	<b>9.42</b>	<b>54.99</b>	<b>15,387</b>	<b>23,733</b>	<b>6,510</b>	<b>45,630</b>

Note: Figures in parentheses show number of banks and NBFIs.

Source: SME and Special Programmes Department, Bangladesh Bank.

#### **BB's Refinance/Pre-finance Facilities to Banks and NBFIs for Promoting CMSMEs**

#### **Refinance Scheme for Agro-based Product Processing Industries in Rural Area**

10.27 To boost up agro-based product-processing industries in the areas outside divisional headquarters, BB launched a scheme of BDT 1.00 billion in 2001 and responding to the huge demand of this fund, the size of the fund was increased to BDT 2.00 billion in 2012, BDT 4.00 billion in 2013, BDT 4.50 billion in 2015, BDT 7.00 billion in 2018 and BDT 14.00 billion in 2020. As per SMESPD Circular Letter No-2, dated 07 May 2020, under this scheme, the maximum rate of interest charged is 7 percent against customer level refinancing. Under the scheme, BDT 25.0 billion was disbursed on revolving basis to 3,709 enterprises till June 2022 (Table 10.05).

#### **Small Enterprise Refinance Scheme**

10.28 BB introduced a refinancing scheme named "Small Enterprise Fund (SEF)" of BDT 15.0 billion out of its own fund for supporting the development of small enterprises in the country. A refinance facility is being provided at a lower interest rate to encourage women entrepreneurs to CMSME. The bank and NBFIs can borrow funds from BB at 0.50 percent interest rate (previously 3.0 percent) and disburse to SMEs at rate of 5.0 percent (previously 7.0 percent). In

the circular letter issued on 4 August 2021, BB dedicated this fund only for women entrepreneurs. Moreover, BB will provide 1.0 percent incentive to end users of the refinance scheme and another 1.0 percent to the PFIs upon duly repayment of the loan. At the end of June 2022 BDT 54.99 billion was refinanced from this fund to 45,630 enterprises on revolving basis, among them 32,904 were women entrepreneurs (Table 10.06).

#### **Refinance Scheme for New Entrepreneurs' in Cottage, Micro and Small Enterprise (CMSE) Sector**

10.29 In order to provide start-up capital to new cottage, micro and small enterprises, BB provides up to BDT 2.5 million to the prospective entrepreneurs as a CMSE loan with collateral security and up to BDT 1.0 million as a CMSE loan without collateral. The interest rate ceiling at the entrepreneur level under this scheme is 7.0 percent (3.0 percent for BB + a maximum of 4.0 percent spread). At the end of 30 June 2022, a total of 2,034 new entrepreneurs were refinanced with BDT 1.37 billion under this scheme (Table 10.08).

#### **Refinance Scheme for Islamic Shariah-based Financing**

10.30 With the objective of increasing the involvement of Islamic banks and NBFIs in targeted CMSMEs financing, a special Islamic

*Shariah-based* refinance fund was introduced by BB. Under this fund, Islamic banks and NBFIs get refinance facilities for agro-based industries, small entrepreneurs (including female entrepreneurs) and new entrepreneurs of cottage, micro and small enterprise segments. At the end of June 2022, BDT 6.69 billion was refinanced to PFIs against their financing of 1,061 entrepreneurs (Table 10.07).

#### **JICA Funded FSPDSME Project's Two Step Re/Pre-finance Fund**

10.31 As per the loan agreement signed between JICA, Japan and the government of Bangladesh (GoB), BB has been implementing the financial sector project for the development of small and medium-size enterprises (FSPDSME)-BD-P67 project. The fund size was 5,000 million Japanese Yen (JPY), including a technical assistance component. BB provided refinancing or pre-financing facilities to participating financial institutions (PFIs) at the existing bank rate (currently 4.0 percent) for lending to CMSME sub-projects of productive investment for medium to long-term duration at the market rate. As of June 2022, BDT 12.37 billion was refinanced against 2,010 enterprises (Table 10.04).

#### **Urban Building Safety Project (UBSP)**

10.32 For the purpose of creating a safe working environment in the RMG sector through retrofitting, rebuilding, and relocation of vulnerable RMG industries, the "Urban Building Safety Project" has been taken under the 36th Japanese ODA package. As per the loan agreement between the governments of Japan (represented by JICA) and Bangladesh, JICA provided JPY 4,129 million. A total of 26 banks and 10 NBFIs signed participating agreements with BB. As of June 2022, BDT 0.90 billion was

refinanced against six enterprises under UBSP (Table 10.04).

#### **New Entrepreneurs Creation and Entrepreneurship Development**

10.33 The GoB has launched a project titled "Skills for Employment Investment Programme (SEIP)" with the assistance of the Asian Development Bank (ADB) and Swiss Agency for Development and Cooperation (SDC) to scale up the skills of young workers and new entrants. The SMESPD of BB is serving as one of the implementing agencies of the project. Under the SEIP project, a total of 11,484 unemployed individuals received skill development training in 10 different trades arranged by 42 outsourced training institutes, resulting in employment for 75.22 percent of trainees, of which 33 percent were female. A memorandum of understanding (MoU) was signed on 01 November 2021 between SDCMU, Finance Division, Ministry of Finance and SMESPD of BB to create 1,000 entrepreneurs and training activities, started from 01 February 2022. In tranche-3 of SEIP, one thousand prospective and new entrepreneurs will be provided capacity development support through 22 schedule banks. After the programme, the beneficiary entrepreneurs will be provided with financial and business advocacy facilities.

#### **Implementation of New Projects**

##### **Programme to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-made Garment (RMG) Sector Project (SREUP)**

10.34 The SMESPD of BB is implementing a project specially designed to strengthen the economic sustainability of the RMG sector named "Programme to Support Safety Retrofits and Environmental Upgrades in Bangladeshi

**Table 10.07 Summary Information on CMSME Refinance Scheme For Islamic Shariah-Based Financing (Up to June 2022)**

Banks/NBFIs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Banks (4)	3.49	0.12	0.00	3.61	117	492	32	641
NBFIs (1)	0.35	1.07	1.66	3.08	167	207	46	420
<b>Total</b>	<b>3.84</b>	<b>1.19</b>	<b>1.66</b>	<b>6.69</b>	<b>284</b>	<b>699</b>	<b>78</b>	<b>1,061</b>

Note: Figures in parentheses show number of banks and NBFIs.

Source: SME and Special Programmes Department, Bangladesh Bank.

Readymade Garment (RMG) Sector Project (SREUP)". The project fund is constituted of Euro 50.0 million in credit and Euro 14.29 million in grant facilities from Agence Francaise de Developpement (AFD) and other developing partners such as the European Union (EU), KfW Development Bank, German Agency for International Cooperation (GIZ), and BB's own contribution. The project has been initiated to develop the sustainable, safe, and environmentally friendly RMG sector through financial and technical support. The overall objective of the project is to provide technical assistance to the banking sector and RMGs of Bangladesh to enhance their capability of investing in the RMG sector to ensure RMGs' full compliance with "Accord and Alliance" (a group of American and EU buyers) as well as respective national regulations. Thus, the project aims to invest and incentivise grants in the RMGs' safety retrofitting and environmental and safety measures upgrading, which will

make them compliant to boost the export of RMGs from Bangladesh. The interest rate for RMG owners is capped at 7.0 percent in order to be appealing to factories where the loan repayment period is 3 to 7 years. The project implementation period was set from 1 January 2018 to 31 December 2022. But the project implementation period will be extended up to 31 December 2024. BB has signed participation agreements with 12 banks and two NBFIs. RMG owners can avail the loan facility from selected banks/NBFIs under this project. Till June 2022, BDT 1.90 billion was distributed to 17 RMG factories.

#### Refinance Scheme Aimed at Providing Credit Facilities to the CMSME Sector Affected by the COVID-19 Pandemic

10.35 Under CMSME stimulus packages, a revolving refinance scheme of BDT 100.0 billion was introduced by BB to ensure the liquidity flow of banks and NBFIs to provide credit facilities to

**Table 10.08 CMSME Refinancing from New Entrepreneurs Fund (up to June 2022)**

Banks /NBFIs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Banks	0.04	0.47	0.01	0.52	296	328	250	874
NBFIs	0.05	0.79	0.01	0.85	294	713	153	1,160
<b>Total</b>	<b>0.09</b>	<b>1.26</b>	<b>0.02</b>	<b>1.37</b>	<b>590</b>	<b>1041</b>	<b>403</b>	<b>2,034</b>

Source: SME and Special Programmes Department, Bangladesh Bank.

the COVID-19 affected CMSME enterprises. Up to June 2022, BDT 66.89 billion was refinanced through banks and NBFIs against 73,311 enterprises (Table 10.09).

#### Credit Guarantee Scheme

10.36 Credit guarantee scheme (CGS) unit was established under the SME and Special Programmes Department on 23 September 2019, which primarily aimed to implement the local finance initiatives support to SMEs (LF-I-SME) project in Bangladesh. As the COVID-19 outbreak quickly surged worldwide as well as in Bangladesh, the Board of Directors of BB approved a fund for CGS worth BDT 20 billion on 23 July 2020, for the issuing of guarantees against collateral-free loans/investment of the CMSEs. CMSEs which fail to meet the collateral requirements for getting access to credit from the banks or financial institutions can be provided with support from the CGS. In this regard, BB issued a circular along with the CGS policies through SMESPD Circular No. 03 on 27 July 2020. BB also issued a detailed operational procedure for CGS, namely the "Manual of Credit Guarantee Scheme" for the banks and NBFIs on 3 November 2020 through SMESPD Circular No. 04. In the meantime, this guarantee scheme was enlisted in the 20th stimulus financial package of the Government declared by the Honorable Prime Minister amid the outbreak of COVID-19. Under the said stimulus package, any CMSE with insufficient collateral can obtain a collateral-free loan for one year ranging from BDT 25 thousand to BDT 50 million. The Credit Guarantee Scheme (CGS) Unit of BB received a total of 1,190 guarantee applications through different PFIs. The CGS Unit has already issued a guarantee of a total of BDT 1.24 billion. Marginal people can take a loan of BDT 25,000

**Table 10.09 COVID-19 Refinance Scheme (up to June 2022)**

Type of institutions	Refinance	(Billion BDT) No. of CMSME enterprises
Banks	61.30	
NBFIs	5.59	
<b>Total</b>	<b>66.89</b>	73,311

Source: SME and Special Programmes Department, Bangladesh Bank.

to BDT 500,000 under a single title, while BDT 2.0 million can be borrowed as a five-member group under the credit guarantee scheme. To facilitate women entrepreneurs' access to finance, one of the key policies of the CGS Unit implies that PFIs must allocate at least 10.0 percent of their portfolio guarantee limit for collateral-free loans to women entrepreneurs. It is worth mentioning that, since inception, out of the total number of guarantee applications, around 11.0 percent of the beneficiaries are women-owned CMSEs.

#### COVID-19 Emergency and Crisis Response Facility Project (CECRFP)

10.37 The loan and the project agreement for the COVID-19 emergency and crisis response facility project (CECRFP) were signed on 26 February 2021. An amount of USD 300.0 million was funded for this project by the Asian Infrastructure Investment Bank (AIIB). The aim of this project is to expand the credit facility and reduce the liquidity constraints of CMSMEs amid the COVID-19 pandemic. BB will provide loans to PFIs as refinance against the sub-loans disbursed to cottage, micro, small and medium enterprises (CMSMEs). The sub-loans would be utilized for working capital financing such as employee wages, inventory, payments on short-term debt, and other day-to-day operating expenses of the enterprises, etc. Nineteen banks and seven NBFIs have signed the

**Table 10.10 Disbursement and Recovery of Industrial Loans**

(Billion BDT)

Fiscal Year	Disbursement			Recovery		
	Working capital	Term loan	Total	Working capital	Term loan	Total
FY11	713.00	321.63	1,034.63	566.95	250.16	817.11
FY12	766.75	352.78	1,119.53	644.00	302.37	946.37
FY13	1,031.66	425.28	1,456.94	854.96	365.49	1,220.45
FY14	1,261.03	423.11	1,684.14	1,132.91	418.07	1,550.98
FY15	1,554.77	597.84	2,152.61	1,179.60	475.41	1,655.01
FY16	1,993.49	655.39	2,648.88	1,497.63	482.25	1,979.88
FY17	2,385.17	621.55	3,006.72	1,855.33	520.95	2,376.28
FY18	2,756.29	707.68	3,463.97	2,029.80	701.93	2,731.73
FY19	3,190.07	808.50	3,998.57	2,431.94	765.69	3,197.63
FY20	3,121.34	742.57	3,863.91	2,566.06	697.24	3,263.30
FY21	3,248.26	687.65	3,935.91	2,854.78	584.89	3,439.67
FY22	4,091.56	723.61	4,815.17	3,098.57	648.63	3,747.20

Source: SME and Special Programmes Department, Bangladesh Bank.

Participation Agreement. An amount of BDT 7.00 billion was disbursed to 3,919 beneficiaries up to 30 June 2022.

#### Steps Taken by BB for the Development of CMSMEs until June 2022

10.38 The major initiatives of BB for increasing credit flow to the CMSME sector are:

- SMESPD of BB has allotted 'Small Enterprise Refinance Scheme' only for women entrepreneurs;
- One percent incentive facility for women entrepreneurs and another 1.0 percent for NBFIs has been declared provided that the loan is repaid duly;
- Refinance facility for migrant workers, unemployed youth and rural entrepreneurs has been introduced (SPCSSECP);
- BB has declared a Lead Bank Calendar (2022) for every district to organize; and
- CMSME related information dissemination programmes at district/upazila level.

#### Selection of Lead Banks in Each District to Co-ordinate with other Local Scheduled Banks for SME Lending

10.39 BB issued a lead bank circular on 24 January 2021 and developed a lead bank calendar for 2021. This is a yearly calendar of selected lead banks for every district. Through discussion, seminars, and view exchange programmes, the lead bank disseminates CMSME-related information such as CMSME target-based lending, sector-specific financing, and women entrepreneur financing at the grass root level.

10.40 Lead banks are playing an important role in organising CMSME-related view of exchange programmes by engaging all divisional/district level bank branches, the association of chambers of commerce, investors, businessmen, entrepreneurs, and Bangladesh Small and Cottage Industries Corporation (BSCIC) in consultation with BB branch offices.

#### Industrial Credit

10.41 Rapid industrialization is required to

**Table 10.11 Summary Information of Disbursement to Cottage, Micro, and Small Enterprises (CMSMES) from SPCSSECP (Up to June 2022)**

Banks/NBFIs	Amount Refinance (Billion BDT)				No. of Beneficiary (sector wise)			
	Working capital	Mid term loan	Long term loan	Total loan	Industry	Trade	Service	Total
Banks	0.03	0.02	0.01	0.06	11	36	02	49
NBFIs	0.02	0.91	0.01	0.94	36	278	11	325
Total	0.05	0.93	0.02	1.00	47	314	13	374

Source: SME and Special Programmes Department, Bangladesh Bank.

achieve a desired level of economic growth for developing country like Bangladesh. In this context, the role of the industrial sector is crucial. To promote SMEs along with large-scale industries, the GoB has been providing industrial loans and other ancillary support through banks and financial institutions in recent years. As a result, the volume of industrial loans disbursed and recovered has been increasing gradually. Disbursement of industrial loans stood at BDT 4815.2 billion in FY22 which was 22.3 percent higher compared to the previous financial year (Table 10.10). In FY22, disbursement of working capital and term loans increased by 26.0 percent and 5.2 percent respectively, compared to FY21.

### Start-up Fund

10.42 BB has instructed all scheduled banks to set up a "Start-up Fund" by transferring 1.0 percent of their annual net profit each year started from 2020 for the next five years through SMESPD Circular No. 04 and 05 dated 29 March 2021 and 26 April 2021. The amount of the start-up fund is BDT 1.31 billion. Furthermore, BB has raised a fund of BDT 5.00 billion to support a refinance facility for start-up financing. Till June 2022, BDT 0.04 billion was disbursed to 18 customers under the "Start-up Fund". All banks were instructed in the bankers' meeting held on 16 June 2022 to finance at least

3 customers in a year under the start-up fund facility.

### Other Refinances Scheme and Fund

10.43 BB has provided different refinancing facilities through other schemes like the SME Foundation Fund and Housing Refinance Scheme in order to improve the standard of living of the mass people and to ensure women's empowerment through the expansion and development of the CMSME sector. BB started a scheme named SME Foundation Fund from its own source. The total size of the fund is BDT 0.50 billion. Disbursement for this scheme started on 08 July 2021. Total disbursement from the SME Foundation Fund was BDT 0.06 billion up to 30 June 2022. "Housing Refinance Scheme" (disbursement closed) is another refinancing scheme of BB. The total disbursement under this scheme was BDT 7.70 billion. A total of 956 beneficiaries got refinance facilities from this scheme.

### Supporting Post COVID-19 Small Scale Employment Creation Project (SPCSSECP)

10.44 Asian Development Bank (ADB) has provided USD 150 million in credit to the GoB under the supporting post COVID-19 small scale employment creation project (SPCSSECP). This is a financial intermediary loan which facilitates access to finance for CMSEs operated by

returning migrant workers, unemployed youth, and rural entrepreneurs. SPCSSECP started its journey on 29 November 2021 by signing the Loan Agreement and Project Agreement for the project. The loan effectiveness date of the project was 27 February 2022. The Finance Division of the Ministry of Finance is the executing agency, and BB is the implementing agency of this project. BB signed a participation agreement with 4 banks and 4 financial institutions on 24 May 2022 (Table 10.11).

#### **Line of Finance to Support SMEs Project under the IsDB SPRP for COVID-19, Restore Track (LFSSP)**

10.45 This financing facility will mainly support the CMSME sector all over Bangladesh through increasing access to finance under Islamic *Shariah* based financing to overcome the peak effects of the pandemic for sustainable development. The project is funded by the Islamic Development Bank (IsDB).

Islamic banks as well as conventional banks having Islamic windows and branches are eligible to participate in the project. So far, 4 Islamic banks and 1 NBFI (Islamic Finance and Investment Ltd.) have signed the Master Facility Agreement with BB as PFIs under the project. The project cost is USD 47.00 million (approx. BDT 398.00 million).

#### **Microcredit Operations of the Grameen Bank and the Large MFIs**

10.46 To institutionalize microfinance operations and build up an inclusive financial market for the economic development of the country, the Microcredit Regulatory Authority (MRA), as the regulator of the microfinance sector, has been working effectively and dynamically. Since its inception, MRA has been regulating the activities of MFIs as per the

**Table 10.12 Microcredit Operations of the Grameen Bank and Large MFIs**

(Billion BDT)

	FY20	FY21	FY22
<b>1. Disbursement</b>	<b>967.05</b>	<b>1,080.70</b>	<b>1,203.04</b>
a) Grameen Bank	223.08	233.08	206.58
b) BRAC	360.99	429.01	500.34
c) ASA	252.16	285.67	309.29
d) Proshika	4.71	7.90	10.11
e) TMSS	43.91	48.96	63.51
f) BURU Bangladesh	82.20	76.08	113.21
<b>2. Recovery</b>	<b>885.62</b>	<b>1,044.20</b>	<b>1,085.34</b>
a) Grameen Bank	207.22	207.22	203.23
b) BRAC	325.62	431.08	448.30
c) ASA	236.21	273.13	273.88
d) Proshika	3.86	6.16	10.19
e) TMSS	40.96	46.20	55.94
f) BURU Bangladesh	71.75	80.41	93.80
<b>3. Outstanding loans</b>	<b>706.13</b>	<b>701.42</b>	<b>863.65</b>
a) Grameen Bank	158.62	142.59	145.95
b) BRAC	265.80	263.69	329.02
c) ASA	177.05	189.60	250.89
d) Proshika	3.45	5.15	8.46
e) TMSS	30.93	34.69	44.22
f) BURU Bangladesh	70.28	65.70	85.11
<b>4. Loans overdue</b>	<b>16.54</b>	<b>32.93</b>	<b>91.08</b>
a) Grameen Bank	1.54	5.06	3.18
b) BRAC	6.36	7.79	28.44
c) ASA	6.41	18.23	49.79
d) Proshika	0.18	0.20	1.39
e) TMSS	0.85	0.85	6.06
f) BURU Bangladesh	1.20	0.80	2.22
<b>5. Overdue as percentage of outstanding</b>	<b>2.34</b>	<b>4.69</b>	<b>2.22</b>
a) Grameen Bank	0.97	3.55	2.18
b) BRAC	2.39	2.95	8.64
c) ASA	3.62	9.61	19.85
d) Proshika	5.22	3.88	16.43
e) TMSS	2.74	2.45	13.70
f) BURU Bangladesh	1.71	1.22	2.61

Source: Microcredit Regulatory Authority (MRA).

respective MRA Act, and issuing required circulars/guidelines and conducting both off-site and on-site supervision. MRA has already issued 881 licenses for microfinance operations and cancelled 140 licenses till June 2022 due to non-compliance with regulatory requirements. In FY22, 741 licensed MFIs disbursed BDT 1918.83 billion to more than 38.30 million borrowers. The total savings of the microfinance sector stood at BDT 494.58 billion at the end of June 2022.

10.47 With a view to broadening and smoothening the microfinance process, Palli Karma Sahayak Foundation (PKSF) has been working as an apex microcredit funding and capacity building organisation for alleviating poverty by providing microcredit to the poor through its partner organisations (POs). PKSF provided BDT 56.58 billion loans to 279 POs in FY22, which was BDT 48.32 billion in FY21.

10.48 Grameen Bank was established with a vision of poverty eradication and for the advancement of the social status of the poor. The total amount of loans disbursed by Grameen Bank was BDT 206.58 billion, while its recovery stood at BDT 203.23 billion in FY22. Available information suggests that Grameen Bank and five other large MFIs, namely BRAC, ASA, Proshika, TMSS and BURO Bangladesh, have disbursed a total of BDT 1203.04 billion and their recovery stood at BDT 1085.34 billion in FY22. Total outstanding loans and overdue loans were BDT 863.65 billion and 91.08 billion respectively in FY22, which were BDT 701.42 and BDT 32.93 billion respectively in FY21. Total overdue loans as a percentage of total outstanding loans of these large MFIs fell to 2.22 percent in FY22 from 4.69 percent in FY21, owing primarily to the pandemic situation of COVID-19. The microcredit operations of the Grameen Bank and large MFIs are shown in Table 10.12.

## Public Finance

11.01 While the economy of Bangladesh is recovering from two-year long global COVID-19 pandemic, a new geo-political crisis comes up with the threat of instability in terms of commodity and fuel prices. Keeping all those in consideration, government of Bangladesh (GoB) still effectively devises a budgetary framework and ensures proper implementation to bounce back the economy to higher and inclusive growth trend, fight back against raising inflationary pressure, and ensures minimal loss in job and employment, raise standard of living, reduce inequality and attain sustainability in development. Ongoing implementation of mega infrastructural projects and a massive incentive for different sectors as part of pandemic recovery leads to think of deficit budget as usual. However, the government is cautious about keeping this deficit at a reasonable and tolerable level to avoid any debt crisis. Amidst the stated situation, Bangladesh managed to attain GDP growth of 7.25 percent against the target of 7.2 percent, as per the recent provisional estimate by the Bangladesh Bureau of Statistics (BBS).

### Revised Budget for FY22 and Fiscal Outcome Revenue Receipts

11.02 The target for revenue collection was revised but kept at the same level for FY22. In order to achieve this target, various steps like administrative reforms, automation and digitalisation in the collection process, including the implementation of e-payment services for online payment of taxes, expansion of tax scope for motivating the taxpayers, compulsory taxpayers identification number (TIN) certificate for receiving different utility services, obligatory

**Table 11.01 Budget at a Glance**

(in billion BDT)

Items	Volume			As percentage of GDP		
	FY21	FY22 <sup>R</sup>	FY23 <sup>P</sup>	FY21	FY22 <sup>R</sup>	FY23 <sup>P</sup>
<b>1. Total revenue</b>	<b>3286.65</b>	<b>3890.00</b>	<b>4330.00</b>	<b>9.31</b>	<b>9.78</b>	<b>9.73</b>
a. Tax	2698.03	3460.00	3880.00	7.64	8.70	8.72
b. Non-tax	588.62	430.00	450.00	1.67	1.08	1.01
<b>2. Total expenditure</b>	<b>4601.60</b>	<b>5935.00</b>	<b>6780.64</b>	<b>13.04</b>	<b>14.93</b>	<b>15.24</b>
a. Operating	2858.30	3666.27	4114.06	8.10	9.22	9.25
b. ADP	1604.95	2099.77	2460.66	4.55	5.28	5.53
c. Others	137.35	168.96	205.92	0.39	0.43	0.46
<b>3. Budget deficit</b>	<b>1314.95</b>	<b>2045.00</b>	<b>2450.64</b>	<b>3.73</b>	<b>5.14</b>	<b>5.51</b>

<sup>R</sup> Revised, <sup>P</sup> Proposed.

Source : Budget in Brief, 2022-23, Ministry of Finance and Bangladesh Bureau of Statistics (BBS)

submission of return for all the TIN holders, increased electric fiscal device (EFD) and sales data controller (SDC) for business entities, etc., have been introduced for revenue collection. Moreover, document verification system (DVS) has been set up to determine the authenticity of the audited documents submitted by the companies for transparency of income of taxpaying companies. As a result, revenue collection significantly increased in FY22.

11.03 In the revised budget for FY22, total revenue receipts were targeted at BDT 3890.00 billion, which was 18.36 percent higher than the actual revenue receipts in FY21. The revised target for tax revenue collection set at 88.95 percent of the total revenue receipts which was 28.24 percent higher than the actual tax revenue collected in FY21. However, the revised target for non-tax revenue collection for FY22 was 26.95 percent lower than the actual collection for that of FY21 (Table 11.01).

11.04 In the revised budget for FY22, total revenue receipts as a percentage of GDP stood at 9.78 percent which was 9.31 percent in FY21. In FY22, the target for total tax revenue receipts as percentage of provisional GDP was revised

upward to 8.70 percent from 7.64 percent in FY21. However, total non-tax revenue as percentage of GDP was revised down to 1.08 percent in FY22 from 1.67 percent in FY21.

11.05 In the revised budget for FY22, taxes on income, profit and capital gains increased by 20.59 percent to BDT 1053.24 billion from BDT 873.43 billion in FY21. The revised target for receipts from sales of stamps (non-judicial), land development tax, excise duty, supplementary tax, value added tax (VAT), import duty and other taxes were set to increase by 325.96, 130.43, 53.61, 41.29, 23.42, 20.45 and 28.08 percent respectively in FY22 compared to the actual collection of those in FY21. However, in FY22 the revised target for receipts from motor vehicle tax was anticipated to decrease by 46.81 percent from the actual collection in FY21 (Table 11.02). Compositions of revised tax revenue receipts for FY22 are depicted in Chart 11.01.

11.06 Under the non-tax revenue items, administrative fees, service fees, capital receipts, and non-commercial sales are set to increase by 252.04, 44.96, 31.30 and 26.87 percent respectively in the revised budget for FY22 compared to the actual collection from these items in FY21. On the contrary, collection from fines, penalties and forfeiture, dividend and profit, and rent and leases are revised down by 52.97, 17.33 and 16.26 percent respectively over the same period (Table 11.02).

### Expenditure

11.07 The total expenditure in the revised budget for FY22 was set at BDT 5935.00 billion (14.93 percent of GDP) which was 28.98 percent higher than the actual expenditure in FY21. The operating expenditure in the revised budget for FY22 was targeted at BDT 3666.27

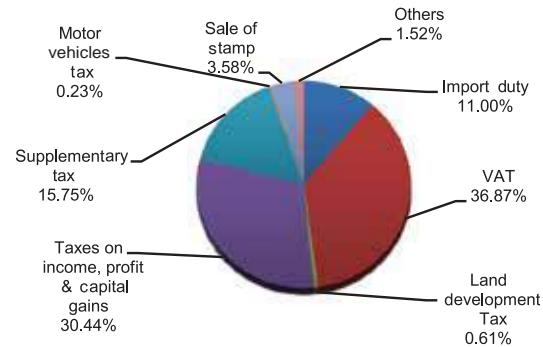
**Table 11.02 Composition of Revenue Receipts**

Items	FY21	FY22 <sup>R</sup>	FY23 <sup>b</sup>
<b>1. Tax revenue</b>	<b>2698.03</b>	<b>3460.00</b>	<b>3880.00</b>
<b>A. NBR Tax revenue</b>	<b>2638.86</b>	<b>3300.00</b>	<b>3700.00</b>
i. Taxes on income, profit & capital gains	873.43	1053.24	1210.20
ii. Import duty	315.92	380.51	439.94
iii. Export duty	0.01	0.54	0.63
iv. Supplementary tax	385.75	545.03	585.24
v. Value Added Tax	1033.58	1275.68	1411.92
vi. Excise duty	24.90	38.25	41.27
vii. Other taxes	5.27	6.75	10.80
<b>B. Non-NBR Tax revenue</b>	<b>59.17</b>	<b>160.00</b>	<b>180.00</b>
i. Narcotics and liquor duty	0.79	1.38	1.52
ii. Motor vehicles taxes	15.04	8.00	12.64
iii. Land development tax	9.17	21.13	20.84
iv. Sale of stamps (non-judicial)	29.08	123.87	138.79
v. Surcharge	5.09	5.62	6.21
<b>2. Non-tax revenue</b>	<b>588.62</b>	<b>430.00</b>	<b>450.00</b>
i. Administrative fees	20.37	71.71	79.20
ii. Dividends and profits	19.10	15.79	18.84
iii. Interest	80.72	188.48	166.69
iv. Capital receipts	2.46	3.23	2.95
v. Service fees	32.67	47.36	67.67
vi. Tolls	7.91	10.04	11.27
vii. Fines, penalties and forfeiture	8.93	4.20	4.78
viii. Non-commercial sales	18.72	23.75	23.51
ix. Rents and leases	7.44	6.23	3.49
x. Other non-tax revenue and receipts	390.30	59.21	71.60
<b>Total</b>	<b>3286.65</b>	<b>3890.00</b>	<b>4329.97</b>

<sup>R</sup> Revised, <sup>b</sup> Proposed.

Source : Budget in Brief, 2022-23, Ministry of Finance

**Chart 11.01 Composition of Tax Revenue Receipts : FY22<sup>R</sup>**



<sup>R</sup> Revised.

Source: Budget in Brief, 2022-23, Ministry of Finance.

billion (9.22 percent of provisional GDP), which was 28.27 percent higher than the actual operating expenditure of BDT 2858.30 billion in FY21 (Table 11.01).

11.08 From the sector-wise allocation of total expenditure in FY22, a total of BDT 1614.91 billion was allocated to the social sector

(education and technology, health, social security and welfare, etc.) compared to BDT 1247.01 billion spent in this sector last year. In FY22, allocation in this social sector was 29.50 percent higher than that in FY21. This constituted approximately 27.21 percent of the total allocation. Of the other sectors, allocation in public service, transport and communication, and agriculture was increased to BDT 1109.06, 658.79 and 349.73 billion respectively. On the contrary, the allocation for interest on domestic debt was reduced to BDT 650.00 billion in FY22 (Table 11.03).

11.09 The allocation for Annual Development Programme (ADP) in the revised budget for FY22 was revised at BDT 2099.77 billion (5.28 percent of GDP) which was 30.83 percent higher than the actual ADP in FY21 (Table 11.01).

### Budget Deficit and its Financing in FY22

11.10 In the revised budget for FY22, total deficit (excluding grants) was revised at BDT 2045.00 billion which was 5.14 percent of GDP. Government finances its budget deficit both from domestic and external sources. Government domestic borrowing consists of borrowing from the banking system and other than banks (non-bank). The domestic borrowing component of the deficit financing was BDT 1242.88 billion (3.13 percent of GDP) in FY22. Of this component, BDT 872.87 billion (2.20 percent of GDP) was bank borrowing and BDT 370.01 billion (0.93 percent of GDP) was non-bank borrowing which was mainly through sales of national savings certificates (Chart 11.02). The foreign financing (including grants) to the budget deficit was BDT 802.12 billion (2.02 percent of the GDP) (Table 11.04).

**Table 11.03 Sector-wise Composition of Expenditure**

Sectors	FY21	FY22 <sup>R</sup>	FY23 <sup>P</sup>
Social sector	1247.01	1614.91	1799.42
Public services	565.81	1109.06	1346.70
Interest on domestic debt	663.19	650.00	731.75
Defense	354.63	371.26	399.95
Public order and safety	244.14	291.49	311.53
Interest on foreign debt	42.87	62.44	72.00
Agriculture sector	257.59	349.73	421.08
Transport and communication	502.18	658.79	815.18
Energy and power	228.40	245.19	260.66
Local government and rural development	354.84	425.25	446.90
Housing	64.19	68.43	68.21
Others	76.75	88.45	107.26
<b>Total:</b>	<b>4601.60</b>	<b>5935.00</b>	<b>6780.64</b>

<sup>R</sup> Revised, <sup>P</sup> Proposed.

Source : Budget in Brief, 2022-23, Ministry of Finance

**Table 11.04 Composition of Deficit Financing**

Items	FY21	FY22 <sup>R</sup>	FY23 <sup>P</sup>
Domestic Financing	825.86 (2.34)	1242.88 (3.13)	1463.35 (3.29)
Bank borrowing	326.73 (0.93)	872.87 (2.20)	1063.34 (2.39)
Non-bank borrowing	499.13 (1.41)	370.01 (0.93)	400.01 (0.90)
Foreign financing (inc. grants)	480.56 (1.36)	802.12 (2.02)	987.29 (2.22)
Budget Deficit (inc. grants)	1291.47 (3.66)	2013.08 (5.06)	2417.93 (5.43)
Budget Deficit (exc. grants)	1314.95 (3.72)	2045.00 (5.14)	2450.64 (5.51)
<b>GDP (Memorandum Item)</b>	<b>35301.85<sup>#</sup></b>	<b>39764.62<sup>#</sup></b>	<b>44499.59</b>

<sup>R</sup> Revised, <sup>P</sup> Proposed.

(<sup>#</sup>) indicates percent of GDP for the corresponding fiscal year

Source : Budget in Brief, 2022-23, Ministry of Finance and Bangladesh Bureau of Statistics (BBS)

### Major Changes in Revenue Measures in the Budget for FY22

#### Direct Tax

11.11 Direct tax on income, profit and capital gains is considered as one of the principal sources of government revenue. It accounts for 30.44 percent of the targeted total tax revenue collection in the revised budget for FY22 which was 32.37 percent in FY21. Some changes were made on direct taxes in the national budget for FY22 which are summarised below:

#### Taxes on Individual Income in FY22

- Tax exempted income limit for general

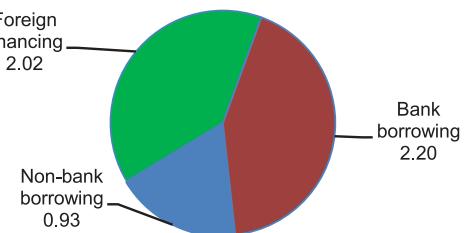
- taxpayers remain unchanged at BDT 300,000 as like preceding fiscal year;
- Tax exemption threshold for women and senior citizens aged 65 years or above was also kept unchanged at BDT 350,000 likewise preceding fiscal year;
  - The income tax rate for artificial juridical persons and other entities, not otherwise defined, was determined at 30.00 percent instead of the rate applicable for individual taxpayers.
  - To achieve social inclusion, tax-free ceiling was set at BDT 350,000 for the taxpayers of the third gender instead of the existing applicable limit for the general individual taxpayer.
  - The turnover tax was reduced to 0.25 percent from the existing 0.50 percent for individual taxpayers engaged in business.

#### Taxes on Corporate Income

- Tax rate for the publicly-traded company was reduced to 22.50 percent from the existing 25.00 percent;
- Tax rate for non-publicly traded companies was reduced to 30.00 percent from the existing 32.50 percent;
- Tax rate for one-person company was reduced to 25.00 percent from the existing 32.50 percent;
- Tax rate for the publicly traded Mobile Financial Service (MFS) providers increased to 37.50 percent from the existing 32.50 percent;
- Tax rate for the non-publicly traded Mobile Financial Service (MFS) providers increased to 40.00 percent from the existing 32.50 percent;

**Chart 11.02 Deficit Financing (excluding grants) : FY22<sup>R</sup>**

(percent of GDP)



<sup>R</sup> Revised.

Source: Budget in Brief, 2022-23, Ministry of Finance and Bangladesh Bureau of Statistics.

- Previously imposed 15.00 percent of corporate tax on the private university, private medical, dental and engineering college or private college solely dedicated to imparting education on ICT remained unchanged for this fiscal year.

#### Value Added Tax (VAT)

11.12 Value Added Tax (VAT) is Bangladesh's single largest source of tax revenue collection. In the revised budget for FY22, targeted collection from VAT represents 36.87 percent of total tax revenue which was 38.31 percent in FY21. The revised target of VAT revenue collection in FY22 was set at BDT 1275.68 billion which was 23.42 percent higher than BDT 1033.58 billion in FY21. In the budget of FY22, several amendments were proposed for the Value Added Tax and Supplementary Duty Act, 2012 and Value Added Tax and Supplementary Duty Rules, 2016 to mitigate functional and procedural complications. The main considerations of this year's budget were to simplify the new VAT law along with the collection of targeted amount of revenue. So, various initiatives were undertaken to address the challenges faced by the business community in adopting the new VAT law. Some of the major changes in VAT administration are stated below:

### VAT Impositions and Expansions

- Advance tax reduced to 3.00 percent from the existing 4.00 percent on imported raw materials of industries;
- The existing 5.00 percent VAT on manufacturing of LPG cylinder was proposed to be continued for this year;
- The VAT rate reduced to 5.00 percent from the existing 15.00 percent for the manufacturing of paper cones;
- To reduce the burden of locally produced tiles and sanitary ware, 15.00 percent VAT was proposed only on the net commission of the dealers and distributors;
- To protect the interest of the local farmers, 15.00 percent VAT was proposed on the import of fresh/chilled/frozen meat and carrots and turnips wrapped/canned in bulk;

### VAT Exemptions

- Local manufacturers of mobile phone sets were exempted from VAT;
- Manufacturing of puffed rice was exempted from VAT;
- The existing VAT exemption facilities were extended for two more years for mobile phone assembling and manufacturing services;
- To encourage the growth of local ICT sector, locally produced printer/parts of printer, cartridge, computer, laptop, notebook, notepad, tab, keyboard, mouse, barcode/QR scanner, RAM, motherboard, power bank, router, network devices, sound system, ear phone, headphone, SSD/portable SSD, hard disk drive, pen drive, micro SD card, flash memory card, CCTV, monitor, projector, printed circuit board, e-writing pad, USB

cable, data cable, digital watch, etc. were exempted from VAT;

- Fresh fruits at trading stage were exempted from VAT;
- To support the growth of local industries, the existing VAT exemption facility for local manufacturing of motor cars and motor vehicles were proposed to be continued for five more years;
- To lessen the dependence on imported goods, locally manufactured blender, juicer, mixer, grinder, electric kettle etc. were exempted from VAT;
- The existing VAT and supplementary duty exemption facility provided to the industries like automobiles, refrigerators, freezers and air conditioners were proposed to be continued;
- To modernize the agricultural sector, power rippers, power tiller operated seeder, combined harvesters and low lift pumps were exempted from advance tax ;
- VAT was exempted on weeder and winnower at manufacturing and trading stages;
- To reduce import dependency, local manufacturing of washing machine, microwave oven and electric oven was exempted from VAT at the production level;
- To combat the pandemic, COVID-19 test kit, PPE and vaccine were exempted from VAT in import, manufacturing and trading stages;

### Customs Duty and Taxes

11.13 To create new employment through sustained growth, ensure necessary protection to the promising domestic industries from the damage caused by the global COVID-19 pandemic, help expand the export-oriented

industries and associated backward linkage industries, maintain competitiveness of the economy of Bangladesh, to improve the ease of doing business index of the country, existing duty-tax structures were rationalised from time to time to make it more liberal and domestic industry-friendly. Besides, inconsistent duty-tax structures have been corrected to combat smuggling and false declarations. In the revised budget for FY22, import duty was increased by 20.45 percent to BDT 380.51 billion from BDT 315.92 billion in FY21. Some of the major changes on custom duties and taxes in the budget for FY22 were as follows:

### **Customs Duty Imposition and Expansions**

- To protect the domestic farmers, customs duty was increased to 15.00 percent from the existing 5.00 percent on imports of mushroom;
- For the expansion of domestic cellular phone manufacturing, customs duty on cellular phones was increased to 25.00 percent from the existing 10.00 percent;
- In order to protect the interest of the local salt farmers, the tariff rate was increased to 25.00 percent from the existing 10.00 percent on the import of industrial salt;
- Customs duty was increased to 10.00 percent from the existing 5.00 percent for laminated safety glass suitable for incorporation in vehicles, aircrafts etc.;
- Customs duty was increased to 15.00 percent from the existing 10.00 percent on mineral oil;
- Customs duty was increased to 15.00 percent from the existing 10.00 percent for heavy normal paraffin, liquid paraffin and other paraffin either in drums or in others;
- On the import of carrots and turnips, a 20.00 percent supplementary duty was proposed;
- Supplementary duty was increased to 45.00 percent from the existing 20.00 percent for all kinds of sugar confectionery and chewing gum whether or not sugar-coated;
- The supplementary duty was increased to 45.0 percent from the existing 20.00 percent on soap, organic-surface active products;
- To ensure the protection to the local fish and poultry sector, 20.00 percent supplementary duty was proposed on processed meat imports;
- To discourage the import of environmentally harmful recycled lube base oil and lubricating oil, a 20.00 percent supplementary duty was proposed on the import of these oils;
- The existing import duty exemption facility is kept continued for the prime ingredients of agricultural sector, especially for fertilizer, seeds, and insecticides;
- The minimum price of every 10-sticks of lower slab cigarette is kept unchanged at BDT 39 or above and supplementary duty has been kept unchanged at 57.00 percent as well;
- The minimum price of every 10-sticks of middle slab cigarette is kept unchanged at BDT 63 or above, but that of high slab 10-sticks cigarette is increased to BDT 102 or above and that of premium slab 10-sticks cigarette to BDT 135 or above. However, Supplementary duty rate for all three slabs has been kept unchanged at 65.00 percent;
- The price of handmade non-filter 25-sticks bidi is kept unchanged at BDT 18, that of 12-sticks at BDT 9 and that of 8-sticks at BDT 6. Supplementary duty has been kept unchanged at the existing 30.00 percent as well;

- The price of 20-sticks filter bidi is kept unchanged at BDT 19 and that of 10-sticks filter bidi at BDT 10. Supplementary duty has been kept unchanged at the existing 40.00 percent as well;
- The minimum retail price is kept unchanged at BDT 40 per 10 grams of Jarda and BDT 20 per 10 grams of gul. Supplementary duty has been kept unchanged at the existing 55.00 percent as well for both the items.

### Customs Duty Reductions and Exemptions

- To expand export diversification of footwear industry, the duty rate on the import of dyed knitted and crocheted fabrics and yarns of different colors knitted and crocheted fabrics was reduced to 15.00 percent from the existing 25.00 percent;
- For the development of cable and internet cable manufacturing industry, tariff rate was reduced to 15.00 percent from the existing 25.00 percent on import of plastic framework;
- Specific duty rate on stainless steel was reduced to BDT 500 per MT from the existing BDT 1500 per MT;

### FY23 Budget: Return to the Path of Development Leaving the COVID-19 Behind

11.14 The formulation of budget for FY23 integrates strategies/incentives to accelerate the recovery of various sectors from the second wave of COVID-19 pandemic, reduce the potential economic risks posed by the geo-political conflict and to mitigate the rising inflationary pressure from the rise in global prices of major imported commodities as well as from the disruptions in the supply chain worldwide. The proposed budget for FY23 is set at BDT 6780.64 billion, which is 15.24 percent of GDP and 14.25 percent higher than the revised budget

**Table 11.05 Composition of Social Sector Expenditure**

	FY21	FY22 <sup>R</sup>	FY23 <sup>P</sup>
Education& technology	719.25	877.40	999.78
Health	216.47	322.74	368.63
Recreation, culture and religious affairs	40.19	54.26	53.70
Labor and employment	1.72	3.60	3.57
Social security and welfare	269.38	356.91	373.74
<b>Total :</b>	<b>1247.01</b>	<b>1614.91</b>	<b>1799.42</b>

<sup>R</sup> Revised, <sup>P</sup> Proposed.

Source : Budget in Brief, 2022-23, Ministry of Finance

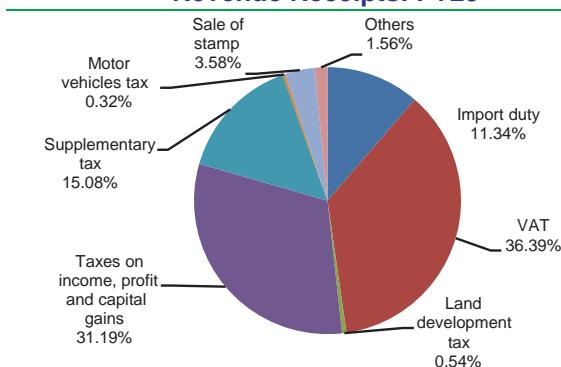
**Table 11.06 Sector-wise Share of ADP Expenditure**

Sectors	FY21	FY22 <sup>R</sup>	FY23 <sup>P</sup>
Agriculture	3.90	3.51	4.12
Transport and communication	25.70	26.90	28.73
Education, religion, culture and recreation	12.40	11.31	12.78
Power and energy	12.00	18.89	16.02
Housing and Community utilities	13.40	11.39	9.96
Local government and rural development	9.30	7.48	6.69
Health	7.60	6.65	7.83
Environment, climate change and water resources	3.40	4.38	4.01
Others	12.30	9.49	9.86
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

<sup>R</sup> Revised, <sup>P</sup> Proposed.

Source : Revised Annual Development Programme 2020-2021, 2021-22, Annual Development Programme 2022-2023, Ministry of Planning

**Chart 11.03 Composition of Targeted Tax Revenue Receipts: FY23<sup>P</sup>**



<sup>P</sup> Proposed.

Source : Budget in Brief, 2022-23, Ministry of Finance

for FY22. In the budget for FY23, the target for GDP growth has been set at 7.50 percent, while keeping average inflation at 5.6 percent and the budget deficit is programmed at 5.5 percent of GDP. Compositions of targeted tax revenue receipts for FY23 are depicted in Chart 11.03.

### Revenue Receipts for FY23

11.15 The revenue receipts for FY23 are targeted to grow by 11.31 percent to BDT 4330.00 billion compared to BDT 3890.00 billion of the revised budget for FY22. The tax and non-tax revenue receipts are expected to increase by 12.14 percent and 4.65 percent respectively compared to those of the revised budget for FY22. Total revenue-GDP ratio is targeted to be 9.73 percent in FY23 which was 9.78 percent in FY22 (Table 11.01).

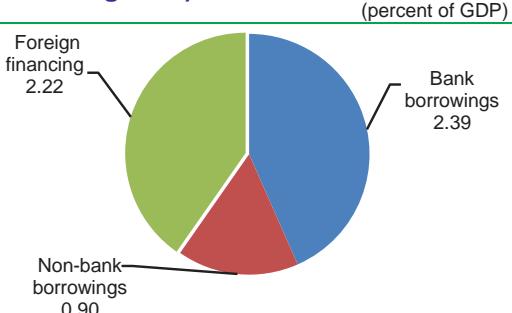
11.16 Receipts from the direct taxes on income, profits and capital gains are targeted to increase by 14.90 percent in FY23 compared to the revised budget for FY22. This constitutes 31.19 percent of the total tax revenue. On the other hand, 10.67 percent growth is targeted for indirect taxes (VAT, supplementary duty, import duty, export duty, and excise duty) (Table 11.02).

11.17 Receipts from other non-tax revenue and receipts such as service fees, dividends and profit, fines, penalties and forfeiture, tolls, and administrative fees are targeted to rise by 42.88, 19.32, 13.81, 12.25, and 10.44 percent respectively in FY23 compared to those of the revised budget for FY22. On the contrary, rent and lease, interest, capital receipts, and non-commercial sales are targeted to decrease by 43.98, 11.56, 8.67 and 1.01 percent respectively in FY23 compared to those of revised budget for FY22.

### Expenditure for FY23

11.18 The total expenditure in FY23 is expected to increase by 14.25 percent to BDT 6780.64 billion compared to the revised budget for FY22. Of which, the operating expenditure for FY23 is set at BDT 4114.06 billion (9.25 percent of GDP) which is 12.21 percent higher than the revised operating expenditure of BDT

**Chart 11.04 Deficit Financing (excluding grants) : FY23<sup>P</sup>**



<sup>P</sup> Proposed.

Source: Budget in Brief, 2022-23, Ministry of Finance.

3666.27 billion in FY22. The ADP and other expenditures are expected to grow by 17.19 and 21.88 percent respectively in FY23 compared to those of the revised budget for FY22 (Table 11.01).

11.19 Different ministries and divisions have been categorized into three groups based on their allocation of businesses. These are social infrastructure, physical infrastructure and general services. In the budget for FY23, expenditure on the social sector is expected to increased by 11.43 percent to BDT 1799.42 billion (26.54 percent of the total expenditure) from 1614.91 billion in the revised budget for FY22 (Table 11.03). The large portion of this sector will go to education and technology, social security and welfare, and health sector (Table 11.05). Of the other sectors, BDT 1346.70 billion (19.86 percent) for public service, BDT 815.18 billion (12.02 percent) in transport and communication, BDT 731.75 billion (10.79 percent) for interest payment on domestic debt, BDT 446.90 billion (6.59 percent) for local government and rural development, BDT 421.08 billion (6.21 percent) for agriculture, BDT 260.66 billion (3.84 percent) for energy and power sector have been allocated in this proposed budget for FY23 (Table 11.03).

11.20 The proposed outlay for Annual Development Programme (ADP) in the budget for FY23 stands at BDT 2460.66 billion, which is about 5.53 percent of GDP. This developmental expenditure turns to be 17.19 percent higher than the revised ADP in FY22 (Table 11.01). ADP expenditure was restructured at 15 sectors and 72 subsectors, effective from FY21. In the ADP for FY23, the transport and communication sector gets the highest priority as usual. A total of BDT 706.95 billion has been allocated in this sector which is 28.73 percent of the total ADP allocation in FY23. Of the other sectors, BDT 394.20 billion (16.02 percent) for the power and energy sector, BDT 192.67 billion (7.83 percent) for the health sector, BDT 314.47 billion (12.78 percent) for the education, religion, culture and recreation sector, BDT 164.62 billion (6.69 percent) for the local government and rural development sector has been allocated from ADP in this budget (Table 11.06).

### **Deficit Budget and Its Financing in FY23**

11.21 The budget deficit (excluding grants) for FY23 is estimated at BDT 2450.64 billion which is BDT 405.64 billion higher than that of the revised budget for FY22. In that case, the budget deficit as percent of GDP ratio for FY23 turns to be 5.51 percent which was 5.14 percent in the revised budget for FY22. The deficit is expected to be financed through borrowing from domestic banks and non-bank sources to the tune of BDT 1463.35 billion (3.29 percent of GDP) and external financing to the tune of BDT 987.29 billion (2.22 percent of GDP) in FY23 (Chart 11.04) against BDT 1242.88 billion (3.13 percent of GDP) and BDT 802.12 billion (2.02 percent of GDP) respectively in the revised budget for FY22. Of total domestic borrowing, BDT 1063.34 billion is targeted to be financed from the banking system and BDT 400.01 billion from non-banking sources (Table 11.04).

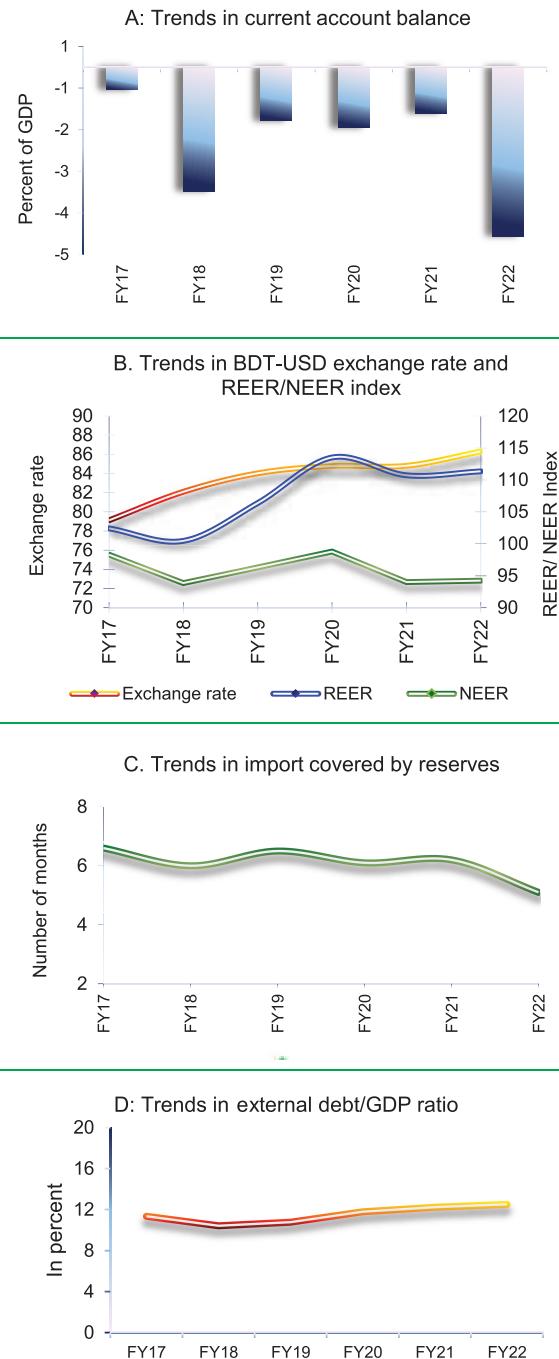
## External Sector Developments

### External Trade and Balance of Payments

12.01 The global economy is now facing an unprecedented slow down due mainly to shock arising from external sector. According to the World Economic Outlook, July 2022, global growth is projected downward to 3.2 percent in 2022 from 6.1 percent in 2021 mainly because of the prolonged COVID-19 effect and the impact of ongoing Russia-Ukraine conflict. The contraction in world trade escalates the threat of supply bottlenecks and the risk of stagflation in advanced as well as emerging and developing economies. This spillover effect reflects weaker-than-expected growth in different external sector indices of Bangladesh. Therefore, the overall performance of the external sector witnessed deceleration during FY22.

12.02 The current account deficit was 4.05 percent of GDP in FY22 against 1.10 percent in FY21 (Chart 12.01: A). Nominal exchange rate depreciated by 1.73 to BDT 86.30 as of end June 2022 from BDT 84.81 as of end June 2021. The nominal effective exchange rate (NEER) index of BDT, calculated against a trade weighted 15-currency basket (base: FY16=100), slightly increased by 0.28 percent in FY22. Similarly, the real effective exchange rate (REER) index of BDT also increased by 0.56 percent in FY22 (Chart 12.01: B). The raising trends of the NEER and REER indices signify that BDT faced a depreciation pressure in FY22. In order to maintain the stability in exchange rate, BB net sold a significant amount of USD to the interbank foreign exchange market in FY22. Moreover, import payments increased at pick because of global inflationary pressure on energy and food prices. As a result, BB's foreign

**Chart 12.01 Key Indicators of External Sectors**



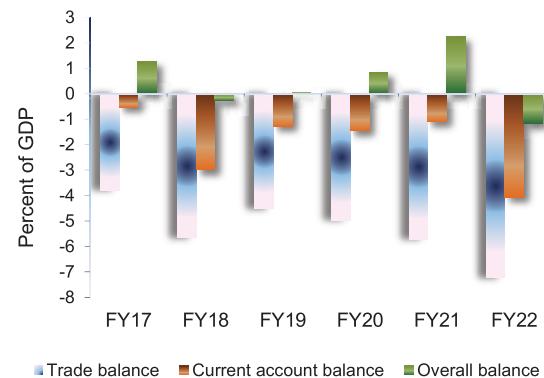
Source: Statistics Department, Bangladesh Bank.

exchange reserves decreased to USD 41.83 billion at the end of June 2022 from USD 46.39 billion at the end of June 2021, which was broadly adequate at around 5.6 months of Bangladesh's prospective imports (Chart 12.01: C). Outstanding external debt stock of Bangladesh also slightly increased and reached at 12.51 percent of GDP in FY22 from 12.22 percent in FY21 (Chart 12.01: D).

### Balance of Payment

12.03 A deficit trend has been continued in the current account balance during the last five years. The current account deficit widened significantly and stood at USD 18693.00 million in FY22 from USD 4575.00 million in FY21. The deficit of current account increased mainly due to huge deficit in trade balance and service accounts. The trade deficit remarkably increased by 39.84 percent in FY22 mainly due to strong growth in import payments compared to the growth in export earnings. The trade deficit reached at USD 33250.00 million in FY22 from USD 23778.00 million in FY21 and the deficit in service and accounts increased by 30.96 percent to USD 3955.00 million. The primary income deficit slightly decreased by 0.63 percent to USD 3152.00 million in FY22. The secondary income also decreased notably by 14.48 percent to USD 21718.00 million in FY22 from USD 25395.00 million in FY21, due to decrease in private transfers mostly in workers' remittance inflows. The balance in the capital account decreased to USD 181.00 million in FY22 from USD 458.00 million in FY21. The balance in financial account declined to USD 13775.00 million in FY22 from USD 14067.00 million in FY21 though foreign direct investment (FDI) increased from USD 3387.00 million to USD 4636.00 million. The net outcome of all of these made the overall balance a deficit of USD 5380.00 million in

**Chart 12.02 Trends in Trade, Current Account and Overall Balances**



Source: Statistics Department, Bangladesh Bank.

FY22 from USD 9274.00 million surplus in FY21 (Appendix-3, Table XVII). The latest developments/trends in various external sector accounts of BoP including FDI, exports, imports and other relevant external sector issues are highlighted in the subsequent sections of this chapter.

12.04 Foreign direct investment (FDI) inflow performs a multidimensional role in developing economy like Bangladesh. As a potential source of foreign exchange reserves, FDI has been emphasized by the Government in its 8th five-year plan for creating an investment-friendly environment through widespread infrastructure developments, including power, ICT and communication sectors. Recently various sectors of Bangladesh's economy have shown some signs of receiving encouraging responses from the global investors. Despite global financial turmoil and an adverse situation of COVID, net FDI inflow increased notably by 34.83 percent to USD 1827.00 million in FY22. However, the portfolio investment experienced an outflow of USD 158.00 million in FY22, though it was lower than USD 269.00 million outflow in the preceding year (Appendix-3, Table XVII).

## Exports

12.05 Bangladesh's trade exposure in terms of export is about 11.30 percent of GDP in FY22. As the performance of Bangladesh's export is correlated to the global economy, the impacts of the ongoing global economic downturn on Bangladesh's export sector remain a matter of concern. However, in FY22, export earnings of Bangladesh hit an all time record high amid the ongoing COVID-19 situation and the recent prolongation of Russia-Ukraine conflict. Almost all of the export items have experienced a robust growth in FY22. According to Export Promotion Bureau (EPB) figures, total export earnings in FY22 increased by 34.38 percent to USD 52082.66 million from USD 38758.31 million in FY21 (Table 12.01). Even the export earnings outpaced the strategic export target of FY22 by 19.73 percent. To retain the export earnings, the government and the Bangladesh Bank have taken different prudential roles and policy measures such as: allowing moratorium facilities, extended time for realizing export receipts and import payments, enhancing the export development fund (EDF) etc. throughout FY22. As usually, the apparels (woven garments and knitwear products) sector fuelled a greater part (above four fifths) of total export earnings in Bangladesh.

### Composition of Export Items

12.06 Woven and knitwear products, which jointly fetch about 81.82 percent of total export earnings, registered broad-based increase (35.47 percent) in receipts from USD 31456.73 million in FY21 to USD 42613.15 million in FY22. Export receipts from these two sectors sharply increased by 33.82 percent and 36.88 percent respectively in FY22. The item-wise composition of merchandise exports, demonstrated that export receipts from almost

**Table 12.01 The Composition of Top 10 Merchandise Exports**

Items	FY21	FY22	% Changes in FY22
1. Knitwear products	16960.03	23214.32	36.88
2. Woven garments	14496.70	19398.84	33.82
3. Home textiles	1132.03	1621.93	43.28
4. Agricultural products	1028.14	1162.25	13.04
5. Jute goods (excluding carpets)	1023.33	911.45	-10.93
6. Footwear (including leather footwear)	914.34	1205.33	31.83
7. Engineering products	529.00	795.63	50.40
8. Frozen shrimps and fish	444.41	499.12	12.31
9. Leather and leather products (other than leather footwear)	371.79	489.00	31.53
10. Chemical products	280.58	364.07	29.76
11. Others	1577.96	2420.72	53.41
<b>Total</b>	<b>38758.31</b>	<b>52082.66</b>	<b>34.38</b>

Source: Export Promotion Bureau.

all items increased in FY22 as compared to FY21. Although, a paramount portion of total exports achieved by woven and knitwear products but the items like engineering products (50.40 percent growth), home textile (43.28 percent growth), footwear (31.83 percent growth), leather and leather products (31.53 percent growth), chemical products (29.76 percent growth) etc. contributed vigorously to the total exports in FY22. The composition of top 10 merchandise export items which covers 95.35 percent of total exports are given in Table 12.01. An extended composition of item-wise merchandise exports is also given at Appendix-3, Table XVIII.

### Destination of Exports

12.07 Regarding the percentage shares of Bangladesh's total exports to various regions of the world, it becomes apparent that the shares of Bangladesh's export to the NAFTA, SAARC and ASEAN regions increased but to the EU and other regions decreased in FY22. In FY22, 44.60 percent (45.06 percent in FY21) of exports were destined for the EU area while 23.49 percent (21.44 percent in FY21) entered into the NAFTA bloc. Total exports shares to the SAARC, ASEAN and other regions were 4.38,

1.62 and 25.90 percent respectively in FY22 (Chart 12.03).

### Export Development Fund (EDF)

12.08 In order to boost up the export sector of the country, Bangladesh Bank enhanced the volume of the EDF from time to time. To overcome the COVID-19 related disruptions in export business the fund was temporarily enhanced to USD 7.00 billion on 27 February 2022 from USD 6.00 billion in two steps to meet the increasing demand of the exporters.

12.09 To enhance export trades, Bangladesh Bank and the government have declared a lot of policy support by incentive packages to overcome the COVID-19 pandemic. The EDF interest rate fixed at 2.0 percent instead of LIBOR based interest rate and extending the EDF refinancing facility against supplier's/buyer's credit for a particular period of time.

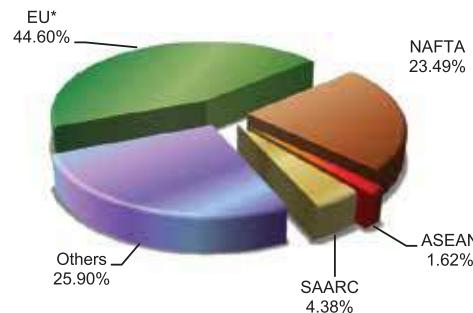
12.10 In general, the reimbursement from the EDF is initially made for a tenor of 180 days with a provision for further extension up to 90 days, if requires for delay in repatriation of related export proceeds of the exporter concerned.

12.11 Total disbursement of EDF, on revolving basis stood at USD 12.58 billion in FY22 which was USD 9.31 billion in FY21. During COVID-19 pandemic situation from April 2020 to June 2022, the total disbursement of EDF, on revolving basis was USD 23.14 billion. The outstanding balance at the end of June 2022 stood at USD 6.99 billion which was USD 5.86 billion in the previous year. Total 49 banks are availing EDF refinancing facilities and total number of borrowers is 1725 at the end of June 2022.

### Imports

12.12 Notwithstanding numerous global economic uncertainties and ongoing COVID

**Chart 12.03 Destination Pattern of Total Exports Shares (%) in FY22**



\*Including Great Britain.

Source: Export Promotion Bureau and Statistics Department, Bangladesh Bank.

**Table 12.02 Composition of Merchandise Import Payments** (based on customs records) (million USD)

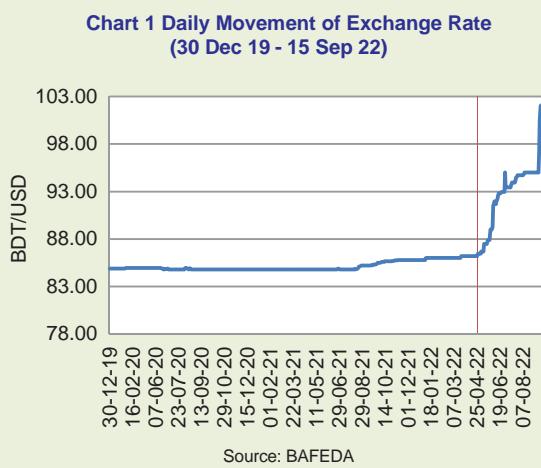
Items	FY21 <sup>R</sup>	FY22 <sup>P</sup>	% changes in FY22
<b>A. Food grains</b>	<b>2680.43</b>	<b>2561.76</b>	<b>-4.43</b>
1. Rice	850.87	426.75	-49.85
2. Wheat	1829.56	2135.01	16.70
<b>B. Consumer goods</b>	<b>4155.59</b>	<b>5779.24</b>	<b>39.07</b>
1. Milk & cream	344.09	418.48	21.62
2. Spices	404.38	362.95	-10.25
3. Edible oil	1926.38	2893.06	50.18
4. Pulses (all sorts)	681.03	828.93	21.72
5. Sugar	799.71	1275.82	59.54
<b>C. Intermediate goods</b>	<b>38306.84</b>	<b>55192.1</b>	<b>44.08</b>
<b>I) Petroleum goods</b>	<b>8985.10</b>	<b>7993.02</b>	<b>-11.04</b>
1. Crude petroleum	2616.37	935.86	-64.23
2. POL	6368.73	7057.16	10.81
<b>II) RMG related goods</b>	<b>14069.27</b>	<b>22254.35</b>	<b>58.18</b>
1. Raw cotton	3186.02	4438.63	39.32
2. Yarn	2435.90	5245.43	115.34
3. Textile & articles thereof	6552.99	9936.55	51.63
4. Staple fibre	1039.48	1568.51	50.89
5. Dyeing and tanning materials	854.88	1065.23	24.61
<b>III) Other intermediate goods</b>	<b>15252.47</b>	<b>24944.73</b>	<b>63.55</b>
1. Clinker	1048.16	1222.77	16.66
2. Oil seeds	1406.07	1757.56	25.00
3. Chemicals	2973.74	3764.95	26.61
4. Pharmaceutical products	363.05	1482.26	308.28
5. Fertilizer	1360.42	4391.11	222.78
6. Plastics & rubber articles thereof	3168.11	4316.18	36.24
7. Iron, steel & other base metals	4932.92	8009.90	62.38
<b>D. Capital goods</b>	<b>13011.94</b>	<b>16433.89</b>	<b>26.30</b>
1. Capital machinery	3824.47	5463.20	42.85
2. Other capital goods	9187.47	10970.69	19.41
<b>E. Others</b>	<b>7439.91</b>	<b>9195.33</b>	<b>23.59</b>
<b>Total Import (cif)</b>	<b>65594.71</b>	<b>89162.32</b>	<b>35.93</b>
<b>Total Import (fob)</b>	<b>60681.20</b>	<b>82495.10</b>	<b>35.95</b>
Of which: EPZ	3488.58	5129.70	47.04

<sup>R</sup>Provisional

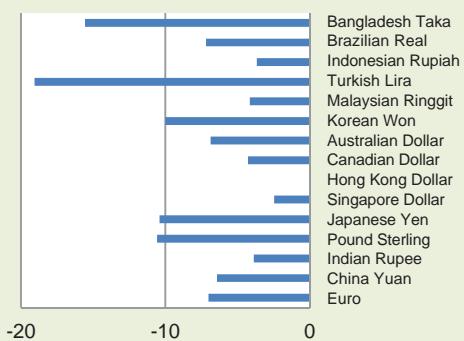
Source: Compiled by Statistics Department, Bangladesh Bank using data of National Board of Revenue.

### Box 12.01 Recent Exchange Rate Pressure on Bangladesh Taka

The movement of BDT exchange rate against USD has been increased since the last quarter of FY22, specifically after 25 April 2022, though it remained almost stable for a long time, even in the COVID-19 pandemic period (Chart 1). As per available data, the interbank BDT/USD exchange rate has depreciated by 15.55 percent and reached 102.07 on 15 September 2022 from 86.20 on 25 April 2022. The BDT exchange rate depreciation is higher than that of the most major trading partners' currencies, except the Turkish Lira (Chart 2). As a result,



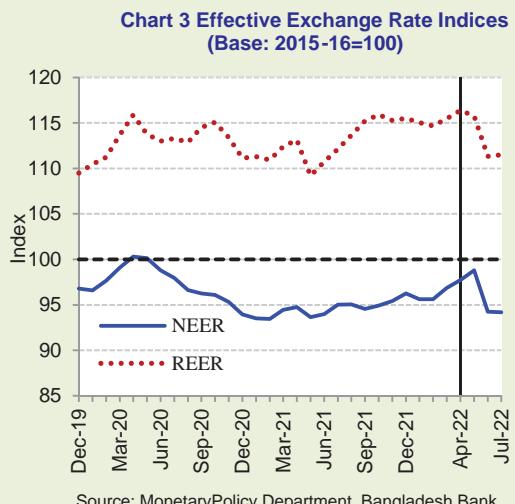
**Chart 2 Depreciation (%) of Domestic Currency agst USD  
(25 Apr- 15 Sep, 2022)**



Source: FRTMD, Forex Reserve Treasury Management Department, Bangladesh Bank.

both the real and nominal effective exchange rate (NEER and REER) indices of BDT, calculated against the basket of 15 major trading partners' currencies nosedived after April and May, 2022, respectively (Chart 3). The falling trend of REER index, which remains above the benchmark (100), is desirable as it increases the exports competitiveness. But the same trend of NEER index, which remains below the benchmark, is indicating BDT depreciated more than peer countries.

The recent depreciating pressure on BDT exchange rate has been stemmed from huge current account deficit emanated from unprecedented higher import payments and subdued inward remittances. As entry restrictions in the destination countries are relaxed significantly, the rapid rise of outward foreign travels, especially for medical, pilgrimage, education and recreation purposes is also responsible for this pressure. In addition, the US monetary policy tightening, which narrowed the interest rate differential between two economies, is also playing a significant role for recent exchange rate depreciation.



Source: Monetary Policy Department, Bangladesh Bank.

### **Box 12.01 (Continued)**

As a developing country, Bangladesh has been facing a trade deficit persistently due to higher import demand as compared to export capabilities. Usually, the remittance inflow bridges the trade deficit and renders a current account surplus. But the recent case is different. In FY22, Bangladesh paid USD 82.5 billion for imports and earned USD 49.2 billion by exports, resulting USD 33.2 billion of trade deficit. At the same time, Bangladesh received USD 21.0 billion from the remitters which was significantly lower than the amount of trade deficit. Therefore, the current account deficit broadened to USD 18.7 billion (4.02 percent of nominal GDP) in FY22 from USD 4.6 billion (1.10 percent of nominal GDP) in FY21. However, the overall balance of payment (BoP) deficit reached USD 5.4 billion which was significantly lower than current account deficit, due to financial account surplus.

To mitigate the depreciating pressure on BDT exchange rate, the government and Bangladesh Bank have taken several policy measures. Some of them are: (i) selling USD 7.4 billion (net) in FY22 to mitigate the higher demand for greenback, (ii) raising cash incentive rate for foreign remittance from 2.0 percent to 2.5 percent and easing the process of availing this incentive to encourage the remitters to send remittance through formal channel, (iii) raising the LC margin up to 100 percent to discourage the imports of non-essential and luxury items, (iv) imposing restrictions on official foreign visits, (v) advising the banks to enhance the interest rate on non-resident foreign currency deposits, and (vi) reducing the export retention quota and exposure limit of Authorized Dealers.

The impacts of above mentioned policy measures seem to be positive towards the stabilization of BDT exchange rate as the growth of import LC opening has declined, and the growth of exports and remittance inflows have significantly increased during the recent months of FY23. As per available data, the import LC opening decreased by 24.85 percent in September 2022, while it increased by 57.29 percent in September 2021. On the other hand, the exports and remittance inflows increased by 10.89 percent and 2.14 percent respectively during July-November of FY23, while workers remittances decreased by 20.98 and exports increased by 22.62 percent during the corresponding period of the last fiscal year. It is expected that exchange rate will stabilize in near future depending on macroeconomic developments in FY23.

situation, total imports (fob) increased sharply by 35.95 percent to USD 82495.10 million in FY22 from the USD 60681.20 million in FY21. Import of RMG related raw materials exhibited higher growth (58.18 percent) due mainly to the increase in global commodity price in FY22. Likewise, import payment for pharmaceutical products increased drastically (308.28 percent) in FY22. Import payments for almost all the other items substantially increased in FY22

except very few items such as rice, spices and crude petroleum. The import payments for crude petroleum have significantly declined by 64.23 percent. The composition of item-wise import payments and their growths during FY22 are given at Table 12.02.

#### **Workers' Remittances**

12.13 Inward remittance flows from the Bangladeshi nationals working abroad decreased

by 15.12 percent from USD 24777.71 million in FY21 to USD 21031.68 million in FY22. Lower inward remittance and thus a high current account deficit weakened the overall balance of payments, which witnessed a substantial deficit in FY22.

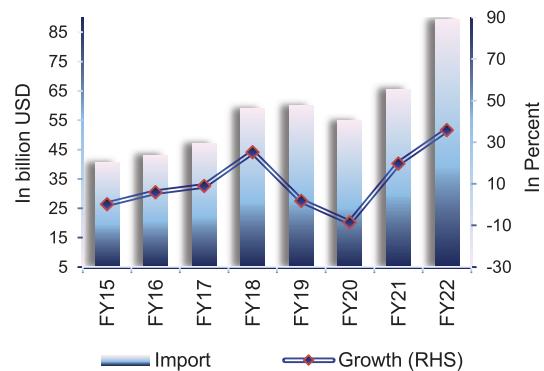
12.14 The wage earners' remittances in FY22 was relatively lower than that of the previous fiscal year as the world economy became more volatile mainly due to ongoing Russia-Ukraine conflicts and for the post-COVID scenario. However, government and Bangladesh Bank's various supportive policy measures like preventing the informal channels by increasing cash incentives from 2.0 percent to 2.5 percent to the beneficiaries of the overseas wage earners along with time and cost-effective money transfer process are encouraging the expatriates to remit their hard-earned money more through the formal channels. Besides, Bangladesh Bank reduced the security deposit requirement for the exchange houses abroad to establish drawing arrangements with local banks.

12.15 During FY22, as usually the highest share of total remittances was sent from Saudi Arabia (21.60 percent), which is followed by the United States of America (16.35 percent), United Arab Emirates (UAE) (9.85 percent), United Kingdom (9.70 percent), Kuwait (8.03 percent), Malaysia (4.86 percent) and Oman (4.27 percent). The rest of all other countries contributed to 25.35 percent of total remittances in FY22. Country-wise percentage shares of total wage earners' remittances in FY22 are shown in Chart 12.05.

### Foreign Aid

12.16 Total official foreign aid receipts increased by 25.77 percent to USD 10008.38 million in FY22 from USD 7957.56 million in FY21 (Table 12.04). Total foreign aid commitment was USD 8187.14 million during

**Chart 12.04 Trends of Imports Recorded at Customs**



Source: Compiled by Statistics Department, Bangladesh Bank using data of National Board of Revenue.

FY22. The disbursement of food aid stood at USD 2.53 million in FY22 which was USD 16.50 million in FY21. The disbursement of project aid stood at USD 10005.85 million in FY22 which was USD 7941.06 million in FY21.

12.17 As of 30 June 2022, total outstanding of official external debt stood at USD 57625.05 million (12.51 percent of GDP) against USD 50879.95 million (12.22 percent of GDP) as of 30 June 2021. Repayment of official external debt and services was USD 2,117.58 million (excluding repurchases from the IMF) in FY22 which was USD 202.77 million or 10.59 percent higher than the repayment of USD 1914.81 million in FY21. Total repayments of principal and interest payments were USD 1606.35 million and USD 511.23 million respectively in FY22 which were USD 1418.63 million and USD 496.18 million respectively in FY21. External debt service payment (MLT) as percentage of exports, stood at 4.30 percent in FY22 which was 5.19 percent in FY21.

### Foreign Exchange Market Operations and Exchange Rate Movements

12.18 During FY22, the USD was significantly appreciated worldwide and so in Bangladesh as

well due to economic challenges derived from COVID pandemic and Russia-Ukraine conflict. BB's proactive foreign exchange liquidity management and supervision ensured stability and relatively smooth market activities throughout the FY22. During FY22, BB sold USD 7621.70 million in the local interbank market while purchased USD 210.00 million during the same period.

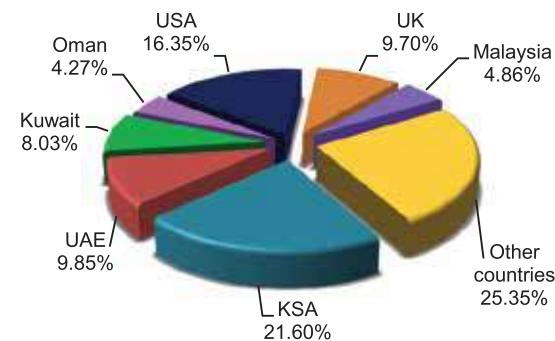
### Foreign Exchange Reserves

12.19 Foreign exchange reserves gives high mobility to central bank in reaching targets of macroeconomics policy, in conducting monetary policy and in sustaining exchange rate regime. BB's gross foreign reserves comprises major currencies (G-7), gold and Special Drawing Rights (SDR). Foreign exchange reserves stood at USD 46.39 billion at the end of June 2021 which reduced to USD 41.83 billion at the end of the June 2022.

12.20 The total outstanding principal liability to the IMF of ECF stood at SDR 228.55 million whereas SDR holding was 2084.35 million at the end of FY22.

12.21 BB put its best efforts to ensure optimum return on foreign exchange reserve investments through diversifying the foreign asset portfolio into bonds (issued by sovereign, supranational and highly rated foreign commercial banks), US Government Treasury Bills and Notes, and short-term deposits with globally reputed foreign commercial banks. BB is also active in the New York Fed's Repo process which yields fair returns at a very low-risk. Moreover, BB offers foreign exchange refinance schemes to local exporters through the Export Development Fund (EDF) and the Green Transformation Fund (GTF). In addition, with the assistance of the International Development Association (IDA),

**Chart 12.05 Country-wise Shares (%) of Total Wage Earners' Remittances in FY22**



Source: Statistics Department, Bangladesh Bank.

**Table 12.03 Trends of Gross Foreign Exchange Reserves of Bangladesh Bank**

(End month, in million USD)

Months	FY18	FY19	FY20	FY21	FY22
July	33182.30	32105.45	32093.25	37288.43	45842.20
August	33786.28	32926.51	32775.77	39040.14	48059.99
September	33005.62	31957.74	31831.92	39313.98	46199.80
October	33640.95	32077.96	32437.74	41005.79	46459.27
November	32813.79	31056.04	31728.99	41269.22	44881.14
December	33416.97	32016.25	32689.18	43166.52	46153.93
January	32889.81	31279.69	32381.20	42862.96	44951.22
February	33563.38	32235.68	32986.51	44016.54	45947.76
March	32598.58	31753.29	32570.16	43440.79	44146.78
April	33094.27	32122.87	33111.06	44950.42	44017.55
May	32348.10	31344.79	33409.89	44960.52	42202.00
June	32943.46	32716.51	36037.03	46391.44	41826.73

Source: Accounts & Budgeting Department, Bangladesh Bank.

**Table 12.04 Foreign Aid Receipts and Debt Repayments\***

(In million USD)

Particulars	FY20	FY21 <sup>R</sup>	FY22 <sup>P</sup>
<b>1. Receipts</b>	<b>7381.71</b>	<b>7957.56</b>	<b>10008.38</b>
i) Food aid	10.71	16.50	2.53
ii) Project aid	7371.00	7941.06	10005.85
<b>2. Repayments (MLT)*</b>	<b>1733.98</b>	<b>1914.81</b>	<b>2117.58</b>
i) Principal	1256.54	1418.63	1606.35
ii) Interest	477.44	496.18	511.23
<b>3. Outstanding external debt (MLT) as of end June</b>	<b>44095.12</b>	<b>50879.95</b>	<b>57625.05</b>
<b>4. Outstanding debt as percentage of GDP</b>	<b>11.79</b>	<b>12.22</b>	<b>12.51</b>
<b>5. External debt services payment (MLT) as percentage of exports</b>	<b>5.40</b>	<b>5.19</b>	<b>4.30</b>

<sup>P</sup>Provisional, <sup>R</sup>Revised, MLT Medium to Long Term

\*Excluding Transactions with the IMF

Source: Economic Relations Division, Ministry of Finance and Statistics Department, Bangladesh Bank.

BB provides long-term support to Bangladesh's manufacturing sector through a separate window called the Long Term Financing Facility (LTFF).

### Reserve Management Strategy

12.22 During FY22, BB's reserve management strategy and operational procedures were strongly influenced by developments in both domestic and international financial markets as well as various key aspects of macroeconomic policy stances. The most important elements of the policy framework are the monetary policy structure, the exchange rate policy and regime, the external debt situation and the geopolitical scenario. Currently the reserve management operations of BB are carried out following the Reserve Management Guidelines (RMG) approved by the Board of Directors of BB. Generally, reserves are held to absorb external shocks, to ensure smooth payment obligations and to maintain the stability of the domestic currency. To contain counterparty risks at a minimum level, BB maintains current account with major central banks and invests in money market through commercial banks having strong credit ratings assigned by the international rating agencies (e.g. Standard & Poor's, Moody's and Fitch). To minimize exchange rate risk and ensure the value of reserves, currency composition has been diversified among the major currencies and is being reviewed periodically to keep pace with the developments in the international monetary and exchange rate policy. To meet payment obligations of government and others by maintaining adequate liquidity and generating optimum returns reserves have been divided into two tranches viz: liquidity tranche and investment tranche.

**Table 12.05 Receipts and Payments of Bangladesh Under the ACU**

Head of transaction				(In million USD)
	FY20	FY21	FY22	% Change in FY22
1. Receipts	194.12 (16480.8)	246.18 (20884.2)	351.72 (32868.2)	42.87%
2. Payments	5,680.90 (482308.3)	8651.35 (733924.9)	11827.82 (1105309.8)	36.72%
Net surplus (+)/ deficit (-)	-5,486.78 (-46,5827.5)	-8405.17 (-713040.7)	-11476.10 (-1072441.6)	26.76%

1. Figures in parentheses indicate amount of BDT in million

2. Closing weighted average exchange rate as of 30-06-2022

i.e. 1 ACUD = 1 USD, USD/BDT = 86.3006

Source: Forex Reserve and Treasury Management Department, Bangladesh Bank.

**Table 12.06 Outstanding Principal Liabilities against the Facilities Received from the IMF**

Facilities	Amount drawn/ purchased up to June 2022	Outstanding principal liabilities as of end June 2021	Installment Repayment in FY22	(In million SDR)
				Outstanding principal liabilities as of end June 2022
ECF	639.96	356.5488	127.992	228.5568
RFI	355.53	355.53	Nil	355.53
RCF	177.77	177.77	Nil	177.77
Total	1173.26	889.8488	127.992	761.8568

Source: Forex Reserve and Treasury Management Department, Bangladesh Bank.

12.23 Investment duration and currency benchmark, as set out in the RMG, are carefully followed to minimize interest rate risks and exchange rate risks, while reserve management and investment functions have been segregated among three independent reporting units viz., Front Office, Middle Office and Back Office to mitigate operational risks. However, in line with the stipulated liquidity restrictions and market and credit risk limits, BB diversified its portfolio investments into gold, T-bills, repos, short-term deposits, and high-rated sovereign, supranational, and corporate bonds. BB has always been maintaining a prudent and vigilant approach regarding the placement of funds with reputed overseas commercial banks and investments in securities out of its foreign exchange reserves.

### **Transactions under the Asian Clearing Union (ACU)**

12.24 Transactions with Asian Clearing Union (ACU) member countries during FY22 have substantially increased in terms of net volume compared to the preceding year. Receipts increased by 42.87 percent to ACUD 351.72 million from ACUD 246.18 million and payments increased by 36.72 percent to ACUD 11827.82 million from ACUD 8651.35 million during the period. In ACU transaction scenario, the overall position of Bangladesh remained a net debtor during FY22. Transactions with ACU member countries during the last three years are shown in Table 12.05.

### **Transactions with the IMF**

12.25 Bangladesh already has received the full amount of SDR 639.96 million under the extended credit facility (ECF). The last installment of ECF was received on October 2015. On 29 May 2020, IMF Executive Board has approved an amount of SDR 355.53 million under the rapid financing instrument (RFI) and SDR 177.77 million under the rapid credit facility (RCF) for Bangladesh and total amount of RFI and RCF has been drawn on 02 June 2020. The repayment of ECF was started in October 2017. During FY22, the total repayment amount of ECF stood at SDR 127.992 million. The service charge paid to the IMF amounted of SDR 5.44 million in FY22. The total principal outstanding liability of ECF stood at SDR 228.56 million at the end of FY22 (Table 12.06). The total outstanding principal liabilities to the IMF stood at SDR 761.86 million at the end of 30 June 2022. Under the 16th General Review of Quotas, Bangladesh's quota in the IMF is SDR 1,066.60 million.

### **Anti-money Laundering Surveillance**

12.26 As empowered by Money Laundering

Prevention Act, 2012 and Anti Terrorism Act, 2009 Bangladesh Financial Intelligence Unit (BFIU) is the central agency and coordinating all kind of AML/CFT activities in Bangladesh. During FY22, BFIU has taken a number of initiatives in order to prevent money laundering, combating financing of terrorism and financing of proliferation. Major activities undertaken by the BFIU in FY22 are summarized below:

- BFIU received 8709 suspicious transaction reports (STRs) and suspicious activity reports (SARs) during FY22 from different reporting organizations. Out of those BFIU disseminated 46 intelligence reports to the relevant law enforcement agencies (LEAs) for further actions.
- During FY22, BFIU received 26 (Twenty six) requests from the foreign FIUs for money laundering (ML), terrorism financing (TF) and proliferation financing (PF) related information and provided the information accordingly. BFIU also made 103 (One hundred and three) requests to the FIUs of different countries/ jurisdictions and disseminated the received responses to the appropriate Law Enforcement Authorities (LEAs).
- The working committee on anti-money laundering (AML) and combating the financing of terrorism (CFT) met twice in the FY22 and took different important decisions for strengthening the AML/CFT regime of Bangladesh. During FY22, BFIU arranged 04(four) meetings of the central taskforce on preventing money laundering and combating terrorist financing.
- BFIU arranged a pre-mutual evaluation (ME) technical assistance workshop for Nepal delegation at BFIU premises during 27-30 June, 2022 in response to Nepal

FIU's request.

- In FY22, BFIU provided one official to the Asia Pacific Group on Money Laundering (APG) as a reviewer for the review of Cambodia's 4th follow-up report of the 3rd round mutual evaluation.
- As the focal point agency of a pilot project titled "Statistics and data for measuring illicit financial flows in the Asia-Pacific region" initiated jointly by the United Nations Office on Drugs and Crime (UNODC), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and United Nations Conference on Trade and Development (UNCTAD) for the estimation of illicit financial flow (IFF), BFIU arranged a workshop titled "Third National Workshop on Measuring IFF Associated with Drug Trafficking in Bangladesh" on 7 March, 2022 in Dhaka in association with UNODC.
- To mark the 20 years anniversary of BFIU, it arranged two seminars on 18 June 2022 in Dhaka for the stakeholders and for the reporting organizations of BFIU.
- BFIU organized several chief anti-money laundering compliance officer (CAMLCO) conferences for the scheduled banks, non-bank financial institutions and insurance companies at Cox's Bazar on different time schedules during FY22 where MD/CEOs and high officials of the above institutions participated.
- BFIU arranged a day long town hall meeting for the awareness about ML/TF issues of 60 NGO officials on 4 December, 2021 in Sylhet.
- BFIU provided required resource persons on 130 occasions while reporting organizations arranged training on AML/CFT issues.
- BFIU provided required resource persons on 20 occasions while different relevant stakeholder organizations organized capacity building programs on financial crime investigations.
- BFIU officials virtually participated in a handful number of international workshops/ seminars/ meetings undertaken by these organizations and other foreign FIUs in FY22. BFIU also arranged virtual trainings/ workshops jointly in association with UNODC, IMF, ADB, etc. for the officials of reporting organizations and law enforcement agencies to strengthen our AML/CFT regime. Furthermore, as the main coordinating agency for prevention of ML/TF as well as PF, BFIU actively participated in a number of virtual meetings arranged by other government agencies of Bangladesh.

## Payment and Settlement Systems

13.01 An increased use of digital payment services especially during the pandemic situation of COVID-19 was not only helpful in maintaining social distancing to prevent spreading of the disease, but also played a crucial role at the recovery stage in Bangladesh economy. A larger number of people are now using the digital payment system, finding it more secured, convenient and time saving way of making day-to-day transactions. Over the recent years, Bangladesh Bank (BB) has been continued its efforts to increase efficiency, improve customer convenience, expand outreach and ensure safety and security of payment systems. In short, payment and settlement systems, especially the digital payment platforms are playing a great role to keep the economy active and enabling the economy to remain resilient.

13.02 Indeed, a well-functioning and efficient payment system is indispensable for an economy. It supports the financial activities of individuals and corporates, and thereby props up financial intermediation through facilitating the payment and settlement of transactions among participants at an affordable cost. Any failure or disruption in the payment system could destabilize financial markets and cause widespread economic disruption. Therefore, being the regulator of the financial system, Bangladesh Bank is vigilant for the smooth functioning of the payment ecosystem of the country through the formulation of effective regulations and by ensuring a congenial atmosphere for all concerned stakeholders.

13.03 Against this backdrop, this chapter discusses the performance of the payment and settlement systems of Bangladesh during FY22.

It also delivers different measures taken by the Payment Systems Department (PSD) in the said fiscal year.

### Payment Systems

13.04 The digital payment systems (i.e., mobile financial services and inter-bank payment systems) registered a hefty growth in FY22 (Appendix-3, Table XXIV). In terms of volume and value digital payments in FY22 grew by 18 percent and 37 percent respectively compared to the previous fiscal year. Growth of the volume is largely attributable to paper-less transactions, such as internet banking fund transfer (IBFT), Bangladesh electronic funds transfer network (BEFTN) and real time gross settlement (RTGS). In the case of value, the growth is mostly amplified by IBFT, ATM Transactions and BEFTN. Paper-less digital payments are increasing in an accelerated rate compared to that of paper-based transactions (e.g., BACPS) (Appendix-3, Table XXIV). The development of a favourable digital payment ecosystem and the nationwide movement restrictions in varying intensity to encounter the impact of COVID-19 pandemic during last few years supported to increase use of all major modes of digital payment systems, especially the paper-less methods.

13.05 Meanwhile, depth of the digital payments (i.e., inter-bank digital transactions and mobile payments) has engraved further. Retail transactions (i.e., regular value cheques; ATM, POS, e-commerce, internet banking, and electronic fund transfers), high value transactions (i.e., high value cheques, and real time gross settlement), and mobile payments/e-money transactions showed increased velocities in

terms of narrow money (M1) and gross domestic product (GDP). During FY22, digital payments rolled-over the narrow money for 18.3 times which was 15.2 times in FY21. At the same period, size of the digital payments increased to 2.0 times of GDP from 1.6 times of the previous year (Table 13.01). Higher rollover of money envisages efficiency of payment system and augmented economic activities, which supports the effective and efficient formulation and implementation of monetary policy.

13.06 Notably, intra-bank digital payments are markedly larger than the inter-bank transactions. Internet and apps-based transactions within banks largely increased during FY22.

### Bangladesh Automated Clearing House (BACH)

13.07 Involving two payment wings, namely Bangladesh Automated Cheque Processing Systems (BACPS) and Bangladesh Electronic Funds Transfer Network (BEFTN), Bangladesh Automated Clearing House (BACH) offers inter-bank payment services. Both the systems operate in batch processing and deferred net settlement (DNS) mode. The central BACH System receives transactions (through instruments or instructions) from the member banks on 24/7 basis while these are processed and settled at a pre-fixed time. After each clearing cycle, a single multilateral netting figure on each participating bank is settled by posting it to their respective current accounts maintained with BB.

13.08 Using the cheque imaging and truncation (CIT) technology for clearing the paper-based instruments (i.e., cheque, pay-order, dividend, refund warrants, etc.), BACPS brings countrywide several conventional physical clearing-houses into a single clearing and settlement platform. During

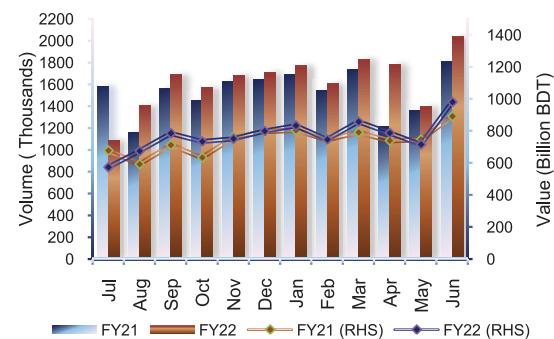
**Table 13.01 Depth of Digital Payments in Bangladesh**

Item	Value		M1		GDP	
			(Value/M1)		(Value/GDP)	
	FY21	FY22	FY21	FY22	FY21	FY22*
Retail	15795	18800	3758	4259	35302	39765
Transactions			(4.2)	(4.4)	(0.4)	(0.5)
High Value	34992	50689	3758	4259	35302	39765
Transactions			(9.0)	(10.1)	(0.9)	(1.2)
MFS/e-money	6236	8564	3758	4259	35302	39765
Transactions			(1.7)	(2.0)	(0.2)	(0.2)
Total Digital Payments	57023	78054	3758	4259	35302	39765
			(15.2)	(18.3)	(1.6)	(2.0)

\*Provisional

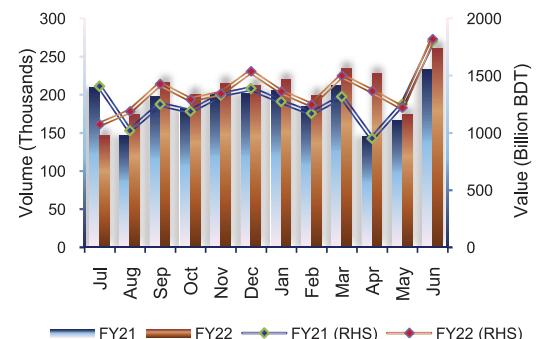
Source: Payment Systems Department and Statistics Department, Bangladesh Bank

**Chart 13.01 Regular Value Cheque Transactions**



Source: Payment Systems Department, Bangladesh Bank

**Chart 13.02 High Value Cheque Transactions**

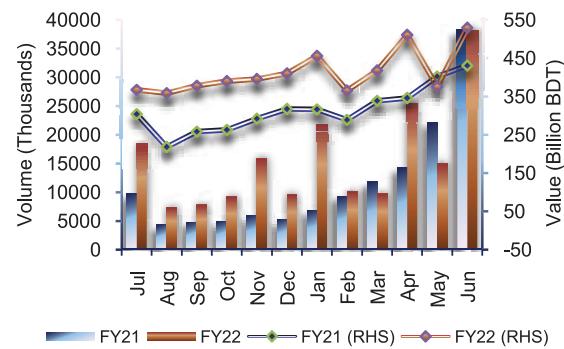


Source: Payment Systems Department, Bangladesh Bank

FY22, through BACPS, 19571 thousand regular value instruments valuing BDT 9236.91 billion were cleared which grew by 6.52 percent and 3.94 percent respectively as compared to those in FY21. On the other hand, 2481 thousand high-value instruments valuing BDT 16368.30 billion were cleared in FY22 which grew by 8.48 percent and 6.65 percent respectively as compared to those in FY21. Higher growth in the value of instruments compared to the growths of the volume in both the windows of BACPS show the consistent market responses with the expansionary and accommodative monetary policy stances during the prolonged pandemic (Chart 13.01 and 13.02).

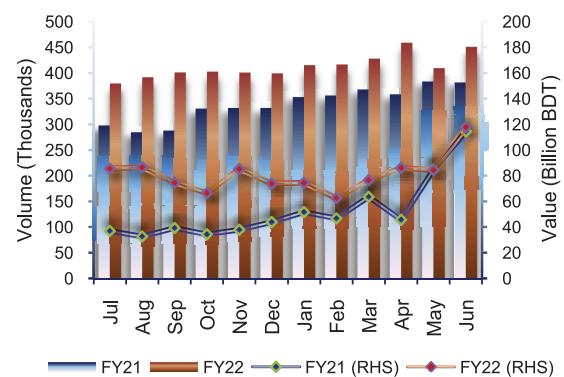
13.09 Being a paperless, cost-effective, secured, and efficient payment method; BEFTN settles a wide range of credit transfers (e.g., salary payments, foreign and domestic remittances, social safety net payments, interest and principal payment of national savings certificates, company dividends, retirement benefits, etc.), and debit transfers (e.g., utility bill payments, loan repayments, insurance premiums, corporate to corporate payments, etc.). A total of 188125 thousand credit transfers valuing BDT 4954.08 billion were settled during FY22 which grew by 36.67 percent and 31.25 percent respectively compared to FY21. On the other hand, a total of 4955 thousand debit transfers valuing BDT 974.05 billion were settled during FY22, which grew by 21.87 percent and 54.24 percent respectively as compared to those in FY21. Huge growth in the volume of credit transfers is mainly attributable to the transfer payments of the government and hyper-growth in the value of debit transfers is mainly owed to the payments of loan instalment by the individuals during pandemic period. The rapid growth of transactions started from the pandemic period

**Chart 13.03 BEFTN (Credit) Transactions**



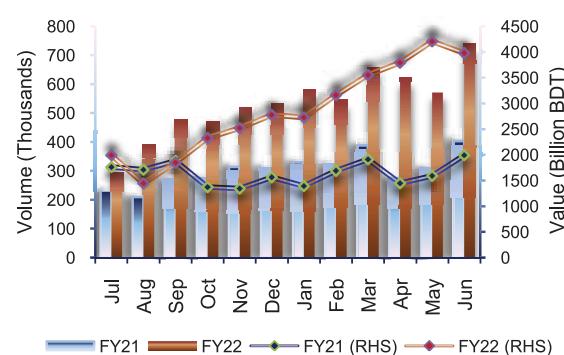
Source: Payment Systems Department, Bangladesh Bank

**Chart 13.04 BEFTN (Debit) Transactions**



Source: Payment Systems Department, Bangladesh Bank

**Chart 13.05 RTGS Transactions**



Source: Payment Systems Department, Bangladesh Bank

tends to grow further as fast adoption of digital payment systems (Chart 13.03 and 13.04).

### Real Time Gross Settlement System

13.10 By delivering instant settlement facilities to large-value and time-critical payments, RTGS is fostering the velocity of money as well as economic activities of the country. As of June 2022, 11300 online branches of 60 scheduled banks are now connected to this system to settle high-value (BDT 1,00,000 or above) transactions. Currently, the system is offering worthy features, such as VAT online payment, customs duty e-payment, automated Challan payment, etc. Alongside the individual interbank transactions, the system also can settle all other DNS batches such as BACPS, BEFTN and NPSB.

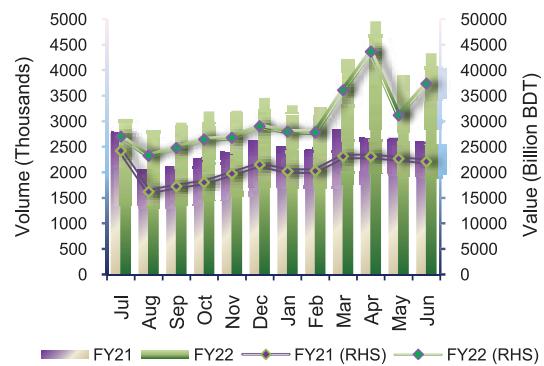
13.11 During FY22, 6366 thousand transactions valuing BDT 37946.95 billion were settled by RTGS, which grew by 93.17 percent and 74.71 percent respectively as compared to those in FY21. Overall RTGS transactions increased sharply due mainly to its growing popularity among business houses, and government agencies (Chart 13.05).

### National Payment Switch Bangladesh

13.12 To facilitate interbank electronic payments originating from different alternative delivery channels, such as automated teller machines (ATM), point of sales (POS), internet, etc. BB introduced National Payment Switch Bangladesh (NPSB) on 27 December 2012. The main objective of NPSB is to act as a mother switch and to connect gradually all child switches owned or shared by banks or a non-bank entity and to create a common electronic platform for the payment switches in Bangladesh.

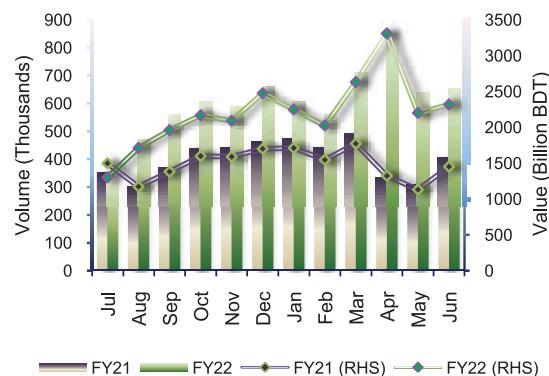
13.13 In terms of volume, 42606 thousand

**Chart 13.06 ATM Transactions**



Source: Payment Systems Department, Bangladesh Bank

**Chart 13.07 POS Transactions**



Source: Payment Systems Department, Bangladesh Bank

ATM, 7204 thousand POS and 9102 thousand IBFT transactions were settled during FY22 using the national payment switch NPSB, where ATM, POS and IBFT transactions were increased by 42.29 percent, 50.42 percent and 172.81 percent respectively as compared to those in FY21. At the same time, value of ATM, POS and IBFT transactions using the NPSB were increased to BDT 361262.71 million, 26439.42 million and 335351.63 respectively, showing the increases of 45.44 percent, 47.92 percent and 240.11 percent respectively (Chart 13.06, 13.07, and 13.08).

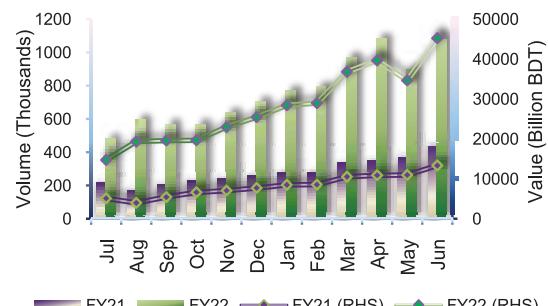
13.14 During the pandemic of last few years, hand-to-hand service deliveries were discouraged and service delivery time was curtailed. Instead, limit and number of transactions at the ATM booths had been increased. As a result, volume and value of ATM transactions increased significantly. Meanwhile, interbank fund transfers observed a whopping increase and growing popularity in the adoption of digital lifestyle by the middle-class population. In addition, POS transactions have shown a sharp increase in terms of volume and value because of ease of movement restrictions of pandemic period allowing business activities by the shops and markets physically.

13.15 It is to mention that beyond NPSB, there are some other private and international switches, where ATM, POS, and e-commerce transactions are settled. Overall ATM, POS, and e-commerce transactions were also increased during the period (Appendix-3, Table XXIV).

### Mobile Financial Services

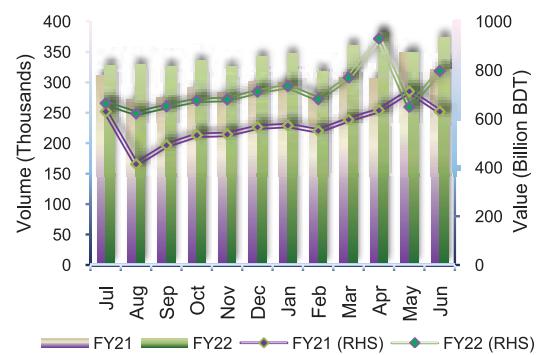
13.16 Mobile financial services (MFS) has been playing a crucial role to attain BB's target of 'Financial Inclusion for All by 2024'. Indeed, nationwide advancement in power connectivity, hasty growth of mobile phone users, digitisation of payment procedures and IT-based financial systems augmented country-wide network coverage of mobile operators and availability of internet throughout the country have widened the prospects of financial inclusion through MFS. With a simple account opening procedure, user-friendly features and cost-effectiveness; MFS in Bangladesh opened up the opportunity of access to Payment and finance for the underserved, unbanked/under-banked, and a low-income group of population to reach the country's sustainable development goals (SDGs).

**Chart 13.08 IBFT Transactions**



Source: Payment Systems Department, Bangladesh Bank

**Chart 13.09 MFS Transactions**



Source: Payment Systems Department, Bangladesh Bank

13.17 As of 30 June 2022, a total of 9 banks and 3 subsidiaries of 3 banks have been delivering mobile financial services. Bangladesh Bank allows bank-led MFS providers only to operate in the country under some broad categories such as:

- 'Cash-in' to and 'Cash-out' from MFS accounts through agent locations, bank branches, ATMs, linked bank account and other methods determined by BB;
- Person to business (P2B) payments like utility bill payments, merchant payments, mobile top-up, deposits into savings accounts/schemes with banks, loan repayments to banks/non-bank financial institutions (NBFIs)/non-governmental organizations-microfinance institutions

### Box 13.01 Interoperable Digital Transaction Platform (IDTP) - 'Binimoy'

Interoperable digital transaction platform (IDTP) - 'Binimoy' is an electronic/digital payment system, through which all the banks, mobile financial services (MFS) and payment service provider (PSP) can be connected. IDTP acts as a transaction bridge between various payment service providers such as consumers, financial institutions, merchants and government entities. Through this system the customers of those institutions can do 24/7 real time transactions.

IDTP will help establish a cashless society as well promote financial inclusion. By streamlining digital payments, IDTP will help improve economic efficiency, enhance transparency and reduce citizen inconvenience as well as curtail fraudulent transactions. As such, it will play a critical role in the socioeconomic progress of the country and help realize the dream of Digital Bangladesh.

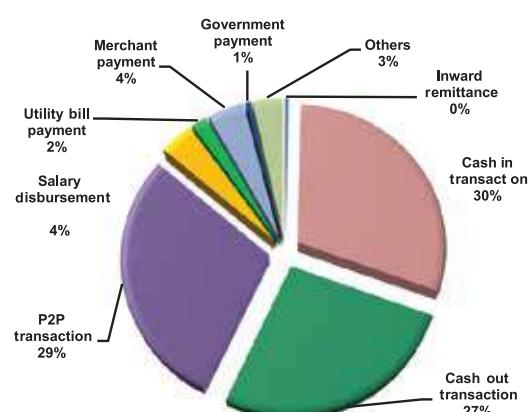
Traditionally banks of the Bangladesh's financial sector are used to provide payment service to customers. In recent decades with the help of technological advancement a number of Non-bank Financial Institutions and Fintech companies are now providing payment service and other banking services. In fact they are now the biggest part of retail payment ecosystem.

It became urgent to introduce an unconventional payment and settlement system for delivering financial services to the large number of the country. Including all payment service provider this payment and settlement infrastructure will increase the number and volume of transaction and economic growth as well. To fulfill this goal of financial inclusion and economic development, Information and Communication Technology (ICT) Division of Government of Peoples Republic of Bangladesh has taken an initiative to establish interoperable digital transaction platform (IDTP). Honorable Prime Minister of Government of Peoples Republic of Bangladesh has named IDTP as 'Binimoy'. Prime minister's ICT affairs adviser Mr. Sajeeb Wazed formally inaugurated 'Binimoy' on 13 November 2022.

(NGO-MFIs), insurance premium payments to insurance companies and so forth;

- iii. Business to Person (B2P) payments, like salary disbursements, dividend/refund warrant/discount payments etc.
- iv. Person to person (P2P) payments (One MFS personal account to another MFS personal account with the same MFS or another MFS provider as well as the payments from one MFS account to a bank account and vice versa with the same parent bank or of another bank);
- v. Business to business (B2B) payments like vendor payments, supply chain management payments, etc.

**Chart 13.10 Nature of Usage of MFS in June 2022**



Source: Payment Systems Department, Bangladesh Bank

- vi. Online and e-commerce payments;
- vii. Government to person (G2P) payments such as pension payments, old-age allowances, freedom-fighter allowances, subsidy payments to farmers, and so forth;
- viii. Person to government (P2G) payments: such as tax, fee, levy payments, toll charge, fine, etc;
- ix. Disbursement of BDT against inward foreign remittances collected by banks; and
- x. Loan disbursements to borrowers, vendor payments etc.

13.18 At the end of June 2022, the number of agents and the number of registered customers of MFS increased to 1.20 million and 113.73 million respectively compared to 1.12 million and 99.78 million respectively in the previous fiscal year. During FY22, transactions around 4103 million valuing BDT 8564.06 billion were settled, which showed the increases of 14.56 percent and 24.73 percent respectively as compared to FY21 (Chart 13.09).

13.19 Increments in volume and value of MFS transactions are mainly owed to the paradigm shift of the nation in adopting digital payments. The sustained growth of the availability and accessibility of MFS in a favourable leeway helped to increase the usage of the service. Moreover, to reach the end-user directly, now government of Bangladesh (GoB) prefers MFS to transfer various payments under the safety net programme. It is to recollect that GoB has provided soft-loans to the export-oriented industries in the form of paying the workers' salaries, which were distributed only through the workers' bank account or mobile wallets as well as cash assistance to 5.00 million families who lost their livelihood due to the COVID-19 pandemic. All these issues surged the access

and usage of MFS significantly.

13.20 The nature of the usage of MFS also shows a positive shift of the citizens towards digital payments. In the meantime, the reliability of mobile financial services resulted in increases in transactions within the same mobile operators and retaining money into MFS wallets. Chart 13.10 shows that In June 2022, the growing share of cash-out transactions increased to 27.00 percent compared to 25.00 percent in the previous June. The share of cash-in and P2P transactions are at 30.00 percent and 29.00 percent respectively in FY22. Increases in the usage of MFS for merchant payments and utility bills resulted in the decreasing growth rate of cash-out transactions and increases in cash-in, and P2P transactions mainly.

### **Alternative Delivery Channel and Licensing**

13.21 To promote and ensure efficient, secured and cashless payments in the country, Bangladesh Bank issues licenses to FinTech businesses in two major categories, such as payment system operator (PSO), and payment service provider (PSP). Generally, PSPs deliver e-wallet services while PSOs provide merchant aggregation, merchant acquiring, white label ATM, payment gateway and switching solution services. At present, eight PSOs and five PSPs are fully operational and some others are remaining in different phases of licensing process.

### **Legal and Regulatory Framework**

13.22 Bangladesh Bank is entrusted with the responsibility of managing and regulating the country's payment systems and issuing rules, regulations and guidelines thereto. Currently, BB regulates the payment system of the country largely through: Bangladesh Payment and Settlement Systems Regulations (BPSSR), 2014.

Consequently, Bangladesh Bank has published several legal and regulatory guidelines supporting both paper-based and electronic transactions within the country. The existing legal and regulatory frameworks of the payment and settlement system of Bangladesh are as follows:

- i. Bangladesh Automated Cheque Processing Systems (BACPS) Operating Rules and Procedures, 2010 (Revised Version, 2019);
- ii. Bangladesh Electronic Funds Transfer Network (BEFTN) Operating Rules, 2010 (Revised Version, 2020); and
- iii. Bangladesh Real Time Gross Settlement (BD-RTGS) System Rules, 2015.

13.23 In this continuum, during FY22, some more guidelines/regulations were released to support growth of the economy and market demands maintaining discipline in the payment systems such as:

- i. Guidelines for Local Factoring/Receivable Financing through Digital Platform - Pilot Phase, dated 18 January 2022;
- ii. Bangladesh Mobile Financial Services (MFS) Regulations, 2018, dated 15 February 2021 (Revised version 2022) ; and
- iii. Inclusion of NBFI's in BD-RTGS System, dated 10 May 2022.

13.24 Meanwhile, aiming to bring all kinds of payments by banks and non-bank financial institutions under the supervision of BB, the 'Payment and Settlement Systems Act' has been drafted. As a bill, it was approved in principle by the cabinet on 9 March 2021 and is under scrutiny of the Finance Ministry, which is impending to be placed to and enacted by the legislature.

13.25 Appositely, in the realm of global networking and connectivity, PSD closely works with relevant international associations to develop a safe, secure and efficient national payments infrastructure adhering to the international best practices. It is essential to identify, mitigate and induce changes (if necessary) in financial market infrastructure to protect the country's payment ecosystems from both internal and external shocks. In this consideration, with active support from the World Bank, BB has studied the country's financial market infrastructure (FMI)'s and accomplished a self-check against the standard set in Principle 17 of FMI. Following the report, BB has already emphasized migrating to the new environment, increasing the capability of both human resources and software/hardware. BB is also working in assessing the vulnerability of the FMIs, achieving certification and putting a state-of-the-art monitoring system.

13.26 In tandem with growing transactions through different switches and channels, disputes arise between banks occasionally. However, the nature of disputes is not widely varied. Disputes mainly take place on account of technical and operational errors. PSD offers dispute resolution and arbitration services to solve such issues to banks and participants.

### **Payment System Oversight**

13.27 In order to perform supervision of payment, clearing and settlement systems operated by the central banks and its participants around the country, BB sets up a separate 'Payment System Oversight' section. It also supervises all other non-bank payment institutions, such as MFS, PSPs, and PSOs functioning in the country. This section remains vigilant to achieve the objectives of the safety and efficiency of payment systems by

monitoring and assessing existing and planned payment systems infrastructures and by inducing policy changes when deemed necessary. In this trajectory, payment systems oversight focuses on the following activities:

- i. Collects onsite and off-site data from systems and participants regarding day-to-day operation; analyses financial flow and transaction pattern, risk exposures, risk management procedures and practices; monitors back-up and business continuity plan; mitigates disruptions and disputes; etc;
- ii. Checks compliance of systems and participants with applicable rules and regulations identifies the gap and comes up with recommendations with time-to-time follow up;
- iii. Analyzes the weakness of systems, participants or schemes and identifies the areas that need improvements or intervention of BB; and
- iv. Facilitates 'Self-Assessment' of systems and participants based on regulatory requirements and international standards.

### **Regulatory Fintech Facilitation Office**

13.28 Given the environment of radical changes, technological innovations, and complexities in economic activities around the globe, digital financial services are changing rapidly. Pertinently, digital financial innovation (i.e., Fintech) is playing a significant role to build digital financial infrastructure by creating new business models, providing financial inclusion through a new type of financial services. To materialise the benefit, it is immensely important to make coordination between innovation, risk, and policy measures. It is mandatory to consider and analyze the granular aspects of these innovative ideas so that people can avail the

highest benefit from these fast-approaching Fintechs within a proper regulatory framework.

13.29 In this course, Bangladesh Bank established Regulatory Fintech Facilitation Office (RFFO) to facilitate and promote diverse Fintech initiatives with ingenuity. This office analyzes the competencies and demands of the potential business models and innovations. In addition, it explores the suitability of different innovations and business models applying simulation and experiments in a controlled atmosphere. Apart from delivering regulatory assistance to the new entrants, RFFO aims to expand its endeavors to develop harmony among banks, financial institutions, and other regulatory organizations in the realm of Fintech upheaval.

### **Strategic Plan 2020-2024: Advancements**

13.30 Intending to develop a digitised, automated, knowledge-based, and customer-focused banking sector, BB is implementing its third Strategic Plan 2020-2024. Aligning with the vision, mission, and core values of BB, PSD sets two objectives comprising eight actions and thirteen key performance indicators for the given period. In particular, the objectives are (i) to improve the payment systems for increasing efficiency and reducing settlement risk, and (ii) to establish the necessary legal and regulatory framework for an efficient payment system.

13.31 By the end of December 2020, PSD aimed at establishing interoperability of payment infrastructure, enhancing RTGS coverage, establishing an innovative office, conducting self-assessment of payment systems participants, producing quarterly review papers on performance of payment systems and automation of data collection and analysis concerning offsite oversight.

13.32 Accordingly, PSD established all necessary infrastructures to facilitate interoperability for all kinds of financial services. Meanwhile, banking services and different payment methods are enjoying interoperability services through NPSB, BACH and RTGS. However, mobile financial services are at the edge of interoperability with some final internal brush-ups. Pertinently, RTGS coverage has been enhanced and reached the furthest bank branches of the country. At the end of June 2022, almost all the online bank branches of the country have come under the RTGS coverage (i.e., 11095 branches provide RTGS service). Moreover, by 2020, an innovation office in the name of Regulatory Fintech Facilitation Office (RFFO) was established, and self-assessments of payment systems participants were performed. PSD is producing quarterly review papers on the performance of payment systems on regular basis. However, the target for automation of data collection and analysis for offsite oversight are still under developing stage.

13.33 In brief, BB is engaged in modernising the payment landscape of Bangladesh by introducing state-of-the-art payment platforms and instruments to ensure smooth monetary policy transmission and thus lead the economy to achieve desired macroeconomic targets. Transactions through BACPS, BEFTN, RTGS, NPSB, and MFS are growing in tandem with economic expansion. BB is working diligently to incorporate safer and sophisticated technologies to ensure secured execution of transactions through electronic systems. BB has been gradually developing the payments infrastructure to create enabling environment for e-commerce and working to develop a less-cash society. In the realm of cross-border networking and regional cooperation, BB is

deeply monitoring and working with the latest developments in international payment systems, including central bank digital currency and digital lending methods of various kinds. In this course, converging efforts from different departments of BB as well as different government agencies are vital to adopt the developments with a view to disseminate the result of the development throughout the nation equitably.

## Human Resources and Organisational Management

14.01 This chapter endeavors to reveal the initiatives taken to improve governance structure and manage the human resources of BB. It also provides functions of different committee of BB's board. The status of information and communication technology (ICT) related activities and ICT strategies upgraded in FY22 are also highlighted in this chapter.

### **Governance Structure**

#### **Board of Directors**

14.02 Under section 9(3) of Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972) later amended as Bangladesh Bank (Amendment) Act 2020, the Board of Directors is the apex body in governance structure of BB. The Board comprises the Governor, one Deputy Governor, four Directors who are not Government officials and three Government officials. All the Directors of the Board are nominated by the Government. The Board of Directors of BB for FY22 has partly been reconstituted. Mr. Fazle Kabir, Governor of the Bangladesh Bank, was the Chairman of the Board of Directors. Mr. Sheikh Mohammad Salim Ullah was appointed as Director of the Board in place of Mr. Md. Ashadul Islam with effect from 01 September 2021 while Mr. Md. Ashadul Islam has served as Director of the Board up to 26 August 2021. Mr. Mohd. Humayun Kabir, Executive Director was made as the Secretary to the Board in place of Mr. Md. Masud Biswas with effect from 08 July 2021 while Mr. Md. Masud Biswas, Executive Director has served as Secretary of the Board up to 07 July 2021. Mr. Abu Hena Md. Rahmatul Muneem was reappointed as Director of the Board with effect from 06 January 2022. There were 08 members in the Board of Directors as

on 30 June 2022 while waited for one more member for appointing in the Board. During FY22, 07 (seven) meetings of the Board of Directors were held.

#### **Executive Committee**

14.03 Under section 12(1) of Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972) later amended as Bangladesh Bank (Amendment) Act 2020, the Executive Committee (EC) constituted with the following officials as on 30 June 2022.

Mr. Fazle Kabir	Chairman
Mr. Md. Ashadul Islam	Member
Mr. Sheikh Mohammad Salim Ullah	Member
Mr. Mahbub Ahmed	Member
Mr. Ahmed Jamal	Member

Mr. Md. Ashadul Islam has served as Member of the Executive Committee up to 26 August 2021 while Mr. Sheikh Mohammad Salim Ullah was appointed as Member of the Executive Committee in place of Mr. Md. Ashadul Islam with effect from 01 September 2021. Mr. Md. Masud Biswas, Executive Director, has served as Secretary of the Executive Committee up to 07 July 2021. Mr. Mohd. Humayun Kabir, Executive Director was made as the Secretary to the Executive Committee in place of Mr. Md. Masud Biswas with effect from 08 July 2021. During FY22, 05 (five) meetings of the Executive Committee were held.

#### **Audit Committee of the Board**

14.04 In line with the international best practices for strengthening good governance, an Audit Committee was formed by the Board of Directors on 12 August 2002 comprising four non-executive directors to assist the Board in discharging its

oversight responsibilities on financial reporting, internal control and compliance and auditing process. The composition of the Audit Committee was as follows:

Mr. Md. Ashadul Islam	Convener
Mr. Mahbub Ahmed	Convener
Mr. Sheikh Mohammad Salim Ullah	Member
Mr. A. K. M Aftab ul Islam, FCA	Member
Mr. Md. Nazrul Huda	Member

During FY22, 05 (five) meetings of the Audit Committee were held.

14.05 According to the internal audit charter approved by the Audit Committee of the Board of Directors of BB, Internal Audit Department (IAD) identified 62 (Sixty-two) auditable units (departments/offices/units/cells) in FY22 and prepared the audit plan accordingly. The audit programme were conducted two/four times for 27 auditable units identified as high risk and once in a year for the rest 35 auditable units identified as medium/low risk. Due to the COVID-19 pandemic, only around 56 percent of the planned audit programme was implemented.

14.06 The implementation status of Annual Audit Plan was placed before the Audit Committee of the Board. The audit reports were placed before the Governor and the Audit Committee of the Board. Five meetings of Audit Committee were held during FY22. The guidance/directive/recommendation received from the Governor and the Audit Committee were conveyed to the relevant auditable units for improving the internal control system. Progress reports on implementation of the guidance/ directive/ recommendation were discussed in the meeting of Audit Committee.

### **Executive Management Team (EMT)**

14.07 The Executive Management Team (EMT) consists of Governor, 04 Deputy

Governors and all Executive Directors. This team reviews the implementation status of overall activities of BB. During FY22, 01 (one) meeting of the Executive Management Team was held.

### **Human Resources Initiatives**

#### **New Appointment in Different Posts**

14.08 A total of 71 officials/staffs have been appointed in different posts during FY22. New appointments during FY22 were as follows:

Assistant Director (Engineering-Mechanical)	08
Medical Officer	02
Officer	01
Officer (Ex Cadre-Publications)	01
Officer (Ex Cadre-Nurse)	07
Staff	52
<b>Total</b>	<b>71</b>

#### **Creation/Abolition of Posts**

14.09 In FY22, 53 new posts of officials and 13 posts of staffs were created. Considering the importance of the job, 102 posts of officials and 64 posts of staffs were upgraded during this period. At the end of FY22, the total number of sanctioned post stood at 9,752 which was 9,686 in FY21.

### **Sanctioned and Working Strength of Officials and Staff**

14.10 The sanctioned and working strength of BB as on 30 June 2022 were as follows:

<b>Category</b>	<b>Sanctioned</b>	<b>Working</b>	<b>Vacant</b>
	<b>Strength</b>	<b>Strength</b>	
Assistant Director and Above	6,090	4,475	1,615
Officer and Equivalent	1,452	560	892
B and C Category	1,448	924	524
D Category	762	242	520
<b>Total</b>	<b>9,752</b>	<b>6,201</b>	<b>3,551</b>

During FY22, working strength of officials (officer and above) decreased by 0.97 percent to 5,035 from 5,084 and that of staffs (B, C and D Category) decreased by 11.87 percent to 1,166 from 1,323. At the end of the period, the ratio of officials to staff remained nearly 4.32:1. Apart from regular employees, 1,520 outsourced employees were appointed during FY22.

### **Promotion**

14.11 During FY22, 1554 officials and 84 staffs were promoted to their next higher grades. In FY22, 30.86 percent of the officials and 7.20 percent of the staffs working in the Bank were awarded promotion.

### **Number of Officials on Deputation/ Lien**

14.12 At the end of FY22, 107 officials of BB were working on deputation at different institutions within the country and abroad. As on 30 June 2022, 04 (Four) officials were on lien among which 03(Three) were working within the country and 01(One) was working in abroad.

### **Reorganisation/ Newly Established Units/ Divisions**

14.13 During FY22, a unit named "NFIS Administrative Unit" under BB head office was established to facilitate all required administrative & secretarial support, policy formulation, monitoring & evaluation and co-ordination related activities for the accomplishment of "National Financial Inclusion Strategy". A cell named "Risk Based Supervision (RBS) Implementation Cell" under Department of Off-site Supervision of BB was established for the purpose of implementing risk based supervision in the banking sector of Bangladesh.

### **Awards and Recognition**

14.14 Renowned Economist Dr. Wahiduddin Mahmud was honored with the "Bangladesh Bank Award 2020" for his distinctive and remarkable

contributions in the field of economics. A committee led by the Governor of BB nominated him for this Award. Dr. Wahiduddin Mahmud was awarded with a gold medal, BDT 0.5 million in cash and a Bangladesh Bank crest. The Honorable Finance Minister of the People's Republic of Bangladesh, Mr. A H M Mustafa Kamal FCA, MP handed over the award at the ceremony. The ceremony was held at Bangladesh Institute of Bank Management (BIBM) Auditorium, Mirpur-2, Dhaka on 23 December 2021.

14.15 In FY22, awards were handed over to the winners of "Bangladesh Bank Employees' Recognition Award 2019" through a formal award giving ceremony in the presence of high officials of BB. A total of 22 talented officials were declared as the winners of "Bangladesh Bank Employees' Recognition Award 2019" for their outstanding performances. Among them, 2 officials were awarded individually with gold medals while each of the other 20 officials (3 officials individually and 17 officials from 4 different teams) were awarded with silver medals and prize bonds worth BDT 25,000. Each of the winners received a 'Letter of Appreciation' signed by the honorable Governor.

14.16 Besides, a total of 17 officials received "Integrity Award 2020-2021". Among them, 10 officials from 10 different offices of the Bank were awarded in the category of 'Executive Director to Officer' post, while 7 other employees from 7 different offices of the Bank were awarded in the category of 'B, C, and D' post. Each of the awardees was awarded with their respective 'basic salary' for 30 June of the corresponding financial year, along with a 'certificate' signed by the honorable Governor.

### **Right to Information (RTI)**

14.17 The freedom of thought, conscience

and speech is recognized in the Constitution of the People's Republic of Bangladesh as a fundamental right and the right to information is an inalienable part of it. For transparency and accountability of all public, autonomous and statutory organizations and of other private institutions constituted or run by the government or foreign financing, the Right to Information Act, 2009 makes provisions for ensuring free flow of information and people's right to information.

14.18 As per the Act, designated officers and alternative designated officers for the head office, the branch offices and Bangladesh Bank Training Academy (BBTA) are appointed. The honorable Governor acts as the Appellate Authority. The contact information of all the mentioned officers is available in Bangladesh Bank's website. In FY22, BB received a total of 15 (fifteen) applications under the Act. Necessary steps were taken with due importance against the applications as per the provisions of the Act.

### **Step towards Automation and Paperless Environment**

14.19 Performance evaluation of employees in BB was a manual and time consuming process. Now, traditional Performance Management System (PMS) has been transformed into Electronic Performance Management System (e-PMS). Entire performance evaluation process of BB employees can be performed digitally. An application has been developed which is running in the intranet portal of BB. Goal submission, goal approval, half yearly evaluation, annual evaluation and other PMS related activities can be performed digitally through this application. This application will

save a lot of paperwork and make the PMS process more secured, transparent and faster. It will be cost efficient as well.

14.20 BB has taken initiatives to develop and implement Digital Office Management System (DOMS) which will be executed through two parts. One is e-Noting/filing, transforming the day to day decision making process in digital form. And the other is Service Process Simplification (SPS) aiming to provide quick service to the stakeholders of BB. It has been decided to develop the software with internal resources. For this purpose, several teams are formed and related activities have already been started. It is being expected that the e-Noting System will come into light within the shortest possible time.

14.21 According to the instruction from government, innovative activities should be encouraged in every governmental, non-governmental or autonomous institution. BB has taken initiatives to incorporate innovative ideas in banking sector. As a part of the innovation process a web based Innovation Corner has been developed by the effort of HRD-1. Employees of BB will have the opportunity to express their innovative ideas/suggestions/opinions for the betterment of BB and banking sector as well. Employees can submit their innovative ideas through this Innovation Corner. Corresponding innovation team will take further initiatives. Innovation Corner will be a platform for communicating innovative activities for BB employees.

### **Retirement, Voluntary Retirement, Resignation, Death, Compulsory Retirement, Removal, Suspension and Dismissal**

14.22 The number of officials/staffs of the

Bank retired/resigned/died/compulsorily retired/removed/ suspended or dismissed during FY22 were as follows:

Retirement	189
Voluntary Retirement	02
Resignation	30
Death	19
Compulsory Retirement	--
Removal	--
Suspension	01
Dismissal From Service	01
<b>Total</b>	<b>242</b>

#### **Welfare Activities and Approval of Scholarship**

14.23 During FY22, an amount of BDT 3.65 million has been provided to the children of the officials and staffs as scholarship and BDT 0.03 million has been given as medical assistance from the Karmachary/Karmakarta Kallan Tahbil, established under the auspicious of the Governor. Besides, an amount of BDT 116.19 million has been allotted to BB schools, mosques, clubs, day care and freedom fighters welfare to carry out their recreation and welfare activities during FY22.

#### **Foreign Training and Study**

14.24 During FY22, a total of 78 officials of the Bank participated in different training courses/seminars/workshops. Moreover, 38 officials were on deputation/ leave for higher study abroad.

#### **Domestic Training and Study**

14.25 During FY22, a total of 66 officials of the Bank participated in different local training courses/ seminars /workshops organized by different institutions (other than BBTA) within the country. Moreover, 08 officials were allowed to participate in higher study within the country.

#### **Training Courses, Workshops and Seminars Conducted by Bangladesh Bank Training Academy (BBTA) during FY22**

14.26 BBTA conducts a wide range of activities to attain objectives of transforming itself a world-class center of excellence for imparting quality training to the officials of BB and for the officials of commercial banks, financial institutions, government and non-government organisations. Apart from training and workshops; different types of seminars are also arranged by BBTA to add values to knowledge management process. In view of enhancing the capacity of the faculty members and updating them with the changing knowledge frontiers in various fields relating to economics, finance and banking, BBTA also arranges various programs for the trainers with the help of trained personnel of advanced and specialized institutions at home and abroad. Keeping these in mind, BBTA conducted a total of 16 training courses, workshops and seminars held at the BBTA premises during FY22. A total of 658 participants participated in the above mentioned courses. A summary of the courses conducted by the BBTA along with number of participants during FY22 is shown in Table 14.01.

#### **Financial Sector Support Project (FSSP)**

14.27 The Financial Sector Support Project (FSSP) has been implemented successfully with the assistance of International Development Association (IDA) to improve financial market infrastructure, regulatory and oversight capacity of BB and access to long term financing for manufacturing sector in Bangladesh for ensuring stability and greater resilience of the financial sector. The project commenced on 01 July 2015 and ended on 31 March 2021. The total approved project cost

was USD 350.00 million of which IDA provided USD 300.00 million and BB provided USD 50.00 million. Total amount of fund utilization was USD 304.10 million, of which USD 262.17 million has been disbursed from IDA and rest USD 41.93 million has been disbursed by BB up to June 2021.

14.28 The project has been implemented through three major components over the project term. The components are (a) developing key financial market infrastructure through benchmarking with international best practices, (b) strengthening the capacity of the regulator to comply with international standards and accords on banking sector supervision and regulation, (c) serving as a catalyst for developing a financial market in long-term finance market segment.

14.29 An onward refinancing scheme was taken under FSSP named Long Term Financing Facility (LTFF). Under LTFF, long term loan in foreign currency was provided to small and medium scale manufacturing enterprises in the country for a window of three (3) to ten (10) years. So far, USD 275.26 million has been disbursed to 56 industries till the project period and USD 115.86 million has been realized as principal repayment against that disbursement till June 2022.

### **Strategic Planning**

14.30 BB formulated the very first 'Strategic Plan 2010-2014' in 2010 to ensure more effective function of central bank reinforcing a dynamic, resilient and digital financial system based on the vision, mission statement and core values of the bank. The concept of formulating five year plan for BB was first introduced in 'Strategic Planning and Management Strengthening Workshop' held on

**Table 14.01 Different Training Courses, Workshops and Seminars Organized by Bangladesh Bank Training Academy during FY22**

Sl. No.	Subject	Number of Courses	Number of Participants
1	2	3	4
<b>A. Foundation Courses</b>		<b>8</b>	<b>306</b>
1)	Foundation Training Course (AD General) – 40 <sup>th</sup> Batch	1	37
2)	Foundation Training Course (AD General) – 41 <sup>st</sup> Batch	1	36
3)	Foundation Training Course (AD General) – 42 <sup>nd</sup> Batch	1	32
4)	Foundation Training Course (AD General) – 43 <sup>rd</sup> Batch	1	58
5)	Foundation Training Course (AD-Specialized) 5 <sup>th</sup> Batch	1	37
6)	9 <sup>th</sup> Foundation Training Course-Officer(General)	1	30
7)	10 <sup>th</sup> Foundation Training Course-Officer(General)	1	46
8)	2 <sup>nd</sup> Foundation Training Course (Cash Officer)	1	30
<b>B. Other Training Course</b>		<b>4</b>	<b>154</b>
i)	<b>For the Officials of Bangladesh Bank</b>	<b>1</b>	<b>60</b>
1)	In-House Training for BBTA	1	60
ii)	<b>For the officials of Commercial Banks</b>	<b>3</b>	<b>94</b>
1)	NBFI (NBDC,NBFI-2 and NBFI-3) Data Reporting	2	78
2)	Training of Trainers (TOT) on Residential Property Price Monitoring Database	1	16
<b>C. Workshops/Seminars/Lecture Sessions</b>		<b>4</b>	<b>198</b>
1)	Workshop on "Bangladesh Government Investment Sukuk: Issue, Management, Investment and Trading Procedure"	1	60
2)	Training Workshop on "E-refinancing Systems for Covid-19 Emergency and Crisis Response Facility Project"	1	58
3)	Workshop on Reporting Techniques of Islamic Financial Transactions to the Statistics Department of Bangladesh Bank	2	80
<b>Grand Total (A+B+C)</b>		<b>16</b>	<b>658</b>

Source: Bangladesh Bank Training Academy.

13-14 November 2009. Accordingly, after the successful implementation of 1st Strategic Plan, 2nd 'Strategic Plan 2015-2019' was inaugurated on 19 September 2015 with the title 'Heading towards New Horizon'.

14.31 Ongoing 3rd 'Strategic Plan 2020-2024' is formally announced on 06-08 February 2020 in the 12th Strategic Planning Workshop with

the title 'Fostering Stable Financial System'. Consisting of 11 Strategic Goals, this Plan will be implemented through the 50 Departments and all the offices of BB.

14.32 For the effective monitoring of this Strategic Plan, till now three (03) strategic follow-up meetings, presided by Executive Director of Financial Sector Support and Strategic Planning Department (FSSSPD) have been arranged. Half yearly 'Strategic Progress Summary Report', based on the implementation updates of previous six months is also prepared and submitted to Honorable Governor of Bangladesh Bank in June and December 2021. Besides, goal-wise Strategic Communication Team (SCT) meetings are held every year with the goal related SCT members, presided over the Director of the department. A portal named 'Strategic Planning Unit' has been created in Bangladesh Bank Intranet and all the updates related to Strategic Plan are uploaded in that portal regularly.

14.33 Updates of the implementation of the Five Year Strategic Plan are presented in the Strategic Planning Workshop, arranged yearly by FSSSPD. Till now, a total of 13 Strategic Planning Workshops have been arranged by the department with the participation of Directors and above officials of BB. The last one, 13th Strategic Planning Workshop had been arranged in BRAC-CDM, Khagan, Savar from 19-21 May 2022. With the theme 'Embracing the LDC Graduation Challenges', Governor of Bangladesh Bank had inaugurated the workshop on 20 May 2022. Along with all the Deputy Governors, the Executive Directors and Directors of Bangladesh Bank had been participated in that workshop. Renowned Economist Professor Dr. Wahiduddin Mahmud was present in the workshop as a keynote

speaker. A total of four presentations on the contemporary issues were presented in the workshop.

### **Information and Communication Technology (ICT)**

14.34 During FY22, the Information Systems Development and Support Department (ISDSD) performed its regular software development and data processing activities through existing application software as well as performed various IT systems procurement and implementation activities. The following information systems and its related tasks were completed during this period.

#### **ICT Strategy Implementation**

14.35 In FY22, the ISDSD implemented several ICT strategies as per the defined ICT strategy of 2017-2021 for BB.

#### **IT Security and Awareness Building**

14.36 To build more secured ICT infrastructure as a part of remediation plan, several security devices and technologies have been deployed in BB in the IT system. Besides, training on IT security awareness is a continuous process which is going on in association with other departments to build IT security awareness among BB officials.

#### **Information Systems Development**

14.37 Various Information Systems Development and related tasks completed during FY22 are shown in the following table 14.02.

**Table 14.02 Statement on Information Systems and Related Tasks Completed during FY22**

SI No.	Name of the Software/Information Systems	Brief description (Function)
1	2	3
1.	Software Quality Assurance	<p><b>A. Vulnerability Assessment Checklist:</b> A draft on Vulnerability Assessment Checklist has been prepared which is now under process of finalization.</p> <p><b>B. Procedure for SQAT:</b> A draft on Software Quality Assurance and Testing (SQAT) Procedure has been prepared which is under process of finalization.</p>
2.	Enterprise Support Fund (ESF)	Development of ESF system has been completed based on business requirement which is under process of implementation.
3.	Enterprise Data Warehouse (EDW)	New data components have been added as per new requirements of different departments and accordingly some new mappings, reports and dashboards have been designed. Data collection from Offshore Banking Unit (OBU) and Other Financial Corporations (OFCs) is a big challenge on which the ISDSD is now working.  Integrated Supervision System (ISS) coverage has been expanded as per requirement of ISMD. Now it covers banks and financial institutions. New dashboards and reports designed for financial institutions is going on regular basis.
4.	BB Medical System	Recently, an online system has been developed for applying to enjoy beyond ceiling medicine facilities in BB's Medical Centre. At the same time, a web-based centralized medical system for BB is under process to develop.
5.	Bangladesh Bank Certifying Authority(CA)	BB is implementing certifying authority (CA) to introduce digital signature in all financial systems including commercial banks. System implementation is already completed and is now waiting for go-LIVE operation.

6. Electronic Platform of Sanchaybond and Electronic Dealing System
- A. Electronic Platform for Sanchaybond:** Online purchasing and encashment of Sanchaybond from own desk for Non Resident Bangladeshis (NRB) has been introduced through this system. Banks and NBFIs are using this system.
- B. Electronic Dealing System:** Call money market for banks has been made online through this system. Banks and NBFIs are using this system.
7. CBS Portal
- A. Online Sanchaypatra Tax Certificate System:** Using this software tax certificates of Sanchaypatra are being sent to the customer's email automatically from BB since FY20. It may be mentioned here that, this automatic tax certificates generation are being done for the Sanchaypatra those were sold by BB on or before 13 March 2019.
- B. Internet Banking System:** Using this system schedule banks can verify/check their current account balance maintained in BB on regular basis. Through this system schedule banks can request/instruct Real-time Gross Settlement System (RTGS) balance transfer to the system.
8. Treasury Management System (TMS)
- This system has been developed to automate and operate treasury management which is now ready for implementation.
9. Development of Core Banking Solution (CBS)
- According to the decision of the Board of Directors of Bangladesh Bank, the IT officials are now developing own Core Banking Solution (CBS). There are 12 modules and 35 sub-modules in this system. Among them 19 sub-modules have already been developed and ready for testing/piloting. The remaining modules are under the process of development.

Source: Information Systems Development and Support Department , Bangladesh Bank.

## Bangladesh Bank's Accounts for 2021-2022

15.01 The financial statements of Bangladesh Bank (BB) for FY22 have been prepared in accordance with the International Financial Reporting Standards (IFRSs). The chapter presents a summary of the separate financial statements of the BB.

### Income

15.02 The total income, (excluding foreign currency (FC) revaluation gain/(loss), from the bank's financial assets) for FY 22 was BDT 58.99 billion, 2.16 percent less than the previous year. On the other hand, the total income of the bank (including FC revaluation) increased by BDT 235.64 billion (272.89 percent) to BDT 321.99 billion in FY22 than that of previous year. The sources of income are shown in Table 15.01.

#### Income from Foreign Currency Financial Assets

15.03 The bank's income from foreign currency financial assets, except revaluation, increased by 12.15 percent to BDT 28.89 billion in FY22 compared to BDT 25.76 billion in FY21. Such an increase was caused by the increase in the interest rates on investment in international markets.

#### Income from Local Currency Financial Assets

15.04 The bank's income from local currency (LC) financial assets decreased by 12.83 percent to BDT 30.10 billion in FY22 compared to BDT 34.53 billion in FY21. The income from commissions and discounts, interest income from government securities and government loans had been decreased. That resulted in a reduction of overall income from local currency financial assets.

#### Foreign Currency Revaluation Gain

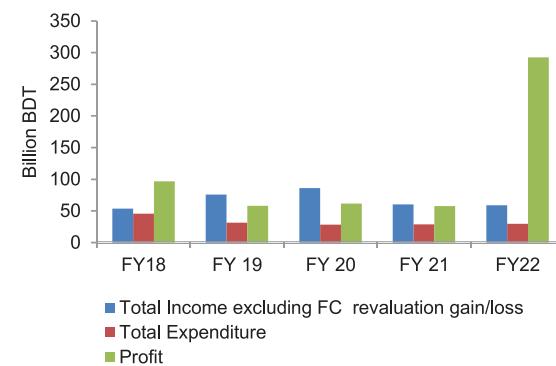
15.05 The Bank made a gain of BDT 263.00

**Table 15.01 Sources of BB's Income**

Particulars	FY21	FY22
<b>Income</b>		
<b>A. Income from foreign currency financial assets</b>	<b>25.76</b>	<b>28.89</b>
Interest income	25.44	28.37
Commission and discounts	0.32	0.52
<b>B. Income from local currency financial assets</b>	<b>34.53</b>	<b>30.10</b>
Interest income	29.39	27.24
Commission and discounts	4.43	2.06
Dividend income	0.60	0.60
Other Income	0.11	0.20
<b>Total : (A+B)</b>	<b>60.29</b>	<b>58.99</b>

Source: Accounts and Budgeting Department, Bangladesh Bank.

**Chart 15.01 Trends of BB's Income, Expenditure and Profit**



Source: Accounts and Budgeting Department, Bangladesh Bank.

billion (24.18 billion realized and 238.82 billion unrealized) on foreign currency revaluation in FY22 compared to BDT 26.06 billion in FY21, showing 909.21 percent higher than that of the previous year (Table 15.03).

### Expenditure

15.06 Total expenses of the bank increased by 3.29 percent to BDT 29.52 billion in FY22 compared to BDT 28.58 billion in FY21. The details of expenditure are shown in Table 15.02.

### Financial Expenses

15.07 Expenses on FC and LC financial liabilities decreased by 2.33 percent to BDT 9.63 billion in FY22 compared to BDT 9.86 billion in FY21. All the broad heads of expenses increased, except commission and other expenses on local currency financial liabilities. Agency charges under this head decreased significantly.

### Other Expenses

15.08 Other expenses increased by 6.25 percent to BDT 19.89 billion in FY22 compared to BDT 18.72 billion in FY21. Such an increase was due to increased expenses on note printing and general and administrative expenses.

### Profit for the Year

15.09 Profit of the bank (excluding FC revaluation gain/loss) stood at BDT 29.47 billion in FY22 which was BDT 31.71 billion in FY21 (Table 15.03). However, the bank's profit (including FC revaluation gain/loss) increased by 406.27 percent to BDT 292.47 billion in FY22, from BDT 57.77 billion in the previous year.

### Other Comprehensive Income

15.10 During FY22, the bank experienced other comprehensive loss of BDT 72.31 billion. The loss was incurred mainly from the decrease in value of financial instruments in the international market. This valuation loss was appropriated to the reserve account. The sources are shown in table 15.04.

### Total Comprehensive Income

15.11 Total comprehensive income increased by 123.65 percent to BDT 220.16 billion in FY22 compared to BDT 98.44 billion in the previous year.

### Profit Appropriation

15.12 Out of BDT 29.48 billion of distributable profit, an amount of BDT 0.25 billion was transferred to statutory funds, BDT 0.30 billion

**Table 15.02 Bangladesh Bank's Expenditure**

	(Billion BDT)	
Particulars	FY21	FY22
<b>A. Financial expenses</b>	<b>9.86</b>	<b>9.63</b>
Expenses on foreign currency financial liabilities	1.04	1.48
Interest expense on foreign currency financial liabilities	0.66	0.77
Commission and other expenses on foreign currency financial liabilities	0.38	0.71
Expenses on local currency financial liabilities	8.82	8.15
Interest expense on local currency financial liabilities	0.25	0.91
Commission and other expenses on local currency financial liabilities	8.57	7.24
<b>B. Other expenses</b>	<b>18.72</b>	<b>19.89</b>
Note printing	3.40	3.84
General and administrative expenses	15.32	16.05
<b>Total expenditure (A+B)</b>	<b>28.58</b>	<b>29.52</b>

Source: Accounts and Budgeting Department, Bangladesh Bank.

**Table 15.03 Profit of the Year**

	(Billion BDT)	
Particulars	FY21	FY22
Total income	60.29	58.99
Total expenses	28.58	29.52
<b>Profit before FC revaluation</b>	<b>31.71</b>	<b>29.47</b>
FC revaluation gain/(loss)	26.06	263.00
<b>Profit for the year</b>	<b>57.77</b>	<b>292.47</b>

Source: Accounts and Budgeting Department, Bangladesh Bank.

**Table 15.04 Other Comprehensive Income**

	(Billion BDT)	
Particulars	FY21	FY22
Gold Revaluation gain/(loss)	-0.25	9.1
Silver Revaluation gain/(loss)	0.11	-0.04
Revaluation gain/(loss) on financial instruments	40.81	-81.37
<b>Other Comprehensive Income</b>	<b>40.67</b>	<b>-72.31</b>

Source: Accounts and Budgeting Department, Bangladesh Bank.

to BB Disaster Management and Social Responsibility Fund, and BDT 0.45 billion to the Asset Renewal and Replacement Fund, and BDT 0.64 million was a prior year adjustment.

After the adjustments, BDT 28.48 billion was deposited to the government account.

### **Statement of Financial Position of Bangladesh Bank**

#### **Assets**

15.13 The bank's assets increased by BDT 210.58 billion (4.52 percent) to BDT 4,869.90 billion in FY22 from BDT 4,659.32 billion in FY21 (Chart 15.02).

15.14 Foreign currency financial assets decreased by 0.17 percent to BDT 4,035.16 billion in FY22 from BDT 4,042.00 billion in FY21.

15.15 Local currency financial assets increased by 37.89 percent to BDT 795.20 billion in FY22 from BDT 576.69 billion in FY21.

15.16 Non-financial assets of the bank decreased by 2.68 percent to BDT 39.54 billion in FY22 from BDT 40.63 billion in FY21.

#### **Liabilities**

15.17 The bank's liabilities increased by BDT 22.93 billion (0.54 percent) to BDT 4,247.44 billion in FY22 from BDT 4224.51 billion in FY21 (Chart 15.02).

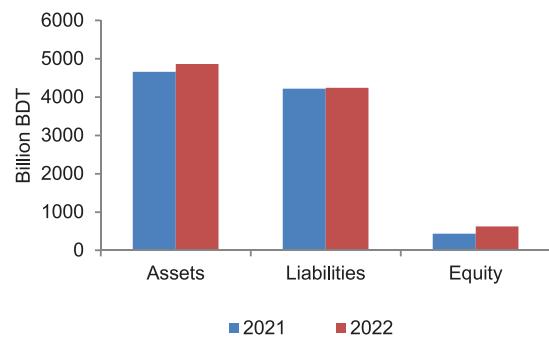
15.18 Foreign currency financial liabilities increased by 31.14 percent to BDT 617.00 billion in FY22, from BDT 470.49 billion in FY21. All the broad heads of foreign currency liabilities increased, except for foreign currency deposits from commercial banks.

15.19 Local currency financial liabilities decreased by 3.29 percent to BDT 3,630.44 billion in FY22 from BDT 3,754.02 billion in FY21 due mainly to decrease in deposits from banks and financial institutions.

#### **Notes in Circulation**

15.20 Notes in circulation increased by 12.96

**Chart 15.02 BB's Assets, Liabilities and Equity**



Source: Accounts and Budgeting Department, Bangladesh Bank.

percent to BDT 2,545.23 billion in FY22 from BDT 2,253.25 billion in FY21. Notes in circulation (BDT 2,545.21 billion) was backed by BDT 13.23 billion with gold and silver, BDT 2,360.00 billion with approved foreign exchange, BDT 138.50 billion with Bangladesh government securities, BDT 3.62 billion with Taka coins, and BDT 29.88 billion with other domestic assets.

#### **Equity**

15.21 Total equity of the Bank increased by 43.16 percent to BDT 622.46 billion in FY22 from BDT 434.81 billion in the previous year (Chart 15.02). The equity of the bank is enumerated below:

- i. Capital of the bank remained unchanged at BDT 0.03 billion;
- ii. Revaluation reserve increased by BDT 165.22 billion to BDT 431.88 billion in FY22 from BDT 266.66 billion in FY21;
- iii. Currency fluctuation reserve increased by BDT 24.18 billion to BDT 110.57 billion in FY22 from BDT 86.39 billion in FY21;
- iv. Balance of statutory fund increased slightly by BDT 0.25 billion to BDT 18.52 billion in FY22 from BDT 18.27 billion in FY21 as

- appropriation was made for Rural Credit Fund, Agricultural Credit Fund and Industrial Credit Fund;
- v. Other reserves increased by 0.45 billion to BDT 12.90 billion in FY22 from BDT 12.45 billion in FY21;
  - vi. General reserve of the bank remained unchanged at BDT 4.25 billion.

### **Consolidation**

15.22 During FY22, the accounts of The Security Printing Corporation (Bangladesh) Ltd. (SPCBL), a 100-percent owned subsidiary of BB, were consolidated with the accounts of Bangladesh Bank.

### **Auditors**

15.23 The financial statements of BB for FY22 were jointly audited by ACNABIN, Chartered Accountants, Bangladesh and Hoda Vasi Chowdhury and Co. Chartered Accountants, Bangladesh.

**BANGLADESH BANK**  
**AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS**  
**As at and for the year ended 30 June 2022**

**Independent Auditors' Report**

**To the Government of the People's Republic of Bangladesh**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the consolidated financial statements of Bangladesh Bank and its subsidiary ("the Group") as well as the separate financial statements of Bangladesh Bank (the Bank), which comprise the consolidated and separate statements of financial position as at 30 June 2022, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies.

In our opinion, the accompanying Consolidated financial statements of the Group and Separate financial statements of the Bank present fairly, in all material respects, the consolidated financial position of the Group and the separate financial position of the Bank as at 30 June 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note #2 and #3.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh's (ICAB) By Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matters**

Without modifying our opinion, we draw attention to the following matters:

1. As stated in note #3.05 of the financial statements, the Bank's entire portfolio of financial assets other than those measured at Fair Value Through Profit or Loss and subject to impairment requirement are assessed to have low credit risk and accordingly, the Bank has considered 12-month Expected Credit Loss (ECL) for those financial assets.
2. In note #3.17 and note #45 of the financial statements, status of revaluation of the Bank's Property, Plant and Equipment (PPE) and the matter of actuarial valuation of the Bank's defined benefit plans, respectively have been disclosed.
3. As described in note #10 of the financial statements, a fraudulent activity took place in 2016 with Bangladesh Bank through unauthorized SWIFT transactions. Against this fraud case, a receivable has been created and the outstanding balance of this receivable as of 30 June 2022 is BDT 522.41 crore. Legal proceedings are still in progress to recover this amount.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters in our report.

### 1. Foreign Accounts and Investments

The Bank's assets held in foreign accounts and investments amounted to BDT 7,851.98 crore and BDT 2,78,221.01 crore, respectively and these combined balances being equivalent to nearly 60% of the Bank's total assets, considered material to the financial statements. These investments are held with other central banks, overseas commercial banks and other counterparties in multiple foreign currencies and under different types of investment categories. The existence, valuation and presentation of these foreign accounts and investments, in the financial statements pose significant audit risk.

Our audit procedures to address the risks of material misstatement, relating to foreign accounts and investments, included:

- Assessment of the design and testing of the operating effectiveness of management's key control throughout the year in assessing the carrying value of foreign accounts and investments, and recognition of related revenue.
- Sending direct confirmation to the related counterparties to confirm the balances and upon receipt of the confirmation, necessary reconciliations were made.
- Detailed analysis of exchange rates used and valuation processes, recalculation of interest income, and evaluation of recognition, measurement, presentation and disclosures in the financial statements in accordance with the related IFRSs.

The Bank's disclosures about foreign investments are included in note #3.07 and note #5 to the financial statements.

### 2. Balances with International Monetary Fund (IMF)

The Bank's assets held with International Monetary Fund (IMF) as of the closing date amounted to BDT 37,673.11 crore and the corresponding liability with IMF on the same date was BDT 33,731.43 crore, and both these balances are, material to the financial statements. Due to the unique structure, terms and valuation of these assets, it was considered significant to our audit.

IMF Securities (promissory notes) has been issued against the membership subscription with IMF and SDR is allocated on the basis of the member's quota. Liabilities with the IMF represent around 7.94% of the total liabilities of the Bank. The valuation of liabilities with the International Monetary Fund (IMF) was considered significant to our audit as that gives rise to foreign currency translation requirements and periodic interest accruals.

Our audit procedures to address the risks of material misstatement relating to assets held with the International Monetary Fund (IMF), includes:

- Checking the SDR amount from the IMF website, and subsequently testing the exchange rates used to translate this amount at the closing date;
- Reviewing the basis of computation of interest income on SDR Holding and the transactions undertaken during the year; and
- Examination of relevant documents of IMF and interest accrued on SDR Allocation during the year and re-computation to confirm the amount of liabilities with IMF using the prevailing conversion rate as per IAS-21.

The Bank's disclosures about assets held with the International Monetary Fund are included in note #6.01 and Liabilities with International Monetary Fund (IMF) in note #6.02 to the financial statements.

### **3. Foreign Currency and Local Currency Loans to Banks**

The Bank's assets held with foreign currency loans to banks amounted to BDT 70,564.05 crore and local currency loans to banks and financial institutions amounted to BDT 18,676.74 crore, aggregating more than 18% of total assets, which is material to the financial statements.

Our audit procedures to address the risk of material misstatement relating to these items included:

- Testing the effectiveness of controls over the disbursement process of these loans including proper approval and execution of required documentation;
- Assessing the existence of loan balance at year-end through external confirmations from respective banks and financial institutions ;
- For loan balances in foreign currency (i.e. EDF, LTFF and GTF Investments) checking the conversion in BDT using the exchange rate prevailing at 30 June 2022;
- Matching the calculated figure with the amounts disclosed in the financial statements of the Bank for the year ended 30 June 2022;
- Checking of interest calculation which are mostly automated and calculated automatically in e-Refinance software and subsequently confirmed the balance of interest from e-Refinance software against the General Ledgers; and
- Finally, reviewing management's impairment assessment of these loans under IFRS 9 ECL model.

The Bank's disclosures about Foreign Currency Loans to Banks are included in note #9 and local currency loans to banks and financial institutions are included in note #14 to the financial statements.

### **4. Transactions with Government of Bangladesh**

Bangladesh Bank is primarily responsible for managing banking transactions on behalf of Government of Bangladesh including loans and donations received from foreign entities, collection and administration of funds of various ministries and the national exchequer. Given the unique nature

as well as the high volume of transactions undertaken by Bangladesh Bank with and for the Government of Bangladesh, it was considered significant to our audit.

The Bank's assets held as Loans to the Government of Bangladesh amounted to BDT 53,829.27 crore, equivalent to 11.12% of total assets, which is material to the financial statements. These investments are held with the Government of Bangladesh which have a period of both less or more than one year.

Our audit procedures to address the risk of material misstatement relating to Loans to the Government of Bangladesh included:

- Assessment of the design and testing of the operating effectiveness of management's control in assessing the carrying value of Loans to the Government of Bangladesh; and
- Detailed analysis of auction rates, valuation processes, recalculation of interest income, presentation and disclosures in the financial statements in accordance with the related IFR5s.

The Bank's disclosures about Loans to the Government of Bangladesh are included in note #3.12 and note #12 to the financial statements.

## 5. Notes in Circulation

Issuance of Bangladeshi Bank notes is one of the key roles of the Bank as defined in the Bangladesh Bank Order-1972 and is a key audit matter due to:

- Attention of the users of the financial statements;
- The balance is significant relative to the Bangladesh Bank's Statement of Financial Position; and
- Complexity in assessing the accuracy of the liability for Bangladeshi bank notes on issue that are placed in circulation in the economy.

The balance of bank notes on issue represents the value of all bank notes on issue in Bangladesh and the liability is measured at face value of all Bangladeshi bank notes issued less any bank notes cancelled/ destroyed.

To audit the Bangladeshi bank notes on issue, we performed the following audit procedures:

- Testing those general controls which are relevant to the accurate recording of the issuance and return of bank notes within the system responsible for recording the balance of Bangladeshi bank notes on issue;
- performing a comparison of current year movements against prior year patterns.
- performing a trend analysis on Bangladeshi bank notes on issue against prior periods focusing on the number of notes issued by denomination;
- Our procedures also included an assessment of the asset backing maintained by Bangladesh Bank in line with section 30 of the Bangladesh Bank Order, 1972 and reviewed

the process to determine the demand for notes and the ordering process for printing notes; and

- Our audit procedures included communicating with the concerned department to understand the note issue process and carrying out physical inspection of assets held at the Bank premises against Notes in Circulation on a sample basis.

The Bank's disclosures about Notes in Circulation are included in note #21 to the financial statements

## **6. Information Technology (IT) Systems Used in Financial Reporting Process**

The Bank's operational and financial reporting processes are dependent on multiple IT systems run through Core Banking Solutions (CBS), SAP, SWIFT, BEFTN and other integrated software with automated controls and processes large volume of transactions. Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements and the same has been considered as Key Audit Matter in our audit.

We conducted an assessment and identified key IT applications, database and operating systems that are relevant to our audit, and have identified CBS, SAP, SWIFT System primarily as relevant for financial reporting. For the key IT systems pertaining to CBS and SAP operations, our areas of audit focus included assessment of IT general control including access security, application change controls, database management and network operations. In particular:

- Obtaining an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit;
- Testing the design and implementation of the Bank's General IT controls over the key IT systems that are critical to financial reporting;
- Checking the Bank's periodic review of user access controls including segregation of duties and management of changes/updates to systems; and
- Reviewing the process to upload data from CBS to SAP and assessing related controls.

## **Other Matters**

1. The financial statements of Bangladesh Bank for the year ended 30 June 2021 were audited by Howladar Yunus and Co. Chartered Accountants and MABS and J Partners Chartered Accountants, who expressed an unmodified opinion with emphasis of matters on those statements on 23 August 2021; and
2. The financial statements of the subsidiary, The Security Printing Corporation (Bangladesh) Limited for the year ended on 30 June 2022 have been jointly audited by us. And we have expressed a modified opinion.

## **Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date

of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercised professional judgement and maintained professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the Group's ability to continue as a going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluated the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

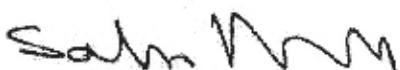
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequence of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Terms of Reference (ToR) issued by the Ministry of Finance - Financial Institutions Division, Government of the People's Republic of Bangladesh, we also report the following:

- Nothing has come to our attention which indicates that the IT based accounting systems generated information are not free from material error and non-compliance;
- Nothing has come to our attention which indicates that charging of depreciation on Dead-Stock (Capital Assets) and immovable properties are not in line with applicable financial reporting framework except as mentioned in matter # 2 under 'Emphasis of Matters' section;
- Internal control measures undertaken by the Bank appeared to be adequate with immaterial control deficiencies as identified and are being reported in the Management Report;
- We have reviewed the compliances of audit observations of previous year and the same are being reported in the Management Report;
- We have checked the authenticity of financial information and data supplied to the International Monetary Fund (IMF) by the Bank; and
- We have reviewed the compliance of decisions taken by the Board of Directors of the Bank.

**Hoda Vasi Chowdhury and Co**  
Chartered Accountants



**Sabbir Ahmed FCA,**  
Partner  
ICAB Enrolment #770  
DVC: 2208300770AS914626  
Dated: Dhaka, 30 August 2022

**ACNABIN**  
Chartered Accountants



**Abu Sayed Mohammed Nayeem FCA,**  
Partner  
ICAB Enrolment #353  
DVC: 2208300353AS203344  
Dated: Dhaka, 30 August 2022

**BANGLADESH BANK  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 30 June 2022**

In thousand BDT

Particulars	Notes	30-Jun-22	30-Jun-21
<b>ASSETS</b>			
<b>Foreign currency financial assets</b>			
Foreign currency accounts	4	78,519,805	49,481,759
Foreign investments	5	2,782,210,063	3,186,883,047
Assets held with International Monetary Fund	6.01	376,731,118	198,454,465
Gold and silver	7	45,306,167	39,678,816
Claims from gold transactions	8	31,629,227	27,855,709
Foreign currency loans to banks	9	705,640,485	525,654,368
Other foreign currency financial assets	10	<u>15,121,651</u>	<u>13,987,781</u>
<b>Total foreign currency financial assets</b>		<b><u>4,035,158,516</u></b>	<b><u>4,041,995,945</u></b>
<b>Local currency financial assets</b>			
Taka coin and cash balances	11	4,074,800	5,082,015
Securities purchased under agreement to resell		2,180,000	-
Loans to the Government of Bangladesh	12	538,292,703	294,392,972
Local currency investments	13	21,144,339	21,177,549
Local currency loans to banks, financial institutions and employees	14	232,904,404	259,743,894
Other local currency financial assets	15	4,929,823	4,640,737
<b>Total local currency financial assets</b>		<b><u>803,526,069</u></b>	<b><u>585,037,167</u></b>
<b>Total financial assets</b>		<b><u>4,838,684,585</u></b>	<b><u>4,627,033,112</u></b>
<b>Non-financial assets</b>			
Property, plant and equipment	16	47,692,736	47,642,746
Intangible assets	17	720,476	802,068
Other non-financial assets	18	<u>5,091,009</u>	<u>5,001,905</u>
<b>Total non-financial assets</b>		<b><u>53,504,221</u></b>	<b><u>53,446,719</u></b>
<b>Total assets</b>		<b><u>4,892,188,806</u></b>	<b><u>4,680,479,831</u></b>
<b>LIABILITIES and EQUITY</b>			
<b>LIABILITIES</b>			
<b>Foreign currency financial liabilities</b>			
Deposits from banks and financial institutions	19	260,928,491	250,956,566
Liabilities with International Monetary Fund	6.02	337,314,306	219,535,548
Other foreign currency financial liabilities	20	<u>18,761,840</u>	-
<b>Total foreign currency financial liabilities</b>		<b><u>617,004,637</u></b>	<b><u>470,492,114</u></b>
<b>Local currency financial liabilities</b>			
Notes in circulation	21	2,545,233,913	2,253,250,617
Deposits from banks and financial institutions	22	909,261,888	1,211,218,466
Other local currency financial liabilities	23	<u>177,783,080</u>	<u>292,117,981</u>
<b>Total local currency financial liabilities</b>		<b><u>3,632,278,881</u></b>	<b><u>3,756,587,064</u></b>
<b>Total liabilities</b>		<b><u>4,249,283,518</u></b>	<b><u>4,227,079,178</u></b>
<b>EQUITY</b>			
Capital	24	30,000	30,000
Retained earnings	31	43,208,378	44,919,663
Revaluation reserves	25	436,545,584	270,301,076
Currency fluctuation reserve	26	110,568,363	86,393,061
Statutory funds	27	18,517,046	18,267,046
Non statutory funds	28	15,635,542	15,640,408
Other reserves	29	12,899,875	12,448,899
General reserve	30	<u>5,500,500</u>	<u>5,400,500</u>
<b>Total equity</b>		<b><u>642,905,288</u></b>	<b><u>453,400,653</u></b>
<b>Total liabilities and equity</b>		<b><u>4,892,188,806</u></b>	<b><u>4,680,479,831</u></b>

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Mofizur Rahman Khan Chowdhury FCMA, CFA  
Director (A&BD)  
Accounts and Budgeting Department

Ahmed Jamal  
Deputy Governor

Abdur Rouf Talukder  
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Sabhir Ahmed FCA  
Partner  
ICAB Enrollment # 770  
DVC: 2208300770AS914626

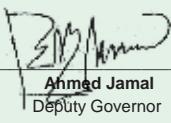
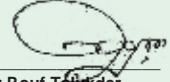
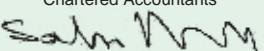
Dated: 30 August 2022  
Dhaka, Bangladesh

ACNABIN  
Chartered Accountants

Abu Sayed Mohammed Nayeem FCA  
Partner  
ICAB Enrollment # 353  
DVC: 2208300353AS203344

**BANGLADESH BANK**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2022**

In thousand BDT

Particulars	Notes	30-Jun-22	30-Jun-21		
<b>ASSETS</b>					
<b>Foreign currency financial assets</b>					
Foreign currency accounts	4	78,519,805	49,481,759		
Foreign investments	5	2,782,210,063	3,186,883,047		
Assets held with International Monetary Fund	6.01	376,731,118	198,454,465		
Gold and silver	7	45,306,167	39,678,816		
Claims from gold transactions	8	31,629,227	27,855,709		
Foreign currency loans to banks	9	705,640,485	525,654,368		
Other foreign currency financial assets	10	15,121,651	13,987,781		
<b>Total foreign currency financial assets</b>		<b>4,035,158,516</b>	<b>4,041,995,945</b>		
<b>Local currency financial assets</b>					
Taka coin and cash balances	11.01	3,664,924	4,626,669		
Securities purchased under agreement to resell		2,180,000	-		
Loans to the Government of Bangladesh	12	538,292,703	294,392,972		
Local currency investments	13.01	15,945,000	15,945,000		
Local currency loans to banks, financial institutions and employees	14.01	231,009,627	257,864,315		
Other local currency financial assets	15.01	4,111,196	3,865,820		
<b>Total local currency financial assets</b>		<b>795,203,450</b>	<b>576,694,776</b>		
<b>Total financial assets</b>		<b>4,830,361,966</b>	<b>4,618,690,721</b>		
<b>Non-financial assets</b>					
Property, plant and equipment	16.01	38,534,510	39,229,397		
Intangible assets	17	720,476	802,068		
Other non-financial assets	18.01	285,493	599,865		
<b>Total non-financial assets</b>		<b>39,540,479</b>	<b>40,631,330</b>		
<b>Total assets</b>		<b>4,869,902,445</b>	<b>4,659,322,051</b>		
<b>LIABILITIES and EQUITY</b>					
<b>LIABILITIES</b>					
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	19	260,928,491	250,956,566		
Liabilities with International Monetary Fund	6.02	337,314,306	219,535,548		
Other foreign currency financial liabilities	20	18,761,840	-		
<b>Total foreign currency financial liabilities</b>		<b>617,004,637</b>	<b>470,492,114</b>		
<b>Local currency financial liabilities</b>					
Notes in circulation	21	2,545,233,913	2,253,250,617		
Deposits from banks and financial institutions	22	909,261,888	1,211,218,466		
Other local currency financial liabilities	23.01	175,944,403	289,554,066		
<b>Total local currency financial liabilities</b>		<b>3,630,440,204</b>	<b>3,754,023,149</b>		
<b>Total liabilities</b>		<b>4,247,444,841</b>	<b>4,224,515,263</b>		
<b>EQUITY</b>					
Capital	24	30,000	30,000		
Retained earnings	31.01	28,676,987	31,118,991		
Revaluation reserves	25.01	431,879,291	266,657,883		
Currency fluctuation reserve	26	110,568,363	86,393,061		
Statutory funds	27	18,517,046	18,267,046		
Non statutory funds	28	15,635,542	15,640,408		
Other reserves	29	12,899,875	12,448,899		
General reserve	30.01	4,250,500	4,250,500		
<b>Total equity</b>		<b>622,457,604</b>	<b>434,806,788</b>		
<b>Total liabilities and equity</b>		<b>4,869,902,445</b>	<b>4,659,322,051</b>		
<i>The accompanying notes from 1 to 49 form an integral part of these financial statements.</i>					
	Md. Mofizur Rahman Khan Chowdhury FCMA, CFA Director (A&BD) Accounts and Budgeting Department		Ahmed Jamal Deputy Governor		Abdur Rouf Taitkder Governor
These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.					
<b>Hoda Vasi Chowdhury &amp; Co.</b> Chartered Accountants		<b>ACNABIN</b> Chartered Accountants		<b>Abu Sayed Mohammed Nayeem FCA</b> Partner	
		ICAB Enrollment No: 353 DVC: 2208300353AS203344		ICAB Enrollment No: 353 DVC: 2208300353AS203344	
Sabbir Ahmed FCA Partner ICAB Enrollment # 770 DVC: 2208300770AS914626					
Dated: 30 August 2022 Dhaka, Bangladesh					

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended 30 June 2022

*In thousand BDT*

Particulars	Notes	2021-22	2020-21
<b>INCOME</b>			
<b>Income from foreign currency financial assets</b>			
Interest income	32	28,371,001	25,447,300
Commission and discounts	33	527,251	315,175
<b>Total income from foreign currency financial assets</b>		<b>28,898,252</b>	<b>25,762,475</b>
<b>Income from local currency financial assets</b>			
Interest income	35	28,333,414	30,482,794
Commission and discounts	36	2,062,478	4,433,486
Sales to other parties by subsidiary		1,791,533	1,594,036
Other income		224,386	128,452
<b>Total income from local currency financial assets</b>		<b>32,411,811</b>	<b>36,638,768</b>
<b>Total income</b>		<b>61,310,063</b>	<b>62,401,243</b>
<b>EXPENSES</b>			
<b>Expenses on foreign currency financial liabilities</b>			
Interest expense	34	(771,845)	(657,185)
Commission and other expenses		(704,187)	(383,200)
<b>Total expenses on foreign currency financial liabilities</b>		<b>(1,476,032)</b>	<b>(1,040,385)</b>
<b>Expenses on local currency financial liabilities</b>			
Interest expense	38	(905,593)	(251,920)
Commission and other expenses	39	(7,242,076)	(8,568,893)
<b>Total expenses on local currency financial liabilities</b>		<b>(8,147,669)</b>	<b>(8,820,813)</b>
<b>Other expenses</b>			
General and administrative expenses	41	(20,880,578)	(19,491,078)
<b>Total other expenses</b>		<b>(20,880,578)</b>	<b>(19,491,078)</b>
<b>Total expenses</b>		<b>(30,504,279)</b>	<b>(29,352,276)</b>
Foreign currency revaluation gain/(loss) - unrealised		238,816,162	10,928,043
Foreign currency revaluation gain/(loss) - realised		24,175,303	15,128,924
<b>Profit before tax</b>		<b>293,797,249</b>	<b>59,105,934</b>
Current tax expense		(506,997)	(528,881)
Deferred tax income/(expense)		(20,098)	(334,984)
<b>Profit for the year</b>		<b>293,270,154</b>	<b>58,242,069</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Revaluation gain on Property, Plant and Equipment		1,053,734	-
Gold revaluation gain/(loss)		9,098,269	(256,385)
Silver revaluation gain/(loss)		(41,652)	113,932
Revaluation gain/(loss) on financial instruments	40	(81,373,627)	40,811,242
<b>Total other comprehensive income</b>		<b>(71,263,276)</b>	<b>40,668,789</b>
<b>Total comprehensive income for the year</b>		<b>222,006,878</b>	<b>98,910,858</b>

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Motizur Rahman Khan Chowdhury FCMA, CFA  
Director (A&BD)  
Accounts and Budgeting Department

Ahmed Jamal  
Deputy Governor

Abdur Rouf Talukder  
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Sabbir Ahmed FCA  
Partner  
ICAB Enrollment # 770  
DVC: 2208300770AS914626

Dated: 30 August 2022  
Dhaka, Bangladesh

ACNABIN  
Chartered Accountants

Abu Sayed Mohammad Nayeem FCA  
Partner  
ICAB Enrollment # 353  
DVC: 2208300353AS203344

**BANGLADESH BANK**  
**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended 30 June 2022

In thousand BDT

Particulars	Notes	2021-22	2020-21
<b>INCOME</b>			
<b>Income from foreign currency financial assets</b>			
Interest income	32	28,371,001	25,447,300
Commission and discounts	33	527,251	315,175
<b>Total income from foreign currency financial assets</b>		<b>28,898,252</b>	<b>25,762,475</b>
<b>Income from local currency financial assets</b>			
Interest income	35.01	27,239,756	29,385,371
Commission and discounts	36	2,062,478	4,433,486
Dividend income		600,000	600,000
Other income	37	199,062	115,118
<b>Total income from local currency financial assets</b>		<b>30,101,296</b>	<b>34,533,975</b>
<b>Total income</b>		<b>58,999,548</b>	<b>60,296,450</b>
<b>EXPENSES</b>			
<b>Expenses on foreign currency financial liabilities</b>			
Interest expense	34	(771,845)	(657,185)
Commission and other expenses		(704,187)	(383,200)
<b>Total expenses on foreign currency financial liabilities</b>		<b>(1,476,032)</b>	<b>(1,040,385)</b>
<b>Expenses on local currency financial liabilities</b>			
Interest expense	38	(905,593)	(251,920)
Commission and other expenses	39	(7,242,076)	(8,568,893)
<b>Total expenses on local currency financial liabilities</b>		<b>(8,147,669)</b>	<b>(8,820,813)</b>
<b>Other expenses</b>			
Note printing expenses		(3,842,541)	(3,401,455)
General and administrative expenses	41.01	(16,054,704)	(15,318,579)
<b>Total other expenses</b>		<b>(19,897,245)</b>	<b>(18,720,034)</b>
<b>Total expenses</b>		<b>(29,520,946)</b>	<b>(28,581,232)</b>
Foreign currency revaluation gain/(loss) - unrealised		238,816,162	10,928,043
Foreign currency revaluation gain/(loss) - realised		24,175,303	15,128,924
<b>Profit for the year</b>		<b>292,470,067</b>	<b>57,772,185</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Gold revaluation gain/(loss)		9,098,269	(256,385)
Silver revaluation gain/(loss)		(41,652)	113,932
Revaluation gain/(loss) on financial instruments	40	(81,373,627)	40,811,242
<b>Total other comprehensive income</b>		<b>(72,317,010)</b>	<b>40,668,789</b>
<b>Total comprehensive income for the year</b>		<b>220,153,057</b>	<b>98,440,974</b>

The accompanying notes from 1 to 49 form an integral part of these financial statements.

Md. Mofizur Rahman Khan Chowdhury FCMA, CFA  
Director (A&BD)  
Accounts and Budgeting Department

Ahmed Jamal  
Deputy Governor

Abdur Rouf Talukder  
Governor

These financial statements are to be read in conjunction with the Independent Auditors' Report, which is set out on page 1.

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

ACNABIN  
Chartered Accountants

Sabbir Ahmed FCA  
Partner  
ICAB Enrollment # 770  
DVC: 2208300770AS914626

Abu Sayed Mohammed Nayeem FCA  
Partner  
ICAB Enrollment # 353  
DVC: 2208300353AS203344

Dated: 30 August 2022  
Dhaka, Bangladesh

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2022

Particulars	Capital Gold and silver	Non-distributable						Distributable	Equity				
		Revaluation reserves	Foreign currency accounts	Financial instruments	Property, plant and equipment	Currency fluctuation reserve	Statutory funds	Non-statutory funds	Asset renewal and replacement fund	Other reserves	Interest reserve	General reserve	Retained earnings
<b>Balance as at 01 July 2020</b>	30,000	37,160,739	138,234,590	4,690,126	38,764,157	71,264,137	16,517,046	15,640,551	4,926,785	7,522,114	5,300,500	70,385,443	410,436,246
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(27,983)	(27,983)
Transfer to statutory fund	-	-	-	-	-	-	-	-	-	-	-	(1,500,000)	-
Transfer to Government	-	-	-	-	-	-	-	-	-	-	-	(250,000)	-
Dividend paid for 2019-2020	-	-	-	-	-	-	-	-	-	-	-	(55,461,405)	(55,461,405)
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-	-	3,774	3,774
Total comprehensive income for the year	(142,453)	-	-	40,811,242	-	-	-	-	-	-	-	58,242,069	98,910,858
Utilisation of funds	-	-	-	-	-	-	-	-	-	-	-	-	(100,143)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	(110,684)	(34,733)	-	-	-	-	-	-	34,733	(110,684)
Appropriation of profit to other funds	-	-	10,928,044	-	-	15,128,924	250,000	100,000	250,000	-	100,000	(26,756,968)	-
<b>Balance as at 30 June 2021</b>	30,000	37,018,346	149,162,634	45,390,674	38,729,424	86,393,061	18,267,046	15,640,408	4,926,785	7,522,114	5,400,500	44,919,663	453,400,653
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	-	(19,215)	(19,215)
Dividend paid for 2020-2021	-	-	-	-	-	-	-	-	-	-	-	(31,099,777)	(31,099,777)
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-	-	(639)	(639)
Total comprehensive income for the year	9,056,617	-	-	(81,373,627)	1,053,734	-	-	-	-	-	-	293,270,153	222,006,878
Utilisation of funds	-	-	-	-	-	-	-	-	-	-	-	-	(104,866)
Derecognition of reserve on account of sale and maturity of assets	-	-	-	(1,277,744)	(30,635)	-	-	-	-	-	-	-	(104,866)
Appropriation of profit to other funds	-	-	238,816,162	-	-	24,175,303	250,000	100,000	450,976	-	100,000	(263,882,440)	-
<b>Balance as at 30 June 2022</b>	30,000	46,074,964	387,978,796	(37,260,698)	39,752,523	110,568,363	18,517,046	15,635,542	5,377,761	7,522,114	5,500,500	43,208,378	642,905,288

**BANGLADESH BANK**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2022

Particulars	Non distributable						Distributable			Equity			
	Capital	Gold and silver	Foreign currency accounts	Financial instruments	Property, plant and equipment	Currency fluctuation reserve	Statutory funds	Non-statuatory funds	Asset renewal and replacement fund				
<b>Balance as at 01 July 2020</b>	<b>30,000</b>	<b>37,160,800</b>	<b>138,234,589</b>	<b>4,690,125</b>	<b>35,086,230</b>	<b>71,264,137</b>	<b>16,517,046</b>	<b>15,640,551</b>	<b>4,926,785</b>	<b>7,522,114</b>	<b>4,250,500</b>	<b>56,989,387</b>	<b>392,312,264</b>
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	(27,983)	(27,983)	
Transfer to statutory fund	-	-	-	-	-	-	-	1,500,000	-	-	(1,500,000)	-	
Transfer to Government	-	-	-	-	-	-	-	(250,000)	-	-	(250,000)	-	
Dividend paid for 2019-2020	-	-	-	-	-	-	-	-	-	-	(55,461,405)	(55,461,405)	
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-	3,774	3,774	
Total comprehensive income for the year	(142,455)	-	40,811,242	-	-	-	-	-	-	-	57,772,185	98,440,974	
Reallocation	-	-	-	-	-	-	-	-	-	-	-	-	
Utilisation of funds	-	-	-	-	-	-	-	(100,143)	-	-	(100,143)	-	
Derecognition of reserve on account of sale and maturity of assets	-	-	(110,694)	-	-	15,128,924	250,000	100,000	250,000	-	-	(110,694)	
Appropriation of profit to other funds	-	10,928,044	-	-	-	-	-	-	-	-	(26,656,968)	-	
<b>Balance as at 30 June 2021</b>	<b>30,000</b>	<b>37,018,347</b>	<b>149,162,633</b>	<b>45,390,673</b>	<b>35,086,230</b>	<b>86,353,061</b>	<b>18,267,046</b>	<b>15,640,408</b>	<b>4,926,785</b>	<b>7,522,114</b>	<b>4,250,500</b>	<b>31,118,390</b>	<b>434,806,788</b>
Adjustment against due from government	-	-	-	-	-	-	-	-	-	-	(19,215)	(19,215)	
Dividend paid for 2020-2021	-	-	-	-	-	-	-	-	-	-	(31,099,777)	(31,099,777)	
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-	(639)	(639)	
Total comprehensive income for the year	9,056,617	-	(81,373,627)	-	-	-	-	-	-	-	292,470,067	220,153,057	
Utilisation of funds	-	-	-	-	-	-	-	(104,866)	-	-	(104,866)	-	
Derecognition of reserve on account of sale and maturity of assets	-	-	(1,277,744)	-	-	-	-	-	-	-	-	(1,277,744)	
Appropriation of profit to other funds	-	238,816,162	-	-	24,175,303	250,000	100,000	450,976	-	-	(263,792,441)	-	
<b>Balance as at 30 June 2022</b>	<b>30,000</b>	<b>46,074,964</b>	<b>387,978,795</b>	<b>(37,260,698)</b>	<b>35,086,230</b>	<b>110,568,363</b>	<b>18,517,046</b>	<b>15,635,542</b>	<b>5,377,761</b>	<b>7,522,114</b>	<b>4,250,500</b>	<b>28,676,987</b>	<b>622,457,604</b>

**BANGLADESH BANK**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2022

<i>In thousand BDT</i>		
	2021-22	2020-21
<b>Cash flows from operating activities</b>		
Profit for the year	293,270,154	58,242,069
<b>Adjustments</b>		
Depreciation	1,280,884	1,363,034
Loan loss provision	(958,255)	(1,210,708)
Foreign currency revaluation gain - unrealised	(238,816,162)	(10,928,043)
Investment income from short term deposit, foreign bills and bonds	(21,757,111)	(19,956,499)
Investment income from local treasury bills and bonds	(19,948,078)	(21,624,510)
Interest from claims from gold transactions	(25,737)	(9,321)
	<u>13,045,695</u>	<u>5,876,022</u>
Tax paid during the year	(527,095)	(528,881)
Payment from WPPF	(101,776)	(94,775)
Provision to WPPF	101,431	101,776
(Increase) / decrease in foreign currency loans to banks	(179,986,117)	(124,398,472)
(Increase) / decrease in other receivable on foreign currency loans	(814,430)	4,197,386
(increase) / decrease in loans to government	(243,899,731)	76,892,300
(increase)/ decrease in local currency loans to banks, financial institutions and employees	26,994,694	(135,988,460)
increase/(decrease) in interest payable on SDR allocation	204,479	(1,476)
(increase)/decrease in other local currency financial assets	(1,374,093)	5,773,817
(increase)/decrease in other non-financial assets	787,001	82,599
increase/(decrease) in notes in circulation	291,983,296	187,722,450
increase/(decrease) in other local currency financial liabilities	(114,145,755)	105,078,625
	<u>(220,778,097)</u>	<u>118,836,890</u>
<b>Net cash from operating activities</b>	<u>(207,732,402)</u>	<u>124,712,912</u>
<b>Cash flows from investing activities</b>		
Settlement with liabilities with IMF	(60,497,895)	2,973,262
Investment income from short term deposit, us treasury notes, foreign bills and bonds	22,006,905	19,956,499
Net investment in foreign bills, us treasury notes and bonds	(404,579,566)	(341,854,422)
Net investment in foreign short term deposits	719,251,277	170,470,480
Investment income from local treasury bills and bonds	19,948,078	21,624,510
Net investment in local treasury bills and bonds	(236,631,231)	48,805,437
Other local Investment	779,334	147,294
Interest from claims from gold transactions	25,737	9,321
Gain on asset sale or derecognition	1,255	664,964
Addition of fixed assets and intangible assets	(496,530)	(988,175)
<b>Net cash used in investing activities</b>	<u>59,807,364</u>	<u>(78,190,831)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to the government of Bangladesh	(31,099,777)	(55,461,405)
<b>Net cash (used in)/from financing activities</b>	<u>(31,099,777)</u>	<u>(55,461,405)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(179,024,815)</u>	<u>(8,939,324)</u>
Opening balance of cash and cash equivalents	439,958,865	448,898,190
<b>Cash and cash equivalents as at 30 June</b>	<u>260,934,051</u>	<u>439,958,865</u>
<b>Cash and cash equivalents includes</b>		
Foreign currency accounts	78,519,805	49,481,759
Foreign investments with short-term maturity	1,346,349,825	1,847,570,123
Taka coin and cash balances	4,074,800	5,082,015
Securities purchased under agreement to resell	2,180,000	-
Foreign currency deposits from banks and financial institutions	(260,928,491)	(250,956,566)
Deposits from banks and financial institutions	(909,261,888)	(1,211,218,466)
<b>Cash and cash equivalents as at 30 June</b>	<u>260,934,051</u>	<u>439,958,865</u>

Particulars	2021-22	2020-21
<i>In thousand BDT</i>		
<b>Cash flows from operating activities</b>		
Profit for the year	292,470,067	57,772,185
<b>Adjustments</b>		
Depreciation	1,220,035	982,035
Loan loss provision	(958,255)	(1,210,708)
Foreign currency revaluation gain - unrealised	(238,816,162)	(10,928,043)
Investment income from short term deposit, foreign bills and bonds	(21,757,111)	(19,956,499)
Investment income from local treasury bills and bonds	(19,948,078)	(21,624,510)
Interest from claims from gold transactions	(25,737)	(9,321)
Dividend income	(600,000)	(600,000)
	<b>11,584,759</b>	<b>4,425,139</b>
(Increase) / decrease in foreign currency loans to banks	(179,986,117)	(124,398,472)
(Increase) / decrease in other receivable on foreign currency loans	(814,430)	4,197,386
(increase) / decrease in loans to government	(243,899,731)	76,892,300
(increase)/ decrease in local currency loans to banks	26,854,687	(136,319,345)
increase/(decrease) in interest payable on SDR allocation	204,479	(1,476)
(increase)/decrease in other local currency financial assets	(245,376)	5,406,520
(increase)/decrease in other non-financial assets	314,372	581,103
increase/(decrease) in notes in circulation	291,983,296	187,722,450
increase/(decrease) in other local currency financial liabilities	(113,609,663)	105,434,449
	<b>(219,198,483)</b>	<b>119,514,915</b>
	<b>(207,613,724)</b>	<b>123,940,054</b>
<b>Net cash from operating activities</b>		
<b>Cash flows from investing activities</b>		
Settlement with liabilities with IMF	(60,497,895)	2,973,262
Investment income from short term deposit, us treasury notes, foreign bills and bonds	22,006,905	19,956,499
Net investment in foreign bills, US treasury notes and bonds	(404,579,566)	(341,854,422)
Net investment in foreign short term deposits	719,251,277	170,470,480
Net investment in local treasury bills and bonds	(236,631,231)	48,805,437
Investment income from local treasury bills and bonds	19,948,078	21,624,510
Addition of fixed assets and intangible assets	(390,403)	(901,089)
Gain on asset sale or derecognition	1,255	664,964
Income from claims from gold transactions	25,737	9,321
Dividend received	600,000	600,000
	<b>59,734,157</b>	<b>(77,651,039)</b>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Dividend paid to the government of Bangladesh	(31,099,777)	(55,461,405)
	<b>(31,099,777)</b>	<b>(55,461,405)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Opening balance of cash and cash equivalents	(178,979,344)	(9,172,389)
	<b>439,503,519</b>	<b>448,675,909</b>
<b>Cash and cash equivalents as at 30 June</b>		
	<b>260,524,175</b>	<b>439,503,519</b>
<b>Cash and cash equivalents includes</b>		
Foreign currency accounts	78,519,805	49,481,759
Foreign investments with short-term maturity	1,346,349,825	1,847,570,123
Taka coin and cash balances	3,664,924	4,626,669
Securities purchased under agreement to resell	2,180,000	-
Foreign currency deposits from banks and financial institutions	(260,928,491)	(250,956,566)
Deposits from banks and financial institutions	(909,261,888)	(1,211,218,466)
	<b>260,524,175</b>	<b>439,503,519</b>

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

**1 Reporting entity**

Bangladesh Bank ("the Bank"), a statutory body, is the central bank and apex regulatory body for the monetary and financial system of Bangladesh and established on the 16th day of December, 1971 under the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972). The Bank is domiciled in Bangladesh and the head office of the Bank is situated at Motijheel C/A, Dhaka-1000.

The Bank has 10 (ten) branch offices situated at the following locations:

Location	Address
Motijheel Office	Motijheel C/A, Dhaka-1000
Chattogram Office	Notun/617, Shahid Sohrawardi Road, Chattogram
Rajshahi Office	Natore Road, Majhi Hata, Boalia, Rajshahi-6000
Bogura Office	Holding - 1683, Thonthonia, Bogura-5800
Rangpur Office	Bangladesh Bank Rangpur Office, Rangpur-5400
Khulna Office	1, Ratan Sen Road, Khulna-9100
Barishal Office	Deen Bondhu Sen Road, Barishal-8200
Sylhet Office	VIP Road, Taltola, Sylhet-3100
Sadarghat Office	Bahadurshah Road, Sadarghat, Dhaka-1000
Mymensingh Office	29, Durgabari Road, Mymensingh-2200

The Bank has exclusive agency arrangement with Sonali Bank Limited for carrying out certain specific treasury related functions across the country. As of 30 June 2022, 731 branches of Sonali Bank Limited, state owned commercial bank, were engaged in daily treasury functions under the referred agency arrangement with the Bank.

As per the Article 7A of the Bangladesh Bank Order, 1972, the main functions of the Bank shall be:

- to formulate and implement monetary policy;
- to formulate and implement intervention policies in the foreign exchange market;
- to give advice to the Government on the interaction of monetary policy with fiscal and exchange rate policy, on the impact of various policy measures on the economy and to propose legislative measures it considers necessary or appropriate to attain these.
- to hold and manage the official foreign reserves of Bangladesh;
- to promote, regulate and ensure a secure and efficient payment system including the issue of bank notes; and
- to regulate and supervise banking companies and financial institutions.

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

The Bank also acts as the Banker to the Government as per Article 16(18) of the Bangladesh Bank Order, 1972.

The entire capital of the Bank had been allotted to the Government of Bangladesh as per Article 4(2) of the Bangladesh Bank Order, 1972.

The Bank has a fully owned subsidiary company named The Security Printing Corporation (Bangladesh) Ltd. ("SPCBL" or "the subsidiary") which was formed on 22 April 1992 for the purpose of printing and supplying of currency notes. The Bank and its subsidiary are collectively referred to as "the Group". Refer to note 3.01 and 13.01.

## **2 Basis of preparation of the financial statements**

### **2.01 Statement of compliance**

"In preparing the financial statements, the Bank's ability to continue as a going concern is subject to the article no. 76 of Bangladesh Bank Order, 1972 (President's order No. 127 of 1972) - the bank shall not be placed in liquidation save by order of the Government and in such manner and on such terms and conditions as it may direct." Subject to the mentioned article no. of Bangladesh Bank Order, 1972, the Group prepares its financial statement as going concern basis.

The consolidated and separate financial statements of the Group and the Bank respectively have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The compliance status of these IASs and IFRSs are as follows:

	Compliance status
IAS 1: Presentation of Financial Statements	Complied
IAS 2: Inventories	Complied
IAS 7: Statement of Cash Flows	Complied
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS 10: Events after the Reporting Period	Complied
IAS 12: Income Taxes	Complied
IAS 16: Property, Plant and Equipment	Complied
IAS 19: Employee Benefits	Complied
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23: Borrowing Costs	Complied

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	Compliance status
IAS 24: Related Party Disclosures	Complied
IAS 26: Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS 27: Separate Financial Statements	Complied
IAS 28: Investment in Associates and Joint Ventures	Not applicable
IAS 32: Financial Instruments: Presentation	Complied
IAS 33: Earnings Per Share	Not applicable
IAS 34: Interim Financial Reporting	Not applicable
IAS 36: Impairment of Assets	Complied
IAS 37: Provisions, Contingent Liabilities and Contingent assets	Complied
IAS 38: Intangible Assets	Complied
IAS 40: Investment Property	Not applicable
IAS 41: Agriculture	Not applicable
IFRS 1: First time Adoption of International Financial Reporting Standards	Not applicable
IFRS 2: Share based Payment	Not applicable
IFRS 3: Business Combinations	Not applicable
IFRS 4: Insurance Contracts	Not applicable
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not applicable
IFRS 6: Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS 7: Financial Instruments: Disclosures	Complied
IFRS 8: Operating Segments	Not applicable
IFRS 9: Financial Instruments	Complied
IFRS 10: Consolidated Financial Statements	Complied
IFRS 11: Joint Arrangements	Not applicable
IFRS 12: Disclosure of Interests in Other Entities	Complied
IFRS 13: Fair Value Measurement	Complied
IFRS 14: Regulatory Deferrals Accounts	Not applicable
IFRS 15: Revenue from Contract with Customers	Complied
IFRS 16: Leases	Complied

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

## **2.02 Basis of measurement**

The financial statements are prepared on a historical cost basis except for the following material items in the consolidated and separate statements of financial position ("the statement of financial position"):

<b>Basis of measurement</b>	<b>Material items</b>
Amortised cost	Foreign and local currency loans to Banks and Financial Institutions; Bangladesh Government Treasury bills; US Dollar Treasury bills, foreign bonds.
Fair value through OCI	Bangladesh Government Treasury bonds; US Treasury Notes and Swift share.
	Gold and silver; Claims from gold transactions.
Present Value (PV)	Liability for the defined benefit obligation

## **2.03 Functional and presentation currency**

The financial statements are presented in Bangladeshi Taka (Taka/Tk/BDT), which is the Group's functional and presentation currency. Except as indicated, financial information presented in Bangladeshi Taka has been rounded off to the nearest thousand.

## **2.04 Relationship between Issue Department and Banking Department**

Under the Bangladesh Bank Order, 1972, issue of banknotes shall be conducted by the Bank in an Issue Department, which shall be separated and kept wholly distinct from the Banking Department. Accordingly, the Issue Department is solely concerned with notes issued and the assets backing the issue. The Banking Department comprises all other activities of the Bank. The separation into departments is made within the Bank and reports on both the Banking and Issue Departments (together referred as "statement of affairs") are made internally and submitted to the Government throughout the year at weekly interval. The annual financial statements are prepared on a combined basis to include all the assets and liabilities of the Bank. The assets backing the note issued as at the year end are disclosed in note 21.

## **2.05 Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses that are not readily available.

The estimates and underlying assumptions are based on past experience and various other

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities, income and expenses that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Rewisions to accounting estimates are recognized prospectively in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that has the most significant effect on the amount recognized in the financial statements are as follows:

- Fair value of financial instruments without active quoted market.
- Impairment assessment of financial assets.
- Business model consideration for financial instruments under IFRS 9.
- Effective interest rate calculation.
- Economic lives of PP&E and intangible assets for calculation of depreciation and amortisation.
- Revaluation of property, plant and equipment.
- Calculation of post retirement defined benefit plan obligations for employee.

#### **2.06 Comparative information**

In presentation of the financial statements, comparative information in respect of the previous year have been given in accordance with IAS-1 and IAS-8. The narrative and descriptive information has been given in notes to the financial statements, where relevant, for the understanding of the current year's financial statements.

#### **2.07 Restatement / Reclassification**

IAS 8 - accounting policies, changes in accounting estimates and errors require an entity to correct material prior period errors/estimates properly for the prior period presented when required. While preparing the consolidated financial statements for the year ended 30 June, 2022, cash flow statements were reclassified in the case of 'foreign currency revaluation gain - unrealised' and "interest from claims from gold transactions"

#### **2.08 Standards, interpretations of and amendments to the IFRSs that are effective in 2021-2022**

During the year some new and amended standards and interpretations became effective, but

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

are considered not to have any significant effect on any of the amounts reported in the financial statements.

**2.09 Standards, interpretations of and amendments to the IFRSs that effective from subsequent period**

The following new standards and amendments to standards are effective for the annual reporting periods beginning on or after 1 July 2022 and earlier application is permitted, but the Bank has not early adopted.

- COVID-19-related rent concessions beyond 30 June 2021 (amendment to IFRS 16).
- Onerous contracts – cost of fulfilling a contract (amendments to IAS 37).
- Annual improvements to IFRS standards 2018–2020.
- Property, plant and equipment: proceeds before intended use (amendments to IAS 16).
- Reference to conceptual framework (amendments to IFRS 3).
- Classification of liabilities as current or non-current (amendments to IAS 1).
- Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2).
- Definition of accounting estimates (amendments to IAS 8).
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

Based on initial assessment management has concluded that none of these new and amended standards are expected to have a significant impact on the Bank's financial statements.

**3 Significant accounting policies**

Accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group entities.

**3.01 Basis of consolidation**

The consolidated financial statements have been prepared in accordance with international financial reporting standard (IFRS):10 consolidated financial statements.

**Subsidiary**

The security printing corporation (Bangladesh) Ltd. (SPCBL) is the subsidiary of the bank. The bank holds 11,998,994 shares in SPCBL. For compliance with the requirements of the minimum number of seven shareholders of a public limited company as per the Companies

**BANGLADESH BANK  
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Act-1994, 1000 shares were allotted to the governor of Bangladesh bank and deputy governor of Bangladesh bank, managing director of the SPCBL, secretary of financial institution division of ministry of finance, additional secretary of ministry of home affairs, joint secretary of internal resources division and director general of Bangladesh postal department were allotted one share each. However, Bangladesh bank is the beneficial owner of all these shares. As per the definition "Equity in a subsidiary not attributable, directly or indirectly, to parent" of non-controlling interest (NCI) set out in appendix a of IFRS 10- consolidated financial statements, the bank does not need to recognize the NCI since the shareholders are directly or indirectly related to the bank. However, it can be mentioned that the non-controlling equity (if it would be considered by the bank) comes to BDT 3,244,769 only as of 30 June 2022. SPCBL is responsible for printing and supplying the bank with bank notes based on the requirements from time to time. It sells these notes to the bank at a specified mark-up agreed beforehand between the bank and SPCBL. SPCBL is also engaged in printing of security products for other parties besides the bank.

**Transactions eliminated on consolidation**

Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the subsidiary are eliminated to the extent of the group's interest in the subsidiary. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**3.02 Foreign currency transactions**

Foreign currency transactions are translated into Taka at the rates ruling on the dates of transactions in compliance with IAS 21 : The effects of changes in foreign exchange rates. Foreign currency denominated monetary assets and liabilities are translated to the functional currency at the exchange rate at the reporting date. Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Foreign currency gains and losses are reported in profit or loss on a net basis as either exchange gain or loss depending on whether foreign currency movements are in a net gain or net loss position. At the reporting date the exchange rates of Taka against major foreign currencies held by the group used in preparing the financial statements were as follows:

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<b>Foreign currency</b>	<b>Exchange rates (in BDT)</b>	
	<b>30-Jun-22</b>	<b>30-Jun-21</b>
US Dollar	93.4500	84.814
Australian Dollar	64.4899	63.5940
Canadian Dollar	72.5994	68.4320
EURO	97.9543	100.5477
Pound Sterling	113.7754	117.2732
CNY	13.9628	13.1138
JPY	0.6885	0.7634
SDR	124.0829	120.9796
SGD	67.2399	63.0545
SEK	9.1448	9.9173

### 3.03 Foreign exchange gain/loss

Realised foreign exchange gain/loss is calculated using average cost methodology. At the end of each month, the change in the average cost balance is calculated on a currency by currency basis by applying (a) where there is a net increase in the currency position, the increase to the average value is the average rate for the month multiplied by the currency amount of the increase and (b) where there is a net decrease in the currency position, the decrease to the average value is calculated by applying the opening average rate to the carrying amount of the decrease. The difference between the book value at the period end exchange rate and the average value by currency is determined. The balance is considered as realised revaluation reserve.

The difference between realised revaluation reserve account and the ledger balance is accounted as unrealised exchange gain/loss for the period and is recognised in the statement of profit or loss for the year. Subsequently the realised and unrealised gain/loss have been transferred to currency fluctuation reserve and foreign currency revaluation reserve respectively in the statement of financial position.

### 3.04 Accounting treatment of revaluation gain/loss

Revaluation gain/loss of foreign currencies, gold, silvers, financial instruments and property, plant and equipment (PP&E) arises from the changes in fair value of assets and currency exchange rates following the international financial reporting standards. In line with the objectives and functions of Bangladesh Bank of maintaining a competitive external par value of the Taka, intervening foreign exchange market and holding and managing the official foreign reserves, the revaluation gain/loss is transferred to the 'Reserve Account' under the coverage of Article 64 (read with Article 7 and 16) of the Bangladesh Bank Order, 1972 (President's order

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No. 127 of 1972). These 'Reserve Account' are maintained to provide for contingencies and risk of losses arising from change in fair value of assets, exchange rate volatility, unforeseen global economic shocks and other financial risks. Maintaining such reserve is a common practice by many other central banks.

**3.05 Financial assets and liabilities**

Financial assets comprise among others foreign currency accounts, foreign investments, assets held with International Monetary Fund (IMF), gold and silver, claims from gold transactions, foreign currency loans to banks, other foreign currency financial assets, taka coin and cash balances, securities purchased under agreement to resell, loans to Government of Bangladesh, local currency investments, local currency loans to banks, financial institutions and employees and other local currency financial assets.

Financial liabilities comprise deposits from banks and financial institutions in both local and foreign currencies, liabilities with IMF, notes in circulation, short term borrowing and other local currency financial liabilities.

**(a) Recognition and initial measurement**

Loans and advances are initially recognised in the statement of financial position on the date they are originated. Regular purchases or sales of financial assets are recognised or derecognised, as applicable, on the settlement date at which the assets are received or, as the case may be, delivered by the group. All other financial assets and liabilities are initially recognised when the group becomes a party to the contractual provision of the instruments. Financial assets and liabilities are initially measured at fair value.

**(b) Classification and subsequent measurement**

Classification of financial assets and liabilities for the purpose of measurement subsequent to initial recognition in accordance with IFRS 9 *financial instruments* is made in the following manner:

(1) Financial assets and liabilities carried at amortised cost :

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Foreign bonds, US dollar treasury bills, Bangladesh government treasury bills, equity

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investment in HBFC debentures and foreign and local currency loans to banks and financial Institutions are classified as amortised cost financial assets. Swift shares are measured at cost as there is no quoted market price for these shares.

Shares of The Security Printing Corporation (Bangladesh) Ltd. (SPCBL) are measured at cost in the separate financial statements of the Bank in accordance with IAS 27 separate financial statements.

Short term borrowing, notes in circulation, deposits from banks and financial institutions and liabilities with IMF are classified as financial liabilities carried at amortised cost.

**(2) Fair value through other comprehensive income :**

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

US treasury notes, gold and silver, claims from gold transactions, Bangladesh government treasury bonds, swift share and shares of ICB Islamic Bank Limited are classified as fair value through other comprehensive income.

If readily available market is not avialbale for swift share or other equity instruments, then the cost value will be considered as the fair value.

**(3) Financial assets and financial liabilities at fair value through profit or loss:**

A financial asset is measured at fair value through profit or loss -

- unless it is measured under above stated two classification.
- However an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

**(c) Amortised cost measurement principles**

Amortised cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, minus any reduction for impairment or irrecoverability.

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Effective interest method is a method of calculating the amortised costs of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating effective interest rate, the group estimates the cash flows considering all contractual terms of the financial instruments, and any revisions to these estimates are recognised in profit or loss. The calculation includes amounts paid or received that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums and discounts.

**(d) Fair value measurement principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(e) Gains and losses on subsequent measurement**

Gains and losses arising from a change in the fair value of the financial assets categorised as fair value through other comprehensive income (OCI) recognised in other comprehensive income. Gains and losses arising from a change in the fair value of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in the statement of profit or loss. Gains and losses on subsequent measurement of the financial assets categorised as amortised cost are recognised in the statement of profit or loss. The gains and losses on subsequent measurement are in line with the principle of IFRS 9 : financial instruments.

**(f) De-recognition**

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the group is recognised as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of profit or loss.

Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, claims from gold transactions and

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repurchase transactions. Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets categorised as amortised cost are de-recognised on its maturity and financial assets in the category of fair value through OCI and fair value through profit and loss are de-recognised when sold or on its maturity. The corresponding receivables arising from the sale of the asset are de-recognised when the asset is delivered to the buyer.

**(g) Identification and measurement of impairment**

Judgment is required when determining whether there is objective evidence that impairment exists and, if so, the appropriate amount of ECLs (expected credit loss) to recognise. The measurement of ECLs reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date regarding past events, current conditions and forecasts of future economic conditions. Financial assets are categorised into the following three stages depending on their assessed credit risk:

- Stage 1      Financial assets are categorised as Stage 1 when first recognised. The bank records an allowance for 12-month ECLs in profit or loss, and interest revenue is calculated on the gross carrying amount of the asset.
- Stage 2      Financial assets are categorised as Stage 2 when they have experienced a significant increase in credit risk since initial recognition. The bank records an allowance for lifetime ECLs, and interest revenue is calculated on the gross carrying amount of the asset.
- Stage 3      Financial assets are categorised as Stage 3 when they are considered credit-impaired. The bank records an allowance for lifetime ECLs, and interest revenue is calculated based on the net carrying amount of the asset (gross carrying amount less the loss allowance), rather than on its gross carrying amount.

ECLs are estimated as the difference between all contractual cash flows that are due to the bank in accordance with the contract and all the cash flows that the bank expects to receive, discounted at the original effective interest rate.

Being central bank, the bank always manages the financial assets in a prudent way with high-quality counterpart. Thus in assessing ECLs on these instruments, the bank has applied the minimal risk practical expedient available under IFRS 9 due to their high credit quality. The bank continuously monitors relevant economic and financial developments. The bank continuously reviews the risk associated with these financial instruments, and if required the methodology and model may be developed to estimate ECLs.

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All the bank's financial assets subject to impairment assessments are stage 1 and are considered to have low credit risk. There were no transfers of financial instruments between stages during the reporting period. The bank did not record any ECLs on its financial instruments as at 30 June 2022, because the amount was deemed not to be material. It is to be mentioned that impairments of some assets were made and disclosed in the relevant notes. By its nature, the ECL estimates are subject to measurement uncertainty. The bank will continue to review its judgments and assumptions to assess whether the ECL estimate has changed.

**(h) Off-setting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when and only when the group has a legal right to set off the amounts and it intends to settle on a net basis.

Income and expenses are presented on a net basis only when permitted under IFRS or for gains and losses arising from a group of similar transactions such as in the group's trading activities.

**3.06 Foreign currency accounts**

Foreign currency accounts comprise balances held in the current accounts maintained with different central banks and foreign commercial banks in the designated foreign currency. These are measured at each reporting date by translating to the functional currency at the exchange rates prevailing on that date. Gains and losses arising upon translation are recognised in the statement of profit or loss and are subsequently transferred from retained earnings to revaluation reserve - foreign currency accounts and currency fluctuation reserve (refer to note 3.04 explaining the rationale of the accounting policy on foreign exchange gain/loss).

**3.07 Foreign investments**

Foreign investments comprise short term interest bearing deposits (held with overseas commercial banks for periods less than 1(one) year in designated foreign currencies), overnight investment, foreign currency treasury bills purchased at a discount and interest bearing foreign bonds and treasury notes. The carrying amount of these investments in foreign currency at each reporting date is translated to the functional currency at the exchange rate on that date. Gains and losses arising upon translation are recognised in the statement of profit or loss and are subsequently transferred to revaluation reserve-foreign currency accounts.

**3.08 Foreign currency loans to bank**

Foreign currency loans to banks are generated out of the pool of foreign currency funds like export development fund (EDF), Long term financing facility (LTFF) under FSSP and green transformation fund (GTF). Major portion of the foreign currency loans disbursed to banks are

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attributed to EDF. Current size of EDF is USD 7.00 billion and interest rate currently charged by Bangladesh Bank is 1.00% p.a. The exchange rate risk and credit risk due to potential default by the end user lies with the concerned bank.

**3.09 Other foreign currency financial assets**

Other foreign currency financial assets comprise swift shares, interest receivable and other receivable. If readily available market is not avialbale for swift share, then the cost value will be considered as the fair value.

**3.10 Taka coin and cash balances**

Taka coin and cash balances represents the face value of one, two and five taka coins and notes held by the bank through purchase from the government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.

**3.11 Statement of Cash Flows**

The cash flow statement has been prepared by using the "Indirect Method" in accordance with the IAS 7- statement of cash flow. For the purposes of the statement of cash flow, cash and cash equivalents include foreign currency accounts and investments (those with short-term maturity, local currency coins that are realisable in known amounts of cash within short-term (normally less than three months) from the date of original investments and which are subject to insignificant changes in value. Balances in the local and foreign currency deposit accounts with banks and financial institutions are deducted from cash and cash equivalent calculation.

**3.12 Loans to the Government of Bangladesh**

Loans to the government of Bangladesh (the government) consist of "Ways and Means" advances, as well as credit facilities in the form of overdraft -current and government treasury bills and bonds.

***Ways and Means Advance (WMA)***

When total payments to the government exceed total deposits from the government, the excess of payment over receipt, with a limit not exceeding BDT 60,000 million (2021: BDT 60,000 million), is treated as WMA with interest being charged thereon at the reverse repo rate. WMA is realised only after full recovery of government overdraft-current account balance.

***Overdraft - current***

Government borrowing in excess of the BDT 60,000 million limit set for WMA are recognised as overdraft-current with a limit not exceeding BDT 60,000 million (2021: BDT 60,000 million). Interest is charged thereon at a rate one percent higher than the reverse repo rate. Any

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recovery or surplus realised by the bank from the government is first applied to the overdraft-current account balance. Any surplus remaining after full recovery of overdraft-current account balance is then adjusted against WMA.

***Treasury bills and bonds***

Government treasury bills and bonds are the securities which are purchased and held by the bank when commercial banks and financial institutions do not purchase those from the government. These are measured at fair value at each statement of financial position date.

**3.13 Local currency investments**

Group investment comprises investment in debenture of Bangladesh House Building Finance Corporation (BHBFC), shares of the ICB Islamic Bank Limited and short term deposit with local commercial banks . Investment in debentures are measured at amortized cost and shares are measured at fair value.

**3.14 Local currency loans to banks, financial institutions and employees**

These comprise loans to state-owned, private, specialised commercial and other scheduled banks and financial institutions in the form of refinances scheme, demand loan and loans to bank employees. Major refinances scheme with an aim to fight COVID-19 related impact are as follows:

- Refinance Scheme for CMSME working capital facility to deal COVID-19
- Refinance Scheme for low income people, farmer and marginal small business
- Refinance scheme working Capital loan/investment facility for large industry
- Refinance under pre-shipment credit scheme
- Refinance scheme for BDT 10/50/100 A/C holders
- Refinance to SME foundation
- Refinance scheme for technology development/up-gradation fund

The credit risk due to potential default by the end user of the loans is with the concerned bank disbursing the loan. These loans are reported net of allowances for loan impairment losses (if any).

**3.15 Gold and silver**

Physical gold and silver are stored at Motijheel branch of the bank and Bank of England. Such physical gold owned by the bank is an element of foreign reserves which is consistent with the global practice followed by most of the central banks around the world. Hence, these are considered as 'Monetary Gold'. Although, IFRS has generally considered gold as a commodity, IFRS does not distinguish between monetary and non-monetary gold. Monetary gold has many characteristics which are similar to a financial asset not like a commodity.

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However, IFRS has not provided any specific accounting for monetary gold. As a result management has followed the requirement specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" paragraphs 10-12, and concluded that the policies established for the accounting of financial instruments, can also be applied to gold as the Bank regards it as a monetary asset.

Accordingly, gold and silver has been initially recognized at cost, and after initial recognition measured at fair value with valuation gains and losses are recognised in OCI and reported under gold and silver revaluation reserves in the statement of changes in equity. This accounting policy adopted by the bank is also in line with Article 30 of the Bangladesh Bank Order, 1972.

In managing its investment portfolio, the bank lends part of its gold holdings to first-class foreign financial institutions. It receives interest in return. Gold lending transactions are effected on a secured basis. The gold price risk remains with the bank. Gold loans are entered in the statement of financial position under 'claims from gold transactions' and measured at market value.

### **3.16 Swap Agreement with the Central Bank of Sri Lanka**

A swap agreement between Bangladesh Bank and Monetary Board of the Central Bank of Sri Lanka (CBSL) had come into effect on 03 August 2021 for a period of one year. Under this swap agreement, the total amount of USD 200 million was given to CBSL in three installments in the month of August and September 2021 in an exchange of an equivalent amount of Sri Lankan Rupee (LKR). The outstanding amount under the Swap will be charged at an interest rate equal to 6 months US\$ LIBOR (or LIBOR equivalent benchmark in case of non availability of LIBOR) prevailing on the date of each drawal / rollover plus 200 basis points. As per agreement, the total amount of USD 200 million was given initially for a period of three months with the provision of rolling over twice in the same period. The amount was rolled over in November 2021 and December 2021 with due date on February and March 2022.

Later on, 31 May 2022, an addendum was made and entered into between Bangladesh Bank and Monetary Board of the CBSL. According to the addendum, the agreement shall be effective till 17 May 2023 and it permits the swap transaction to be renewed by mutual consent for a maximum of 5 times. CBSL has rolled over the amount accordingly.

### **3.17 Property, plant and equipment (PP&E)**

#### **(a) Recognition and measurement**

Items of PP&E are initially recognised at cost and subsequently carried at revalued amounts, being fair values at the date of the revaluation, less subsequent accumulated depreciation and impairment losses if any.

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Land and buildings, appearing as items of PP&E, are used for its operating, administrative and staff's residence purposes.

**(b) Revaluation**

If an asset's carrying amount is increased as a result of a revaluation, the increased amount is recognised in other comprehensive income (OCI) and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decreased amount is recognised in profit or loss. However, the decrease is recognised in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decreased amount which is recognised in OCI reduces the amount accumulated in equity under the heading of revaluation reserve.

The bank revalued its land as at 30 June 2014 and subsequently other items of PP&E were revalued as at 31 January 2018 by an independent valuer, S.F. Ahmed and Co. It is to be mentioned that the valuation process of Land has been completed and after having the final report from the valuer, the bank's financial statements may show the reflection in next fiscal year. Significant methods and assumptions for revaluation of items of property, plant and equipment were as follows:

- (i) Land was revalued on a reasonable approximation basis. The valuer applied their knowledge of recorded land sales in the respective areas to land measurement established at last valuation;
- (ii) Buildings, furniture and fixtures, mechanical equipment, motor vehicles, computer and networking, artefacts and currency museum, intangible assets, electrical installation and gas installation were revalued using a combination of approaches which include depreciated replacement cost for building and civil construction and market considerations for other assets.
- (iii) The bank revalued its non-financial assets as per the policy set by the bank management. For further reference see note 3.16.

The subsidiary's property, plant and equipment were revalued as at 1 January 2022 by S.F. Ahmed and Co., chartered accountants. The revalued property, plant and equipment reflecting the fair values of the assets are incorporated in the consolidated financial statements.

**(c) Subsequent costs**

Cost of replacing a part of PP&E is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

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The costs of the day-to-day servicing of PP&E are recognised in the statement of profit or loss as incurred.

**(d) Capital work in progress**

Capital work in progress is recognised when it is incurred and depreciated after being recognised as capital asset when it is ready for use.

**(e) Depreciation**

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to allocate the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the cost of another asset. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

<b>Class of Property, plant and equipment (PP&amp;E)</b>	<b>Bank</b>	<b>SPCBL</b>
Building and other construction	5%	2% - 20%
Mechanical and office equipment	10%	2.5% - 10%
Computer and networking	20%	-
Fixture and fittings	10%	10%
Motor vehicles	20%	20%
Electrical installation	20%	-
Gas installation	20%	-
Low value assets	100%	-
Security equipment	20%	-
Currency museum and artefacts	5%	-

**(f) Borrowing cost capitalisation**

The Bank capitalises borrowing costs in accordance with the provision of IAS 23: *Borrowing costs* as part of the cost of assets that are directly attributable to the acquisition, construction, or production of a qualifying asset if following conditions are met:

- It is probable that they will result in future economic benefits to the entity;

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- The costs can be measured reliably.

If borrowing costs do not meet both the criteria, they are recognised as expenses. For the purpose of capitalisation, a qualifying assets is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

**(g) Impairment**

The carrying value of the bank's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of that asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the profit and loss account. For the assets that have indefinite useful life, the recoverable amount is estimated at each balance sheet date. The recoverable amount of asset is the greater of net selling price and value in use. The estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

**(h) Leases**

At inception of a contract, the bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the bank uses the definition of a lease as in IFRS 16: leases. This policy is applied to contracts entered into (or changed) on or after 1 January 2019. The bank recognises a right-of-use leased asset and lease liability at the lease commencement date.

The bank recognises right-of-use assets and lease liabilities for the leases – i.e. these leases are on-balance sheet. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position. Lease liabilities are measured at the present

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value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Right-of-use assets are measured at the amount of the lease liability on adoption. Leases are recognised at the commencement of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method.

The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term. The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicated in the lease or if that rate cannot be determined, the bank's incremental borrowing rate.

The bank presents right-of-use assets in "Property Plant and Equipment" (Note 16) and lease liabilities in "Other Local Currency Financial Liabilities" (Note 23.01) in the statement of financial position.

### **3.18 Intangible assets and their amortisation**

Software acquired by the group is measured at cost less accumulated amortisation and accumulated impairment losses if any.

Expenditure on internally developed software is recognised as an asset when the group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised on a straight line basis in profit or loss over its estimated useful life, from the date that it is available for use.

The estimated useful life of software for the current and comparative period is five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **3.19 Securities borrowing, lending business and repurchase transactions**

In course of its financial market operations, the bank engages in repurchase agreements involving government treasury bills and bonds (which is used as a collateral for repurchase transactions). When the bank sells a financial asset and simultaneously enters into an

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As at and for the year ended 30 June 2022

agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the financial statements. Similarly, when commercial banks sell a financial asset to the bank and simultaneously enter into an agreement to repurchase the asset at a fixed price on a future date, the agreement is accounted for as a loan, and the underlying asset is not recognised in the financial statements.

### **3.20 Employee benefits**

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by an employee. Employee benefits are recognised as:

- (a) a liability (accrued expense) when an employee has provided service in exchange for employee benefits to be paid in the future; and
- (b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

### **3.21 Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus, medical allowances or any others are charged as expenses in the statement of profit or loss.

### **3.22 Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. The group operates a number of post-employment benefit plans and recognises expenses for these plans in the statement of profit or loss.

#### **(a) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

##### **(i) Contributory Provident Fund (CPF)**

Bank and employees contribute to the fund, which invests in various securities. The bank commits a return of 13% on the balance of the contributed amount. In the event that the return from securities is lower than the committed return of 13%, the shortfall, if any, would be paid by the bank and is recognised in the statement of profit or loss. Bank's obligations for contributions

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to the above fund are recognised as an expense in the statement of profit or loss as incurred.

**(b) Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(i) General Provident Fund (GPF)

Employees contribute at various rates (within 5-25%) of their basic salaries to the fund. No contributions are made by the bank for the above fund. The provident fund invests in various securities and the bank has committed a return of 13% at the beginning balance of the financial year 2021-22 upto BDT 1.5 million, 12% return over the balance BDT 1.5 million to BDT 3.00 million and 11% return for the beginning balance over BDT 3.00 million (2021: flat 13%). Any shortfall in the return from investments is funded by the bank by charging in its statement of profit or loss.

(ii) Pension scheme

Employees are entitled to pension amounting to maximum of 90% (2021: 90%) of their last basic salary. 50% of the pension amount is paid as a lump sum computed at the rate of BDT 230 (2021: BDT 230) per BDT 1 surrendered from the pension. Employees will receive their pension monthly over the remaining lifetime against remaining 50% of the pension amount.

All employees irrespective of joining date are entitled to medical allowance in cash (BDT 1,500 per month up to age 65 years and BDT 2,500 after 65 years) even after retirement as prescribed by the government.

The bank actuarially valued its pension liabilities as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognised in other comprehensive income.

(iii) Gratuity scheme

The bank actuarially valued its gratuity scheme and measured its liability for defined benefit obligation as at 30 June 2016. The calculation was performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses arising from the change in defined benefit obligation are recognised in the statement of profit or loss and other comprehensive income.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of profit or loss when the plan amendment or curtailment occurs.

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NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

(iv) Leave encashment

Those employees who have unutilised leave up to one year or more at the time of retirement age of 59 are allowed to leave with salary for one year. The remaining unutilised leave is encashed (maximum eighteenth months). Employees are not allowed to encash their unutilised leave until reaching retirement age.

**3.23 Other long-term employee benefits**

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related service. All employees after retirement are entitled a maximum of BDT 1,000 per year in the form of medicine.

**3.24 Provisions**

Provisions are recognised in respect of restructuring, redundancy and legal claims arising from past events where it is probable that an outflow of resources will be required to settle the obligations and the amount can be reliably estimated.

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations a reliable estimate can be made of the amount of the obligation.

A legal obligation is an obligation that derives from a contract, legislation or other operation of law. A constructive obligation is an obligation that derives from an entity's actions such as by an established pattern of past practice, published policies etc. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and any changes in the estimates are applied prospectively.

**3.25 Notes in circulation**

Bank notes issued by the bank as legal tender under the Bangladesh Bank Order 1972 represents a claim on the bank in favour of the holder. The liability for bank notes in circulation is recorded at face value in the financial statements and as per the requirements of Article 30(1) of the Bangladesh Bank Order,1972 specified assets of the bank are held as backing of those issued notes.

The cost of printing of notes is charged to the profit and loss account as and when incurred.

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

Any fresh banknotes not yet issued and lying with the group are not reflected in note # 21 to the financial statements.

**3.26 Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the group will comply with the conditions attached to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to the statement of profit or loss over the useful lives of the related assets.

**3.27 Interest income and expenses**

Interest income and expenses are recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Interest income and expenses include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

**3.28 Commission and discounts**

Commission income arises on instruments issued by the group, long outstanding entries of the sundry accounts, sale proceeds of sundry items, car and bus fares realised from the staff and other miscellaneous items.

**3.29 Dividend income**

Dividend income is recognised in the separate financial statements of the bank when the right to receipt of income is established.

**3.30 Revenue from sale of other security products by the Subsidiary**

Revenue from net sales of the group reported in the consolidated financial statements represents printing and supply of other security products (OSP), which are recognised after fulfilment of the criteria as mentioned in the five-step model following IFRS 15: revenue from contracts with customers. Revenue from OSP is recognised when the said products are delivered to relevant customers, as this is the point where the Group discharges its performance obligation.

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

**3.31 Income tax**

**(a) Bangladesh Bank**

The Bank is not subject to income taxes on any of its income, stamp duties, and customs duties on gold, silver, coins, currency notes, security papers and any other goods that may be specified by the government as per Article 73, 74 and 75 of Bangladesh Bank Order, 1972.

**(b) Subsidiary**

The Subsidiary is subject to income tax. Income tax on the profit or loss for the year comprises of current tax and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Present applicable income tax rate is 27.5 % ( 2021: 30.0%).

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiary to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

**3.32 Subsequent events**

Events after the reporting date that provide additional information about the group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period which are not adjusting events are disclosed in the notes when material in compliance with IAS 10 Events after the reporting period. Up to the date the financial statements were authorised for issue, no events have occurred which require to disclose in the financial statements.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>4 Foreign currency accounts</b>		
Represents the equivalent accumulated value of different foreign currency accounts held with other central banks and with foreign commercial banks located outside Bangladesh.		
<b>Balance held with</b>		
Other central banks	72,463,843	41,146,169
Foreign commercial banks	6,055,962	8,335,590
<b>Total</b>	<b>78,519,805</b>	<b>49,481,759</b>
<b>5 Foreign investments</b>		
Overnight investment	333,247,420	254,099,109
Short term deposits with overseas commercial banks	650,493,866	1,541,538,161
US Dollar treasury bills	93,246,868	84,805,822
Foreign bonds	1,046,239,303	952,738,490
US treasury notes	658,982,606	353,701,465
<b>Total</b>	<b>2,782,210,063</b>	<b>3,186,883,047</b>
<b>6 International Monetary Fund related assets and liabilities</b>		
<b>6.01 Assets held with International Monetary Fund</b>		
Quota	132,344,985	129,101,904
Quota(IMF) paid by Government*	(14,546,567)	(14,546,567)
SDR holding	258,631,660	83,891,027
Interest receivable on SDR holding	301,040	8,101
<b>Total</b>	<b>376,731,118</b>	<b>198,454,465</b>
*The amount represents 25% of increased quota amount (SDR 533.30 million) which was paid in foreign currency. The increased quota was effected in 2016.		
<b>6.02 Liabilities with International Monetary Fund</b>		
IMF securities	158,117,094	154,231,659
Advances to Government against RFI from IMF**	(41,268,430)	(41,268,430)
IMF-1 and IMF-2 account	1,714,988	1,683,480
SDR allocation	190,181,022	61,748,566
IMF extended credit facility (ECF)	28,359,993	43,135,113
Interest payable	209,639	5,160
<b>Total</b>	<b>337,314,306</b>	<b>219,535,548</b>

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

Bangladesh has been a member of the International Monetary Fund (IMF) since 1972. According to the Articles of agreement of IMF(Article V and Article XIII), the bank acts as both the fiscal agent and the depository for the IMF. As fiscal agent, Bangladesh Bank is authorised to carry out all operations and transactions with the IMF. As depository, Bangladesh Bank maintains the IMF's currency holdings and ensures that the assets and liabilities of IMF membership are properly reflected in its accounts and presented in its financial statements. Following the guidelines of IMF Financial Operations 2018, Bangladesh Bank presents the financial position with the IMF in the bank's financial statements on gross basis.

The quota of Bangladesh is its membership subscription. Quota is the amount of money that each IMF member country is required to contribute to the IMF. A member must pay its subscription in full upon joining the fund; up to 25 percent must be paid in SDRs or widely accepted currencies such as the US Dollar, the EURO, the YEN or the Pound Sterling, while the rest is paid in the member's own currency. The subscription is granted mainly by the issue of promissory notes in favour of the IMF and partly paid in reserve assets, partly by the government of Bangladesh and partly by deposits to the IMF account maintained with the bank.

Special drawing rights (SDR) are allocated by the IMF to members on the basis of members' quota at the time of the SDR allocation. Bangladesh Bank pays interest on its SDR allocations and earns interest on its holdings of SDR.

Bangladesh Bank updated the IMF's BDT account; IMF Account- 1 and 2, maintained with Bangladesh and other accounts namely IMF securities, SDR allocation, IMF extended credit facility etc. are translated to Taka at the exchange rate ruling at 30 June 2022.

\*\*On request of the government of Bangladesh for emergency financing due to COVID-19 pandemic, IMF approved a purchase of SDR 355.53 million (about US dollar 488 million or 33.33% of quota) under the rapid financing instrument (RFI) to address the urgent balance-of-payments and fiscal needs of Bangladesh. As depository, Bangladesh Bank received the fund on 02 June 2020 and deposited the same amount to a government account as per prior consent of IMF. However, ministry of finance has a promissory note against RFI financing in requirement of IMF and is recorded by Bangladesh Bank in the securities account, an account maintained on behalf of IMF as depository, against creating a contra account named " Advances to Government against RFI from IMF".

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	<b>30-Jun-22</b>	<b>30-Jun-21</b>
<b>7 Gold and silver</b>		
Gold	44,978,594	39,309,591
Silver	327,573	369,225
<b>Total</b>	<b>45,306,167</b>	<b>39,678,816</b>

The Bank has in total 451,168.61 troy ounces of gold and 168,728.15 troy ounces of silver under its holding. Out of the total holding, 188,927.51 troy ounces of gold is held at the Bank of England which is subjected to lending operation and 75,966.20 troy ounces of gold and 168,728.15 troy ounce of silver is stored at the own local vault of Bangladesh Bank.

<b>8 Claims from gold transactions</b>	<b>31,629,227</b>	<b>27,855,709</b>
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Out of the total Gold holdings mentioned in note 7, remaining 186,274.90 troy ounces is invested in SCB-London and HSBC-London which are presented as claims from gold transactions.

<b>9 Foreign currency loans to banks</b>		
Export development fund (EDF) dollar investment	653,658,800	497,340,748
Long term financing facility (LTFF) investment under FSSP	16,422,160	17,916,518
Green transformation fund	16,797,685	10,397,102
Deposit in Central Bank of Sri Lanka	18,761,840	-
Rupali Bank Karachi*	-	8,802
Less: Provision for loan losses (for Rupali Bank Karachi)	-	(8,802)
<b>Total</b>	<b>705,640,485</b>	<b>525,654,368</b>

\*This non-convertible account was created in 1979 to adjust some unadjusted export bills prior to our independence. The principal amount of this account cannot be remitted, transferred and converted. But the interest can be transferred after paying tax and complying the rules of the State Bank of Pakistan. The bank made provision to the full outstanding amount upto previous year. During this period, the management of the bank has decided to write-off the said asset considering the recoverability status. The correspondence for repatriability of the asset will be continued.

<b>10 Other foreign currency financial assets</b>		
SWIFT shares	80	80
Interest receivable	9,897,427	8,763,557
Other receivable*	5,224,144	5,224,144
<b>Total</b>	<b>15,121,651</b>	<b>13,987,781</b>

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

Bank has bought one share of SWIFT as part of membership of the said organisation. Face value of the share is equivalent to BDT 80,474.57.

\*On 04 February 2016, USD 101 million was heisted by cyber hacking from the reserve of Bangladesh Bank kept with the Federal Reserve Bank of New York. Of that amount, USD 81 million was transferred to four accounts of Rizal Commercial Banking Corporation (RCBC) of the Philippines and USD 20 million was transferred to an account of the Pan Asia Banking Corporation (PABC) of Sri Lanka. So far, USD 14.60 million from the Philippines and USD 20 million from Sri Lanka, i.e. in total USD 34.60 million has been recovered and the recovery process of the rest is under process. To recover the heisted money, on 31 January 2019, Bangladesh Bank filed a case against the concerned defendants in the district court for the southern district of New York. It is to mention that, a "Resolution and Assistance Agreement" was signed between Bangladesh Bank and the Federal Reserve Bank of New York on 29 January 2019 with a view to availing assistance from the bank to file case in the court of USA to recover the heisted money. On 20 March 2020, the Federal Court of USA, passed a verdict where the defendants' motion to dismiss against the case filed by Bangladesh Bank against RCBC, Solaire Resort and Casino, Midas Resort and Casino and others was dismissed. Besides, the complaint of Bangladesh Bank against RCBC along with others under Racketeer Influenced and Corrupt Organizations (RICO) Act was not accepted on technical ground. In response to the judgment of the Federal Court, on 27 May 2020, a case was filed in the New York county supreme court against RCBC and other defendants of the Philippines. With consideration of the defendants' appeal, in a partial judgment, on 08 April 2022, the court released Bloomberg (Solaire) and eastern Hawaii from the case on jurisdiction ground and ordered Kim Wong to respond to the complaint filed by Bangladesh Bank. No judgment regarding other defendants (RCBC, Lorenzo Tan and Raul Tan) has yet been made by the court. Bangladesh Bank filed an appeal against the court's verdict of releasing Bloomberg (Solaire) and eastern Hawaii from the case. Some legal procedures are also ongoing with the assistance of the department of justice of the Philippines. Among the cases filed so far in the Philippines, in the judgment of two cases, the court convicted ms. Maia Santos Deguito, the then manager of Makati branch of RCBC and ex-branch senior customer relations officer ms. Angela Ruth Torres (Torres) with imprisonment alone with fines. Besides, judicial proceedings under the same case are ongoing regarding three other senior officials of RCBC. Apart from these, a case was filed on behalf of Bangladesh Bank at Motijheel thana, Dhaka on 15 March 2016 which is under investigation by the Criminal Investigation Department (CID), Bangladesh Police.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>11 Consolidated Taka coin and cash balances</b>		
Taka coin	3,625,873	4,597,967
Cash balances	448,927	484,048
<b>Total</b>	<b>4,074,800</b>	<b>5,082,015</b>
<b>11.01 Taka coin and cash balances</b>		
Taka coin	3,625,873	4,597,967
Cash balances	39,051	28,702
<b>Total</b>	<b>3,664,924</b>	<b>4,626,669</b>
Taka coin and cash balances represent the face value of one, two and five taka coins and notes held by the bank purchased through SPCBL from the government at respective face values, cash and cash equivalents held by SPCBL and cash deposit with Sonali Bank Limited, Mymensingh branch.		
<b>12 Loans to the Government of Bangladesh</b>		
Ways and means advance (WMA)	7,268,500	-
Treasury bills	187,751,353	14,400,494
Treasury bonds	343,272,850	279,992,478
<b>Total</b>	<b>538,292,703</b>	<b>294,392,972</b>
<b>13 Consolidated local currency investments</b>		
Short term money market investments*	17,191,887	17,225,097
Debenture - BHBFC	3,945,000	3,945,000
Shares- ICB Islamic Bank Limited**	7,452	7,452
<b>Total</b>	<b>21,144,339</b>	<b>21,177,549</b>
*These represent the total amount of term deposits by SPCBL with different local commercial banks.		
**SPCBL holds 745,200 shares of BDT 10 each of ICB Islamic Bank Ltd. (formerly the Oriental Bank Ltd.) as per Bangladesh Bank circular no - BRPD (R-1) 651/9(10)/2007-446 dated 2 August 2007.		
<b>13.01 Local currency investments</b>		
Debenture - BHBFC	3,945,000	3,945,000
Investment in subsidiary	12,000,000	12,000,000
<b>Total</b>	<b>15,945,000</b>	<b>15,945,000</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>14 Consolidated local currency loans to banks, financial institutions and employees</b>		
<b>(i) Local currency loans to banks and financial institutions</b>		
State owned banks:		
Commercial banks	6,640,863	6,025,131
Specialised banks*	51,453,404	61,934,132
	<b>58,094,267</b>	<b>67,959,263</b>
Provision for impairment (Note 14.a)	(4,730,723)	(5,661,285)
	<b>53,363,544</b>	<b>62,297,978</b>
Other banks and financial institutions:		
Private banks	12,932,841	11,242,187
Other loans and advances	118,875,574	140,406,058
	<b>131,808,415</b>	<b>151,648,245</b>
Interest receivable	1,595,481	1,294,153
<b>Total (i)</b>	<b>186,767,440</b>	<b>215,240,376</b>
<b>(ii) Local currency loans and advances to employees</b>		
Loans and advances to employees	46,791,409	45,194,457
Provision for loan losses (Note 14.b)	(654,445)	(690,939)
<b>Total (ii)</b>	<b>46,136,964</b>	<b>44,503,518</b>
<b>Total loans (i+ii)</b>	<b>232,904,404</b>	<b>259,743,894</b>
<b>14.01 Local currency loans to banks, financial institutions and employees</b>		
<b>(i) Local currency loans to banks and financial institutions</b>		
State owned banks:		
Commercial banks	6,640,863	6,025,131
Specialised banks*	51,453,404	61,934,132
	<b>58,094,267</b>	<b>67,959,263</b>
Provision for impairment (Note 14.a)	(4,730,723)	(5,661,285)
	<b>53,363,544</b>	<b>62,297,978</b>
Other banks and financial institutions:		
Private banks	12,932,841	11,242,187
Other loans and advances	118,875,574	140,406,058
	<b>131,808,415</b>	<b>151,648,245</b>
Interest receivable	1,595,481	1,294,153
<b>Total (i)</b>	<b>186,767,440</b>	<b>215,240,376</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>(ii) Local currency loans and advances to employees</b>		
Loans and advances to employees	44,896,632	43,314,878
Provision for loan losses (Note 14.b)	(654,445)	(690,939)
<b>Total (ii)</b>	<b>44,242,187</b>	<b>42,623,939</b>
<b>Total loans (i+ii)</b>	<b>231,009,627</b>	<b>257,864,315</b>

\*Specialised banks include banks catering the specific needs of different economic sectors as described below:

<b>Banks</b>	<b>Specialized Sectors</b>	
Bangladesh Krishi Bank		Agricultural
Rajshahi Krishi Unnayan Bank		Agricultural
<b>14.a Provision for impairment</b>		
Opening balance	5,661,285	6,728,955
Charged/(Released) during the year	(930,562)	(1,067,670)
<b>Total</b>	<b>4,730,723</b>	<b>5,661,285</b>

<b>14.b Provision for loan losses</b>		
Opening balance	690,939	833,676
Charged/(Released) during the year	(36,494)	(142,737)
<b>Total</b>	<b>654,445</b>	<b>690,939</b>

Provision for impairment is an asset type account which is kept against possible future loss on interest from loans. The released amount is due to write back of provision of rescheduled demand loan. Provision for loan losses is also an asset type account maintained for adjusting loss (both principal and interest) from staff advance.

<b>15 Consolidated other local currency financial assets</b>		
Unutilised financial sector support project (FSSP) fund	-	1,039,244
Interest receivables	4,925,687	3,597,357
Others	4,136	4,136
<b>Total</b>	<b>4,929,823</b>	<b>4,640,737</b>

<b>15.01 Other local currency financial assets</b>		
Unutilised financial sector support project (FSSP) fund	-	1,039,244
Interest receivables	4,111,196	2,826,576
<b>Total</b>	<b>4,111,196</b>	<b>3,865,820</b>

Interest receivables include interest receivable on government treasury bills and bonds, debenture-HBFC etc.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
**As at and for the year ended 30 June 2022**

**16 Property, plant and equipment**  
**Consolidated**

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artifacts and Currency Museum	<i>In thousand BDT</i>			
											Cost	Low value assets	Right of use assets	Capital work in progress
<b>30 June 2022</b>														
As at 1 July 2021	36,552,023	7,240,282	8,680,024	3,374,301	712,655	344,675	945,249	2,664	81,095	1,855	71,444	262,218	919,814	59,188,299
Addition during the year	-	30,118	87,677	61,897	47,885	129	7,672	-	7,883	6,045	3,670	102,223	97,993	453,193
Transfers during the year	-	81,581	60,600	284,150	-	-	-	-	-	-	-	-	(426,331)	-
Disposals during the year	-	-	(227)	(253)	(55)	(1,601)	(8)	-	-	-	(549)	-	-	(2,693)
Revaluation adjustment	997,800	15,333	26,141	-	-	-	-	-	-	-	-	-	-	1,039,274
<b>As at 30 June 2022</b>	<b>37,549,823</b>	<b>7,367,314</b>	<b>8,854,215</b>	<b>3,720,096</b>	<b>760,485</b>	<b>343,203</b>	<b>952,913</b>	<b>2,664</b>	<b>88,978</b>	<b>7,900</b>	<b>74,565</b>	<b>364,441</b>	<b>591,476</b>	<b>60,678,072</b>
<b>Accumulated depreciation</b>														
As at 1 July 2021	-	3,863,605	3,912,099	2,138,403	405,697	317,625	648,097	2,453	59,949	219	67,480	129,785	-	11,545,412
Charge for the year	-	364,973	375,706	388,686	69,746	9,815	99,446	50	11,737	113	4,318	107,282	-	1,411,872
Disposals during the year	-	-	(227)	(253)	-	(1,551)	(8)	-	-	(543)	-	-	-	(2,582)
Revaluation adjustment	-	28,148	2,486	-	-	-	-	-	-	-	-	-	-	30,634
<b>As at 30 June 2022</b>	<b>-</b>	<b>4,256,726</b>	<b>4,290,064</b>	<b>2,506,836</b>	<b>475,443</b>	<b>325,889</b>	<b>747,535</b>	<b>2,503</b>	<b>71,686</b>	<b>332</b>	<b>71,255</b>	<b>237,067</b>	<b>-</b>	<b>12,985,336</b>
<b>Net book value</b>														
<b>As at 30 June 2022</b>	<b>37,549,823</b>	<b>3,110,588</b>	<b>4,564,151</b>	<b>1,213,260</b>	<b>285,042</b>	<b>17,314</b>	<b>205,378</b>	<b>161</b>	<b>17,292</b>	<b>7,568</b>	<b>3,310</b>	<b>127,374</b>	<b>591,476</b>	<b>47,682,736</b>
<b>As at 30 June 2021</b>	<b>36,552,023</b>	<b>3,376,677</b>	<b>4,767,925</b>	<b>1,235,898</b>	<b>306,781</b>	<b>27,088</b>	<b>297,152</b>	<b>211</b>	<b>21,146</b>	<b>1,636</b>	<b>3,964</b>	<b>132,433</b>	<b>919,814</b>	<b>47,642,746</b>

The Bank's leases primarily consist of rental of office space of Sena Kallyan Bhawan situated at Motijheel, Dhaka.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

		In thousand BDT												
Particulars	Land	Building and other construction	Mechanical equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artifacts and Currency	Low value assets	Right of use assets	Capital work in progress	Total
As at 1 July 2020	36,551,304	7,125,901	8,612,168	2,293,627	677,335	342,096	848,704	2,664	81,056	1,855	70,460	288,607	1,784,415	58,650,191
Addition during the year	719	43,398	61,694	285,934	36,350	4,148	86,432	-	39	-	5,571	-	62,894	587,179
Transfers during the year	-	70,983	17,945	825,714	-	-	11,237	-	-	-	-	-	(927,496)	(1,617)
Disposals during the year	-	-	(11,782)	(975)	(1,207)	(1,569)	(1,123)	-	-	-	(4,587)	(26,389)	-	(47,633)
As at 30 June 2021	36,552,023	7,240,282	8,680,024	3,374,301	712,478	344,675	945,249	2,664	81,095	1,855	71,444	262,218	919,814	59,188,120
<b>Accumulated depreciation</b>														
As at 1 July 2020	-	3,464,466	3,530,550	1,893,565	340,309	303,929	529,248	2,273	43,974	126	67,088	73,404	-	10,248,932
Charge for the year	-	399,139	393,331	245,813	66,540	15,227	119,959	180	15,975	93	4,970	56,381	-	1,317,609
Disposals during the year	-	-	(11,782)	(975)	(1,151)	(1,569)	(1,110)	-	-	-	(4,578)	-	-	(21,166)
As at 30 June 2021	-	3,863,605	3,912,099	2,138,403	405,697	317,587	648,097	2,453	59,949	219	67,480	129,785	-	11,545,374
<b>Net book value</b>														
As at 30 June 2021	36,552,023	3,376,677	4,767,925	1,235,898	306,781	27,088	297,152	211	21,146	1,636	3,954	132,433	919,814	47,642,746
As at 30 June 2020	36,551,304	3,661,435	5,081,618	370,062	337,026	38,167	319,456	391	37,082	1,729	3,372	215,203	1,784,415	48,401,259

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

**16.01 Property, plant and equipment  
Separate**

		In thousand BDT													
30 June 2022		Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts and Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
Particulars	Cost														
As at 1 July 2021	32,893,423	5,988,694	1,192,727	3,374,301	671,368	307,256	945,248	2,664	81,094	1,855	71,444	262,218	889,362	46,681,655	
Addition during the year	-	30,118	80,367	61,897	46,160	-	7,672	-	7,883	6,045	3,670	102,223	47,815	393,850	
Transfers during the year	-	81,581	61,399	284,150	-	-	-	-	-	-	-	-	(427,130)	-	
Disposals during the year	-	-	(227)	(253)	(55)	(1,601)	(8)	-	-	(549)	-	-	-	(2,694)	
<b>As at 30 June 2022</b>	<b>32,893,423</b>	<b>6,100,393</b>	<b>1,334,266</b>	<b>3,720,095</b>	<b>717,473</b>	<b>305,655</b>	<b>952,912</b>	<b>2,664</b>	<b>88,977</b>	<b>7,900</b>	<b>74,565</b>	<b>364,441</b>	<b>510,047</b>	<b>47,072,811</b>	
<b>Accumulated depreciation</b>															
As at 1 July 2021	-	2,965,219	788,249	2,138,404	368,609	283,654	648,097	2,433	59,949	219	67,480	129,785	-	7,452,118	
Charge for the year	-	351,480	69,040	368,686	69,271	7,342	99,446	50	11,737	113	4,318	107,282	-	1,088,765	
Disposals during the year	-	-	(227)	(253)	-	(1,551)	(8)	-	-	(543)	-	-	-	(2,582)	
<b>As at 30 June 2022</b>	<b>-</b>	<b>3,316,699</b>	<b>857,062</b>	<b>2,506,837</b>	<b>437,880</b>	<b>289,445</b>	<b>747,535</b>	<b>2,503</b>	<b>71,686</b>	<b>332</b>	<b>71,255</b>	<b>237,067</b>	<b>-</b>	<b>8,538,301</b>	
<b>Net book value</b>															
As at 30 June 2022	32,893,423	2,783,694	477,204	1,213,258	279,593	16,210	205,377	161	17,291	7,568	3,310	127,374	510,047	38,534,510	
As at 30 June 2021	32,893,423	3,023,475	404,478	1,235,897	302,582	23,640	297,151	211	21,145	1,636	3,964	132,433	889,362	39,229,397	

The Bank's leases primarily consist of rental of office space of Sena Kallyan Bhawan situated at Motijheel, Dhaka.

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

In thousand BDT

Particulars	Land	Building and other construction	Mechanical and office equipment	Computer and networking	Fixture and fittings	Motor vehicles	Electrical installation	Gas installation	Security equipment	Artefacts and Currency Museum	Low value assets	Right of use assets	Capital work in progress	Total
<b>30 June 2021</b>														
Cost														
As at 1 July 2020	32,892,704	5,889,827	1,157,187	2,263,627	636,978	303,221	848,704	2,664	81,056	1,855	70,460	288,607	1,753,000	46,189,890
Addition during the year	719	27,885	24,271	285,934	35,420	4,041	86,432	-	39	-	5,571	-	57,996	528,308
Transfers during the year	-	70,983	12,083	825,714	-	-	11,237	-	-	-	-	-	(921,634)	(1,617)
Disposals during the year	-	-	(814)	(975)	(1,207)	(6)	(1,123)	-	-	(4,567)	(26,389)	-	-	(35,102)
<b>As at 30 June 2021</b>	<b>32,893,423</b>	<b>5,988,694</b>	<b>1,192,727</b>	<b>3,374,301</b>	<b>671,191</b>	<b>307,256</b>	<b>945,248</b>	<b>2,664</b>	<b>81,094</b>	<b>1,855</b>	<b>71,444</b>	<b>262,218</b>	<b>889,362</b>	<b>46,681,479</b>
Accumulated depreciation	-	2,614,019	724,704	1,893,566	303,857	271,857	529,248	2,273	43,974	126	67,088	73,404	-	6,524,106
Charge for the year	-	351,210	64,360	245,813	65,903	11,765	119,959	180	15,975	93	4,970	56,381	-	936,611
Disposals during the year	-	-	(814)	(975)	(1,151)	(6)	(1,110)	-	-	(4,578)	-	-	-	(8,635)
<b>As at 30 June 2021</b>	<b>-</b>	<b>2,965,219</b>	<b>783,249</b>	<b>2,138,404</b>	<b>368,609</b>	<b>283,616</b>	<b>648,097</b>	<b>2,453</b>	<b>59,949</b>	<b>219</b>	<b>67,480</b>	<b>129,785</b>	<b>-</b>	<b>7,452,082</b>
Net book value														
<b>As at 30 June 2021</b>	<b>32,893,423</b>	<b>3,023,475</b>	<b>404,478</b>	<b>1,235,897</b>	<b>302,582</b>	<b>23,640</b>	<b>297,151</b>	<b>211</b>	<b>21,145</b>	<b>1,636</b>	<b>3,964</b>	<b>132,433</b>	<b>889,362</b>	<b>39,229,397</b>
<b>As at 30 June 2020</b>	<b>32,892,704</b>	<b>3,275,818</b>	<b>432,483</b>	<b>370,061</b>	<b>333,121</b>	<b>31,364</b>	<b>319,456</b>	<b>391</b>	<b>37,082</b>	<b>1,729</b>	<b>3,372</b>	<b>215,203</b>	<b>1,753,000</b>	<b>39,665,782</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

		30-Jun-22	30-Jun-21
<b>17</b>	<b>Intangible assets</b>		
	Intangible asset at cost	2,037,729	1,985,577
	Accumulated amortisation	(1,527,438)	(1,396,214)
	Capital work in progress	210,184	212,705
	<b>Total</b>	<b>720,476</b>	<b>802,068</b>
	Balance represents the accumulated value of systems like enterprise resources planning (ERP), core banking solutions (CBS), enterprise data warehouse (EDW), real time gross settlement (RTGS), Bangladesh automated clearing house (BACH), Bangladesh electronic fund transfers network (BEFTN), credit information bureau (CIB) and bank's in-house built software.		
<b>18</b>	<b>Consolidated other non-financial assets</b>		
	Prepayments and advances	711,299	585,026
	Stock*	2,702,970	3,211,224
	Sundry debtors	1,676,740	1,205,655
	<b>Total</b>	<b>5,091,009</b>	<b>5,001,905</b>
	*Stock held by the group are primarily comprise of paper, ink, plates and related materials for printing of notes and other products at the subsidiary. Stock are valued at the lower of cost and net realisable value. Cost of material is determined on weighted average method. Cost in relation to work-in-process and finished goods represents direct cost of materials, direct wages and an appropriate portion of production overheads.		
<b>18.01</b>	<b>Other non-financial assets</b>		
	Prepayments and advances	206,434	538,230
	Stock	79,059	61,635
	<b>Total</b>	<b>285,493</b>	<b>599,865</b>
<b>19</b>	<b>Deposits from banks and financial institutions</b>		
	Foreign currency deposits from commercial banks	78,190,896	119,449,152
	Asian Clearing Union (ACU)	182,564,825	131,496,336
	Interest payable on ACU	172,770	11,078
	<b>Total</b>	<b>260,928,491</b>	<b>250,956,566</b>
<b>20</b>	<b>Other foreign currency financial liabilities</b>		
	Swap liability to CBSL	18,761,840	-
	<b>Total</b>	<b>18,761,840</b>	-

The swap liability to the Central Bank of Sri Lanka is a financial instrument which is used to hedge against the currency risk exposure assumed by the bank. Details of the swap agreement with the Central Bank of Sri Lanka are discussed in Note 3.15.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

		<b>30-Jun-22</b>	<b>30-Jun-21</b>
<b>21 Notes in circulation</b>		<b>2,545,233,973</b>	<b>2,253,250,666</b>
Cash in hand		(60)	(49)
<b>Total</b>		<b>2,545,233,913</b>	<b>2,253,250,617</b>

Notes in circulation represents currency issued having a claim on Bangladesh Bank. However, cash in hand balance is the amount of issued bank note held at the banking department of the bank. The denomination of notes in circulation as at 30 June was as follows

<b>Denomination</b>	<b>Number in pieces</b>	<b>2022</b>	<b>2021</b>
10 Taka note	1,514,079,027	15,140,790	14,457,779
20 Taka note	820,818,080	16,416,362	13,866,033
50 Taka note	464,262,664	23,213,133	19,405,173
100 Taka note	1,271,297,700	127,129,770	117,598,414
200 Taka note	163,073,586	32,614,717	14,832,412
500 Taka note	1,975,061,003	987,530,502	923,804,842
1000 Taka note	1,343,188,699	1,343,188,699	1,149,286,013
<b>Total</b>	<b>7,551,780,759</b>	<b>2,545,233,973</b>	<b>2,253,250,666</b>

Liability for notes in circulation is recorded at its face value in the statement of financial position. In accordance with Article 30 of Bangladesh Bank Order, 1972, this liability is backed by the following assets:

Gold	12,898,958	31,057,209
Silver	327,573	369,225
Approved foreign exchange	2,360,000,000	2,126,000,000
Bangladesh Government securities	138,502,130	49,346,827
Taka coin	3,625,873	4,597,967
Investment	-	12,000,000
Other loans and advances	29,879,438	29,879,438
<b>Total</b>	<b>2,545,233,973</b>	<b>2,253,250,666</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>22 Deposits from banks and financial institutions</b>		
State owned commercial banks	214,772,317	337,519,292
Government specialised banks	17,831,750	14,956,179
Private banks	620,943,224	757,796,338
Foreign banks	50,199,433	95,651,827
Financial institutions	5,429,038	5,244,935
Other banks	86,125	49,895
<b>Total</b>	<b>909,261,888</b>	<b>1,211,218,466</b>
Deposits from banks and financial institutions comprise required reserve deposits as cash reserve ratio (CRR) calculated at a rate of 4.0% (2021: 4.0%) on the bank's liability base, together with balances held for settlement purposes.		
<b>23 Consolidated other local currency financial liabilities</b>		
Government deposits	5,054	27,030,875
Other deposits (Note 23.02)	74,017,322	178,937,771
Bank notes adjusting account - demonetised Pakistani notes	-	3,230
Sundry creditors account	7,503,646	8,430,843
Lease liability (Note: 23.03)	131,008	137,086
Interest suspense account	107,904	107,599
Deposits from donor agencies	35,508,961	20,309,114
Inter branch adjustments (suspense)	3,646,144	162,188
Provision for pension*	24,625,583	22,816,002
Provision for gratuity*	2,033,890	1,800,643
Provision for leave encashment	3,630,735	3,265,808
Loan from Govt. of Bangladesh - Central Bank Strengthening Project ( Note 23.04)	2,352,389	2,362,951
Loan from Govt. of Bangladesh-Fin. Sector Support Project ( Note 23.05)	21,630,017	22,596,966
Deferred tax liability	930,165	910,066
Others - subsidiary	1,633,282	1,831,702
Fund for small investor affected in capital market	25,627	1,413,785
Miscellaneous	1,352	1,352
<b>Total</b>	<b>177,783,080</b>	<b>292,117,981</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>23.01 Other local currency financial liabilities</b>		
Government deposits	5,054	27,030,875
Other deposits (Note 23.02)	74,017,322	178,937,771
Bank notes adjusting account - demonetised Pakistani notes	-	3,230
Sundry creditors account	8,556,296	8,869,572
Lease liability (Note: 23.03)	131,008	137,086
Interest suspense account	107,904	107,599
Deposits from donor agencies	35,508,961	20,309,114
Inter branch adjustments (suspense)	3,646,144	162,188
Provision for pension*	24,625,583	22,816,002
Provision for gratuity*	1,939,387	1,800,643
Provision for leave encashment	3,397,359	3,004,932
Loan from Govt. of Bangladesh - Central Bank Strengthening Project ( Note 23.04)	2,352,389	2,362,951
Loan from Govt. of Bangladesh-Fin. Sector Support Project ( Note 23.05)	21,630,017	22,596,966
Fund for small investor affected in capital market	25,627	1,413,785
Miscellaneous	1,352	1,352
<b>Total</b>	<b>175,944,403</b>	<b>289,554,066</b>

\*Refer to note 45 for details.

**23.02** Other deposits comprise Bangladesh Government special Islamic bonds fund deposit, employees provident fund deposit, liquidator bank deposit, schedule bank's insurance fund deposit, security deposit, employees co-operative societies deposits and other sundry deposits.

### **23.03 Lease liability**

Recognised against right of use asset for rented office space of Sena Kallyan Bhaban situated at Motijheel, Dhaka. Total amount of lease liabilities fall within maturity of one to three years.

### **23.04 Central Bank Strengthening Project fund (CBSP)**

Government of Bangladesh (GoB) signed a Credit Agreement with the International Development Association (IDA) for a Project named Central Bank Strengthening Project (CBSP). The related Credit Reference is IDA 3792 BD and the Project was meant for "Improvement of efficiency of the Bank through functional reforms and large scale automation of its' business process". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and the Bank to this effect for execution of the project. The total cost of the project was BDT 3,892 million (USD 55.60 million), of which IDA provided BDT 3,060 million (USD 43.71 million) through Government and the rest BDT 832 million (USD 11.88 million) was funded by the Bank. The project started in late 2003 and was completed on 30 April 2013.

The Bank has to repay the principal and the interest amount of the loan to Government within a tenure of 30 years starting from December 01, 2013 to June 01, 2043 as per the schedule.

**BANGLADESH BANK  
NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

30-Jun-22	30-Jun-21
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#### **23.05 Financial Sector Support Project (FSSP)**

Government of Bangladesh (GoB) signed a credit agreement with the International Development Association (IDA) for a Project named financial sector support project (FSSP) for amount of SDR 213,400,000. The related credit reference is 5664 BD and the Project was meant for "Improvement of the recipient's financial market infrastructure, the regulatory and oversight capacity of the project implementing entity and access to long term financing for private firms in Bangladesh". Subsequent to this agreement, a subsidiary loan agreement was signed between GoB and Bangladesh Bank on 27 August 2015 to this effect for execution of the Project. The Project was completed on 31 March 2020.

The subsidiary loan was denominated in taka and the Bank have to repay the principal and the interest amount of the loan to government within a tenure of 38 years including a grace period of 6 years for each disbursement from the proceeds of the credit.

<b>24</b>	<b>Capital</b>	30,000	30,000
The entire capital of the bank stands vested in and allocated to the government as per Article 4(1) and 4(2) of the order.			
<b>25</b>	<b>Consolidated revaluation reserves</b>		
	Revaluation reserve - gold and silver (Note 25.02)	46,074,964	37,018,347
	Revaluation reserve - foreign currency accounts (Note 25.03)	387,978,795	149,162,633
	Revaluation reserve - property, plant and equipment (Note 25.04)	39,752,523	38,729,423
	Revaluation reserve - financial instruments (Note 25.05)	(37,260,698)	45,390,673
	<b>Total</b>	<b>436,545,584</b>	<b>270,301,076</b>

#### **25.01 Revaluation reserves**

Revaluation reserve - gold and silver (Note 25.02)	46,074,964	37,018,347
Revaluation reserve - foreign currency accounts (Note 25.03)	387,978,795	149,162,633
Revaluation reserve - property, plant and equipment (Note 25.04)	35,086,230	35,086,230
Revaluation reserve - financial instruments (Note 25.05)	(37,260,698)	45,390,673
<b>Total</b>	<b>431,879,291</b>	<b>266,657,883</b>

#### **25.02 Revaluation reserve - gold and silver**

The bank accounts for the gain/loss on revaluation of gold and silver in the statement of profit or loss and other comprehensive income and subsequently transfer to a separate account - revaluation reserve-gold and silver, which forms part of equity.

#### **25.03 Revaluation reserve - foreign currency accounts**

The bank accounts for the unrealised gain/loss on revaluation of foreign currency to the statement of profit or loss and other comprehensive income and subsequently transfer to a separate account - revaluation reserve-foreign currency, which forms part of equity.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>25.04 Revaluation reserve - property, plant and equipment</b>		
The group accounts for the gain/loss on revaluation of property, plant and equipment in the statement of profit or loss and other comprehensive income and subsequently transfer to a separate account - revaluation reserve - property, plant and equipment, which forms part of equity.		
<b>25.05 Revaluation reserve - financial instruments</b>		
The bank accounts for the gain/loss on revaluation of financial instruments in the statement of profit or loss and other comprehensive income and subsequently transfer to a separate account - revaluation reserve- financial instrument, which forms part of equity.		
<b>26 Currency fluctuation reserve</b>	110,568,363	86,393,061
The Bank credited the realised gain on revaluation of foreign currencies to the statement of profit or loss and other comprehensive income and subsequently transfer the same to a separate account - currency fluctuation reserve account, which forms part of equity.		
<b>27 Statutory funds</b>		
Rural credit fund (Note 27.01)	7,200,000	7,100,000
Agricultural credit stabilisation fund (Note 27.02)	7,200,000	7,100,000
Export credit fund (Note 27.03)	1,300,000	1,300,000
Industrial credit fund (Note 27.04)	1,937,852	1,887,852
Credit guarantee fund (Note 27.05)	879,194	879,194
<b>Total</b>	<b>18,517,046</b>	<b>18,267,046</b>

Statutory funds were created and maintained as per provisions of the Bangladesh Bank Order, 1972 and appropriations from profits are made in consultation with the government of Bangladesh.

#### **27.01 Rural credit fund**

This fund was created as per article 60(1) of Bangladesh Bank Order, 1972 for making of short term, medium term and long term loans and advances to co-operative bank, scheduled bank and rural credit agencies. Contribution of BDT 100 million was made for this fund during the year.

#### **27.02 Agricultural credit stabilisation fund**

This fund was created as per Article 61 of Bangladesh Bank Order, 1972 for making of loans and advances to apex co-operative banks. Contribution of Taka 100 million was made for this fund during the year.

#### **27.03 Export credit fund**

As per article 63 of Bangladesh Bank Order, 1972 this fund was created for making of medium term and short term loans and advances to scheduled banks and other credit institutions for financing export from Bangladesh. No appropriation was made for this fund during the year.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

30-Jun-22	30-Jun-21
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#### **27.04 Industrial credit fund**

As per Article 62 of Bangladesh Bank Order, 1972 the fund was created for making of short term and medium term loans and advances to co-operative banks. Contribution of BDT 50 million was made for this fund during the year.

#### **27.05 Credit guarantee fund**

As per clause 24 of article 16 of Bangladesh Bank Order, 1972 the fund was created by appropriating profit every year as per decision of the board of directors to cover the loss sustained by scheduled banks for making small loans to cottage industries. No appropriation was made for this fund during the year.

### **28 Non statutory funds**

Small and medium enterprise fund (Note 28.01)	7,000,000	7,000,000
Housing refinance fund	4,660,000	4,660,000
Human resources development fund (Note 28.02)	265,542	270,408
Monetary management fund (Note 28.03)	200,000	200,000
Rural Agri product processing industries refinance fund (Note 28.04)	3,410,000	3,410,000
Disaster management and social responsibility fund (Note 28.05)	100,000	100,000
<b>Total</b>	<b>15,635,542</b>	<b>15,640,408</b>

#### **28.01 Small and medium enterprise fund**

This fund was created as per clause 24 of article 16 of the Bangladesh Bank Order, 1972 for refinancing facilities to the schedule banks and financial institutions against loans and advances given to the small enterprise sector and housing refinance scheme. Appropriation to those funds are made as per decision of the Board.

#### **28.02 Human resources development fund**

Human resources development fund was created as per clause 2(n) of article 82 of Bangladesh Bank Order, 1972 and decision taken by the board of the Bank for development of efficiency of the bank's officials by conducting seminar, symposium, training etc. at home and abroad. Appropriation to this fund was made from the dividend payable to government for the year 2010-2011.

#### **28.03 Monetary management fund**

Monetary management fund was created as per decision of the board of the Bank for sound and smooth operation of monetary policy activities. Appropriation to this fund was made from the dividend payable to government for the year 2010-2011.

#### **28.04 Rural Agri product processing industries refinance fund**

This fund was created in 2001 for the purpose of financing rural Agri product processing industries. Under this scheme, there are 37 Agri product processing industries. This fund plays an important role for developing the agri product sectors in Bangladesh.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>28.05 Disaster management and social responsibility fund</b>		
This fund was created by the approval of board of directors (341 board meeting held in 2013). Primarily, the fund, BDT 50 million as donation, was collected from Bangladesh Bank's 2012-2013 profit and subsequently BDT 50 million will be deducted from each year's profit transferring the amount to this fund. From FY 15, BDT 100 million has been contributed deducting from each year's profit.		
<b>29 Other reserves</b>		
Asset renewal and replacement fund (29.01)	5,377,761	4,926,785
Interest reserve (29.02)	7,522,114	7,522,114
<b>Total</b>	<b>12,899,875</b>	<b>12,448,899</b>
<b>29.01 Asset renewal and replacement fund</b>		
As per Asset renewal and replacement fund guideline approved in the 289th board of director's meeting, an amount of BDT 450.98 million was appropriated to this account.		
<b>29.02 Interest reserve</b>		
As per the decision of the board in FY 07, the total interest accrued against the overdue loan of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank was kept as interest reserve.		
<b>30 Consolidated general reserve</b>	<b>5,500,500</b>	<b>5,400,500</b>
Consolidated general reserve consists of the general reserve of Bangladesh Bank and its subsidiary-SPCBL.		
<b>30.01 General reserve</b>	<b>4,250,500</b>	<b>4,250,500</b>
As per article 59 of Bangladesh Bank Order, 1972 securities having value of BDT 30 million was allocated by the government and held by the bank as the general reserve. Further an amount of BDT 4,220.5 million was transferred to the reserve from general provision over the years.		
<b>31 Consolidated retained earnings</b>		
Opening balance	44,919,663	70,385,443
Adjustment against due from Government	(19,215)	(27,983)
Transfer to statutory fund	-	(1,500,000)
Dividend paid	(31,099,777)	(55,461,405)
Prior year adjustment	(639)	3,774
Derecognition of reserve on account of sale and maturity of assets	30,634	34,733
Profit for the period	293,270,153	58,242,069
Appropriation of profit to other funds	(263,792,440)	(26,656,968)
Transferred to general reserve	(100,000)	(100,000)
<b>Closing balance</b>	<b>43,208,378</b>	<b>44,919,663</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>31.01 Retained earnings</b>		
Opening balance	31,118,991	56,989,387
Adjustment against due from Government	(19,215)	(27,983)
Transfer to statutory fund	-	(1,500,000)
Dividend paid	(31,099,777)	(55,461,405)
Prior year adjustment	(639)	3,774
Appropriation of profit to funds	(800,976)	(600,000)
Profit for the period	29,478,602	31,715,218
<b>Closing balance</b>	<b>28,676,987</b>	<b>31,118,991</b>
<b>32 Interest income on foreign currency financial assets</b>		
Loans to banks	6,364,096	5,345,473
Short term deposits with commercial banks	5,502,814	4,801,309
Foreign bonds and US treasury notes	15,691,566	15,067,394
US treasury bills	251,937	145,328
Others	560,588	87,796
<b>Total</b>	<b>28,371,001</b>	<b>25,447,300</b>
<b>33 Commission and discounts</b>		
Commission on foreign currency operations	278,349	315,175
Others	248,902	-
<b>Total</b>	<b>527,251</b>	<b>315,175</b>
<b>34 Interest expenses on foreign currency financial liabilities</b>		
Deposits	89,461	524,110
Asian Clearing Union (ACU)	300,958	86,193
IMF Charges	381,426	46,882
<b>Total</b>	<b>771,845</b>	<b>657,185</b>
<b>35 Consolidated interest income on local currency financial assets</b>		
Securities purchased under agreement to resell	470,661	496,810
Government securities	19,645,425	21,624,510
Loans and advance to Government	111,904	480,642
Debentures	190,750	194,107
Loans to banks, financial institutions and employees	6,895,187	6,655,892
Short term money market deposits	1,019,487	1,030,833
<b>Total</b>	<b>28,333,414</b>	<b>30,482,794</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>35.01 Interest income</b>		
Securities purchased under agreement to resell	470,661	496,810
Government securities	19,645,425	21,624,510
Loans and advance to Government	111,904	480,642
Debentures	190,750	194,107
Loans to banks, financial institutions and employees	6,821,016	6,589,302
<b>Total</b>	<b>27,239,756</b>	<b>29,385,371</b>
<b>36 Commission and discounts</b>		
Commission income from Government sources	9,009	11,411
Miscellaneous commission income	2,053,469	4,422,075
<b>Total</b>	<b>2,062,478</b>	<b>4,433,486</b>
<b>37 Other income</b>		
Exchange A/C	24	20
Gain on asset sale or de-recognition	1,255	665
Penal Interest	194,007	110,435
Misc. Income	3,776	3,998
<b>Total</b>	<b>199,062</b>	<b>115,118</b>
<b>38 Interest expense</b>		
Bangladesh Bank bills	659,890	-
Interest Expense- FSSP	221,749	227,392
Interest expense - CBSP	23,954	24,528
<b>Total</b>	<b>905,593</b>	<b>251,920</b>
<b>39 Commission and other expenses</b>		
Agency charges (Note 39.01)	6,717,800	8,118,000
Under writing commission on treasury bills and bonds (Note 39.02)	441,800	414,600
Other expenses	82,476	36,293
<b>Total</b>	<b>7,242,076</b>	<b>8,568,893</b>

**39.01 Agency charges**

Agency charges are paid to Sonali Bank Limited for acting as agent of Bangladesh Bank.

**39.02 Under writing commission on treasury bills and bonds**

Underwriting commission is paid to primary dealers for issuing Govt. treasury bill and bond.

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	30-Jun-22	30-Jun-21
<b>40 Revaluation gain/(loss) on financial instruments</b>		
Valuation gain / (loss) on US Treasury Notes Investment	(39,512,497)	(4,852,595)
Valuation gain/ (loss) on Bangladesh Government Treasury Bond	(41,861,130)	45,663,837
<b>Total</b>	<b>(81,373,627)</b>	<b>40,811,242</b>
<b>41 Consolidated general and administrative expenses</b>		
Staff costs (Note 41 (a))	13,567,471	12,817,522
Depreciation	1,149,660	1,317,609
Amortisation	131,224	45,424
Directors' fees	925	1,319
Audit fees	6,325	8,869
Stationery	111,372	98,626
Rent, electricity etc.	361,159	446,862
Remittance of treasure	70,073	66,831
Donations, welfare, sports and other administrative expenses	251,690	220,766
Telephone	130,725	119,544
Repairs and maintenance	521,023	494,666
Materials	3,113,296	2,371,577
Provision for workers' profit participation fund	101,431	101,776
Income tax and value added tax	349,326	309,256
Miscellaneous	1,014,878	1,070,431
<b>Total</b>	<b>20,880,578</b>	<b>19,491,078</b>
<b>41 (a) Staff costs</b>		
Salary	3,240,085	3,159,017
House rent	1,246,480	1,205,192
Contribution to contributory provident fund	809,100	1,189,625
Pension and gratuity	3,774,805	3,117,967
Leave encashment	578,271	273,841
General and incentive bonus	1,782,674	1,711,380
Medical expenses	584,706	541,739
Training	25,110	35,659
Travel expenses	549,021	480,283
Lunch	300,508	290,863
Other staff costs	676,711	811,957
<b>Total</b>	<b>13,567,471</b>	<b>12,817,522</b>

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	<b>30-Jun-22</b>	<b>30-Jun-21</b>
<b>41.01 General and administrative expenses</b>		
Staff costs (Note 41.01(a))	12,590,404	12,024,385
Depreciation	1,088,811	936,610
Amortization	131,224	45,424
Directors' fee	573	893
Audit fee	5,750	8,294
Stationery	108,487	95,520
Rent, electricity etc.	244,008	328,166
Remittance of treasure	69,608	66,430
Donations	224,535	192,759
Telephone	130,077	118,776
Repairs	488,196	453,199
Miscellaneous	973,031	1,048,123
<b>Total</b>	<b>16,054,704</b>	<b>15,318,579</b>
<b>41.01(a) Staff costs</b>		
Salary	2,888,680	2,815,667
House rent	1,246,480	1,205,192
Contribution to contributory provident fund	809,100	1,054,880
Pension and gratuity	3,524,622	3,117,967
Leave encashment	578,271	273,841
General and incentive bonus	1,620,646	1,602,953
Medical expenses	563,076	522,046
Training	25,012	35,498
Travel expenses	534,652	462,692
Lunch	265,800	259,515
Other staff costs	534,065	674,134
<b>Total</b>	<b>12,590,404</b>	<b>12,024,385</b>

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2022

### 42 Financial instruments-Fair values and risk management

#### 42.01 a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

#### Consolidated

30 June 2022	Particulars	Carrying amount			Fair value			Total
		Amortised Cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	
<i>Financial assets measured at fair value</i>								
US Treasury bills	93,246,868	-	-	-	93,246,868	-	-	93,246,868
Foreign bonds	1,046,239,303	-	-	-	1,046,239,303	-	-	1,046,239,303
US Treasury Notes	-	658,982,606	-	-	658,982,606	-	-	658,982,606
Gold and Silver	-	45,306,167	-	-	45,306,167	-	-	45,306,167
Claims from Gold Transaction	-	31,629,227	-	-	31,629,227	-	-	31,629,227
Treasury bills	-	187,751,353	-	-	187,751,353	-	-	187,751,353
Treasury bonds	-	343,272,950	-	-	343,272,950	-	-	343,272,950
Swift shares	80	-	-	-	80	-	-	80
Debtenture - House Building Finance Corporation	3,945,000	-	-	-	3,945,000	-	-	3,945,000
	1,143,491,151	1,266,842,202	-	-	2,410,373,154	2,406,428,374	3,944,999	80
<i>Financial assets not measured at fair value</i>								
Taka coin and cash balances	4,074,800	-	-	-	4,074,800	-	-	-
Foreign currency accounts	78,519,805	-	-	-	78,519,805	-	-	-
Overnight investment	333,247,420	-	-	-	333,247,420	-	-	-
Short term deposits with overseas commercial banks	-	-	-	-	-	650,493,866	-	-
Asset held with IMF	-	-	-	-	-	376,731,118	-	-
Foreign currency loans to banks	-	-	-	-	-	705,940,485	-	-
Interest receivable	9,887,427	-	-	-	9,887,427	-	-	-
Other receivable	5,224,144	-	-	-	5,224,144	-	-	-
Ways and means advance	7,268,500	-	-	-	7,268,500	-	-	-
Short term money market investments	19,371,887	-	-	-	19,371,887	-	-	-
Share of ICB Islamic Bank Limited	7,452	-	-	-	7,452	-	-	-
Loan to commercial banks	6,640,863	-	-	-	6,640,863	-	-	-
Loan to specialised banks	46,722,881	-	-	-	46,722,881	-	-	-
Loan to private banks	12,932,841	-	-	-	12,932,841	-	-	-
Other loans and advances	118,875,574	-	-	-	118,875,574	-	-	-
Interest receivable	1,595,481	-	-	-	1,595,481	-	-	-
Loans and advances to employees	46,136,964	-	-	-	46,136,964	-	-	-
Other local currency financial assets	4,929,823	-	-	-	4,929,823	-	-	-
	2,428,311,130	-	-	-	2,428,311,130	-	-	-

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
**As at and for the year ended 30 June 2022**

30 June 2021		In thousand BDT					
Particulars	Amortised Cost	Carrying amount		Fair value		Total	
		Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
<b>Financial liabilities measured at fair value</b>							
Nil							
<b>Financial liabilities not measured at fair value</b>							
Liabilities with IMF							
Foreign currency deposits by commercial banks	337,314,306				337,314,306		
Asian Clearing Union (ACU)	78,190,896				78,190,896		
Notes in circulation	182,737,595				182,737,595		
Local currency deposits from banks and financial institutions	2,645,233,913				2,545,233,913		
	909,261,388				908,261,388		
	<b>4,052,738,598</b>				<b>4,052,738,598</b>		
<b>Financial assets measured at fair value</b>							
US treasury bills	84,805,822				84,805,822		
Foreign bonds	952,738,190				952,738,190		
US Treasury Notes	-	353,701,465			353,701,465		
Gold and silver	-	38,678,816			39,678,816		
Treasury bills	-	14,400,494			14,400,494		
Treasury bonds	-	279,992,478			279,992,478		
Swift shares	80	-			80		
Debtenture - House Building Finance Corporation	3,945,000	-			3,945,000		
	<b>1,041,489,392</b>				<b>1,430,924,592</b>		
		<b>687,773,252</b>			<b>1,729,262,644</b>		
<b>Financial assets not measured at fair value</b>							
Taka coin and cash balances	5,082,015				5,082,015		
Foreign currency accounts	49,487,759				49,487,759		
Oversight investment	254,099,109				254,099,109		
Short term deposits with overseas commercial banks	1,541,538,161				1,541,538,161		
Asset held with IMF	198,454,465				198,454,465		
Foreign currency loans to banks	525,654,368				525,654,368		
Interest receivable	8,763,557				8,763,557		
Other receivable	5,224,144				5,224,144		
Short term money market investments	17,225,097				17,225,097		
Share of ICB Islamic Bank Limited	7,452				7,452		
Loan to commercial banks	6,025,131				6,025,131		
Loan to specialised banks	56,272,847				56,272,847		
Loan to private banks	11,242,187				11,242,187		
Other loans and advances	140,406,058				140,406,058		
Interest receivable	1,294,153				1,294,153		
Loans and advances to employees	44,503,518				44,503,518		
Other local currency financial assets	4,640,737				4,640,737		
	<b>2,869,914,757</b>				<b>2,869,914,757</b>		
<b>Financial liabilities measured at fair value</b>							
Nil							
<b>Financial liabilities not measured at fair value</b>							
Liabilities with IMF	219,535,548				219,535,548		
Foreign currency deposits by commercial banks	119,449,152				119,449,152		
Asian Clearing Union (ACU)	131,507,414				131,507,414		
Notes in circulation	2,253,250,617				2,253,250,617		
Local currency deposits from banks and financial institutions	1,211,218,466				1,211,218,466		
	<b>3,934,961,198</b>				<b>3,934,961,198</b>		

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

**Separate**

Particulars	30 June 2022			In thousand BDT					
	Amortised Cost	Carrying amount	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>									
US Treasury bills	93,246,868	-	-	-	93,246,868	-	-	-	93,246,868
Foreign bonds	1,046,239,303	656,982,606	658,982,606	1,046,239,303	1,046,239,303	658,982,606	658,982,606	-	1,046,239,303
US Treasury Notes	-	45,306,167	-	-	45,306,167	45,306,167	-	-	45,306,167
Gold and silver	-	31,629,227	-	-	31,629,227	31,629,227	-	-	31,629,227
Claims from Gold Transaction	-	187,751,353	-	-	187,751,353	187,751,353	-	-	187,751,353
Treasury bills	-	343,272,850	-	-	343,272,850	343,272,850	-	-	343,272,850
Treasury bonds	-	-	-	-	-	-	-	-	-
Swift shares	80	-	-	-	80	-	-	-	80
Investment in subsidiary	-	12,000,000	-	-	12,000,000	-	-	-	12,000,000
Debtenture - House Building Finance Corporation	3,945,000	-	-	-	3,945,000	-	-	-	3,945,000
	<b>1,143,431,251</b>	<b>1,278,942,202</b>	<b>-</b>	<b>-</b>	<b>2,422,373,454</b>	<b>2,406,428,374</b>	<b>3,944,999</b>	<b>-</b>	<b>2,422,373,454</b>
<b>Financial assets not measured at fair value</b>									
Taka coin and cash balances	3,664,924	-	-	-	3,664,924	-	-	-	-
Foreign currency accounts	78,519,805	-	-	-	78,519,805	-	-	-	-
Overnight investment	333,247,420	-	-	-	333,247,420	-	-	-	-
Short term deposits with overseas commercial banks	650,493,866	-	-	-	650,493,866	-	-	-	-
Asset held with IMF	376,731,118	-	-	-	376,731,118	-	-	-	-
Foreign currency loans to banks	705,640,485	-	-	-	705,640,485	-	-	-	-
Interest receivable	9,897,427	-	-	-	9,897,427	-	-	-	-
Other receivable	5,224,144	-	-	-	5,224,144	-	-	-	-
Ways and means advance	7,268,500	-	-	-	7,268,500	-	-	-	-
Securities purchased under agreement to resell	2,180,000	-	-	-	2,180,000	-	-	-	-
Loan to commercial banks	6,640,863	-	-	-	6,640,863	-	-	-	-
Loan to specialised banks	46,722,681	-	-	-	46,722,681	-	-	-	-
Loan to private banks	12,932,841	-	-	-	12,932,841	-	-	-	-
Other loans and advances	118,875,574	-	-	-	118,875,574	-	-	-	-
Interest receivable	1,595,481	-	-	-	1,595,481	-	-	-	-
Loans and advances to employees	44,242,187	-	-	-	44,242,187	-	-	-	-
Other local currency financial assets	4,111,196	-	-	-	4,111,196	-	-	-	-
	<b>2,407,988,511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,407,988,511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,407,988,511</b>
<b>Financial liabilities measured at fair value</b>									
Nil	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Liabilities with IMF	337,314,306	-	-	-	337,314,306	-	-	-	-
Foreign currency deposits by commercial banks	78,190,896	-	-	-	78,190,896	-	-	-	-
Asian Clearing Union (ACU)	182,737,595	-	-	-	182,737,595	-	-	-	-
Notes in circulation	2,545,233,913	-	-	-	2,545,233,913	-	-	-	-
Local currency deposits from banks and financial institutions	309,261,888	-	-	-	309,261,888	-	-	-	-
	<b>4,052,738,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,052,738,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,052,738,598</b>

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2022

Particulars	Amortised Cost	Carrying amount			Fair value		
		Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>							
US treasury bills	84,805,822	-	-	84,805,822	-	-	84,805,822
Foreign bonds	95,738,490	-	-	95,738,490	-	-	95,738,490
US Treasury Notes	-	353,701,465	-	353,701,465	-	-	353,701,465
Gold and silver	-	39,678,816	-	39,678,816	39,678,816	-	39,678,816
Treasury bills	-	14,400,494	-	14,400,494	-	-	14,400,494
Swift shares	-	279,992,478	-	279,992,478	-	-	279,992,478
Investment in subsidiary	80	-	-	80	-	80	80
Debtenture - House Building Finance Corporation	3,945,000	12,000,000	-	12,000,000	-	12,000,000	12,000,000
	<b>1,041,489,392</b>	<b>689,773,252</b>	-	<b>1,741,262,644</b>	<b>1,430,924,593</b>	<b>298,337,971</b>	<b>12,000,080</b>
<b>Financial assets not measured at fair value</b>							
Taka coin and cash balances	4,626,669	-	-	4,626,669	-	-	-
Foreign currency accounts	49,481,759	-	-	49,481,759	-	-	-
Overnight investment	254,099,109	-	-	254,099,109	-	-	-
Short term deposits with overseas commercial banks	1,541,538,161	-	-	1,541,538,161	-	-	-
Asset held with IMF	198,454,465	-	-	198,454,465	-	-	-
Foreign currency loans to banks	526,654,368	-	-	526,654,368	-	-	-
Interest receivable	8,763,557	-	-	8,763,557	-	-	-
Other receivable	5,224,144	-	-	5,224,144	-	-	-
Loan to commercial banks	6,025,131	-	-	6,025,131	-	-	-
Loan to specialised banks	56,272,847	-	-	56,272,847	-	-	-
Loan to private banks	11,242,187	-	-	11,242,187	-	-	-
Other loans and advances	140,406,058	-	-	140,406,058	-	-	-
Interest receivable	1,294,153	-	-	1,294,153	-	-	-
Loans and advances to employees	42,623,939	-	-	42,623,939	-	-	-
Other local currency financial assets	3,865,820	-	-	3,865,820	-	-	-
	<b>2,846,572,367</b>	-	-	<b>2,849,572,367</b>	<b>2,849,572,367</b>	<b>2,849,572,367</b>	<b>2,849,572,367</b>
<b>Financial liabilities measured at fair value</b>							
Nil	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Liabilities with IMF	219,535,548	-	-	219,535,548	-	-	-
Foreign currency deposits by commercial banks	119,449,152	-	-	119,449,152	-	-	-
Asian Clearing Union (ACU)	131,507,414	-	-	131,507,414	-	-	-
Notes in circulation	2,253,250,617	-	-	2,253,250,617	-	-	-
Local currency deposits from banks and financial institutions	1,211,218,466	-	-	1,211,218,466	-	-	-
	<b>3,934,961,198</b>	-	-	<b>3,934,961,198</b>	<b>3,934,961,198</b>	<b>3,934,961,198</b>	<b>3,934,961,198</b>

As at 30 June 2022, the group holds level 3 financial instruments only on SWIFT shares and investment in subsidiary. Management believes that the fair value of these shares are equal to its carrying amount. A Level 3 reconciliation table has not been disclosed as no change in fair value of investment from last year.

### 42.01 b. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Fair value have been based on management assumptions according to the portfolio of the asset and liability base.

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Fair value of foreign securities is based on quoted market prices, at the reporting date. Local currency financial investments includes shares in SPCBL with a value of BDT 12,000,000,000 (2021: BDT 12,000,000,000) and debentures of HBFC with a value of BDT 3,945,000,000 (2021: BDT 3,945,000,000) for which fair value cannot be reliably determined as they are not traded in the active market and there are no similar instruments with similar characteristics. Management believes that the fair value of these shares are their carrying value.

Loans to government (overdraft- current) are carried at cost as the interest accrued is recovered on a daily basis. Treasury bills and bonds are classified as fair value through other comprehensive income (OCI) and are carried at fair value. Loans to banks, financial institutions and employees are carried at amortized cost and are net of provisions for impairment. The fair value approximates their carrying value.

#### **42.02 Financial Risk Management**

The Group has exposure to the following risks arising from financial instruments :

- I. Credit risk
- II. Liquidity risk
- III. Market risk
- IV. Operational risk

#### **Risk management framework**

International Financial Reporting Standard "IFRS 7 - Financial Instruments: Disclosures" requires disclosure of information relating to both recognised and unrecognised financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Group's policies for controlling risks and exposures.

The bank is involved in policy-oriented activities. Therefore, the bank's risk management framework differs from the risk management framework for most other financial institutions. The main financial risks to which the bank is exposed include credit risk, foreign exchange risk and interest rate risk. In the management of foreign reserves, minimising liquidity risk is the prime consideration in order to ensure the availability of currency as required. Like most central banks, the nature of the bank's operations create exposure to a range of operational and reputational risks also.

The bank's management seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring and managing risk exposure. Experienced staff conducts the bank's local currency, foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined risk management framework, including limits and delegated authorities set by the governor. The investment portfolio is managed in line with investment guidelines approved by the board. The

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investment committee chaired by Deputy Governor of the Bank is responsible for monitoring and implementation of risk mitigation measures prescribed in the “Reserve Management Guideline” and making sure that the Bank operates within the established risk parameters. Typical activities of the Investment Committee are reviewing the monthly reports, approving the list of eligible counterparties, approving changes to the strategy before submitting them to the board and providing suggestion regarding important tactical decisions on asset allocation.

The bank is subject to an annual audit by two external auditors who are appointed by the government as prescribed in article 65 (1) of the Bangladesh Bank Order, 1972. Auditing arrangements are overseen by the audit committee of the board to monitor the financial reporting and audit functions within the bank and the committee reviews the internal audit functions as well. Audit committee reports to the board of directors on its activities.

The overall risk management framework is designed to strongly encourage the sound and prudent management of the bank's risk. The bank seeks to ensure that the risk management framework is consistent with financial market best practices. Risk tables in this note are all based on the bank's portfolio as reported in its statement of financial position.

## I. Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is monitored and managed regularly. Bangladesh Bank's maximum exposure to credit risk in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the statement of financial position. Bangladesh Bank's exposure is to highly rated counter-parties and its credit risk is very low, with mitigates to credit risk including both the bank's rigorous monitoring activities and, in many cases, guarantees from the government.

### a. Concentration of credit exposure

The bank's significant end-of-year concentrations of credit exposure, based on the country/region in which the issuers' parent was located, were as follows:

*In thousand BDT*

Particulars	2022		2021	
	Consolidated	Separate	Consolidated	Separate
Bangladesh	1,557,632,413	1,549,309,795	1,228,239,352	1,166,450,242
Other Asian countries	390,330,332	390,330,332	470,089,363	470,089,363
United States of America	1,097,017,831	1,097,017,831	683,685,766	683,685,766
Europe	527,552,021	527,552,021	1,117,947,193	1,117,947,193
Australia	25,323,189	25,323,189	91,905,805	91,905,805
Others	1,240,828,797	1,240,828,797	1,088,612,352	1,088,612,352
<b>Total</b>	<b>4,838,684,584</b>	<b>4,830,361,966</b>	<b>4,680,479,831</b>	<b>4,618,690,721</b>

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**b. Credit exposures by credit rating**

Following tables represent the group's foreign currency financial assets (excluding foreign currency loans to banks) mainly based on Moody's credit rating of the issuer (or equivalent Moody's rating in case of rating by other agencies). For long term deposits Aaa is the highest quality rating possible and indicates that the entity has an exceptional credit quality and have the smallest degree of risk; Aa is excellent credit quality but are rated lower than Aaa. Aa1 indicates the higher end of Aa category, Aa2 indicates mid range ranking of Aa category and Aa3 indicates lower end of Aa category. Credit rating ranging from Ba1 to Ba3 and B1 to B3 are considered as below investment grade category. The BDT equivalent amount in these category is 3,918.77 million for the current fiscal year. For short term deposits P-1 indicates banks rated prime -1 for deposits, and offers superior credit quality and a very strong capacity for timely payment of short-term deposit obligations; ST-1 indicates the highest capacity for timely repayment of obligations; ST-2 indicates a strong capacity for timely repayment of obligations and ST-3 indicates average capacity for timely repayment of obligations.

However, the bank's local currency financial assets along with foreign currency loans to banks are based on credit rating from Credit Rating Information and Services Limited, Credit Rating Agency of Bangladesh Limited, Emerging Credit Rating Limited, National Credit Rating Limited, Alpha Credit Rating Limited, ARGUS Credit Rating Services Limited etc. which were preferred by respective institutions.

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**Consolidated**

Particulars	Credit Rating	2022		2021		<i>In thousand BDT</i>
		Amount	% of financial assets	Amount	% of financial assets	
<b>i) Foreign currency financial assets</b>						
Foreign currency accounts	P-1	78,519,805	1.64%	49,481,759	1.09%	
Overnight investment	P-1	333,247,420	6.95%	254,099,109	5.58%	
Short term deposits with overseas commercial banks	P-1	650,493,866	13.57%	1,541,538,161	33.91%	
US Dollar treasury bills	P-1	93,246,868	1.95%	84,805,822	1.87%	
Foreign bonds	Aaa	669,843,472	13.97%	736,332,766	16.20%	
Foreign bonds	Aa1, Aa2, Aa3	109,654,174	2.29%	41,936,997	0.92%	
Foreign bonds	A1, A2,A3	102,989,451	2.15%	58,142,958	1.28%	
	Baa1, Baa2,					
Foreign bonds	Baa3,Ba1, Ba2, Ba3,B1,B2,B3	163,752,206	3.42%	116,325,769	2.56%	
US Treasury Notes	Aaa	658,982,606	13.75%	353,701,465	7.78%	
Foreign currency loans to banks	A	22,022,104	0.46%	9,378,064	0.21%	
Foreign currency loans to banks	Aaa to Aa	660,659,523	13.78%	515,427,153	11.34%	
Foreign currency loans to banks	Baa,Ba, B	3,306,591	0.07%	810,136	0.02%	
Foreign currency loans to banks	Unrated	19,652,268	0.41%	39,015	0.00%	
Claims from Gold transaction	A3	31,629,227	0.66%	-	0.00%	
Assets held with International Monetary Fund	Unrated	376,731,118	7.86%	198,454,465	4.37%	
Other foreign currency financial assets	Unrated	15,121,651	0.32%	13,987,781	0.31%	
<b>Total</b>		<b>3,989,852,349</b>	<b>83.24%</b>	<b>3,974,461,418</b>	<b>87.44%</b>	
<b>ii) Local currency financial assets</b>						
Loans to the Government of Bangladesh	Ba3	538,292,703	11.23%	294,392,972	6.48%	
Securities purchased under agreement to resell	A	2,180,000	0.05%	-	0.00%	
Local currency investments	Unrated	21,144,339	0.44%	21,177,549	0.47%	
Loans to banks, financial institutions	A	7,654,757	0.16%	20,221,692	0.44%	
Loans to banks, financial institutions	Aaa to Aa	101,888,285	2.13%	115,687,298	2.55%	
Loans to banks, financial institutions	Ba to B	54,534,481	1.14%	1,455,318	0.03%	
Loans to banks, financial institutions	Baa	379,058	0.01%	17,278,480	0.38%	
Loans to banks, financial institutions	Unrated	22,310,858	0.47%	46,470,036	1.02%	
Loans to employees	-	46,136,964	0.96%	44,503,518	0.98%	
Other local currency financial assets	-	4,929,823	0.10%	4,640,737	0.10%	
Taka coin and cash balances	-	4,074,800	0.09%	5,082,015	0.11%	
<b>Total</b>		<b>803,526,068</b>	<b>16.76%</b>	<b>570,909,614</b>	<b>12.56%</b>	
<b>Total financial assets (i+ii)</b>		<b>4,793,378,417</b>	<b>100.00%</b>	<b>4,545,371,033</b>	<b>100.00%</b>	

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**Separate**

*In thousand BDT*

Particulars	Credit Rating	2022		2021	
		Amount	% of financial assets	Amount	% of financial assets
<b>i) Foreign currency financial assets</b>					
Foreign Currency Accounts	P-1	78,519,805	1.64%	49,481,759	1.09%
Overnight investment	P-1	333,247,420	6.96%	254,099,109	5.60%
Short term deposits with overseas commercial banks	P-1	650,493,866	13.59%	1,541,538,161	33.98%
US Dollar treasury bills	Aaa	93,246,868	1.95%	84,805,822	1.87%
Foreign bonds	Aaa	669,843,472	14.00%	736,332,766	16.23%
Foreign bonds	Aa1, Aa2, Aa3	109,654,174	2.29%	41,936,997	0.92%
Foreign bonds	A1, A2, A3	102,989,451	2.15%	58,142,958	1.28%
	Baa1, Baa2,				
Foreign bonds	Baa3, Ba1, Ba2, Ba3, B1, B2, B3	163,752,206	3.42%	116,325,769	2.56%
US Treasury Notes	Aaa	658,982,606	13.77%	353,701,465	7.80%
Foreign currency loans to banks	A	22,022,104	0.46%	9,378,064	0.21%
Foreign currency loans to banks	Aaa to Aa	660,659,523	13.81%	515,427,153	11.36%
Foreign currency loans to banks	Baa, Ba, B	3,306,591	0.07%	810,136	0.02%
Foreign currency loans to banks	Unrated	19,652,268	0.41%	39,015	0.00%
Claims from Gold transaction	A3	31,629,227	0.66%	-	0.00%
Assets held with International Monetary Fund	Unrated	376,731,118	7.87%	198,454,465	4.37%
Other foreign currency financial assets	Unrated	15,121,651	0.32%	13,987,781	0.31%
<b>Total</b>		<b>3,989,852,349</b>	<b>83.38%</b>	<b>3,974,461,419</b>	<b>87.60%</b>
<b>ii) Local currency financial assets</b>					
Loans to the Government of Bangladesh	Ba3	538,292,703	11.25%	294,392,972	6.49%
Securities purchased under agreement to resell	A	2,180,000	0.05%	-	0.00%
Local currency investments	Unrated	15,945,000	0.33%	15,945,000	0.35%
Loans to banks, financial institutions	A	7,654,757	0.16%	20,221,692	0.45%
Loans to banks, financial institutions	Aaa to Aa	101,888,285	2.13%	115,687,298	2.55%
Loans to banks, financial institutions	Ba to B	54,534,481	1.14%	1,455,318	0.03%
Loans to banks, financial institutions	Baa	379,058	0.01%	17,278,480	0.38%
Loans to banks, financial institutions	Unrated	22,310,858	0.47%	46,470,036	1.02%
Loans to employees	-	44,242,187	0.92%	42,623,939	0.94%
Other local currency financial assets	-	4,111,196	0.09%	3,865,820	0.09%
Taka coin and cash balances	-	3,664,924	0.08%	4,626,669	0.10%
<b>Total</b>		<b>795,203,450</b>	<b>16.62%</b>	<b>562,567,224</b>	<b>12.40%</b>
<b>Total financial assets (i+ii)</b>		<b>4,785,055,799</b>	<b>100%</b>	<b>4,537,028,644</b>	<b>100%</b>

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**c. Collateral held and other credit enhancements and their financial effect**

The group holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Particulars	2022		2021	
	Amount	Principal type of Collateral	Amount	Principal type of Collateral
<b>i) Foreign currency financial assets</b>				
Foreign currency loans to banks	705,640,485	Debit Authorization, Demand Promissory Note	525,654,368	Debit Authorization, Demand Promissory Note
Assets held with International Monetary Fund	376,731,118	None	198,454,465	None
<b>ii) Local currency financial assets</b>				
Loans to the Government of Bangladesh	538,292,703	Govt. Guarantee	294,392,972	Govt. Guarantee
Local currency loans to banks, financial institutions and employees	231,009,627	- Government guarantee - Bank guarantee - Demand Promissory Note - Employee provident fund, gratuity fund and Mortgage of property	257,864,315	- Government guarantee - Bank guarantee - Demand Promissory Note - Employee provident fund, gratuity fund and Mortgage of property

**II. Liquidity risk**

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To mitigate this risk, the Group has diversified funding sources and assets are managed with liquidity in mind.

The table below summarises the maturity profile of the group's financial assets and liabilities based on the contractual repayment date determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Assets and liabilities will mature within the following periods:

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30 June 2022		In thousand BDT				
Particulars		Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
<b>Foreign currency financial assets</b>						
Foreign currency accounts	78,519,805	-	-	-	-	-
Foreign investments	422,342,806	609,253,183	314,753,836	1,435,860,238	-	-
Assets held with International Monetary Fund	258,631,660	301,040	-	-	-	117,798,418
Gold and silver	-	-	-	-	-	45,306,167
Claims from Gold transaction	15,882,258	15,746,969	-	-	-	-
Foreign currency loans to banks	55,365,043	133,278,877	504,759,248	8,538,234	3,699,084	-
Other foreign currency financial assets	-	9,897,427	-	5,224,144	-	80
<b>Total</b>	<b>830,741,573</b>	<b>768,477,495</b>	<b>819,513,084</b>	<b>1,449,622,617</b>	<b>166,803,749</b>	
<b>Local currency financial assets</b>						
Taka coin and cash balances	4,074,800	-	-	-	-	-
Securities purchased under agreement to resell	2,180,000	-	-	-	-	-
Loans to the Government of Bangladesh	8,741,920	81,425,445	113,852,229	122,468,820	211,804,289	-
Local currency investments	-	-	17,191,887	-	-	3,952,452
Local currency loans to Banks, FIs and employees	18,227,432	25,605,862	101,148,413	63,272,043	24,650,654	-
Other local currency financial assets	4,929,823	-	-	-	-	-
<b>Total</b>	<b>38,153,974</b>	<b>107,031,306</b>	<b>232,192,529</b>	<b>185,740,863</b>	<b>240,407,395</b>	
<b>Total financial assets</b>	<b>868,895,547</b>	<b>875,508,801</b>	<b>1,051,705,613</b>	<b>1,635,363,480</b>	<b>407,211,144</b>	
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	260,928,491	-	-	-	-	-
Liabilities with International Monetary Fund	2,849,391	12,688,048	-	14,747,178	307,029,686	-
Other foreign currency financial liabilities	-	-	18,761,840	-	-	-
<b>Total</b>	<b>263,777,882</b>	<b>12,688,048</b>	<b>18,761,840</b>	<b>14,747,178</b>	<b>307,029,686</b>	
<b>Local currency financial liabilities</b>						
Notes in circulation	2,545,233,913	-	-	-	-	-
Deposits from banks and financial institutions	909,261,888	-	-	-	-	-
Other local currency financial liabilities	5,054	1,352	13,122,648	75,203,327	89,561,601	-
<b>Total</b>	<b>3,454,500,855</b>	<b>1,352</b>	<b>13,122,648</b>	<b>75,203,327</b>	<b>89,561,601</b>	
<b>Total financial liabilities</b>	<b>3,718,278,737</b>	<b>12,689,400</b>	<b>31,884,488</b>	<b>89,950,505</b>	<b>396,591,287</b>	
<b>Maturity Gap</b>	<b>(2,849,383,190)</b>	<b>862,819,401</b>	<b>1,019,821,125</b>	<b>1,545,412,975</b>	<b>10,619,857</b>	

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30 June 2021		<i>In thousand BDT</i>				
Particulars		Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
<b>Foreign currency financial assets</b>						
Foreign currency accounts	49,481,759	-	-	-	-	-
Foreign investments	872,952,168	974,617,957	149,650,704	1,002,176,611	187,485,607	
Assets held with International Monetary Fund	83,891,027	8,101	-	-	-	114,555,336
Gold and silver	39,678,816	-	-	-	-	-
Foreign currency loans to banks	914,734	124,335,187	375,749,763	14,103,655	10,551,029	
Other foreign currency financial assets	8,763,557	-	5,224,144	-	-	80
<b>Total</b>	<b>1,055,682,062</b>	<b>1,098,961,244</b>	<b>530,624,611</b>	<b>1,016,280,266</b>	<b>312,592,053</b>	
<b>Local currency financial assets</b>						
Taka coin and cash balances	5,082,015	-	-	-	-	-
Securities purchased under agreement to resell	-	-	-	-	-	-
Loans to the Government of Bangladesh	5,555,857	14,400,494	26,399,253	68,627,723	179,409,646	
Local currency investments	-	-	17,225,097	-	3,952,452	
Local currency loans to Banks, FIs and employees	7,386,407	33,212,339	103,103,644	53,001,169	61,160,755	
Other local currency financial assets	4,640,737	-	-	-	-	-
<b>Total</b>	<b>22,665,015</b>	<b>47,612,833</b>	<b>146,727,993</b>	<b>121,628,892</b>	<b>244,522,853</b>	
<b>Total financial assets</b>	<b>1,078,347,077</b>	<b>1,146,574,077</b>	<b>677,352,604</b>	<b>1,137,909,158</b>	<b>557,114,906</b>	
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	250,956,566	-	-	-	-	-
Liabilities with International Monetary Fund	1,688,640	-	-	43,135,113	174,711,795	
<b>Total</b>	<b>252,645,206</b>	<b>-</b>	<b>-</b>	<b>43,135,113</b>	<b>174,711,795</b>	
<b>Local currency financial liabilities</b>						
Notes in circulation	2,253,250,617	-	-	-	-	-
Deposits from banks and financial institutions	1,211,218,466	-	-	-	-	-
Other local currency financial liabilities	2,762,158	5,524,316	38,286,108	240,021,086	5,524,316	
<b>Total</b>	<b>3,467,231,241</b>	<b>5,524,316</b>	<b>38,286,108</b>	<b>240,021,086</b>	<b>5,524,316</b>	
<b>Total financial liabilities</b>	<b>3,719,876,447</b>	<b>5,524,316</b>	<b>38,286,108</b>	<b>283,156,199</b>	<b>180,236,110</b>	
<b>Maturity gap</b>	<b>(2,641,529,370)</b>	<b>1,141,049,762</b>	<b>639,066,496</b>	<b>854,752,959</b>	<b>376,878,796</b>	

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

**Separate**

30 June 2022						<i>In thousand BDT</i>
Particulars	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
<b>Foreign currency financial assets</b>						
Foreign currency accounts	78,519,805	-	-	-	-	-
Foreign investments	422,342,806	609,253,183	314,753,836	1,435,860,238	-	-
Assets held with International Monetary Fund	258,631,660	301,040	-	-	-	117,798,418
Gold and silver	-	-	-	-	-	45,306,167
Claims from Gold transaction	15,882,258	15,746,969	-	-	-	-
Foreign currency loans to banks	55,365,043	133,278,877	504,759,248	8,538,234	3,699,084	
Other foreign currency financial assets	-	9,897,427	-	5,224,144	80	
<b>Total</b>	<b>830,741,573</b>	<b>768,477,495</b>	<b>819,513,084</b>	<b>1,449,622,617</b>	<b>166,803,749</b>	
<b>Local currency financial assets</b>						
Taka coin and cash balances	3,664,924	-	-	-	-	-
Securities purchased under agreement to resell	2,180,000	-	-	-	-	-
Loans to the Government of Bangladesh	8,741,920	81,425,445	113,852,229	122,468,820	211,804,289	
Local currency investments	-	-	-	650,000	15,295,000	
Local currency loans to Banks, FIs and employees	18,227,432	25,605,862	101,148,413	63,272,043	22,755,877	
Other local currency financial assets	4,111,196	-	-	-	-	
<b>Total</b>	<b>36,925,472</b>	<b>107,031,306</b>	<b>215,000,642</b>	<b>186,390,863</b>	<b>249,855,166</b>	
<b>Total financial assets</b>	<b>867,667,045</b>	<b>875,508,801</b>	<b>1,034,513,726</b>	<b>1,636,013,480</b>	<b>416,658,915</b>	
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	260,928,491	-	-	-	-	-
Liabilities with International Monetary Fund	2,849,391	12,688,048	-	14,747,178	307,029,686	
Other foreign currency financial liabilities	-	-	18,761,840	-	-	
<b>Total</b>	<b>263,777,882</b>	<b>12,688,048</b>	<b>18,761,840</b>	<b>14,747,178</b>	<b>307,029,686</b>	
<b>Local currency financial liabilities</b>						
Notes in circulation	2,545,233,913	-	-	-	-	-
Deposits from banks and financial institutions	260,928,491	-	-	-	-	-
Other local currency financial liabilities	5,054	1,352	12,202,440	74,173,957	89,561,601	
<b>Total</b>	<b>2,806,167,458</b>	<b>1,352</b>	<b>12,202,440</b>	<b>74,173,957</b>	<b>89,561,601</b>	
<b>Total financial liabilities</b>	<b>3,069,945,340</b>	<b>12,689,400</b>	<b>30,964,280</b>	<b>88,921,135</b>	<b>396,591,287</b>	
<b>Maturity gap</b>	<b>(2,202,278,295)</b>	<b>862,819,401</b>	<b>1,003,549,446</b>	<b>1,547,092,345</b>	<b>20,067,628</b>	

**BANGLADESH BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

30 June 2021		In thousand BDT				
Particulars		Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
<b>Foreign currency financial assets</b>						
Foreign currency accounts	49,481,759	-	-	-	-	-
Foreign investments	872,952,168	974,617,957	149,650,704	1,002,176,611	187,485,607	
Assets held with International Monetary Fund	83,891,027	8,101	-	-	-	114,555,336
Gold and silver	39,678,816	-	-	-	-	-
Foreign currency loans to banks	914,734	124,335,187	375,749,763	14,103,655	10,551,029	
Other foreign currency financial assets	8,763,557	-	5,224,144	-	-	80
<b>Total</b>	<b>1,055,682,062</b>	<b>1,098,961,244</b>	<b>530,624,611</b>	<b>1,016,280,266</b>	<b>312,592,053</b>	
<b>Local currency financial assets</b>						
Taka coin and cash balances	4,626,669	-	-	-	-	-
Securities purchased under agreement to resell	-	-	-	-	-	-
Loans to the Government of Bangladesh	5,555,857	14,400,494	26,399,253	68,627,723	179,409,646	
Local currency investments	-	-	-	650,000	15,295,000	
Local currency loans to Banks, FIs and employees	7,386,407	33,212,339	103,103,644	53,001,169	61,160,755	
Other local currency financial assets	3,865,820	-	-	-	-	-
<b>Total</b>	<b>21,434,754</b>	<b>47,612,833</b>	<b>129,502,897</b>	<b>122,278,892</b>	<b>255,865,401</b>	
<b>Total financial assets</b>	<b>1,077,116,815</b>	<b>1,146,574,077</b>	<b>660,127,508</b>	<b>1,138,559,158</b>	<b>568,457,454</b>	
<b>Foreign currency financial liabilities</b>						
Deposits from banks and financial institutions	250,956,566	-	-	-	-	-
Liabilities with International Monetary Fund	1,688,640	-	-	43,135,113	174,711,795	
<b>Total</b>	<b>252,645,206</b>	<b>-</b>	<b>-</b>	<b>43,135,113</b>	<b>174,711,795</b>	
<b>Local currency financial liabilities</b>						
Notes in circulation	2,253,250,617	-	-	-	-	-
Deposits from banks and financial institutions	1,211,218,466	-	-	-	-	-
Other local currency financial liabilities	2,762,158	5,524,316	37,004,150	238,739,128	5,524,316	
<b>Total</b>	<b>3,467,231,241</b>	<b>5,524,316</b>	<b>37,004,150</b>	<b>238,739,128</b>	<b>5,524,316</b>	
<b>Total financial liabilities</b>	<b>3,719,876,447</b>	<b>5,524,316</b>	<b>37,004,150</b>	<b>281,874,241</b>	<b>180,236,110</b>	
<b>Maturity gap</b>	<b>(2,642,759,632)</b>	<b>1,141,049,762</b>	<b>623,123,358</b>	<b>856,684,917</b>	<b>388,221,344</b>	

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2022

### III. Market risk

Market risk is the probability of experiencing losses due to changes in market prices – such as foreign exchange rates, interest rates and equity prices – which will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### a) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In Bangladesh Bank, foreign exchange reserve management and investment functions are guided by an investment committee. Decision of the investment committee and dealing practices approved by the investment committee serve as operational guidelines for Bangladesh Bank's reserve management and investments. The guidelines are directed towards managing different types of risks, while earning a reasonable return. There is an approved benchmark for investment in terms of currency composition, portfolio duration and proportion of different assets within a band. Dealers/portfolio managers afford best to comply with this benchmark and continually rebalance the investment portfolio to follow the benchmark on daily/weekly basis as approved by the investment committee.

#### Foreign currency monetary assets and liabilities

30 June 2022							In thousand BDT			
Particulars	US\$ equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	Japanese Yen equivalent	Canadian \$ equivalent	Australian \$ equivalent	Chinese Yuan Remimbi equivalent	SDR equivalent	Others equivalent
<b>Assets</b>										
Held in other Central Banks and Foreign Commercial Banks	1,255,243	-	12,245,535	7,642,524	54,132,776	627,590	811,699	1,713,436	-	91,001
Overnight investment	308,702,730	-	24,544,690	-	-	-	-	-	-	-
Short term deposits in overseas commercial banks	452,831,500	-	7,829,381	83,452,582	-	53,446,047	3,224,493	47,526,962	-	2,182,891
US Dollar treasury bills	93,246,868	-	-	132,431,967	72,726,888	10,143,545	33,262,969	55,526,610	-	-
Foreign bonds	737,989,016	-	-	-	-	-	-	-	-	4,158,308
US Treasury Notes	658,982,606	-	-	5,540,602	-	-	-	-	-	-
Loan to Banks	705,640,485	-	-	-	-	-	-	-	-	-
Claims from gold transaction	7,245,660	-	76,939,855	176,566	525,456	15,674	218,378	478,945	175,799	-
Interest receivable	-	-	-	-	-	-	-	-	-	22,143
Asset held with MF	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,965,894,109</b>	<b>76,939,855</b>	<b>182,768,742</b>	<b>164,347,460</b>	<b>64,291,995</b>	<b>87,554,984</b>	<b>60,041,747</b>	<b>49,416,198</b>	<b>376,731,118</b>	<b>6,454,343</b>
<b>Liabilities</b>										
Deposits from other banks, financial institutions and ACU	257,547,842	-	2,941,573	426,000	12,801	276	-	-	-	337,314,306
Liabilities to IMF	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>287,547,842</b>	<b>-</b>	<b>2,941,573</b>	<b>426,000</b>	<b>12,801</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,314,306</b>
<b>Net</b>	<b>2,708,346,267</b>	<b>76,939,855</b>	<b>179,827,168</b>	<b>163,921,461</b>	<b>64,279,194</b>	<b>87,554,708</b>	<b>60,041,747</b>	<b>49,416,198</b>	<b>376,731,118</b>	<b>6,454,343</b>

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**  
As at and for the year ended 30 June 2022

Particulars	30 June 2021						In thousand BDT
	US\$ equivalent	Gold and Silver equivalent	EURO equivalent	GBP equivalent	Japanese Yen equivalent	Canadian \$ equivalent	
<b>Assets</b>							
Held in other Central Banks and Foreign Commercial Banks	7,843,389	-	10,119,336	9,534,985	12,802,283	1,483,251	723,411
Oversight investment	188,087,460	-	31,325,392	-	-	-	-
Short term deposits in overseas commercial banks	1,120,263,720	-	-	115,202,609	-	31,754,877	38,824,483
US Dollar treasury bills	84,815,473	-	-	110,082,498	4,824,648	-	-
Foreign bonds	448,750,185	-	-	-	-	4,382,037	9,826,461
US Treasury Notes	210,274,881	-	-	-	-	-	-
Loans to Banks	401,255,896	-	-	-	-	-	-
Claims from gold transaction	-	67,676,977	-	-	-	-	-
Interest receivable	9,793,759	-	828,437	190,780	-	56,969	184,242
Asset held with IMF	-	-	-	-	-	-	-
<b>Total</b>	<b>2,471,084,762</b>	<b>67,676,977</b>	<b>152,355,662</b>	<b>129,753,022</b>	<b>12,802,283</b>	<b>37,677,134</b>	<b>49,558,596</b>
<b>Liabilities</b>							
Deposits from other banks, financial institutions and ACU	194,136,305	-	29,394,964	408,893	14,705	819	-
Liabilities to IMF	-	-	-	-	-	-	-
<b>Total</b>	<b>194,136,305</b>	<b>-</b>	<b>29,394,964</b>	<b>408,893</b>	<b>14,705</b>	<b>819</b>	<b>-</b>
<b>Net</b>	<b>2,276,928,457</b>	<b>67,676,977</b>	<b>122,960,698</b>	<b>129,344,129</b>	<b>12,787,573</b>	<b>37,676,315</b>	<b>49,558,596</b>
							<b>34,704,402</b>
							<b>(18,109,297)</b>
							<b>2,193,054</b>

### Currency risk sensitivity analysis

During the year, if the Taka had weakened 10 percent against the principal currencies in its foreign reserves portfolio with all other variables held constant, profit for the year would have been BDT 29,163.12.00 million higher, (2021: BDT 26,056.97 million). Conversely, if the Taka had strengthened 10 percent against the same currencies with all other variables held constant, the bank would have experienced a decrease of profit for the year of BDT 29,163.12. million , (2021: BDT 26,056.97 million). Profit/Loss is very sensitive to changes in exchange rate movements. The bank as part of its core functions holds substantial foreign currency assets.

## BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2022

### b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. The Group is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. Since the primary objective of the Bank is to achieve and maintain price stability, it determines at its own discretion the monetary policy that it will implement and the monetary policy instruments that is going to use in order to achieve and maintain price stability. Bank's interest sensitivity position based on contractual re-pricing arrangements as on 30 June 2022 is presented below. It includes the Banks financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing of maturity dates. The table below summaries all financial instruments in their re-pricing period, which is equivalent to the remaining term of maturity:

### Consolidated

Particulars	Balance as at 30 June 2022	Re-pricing period			Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	
<i>In thousand BDT</i>					
<b>30 June, 2022</b>					
<b>Assets</b>					
Foreign currency financial assets					
Foreign currency accounts	78,519,805	78,519,805	-	-	-
Foreign investments	2,782,210,063	1,031,595,989	314,753,836	1,435,860,238	0.34%
Assets held with International Monetary Fund	376,731,118	258,932,700	-	-	-
Foreign currency loans to banks	705,640,485	188,643,919	504,759,248	8,538,234	1.45%
Other foreign currency financial assets	15,121,651	9,897,427	-	5,224,144	0.89%
<b>Total Foreign currency financial assets</b>	<b>3,958,223,122</b>	<b>1,567,589,840</b>	<b>819,513,084</b>	<b>1,449,622,617</b>	<b>121,497,582</b>
Local currency financial assets					
Loans to the Government of Bangladesh	538,292,703	90,167,365	113,852,229	122,468,820	5.00%
Local currency investments	21,144,339	-	17,191,887	-	4.84%
Local currency loans to banks, financial institutions and employees	232,904,404	43,833,294	101,148,413	63,272,043	3.00%
<b>Total Local currency financial assets</b>	<b>792,341,446</b>	<b>134,000,658</b>	<b>232,192,529</b>	<b>185,740,863</b>	<b>240,407,394</b>
<b>Liabilities</b>					
Foreign currency financial liabilities					
Deposits from banks and financial institutions	260,928,491	260,928,491	-	-	-
Liabilities with International Monetary Fund	337,314,306	15,537,439	-	14,747,178	0.72%
<b>Total Foreign currency financial liabilities</b>	<b>598,242,797</b>	<b>276,465,930</b>	<b>-</b>	<b>14,747,178</b>	<b>0.85%</b>
Local currency financial liabilities					
Deposits from banks and financial institutions	909,261,888	909,261,888	-	-	-
<b>Total local currency financial liabilities</b>	<b>909,261,888</b>	<b>909,261,888</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	Particulars	Balance as at 30 June 2021	Re-pricing period			Weighted average interest			
			0 to 3 months	3 to 12 months	1 to 5 years				
<b>Assets</b>									
<b>Foreign currency financial assets</b>									
Foreign currency accounts	49,481,759	49,481,759	-	-	-	0.00%			
Foreign investments	3,186,883,047	1,847,570,124	149,650,704	1,002,176,611	187,485,667	0.75%			
Assets held with International Monetary Fund	198,454,465	83,899,128	-	-	114,555,336	0.05%			
Foreign currency loans to banks	525,654,368	125,249,921	375,749,763	14,103,655	10,551,029	0.82%			
Other foreign currency financial assets	13,987,781	8,763,557	5,224,144	-	80	0.00%			
<b>Total Foreign currency financial assets</b>	<b>3,974,461,420</b>	<b>2,114,964,489</b>	<b>530,624,611</b>	<b>1,016,280,266</b>	<b>312,592,053</b>				
<b>Local currency financial assets</b>									
Loans to the Government of Bangladesh	294,392,972	19,956,351	26,399,253	68,627,723	179,409,646	7.56%			
Local currency investments	21,177,549	-	17,225,097	-	3,952,452	5.00%			
Local currency loans to banks, financial institutions and employees	259,743,894	40,598,746	103,103,644	53,001,169	61,160,735	2.57%			
<b>Total Local currency financial assets</b>	<b>575,314,415</b>	<b>60,55,096</b>	<b>146,727,993</b>	<b>121,628,892</b>	<b>244,522,853</b>				
<b>Liabilities</b>									
<b>Foreign currency financial liabilities</b>									
Deposits from banks and financial institutions	250,956,566	250,956,566	-	-	-	0.10%			
Liabilities with International Monetary Fund	219,535,548	1,688,640	-	43,135,113	174,711,795	0.05%			
<b>Total foreign currency financial liabilities</b>	<b>470,492,114</b>	<b>252,645,206</b>	<b>-</b>	<b>43,135,113</b>	<b>174,711,795</b>				
<b>Local currency financial liabilities</b>									
Deposits from banks and financial institutions	1,211,218,466	1,211,218,466	-	-	-	0.00%			
<b>Total local currency financial liabilities</b>	<b>1,211,218,466</b>	<b>1,211,218,466</b>	<b>-</b>	<b>-</b>	<b>-</b>				

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

**Separate**

Particulars	Balance as at 30 June 2022	Re-pricing period			Weighted average interest
		0 to 3 months	3 to 12 months	1 to 5 years	
<i>Assets</i>					
<b>Foreign currency financial assets</b>					
Foreign currency accounts	78,519,805	78,519,805	-	-	-
Foreign investments	2,782,210,063	1,031,595,989	314,753,836	1,435,860,238	0.34%
Assets held with International Monetary Fund	376,311,118	256,932,700	-	-	-
Foreign currency loans to banks	705,640,485	188,643,919	504,759,248	8,538,234	1.45%
Other foreign currency financial assets	15,121,651	9,897,427	-	5,224,144	0.89%
<b>Total Foreign currency financial assets</b>	<b>3,958,223,122</b>	<b>1,567,589,840</b>	<b>819,513,084</b>	<b>1,449,622,617</b>	<b>121,497,583</b>
<i>Local currency financial assets</i>					
<b>Loans to the Government of Bangladesh</b>					
Loans to the Government of Bangladesh	538,292,703	90,167,365	113,852,229	122,468,820	211,804,289
Local currency investments	15,245,000	-	-	650,000	15,295,000
Local currency loans to banks, financial institutions and employees	231,009,627	43,833,294	101,148,413	63,272,043	22,755,877
<b>Total Local currency financial assets</b>	<b>785,247,330</b>	<b>134,000,658</b>	<b>215,000,642</b>	<b>186,390,863</b>	<b>249,855,167</b>
<i>Liabilities</i>					
<b>Foreign currency financial liabilities</b>					
Deposits from banks and financial institutions	260,928,491	260,928,491	-	-	-
Liabilities with International Monetary Fund	337,314,306	15,537,439	-	14,747,178	307,029,686
<b>Total foreign currency financial liabilities</b>	<b>598,242,797</b>	<b>276,465,930</b>	<b>-</b>	<b>14,747,178</b>	<b>307,029,686</b>
<i>Local currency financial liabilities</i>					
Deposits from banks and financial institutions	909,261,888	909,261,888	-	-	-
<b>Total local currency financial liabilities</b>	<b>909,261,888</b>	<b>909,261,888</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>

**BANGLADESH BANK : NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 30 June 2022

	Particulars	Balance as at 30 June 2021	Re-pricing period				Weighted average interest
			0 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
<i>Assets</i>							
<b>Foreign currency financial assets</b>							
Foreign currency accounts	49,481,759	49,481,759	-	-	-	-	0.00%
Foreign investments	3,186,883,047	1,847,570,124	149,650,704	1,002,176,611	187,485,607	187,485,607	0.75%
Assets held with International Monetary Fund	198,484,465	83,899,128	-	-	114,555,336	114,555,336	0.05%
Foreign currency loans to banks	525,654,368	125,249,921	375,749,763	14,103,655	10,551,029	10,551,029	0.82%
Other foreign currency financial assets	13,987,781	8,763,557	5,224,144	-	80	80	0.00%
<b>Total Foreign currency financial assets</b>	<b>3,974,461,420</b>	<b>2,114,964,489</b>	<b>530,624,611</b>	<b>1,016,280,266</b>	<b>312,592,054</b>	<b>312,592,054</b>	
<i>Local currency financial assets</i>							
Loans to the Government of Bangladesh	294,392,972	19,956,351	26,399,253	68,627,723	179,409,646	179,409,646	7.56%
Local currency investments	15,945,000	-	-	650,000	15,295,000	15,295,000	5.00%
Local currency loans to banks, financial institutions and employees	257,864,315	40,598,746	103,103,644	53,001,169	61,160,755	61,160,755	2.56%
<b>Total Local currency financial assets</b>	<b>568,202,287</b>	<b>60,555,096</b>	<b>129,502,896</b>	<b>122,278,892</b>	<b>255,865,402</b>	<b>255,865,402</b>	
<i>Liabilities</i>							
<b>Foreign currency financial liabilities</b>							
Deposits from banks and financial institutions	250,956,566	250,956,566	-	-	-	-	0.10%
Liabilities with International Monetary Fund	219,535,548	1,688,640	-	43,135,113	174,711,795	174,711,795	0.05%
<b>Total foreign currency financial liabilities</b>	<b>470,492,114</b>	<b>252,645,206</b>	<b>-</b>	<b>43,135,113</b>	<b>174,711,795</b>	<b>174,711,795</b>	
<b>Local currency financial liabilities</b>							
Deposits from banks and financial institutions	1,211,218,466	1,211,218,466	-	-	-	-	0.00%
<b>Total local currency financial liabilities</b>	<b>1,211,218,466</b>	<b>1,211,218,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Interest rate risk sensitivity analysis**

During the year, if interest rates had been 100 basis points higher with all other variables constant, profit for the year would have been BDT 46,033.23 million higher (2021: BDT 35,348.23 million), arising mainly as a result of higher interest income on financial assets. Conversely, if interest rates had been 100 basis point lower with all other variables held constant, profit for the year would have been BDT 46,033.23 million lower (2021: BDT 35,348.23 million) arising mainly as a result of lower interest income on financial assets. Profit is very sensitive to changes in interest rates as interest is the principal source of income of the bank.

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**IV. Operational risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from human error, failure of internal processes and systems, legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the group's operations.

Managing operational risk is seen as an integral part of the day to day operations and management which includes explicit consideration of both the opportunities and the risks of all business activities. Operational risk management includes bank-wide corporate policies that describe the standard required for staff and specific internal control systems designed for the various activities of the group. Compliance with corporate policies and departmental internal control systems are managed by the management of the department and an active internal audit function.

**43 Contingent liabilities**

Contingent liabilities are possible obligations that could result from uncertain future events outside the bank's control. The bank had contingent liabilities for guarantees outstanding as at 30 June 2022 amounting to BDT 42,052.73 in favour of International Islamic Trade Finance Corporation and others which are secured by counter guarantees from the Government of Bangladesh. The bank did not have any contingent liabilities for guarantees outstanding as at 30 June 2021.

**44 Operating segments**

The bank's operation is concentrated in one geographical area - Bangladesh and as such comprise a single operating segment for the purpose of IFRS 8, the relevant standard for such segmentation. While the bank is required by the Bangladesh bank Order to report revenue and expenses by references to the functions carried out by the Bank viz. issue and banking department, these activities do not constitute separate operating segments for the purpose of IFRS 8.

**45 Actuarial valuation of defined benefit plans**

Most recent actuarial valuation was performed as at 30 June 2016 basis by an independent actuarial firm, AIR Consulting. According to the valuation report, the estimated obligation of the pension fund as at 30 June 2016 was BDT 15,494,646 thousands and for gratuity fund was BDT 1,217,791 thousands. For subsequent years, the obligations are calculated based on the recommendation made by the actuarial firm.

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As at 30 June 2022 the obligation for pension fund and gratuity fund was calculated to BDT 24,625,583 thousands and BDT 1,939,387 thousands respectively. The balances of the funds are as under:

<b>Particulars</b>	<i>In thousand BDT</i>			
	<b>Pension plans</b>		<b>Gratuity plans</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Amounts recognised in the reporting date</b>				
Balance at the beginning of the year	22,816,002	21,132,671	1,800,643	1,669,876
Paid during the year	(1,715,041)	(1,434,636)	(105,723)	(113,700)
Current year's contribution/transfer	3,524,622	3,117,967	244,467	244,467
<b>Balance of the fund</b>	<b>24,625,583</b>	<b>22,816,002</b>	<b>1,939,387</b>	<b>1,800,643</b>
<b>Actuarial assumptions</b>				
<b>Particulars</b>	<b>Pension plans</b>		<b>Gratuity plans</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Discount rate	7.50%	7.50%	6.10%	6.10%
Salary growth rate	5%	5%	5%	5%

The assumptions regarding future mortality rate are based on the published statistics and mortality tables of the FA 1975-78 (based on experience collected from UK insurers).

### Sensitivity

If the discount rate had been 100 basis points lower with all other variables constant, contribution for pension fund and gratuity fund for the year would have been BDT 1,384.30 million and BDT 10.57 million higher respectively, arising mainly as a result of lower discount income. Conversely, if discount rate had been 100 basis point higher with all other variables held constant, contribution for the same during the year would have been BDT 1,384.30 million and BDT 10.57 million lower respectively, arising mainly as a result of higher discount income. Discount rate is very sensitive for calculation of contribution.

### 46 Capital and material commitments

Capital commitment is the projected capital expenditure that the bank commits to incur. As at 30 June 2022, the bank had outstanding capital commitments of BDT 761.85 million with respect to different civil, mechanical and electrical engineering with computer purchases. (2021: BDT 582.39 million).

Material commitment is the commitment made by the bank to extend credit to the external party. The bank created Bangladesh Infrastructure Development Fund (BIDF) to support financing of Government priority infrastructure projects subject to fulfilling several qualifying criteria. As of 30 June 2022, there are two projects for which the bank has committed the following amount:

- a) Project of Capital and Maintenance Dredging of Rabnabad Channel, Payra Port through Sonali Bank Limited:

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Committed amount: BDT 48,451.24 million

b) Project of Payra-Gopalganj-Aminbazar 400KV Double Circuit Transmission Line through Agrani Bank Limited:

Committed amount: BDT 29,272.28 million.

Out of these committed amount, for project (a) BDT 7,558.87 million will be drawn on 08 August 2022.

#### **47 Related parties transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Bank, related parties, as defined in IAS 24 : Related Parties Disclosure, include directors and officers of the bank, and companies of whom they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions on an arms length basis.

Bank is fully owned by the Government of Bangladesh. Government has interests in various entities such as state owned banks, specialised banks and corporations. Bank deals with these entities on the directives of the government in line with its monetary policy objectives.

The outstanding as at the reporting date and simple average balances during the year with respect to related parties included in the statement of financial position are as follows:

Particulars	In thousand BDT			
	2022		2021	
	Outstanding	Average	Outstanding	Average
<b>Outstanding balances with the government of Bangladesh</b>				
Ways and means advance	7,268,500	3,634,250	-	-
Treasury bills	187,751,353	101,075,923	14,400,494	49,171,472
Treasury bonds	343,272,850	311,632,664	279,992,478	269,624,218
Other assets (interest receivable)	4,005,821	3,363,094	2,720,366	4,270,707
	<b>542,298,525</b>	<b>419,705,931</b>	<b>297,113,338</b>	<b>323,066,397</b>

Particulars	In thousand BDT			
	2022		2021	
	Outstanding	Average	Outstanding	Average
<b>Other liabilities</b>				
Deposits	5,054	13,517,964	27,030,875	13,517,968
Loan from Government of Bangladesh	23,982,406	24,471,162	24,959,918	24,880,943
	<b>23,987,461</b>	<b>37,989,126</b>	<b>51,990,792</b>	<b>38,398,911</b>
<b>Balances related to subsidiary (SPCBL)</b>				
Other assets (Prepayments and advances)	19,063	221,574	424,084	652,212
Other liabilities (Sundry creditors)	1,052,653	745,212	437,771	779,198

The income and expenses in respect of related parties included in the statement of profit or loss are as follows:

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	<i>In thousand BDT</i>	
	2022	2021
<b>Income and expenses related to government</b>		
Interest income	19,757,328	22,105,151
Commission received	9,009	11,411
	<b>19,766,338</b>	<b>22,116,562</b>
<b>Expenses</b>		
Agency charges	6,717,800	8,118,000
Under writing commission on treasury bills and bonds	441,800	414,600
	<b>7,159,600</b>	<b>8,532,600</b>
<b>Income and expenses related to subsidiary (The Security Printing Corporation)</b>		
Dividend income	600,000	600,000
Note printing expenses	3,842,541	3,401,455
<b>Key management personnel</b>		
Salaries, wages and other benefits (refer note 47.06)	7,998	7,174

#### 47.01 Transactions with Government and Government controlled enterprises

In the normal course of its operations, the bank enters into transactions with related parties. Related parties include the Government of Bangladesh; as ultimate owner of the bank, various government departments, and government controlled enterprises/entities. All transactions are carried out with reference to market rates. Transactions entered into include:

- (a) Acting as the fiscal agent, banker and financial advisor of the government; the bank is the depository of the government and or its agents or institutions and provides banking services to government and government departments and corporations;
- (b) Acting as the agent of the government or its agencies and institutions, provide guarantees, participate in loans to government or related institutions and foreign reserve;
- (c) The bank does not ordinarily collect any commission, fees, or other charges for services which it renders to the government and related entities;
- (d) Acting as the agent of the government, the bank issues securities of government, purchases any unsubscribed portion of any issue and amounts set aside for the bank; and
- (e) As the agent of the government manages public debt and foreign reserves.

During the year, the Bank received an amount of BDT 6,990,991.80 million (in 2021: BDT 6,344,966.89 million) and paid BDT 7,011,695.20 million (in 2021: BDT 6,252,898.77 million) on behalf of the Government. As at 30 June 2022, total outstanding balance was BDT 538,292.70 million (2021: BDT 294,392.97 million).

- (f) Assets under management:

	<i>In thousand BDT</i>	
	2022	2021
Japan Debt Relief Grant	103,392	114,641

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The bank acts as agent on behalf of Government of Bangladesh for managing the Japan Debt Relief Grant.

#### **47.02 Transactions with entities in which the Bank has significant investments**

During the year, the bank received debenture interest from House Building Finance Corporation (HBFC) amounting to BDT 190.75 million which included in the interest income.

#### **47.03 Transactions with controlled entities**

During the year, the bank incurred expense of BDT 3,842.54 million (2021: BDT 3,401.46 million) as note printing cost through The Security Printing Corporation (Bangladesh) Ltd. The amount is included in the statement of profit or loss of the Bank. It is a 100% owned subsidiary of the bank. This transactions are eliminated in preparing consolidated financial statements. During the year, The Security Printing Corporation (Bangladesh) Ltd. paid dividend an amounting to BDT 600 million (2021: BDT 600 million) as per decision of their Board.

#### **47.04 Transactions with retirement benefit plans**

During the year, the group was not required to contribute any amount to the retirement benefit plans (consisting of contribution to pension plans including widow/widowers), as sufficient reserve is available as per the actuarial valuation report. Amounts of balances held in the financial statements maintained by these retirement benefit plans are given in note 45.

#### **47.05 Board of Directors of Bangladesh Bank and Key Management Personnel as on 30 June 2022.**

Name	Chairman/Members of the Board of Directors	Executive Committee members	Audit committee members
* <b>Mr. Fazle Kabir</b> - appointed as the Chairman of the Board of Directors for a period of four years from 20 March 2016 and reappointed on 16 July 2020 for contract service up to 03 July 2022. He also holds the post of Governor of the Bangladesh Bank.	Chairman	Chairman	-
** <b>Mr. Abdur Rouf Talukder</b> - appointed as a Director of the Board of Bangladesh Bank from 05 August 2018 until further order and also holds the post of Senior Secretary, Finance Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Member	-	-

**BANGLADESH BANK**  
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Name	Chairman/Members of the Board of Directors	Executive Committee members	Audit committee members
<b>Mr. Abu Hena Md. Rahmatul Muneem-</b> First appointed on 09 January 2020 as a Director of the Board of Bangladesh Bank and then reappointed on 06 January 2022 as contract service which is subject to being in current position but not more than 02 (two) years. He also holds the post of Senior Secretary, Internal Resources Division and Chairman, National Board of Revenue, Govt. of the Peoples Republic of Bangladesh.	Member	Member	-
<b>Mr. Sheikh Mohammad Salim Ullah -</b> appointed as a Director of the Board of Bangladesh Bank on 01 September 2021 He also holds the post of Secretary, Financial Institution Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh.	Member	-	Member
<b>Mr. Mahbub Ahmed</b> - appointed on 03 September 2019 as a Director of the Board of Bangladesh Bank.	Member	Member	Convener
<b>Mr. A. K. M. Aftab ul Islam, FCA</b> - first appointed on 20 March 2016 and then reappointed on 16 July 2020 as a Director of the Board of Bangladesh Bank.	Member	-	Member
<b>Mr. Md. Nazrul Huda</b> - appointed on 05 January 2020 as a Director of the Board of Bangladesh Bank.	Member	-	Member
<b>Mr. Ahmed Jamal</b> - appointed on 17 January 2021 as a Director of the Board of Bangladesh Bank and also holds the post of Deputy Governor, Bangladesh Bank.	Member	Member	-

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NOTES TO THE FINANCIAL STATEMENTS**

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Name	Chairman/Members of the Board of Directors	Executive Committee members	Audit committee members
<b>Number of meetings held during the year</b>	7	5	5

\*Mr. Fazle Kabir's tenure as Governor of Bangladesh Bank ended on 03 July 2022.

\*\*Mr. Abdur Rouf Talukder was appointed by the Government as Governor of Bangladesh Bank by the Government Order No. 53.00.0000.311.11.016.17-227 dated: 11/06/2022 and subsequently he joined Bangladesh Bank as Governor on 12 July 2022.

#### **47.06 Remuneration of members of the Board of Directors and Key management personnel**

Members of the Board of Directors received remuneration totaling BDT 572,650.00 (2020: BDT 892,600.00) and the Governor received totaling BDT 1,218,400.00 (2021: BDT 1,184,916.12). In addition, the Governor is entitled to a free furnished house for his residence and full time transport facility. Other key management personnel of the bank received totaling BDT 5,955,732.30 (2021: BDT 4,750,067.10) and in addition, they are entitled to official residence as well as transport.

#### **48 Events after the reporting date**

Subsequent to the statement of financial position date, no events have occurred which require adjustments to/or disclose in the financial statements.

#### **49 Directors' responsibility for financial reporting**

These financial statements have been approved for issue by the Board of Directors on 30 August 2022.



## **Appendix-1**

### **Summary of Major Policy Announcements/Guidelines/Circulars: FY22**



## **Summary of Major Policy Announcements/Guidelines/Circulars: FY22**

### **A. Major Policy Announcements/Guidelines/Circulars related to Banking and Financial Sector Development**

- July 2021
  - In case of sanction/renewal of loan, it was instructed to compulsorily obtain and preserve financial reports audited by Chartered Accountants and up-to-date Statutory Audit Report. For enhancing credit discipline and reduction of default loans in the banking sector, instruction has been given that the financial report submitted by the borrower has to be verified by the banks to confirm that the information in the report is consistent with the information given in the Document Verification System (DVS) developed by The Institute of Chartered Accountants of Bangladesh (ICAB). (BRPD, 06 July 2021)
- July 2021
  - Under consumer financing, the credit-margin ratio in disbursement of credit for purchasing digital devices (laptop/mobile/computer/tab, etc.) has to be maintained maximum at 70:30 instead of previously ordered 30:70 for facilitating digital academic activities amidst COVID-19 pandemic. (BRPD, 12 July 2021)
- July 2021
  - Under the stimulus package with a view to prompting tourism sector scheduled banks have been instructed to provide loans/investment from their own fund as working capital for the pandemic hit hotel/motel/theme park to pay their workers' salaries-allowances with a tenure of 1 year on the basis of banker-customer relationship. The rate of interest/profit at customer level will be maximum 8 percent, of which 4.0 percent shall be borne by the beneficiary institutions and remaining 4.0 percent will be subsidized by the government. For ensuring liquidity supply, banks are allowed to get 50.0 percent refinance of the disbursed loan/investment from BB at 4.0 percent interest rate for the term of one year. (BRPD, 15 July 2021)
- July 2021
  - Pandemic-hit industrial and service sector institutions which did not yet received benefit under financial stimulus package to mitigate probable economic impact in Bangladesh due to breakout of Novel Corona virus (COVID-19) shall be given priority in providing loans/investment facilities in FY22. It was also directed that banks should ensure the provided facility is not concentrated among a few beneficiaries but in favor of a large number of affected institutions. (BRPD, 28 July 2021)
- August 2021
  - In order to achieve disbursement target up to 15.0 percent of total loans and advances within the end of 2024, interest/profit rate is downward revised to minimum 0.5 percent from 3.0 percent at banks/NBFIs end and a maximum of 5 percent from previously set 7 percent at borrowers' end. (SMESPD, 04 August 2021)

- August 2021 • In order to achieve target of loan disbursement to women entrepreneurs at least 15 percent of total loans and advances within 2024 in the CMSE sector, portfolio guarantee limit (PGL) condition in Credit Guarantee Scheme has been revised. Participating financial institutions (PFIs) will now have to maintain minimum 10 percent for women entrepreneurs in their PGL to increase disbursement of collateral free loans/investments. (SMESPD, 05 August 2021)
- August 2021 • According to Basel III framework, leverage ratio is defined as ratio of total Tier-1 capital to total asset of banks. Despite Basel III implemented thoroughly in the banking sector since 2019, leverage ratio of the banking system has not enhanced comparatively to that of capital to risk-weighted asset adequacy ratio as desired. The prospective leverage ratio would increase financial stability via reducing import payments in foreign trade and increasing leverage ratio may improve quality of capital and enhance bank's risk tolerance against unexpected loss. Therefore, scheduled banks have been directed to increase the leverage ratio by 0.25 percentage point per annum from 2023 to 2026. (BRPD, 18 August 2021)
- August 2021 • In order to encourage women entrepreneurs, BB will provide banks/NBFIs and their customers 1 percent each and a total of 2 percent incentive facility from its own fund for making adjustment/recovery/payment of loan on due time. Upon scrutinizing the amount of incentive will be disbursed by banks/NBFIs to their women entrepreneurs' accounts within 5 working days after receiving that amount by banks/NBFIs from BB. (SMESPD, 17 August 2021)
- August 2021 • Considering the adverse impact of the second wave of COVID-19, banks/NBFIs were directed not to classify loans/investments into adverse categories provided that minimum 25 percent of payable installments from January to December 2021 would be repaid by the last working day of December 2021. The remaining payable installments till December 2021 shall be payable within next 1 year of the current expiry; whereas other installments will be payable on regular basis and already recovered/paid amount shall be considered as recovery in compliance with the instruction. (BRPD, 26 August 2021)
- August 2021 • It was decided that, in line of the government's 'Digital Commerce Management Guidelines-2021', digital commerce businesses or the individuals responsible for those businesses could not receive money prior to providing goods or services to their clients. In this case, to conduct the accounts of such digital commerce companies, instructions were issued by BB to verify the rationale of the transaction profile, analyze the characteristics of the transactions, and ensure proper supervision to mitigate overall risks. (PSD, 29 August 2021)

- September 2021 • The Bangladesh Rating Agency Limited (BDRAL) has been recognized as a full-fledged External Credit Assessment Institution (ECAI) along with existing 07 (Seven) rating agencies (i.e., CRISL, CRAB, NCRL, ECRL, ACRSL, WASO and ACRL). Scheduled banks operating in Bangladesh may nominate any one or more of the rating agency(-ies) for their own and counterparty credit rating for the purpose of calculating RWA against credit risk as per Risk Based Capital Adequacy (RBCA) Guidelines. In this regard, rating scales of BDRAL have been mapped with BB rating grades as follow:

Long Term		Short Term	
BB's Rating Grade	Equivalent Notch/Notation of BDRAL	BB's Rating Grade	Equivalent Notch/Notation of BDRAL
1	AAA	S1	ST-1
	AA+, AA, AA-		
2	A+, A, A-	S2	ST-2
3	BBB+, BBB, BBB-	S3	ST-3
4	BB+, BB, BB-	S4	ST-4
5	B+, B, B-, CCC+, CCC, CCC-, CC	S5	ST-5
6	C, D	S6	ST-6

(BRPD, 02 September 2021)

- September 2021 • In order to recover the economy from the adverse impact of the second wave of COVID-19, BB rebuilt a five-year tenor-based refinance scheme of BDT 5.0 billion from its own source under the financial services program for the purpose of recovery/continuation of economic activities, increasing the extent of credit, credit limit, and amount of funds as well as easing the loan terms of marginal/landless farmers, low-earning professionals, school-banking account holders, and small businessmen of 10/50/100 Taka account holders. (FID, 05 September 2021)
- September 2021 • To provide low-interest loans to various agriculture sectors for dynamic and vibrant activities and to defend the financial crisis stemmed from COVID-19 pandemic, BB formed 'Special Incentive-based Refinance Scheme in Agricultural Sector ( Phase II)' of BDT 30.0 billion from its own fund in continuation of the previously adopted incentive packages. Participating banks under the scheme shall get refinancing facility at 1 percent interest/profit, and interest/profit shall be maximum 4 percent at simple rate at farmers' level, equally applicable for existing and new borrowers. The refinance facility was made available till 30 June 2022. (ACD, 14 September 2021)

- September 2021 • Considering significant role of bankers in implementation of the stimulus packages during COVID-19 outbreak and to strengthen working spirit in the adverse situation, scheduled banks were directed not to sack officials-staffs without any particular and proven allegations, and not to dismiss or force to resign officials-staffs due only to failure in attaining targets or inefficiency during the pandemic. In addition, it was also instructed to reappoint officials-staffs, upon application, who were terminated or forced to resign without any particular and validated charges from 01 April 2021 to 15 September 2021. (BRPD, 16 September 2021)
- September 2021 • To foster the export growth of the country, the government decided to keep the export subsidy/cash incentive at a different rate favoring different items of shipping goods under different economic zones for FY22. (FEPD, 20 September 2021)
- October 2021 • It was decided under the National Payment Switch Bangladesh (NPSB) that the ATM card issuing banks/institutions shall provide a maximum of BDT 20 (twenty) including VAT for each cash withdrawal by their customers using an ATM of a different bank; a maximum of BDT 5 (five) including VAT for each case of balance searching and small statement; a maximum of BDT 10 (ten) including VAT for fund transfer; and a maximum of BDT 20 (twenty) including VAT for cash deposit service charge. However, this charge will be paid by the card issuing banks/institutions to the acquiring banks/institutions. (PSD, 18 October 2021)
- November 2021 • In order to foster the export growth of the country, instructions were given to provide producer-exporter export incentives at the rate of 4.0 percent on the net FOB value against the export of own-factory produced cement sheet, MS steel products, bicycles and its parts, and tea produced in the country. This facility will be applicable to the goods shipped in FY22. (FEPD, 10 November 2021)
- December 2021 • BB formed ‘Refinance scheme for providing long-term loan/investment support to cinema hall owners of BDT 10.0 billion for reviving past tradition of cinema industry. A company/individual owned (unitarily/jointly) Cineplex in a building shall be regarded as ‘single unit’ and a maximum BDT 0.10 billion will be allowed for setting up such a new unit and a maximum of BDT 0.05 billion for repairing an existing unit. To avail this loan, for existing/to be established cinema hall/Cineplex in rented/leased establishment, tenure of rent/lease agreement shall be for a minimum of 5 years more than the expiry/tenure of loan repayment. (BRPD, 29 December 2022)
- December 2021 • All scheduled banks were directed for loans/investments disbursed in CMSME sector and similar other facilitated loans/investments, if a minimum of 15.0

percent of the payable amounts from January 2021 to December 2021 was realized by December 2021, the corresponding loan/investment shall be shown as unclassified and interest levied for 2021 shall allow to be transferred to income account considering future recovery risk. Banks, on the other hand, are required to maintain an additional general provision of 2.0 percent against disbursed loans/investments other than CMSME; however, for CMSME sector required general provision shall be 1.5 percent. (BRPD, 29 and 30 December 2021)

- December 2021
  - In order to expedite the recovery of the country's economy by speedy implementation of special credit/investment facilities, the borrower limit for the Cottage, Micro, and Small Enterprises (CMSE) under the Credit Guarantee Scheme (CGS) was re-fixed at a minimum BDT 0.025 million and a maximum BDT 10.0 million instead of the previous minimum BDT 0.2 million and a maximum BDT 5.0 million, respectively. (SMESPD, 30 December, 2021)
- January 2022
  - BB rolled out a refinance scheme titled 'Ghore Fera' of BDT 5.0 billion from its own source to create new employment and alleviate poverty for workers/laborers/small businessmen, who returned home because of losing their jobs due to COVID-19 pandemic and other reasons. The tenure of the scheme shall be till 31 December 2024. (ACD, 03 January 2022)
- February 2022
  - In light of the existing negative impact of COVID-19, it was decided that borrowers who are unwilling to coordinate their debt in financial institutions or are unable to carry on business activities can apply for an exit facility by submitting a minimum of 2.0 percent of the loan status as on 31 December 2021 to bring dynamism to financial institutions' lending/investment recovery activities, improve liquidity condition and protect the interests of borrowers. (DFIM, 15 February 2022)
- February 2022
  - In order to protect customer interests and ensure effective payment ecosystem, scheduled banks have been directed not to impose any non-transactional fees/charges (annual fee, CIB fee, SMS fee, etc.) on the customer before activating the credit card. However, non-transactional fees/charges shall allow applying after activation of the credit card on customer consent, and no fine in addition to non-transactional fees/charges shall be levied because of overdue/late payment on an active credit card that does not have any transactional liability (related to shopping, cash withdrawal, or merchandise). Interest or profit cannot be earned on non-transactional fees/charges, and a customer shall not be classified into lower categories due to overdue non-transactional liabilities but overdue transactional liabilities shall be duly classified and provisioned. In addition, banks were permitted to adjust transactional liabilities after adjusting non-transactional fees/charges on full or partial realization of credit card bill. (BRPD, 15 February 2022)

- February 2022 • For acceleration and more vibrant business activities by considering financial condition of the borrowers of banking credit, scheduled banks were directed to follow revised instructions of Internal Credit Risk Rating System which would be remained in force till 31 December 2023. The Internal Credit Risk Rating Scores had amended as follows: Excellent:  $\geq 75\%$ ; Good:  $\geq 65\%$  to  $< 75\%$ ; Marginal:  $\geq 50\%$  to  $< 65\%$ ; and Unacceptable:  $< 50\%$ ; and regardless the score in qualitative part, if quantitative part score:  $< 40\%$ , ICRR shall be 'Unacceptable'. (BRPD, 23 February 2022)
- April 2022 • For reflecting actual financial state of banks, and overall credit discipline in the banking sector with capital consolidation, it has been directed that interest charged on rescheduled loans will not be allowed to transfer into income account unless authentically realized. (BRPD, 07 April 2022)
- April 2022 • To create an investment friendly environment justifying the deposit collection and credit/lease/investment rate, all financial institutions were advised to set interest/profit rate for deposit at maximum 7 percent and for credit/lease/investment at maximum 11 percent from 01 July 2022. (DFIM, 18 April 2022)
- April 2022 • Scheduled banks were directed to reschedule short-term agricultural credit (including previously rescheduled agricultural credit) for maximum 3 years including 6 months grace period from the date of rescheduling with relaxing down payment condition, without down payment in some cases, on banker-customer relationship. In addition, new loans shall be sanctioned to borrowers after rescheduling without any fresh deposit, and loans under certificate case shall be asked to be suspended/settled through compromise before rescheduling. (BRPD, 19 April 2022)
- April 2022 • With a view to promoting continued production and maintaining the dynamics of economic activities including imports and exports, schedule banks operating in Bangladesh were directed to increase the limit of already-sanctioned working capital loan to the borrowers to a reasonable level based on necessities and banker-customer relationship during the interim period after scrutiny of credit risk minimization and borrower financial competency. (BRPD, 27 April 2022)
- April 2022 • In order to ensure easy and secured fund transfer through online/internet banking, maximum limit for fund transfer would be set by the bank considering its own risk factor and borrowers' transaction profile. Keeping unchanged maximum limit for daily and single transaction of Internet Banking Fund Transfer (IBFT) through National Payment Switch Bangladesh (NPSB), it was instructed to withdraw the conditions for the maximum number of daily transaction. (PSD, 28 April 2022)

- May 2022
- Strengthening foreign exchange reserve amid volatility of global economy caused by the COVID-19 pandemic and war in Ukraine, foreign tour of bank officials and employees for participating in training/meetings/seminars/workshops/study tours including private tour, shall remain suspended until further notice. However, following grounds shall remain beyond the purview of the restrictions: foreign travelling for observing the holy Hajj of 1443 Hijri/2022 and for emergency treatment subject to specialized doctor recommendation; travelling to own country of foreign citizens serving at bank and travelling to head office of the officials serving at Bangladeshi branch of foreign banks; participating in full-funded training/meetings/seminars/workshops/ study tours by foreign organizers. (BRPD, 23 May 2022)
- May 2022
- BB formed a 'Refinance Scheme for Ship Building Industry' worth of BDT 20.0 billion to develop, conduct and flourish it. All export oriented and local industries engaged in ship building may avail this loan facility. Under the scheme, no loan/investment shall be allowed to disburse against construction of dockyard or purchase of land/lease and to any defaulter, and such loans shall not be utilized in adjustment or repayment other types of loan. Participating banks shall access refinance at 1.0 percent interest rate from BB; and interest rate at customer level shall be maximum 4.5 percent. In addition, proven misused refinancing shall be charged 2.0 percent penalty. (BRPD, 26 May 2022)
- June 2022
- In view of financial inclusion and better living standard of marginal people, Refinance scheme to provide 'Digital Nano Loan' of BDT 1.0 billion was introduced by BB from its own fund. The tenor of the fund is 3 years and all the scheduled banks involved in disbursement would be admissible for this scheme and shall access the fund from BB at 1 percent interest against refinancing. After ensuring the eligibility, banks could disburse from minimum BDT 500.0 to maximum BDT 50,000.0 to each borrower. The interest rate at customer level will be a maximum of 9 percent. (BRPD, 02 June 2022)
- June 2022
- No conversion factor shall be used while accounting large loan provided to single borrower or group against non-funded facility. That is, 100.0 percent of both funded and non-funded loan exposure shall be accounted. However, conversion factor shall be applied in banks portfolio level while setting ceiling to large loan. (BRPD, 02 June 2022)
- June 2022
- To save the flood affected farmers of North-Eastern districts and to keep them engaged in farming, all scheduled banks were instructed to disburse new loan in crops, fisheries, poultry and livestock. In this continuum, banks were directed to ensure disbursement of at least 40.0 percent of the unused outstanding of allotted amount under special refinance scheme of BDT 30.0 billion for the said flood affected areas. (ACD, 5 June 2022)

- June 2022 • To encourage the women entrepreneurs of CMSME sector under the refinance scheme titled 'Refinance Scheme for Small Enterprises' it was instructed that only the women entrepreneurs would avail the loan and incentive and the interest rate would be a maximum of 5.0 percent at borrowers end. Following an ideal and timely recovery/adjustment procedure a 1.0 percent incentive by BB to be provided to borrowers and 1.0 percent incentive to be provided to the implementing banks and financial institutions engaged in loan management. (SMESPD, 20 June 2022)
- June 2022 • To achieve self dependency in milk production through providing loans at 5.0 percent concessional interest rate, a 'Refinance Scheme on Milk Production and Artificial Insemination Sector' was introduced earlier. In this regard, time-limit of the said scheme has been extended till 31 December 2024 for recovery/adjustment of the refinanced credit against the disbursed loans at customer level, and to pay/reimburse of the interest subsidy owing to compensation claims of the banks. (ACD, 27 June 2022)
- June 2022 • For properly implementation of 'Special Incentive-based Refinance Scheme in Agricultural Sector (Phase II)', the timeline of loan disbursement was increased up to 30 September 2022. (ACD, 30 June 2022)

#### **B. Major Policy Announcements/Guidelines/Circulars related to Monetary Policy and Monetary Management**

- September 2021 • The existing rate of commission on selling of 5 (five) savings instruments (5-year term Bangladesh Savings Certificate, 3-month Profit Bearing Savings Certificate, Pensioners Savings Certificate, Family Savings Certificate, Term Deposit at Post Office Savings Bank) has been reduced to 0.05 percent or BDT 500.0, whichever is lower against each registration. (DMD, 28 September 2021)
- December 2021 • To create a competitive market for government securities and provide long-term liquidity facility, Primary Dealers (PD) banks have been allowed liquidity support for 3 (three) months at a stretch from the date of issuing Treasury Bills and Treasury Bonds against the collateral of devolved and purchased Treasury Bills/Treasury Bonds from primary auctions. (DMD, 23 December 2021)
- December 2021 • Aiming for strengthening issuance of government treasury bills and bonds and secondary market of post-issued buy and sale, Rupali Bank Limited has been appointed as a Primary Dealer of Government Securities for 1 (one) year, which may further be extended on compliance of BB directives and considering their next one year primary and secondary market activities. (DMD, 30 December 2021)

- January 2022 • Maximum BDT 10 (ten) million is permitted to be reinvested in National Sanchaya Bonds (Wage Earner Development Bond, US Dollar Investment Bond and US Dollar Premium Bond), if not reinvested before the notification on 03 December 2020 by Internal Resource Division or if the bearer of the bond request in writing for reinvestment after circulation of notification. (DMD, 17 January 2022)
- May 2022 • As per the decision of 54th meeting of the Monetary Policy Committee, held on 29 May 2022, the Repo rate was increased by 25 basis points to 5.00 percent from 4.75 percent. Reverse Repo rate remained unchanged at 4.00 percent. (MPD, 29 May 2022)
- June 2022 • Repo rate was further increased by 50 basis points and re-fixed at 5.50 percent from 5.00 percent in line with decision taken in the 55th meeting of the Monetary Policy Committee on 27 June 2022. However, Reverse Repo rate kept unchanged at 4.00 percent. (MPD, 30 June 2022)
- C. Major Policy Announcements/Guidelines/Circulars related to External Sector Development**
- July 2021 • Under Gold Policy-2018 (Amended)-2021 in the paragraph 3.2(a), permission was issued favoring gold refiners as permissible importers to import gold ore and dore under FER Act no.8, 1947. (FEPD, 01 July 2021)
- July 2021 • Authorized Dealers (ADs) are permitted to maintain accounts in freely convertible currencies with their correspondents/branches according to Guidelines for Foreign Exchange Transactions-2018, Vol-1 (GFET) and its subsequent circulars. GFET also require ADs to comply with AML/CFT regulations for maintaining relationship, opening of Nostro accounts and transactions with correspondents. In addition, different regulatory instructions are in place for containment of risk factors against cross border transactions. (FEPD, 13 July 2021)
- July 2021 • To facilitate resident contracting firms to implement projects awarded by project implementing agencies abroad, it was decided that they may open bank accounts in the respective countries jointly with non-resident co-partners to credit payments received against the works. (FEPD, 27 July 2021)
- September 2021 • To facilitate customer-borrowers to a wider scale under GTF program, now the conditions stipulated in the paragraphs 3(a) and 3(b) of the FE Circular No. 02, dated 14 January 2016 have been relaxed for the State Owned Commercial Banks (SOCBs) to consider their application in this regard. (FEPD, 05 September 2021)
- September 2021 • In case of repatriation of export proceeds from export of jute products, applicants of export subsidy against export of jute goods will have to submit

certificates issued by Bangladesh Jute Spinners Association (BJS) and Bangladesh Jute Manufacturers Association (BJMA) for respective exporters. (FEPD, 06 September 2021)

- September 2021 • To bring flexibility in releasing foreign exchange for private tour, it was decided that ADs may endorse/set travel entitlements on relevant passports to concerned Bangladeshi nationals on international cards for multiple years up to their validity, subject to compliance with relevant instructions. The time limit for the annual travel quota will be counted from 01 January to 31 December. If the travel involves subsequent year, travel entitlement will be counted for the particular year to which the transaction date relates. (FEPD, 23 September 2021)
- September 2021 • For earning foreign exchange and bringing dynamism to economy by facilitating export-oriented industries for boosting up export activities affected by COVID-19, 'Pre-Shipment Credit Refinancing Scheme' fund of BDT 50.0 billion with tenure of 3 year was formed and instructed to disburse credit to a client for multiple times in various term for a maximum of 1 year. In this regard, directive was substituted as disbursing credit multiple times in different term for tenure of 3 years and regardless the term at customer level, BB shall refinance participating banks for a maximum period of 180 days which shall be repayable in single term with interest at expiry. (BRPD, 30 September 2021 )
- October 2021 • To accommodate customary practice in export trade, it was decided that ADs may allow exporters to dispatch export documents directly to importers or their agents abroad through secured media, subject to observance of several instructions. (FEPD, 03 October 2021)
- October 2021 • To widen the scope of repatriation of income against service exports, it was decided that ADs may allow their service exporter-customers to enter into arrangements, including maintenance of merchant accounts, with international market places/platforms. In addition to such accounts, service exporters may maintain notional accounts, without limiting to licensed OPGSPs, with internationally reputed payment service aggregators, payment facilitators, digital wallets or other legitimate payment systems licensed by the regulatory authorities concerned. Accordingly, ADs shall facilitate repatriation of service income deposited in their Nostro accounts by international market places/platforms subject to observance of several instructions. (FEPD, 18 October 2021)
- October 2021 • Due to the current COVID-19 situation, it was decided that ADs may continue to effect outward remittances on account of study abroad under online teaching arrangements for another two semesters/sessions subject to observance of usual regulatory instructions. (FEPD, 27 October 2021)

- November 2021 • Government will provide export subsidy/cash incentive in different rate favoring specialized zones (BEZA, BEPZA, Hi-tech Park) for FY22 to foster the export growth of the country. (FEPD, 10 November 2021)
- November 2021 • Service exporters can maintain notional/merchant accounts to repatriate their income through concerned Authorized Dealers in Bangladesh as per FE circulars. Excepting these authorized accounts, retention of export proceeds abroad in any form without limiting to equity/portfolio investment, purchase of physical assets/virtual assets, maintenance of accounts regardless of currencies including Crypto currencies constitutes contravention of Section 5(1)(e)(i) of the FER Act, 1947 and is subject to cognizance under Section 23(1) of the said Act as per SRO No. 59-LAW/2021 dated March 08, 2021. (FEPD, 18 November 2021)
- December 2021 • The rates of wastage in making fabrics from yarn and garments from fabrics in knit garments have been redefined as the highest 27.0 percent for basic knit products, the highest 30.0 percent for special items and the highest 4.0 percent for sweaters and socks. (FEPD, 26 December 2021)
- December 2021 • Foreign nationals who are resident and have income in Bangladesh have permitted for monthly remittances up to 80.0 percent instead of existing 75.0 percent of their net income. The remaining 20.0 percent of foreign nationals' net income will be remittable at the end of the financial year upon completion of income tax assessment, supported by certificate issued by tax authority. ADs are also allowed to remit foreign nationals' net income from the employers' foreign currency account opened and maintained for this purpose to abroad where the family members of the foreign employees reside. All other instructions in this regard shall remain unchanged. (FEPD, 27 December 2021)
- January 2022 • In order to encourage the repatriation of remittances through legal channels, the incentive/cash assistance against remittance was increased to 2.50 percent from existing 2.0 percent. (FEPD, 02 January 2021)
- January 2022 • To facilitate smooth transition of external trade activities, it was decided to continue extended support for trade transactions till June 2022. Usance period for imports of industrial raw materials, including back-to-back imports and imports of agricultural implements and chemical fertilizers, under supplier's/buyer's credit is extendable up to 270 days. In addition, the Export Development Fund (EDF) limit for individual member mills of BTMA and BGMEA will be USD 30.0 million instead of USD 25.0 million, and the extension of the EDF loan for a period of 90 days up to 270 days will remain applicable. (FEPD, 06 January 2022)
- January 2022 • In case of repatriation of export earnings up to USD 5,000.0 against the export of software and ITES services through the international marketplace, it has

- been decided that export incentives/cash assistance will be applicable at the prevailing rate subject to confirmation of the accuracy of receiving the money in the absence of import related information sources. (FEPD, 06 January 2022)
- January 2022
- According to government directives it was decided to provide cash incentive against remittances of legal income in foreign currency to be remitted through banking channel into the country to encourage remitters' permanent shift from formal channel for following sources: a. Retirement benefits such as pension funds; b. Provident fund; c. Leave salary; d. Bonus and other gratuities, paid by the employer; e. Retirement benefits. (FEPD, 20 January 2022)
- January 2022
- ADs were advised to submit all foreign exchange market related statements through the 'Online Foreign Exchange Market Monitoring System' regularly within the stipulated timeline and submit monthly 'Foreign Exchange Inflow Outflow Statement' in US dollar/equivalent US dollar through 'Online Foreign Exchange Market Monitoring System'. (FEPD, 30 January 2022)
- February 2022
- ADs were instructed to submit daily exchange position statements through revised Rationalized Input Template (RIT) on trial basis from February 2022 and continue to submit those statements through previous RIT to EDW. (FEPD, 07 February 2022)
- February 2022
- According to government directive under section 56 of Income Tax Ordinance 1984, in case of remitting invoice value of fees, commissions, consultancy fees, etc favoring non-resident, the remaining value after deduction of applicable duties and taxes will be considered. (FEPD, 09 February 2022)
- March 2022
- ADs may establish letter of credit (LC) in foreign currency favoring local contractor to execute work order provided under international tender. Such LCs established in foreign currency shall be settled through FC clearing accounts of the bank concerned maintained with BB. (FEPD, 02 March 2022)
- March 2022
- All the scheduled banks operating in Bangladesh were instructed to maintain the import L/C margin rate at a minimum level, and permitted to open L/C at zero margin on banker-customer relationship and to keep the commission of import L/C margin at the lowest possible rate, which is to contain the price-hike of daily essential commodities to keep the commodity price at affordable level and to ensure adequate supply of commodities such as edible oil, chickpeas, pulses, peas, onions, spices, dates, fruits, sugar and other daily necessities during Ramadan till May 10, 2022. (BRPD, 10 March 2022)
- March 2022
- To facilitate export trade, it has now been decided that export proceeds received in advance as declared on Advance Receipt Voucher (ARV) in accordance with paragraph 20, chapter 8 of GFET may be retained in foreign

- exchange as per paragraph 41 or 42 of chapter 7 ibid depending on the nature of import bills. (FEPD, 14 March 2022)
- April, 2022
- To lead properly overall functionality of the monetary and credit management in the present context of world trade, scheduled banks were instructed to maintain at least 25 percent cash margin for setting LC against importing all products other than baby foods, essential food products including fuel, lifesaving drugs, local and export oriented industries and agricultural sector related imports. (BRPD, 11 April 2022)
- April 2022
- To maintain smooth support for input procurements from Export Development Fund (EDF) against export trade, Authorized Dealers (ADs) were allowed to charge additional interest to borrowers not exceeding 1.0 percent per annum for the period between import payments from sources of ADs and receipts of refinancing from EDF. (FEPD, 19 April 2022)
- April 2022
- ADs were allowed to safeguard their financing against exports by appropriate insurance coverage available from insurance companies locally as an extra comfort. (FEPD, 24 April 2022)
- May 2022
- With the aim of keeping the domestic currency and credit management more integrated during global economic instability caused by COVID-19 and the state of war in Ukraine, cash margin for import LC has been re-fixed. In this regard, a minimum of 75 percent cash margin shall be maintained for opening LC against importing motor car (Sedan car, SUV, etc.), electrical and electronic products used as home appliances. Besides, a minimum of 50.0 percent cash margin shall be maintained for setting LC against importing all other products except baby foods, essential food products, fuel, medical equipments including lifesaving drugs and equipment recognized by the Directorate of Health, directly imported capital equipment and raw materials for production oriented local industries and export oriented industries, products related to agriculture sector and essential products imported for government thrust projects. (BRPD 10 May 2022)
- May 2022
- ADs were instructed to conduct the tracking of shipments through tracking system recognized by competent authority for relevant import transactions to ensure the onboard of import of goods. (FEPD, 17 May 2022)
- May 2022
- For providing cash support to exporters in order to meet their working capital needs in BDT, ADs designated for export transactions were advised to make BDT fund available to exporters through encashment of value added portion out of their repatriated export proceeds by the following business day on receipt of proceeds. (FEPD, 29 May 2022)
- May 2022
- To facilitate export trade, ADs repatriating export proceeds were advised to

transfer the fund in foreign currency (FC) to ADs designated for export transactions, thus enabling the designated ADs to make BDT fund available to exporters' accounts maintained with them after conversion of the encashable portion of FC fund. (FEPD, 29 May 2022)

June 2022

- To ensure export of goods for which EDF loans were used, ADs were advised to refrain from forwarding applications of EDF loans for customers whose liabilities were settled, without repayment out of realized value of the relative exports in foreign currency, by extending funded facilities in the immediate past 180 days. To ensure safeguards of export transactions, ADs were instructed to conduct the tracking of shipments in all cases through tracking systems recognized by competent authorities for relevant trade transactions. (FEPD, 29 June 2022)

**Appendix-2**  
**Bangladesh Bank's Research Works/Reports in FY22**



## A Summary of Recent Research Works/Reports of Bangladesh Bank in FY22

Key research activities/outputs of various departments of BB are listed here by categorising those into two segments: (A) synthesis analysis/reports related to Bangladesh economy and (B) empirical research activities on specific economic/financial sector related issues.

### A. Synthesis Analysis/Reports Related to Bangladesh Economy and Their Periods

#### (i) Annual Synthesis Analysis/Reports:

1. Annual Report (2021-2022) Bangladesh Bank (English Version), published and uploaded to the BB website.
2. Annual Report (2021-2022) Bangladesh Bank (Bangla Version), published and uploaded to the BB website.
3. Annual Report (2021-2022), Bangladesh Financial Intelligence Unit Bangladesh Bank, published and uploaded to the BB website.
4. Monetary Policy Statement (MPS) FY 2022-23, published and uploaded to the BB website.
5. Bangladesh Government Securities Report for FY 2020-21, published and uploaded to the BB website.
6. Monetary Policy Review, December 2021, published and uploaded to the BB website.
7. Bangladesh Balance of Payments 2020-21 published and uploaded to the BB website.

#### (ii) Half-yearly Synthesis Analysis/Reports:

1. Foreign Direct Investment and External Debt, published and uploaded to the BB website in FY22.
2. CSR Reports of Banks and Financial Institutions, published and uploaded to the BB website in FY22.
3. Bangladesh Systemic Risk Dash Board (BSRD), December- 2021, published and uploaded to the BB website in FY22.
4. BBTA Journal on 'Thoughts on Banking and Finance' Volume 08, Issue 01, January-June, 2021, published in April 2022 and uploaded to the BB website in FY22.

#### (iii) Quarterly Synthesis Analysis/Reports:

1. Bangladesh Bank Quarterly, 4 issues of the report have been published and uploaded to the BB website in FY22.
2. Quarterly Schedule Bank Statistics, 4 issues of the report have been published and uploaded to the BB website in FY22.
3. Quarterly Financial Stability Assessment Report, 2 issues of the report have been published and uploaded to the BB website in FY22.

4. Quarterly Review Report on Sustainable Finance of Banks & Financial Institutions, 4 issues of the report have been published and uploaded to the BB website in FY22.
5. Developments of Islamic Banking in Bangladesh, 4 issues of the report have been published and uploaded to the BB website in FY22.
6. Quarterly Report on Remittance Inflows in Bangladesh, 4 issues of the report have been published and uploaded to the BB website in FY22.
7. Quarterly Review on RMG, 4 issues of the report have been published and uploaded to the BB website in FY22.
8. Quarterly Analysis of Government's Revenue Receipts, 4 issues of the report have been published and uploaded to the BB website in FY22.
9. Quarterly on Agent Banking Activities in Bangladesh, 4 issues of the report have been published and uploaded to the BB website in FY22.
10. Quarterly Review on Money and Exchange Rate, 4 issues of the report have been published and uploaded to the BB website in FY22.
11. Quarterly Report on No-Frill Accounts, 4 issues of the report have been published and uploaded to the BB website in FY22.

**(iv) Monthly Synthesis Analysis/Reports:**

1. Monthly Report on Government Borrowing from Domestic Sources, 12 issues of the report have been published and uploaded to the BB website in FY22.
2. Monthly Report on Capital Market Development in Bangladesh, 12 issues of the report have been published and uploaded to the BB website in FY22.
3. Monthly Report on Agricultural and Rural Financing, 12 issues of the report have been published and uploaded to the BB website in FY22.
4. Major Economic Indicators: Monthly Update, 12 issues of the report have been published and uploaded to the BB website in FY22.
5. Monthly Economic Trends, 12 issues of the report have been published and uploaded to the BB website in FY22.

**B. Empirical Studies/Occasional Papers on Some Specific Economic/Financial Sector Issues in FY22**

**(i) Monetary Policy/Inflation Related:**

1. Monetary Policy Stance and COVID-19 Pandemic: Global Perspectives. (BB Policy Note, PN 2021-09, CEU).  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/policynote/pn2021-09.pdf>]
2. Measurement of Momentum and Base Effect of CPI Inflation of Bangladesh. (BB Policy Note, PN

2021-07, CEU).

[<https://intranet.bb.org.bd/bbwebsite/pub/research/policynote/pn2021-07.pdf>]

3. Consumer Price Index Forecasting for the Selected South Asian Countries - Bangladesh, India, Sri Lanka and Pakistan (Journal on Economy & Policy Research, Volume-3, Issue-1, January-June, 2022)

**(ii) Financial Sector Related:**

1. Foreign Exchange Market Structure and Exchange Rate Volatility in Bangladesh. (BBTA Journal Thoughts on Banking and Finance, Volume: 08, Issue: 01, January-June 2021, Pages: 82-101. Published: April 2022).
2. Does Higher Capital Maintenance Drive up Banks' Cost of Equity?—Evidence from Bangladesh. (BB Working Paper Series, WP No. 2021-02, BRPD)  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/workingpaper/wp2102.pdf>]
3. The Recent Bank's Deposit Growth: What are the Potential Sources? (BB Policy Note, PN 2021-06, CEU)  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/policynote/pn2106.pdf>]
4. Recent Behavior of Lending and Deposit Interest Rates in the Banking System of Bangladesh. (BB Working Paper Series, WP No. 2021-03, CEU)  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/workingpaper/wp2103.pdf>]
5. Determinants of Commercial Bank Lending Rates in Bangladesh. (BB Working Paper Series, WP No. 2021-03, CEU)  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/workingpaper/wp2103.pdf>]
6. Determinants of Bangladesh's Trade: A Gravity Model Approach. (A journal of Banking & Finance, Bank Parikrama, (Vol: XLV (3&4) & XLV1 (1&2). Published in November 2021)).
7. Role of Bangladesh Bank on Cyber-security in FinTech (Book Chapter, Cross-Industry Applications of Cyber Security Frameworks)  
[<https://www.igi-global.com/chapter/role-of-bangladesh-bank-on-cybersecurity-in-fintech/306792>]

**(iii) External Sector Related:**

1. Trends, Structure and Performance of Exports and Remittance in Bangladesh: An Empirical Analysis. (BBTA Journal Thoughts on Banking and Finance, Volume: 08, Issue: 01, January-June 2021, Pages: 27-44. Published: April 2022).
2. Impact of Education Level of the Expatriates on Remittances Inflow: Bangladesh Perspective (BBTA Journal Thoughts on Banking and Finance, Volume-8, Issue-1, January - June, 2021)
3. An Analysis of Relationship between Exchange Rate and Balance of Payment for the Japanese Economy. (BBTA Journal Thoughts on Banking and Finance, Volume: 08, Issue: 01, January-June 2021, Pages: 45-58. Published: April 2022).  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/policynote/pn2107.pdf>]

4. Analysis of Equilibrium Exchange Rate and Exchange Rate Misalignment in Bangladesh. (BB Policy Note Series, PN 2022-02, CEU).  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/policynote/pn2202.pdf>]
5. Export Performance of Bangladesh during the Pandemic: The Impact of Export Concentration. (BB Policy Note Series, PN 2201, CEU).  
[<https://intranet.bb.org.bd/bbwebsite/pub/research/policynote/pn2201.pdf>]

**(iv) Real Sector Related:**

1. The Effects of Fiscal Policy Shocks in Bangladesh: An Agnostic Identification Procedure. (Economic Analysis and Policy, Volume 71, September 2021, Pages 626-644)
2. The Impact of Foreign Capital on Domestic Investment in Bangladesh: A Co-integration and Vector Error Correction Analysis Innovation in (Journal on Economy & Policy Research, Volume-3, Issue-1, January-June, 2022)
3. Economic Recovery and Macroeconomic Outcomes of the Covid-19 Policy Initiatives on Bangladesh Economy. (International Journal of Business, Social and Scientific Research. ISSN: 2309-7892 (Online), 2519-5530 (Print), Volume: 10, Issue: 1, Page: 34–38, January-June 2022).
4. Financial Inclusion Landscape in Bangladesh: Strengths and Weaknesses. (BBTA Journal Thoughts on Banking and Finance, Volume: 08, Issue: 01, January-June 2021, Pages: 45-58. Published: April 2022).

**Appendix-3**  
**Bangladesh: Some Selected Statistics**



**Table-I Trends in Major Macroeconomic Indicators**

Indicators	FY18	FY19	FY20	FY21	FY22
1	2	3	4	5	6
1. GDP growth (at FY16 constant market prices)	7.3	7.9	3.5	6.9	7.3*
2. Growth of broad money (M2)	9.2	9.9	12.6	13.6	9.4*
3. Growth of GDP deflator (base: FY16=100)	5.8	3.7	3.8	4.1	5.0*
4. CPI Inflation Rate (12-month average) <sup>§</sup>	5.8	5.5	5.7	5.6	6.2
5. Foreign exchange reserves (billion USD)	32.9	32.7	36.0	46.4	41.8
6. Net foreign assets of the banking system (billion BDT)	2646.7	2724.0	2973.4	3821.8	3642.3
7. Exchange rate (BDT/USD, Period Average)	82.1	84.0	84.8	84.8	86.3
8. REER index as of end June@	100.5	106.4	113.5	110.7	111.3
9. Per capita GDP in BDT (at current market prices)	161274	178280	189361	208751	232828*
(As percentage of GDP)					
10. Domestic savings	26.5	26.9	27.1	25.3	21.6*
11. Investment	31.8	32.2	31.3	31.0	31.7*
12. Broad Money (M2 at current market prices)	42.1	41.3	43.3	44.2	43.0
13. M3 (at current market prices)	52.1	52.0	53.7	54.6	52.8
12. Revenue income	8.2	8.5	8.4	9.3	9.8 <sup>R</sup>
13. Recurrent expenditures	6.8	7.4	7.4	7.5	8.6 <sup>R</sup>
14. Revenue surplus (+) / Revenue deficit (-)	+1.4	+1.2	+0.9	+1.8	+1.2 <sup>R</sup>
15. Annual Development Programme (ADP)	4.5	5.0	4.9	4.5	5.3 <sup>R</sup>
16. Total expenditures	12.2	13.3	13.3	13.0	14.9 <sup>R</sup>
17. Overall budget deficit (excluding grants)	4.0	4.7	4.9	3.7	5.1 <sup>R</sup>
18. Overall budget deficit (including grants)	4.0	4.7	4.8	3.7	5.1 <sup>R</sup>
19. Financing of overall budget deficit (a+b)	4.0	4.7	4.7	3.6	5.1 <sup>R</sup>
a. Net foreign financing	1.0	1.1	1.3	1.3	2.3 <sup>R</sup>
b. Net domestic financing (i+ii)	3.0	3.6	3.4	2.3	3.1 <sup>R</sup>
i. Bank borrowings	0.4	1.2	2.5	0.9	2.2 <sup>R</sup>
ii. Non-bank borrowings	2.5	2.4	0.9	1.4	0.9 <sup>R</sup>
20. Government debt outstanding (i+ii)	25.7	27.0	28.1	29.2	28.2
i. Domestic debt	13.5	14.5	16.3	17.0	15.8 <sup>#</sup>
ii. External debt <sup>#</sup>	12.2	12.5	11.8	12.2 <sup>R</sup>	12.4*
21. Current account balance : surplus(+)/deficit(-)	-3.0	-1.3	-1.5	-1.1 <sup>RP</sup>	-4.1*

\* Provisional <sup>R</sup> Revised <sup>RP</sup> Revised Provisional

# July to May for FY22

<sup>§</sup>base: FY06=100.

@base: FY16=100 with 15 currency basket.

<sup>#</sup> Excluding IMF loan.

Source: Bangladesh Bank, Bangladesh Bureau of Statistics, and Budget in Brief (various issues), MoF.

**Table-II Medium-Term Macroeconomic Framework: Key Indicators**

Indicators	Actual				Projection		
	FY19	FY20	FY21	FY22 <sup>RB</sup>	FY23	FY24	FY25
1	2	3	4	5	6	7	8
<b>Real Sector</b>							
Real GDP Growth (%)	7.9	3.5	6.9	7.3	7.5	7.8	8.0
CPI inflation (%)	5.5	5.7	5.6	5.8	5.6	5.5	5.5
Investment (% of GDP)	32.2	31.3	31.0	31.7	31.5	32.8	33.6
Private	25.3	24.0	23.7	24.1	24.9	25.9	26.7
Public	7.0	7.3	7.3	7.6	6.6	6.9	7.0
<b>Fiscal Sector (% of GDP)</b>							
Total Revenue	8.5	8.4	9.3	9.8	9.8	10.4	10.6
Tax Revenue	7.7	7.0	7.6	8.7	8.8	9.3	9.5
Of which NBR Tax Revenue	7.4	6.8	7.5	8.3	8.4	8.8	9.0
Non-Tax Revenue	0.9	1.4	1.7	1.1	1.0	1.1	1.1
Public expenditure	13.3	13.0	13.3	14.9	15.4	15.5	15.6
Of which ADP	5.0	4.8	4.9	5.2	5.6	6.3	6.4
Overall Balance	-4.7	-4.7	-4.0	-5.1	-5.5	-5.1	-5.0
<b>Financing</b>							
Domestic Financing	3.4	3.3	2.3	3.1	3.2	2.9	2.8
External Financing (net)	1.1	1.4	1.4	2.0	2.3	2.2	2.3
<b>Monetary and Credit (Year-on-Year% change)</b>							
Domestic Credit	12.3	14.0	10.1	17.8	16.0	16.0	17.0
Credit to the Private Sector	11.3	8.6	8.3	14.8	15.0	15.0	16.0
Broad Money (M2)	9.9	12.6	13.6	15.0	15.6	16.0	16.5
<b>External Sector</b>							
Exports f.o.b (% change)	9.1	-17.1	15.4	34.1	20.0	18.0	18.0
Imports f.o.b (% change)	1.8	-8.6	19.7	30.0	12.0	14.0	14.5
Remittances (% change)	10.2	12.4	36.1	1.0	16.0	10.0	10.0
Current Account Balance (% of GDP)	-1.45	-1.26	-0.91	-2.19	-1.19	-0.86	-0.81
Gross Foreign Exchange Reserve (billion USD)	32.7	36.0	46.4	42.1	47.1	54.9	64.1
Forex Reserve in Months of Imports	6.0	7.2	7.8	5.5	5.5	5.6	5.6
<b>Memorandum Item</b>							
GDP at Current Market Prices (billion BDT)	29514	31705	35302	39765	44500	49913	56063

<sup>RB</sup> Revised Budget

Source: Finance Division, Ministry of Finance and Bangladesh Bureau of Statistics.

**Table-III Trends in Gross Domestic Product (GDP)**

(Billion BDT)

Items/Sectors	FY17	FY18	FY19	FY20	FY21	FY 22
1	2	3	4	5	6	7
<b>Sectoral GDP (at FY 16 constant prices)</b>						
<b>i. Agriculture</b>	<b>2884.38</b>	<b>2986.62</b>	<b>3084.00</b>	<b>3189.50</b>	<b>3290.75</b>	<b>3363.20</b>
a) Agriculture, forestry and fishing	2884.38	2986.62	3084.00	3189.50	3290.75	3363.20
1. Crops and horticulture	1413.45	1452.28	1482.30	1519.39	1554.17	1570.67
2. Animal farming	479.48	493.40	508.25	524.46	539.89	556.61
3. Forest and related services	390.49	410.33	431.36	454.40	477.04	501.28
4. Fishing	600.97	630.61	662.10	691.26	719.65	734.65
<b>ii. Industry</b>	<b>6982.91</b>	<b>7694.87</b>	<b>8590.04</b>	<b>8900.23</b>	<b>9815.81</b>	<b>10840.64</b>
a) Mining and quarrying	387.67	424.69	472.71	487.66	519.32	509.25
1. Natural gas and crude petroleum	114.39	114.44	113.78	108.70	109.05	103.94
2. Other mining and coal	273.28	310.26	358.93	378.96	410.27	405.31
b) Manufacturing	4523.19	4995.98	5612.20	5706.54	6367.65	7151.23
1. Large industry	2313.88	2570.16	2898.85	2910.72	3219.67	3634.16
2. Small, medium and micro industry	1421.02	1578.82	1746.32	1793.25	2042.41	2281.64
3. Cottage industry	788.29	847.00	967.04	1002.57	1105.57	1235.42
c) Electricity, gas, steam and air conditioning supply	262.91	284.66	308.12	310.20	339.80	360.05
1. Electricity	199.18	219.27	241.68	246.20	274.88	294.78
2. Gas	63.73	65.38	66.44	64.00	64.93	65.27
d) Water supply; sewerage and waste management	21.80	22.44	23.86	24.38	26.00	27.93
e) Construction	1787.34	1967.10	2173.14	2371.46	2563.05	2792.19
<b>iii. Services</b>	<b>11307.47</b>	<b>12048.52</b>	<b>12877.44</b>	<b>13383.89</b>	<b>14151.08</b>	<b>15043.44</b>
a) Wholesale and retail trade; repair of motor vehicles	3122.25	3395.05	3695.61	3814.39	4105.90	4464.06
b) Transportation and storage	1677.10	1790.10	1915.56	1948.70	2027.40	2142.88
1. Land transport	1458.90	1562.15	1678.13	1707.37	1787.30	1894.44
2. Water transport	130.81	132.83	134.76	135.77	138.22	140.18
3. Air transport	18.77	20.61	22.06	22.35	21.90	22.53
4. Warehousing and support activities	58.91	64.27	69.90	72.29	68.68	74.25
5. Postal and courier activities	9.72	10.25	10.70	10.93	11.29	11.48
c) Accommodation and food service activities	251.73	265.64	280.61	285.35	298.28	314.95
d) Information and communication	269.08	287.29	308.42	328.69	352.06	373.70
e) Financial and insurance activities	685.24	732.78	793.24	830.68	879.01	945.84
1. Monetary intermediation (banks)	578.74	621.62	675.23	708.57	750.80	810.63
2. Insurance	64.74	66.70	69.73	71.24	73.53	76.44
3. Other financial auxiliaries	41.76	44.46	48.28	50.38	54.68	58.78
f) Real estate activities	1989.21	2058.41	2132.68	2211.09	2286.68	2370.33
g) Professional, scientific and technical activities	40.61	42.27	44.03	45.52	47.84	49.87
h) Administrative and support service activities	151.55	163.29	176.63	187.81	199.11	210.03
i) Public administration and defence	742.20	806.56	858.90	906.02	960.81	999.45
j) Education	577.22	611.20	654.34	689.24	729.32	774.78
k) Human health and social work activities	602.42	657.83	738.09	817.04	903.64	992.00
l) Arts, entertainment and recreation	31.57	33.22	35.04	36.95	39.08	41.45
m) Other service activities	1167.31	1204.89	1244.29	1282.42	1321.98	1364.11
<b>Total GVA at constant basic price</b>	<b>21174.76</b>	<b>22730.01</b>	<b>24551.47</b>	<b>25473.62</b>	<b>27257.64</b>	<b>29247.28</b>
Tax less subsidy	951.47	1015.73	1065.88	1027.03	1081.80	1145.45
<b>GDP (at FY16 constant market prices)</b>	<b>22126.23</b>	<b>23745.74</b>	<b>25617.36</b>	<b>26500.65</b>	<b>28339.44</b>	<b>30392.73</b>

Source: Bangladesh Bureau of Statistics.

**Table-IV Trends in Growth and Sectoral Share of GDP (at FY16 constant prices)**

Sectors	FY17	FY18	FY19	FY20	FY21	FY22 <sup>p</sup>
1	2	3	4	5	6	7
Growth in percent						
<b>i. Agriculture</b>	<b>3.20</b>	<b>3.54</b>	<b>3.26</b>	<b>3.42</b>	<b>3.17</b>	<b>2.20</b>
a) Agriculture, forestry and fishing	3.20	3.54	3.26	3.42	3.17	2.20
1. Crops and horticulture	2.22	2.75	2.07	2.50	2.29	1.06
2. Animal farming	2.77	2.90	3.01	3.19	2.94	3.10
3. Forest and related services	5.00	5.08	5.13	5.34	4.98	5.08
4.Fishing	4.73	4.93	4.99	4.40	4.11	2.08
<b>ii. Industry</b>	<b>8.27</b>	<b>10.20</b>	<b>11.63</b>	<b>3.61</b>	<b>10.29</b>	<b>10.44</b>
a) Mining and quarrying	17.29	9.55	11.31	3.16	6.49	-1.94
1. Natural gas and crude petroleum	-0.34	0.04	-0.57	-4.47	0.32	-4.69
2. Other mining and coal	26.67	13.53	15.69	5.58	8.26	-1.21
b) Manufacturing	7.09	10.45	12.33	1.68	11.59	12.31
1. Large industry	4.63	11.08	12.79	0.41	10.61	12.87
2. Small, medium and micro industry	10.06	11.10	10.61	2.69	13.89	11.71
3. Cottage industry	9.29	7.45	14.17	3.67	10.27	11.75
c) Electricity, gas, steam and air conditioning supply	7.07	8.27	8.24	0.67	9.54	5.96
1. Electricity	8.78	10.09	10.22	1.87	11.65	7.24
2. Gas	2.06	2.60	1.62	-3.68	1.45	0.52
d) Water supply; sewerage and waste management	3.63	2.96	6.31	2.18	6.65	7.43
e) Construction	9.76	10.06	10.47	9.13	8.08	8.94
<b>iii. Services</b>	<b>6.37</b>	<b>6.55</b>	<b>6.88</b>	<b>3.93</b>	<b>5.73</b>	<b>6.31</b>
a) Wholesale and retail trade; repair of motor vehicles	8.22	8.74	8.85	3.21	7.64	8.72
b) Transportation and storage	6.13	6.74	7.01	1.73	4.04	5.70
1. Land transport	6.53	7.08	7.42	1.74	4.68	5.99
2. Water transport	1.07	1.55	1.45	0.75	1.80	1.41
3. Air transport	12.61	9.78	7.08	1.29	-2.00	2.86
4. Warehousing and support activities	6.35	9.10	8.76	3.42	-4.99	8.11
5. Postal and courier activities	3.23	5.44	4.48	2.07	3.34	1.66
c) Accommodation and food service activities	5.39	5.52	5.64	1.69	4.53	5.59
d) Information and communication	8.35	6.77	7.36	6.57	7.11	6.15
e) Financial and insurance activities	5.30	6.94	8.25	4.72	5.82	7.60
1. Monetary intermediation (banks)	5.23	7.41	8.62	4.94	5.96	7.97
2. Insurance	2.07	3.04	4.54	2.16	3.22	3.95
3. Other financial auxiliaries	11.86	6.46	8.59	5.38	7.48	7.49
f) Real estate activities	3.33	3.48	3.61	3.68	3.42	3.66
g) Professional, scientific and technical activities	3.97	4.08	4.17	3.38	5.09	4.25
h) Administrative and support service activities	6.40	7.74	8.17	6.33	6.02	5.48
i) Public administration and defence	11.23	8.67	6.49	5.49	6.05	4.02
j) Education	5.95	5.89	7.06	5.33	5.81	6.23
k) Human health and social work activities	10.33	9.20	12.20	10.70	10.60	9.78
l) Arts, entertainment and recreation	4.98	5.24	5.48	5.43	5.76	6.07
m) Other service activities	3.14	3.22	3.27	3.06	3.08	3.19
<b>GDP (at constant market prices)</b>	<b>6.59</b>	<b>7.32</b>	<b>7.88</b>	<b>3.45</b>	<b>6.94</b>	<b>7.25</b>
Sectoral share (percent of GDP)						
<b>i. Agriculture</b>	<b>13.62</b>	<b>13.14</b>	<b>12.56</b>	<b>12.52</b>	<b>12.07</b>	<b>11.50</b>
a) Agriculture, forestry and fishing	13.62	13.14	12.56	12.52	12.07	11.50
1. Crops and horticulture	6.68	6.39	6.04	5.96	5.70	5.37
2. Animal farming	2.26	2.17	2.07	2.06	1.98	1.90
3. Forest and related services	1.84	1.81	1.76	1.78	1.75	1.71
4.Fishing	2.84	2.77	2.70	2.71	2.64	2.51
<b>ii. Industry</b>	<b>32.98</b>	<b>33.85</b>	<b>34.99</b>	<b>34.94</b>	<b>36.01</b>	<b>37.07</b>
a) Mining and quarrying	1.83	1.87	1.93	1.91	1.91	1.74
1. Natural gas and crude petroleum	0.54	0.50	0.46	0.43	0.40	0.36
2. Other mining and coal	1.29	1.36	1.46	1.49	1.51	1.39
b) Manufacturing	21.36	21.98	22.86	22.40	23.36	24.45
1. Large industry	10.93	11.31	11.81	11.43	11.81	12.43
2. Small, medium and micro industry	6.71	6.95	7.11	7.04	7.49	7.80
3. Cottage industry	3.72	3.73	3.94	3.94	4.06	4.22
c) Electricity, gas, steam and air conditioning supply	1.24	1.25	1.26	1.22	1.25	1.23
1. Electricity	0.94	0.96	0.98	0.97	1.01	1.01
2. Gas	0.30	0.29	0.27	0.25	0.24	0.22
d) Water supply; sewerage and waste management	0.10	0.10	0.10	0.10	0.10	0.10
e) Construction	8.44	8.65	8.85	9.31	9.40	9.55
<b>iii. Services</b>	<b>53.40</b>	<b>53.01</b>	<b>52.45</b>	<b>52.54</b>	<b>51.92</b>	<b>51.44</b>
a) Wholesale and retail trade; repair of motor vehicles	14.75	14.94	15.05	14.97	15.06	15.26

**Table-IV (Contd.) Trends in Growth and Sectoral Share of GDP (at FY16 constant prices)**

Sectors	FY17	FY18	FY19	FY20	FY21	FY22 <sup>p</sup>
1	2	3	4	5	6	7
b) Transportation and storage	7.92	7.88	7.80	7.65	7.44	7.33
1. Land transport	6.89	6.87	6.84	6.70	6.56	6.48
2. Water transport	0.62	0.58	0.55	0.53	0.51	0.48
3. Air transport	0.09	0.09	0.09	0.09	0.08	0.08
4. Warehousing and support activities	0.28	0.28	0.28	0.28	0.25	0.25
5. Postal and courier activities	0.05	0.05	0.04	0.04	0.04	0.04
c) Accommodation and food service activities	1.19	1.17	1.14	1.12	1.09	1.08
d) Information and communication	1.27	1.26	1.26	1.29	1.29	1.28
e) Financial and insurance activities	3.24	3.22	3.23	3.26	3.22	3.23
1. Monetary intermediation (banks)	2.73	2.73	2.75	2.78	2.75	2.77
2. Insurance	0.31	0.29	0.28	0.28	0.27	0.26
3. Other financial auxiliaries	0.20	0.20	0.20	0.20	0.20	0.20
f) Real estate activities	9.39	9.06	8.69	8.68	8.39	8.10
g) Professional, scientific and technical activities	0.19	0.19	0.18	0.18	0.18	0.17
h) Administrative and support service activities	0.72	0.72	0.72	0.74	0.73	0.72
i) Public administration and defence	3.51	3.55	3.50	3.56	3.52	3.42
j) Education	2.73	2.69	2.67	2.71	2.68	2.65
k) Human health and social work activities	2.84	2.89	3.01	3.21	3.32	3.39
l) Arts, entertainment and recreation	0.15	0.15	0.14	0.15	0.14	0.14
m) Other service activities	5.51	5.30	5.07	5.03	4.85	4.66
<b>Total GVA at constant basic price</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>p</sup> Provisional

Source: Bangladesh Bureau of Statistics.

**Table- V Expenditure Based Gross Domestic Product at Current Prices**

(Billion BDT)

Item	FY19	FY20	FY21	FY22 <sup>P</sup>
1. Domestic Demand [(1.1)+(1.2)]	31087.21	33045.91	37305.91	43778.47
1.1 Consumption [(1.1.1)+(1.1.2)]	21579.55	23119.82	26355.72	31189.65
1.1.1 Private	19738.40	21226.67	24279.00	28935.71
1.1.2 Public	1841.16	1893.15	2076.72	2253.94
1.2 Investment [(1.2.1)+(1.2.2)]	9507.65	9926.09	10950.19	12598.82
1.2.1 Private	7452.28	7614.07	8366.82	9568.54
1.2.2 Public	2055.38	2312.02	2583.37	3030.28
2. Resource Balance [(2.1)-(2.2)]	-1590.39	-1707.57	-2258.77	-4303.61
2.1 Export	3864.82	3310.85	3764.16	4872.33
2.2 Import	5455.21	5018.43	6022.93	9175.93
3. Gross Domestic Expenditure at Market Price	29496.82	31338.34	35047.14	39484.86
4. Gross Domestic Product at Market Price	29514.29	31704.69	35301.85	39764.62
5. Statistical Discrepancy [(4)-(3)]	17.47	366.36	254.71	279.76
6. Net Factor Income from Abroad	1208.95	1312.32	1858.12	1476.09
7. Gross National Income at Market Price [(4)+(6)]	30723.24	33017.01	37159.97	41240.71
8. Net Current Transfer from Abroad	46.55	63.69	66.54	70.01
9. Gross Disposable National Income [(7)+(8)]	30769.79	33080.71	37226.50	41310.72
10. Gross Domestic Savings [(4)-(1.1)]	7934.74	8584.87	8946.13	8574.97
11. Gross National Savings [(9)-(1.1)]	9190.23	9960.88	10870.78	10121.07
12. Current Account Balance [(2)+(6)+(8)]	-334.89	-331.56	-334.12	-2757.51
As Percent of GDP				
Consumption	73.12	72.92	74.66	78.44
Private	66.88	66.95	68.78	72.77
Public	6.24	5.97	5.88	5.67
Investment	32.21	31.31	31.02	31.68
Private	25.25	24.02	23.70	24.06
Public	6.96	7.29	7.32	7.62
Exports of Goods and Services	13.09	10.44	10.66	12.25
Imports of Goods and Services	18.48	15.83	17.06	23.08
Gross Domestic Savings	26.88	27.08	25.34	21.56
Gross National Savings	31.14	31.42	30.79	25.45

<sup>P</sup>Provisional

Source: Bangladesh Bureau of Statistics.

**Table- VI Trends in Government Budgetary Operation**

Description	FY16	FY17	FY18	FY19	FY20	FY21	FY22 <sup>R</sup>	(Billion BDT) FY23 (Budget)
1	2	3	4	5	6	7	8	9
1. Revenue and foreign grants	1748.4	2019.1	2174.2	2535.6	2684.3	3310.1	3921.9	4362.7
i. Revenues	1729.5	2012.1	2165.6	2518.8	2659.1	3286.7	3890.0	4330.0
a) Tax revenue	1518.9	1780.8	1943.3	2259.6	2219.8	2698.0	3460.0	3880.0
b) Non-tax revenue	210.7	231.4	222.3	259.2	439.3	588.6	430.0	450.0
ii. Foreign grants	18.9	7.0	8.7	16.8	25.2	23.5	31.9	32.7
2. Expenditures	2384.3	2695.0	3218.6	3916.9	4201.6	4601.6	5935.0	6780.6
i. Recurrent expenditure	1444.3	1644.9	1788.8	2178.1	2361.2	2658.9	3405.7	3732.4
ii. Capital expenditure	123.8	113.6	125.9	203.0	187.6	199.4	260.6	381.6
iii. Loans and advances (net)	10.6	26.0	12.4	-17.1	12.1	5.9	47.9	65.0
iv. Annual Development Programme	793.5	840.9	1195.4	1472.9	1553.8	1605.0	2099.8	2460.7
v. Other expenditures	12.1	69.6	96.1	80.0	86.9	132.4	121.0	140.9
3. Overall deficit (excluding grants)	654.8	682.9	-1053.1	-1398.1	-1542.5	-1315.0	-2045.0	-2450.6
4. Overall deficit (including grants)	635.9	675.9	-1044.4	-1381.3	-1517.3	-1291.5	-2013.1	-2417.9
5. Financing	636.0	675.9	1044.4	1381.3	1496.6	1282.9	2013.1	2417.9
i. Foreign borrowing - net	128.7	116.0	256.2	312.9	416.1	457.1	770.2	954.6
Foreign borrowing	195.5	188.0	331.3	447.9	529.3	577.3	918.1	1124.6
Amortisation	-66.9	-72.0	-75.1	-135.0	-113.2	-120.2	-147.9	-170.0
ii. Domestic borrowing - net	507.3	559.9	788.2	1068.5	1080.5	825.9	1242.9	1463.4
Borrowing from banking system (net)	106.1	-83.8	117.3	345.9	792.7	326.7	872.9	1063.3
Non-bank borrowing (net)	401.2	643.6	670.8	722.6	287.8	499.1	370.0	400.0
Memorandum item : GDP*	17295.7	19560.6	22504.8	25361.8	27963.8	31718.0	39764.6	44499.6

<sup>R</sup> Revised Budget.

\*Estimate of the finance division at current market prices

Source : Budget in Brief (Various issues), Ministry of Finance.

**Table-VII Broad Money: Its Components and Sources**

Particulars	FY17	FY18	FY19	FY20	(Billion BDT)	
					FY21	FY22 <sup>P</sup>
1	2	3	4	5	6	7
Broad money ( $M_2$ )@	10160.8	11099.8	12196.1	13737.4	15609.0	17081.2
<b>Components</b>						
Currency outside banks	1375.3	1409.2	1542.9	1921.1	2095.2	2364.5
Demand deposits	1025.5	1139.8	1190.1	1361.5	1663.1	1894.6
Time deposits	7760.0	8550.9	9463.2	10454.7	11850.7	12822.2
<b>Sources</b>						
Net foreign assets	2667.0	2646.7	2724.0	2973.4	3823.4	3643.0
Net domestic assets	7493.8	8453.1	9472.1	10764.0	11785.6	13438.2
Total domestic credit@	8906.7	10216.3	11468.8	13076.3	14399.0	16717.5
Public sector	1146.1	1141.0	1366.3	2103.7	2510.4	3205.1
Government (net)@@	973.3	949.0	1132.7	1811.5	2210.3	2833.1
Other public sector	172.8	192.0	233.6	292.2	300.2	372.0
Private sector	7760.6	9075.3	10102.6	10972.7	11888.6	13512.4
Other assets (net)	-1412.9	-1763.2	-1996.7	-2312.4	-2613.4	-3279.3
Growth in percent						
Broad money ( $M_2$ )@	10.9	9.2	9.9	12.6	13.6	9.4
<b>Components</b>						
Currency outside banks	12.7	2.5	9.5	24.5	9.1	12.9
Demand deposits	13.5	11.2	4.4	14.4	22.2	13.9
Time deposits	10.2	10.2	10.7	10.5	13.4	8.2
<b>Sources</b>						
Net foreign assets	14.4	-0.8	2.9	9.2	28.6	-4.7
Net domestic assets	9.7	12.8	12.1	13.6	9.5	14.0
Total domestic credit@	11.2	14.7	12.3	14.0	10.1	16.1
Public sector	-12.0	-0.5	19.8	54.0	19.3	27.7
Government (net)@@	-14.8	-2.5	19.4	59.9	22.0	28.2
Other public sector	7.7	11.1	21.6	25.1	2.8	23.9
Private sector	15.7	16.9	11.3	8.6	8.4	13.7
Other assets (net)	-19.7	-24.8	-13.2	-15.8	-13.0	-25.5

P Provisional

@ Figures correspond to end June

@@ Includes adjustment of bonds issued by the Government.

\* Base Year 2015-16

Notes: (1) Government securities and treasury bills are shown at cost price from June 2002 onwards.

(2) Advances are on gross basis.

Sources: (1) Statistics Department, Bangladesh Bank.

(2) Bangladesh Bureau of Statistics.

**Table –VIII Consumer Price Index (CPI) and Rate of Inflation-National (base: FY06=100)**

Period	Twelve-month average basis						Twelve-month point to point basis					
	General		Food		Non -food		General		Food		Non -food	
	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation	Index	Annual rate of inflation
Weight	100.00		56.18		43.82		100.00		56.18		43.82	
FY14	195.08	7.35	209.79	8.57	176.22	5.54	196.86	6.97	210.15	8.00	179.82	5.45
FY15	207.58	6.40	223.80	6.68	186.79	5.99	209.17	6.25	223.43	6.32	190.88	6.15
FY16	219.86	5.92	234.77	4.90	200.74	7.47	220.74	5.53	232.87	4.23	205.19	7.50
FY17	231.82	5.44	248.90	6.02	209.92	4.57	233.86	5.94	250.35	7.51	212.72	3.67
FY18	245.22	5.78	266.64	7.13	217.77	3.74	246.82	5.54	265.33	5.98	223.09	4.87
FY19	258.65	5.48	281.32	5.51	229.58	5.42	260.44	5.52	279.65	5.40	235.82	5.71
FY20	273.26	5.65	296.86	5.52	243.00	5.85	276.12	6.02	297.95	6.54	248.13	5.22
FY21	288.44	5.56	313.86	5.73	255.85	5.29	291.70	5.64	314.19	5.45	262.87	5.94
FY22	306.18	6.15	332.86	6.05	271.98	6.31	313.76	7.56	340.48	8.37	279.50	6.33
<u>FY22</u>												
Jul -21	289.69	5.54	315.14	5.68	257.06	5.33	293.19	5.36	316.02	5.08	263.93	5.80
Aug -21	290.99	5.53	316.46	5.60	258.34	5.43	297.73	5.54	323.04	5.16	265.28	6.13
Sep -21	292.33	5.50	317.83	5.49	259.64	5.52	304.22	5.59	332.58	5.21	267.85	6.19
Oct -21	293.71	5.44	319.23	5.32	261.00	5.64	307.49	5.70	337.70	5.22	268.75	6.48
Nov -21	295.15	5.48	320.66	5.29	262.45	5.78	305.97	5.98	333.58	5.43	270.58	6.87
Dec -21	296.60	5.55	322.08	5.30	263.93	5.93	304.81	6.05	330.71	5.46	271.61	7.00
Jan -22	298.02	5.62	323.56	5.33	265.27	6.06	307.02	5.86	333.51	5.60	273.05	6.26
Feb -22	299.51	5.69	325.19	5.40	266.58	6.13	308.21	6.17	334.95	6.22	273.93	6.10
Mar -22	301.02	5.75	326.87	5.47	267.89	6.19	310.12	6.22	337.43	6.34	275.11	6.04
Apr -22	302.56	5.81	328.53	5.53	269.27	6.26	312.38	6.29	340.29	6.24	276.64	6.39
May -22	304.34	5.99	330.67	5.81	270.60	6.27	309.28	7.42	334.02	8.30	277.57	6.08
Jun -22	306.18	6.15	332.86	6.05	271.98	6.31	313.76	7.56	340.48	8.37	279.50	6.33

Source: Bangladesh Bureau of Statistics.

**Table-IX Quantum index of medium and large-scale manufacturing industry  
(base: FY06=100)**

SL No.	Major Industry Group	Weight	FY19	FY20	FY21	FY22 <sup>P</sup>
1.	General Index of Manufacturing	100.00	392.82	398.35	447.6	515.42
2.	Food products	10.84	562.70	584.83	570.69	548.41
3.	Beverages	0.34	272.74	227.83	397.61	629.96
4.	Tobacco products	2.92	138.59	136.46	128.07	110.36
5.	Textile	14.07	200.27	252.6	276.99	307.02
6.	Wearing apparels	34.84	443.05	368.68	428.59	587.58
7.	Leather and related products	4.4	348.58	346.69	398.39	487.16
8.	Wood and products of wood and cork	0.33	356.42	376.71	421.34	434.33
9.	Paper and paper products	0.33	187.58	217.89	251.21	326.21
10.	Printing and reproduction of recorded media	1.83	178.89	174.92	203.74	207.45
11.	Coke and refined petroleum products	1.25	109.74	88.63	116.34	105.09
12.	Chemicals and chemical products	3.67	133.22	122.61	144.1	134.91
13.	Pharmaceuticals and medicinal chemical	8.23	670.41	892.23	1123.1	1154.17
14.	Rubber and plastic products	1.56	442.63	452.23	410.29	461.58
15.	Other non-metallic mineral products	7.12	443.72	488.38	563.66	577.60
16.	Basic metals	3.15	188.14	165.29	184.58	217.74
17.	Fabricated metal products except machinery	2.32	298.00	298.31	288.97	313.26
18.	Computer, electronic and optical products	0.15	246.05	277.6	292.04	265.23
19.	Electrical equipment	0.73	366.35	309	321.41	386.56
20.	Machinery and equipment n.e.c	0.18	641.00	760.24	771.83	793.25
21.	Motor vehicles, trailers and semi trailers	0.13	614.11	295.38	205.35	580.79
22.	Other transport equipment	0.73	607.53	946.32	650.05	599.99
23.	Furniture	0.88	193.84	166.25	166.6	166.34
Growth in Percent						
1.	General Index of Manufacturing	14.70	0.26	12.36	15.15	
2.	Food products	12.28	6.86	-2.42	-3.90	
3.	Beverages	13.45	-6.40	74.52	58.44	
4.	Tobacco products	0.06	4.50	-6.15	-13.83	
5.	Textile	2.60	13.69	9.66	10.84	
6.	Wearing apparels	14.01	-16.78	16.25	37.10	
7.	Leather and related products	19.29	-0.54	14.91	22.28	
8.	Wood and products of wood and cork	4.98	6.05	11.85	3.08	
9.	Paper and paper products	1.19	6.03	15.29	29.86	
10.	Printing and reproduction of recorded media	10.28	13.34	16.48	1.82	
11.	Coke and refined petroleum products	8.87	-36.61	31.26	-9.67	
12.	Chemicals and chemical products	32.56	-10.13	17.53	-6.38	
13.	Pharmaceuticals and medicinal chemical	32.09	31.72	25.88	2.77	
14.	Rubber and plastic products	7.45	0.74	-9.27	12.50	
15.	Other non-metallic mineral products	16.20	9.24	15.41	2.47	
16.	Basic metals	1.55	-7.70	11.67	17.96	
17.	Fabricated metal products except machinery	8.62	0.10	-3.13	8.41	
18.	Computer, electronic and optical products	37.79	12.82	5.20	-9.18	
19.	Electrical equipment	8.52	-23.08	4.02	20.27	
20.	Machinery and equipment n.e.c	16.82	18.60	1.52	2.78	
21.	Motor vehicles, trailers and semi trailers	40.07	-53.50	-30.48	182.83	
22.	Other transport equipment	0.51	2.88	-31.31	-7.70	
23.	Furniture	4.89	-4.93	0.21	-0.16	

<sup>P</sup> Provisional data up to March 2022.

Source: Bangladesh Bureau of Statistics.

**Table-X Trends in Reserve Money and its Components**

Year (End June)	Currency notes and coins with the public	Cash in tills of the scheduled banks	Balances of scheduled banks with the Bangladesh Bank*	Balances of other financial institutions with the Bangladesh Bank	(Billion BDT)
					Reserve money
1	2	3	4	5	6=(2+3+4+5)
2005	185.2	18.1	70.4	0.4	274.1
2006	228.6	20.3	90.1	0.5	339.5
2007	266.4	21.4	105.7	0.7	394.2
2008	326.9	29.6	118.1	1.1	475.6
2009	360.5	34.0	231.6	1.4	627.5
2010	461.6	43.1	234.7	2.1	741.4
2011	548.0	57.3	290.1	2.0	897.3
2012	584.2	64.8	326.6	2.4	978.0
2013	675.5	78.2	368.0	3.1	1124.9
2014	769.1	85.8	440.0	3.9	1298.8
2015	879.4	102.1	498.4	4.9	1484.8
2016	1220.7	102.3	603.0	6.0	1932.0
2017	1375.3	137.3	727.3	6.7	2246.6
2018	1409.2	140.2	780.4	7.6	2337.4
2019	1542.9	161.0	750.1	7.9	2461.9
2020	1921.1	159.8	757.7	6.2	2844.8
2021	2095.2	173.7	1206.0	5.9	3480.7
2022 <sup>P</sup>	2364.5	197.3	903.8	6.0	3471.6

<sup>P</sup> Provisional

\* Balances of DMBs with BB excluding foreign currency clearing account balances since June'2002 and Reserve Money has been revised accordingly.

Source: Statistics Department, Bangladesh Bank.

**Table-XI Trends in Reserve Money and its Sources**

(Billion BDT)

Year (End June)	Bangladesh Bank's claims on					Net foreign assets	Other assets (net)	Reserve money
	Government (net)	Scheduled banks	Other official entities and financial institutions	Private sectors	Total			
1	2	3	4	5	6=(2+3+4+5)	7	8	9=(6+7+8)
2005	156.7	61.3	11.1	13.4	242.5	146.9	-115.3	274.1
2006	249.8	63.4	10.1	14.3	337.6	186.4	-184.5	339.5
2007	259.3	64.4	9.9	15.8	349.4	287.7	-242.9	394.2
2008	259.3	73.3	9.5	17.0	359.1	328.1	-211.6	475.6
2009	284.7	68.5	8.5	20.2	381.9	432.3	-186.7	627.5
2010	214.7	66.1	8.3	25.9	315.0	611.8	-185.4	741.4
2011	317.1	186.1	7.8	31.4	542.4	613.4	-258.5	897.3
2012	378.5	226.3	11.8	36.0	652.6	689.3	-363.9	978.0
2013	270.7	102.2	13.5	41.8	428.2	1032.5	-335.8	1124.9
2014	38.4	62.8	12.0	42.7	156.0	1475.0	-332.2	1298.8
2015	8.1	56.6	21.6	46.4	132.7	1774.0	-421.9	1484.8
2016	133.7	60.2	20.2	49.7	263.8	2188.9	-520.7	1932.0
2017	129.8	50.5	21.6	49.8	251.7	2520.3	-525.4	2246.6
2018	225.7	55.8	23.7	51.5	356.7	2535.1	-554.4	2337.4
2019	311.9	53.9	23.8	47.9	437.5	2572.0	-547.5	2461.9
2020	421.2	137.6	25.5	53.4	637.8	2860.4	-653.3	2844.8
2021	172.8	189.5	32.2	58.4	452.9	3669.2	-641.4	3480.7
2022 <sup>P</sup>	549.3	160.7	34.4	59.4	803.8	3476.8	-809.0	3471.6

<sup>P</sup> Provisional

Source: Statistics Department, Bangladesh Bank.

**Table-XII Trends in Deposits of Public and Private Sector**

Year (End June)	Demand deposits <sup>1/</sup>			Time deposits <sup>1/</sup>			(Billion BDT)	
	Public <sup>2/</sup>		Private	Total	Public <sup>2/</sup>		Private <sup>3/</sup>	
	1	2	3	4	5	6	7	
2005	35.2	158.9	194.1		223.3	1008.4	1231.7	
2006	38.1	183.9	222.0		255.1	1212.9	1468.0	
2007	42.2	218.8	261.0		298.7	1409.8	1708.5	
2008	49.5	254.9	304.4		364.8	1647.6	2012.4	
2009	57.5	280.3	337.8		442.7	2005.6	2448.3	
2010	61.8	393.0	454.8		537.1	2374.5	2911.6	
2011	87.8	439.3	527.1		677.0	2900.4	3577.4	
2012	103.4	471.0	574.4		845.1	3480.7	4325.8	
2013	112.1	517.8	629.9		954.8	4144.2	5099.0	
2014	115.3	600.2	715.5		1080.9	4828.4	5909.3	
2015	119.2	683.6	802.8		1376.5	5283.7	6660.2	
2016	139.2	853.4	992.6		1638.3	5871.4	7509.7	
2017	192.1	971.5	1163.6		1781.0	6480.8	8261.8	
2018	204.1	1071.0	1275.1		2034.0	7131.9	9165.9	
2019	247.7	1105.9	1353.6		2164.9	7954.6	10119.5	
2020	274.8	1267.2	1541.9		2230.7	8918.4	11149.1	
2021	260.6	1569.0	1829.7		2535.0	10105.0	12640.0	
2022	287.4	1788.2	2075.6		2573.3	11151.1	13724.4	
Share in Percent								
2005	18.1	81.9	100.0		18.1	81.9	100.0	
2006	17.1	82.9	100.0		17.4	82.6	100.0	
2007	16.2	83.8	100.0		17.5	82.5	100.0	
2008	16.3	83.7	100.0		18.1	81.9	100.0	
2009	17.0	83.0	100.0		18.1	81.9	100.0	
2010	13.6	86.4	100.0		18.4	81.6	100.0	
2011	16.7	83.3	100.0		18.9	81.1	100.0	
2012	18.0	82.0	100.0		19.5	80.5	100.0	
2013	17.8	82.2	100.0		18.7	81.3	100.0	
2014	16.1	83.9	100.0		18.3	81.7	100.0	
2015	14.8	85.2	100.0		20.7	79.3	100.0	
2016	14.0	86.0	100.0		21.8	78.2	100.0	
2017	16.5	83.5	100.0		21.6	78.4	100.0	
2018	16.0	84.0	100.0		22.2	77.8	100.0	
2019	18.3	81.7	100.0		21.4	78.6	100.0	
2020	17.8	82.2	100.0		20.0	80.0	100.0	
2021	14.2	85.8	100.0		20.1	79.9	100.0	
2022	13.8	86.2	100.0		18.7	81.3	100.0	

<sup>1/</sup> Exclude inter-bank items.<sup>2/</sup> Include government deposits.<sup>3/</sup> Include wage earners' deposits.

Source: Statistics Department, Bangladesh Bank.

**Table-XIII Trends in Selected Statistics of Scheduled Banks**

Particulars	(Billion BDT)								
	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	
1	2	3	4	5	6	7	8	9	
<b>1. Bank deposits (exclude inter-bank items)</b>	<b>7463.4</b>	<b>8496.3</b>	<b>9425.9</b>	<b>10441.5</b>	<b>11473.6</b>	<b>12691.5</b>	<b>14470.2</b>	<b>15800.5</b>	
(A) Demand deposits	723.8	897.6	1018.9	1132.2	1182.2	1355.3	1657.2	1888.6	
(B) Time deposits	6268.0	7039.5	7760.0	8550.9	9463.2	10454.7	11850.7	12822.2	
(C) Restricted deposits	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	
(D) Government deposits	471.2	558.7	646.5	757.9	827.8	881.0	961.8	1089.2	
2. Borrowings from the Bangladesh Bank	48.2	183.9	243.9	323.3	353.7	503.0	736.3	916.6	
3. Cash in tills	102.1	102.3	137.3	140.2	161.0	159.8	173.7	197.3	
4. Balances with the Bangladesh Bank including FCD	568.5	672.9	815.9	871.6	866.9	869.9	1331.8	956.5	
5. Balances with other banks in Bangladesh	159.3	206.6	285.8	444.3	441.8	355.3	422.9	403.3	
6. Money at call and short notice	25.3	51.7	65.4	46.7	65.4	74.4	38.9	102.5	
<b>7. Total investment @</b>	<b>1744.3</b>	<b>1798.7</b>	<b>1787.5</b>	<b>1848.0</b>	<b>2130.7</b>	<b>2745.3</b>	<b>3468.9</b>	<b>3880.8</b>	
(A) Government securities & treasury bills *	1524.2	1536.7	1476.5	1492.7	1663.6	2264.6	2922.8	3261.2	
(B) Others	220.1	262.0	311.0	355.3	467.1	480.7	546.1	619.6	
<b>8. Bank credit (exclude inter-bank items and foreign bills)</b>	<b>5533.4</b>	<b>6428.3</b>	<b>7456.1</b>	<b>8762.5</b>	<b>9824.5</b>	<b>10735.3</b>	<b>11630.2</b>	<b>13331.7</b>	
(A) Advances in Bangladesh **	5333.1	6187.8	7166.6	8480.5	9518.8	10495.7	11390.0	12990.0	
(B) Inland bills purchased and discounted	200.3	240.5	289.4	282.0	305.7	239.5	240.2	341.7	
<b>9. Credit/deposit ratio (excluding specialised banks)</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	

@ Include treasury bills/bonds issued by the government and all other investment (share/debenture, reverse repo, etc.)

\* Government securities and treasury bills are shown at cost price from June 2002.

\*\* Advances are on gross basis.

Source: Statistics Department, Bangladesh Bank.

**Table-XIV Movements in Selected Interest Rates (end period)**

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1	2	3	4	5	6	7	8	9
<b>Bank rate</b>	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
<b>Treasury bill rates*</b>								
91-day	5.39	3.92	3.78	3.89	6.92	6.87	0.58	6.01
182-day	6.40	4.65	4.31	4.42	7.07	7.00	0.68	6.57
364-day	6.78	5.22	4.47	4.60	7.29	7.41	1.26	6.66
<b>Call money rates*</b>								
Borrowing	5.79	3.70	3.93	3.41	4.55	5.01	2.25	4.88
Lending	5.79	3.70	3.93	3.41	4.55	5.01	2.25	4.88
<b>Scheduled banks rates*</b>								
Deposits	6.80	5.54	4.84	5.50	5.43	4.96	4.13	3.97
Advances	11.69	10.39	9.56	9.95	9.58	7.95	7.33	7.09

\* Weighted average except Bank rate.

Source: Monetary Policy Department and Statistics Department, Bangladesh Bank.

**Table-XV Government Domestic Borrowing from the Banking System**

Sl. No.	Particulars	Objectives	(Billion BDT)	
			Outstanding as on 30 June 21 <sup>R</sup>	Outstanding as on 30 June 22 <sup>P</sup>
1	2	3	4	5
<b>A. Bangladesh Bank</b>				
1.	Ways and Means Advances	To increase Government cash balance	0.00	7.27
2.	Overdraft		0.00	0.00
3.	Overdraft Block		1.99	0.00
4.	Devolution		250.91	531.94
a)	Treasury Bills		14.40	187.75
b)	Treasury Bonds		236.51	344.19
5.	Government Currency Liabilities		20.26	20.26
6.	Advances to Govt. against RFI from IMF		41.27	41.27
7.	Advances to Autonomous and Semi-autonomous Bodies		0.00	0.00
8.	Accrued Interest		2.73	4.01
9.	Government Deposits <sup>2/</sup> (-)		-27.74	-0.80
10.	Balances of BGIIB Fund in BB (-)		-158.06	-53.72
11.	Govt. Lending Fund(-)		-52.10	-68.78
<b>A. Total : (1 +...+ 11)</b>			<b>79.26</b>	<b>481.43</b>
<b>B. Scheduled Banks (SBs)</b>				
1.	<b>Government Treasury Bills</b>		<b>493.70</b>	<b>577.60</b>
	i) Treasury Bills (Less than 1 year)	To increase Government cash balance	493.70	577.60
2.	<b>Bangladesh Govt. Treasury Bonds (BGTB)</b>		<b>2037.34</b>	<b>2303.45</b>
	i) 2-years Bangladesh Govt. Treasury Bonds		389.39	342.27
	ii) 3-years Bangladesh Govt. Floating Rate Treasury Bonds (FRTBs) <sup>1/</sup>			
	iii) 5-years Bangladesh Govt. Treasury Bonds	To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	1.12	0.00
	iv) 10-years Bangladesh Govt. Treasury Bonds		438.26	555.91
	v) 15-years Bangladesh Govt. Treasury Bonds		612.35	684.60
	vi) 20-years Bangladesh Govt. Treasury Bonds		304.16	371.62
3.	<b>Others Treasury Bonds (a+b)</b>		<b>70.64</b>	<b>61.64</b>
a)	<b>1 Year and above but less than 5 years (Specialized Bonds)</b>		<b>0.00</b>	<b>0.00</b>
	i) 3-Years interest free Frozen Food Treasury Bond 2021	To repay the loan of Frozen Food Industries	0.00	0.00
b)	<b>5 Years and above (Specialized Bonds)</b>		<b>70.64</b>	<b>61.64</b>
	i) 12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest <sup>2/</sup>	To repay the loan of Bangladesh Petroleum Corporation	18.23	9.23
	ii) 11-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	To repay the loan of BJMC	13.14	13.14
	iii) 8-years SPTB-2021 bearing 7.0 percent interest		0.00	0.00
	iv) 10-years SPTB-2023 bearing 7.0 percent interest	To increase Government cash balance	19.35	19.35
	v) 07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest	To repay the loan of Hanif Flyover	14.39	14.39
	vi) 07-years interest free Hanif Flyover SPTB-2026		5.54	5.54

### Table-XV (Contd.) Government Domestic Borrowing from the Banking System

	(Billion BDT)	
<b>4. Bangladesh Govt. Investment Sukuk (BGIS)<sup>#</sup></b>	<b>78.00</b>	<b>177.94</b>
i) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) <sup>3/</sup>		
To raise fund for the project 'Safe Water Supply to the Whole Country';		
To purchase definite assets of 'Need Based Infrastructure Development of Government Primary Schools Project(1st Phase)';		
To construct and develop 'Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3)' <sup>4/</sup>		
	78.00	177.94
<b>5. Sub-Total : (1+2+3+4)</b>	<b>2679.68</b>	<b>3120.63</b>
6. Prize Bond	0.28	0.25
7. Government's other Securities	0.05	0.06
8. Advances to Food Ministry	10.02	13.78
9. Advances to Other Ministries	15.00	13.37
10. Advances to Auto./Semi-Autonomous Bodies	32.79	84.60
11. Accrued Interest	31.24	33.44
12. Deposits of Ministries and Departments (-)	-349.84	-357.60
13. Deposits of Auto./Semi-Autonomous Bodies (-)	-611.92	-731.59
14. SBs's Balances of BGIIB Fund (i+ii)	154.87	50.46
i) Investment to BGIIB Fund	167.53	83.87
ii) Borrowing from BGIIB Fund (-)	-12.66	-33.41
15. Borrowing from Govt. on Lending (-)	-18.64	-22.04
16. Borrowing from Govt. Financial Stimulus Fund (-)	-44.09	-21.57
<b>B. Total : (5+...+16)</b>	<b>1899.44</b>	<b>2183.79</b>
<b>Grand Total : (A+B)*</b>	<b>1978.70</b>	<b>2665.22</b>

<sup>@</sup>Including other deposits.

<sup>\*</sup>Including Advances to Govt. against RFI from IMF, BGIIB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.

<sup>#</sup>BGIS (*Ijarah Sukuk*) was introduced for the first time on 08 October 2020. In FY21, 1st *Sukuk* for BDT 80.0 billion were issued in two tranche (29 December 2020 and 10 June 2021) against 'Safe Water Supply to the Whole Country' project. In FY22, 2nd *Sukuk* of BDT 50.0 billion against 'Need Based Infrastructure Development of Government Primary Schools Project(1st Phase)' on 30 December 2021 and 3rd *Sukuk* of BDT 50.0 billion against 'Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3)' on 20 April 2022 were issued.

<sup>1/</sup>An amount of BDT 1.12 billion was paid in March 2022 against the outstanding of BDT 1.12 billion in June 2021.

<sup>2/</sup>An amount of BDT 9.0 billion was paid in September 2021 against the outstanding of BDT 18.23 billion in June 2021.

<sup>3/</sup>In FY21, an amount of BDT 78.0 billion was funded by 1st *Sukuk* (29 December 2020 and 10 June 2021) from Banking source (Islamic Banks, Islamic Windows and Conventional Banks). In FY22, 2nd *Sukuk* of BDT 50.0 billion against 'Need Based Infrastructure Development of Government Primary Schools Projec t(1st Phase)' on 30 December 2021 and 3rd *Sukuk* of BDT 50.0 billion against 'Important Rural Infrastructure Development Project on Priority Basis-3 (IRIDP-3)' on 20 April 2022 were issued.

<sup>P</sup>Provisional, <sup>R</sup>Revised.

Source: Debt Management Department and Statistics Department, Bangladesh Bank.

**Table-XVI Government Borrowing from Other than Banks**

(Billion BDT)

Sl. No.	Particulars	Sale	FY21		Net Sale 6 = (3-4)	Sale	FY22		Net Sale 10 = (7-8)
			Principal	Interest			Repayment	Principal	
1	2	3	4	5	6 = (3-4)	7	8	9	10 = (7-8)
<b>NSD Instruments</b>									
1.	Defence Savings Certificate	0.00	0.01	0.01	-0.01	0.00	0.02	0.03	-0.02
2.	5-year Bangladesh Savings Certificate	95.50	64.43	28.78	31.07	93.66	62.19	30.27	31.47
3.	3-year Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Bonus Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	6-month interest bearing Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Family Savings Certificate	427.95	203.33	146.60	224.61	531.46	295.65	176.71	235.81
7.	3-month interest bearing Savings Certificate	315.18	241.40	78.06	73.79	330.00	278.73	86.63	51.26
8.	Jamanat Savings Certificate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Pensioner Savings Certificate	74.03	38.41	30.15	35.62	81.40	59.37	34.51	22.03
10.	Post Office Savings Bank	189.55	144.70	39.37	44.85	32.19	160.02	55.63	-127.83
a)	General Account	19.64	23.78	1.03	-4.14	4.76	13.21	2.72	-8.44
b)	Fixed Account	169.81	120.80	38.31	49.01	27.42	146.81	52.91	-119.38
c)	Bonus Account	0.10	0.12	0.04	-0.02	0.00	0.00	0.00	0.00
11.	Postal Life Insurance	1.15	1.23	0.37	-0.08	1.30	1.35	0.39	-0.05
12.	Prize Bond	0.83	0.41	0.40	0.42	0.87	0.44	0.40	0.44
13.	Wage Earners' Development Bond	15.66	5.51	12.82	10.15	8.66	12.82	13.38	-4.15
14.	3-year National Investment Bond	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15.	USD Premium Bond	0.23	0.21	0.15	0.02	0.15	1.19	0.22	-1.04
16.	USD Investment Bond	1.80	2.65	1.26	-0.85	1.02	9.78	1.86	-8.77
17.	<b>Total : (1+...+16)</b>	<b>1121.88</b>	<b>702.29</b>	<b>337.97</b>	<b>419.60</b>	<b>1080.71</b>	<b>881.56</b>	<b>400.03</b>	<b>199.15</b>

**Table-XVII Trends in Balance of Payments\***

(Million USD)

Item	FY18 1	FY19 2	FY20 3	FY21 <sup>RP</sup> 4	FY22 <sup>P</sup> 5	FY22 <sup>P</sup> 6
<b>Trade balance</b>	<b>-18178</b>	<b>-15835</b>	<b>-18569</b>	<b>-23778</b>	<b>-33249</b>	
Export f.o.b.(including EPZ)	36285	39604	32121	36903	49246	
Of which : Readymade garments (RMG)	30615	34133	27949	31457	42613	
Import f.o.b (including EPZ)	54463	55439	50690	60681	82495	
<b>Services</b>	<b>-4201</b>	<b>-3176</b>	<b>-2578</b>	<b>-3020</b>	<b>-3870</b>	
Credit	4540	7154	6716	7439	9982	
Of which : Government Services	1996	2817	2889	2674	2659	
Debit	8741	10330	9294	10459	13852	
<b>Primary income</b>	<b>-2641</b>	<b>-2382</b>	<b>-3070</b>	<b>-3172</b>	<b>-3299</b>	
Credit	146	177	174	217	350	
Debit	2787	2559	3244	3389	3649	
Of which : Official interest payments	597	758	960	909	943	
<b>Secondary Income</b>	<b>15453</b>	<b>16903</b>	<b>18782</b>	<b>25395</b>	<b>21721</b>	
Official transfers	51	41	19	51	16	
Private transfers	15402	16862	18763	25344	21705	
Of which: Workers' remittances	14982	16420	18205	24778	21032	
<b>Current account balance</b>	<b>-9567</b>	<b>-4490</b>	<b>-5435</b>	<b>-4575</b>	<b>-18697</b>	
<b>Capital account</b>	<b>331</b>	<b>239</b>	<b>256</b>	<b>458</b>	<b>181</b>	
Capital transfers	331	239	256	458	181	
<b>Financial account</b>	<b>9011</b>	<b>5130</b>	<b>8654</b>	<b>14067</b>	<b>13666</b>	
Foreign direct investment (gross inflows)	3290	4946	3233	3387	4708	
Of which: FDI net inflows	1778	2628	1271	1355	2179	
Portfolio investment	349	171	44	-269	-158	
Of which: Investment by NRBs	279	224	191	209	114	
Other investment	6884	2331	7339	12981	11645	
Net aid flows	4874	5061	5739	6032	8284	
MLT loans (excluding suppliers credit)	5987	6263	6996	7449	9811	
MLT amortization payments	1113	1202	1257	1417	1527	
Other long term loans (net)	141	302	499	1684	1404	
Other short term loans (net)	1508	272	1142	2064	2333	
Trade credit (net)	-1270	-3493	236	3749	-1561	
Commercial Bank	1631	189	-277	-548	1185	
Assets	-50	367	-234	391	791	
Liabilities	1581	556	-511	-157	1976	
<b>Errors and omissions</b>	<b>-632</b>	<b>-700</b>	<b>-306</b>	<b>-676</b>	<b>-530</b>	
<b>Overall balance</b>	<b>-857</b>	<b>179</b>	<b>3169</b>	<b>9274</b>	<b>-5380</b>	
<b>Reserve assets</b>	<b>857</b>	<b>-179</b>	<b>-3169</b>	<b>-9274</b>	<b>5380</b>	
Bangladesh Bank	857	-179	-3169	-9274	5380	
Assets	-633	-155	3250	9924	-3711	
Liabilities	224	-334	81	650	1669	

<sup>RP</sup> Revised Provisional, <sup>P</sup> Provisional.

\* This classification is based on BPM6 manual.

Note: 1. Customs record is used to calculate Import (f.o.b.)

2. Disinvestment, repayments of loans &amp; loss have been deducted as per BPM6 and it includes in financial account calculation instead of gross FDI.

Source: Statistics Department, Bangladesh Bank.

**Table-XVIII Trends in Category-wise Exports**

(Million USD)

<b>Items</b>	FY18	FY19	FY20	FY21	FY22
1	2	3	4	5	6
<b>A. Frozen and Live Fish</b>	<b>508.42</b>	<b>500.40</b>	<b>456.15</b>	<b>477.37</b>	<b>532.94</b>
1. Fish	67.03	81.34	86.72	121.89	98.30
2. Shrimps	408.71	361.14	332.65	328.84	407.25
3. Others	32.68	57.92	36.78	26.64	27.39
<b>B. Agricultural products</b>	<b>673.69</b>	<b>908.96</b>	<b>862.06</b>	<b>1028.14</b>	<b>1162.25</b>
1. Vegetables	77.98	99.68	164.00	118.73	99.91
2. Tobacco	56.39	63.33	80.36	86.20	107.22
3. Fruits & Flowers	2.33	5.71	0.52	0.67	5.37
4. Spices	42.92	41.31	33.28	43.29	39.66
5. Dry Food	201.37	227.09	193.71	283.38	249.96
6. Others	292.70	471.84	390.19	495.87	660.13
<b>C. Manufactured products</b>	<b>35486.06</b>	<b>39125.68</b>	<b>32355.88</b>	<b>37252.80</b>	<b>50387.47</b>
1. Petroleum bi-products	33.70	203.74	23.48	23.33	33.53
2. Chemical products	150.72	205.18	198.86	280.58	364.07
3. Plastic products	98.48	119.80	100.52	115.28	166.25
4. Leather & Leather products	1085.51	1019.78	797.60	941.67	1245.18
5. Cotton & cotton products	124.85	152.16	133.56	154.29	244.92
6. Jute & Jute goods	1025.55	816.27	882.35	1161.48	1127.63
7. Specialized textiles	110.04	143.93	116.04	130.90	314.82
8. Knitwear	15188.51	16888.54	13908.00	16960.03	23214.32
9. Woven garments	15426.25	17244.73	14041.19	14496.70	19398.84
10. Home textile	878.69	851.72	758.91	1132.03	1621.93
11. Footwear	244.09	271.53	277.13	344.46	449.15
12. Engineering products	355.97	341.30	292.92	529.00	795.63
13. Ships, boats & floating structures	30.05	4.73	11.32	0.20	0.24
14. Others	733.65	862.27	814.00	982.85	1410.96
<b>Total (A+B+C)</b>	<b>36668.17</b>	<b>40535.04</b>	<b>33674.09</b>	<b>38758.31</b>	<b>52082.66</b>
Of which exports from EPZ	5785.26	6030.24	4943.74	5305.98	6898.91
<b>Growth of export (compared to previous year)</b>	5.81	10.55	-16.93	15.10	34.38

Source: Export Petroleum Bureau.

**Table-XIX Trends in Category-wise Imports**

(Million USD)

Items	FY18 1	FY19 2	FY20 3	FY21 <sup>R</sup> 4	FY22 <sup>P</sup> 5	FY22 <sup>P</sup> 6
<b>A. Food Grains</b>	<b>3098.83</b>	<b>1551.57</b>	<b>1672.05</b>	<b>2680.43</b>	<b>2561.76</b>	
1. Rice	1604.50	115.08	21.51	850.87	426.75	
2. Wheat	1494.33	1436.49	1650.54	1829.56	2135.01	
<b>B. Consumer Goods</b>	<b>3814.23</b>	<b>3516.14</b>	<b>3705.11</b>	<b>4155.59</b>	<b>5779.24</b>	
1. Milk & cream	321.66	360.84	341.19	344.09	418.48	
2. Spices	282.37	327.10	351.05	404.38	362.95	
3. Edible oil	1863.24	1656.27	1617.28	1926.38	2893.06	
4. Pulses (all sorts)	433.94	469.45	662.21	681.03	828.93	
5. Sugar	913.02	702.48	733.38	799.71	1275.82	
<b>C. Intermediate Goods</b>	<b>30605.20</b>	<b>33608.53</b>	<b>31912.47</b>	<b>38306.84</b>	<b>55192.10</b>	
i) Petroleum goods	4017.52	4976.97	5357.48	8985.10	7993.02	
1. Crude petroleum	365.19	415.46	730.86	2616.37	935.86	
2. POL	3652.33	4561.51	4626.62	6368.73	7057.16	
ii) RMG related goods	14320.63	14818.95	13024.54	14069.27	22254.35	
1. Raw cotton	3235.44	3082.17	2960.659	3186.02	4438.63	
2. Yarn	2351.02	2444.90	190.95	2435.90	5245.43	
3. Textile & textile articles thereof	6859.49	7284.41	6380.19	6552.99	9936.55	
4. Staple fibre	1179.65	1228.24	1085.50	1039.48	1568.51	
5. Dyeing & tanning materials	695.03	779.23	697.31	854.88	1065.23	
iii) Other intermediate goods	12267.05	13812.61	13530.45	15252.47	24944.73	
1. Clinker	765.67	993.32	878.57	1048.16	1222.77	
2. Oil seeds	571.12	796.43	1182.68	1406.07	1757.56	
3. Chemicals	2315.01	2472.04	2533.35	2973.74	3764.95	
4. Pharmaceutical products	252.71	245.94	293.83	363.05	1482.26	
5. Fertilizer	1005.55	1301.42	1035.24	1360.42	4391.11	
6. Plastics & rubber articles thereof	2525.14	2757.19	2609.80	3168.11	4316.18	
7. Iron, steel & other base metals	4831.85	5246.27	4996.98	4932.92	8009.90	
<b>D. Capital goods</b>	<b>14556.18</b>	<b>14601.95</b>	<b>11108.86</b>	<b>13011.94</b>	<b>16433.89</b>	
1. Capital machinery	5462.38	5412.62	3581.31	3824.47	5463.20	
2. Other capital goods	9093.80	9189.33	7527.55	9187.47	10970.96	
<b>E. Others n.i.e.</b>	<b>6790.89</b>	<b>6636.53</b>	<b>6386.20</b>	<b>7439.91</b>	<b>9195.33</b>	
<b>Total Imports c.i.f.</b>	<b>58865.33</b>	<b>59914.72</b>	<b>54784.69</b>	<b>65594.71</b>	<b>89162.33</b>	
<b>Total Imports f.o.b.</b>	<b>54463.20</b>	<b>55438.50</b>	<b>50690.40</b>	<b>60681.20</b>	<b>82495.10</b>	
Of Which Import by EPZ	3756.04	4031.53	3487.70	3488.58	5129.70	

<sup>R</sup> Revised, <sup>P</sup> Provisional

Source: Compiled by Statistics Department of Bangladesh Bank using the data of National Board of Revenue (NBR).

**Table-XX Sector-wise Comparative Statement of Opening, Settlement and Outstanding of Import LCs**

(Million USD)									
FY21				FY22			% Changes during FY22 over FY21		
Sectors/ Commodities	Fresh Opening	Settlement	Outstanding	Fresh Opening	Settlement	Outstanding	Fresh Opening	Settlement	Outstanding
1	2	3	4	5	6	7	8	9	10
1. Consumer goods	7812.68	6806.99	1750.50	9837.10	8678.67	2740.76	25.91	27.50	56.57
% of Total	11.65	11.89	6.56	10.67	10.37	8.10			
a) Food grains (rice & wheat)	2441.14	1808.34	791.95	2929.70	2447.25	1096.99	20.01	35.33	38.52
b) Other than food grains	5371.55	4998.65	958.55	6907.40	6231.41	1643.76	28.59	24.66	71.48
2. Intermediate goods	6143.81	5314.96	1250.49	7882.05	7187.29	1834.38	28.29	35.23	46.69
% of Total	9.16	9.28	4.69	8.55	8.59	5.42			
3. Industrial raw materials	24419.38	20225.99	7171.10	33401.99	29738.75	10391.70	36.78	47.03	44.91
% of Total	36.43	35.33	26.89	36.21	35.54	30.71			
4. Petroleum and Petroleum products	4407.92	4289.64	337.93	9364.49	9273.23	828.34	112.45	116.18	145.12
% of Total	6.58	7.49	1.27	10.15	11.08	2.45			
5. Capital machinery	5702.59	3741.76	3247.75	6463.68	5267.54	3809.56	13.35	40.78	17.30
% of Total	8.51	6.54	12.18	7.01	6.29	11.26			
6. Machinery for miscellaneous industry	3719.52	3302.26	902.42	4339.70	4238031	1181.81	16.67	28.35	30.96
% of Total	5.55	5.77	3.38	4.71	5.06	3.49			
7. Others	18831.53	13574.80	12007.21	20945.69	19297.95	13050.42	41.22	42.16	8.69
% of Total	22.12	23.71	45.03	22.71	23.06	38.57			
a) Commercial sector	4223.75	3438.74	1254.20	4815.94	4172.23	1467.25	14.02	21.33	16.99
10607.7									
b) Industrial sector	8	8977.80	2771.90	16129.75	13807.58	4920.22	52.06	53.80	77.50
c) Rooppur Nuclear Power Plant*	0.00	1158.26	7981.10	0.00	1318.15	662.95	-	13.80	-16.52
<b>Total :</b>	<b>67037.42</b>	<b>57256.40</b>	<b>26667.40</b>	<b>92234.69</b>	<b>83681.73</b>	<b>33836.98</b>	<b>37.59</b>	<b>46.15</b>	<b>26.89</b>
<i>Of which, back to back</i>									
LCs	8999.27	7507.77	3121.73	12582.73	11272.11	4073.97	39.82	-36.24	30.50

\*Total settlement of Rooppur Nuclear Power Plant project is USD 4717.051 million.

Source: Foreign Exchange Operation Department, Bangladesh Bank.

**Table-XXI Trends in Foreign Exchange Reserves**

Year (End June)	Total reserves	
	million BDT	million USD
1	2	3
2003	141,753	2,470
2004	163,241	2,705
2005	186,769	3,024
2006	242,914	3,484
2007	349,314	5,077
2008	421,377	6,149
2009	515,945	7,471
2010	747,121	10,750
2011	809,996	10,912
2012	848,071	10,364
2013	1,190,896	15,315
2014	1,669,665	21,508
2015	1,946,974	25,025
2016	2,365,189	30,168
2017	2,699,492	33,493
2018	2,758,082	32,943
2019	2,764,545	32,717
2020	3,059,544	36,037
2021	3,934,671	46,391
2022	3,908,708	41,827

Source : Accounts & Budgeting Department, Bangladesh Bank.

**Table-XXII Trends in BDT-USD Exchange Rates**

Year	BDT per USD	
	(period average)	(end period)
FY12	79.0963	81.8200
FY13	79.9326	77.7650
FY14	77.7218	77.6300
FY15	77.6746	77.8050
FY16	78.2637	78.4000
FY17	79.1192	80.5950
FY18	82.1009	83.7250
FY19	84.0263	84.5000
FY20	84.7811	84.9000
FY21	84.8063	84.8125
FY22	86.3006	93.4500

Source: Statistics Department, Bangladesh Bank.

**Table-XXIII Trends in Country-wise Worker's Remittances**

Countries	FY18	FY19	FY20	FY21	FY22	(Million USD) FY22 as % of Total
1	2	3	4	5	6	7
Saudi Arabia	2591.58	3110.40	4015.16	5721.41	4541.96	21.60
USA	1997.49	1842.86	2403.40	3461.68	3438.41	16.35
UAE	2429.96	2540.41	2472.56	2439.99	2071.85	9.85
UK	1106.01	1175.63	1364.89	2023.62	2039.23	9.70
Malaysia	1107.21	1197.63	1231.30	2002.36	1021.85	4.86
Kuwait	1199.70	1463.35	1372.24	1886.50	1689.59	8.03
Oman	958.19	1066.06	1240.54	1535.64	897.40	4.27
Qatar	844.06	1023.91	1019.60	1450.18	1346.47	6.40
Italy	662.22	757.88	699.15	810.90	1054.20	5.01
Singapore	330.16	368.33	457.40	624.86	385.24	1.83
Bahrain	541.62	470.08	437.18	577.74	566.61	2.69
South Africa	153.15	168.14	168.06	420.38	314.73	1.50
South Korea	96.29	112.51	177.84	209.16	135.46	0.64
France	134.40	159.42	160.53	201.15	255.97	1.22
Jordan	111.16	126.28	126.78	170.91	143.23	0.68
Australia	56.56	57.15	61.32	141.77	128.54	0.61
Canada	57.56	62.90	77.15	133.52	127.26	0.61
Greece	39.43	42.94	52.30	89.94	95.59	0.45
Germany	40.20	60.62	52.75	66.89	83.50	0.40
Lebanon	115.72	126.85	86.99	66.79	49.74	0.24
Other countries	409.02	486.28	527.87	742.32	644.85	3.07
<b>Total</b>	<b>14981.69</b>	<b>16419.63</b>	<b>18205.01</b>	<b>24777.71</b>	<b>21031.68</b>	<b>100.00</b>

Source: Statistics Department, Bangladesh Bank.

**Table-XXIV Digital Payments in Bangladesh**

(Volume in Thousand and Value in Billion BDT)

Item	FY21		FY22		% Change	
	Volume	Value	Volume	Value	Volume	Value
<b>BACPS (Regular Value)</b>	<b>18373</b>	<b>8886.8</b>	<b>19571</b>	<b>9236.9</b>	<b>6.5</b>	<b>3.9</b>
<b>BACPS (High Value)</b>	<b>2287</b>	<b>15348.0</b>	<b>2481</b>	<b>16368.3</b>	<b>8.5</b>	<b>6.6</b>
<b>BEFTN Credit</b>	<b>137652</b>	<b>3774.4</b>	<b>188125</b>	<b>4954.1</b>	<b>36.7</b>	<b>31.3</b>
<b>BEFTN Debit</b>	<b>4066</b>	<b>631.5</b>	<b>4955</b>	<b>974.0</b>	<b>21.9</b>	<b>54.2</b>
<b>MFS Transactions</b>	<b>3581810</b>	<b>6866.1</b>	<b>4103479.29</b>	<b>8564.1</b>	<b>14.6</b>	<b>24.7</b>
<b>ATM Transactions</b>	<b>196200</b>	<b>1585.7</b>	<b>293851</b>	<b>2985.8</b>	<b>49.8</b>	<b>88.3</b>
Credit Card (Local Transactions)	2376	15.7	5535	31.3	133.0	99.4
Credit Card (Abroad Transactions)	39	0.6	32	0.6	-17.9	0.0
Debit Card (Local Transactions)	193763	1568.8	288240	2953	48.8	88.2
Debit Card (Abroad Transactions)	22	0.6	44	0.9	100.0	50.0
<b>POS Transactions</b>	<b>33445</b>	<b>171.9</b>	<b>45347</b>	<b>226.7</b>	<b>35.6</b>	<b>31.9</b>
Credit Card (Local Transactions)	16955	105.8	22369	133.3	31.9	26.0
Credit Card (Abroad Transactions)	714	4.8	1522	13.8	113.2	187.5
Debit Card (Local Transactions)	15692	60.9	21169	78.0	34.9	28.1
Debit Card (Abroad Transactions)	84	0.4	287	1.6	241.7	300.0
<b>E-Commerce Transactions</b>	<b>15226</b>	<b>77.6</b>	<b>33520</b>	<b>88.0</b>	<b>120.1</b>	<b>13.4</b>
Credit Card (Local Transaction)	7412	38.2	9144	45.5	23.4	19.1
Credit Card (Abroad Transaction)	235	0.7	1541	0.7	555.7	0.0
Debit Card (Local Transaction)	7412	38.2	22155	40.0	198.9	4.7
Debit Card (Abroad Transaction)	167	0.5	680	1.8	307.2	260.0
<b>Internet Banking Fund Transfer (IBFT)</b>	<b>3337</b>	<b>98.6</b>	<b>9102</b>	<b>335.4</b>	<b>172.8</b>	<b>240.2</b>
<b>RTGS Transactions</b>	<b>3621</b>	<b>19644.3</b>	<b>6366</b>	<b>34320.9</b>	<b>75.8</b>	<b>74.7</b>
<b>Total Digital Payment*</b>	<b>3996017</b>	<b>57085.0</b>	<b>4706797</b>	<b>78054.2</b>	<b>17.8</b>	<b>36.7</b>

\* Except intra-bank online transactions

Source: Payment Systems Department and Statistics Department, Bangladesh Bank.

**Table-XXV List of Scheduled Banks**

(As on 30 June 2022)

Banks	Date of Scheduling/ Operation	Remarks
<b>A. State Owned/ government controlled banks (6+3=9)</b>		
<b>A.1. State Owned Commercial Banks (6)</b>		
1. Sonali Bank Limited	15/11/2007	Starts operation from 26/03/1972 as Sonali Bank.
2. Janata Bank Limited	15/11/2007	Starts operation from 26/03/1972 as Janata Bank.
3. Agrani Bank Limited	15/11/2007	Starts operation from 26/03/1972 as Agrani Bank.
4. Rupali Bank Limited	14/12/1986	Starts operation from 26/03/1972 as Rupali Bank.
5. Bangladesh Development Bank Limited	31/12/2009	Starts operation from 31/10/1972 as Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha.
6. Basic Bank Limited	21/01/1989	-
<b>A.2. Specialized Banks (3)</b>		
1. Bangladesh Krishi Bank	31/03/1973	Starts operation from 1972 as Agricultural Development Bank of Bangladesh.
2. Rajshahi Krishi Unnayan Bank	15/03/1987	-
3. Probashi Kallyan Bank	30/07/2018	-
<b>B. Private Commercial Banks (43)</b>		
1. Uttara Bank Limited	15/09/1983	Starts operation from 26/03/1972 as Uttara Bank.
2. Pubali Bank Limited	24/01/1985	Starts operation from 26/03/1972 as Pubali Bank.
3. AB Bank Limited	12/04/1982	-
4. National Bank Limited	23/03/1983	-
5. The City Bank Limited	27/03/1983	-
6. Islami Bank Bangladesh Limited	30/03/1983	-
7. IFIC Bank Limited	24/06/1983	-
8. United Commercial Bank Limited	29/06/1983	-
9. ICB Islamic Bank Limited	28/02/2008	Starts operation from 1987 as Al-Baraka Islami Bank Limited and from 2004 as The Oriental Bank Limited
10. Eastern Bank Limited	16/08/1992	-
11. National Credit And Commerce Bank Limited	17/05/1993	-
12. Prime Bank Limited	17/04/1995	-
13. Southeast Bank Limited	25/05/1995	-
14. Dhaka Bank Limited	05/07/1995	-
15. Al-Arafah Islami Bank Limited	27/09/1995	-
16. Social Islami Bank Limited	22/11/1995	-
17. Dutch-Bangla Bank Limited	03/03/1996	-
18. Bangladesh Commerce Bank Limited	16/09/1998	-
19. Mercantile Bank Limited	02/06/1999	-
20. Standard Bank Limited	03/06/1999	-
21. One Bank Limited	14/07/1999	-
22. EXIM Bank Limited	03/08/1999	-
23. Mutual Trust Bank Limited	24/10/1999	-
24. First Security Islami Bank Limited	22/09/1999	-
25. The Premier Bank Limited	26/10/1999	-
26. Bank Asia Limited	27/11/1999	-
27. Trust Bank Limited	29/11/1999	-
28. Jamuna Bank Limited	03/06/2001	-

**Table-XXV (contd.) List of Scheduled Banks**

(As on 30 June 2022)

Banks	Date of Scheduling/Operation	Remarks
29. Shahjalal Islami Bank Limited	10/05/2001	-
30. BRAC Bank Limited	01/07/2001	-
31. Union Bank Limited	25/03/2013	-
32. Meghna Bank Limited	03/04/2013	-
33. Midland Bank Limited	09/04/2013	-
34. NRB Commercial Bank Limited	25/03/2013	-
35. Padma Bank Ltd.	25/04/2013	Before 29/01/2019 operated as The Farmers Bank Ltd.
36. South Bangla Agriculture & Commerce Bank Limited	25/03/2013	-
37. NRB Bank Limited	28/04/2013	-
38. Modhumoti Bank Limited	16/06/2013	-
39. Shimanto Bank Limited	21/07/2016	-
40. Global Islami Bank Limited	29/07/2013	Before 01/01/2021 operated as NRB Global Bank Limited
41. Community Bank Bangladesh Limited	01/11/2018	-
42. Bengal Commercial Bank Limited	23/02/2020	-
43. CITIZENS Bank PLC	15/12/2020	-
<b>C. Foreign Commercial Banks (9)</b>		
1. Standard Chartered Bank	13/05/1972	Operated from 12/06/1965 as Chartered Bank.
2. State Bank of India	05/05/1975	-
3. Habib Bank Limited	03/06/1976	-
4. National Bank of Pakistan	18/04/1994	-
5. Citi Bank N.A.	24/06/1995	-
6. Woori Bank	21/09/1996	Before 1996 operated from as Hanil Bank.
7. The HSBC Limited	17/12/1996	-
8. Commercial Bank of Ceylon PLC	06/11/2003	-
9. Bank Alfalah Limited	24/04/2005	-

Source: Banking Regulation and Policy Department, Bangladesh Bank.

**Table-XXVI List of Financial Institutions\***  
 (As on 30 June 2022)

**A. State-owned Financial Institutions (3+2)****A.1. Sole Owner (3)**

1. Agrani SME Financing Company Limited
2. Bangladesh Infrastructure Finance Fund Limited
3. Infrastructure Development Company Limited (IDCOL)

**A.2. Joint Venture with Foreign Government (2)**

1. Saudi-Bangladesh Industrial & Agricultural Investment Company Limited
2. The UAE-Bangladesh Investment Company Limited

**B. Private Financial Institutions (30)**

1. Aviva Finance Limited
2. Bangladesh Finance Limited
3. Bangladesh Industrial Finance Company Limited
4. Bay Leasing and Investment Company Limited
5. DBH Finance PLC
6. GSP Finance Company (Bangladesh) Limited
7. Hajj Finance Company Limited
8. IPDC Finance Limited
9. LankaBangla Finance Limited
10. Lankan Alliance Finance Limited
11. Strategic Finance Limited
12. United Finance Limited
13. Uttara Finance and Investments Limited
14. Union Capital Limited
15. Fareast Finance and Investment Limited
16. FAS Finance and Investment Limited
17. First Finance Limited
18. IDLC Finance Limited
19. Industrial and Infrastructure Development Finance Company Limited
20. International Leasing and Financial Services Limited
21. Islamic Finance and Investment Limited
22. Meridian Finance and Investment Limited
23. MIDAS Financing Limited
24. National Finance Limited
25. National Housing Finance and Investment Limited
26. Peoples Leasing and Financial Services Limited
27. Phoenix Finance and Investments Limited
28. Premier Leasing and Finance Limited
29. Prime Finance and Investment Limited
30. CVC Finance Limited

\* Licensed by the Bangladesh Bank under Financial Institutions Act, 1993.

Source: Department of Foreign Institutions and Markets, Bangladesh Bank.



**Appendix-4**  
**Banking Performance Indicators**  
(Table: I-XIII)



**Table-I Banking System Structure**

(Billion BDT)

Bank types	2022 (June)					
	Number of banks	Number of branches	Total Assets	Percent of industry assets	Total deposits	Percent of industry deposits
SCBs	6	3812	5216.0	24.2	4050.2	25.7
SBs	3	1519	470.9	2.2	441.3	2.8
PCBs	43	5567	14665.7	68.1	10633.3	67.4
FCBs	9	65	1193.9	5.5	660.7	4.2
<b>Total</b>	<b>61</b>	<b>10963</b>	<b>21546.4</b>	<b>100.0</b>	<b>15785.5</b>	<b>100.0</b>

Source: Department of Off-site Supervision and Banking Policy and Regulation Department, Bangladesh Bank.

**Table-II Capital to Risk Weighted Assets Ratio by Types of Banks**

(Percent)

Bank types	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June
SCBs	10.8	8.3	6.4	5.9	5.0	10.3	5.0	9.6	8.1	6.4
SBs	-9.7	-17.4	-32.0	-33.7	-35.5	-31.7	-32.0	-32.9	-33.6	-35.8
PCBs	12.5	12.5	12.4	12.4	12.5	12.8	13.6	13.7	13.7	13.0
FCBs	20.3	22.7	25.6	25.4	24.9	25.9	24.5	28.4	25.9	26.4
<b>All banks</b>	<b>11.5</b>	<b>11.4</b>	<b>10.8</b>	<b>10.8</b>	<b>10.8</b>	<b>12.1</b>	<b>11.6</b>	<b>12.5</b>	<b>12.0</b>	<b>11.2</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

**Table-III Ratio of Gross NPLs to Total Loans by Types of Banks**

(Percent)

Bank types	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June
SCBs	19.8	22.2	21.5	25.0	26.5	30.0	23.9	20.9	19.3	21.9
SBs	26.8	32.8	23.2	26.0	23.4	19.5	15.1	13.3	12.0	11.7
PCBs	4.5	4.9	4.9	4.6	4.9	5.5	5.8	4.7	5.3	6.0
FCBs	5.5	7.3	7.8	9.6	7.0	6.5	5.7	3.5	4.3	4.4
<b>All banks</b>	<b>8.9</b>	<b>9.7</b>	<b>8.8</b>	<b>9.2</b>	<b>9.3</b>	<b>10.3</b>	<b>9.3</b>	<b>7.7</b>	<b>7.9</b>	<b>9.0</b>

Source: Banking Policy and Regulation Department, Bangladesh Bank.

**Table-IV Ratio of Net NPL to Net Total Loans by Types of Banks**

Bank types	(Percent)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June
SCBs	1.7	6.1	9.2	11.1	11.2	11.3	6.1	0.0	2.5	6.0
SBs	19.7	25.5	6.9	10.5	9.7	5.7	3.0	1.3	4.4	-0.1
PCBs	0.6	0.8	0.6	0.1	0.2	0.4	-0.1	-1.5	-1.1	-0.6
FCBs	-0.4	-0.9	-0.2	1.9	0.7	0.7	0.2	-0.6	-0.7	-0.5
<b>All banks</b>	<b>2.0</b>	<b>2.7</b>	<b>2.3</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>	<b>1.0</b>	<b>-1.2</b>	<b>-0.4</b>	<b>0.5</b>

Source: Banking Policy and Regulation Department, Bangladesh Bank.

**Table-V Amount of NPLs by Types of Banks**

Bank types	(Billion BDT)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June
SCBs	166.1	227.6	237.5	310.3	373.3	487.0	439.9	422.7	449.8	554.3
SBs	83.6	72.6	49.7	56.8	54.3	47.9	40.6	40.6	39.9	41.9
PCBs	143.1	184.3	207.6	230.6	294.0	381.4	441.7	403.6	515.2	626.8
FCBs	13.0	17.1	18.9	24.1	21.5	22.9	21.0	20.4	27.8	29.6
<b>Total</b>	<b>405.8</b>	<b>501.6</b>	<b>513.7</b>	<b>621.8</b>	<b>743.1</b>	<b>939.2</b>	<b>943.3</b>	<b>887.3</b>	<b>1032.7</b>	<b>1252.6</b>

Source: Banking Policy and Regulation Department, Bangladesh Bank.

**Table-VI Required Provision and Provision Maintained by All Banks**

All banks	(Billion BDT)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June
Amount of NPLs	405.8	501.6	594.1	621.7	743.0	939.1	943.3	887.7	1032.7	1252.6
Required Provision	252.4	289.6	308.9	362.1	443.0	570.4	613.2	648.0	806.5	862.7
Provision maintained	249.8	281.6	266.1	307.4	375.3	504.3	646.6	646.8	666.5	730.5
Excess(+)/Shortfall(-)	-2.6	-7.9	-42.8	-54.7	-67.7	-66.1	-66.6	-1.2	-140.1	-132.2
Provision maintenance ratio (%)	<b>99.0</b>	<b>97.2</b>	<b>86.1</b>	<b>84.9</b>	<b>84.7</b>	<b>88.4</b>	<b>89.2</b>	<b>99.8</b>	<b>82.6</b>	<b>84.7</b>

Source: Banking Policy and Regulation Department, Bangladesh Bank.

**Table-VII Comparative Position of Provision Adequacy**

Years	Items	(Billion BDT)			
		SCBs	SBs	PCBs	FCBs
2020	Required provision	290.8	25.3	315.2	16.6
	Provision maintained	241.6	23.7	361.2	20.3
	Provision maintenance ratio (%)	83.1	93.5	114.6	122.2
2021	Required provision	370.3	23.3	390.8	22.2
	Provision maintained	199.7	23.6	414.3	28.8
	Provision maintenance ratio (%)	53.9	101.5	106.0	129.7
2022 June	Required provision	315.2	23.9	499.4	24.1
	Provision maintained	209.1	24.5	468.3	28.7
	Provision maintenance ratio (%)	66.3	102.4	93.8	118.8

Source: Banking Policy and Regulation Department, Bangladesh Bank.

**Table-VIII Writing-off Bad Debts by Types of Banks**

(Billion BDT)

Bank Types	30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
SCBs	107.2	154.8	210.3	220.4	224.4	226.2	232.2	179.4	232.9	228.8
SBs	32.6	34.2	5.6	5.6	5.6	5.6	5.8	3.8	6.1	6.1
PCBs	109.7	127.7	155.5	189.4	216.7	246.5	294.3	239.4	316.3	354.7
FCBs	3.7	4.4	5.1	7.2	8.6	10.7	12.3	10.1	13.6	14.4
<b>Total</b>	<b>253.2</b>	<b>321.1</b>	<b>376.5</b>	<b>422.6</b>	<b>455.3</b>	<b>489.0</b>	<b>544.6</b>	<b>432.7</b>	<b>568.9</b>	<b>604.0</b>

Source: Banking Policy and Regulation Department, Bangladesh Bank.

**Table-IX Expenditure-Income Ratio by Types of Banks**

(Percent)

Bank Types	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June
SCBs	84.1	84.1	84.5	90.2	81.3	80.5	84.9	83.2	86.1	82.3
SBs	94.8	99.5	113.9	137.8	124.0	144.6	159.8	158.1	162.9	169.1
PCBs	77.9	75.8	75.5	73.5	73.8	76.7	77.6	79.6	75.3	76.3
FCBs	50.4	46.8	47.0	45.7	46.6	47.5	48.8	46.2	43.9	35.2
<b>All banks</b>	<b>77.8</b>	<b>76.1</b>	<b>76.3</b>	<b>76.6</b>	<b>74.7</b>	<b>76.6</b>	<b>78.0</b>	<b>79.2</b>	<b>77.0</b>	<b>78.3</b>

Source : Department of Off-site Supervision, Bangladesh Bank

**Table-X Profitability Ratios by Types of Banks**

(Percent)

Bank Types	ROA										ROE									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 June
SCBs	0.6	-0.6	-0.0	-0.2	0.2	-1.3	-0.6	-1.1	-0.7	0.2	10.9	-13.5	-1.5	-6.0	3.5	-29.6	-13.7	-29.6	-21.6	5.4
SBs	-0.4	-0.7	-1.2	-2.8	-0.6	-2.8	-3.3	-3.0	-3.0	-3.3	-5.8	-6.0	-5.8	-13.9	-3.1	-13.5	-17.0	-13.9	-13.2	-13.7
PCBs	1.0	1.0	1.0	1.0	0.9	0.8	0.8	0.7	0.6	0.6	9.8	10.3	10.8	11.1	12.0	11.0	11.2	10.2	9.3	9.4
FCBs	3.0	3.4	2.9	2.6	2.2	2.2	2.3	2.1	1.2	2.6	16.9	17.7	14.6	13.1	11.3	12.4	13.4	13.1	7.6	16.0
<b>All banks</b>	<b>0.9</b>	<b>0.6</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>11.1</b>	<b>8.1</b>	<b>10.5</b>	<b>9.4</b>	<b>10.6</b>	<b>3.9</b>	<b>6.8</b>	<b>4.3</b>	<b>4.4</b>	<b>9.4</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

**Table-XI Net Interest Margin by Types of Banks**

Bank Types	2013	2014	2015	2016	2017	2018	2019	2020	2021	(Percent) 2022 June
SCBs	-0.3	2.0	1.6	1.8	2.0	2.4	1.9	1.8	1.6	1.9
SBs	2.0	1.5	1.4	0.8	2.1	0.6	0.0	-0.2	-0.6	-0.6
PCBs	2.8	4.1	3.9	3.9	3.5	3.6	3.5	3.0	2.9	2.5
FCBs	3.7	6.0	6.1	5.0	4.4	4.3	4.2	4.1	3.0	3.0
<b>All banks</b>	<b>2.0</b>	<b>3.6</b>	<b>3.3</b>	<b>3.3</b>	<b>3.1</b>	<b>3.2</b>	<b>3.1</b>	<b>2.7</b>	<b>2.5</b>	<b>2.4</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

**Table-XII SLR Eligible Assets as Percentage of ATDTL by Types of Banks**

Bank Types	2013	2014*	2015	2016	2017	2018	2019	2020	2021	(Percent) 2022 June
<b>SCBs</b>	44.3	42.0	41.4	40.0	30.4	24.8	27.3	37.8	35.4	32.9
<b>SBs</b>	15.3	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>PCBs</b>	28.0	28.2	19.7	17.8	14.8	14.2	16.4	20.9	20.1	19.3
<b>FCBs</b>	46.2	56.9	51.8	48.2	43.8	48.4	29.7	40.7	42.0	41.4
<b>All banks</b>	<b>32.5</b>	<b>32.7</b>	<b>26.5</b>	<b>24.9</b>	<b>19.9</b>	<b>18.2</b>	<b>19.9</b>	<b>26.2</b>	<b>25.4</b>	<b>24.0</b>

\* The calculation of liquidity ratio has been changed from 01 February 2014 (MPD circular no. 02/2013).

Source: Department of Off-site Supervision, Bangladesh Bank.

**Table-XIII Branch, Deposits and Advances in the Banking System-Rural and Urban**

Year	Number of branch			Deposits (Billion BDT)			Advances (Billion BDT)		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
2000	3659	2460	6119	160.6	549.2	709.8	100.1	493.5	593.6
2001	3680	2502	6182	160.2	656.3	816.5	97.2	590.6	687.8
2002	3693	2538	6231	177.6	753.2	930.8	100.0	667.7	767.7
2003	3694	2526	6220	190.8	883.3	1074.1	102.5	744.8	847.3
2004	3724	2579	6303	192.0	1023.8	1215.8	103.4	847.9	951.3
2005	3764	2638	6402	218.3	1197.6	1415.9	117.6	999.7	1117.3
2006	3834	2728	6562	241.5	1445.8	1687.3	128.4	1163.3	1291.7
2007	3894	2823	6717	263.0	1689.1	1952.1	130.1	1335.6	1465.7
2008	3981	2905	6886	306.2	2009.8	2316.0	148.5	1667.0	1815.5
2009	4136	3051	7187	369.9	2424.0	2793.9	169.6	1920.9	2090.5
2010	4393	3265	7658	436.9	2942.3	3379.2	206.9	2367.5	2574.4
2011	4551	3410	7961	536.0	3579.9	4115.9	254.5	2958.3	3212.8
2012	4760	3562	8322	853.1	4011.0	4864.1	405.6	3453.7	3859.3
2013	4962	3723	8685	1117.1	4988.2	6105.3	450.6	3987.8	4438.4
2014	5150	3890	9040	1326.0	5605.2	6931.1	505.1	4571.2	5076.3
2015	5187	3944	9131	1575.1	6364.7	7939.8	571.3	5227.3	5798.6
2016	4188	5466	9654	1843.9	7150.3	8994.1	680.0	6006.6	6686.6
2017	5624	4331	9955	2028.7	7837.0	9865.7	839.8	7087.0	7926.8
2018	4890	5224	10114	2142.8	8223.6	10366.4	863.1	7607.1	8470.2
2019	5131	5447	10578	2543.2	9601.3	12144.6	1035.0	9000.5	10035.5
2020	5221	5531	10752	2942.8	10848.7	13791.5	1185.3	9777.8	10963.1
2021	5314	5623	10937	3253.6	11871.1	15124.7	1356.0	10749.9	12105.9
2022 June	5324	5639	10963	3395.3	12343.0	15738.3	1460.2	11526.4	12986.6

Note: Figures reported by Statistics Department are different from those of Department of Off-site Supervision due to different data collecting methods.

Source: Statistics Department, Bangladesh Bank.

## **List of Major Publications**

### **Annual**

1. Annual Report (Bangla)
2. Annual Report (English)
3. Financial Stability Report
4. BFIU Annual Report
5. Export Receipts\*
6. Import Payments\*
7. Bangladesh Balance of Payments\*
8. Monetary Policy Review
9. Monetary Policy Statement\*
10. Agricultural and Rural Credit Policy and Program (Bangla)\*
11. Balance of Payment

### **Half Yearly**

1. Foreign Direct Investment and External Debt
2. BBTA Journal : Thoughts on Banking and Finance

### **Quarterly**

1. Scheduled Banks Statistics\*
2. Bangladesh Bank Quarterly\*
3. Quarterly Financial Stability Assessment Report
4. NBFI Statistics

### **Monthly**

1. Monthly Economic Trends
2. Bangladesh Bank Parikrama

\*There is no hard copy for sale, only softcopy available in website

Source: Department of Communications and Publications, Bangladesh Bank.



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