

Quarterly Financial Stability Assessment Report

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Bangladesh Bank

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Financial Stability Assessment Report
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Financial Stability Department
Bangladesh Bank

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This report is based on unaudited and provisional data of banks and financial institutions available up to September 30, 2022 unless stated otherwise.

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Message from the Governor

In the review quarter, economic activities across the world remained sluggish amid geopolitical uncertainties, softening global demand and tightening financial conditions. Inflation also remained high though it showed a somewhat downward trend. With a view to curbing the inflationary pressures, advanced economies resorted to elevation of policy rates. Besides, major equity markets ended up with a fall in price even though global trade and production slightly increased. These developments appeared to have exerted considerable spillovers to financial conditions in emerging market and developing economies (EMDEs).

Bangladesh has achieved considerable recovery from the adverse impact of COVID-19. However, emergence of war between Ukraine and Russia in early 2022 as well as associated geopolitical tensions created a cloudy environment in the global macro-financial landscape leading to severe stress on external sector of EMDEs including Bangladesh largely due to rise in energy price and supply chain disruptions.

Bangladesh has been facing a number of challenges, largely emanated from the global macro-financial uncertainty. During the review quarter, average inflation registered a rise with minor decline in foreign exchange reserve and depreciation of local currency against US dollar. Importantly, Bangladesh Bank has taken a broad range of congenial measures including restricting imports of luxurious and non-essential goods, boosting exports, facilitating remittance inflows, and easing forex transactions to alleviate the external sector stress. However, those alone may not suffice unless highest level of cooperation is extended by the banks and other stakeholders.

Banks need to cooperate in maintaining exchange rate stability in the forex market. Caution in opening import L/Cs is most warranted and import payments need to be made in time so that no country or reputation risk arises. Also, due diligence needs to be ensured in foreign trade transactions so that proper values get reflected in export and import L/Cs.

Prudence needs to be applied in case of expenses in local currency too. We all are aware that public institutions, in line with the stance of the Government, have commenced the stance of reducing operating expenses in order to contain the adverse impact of the global dynamics. I urge the banks, other financial institutions as well as the financial sector regulators to come forward towards implementing the drive.

We all need to remain diligent about maintaining safety, soundness and stability of

our financial system. In particular, banks and financial institutions need to remain vigilant in ensuring asset quality as well as maintaining adequate capital and liquidity to address any adverse shock. What is more, corporate governance needs to be exercised to the extent possible.

I believe, with the aid of this quarterly financial stability assessment report, the stakeholders will be better able to realize the strengths and vulnerabilities of our financial system and exercise due diligence while taking proactive measures against the downside risks. I appreciate the effort and dedication of the officials of Financial Stability Department for preparing this report in a befitted manner.



Abdur Rouf Talukder
Governor

Message from the Deputy Governor



Following more than two years of the pandemic, cataclysm from the Russia-Ukraine war is set to sharply hasten the deceleration of global economic activity. The war is leading to high commodity prices, adding to supply chain disruptions, increasing food insecurity and poverty, exacerbating inflation, magnifying financial vulnerability, and heightening policy uncertainty. Growth in emerging market and developing economies (EMDEs) this year has been downgraded to 3.4 percent, as negative spillovers from the war more than upset any near-term boost to some commodity exporters from higher energy prices. Moreover, IMF already revised the global growth forecast downward for 2023 with a declined inflation forecast in 2023 maintaining tighten monetary and fiscal policy to restore global financial stability.

Despite various challenges, Bangladesh economy has estimated its medium term GDP growth rate to 7.5 percent for the FY2022-23. However, the domestic economy may face some pressures due to rise in inflation and decline in export. Though the trade deficit narrowed in July-September 2022 quarter, the decrease in inward remittance had impact on foreign exchange reserve. Nevertheless, the current foreign exchange reserve is equivalent to 4.5 months of import payments. Moreover, despite slight deterioration in asset quality, both the capital adequacy and liquidity parameters of the banking sector remained well above the respective regulatory requirements.

Alongside pandemic driven supply chain disruptions, geopolitical tension and unexpectedly global higher inflation, Bangladesh is facing growing inflationary and exchange rate depreciation pressures. To alleviate these, Bangladesh Bank has resorted to a number of supportive measures including raising L/C margin on most of the goods except the necessary ones and simplification of disbursement of cash incentives against wage earners' remittance. Besides, to increase the food grain production and reduce dependency on import Bangladesh Bank has formed a refinance scheme from which farmers will get credit facility at a subsidized rate. In order to maintain the momentum in overall economic activities, enhance stability of the financial sector, and ensure proper management of classified loans, Bangladesh Bank has taken congenial measures on rescheduling of loans and advances.

I hope this quarterly update on financial system stability of Bangladesh will be helpful and insightful for the stakeholders to comprehend the recent trends and emerging issues of interest. At the end, I would like to express my heartfelt thanks to the officials of Financial Stability Department in bringing out this report.

A handwritten signature in blue ink, appearing to read 'Abu Farah Md. Nasser'.

Abu Farah Md. Nasser
Deputy Governor

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Acronyms

| | |
|-------|--|
| ACD | Agricultural Credit Department |
| ADR | Advance-to-Deposit Ratio |
| ADs | Authorized Dealers |
| AEs | Advanced Economies |
| AML | Anti-Money Laundering |
| B/L | Bad and Loss |
| BB | Bangladesh Bank |
| BDT | Bangladeshi Taka |
| BRPD | Banking Regulation and Policy Department |
| BSEC | Bangladesh Securities and Exchange Commission |
| CAR | Capital Adequacy Ratio |
| CASPI | CSE ALL Share Price Index |
| CCB | Capital Conservation Buffer |
| CFT | Combating the Financing of Terrorism |
| CMSME | Cottage Micro Small & Medium Enterprises |
| CRAR | Capital to Risk-weighted Asset Ratio |
| CRR | Cash Reserve Ratio |
| CSE | Chittagong Stock Exchange |
| CSE30 | CSE 30 Index |
| CSI | CSE Shariah Index |
| CY | Calendar Year |
| DAX | Deutscher Aktienindex (German stock index) |
| DBU | Domestic Banking Unit |
| DF | Doubtful |
| DFIM | Department of Financial Institutions and Markets |
| DOS | Department of Off-site Supervision |
| DSE | Dhaka Stock Exchange |
| DSES | DSEX Shariah Index |
| DS30 | DSE 30 Index |
| DSEX | DSE Broad Index |
| DJIA | Dow Jones Industrial Average |
| EDF | Export Development Fund |
| EMDEs | Emerging Markets and Developing Economies |
| FATF | Financial Action Task Force |
| FC | Foreign Currency |
| FE | Foreign Exchange |
| FCBs | Foreign Commercial Banks |
| FIs | Financial Institutions |
| FoB | Free on Board |
| FRTMD | Forex Reserve and Treasury Management Department |
| FSD | Financial Stability Department |
| FSV | Forced Sale Value |
| FTSE | Financial Times Stock Exchange |
| FY | Fiscal Year |
| G7 | The Group of Seven |
| GDP | Gross Domestic Product |
| GFET | Guidelines for Foreign Exchange Transactions |
| IMF | International Monetary Fund |
| KYC | Know Your Customer |

| | |
|-----------|--------------------------------------|
| L/C | Letter of Credit |
| LCR | Liquidity Coverage Ratio |
| MCR | Minimum Capital Requirement |
| MFS | Mobile Financial Services |
| MSCI | Morgan Stanley Capital International |
| MPD | Monetary Policy Department |
| NBFIs | Non-Bank Financial Institutions |
| NPL | Non-performing Loan |
| NSFR | Net Stable Funding Ratio |
| OBU | Offshore Banking Unit |
| OIMS | Online Import Monitoring System |
| PCBs | Private Commercial Banks |
| P/E Ratio | Price-Earnings Ratio |
| PIF | Post Import Financing |
| PSD | Payment System Department |
| ROA | Return on Assets |
| ROE | Return on Equity |
| RTGS | Real Time Gross Settlement |
| RWA | Risk-weighted Assets |
| SCBs | State-owned Commercial Banks |
| SDGs | Sustainable Development Goals |
| SFD | Sustainable Finance Department |
| SLR | Statutory Liquidity Requirement |
| SMESPD | SME & Special Programmes Department |
| SS | Sub-Standard |
| TRC | Total Regulatory Capital |
| USA | United States of America |
| USD | US Dollar |
| UK | United Kingdom |

Executive Summary

This report conveys the assessment of Bangladesh Bank about the resilience of the financial system of Bangladesh to notable risks and vulnerabilities during the July-September quarter of the calendar year 2022 (CY22). The report also discusses a range of issues having implications for the stability of the domestic financial system.

Economic activities across the world, during 2022Q3, remained sluggish amid increased geopolitical uncertainties, softening global demand, and tightening financial conditions. Inflation also remained high, though it registered a downward march. In order to address inflationary pressures, policy rates in the advanced economies (AEs) remained elevated, which appeared to have added large spillovers to financial conditions in emerging markets and developing economies (EMDEs). Major equity markets ended up with a slight decline. Hopefully, global trade and production slightly increased amid the cloudy global outlook.

During the review quarter, domestic economy remained mostly resilient, albeit some challenges emanated from the global macro- financial uncertainty. Annual average inflation increased to 6.96 percent. Current account deficit narrowed mainly owing to a reduced trade deficit. At end-September 2022, the gross foreign exchange reserves stood at USD 36.48 billion, sufficient to cover nearly 4.5 months of import payments. It is noteworthy that at end-June 2022, gross foreign exchange reserve was USD 41.83 billion. Bangladeshi Taka (BDT) against the USD depreciated and stood at 96.00 at end-September 2022 from 93.45 at end-June 2022.

Banking sector demonstrated a mixed trend in the review quarter compared to the previous quarter as asset size and profitability increased, while asset quality, measured by gross NPL ratio, deteriorated. Bank's aggregate asset size increased by 0.62 percent and reached BDT 21,680.49 billion. Banking sector's assets to GDP ratio stood at 54.52 percent. Asset quality in the banking sector slightly decreased as non-performing loan (NPL) ratio increased to 9.36 percent at end-September 2022 from 8.96 percent at end-June 2022. However, provision maintenance ratio increased by 6 basis points and stood at 84.74 percent. Profitability of the sector, measured by return on assets (ROA) and return on equity (ROE), improved considerably and reached 0.53 percent and 9.48 percent, respectively, compared to 0.46 and 8.20 percent of the preceding quarter.

During the review quarter, overall capital position of the banking sector, as indicated by the capital to risk-weighted assets ratio (CRAR), decreased slightly compared to the preceding quarter. At end-September 2022, CRAR of the banking sector stood at 11.01 percent, 14 basis points lower than that of the previous quarter. Besides, Tier-1 capital ratio decreased by 7 basis points and stood at 7.68 percent.

However, both the ratios were above the minimum regulatory requirement as per Basel III capital framework. Moreover, the banking system's liquidity situation was compliant in terms of advance-to-deposit ratio (ADR), cash reserve ratio (CRR), statutory liquidity ratio (SLR), liquidity coverage ratio (LCR), and net stable funding ratio (NSFR).

Financial Institutions (FIs) showed mixed performance in the review quarter reflected in the sector's aggregate asset contraction and profitability improvement. Cash and liquid assets as well as liabilities comprised of borrowings, deposits, and capital of FIs contracted in the review quarter. At end-September 2022, total assets of financial institutions amounted to BDT 933.12 billion, exhibiting a decrease of 1.65 percent compared to the previous quarter. On the other hand, profitability of FIs increased marginally during the review quarter compared to the preceding quarter. Return on assets (ROA) and return on equity (ROE) of FIs stood at -0.40 percent and -5.95 percent, respectively, at end-September 2022, compared to -0.54 percent and -7.41 percent of the preceding quarter. However, FIs classified loans and leases ratio increased by 1.62 percentage points from the previous quarter and reached 24.61 percent at end-September 2022.

During September 2022 quarter, the capital adequacy ratio (CAR) and the core capital ratio (Tier-1 capital) of the Financial Institutions (FIs) increased moderately compared to the previous quarter. CAR stood at 10.16 percent, which is higher than the minimum regulatory requirement of 10 percent. On the other hand, the core capital ratio was 8.35 percent against the minimum requirement of 5 percent.

Stress tests on banks based on end-September 2022 indicated that the banking sector would remain moderately resilient to different shock scenarios. Among the broad risk factors, credit risk remained the major risk factor for the banking sector in terms of its impact on the banks' capital adequacy. Results of the test depict that the increase in NPLs by 3% is likely to have the highest impact on the banking sectors' resilience in terms of capital adequacy, which is followed by default of top three large borrowers. In both stress scenarios, CRAR of the banking sector would fall below the minimum requirement. In contrast, CRAR of the banking sector would lie above the minimum requirement for each stress scenario of market risk factor. However, banking industry seems slightly vulnerable to the interest rate risk of market risk factor. In the event of a combined shock (excluding defaults by top large borrowers and an increase in NPLs in the highest outstanding sector), the CRAR of the banking system would come down to 6.53 percent from 11.01 percent of pre-shock CRAR.

The global capital market demonstrated a declining trend during the review quarter due to high inflation and the Russia-Ukraine war. The capital market of

Bangladesh also showed a negative trend till the end of July 2022. However, the market moved positively during August and September mainly because of regulatory interventions by Bangladesh Securities and Exchange Commission (BSEC). At end-September 2022, the main indices of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited an increasing trend compared to those of end-June 2022. Turnover, market capitalization, and the price-earnings (P/E) ratio of DSE and CSE increased during the review period compared to the previous quarter. Unlike the developed markets, the capital market of Bangladesh does not have a significant impact on financial stability in the near term, as the size of the market is small. Moreover, bank's exposure to the capital market is much lower than the regulatory limit.

In the review quarter, Bangladesh Bank (BB) has taken several multifaceted policy initiatives to ensure domestic financial system stability. To keep the money and foreign exchange market stable, BB has increased the policy rates, tightened the L/C opening of luxurious products, and eased the FC transactions. Besides, several refinance schemes and policy initiatives have been taken to boost domestic farming and small entrepreneurship. Initiatives also have been taken for proper management of classified loans, smooth operation of payment system, green financing, and cluster financing of CMSME.

Chapter 1 : MACROECONOMIC DEVELOPMENTS

1.1 Global Macroeconomic Situation

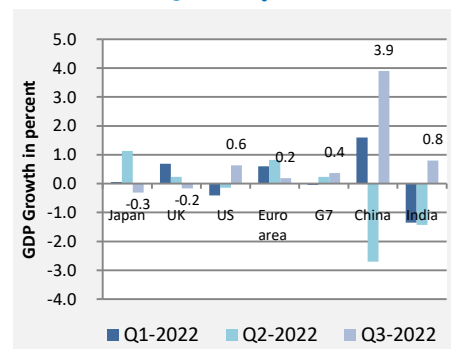
In the review quarter, economic activities across the world remained sluggish amid geopolitical uncertainties, elevated inflation, softening global demand and tightening financial conditions. However, inflation registered a somewhat downward march. In order to lessen the high inflationary pressures, policy rates in the Advanced Economies (AEs) remained elevated which appeared to have added large spillovers to financial conditions in emerging markets and developing economies (EMDEs). Major equity markets ended up with a fall in price. On the other hand, global trade and production slightly increased.

1.1.1 Global GDP Growth

Despite the rebound in economic activities as COVID-19 infections dropped world-wide, global growth remained subdued in the review quarter, partly attributable to on-going geopolitical uncertainties, elevated inflation, softening global demand and tightening financial conditions. Japan and UK recorded negative GDP growth. Euro area also experienced sluggish growth. G7 nations as a group achieved 0.4 percent growth compared to 0.2 percent growth recorded in the previous quarter. On

the other hand, albeit facing challenges amid a global cloudy outlook, US, China and India managed to recover from the negative growth of the preceding quarter and reached to the growth of 0.6, 3.9 and 0.8 percent respectively.

Chart 1.1: Quarterly GDP Growth

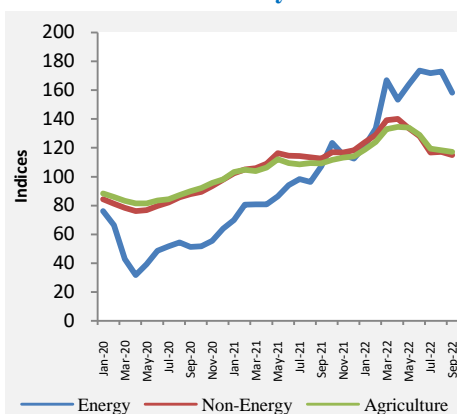


Source: OECD

1.1.2 Global Inflation Outlook

The world is experiencing high inflation for longer than expected. Disruption to energy supply exacerbated by the Russia-Ukraine War made the energy prices soar. The oil price impact has largely been reflected in higher inflation, though the latter cooled down a bit during this quarter. Non-energy and agricultural prices eased down moderately. In 2022Q3, energy, non-energy and agricultural prices declined by 8.8 percent, 10.3 percent and 9.1 percent respectively compared to the previous quarter.

Chart 1.2: Commodity Price Index



Note: Base: 2010=100.
Source: World Bank.

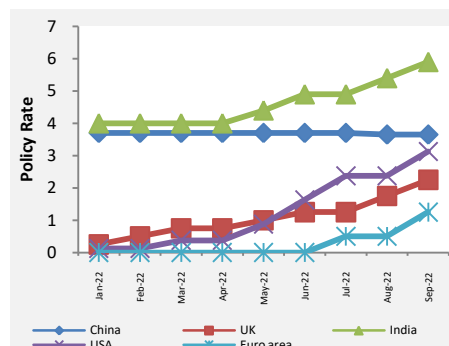
1.1.3 Global Financial Condition

Global financial condition was mostly driven by tight monetary and fiscal policies amid rising inflation and geopolitical tension. The global equity market experienced falling prices and increased volatility.

1.1.3.1 Global Monetary Policy Response

In order to rein relatively high inflation, policy rates of the Advanced Economies (AEs) remained elevated in the review quarter (Chart 1.3) which added large spillovers to financial conditions in emerging markets and developing economies (EMDEs). USD continued to strengthen against currencies of EMDEs, which partially resulted in increased capital outflow, risk of sovereign defaults and accelerated inflation in EMDEs.

Chart 1.3: Policy rates of Central Banks

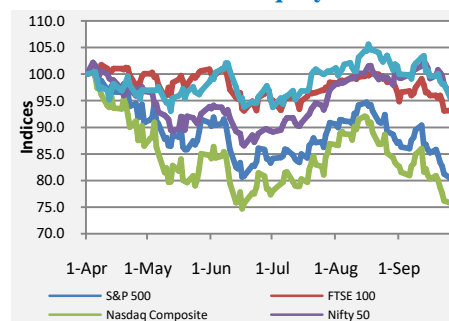


Source: BIS.

1.1.3.2 Global Equity Market

Equity markets around the world experienced a downward march in the review quarter owing to a number of factors, including tightened monetary policy, increased bond yields, fears of recession and a weakening earnings outlook. Major equity markets ended up with a fall in price in 2022Q3 even though they recovered some values in August 2022 (Chart 1.4). Equity markets of EMDEs also demonstrated a decline.

Chart 1.4: Selected Equity Markets¹



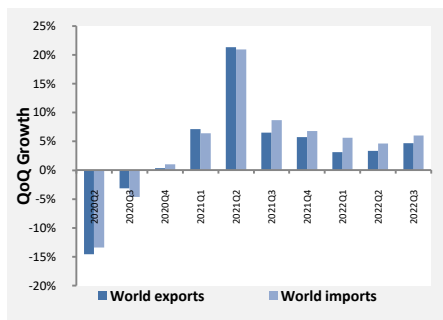
Note: The index base was 100 on 1 April 2022.
Source: The Wall Street Journal,
Calculation: FSD

¹S&P 500, FTSE 100, NIKKEI 225, NIFTY 50 are stock indices listed on major stock exchanges of the US, UK, Japan and India respectively.

1.1.4 Global Trade and Production

Global trade remained restrained in the review quarter amid deteriorated global outlook with high inflation, aggressive monetary tightening, supply chain disruptions and uncertainties from both the Russia-Ukraine war and prolonged COVID-19 pandemic. Export and import grew by 4.7 and 6.0 percent respectively compared to the same quarter of the preceding year (Chart 1.5).

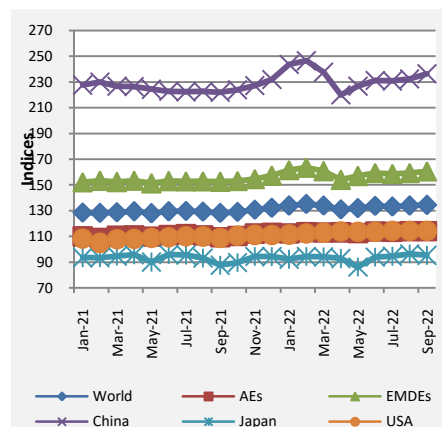
Chart 1.5: Global Export and Import Growth (Quarter-on-Quarter)



Source: CPB World trade monitor, FSD calculation.

With weakening economic activities and lower demand of industrial goods across the world, global production remained sluggish in the review quarter. However, industrial production of China rebounded significantly compared to the same of the previous quarter (Chart 1.6).

Chart 1.6: Global Industrial Production



Note: Industrial production volume excluding construction, fixed base in 2010=100.

Source: CPB World Trade Monitor.

1.2 Domestic Macroeconomic Situation

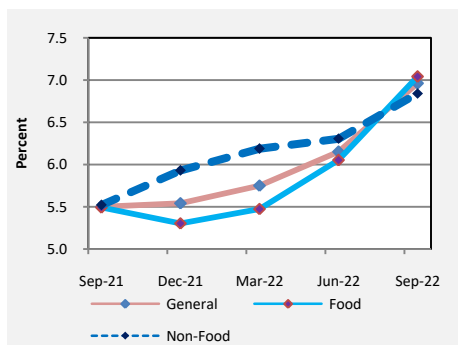
During the review quarter, annual average inflation increased. Besides, the foreign exchange reserve along with its adequacy to cover import payments recorded moderate decrease. As a consequence of a reduction in trade deficit, the current account deficit ameliorated a bit in the review quarter. Interest rate spread in the banking industry decreased slightly. Bangladeshi Taka (BDT) against USD depreciated.

1.2.1 Inflation

At end-September 2022, annual average inflation (base 2005-06 =100) stood at 6.96 percent, recording an increase of 0.81 percentage point from the previous quarter. Annual average food inflation increased to 7.04 percent from 6.05 percent of the preceding quarter. Annual average

non-food inflation also increased to 6.84 percent compared to 6.31 percent in the preceding quarter (Chart 1.7).

Chart 1.7: Inflation

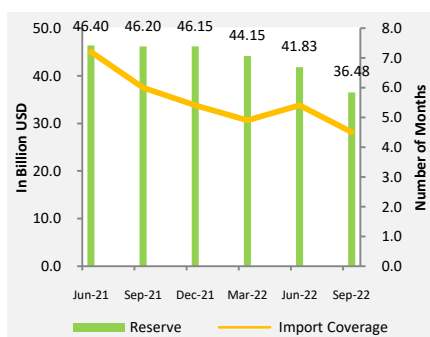


Source: Bangladesh Bureau of Statistics, Base 2005-06=100.

1.2.2 Foreign Exchange Reserve and its Import Coverage

At end-September 2022, the gross foreign exchange reserve stood at USD 36.48 billion, which was USD 41.83 billion at end-June 2022. The current reserve is sufficient to cover nearly 4.5 months of import payments on a prospective basis. The figure was 5.4 in the preceding quarter (Chart 1.8)².

Chart 1.8: Foreign Exchange Reserves



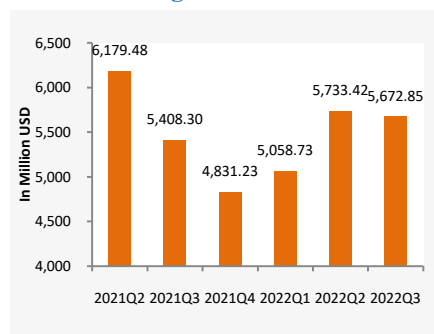
Source: Statistics Department, BB.

² Reserve adequacy in months on the basis of prospective imports.

1.2.3 Wage Earners' Remittance

Wage earners' remittance decreased marginally in the review quarter. It posted at USD 5,672.85 million during 2022Q3³, recording a decrease of 1.06 percent from USD 5,733.42 million received during 2022Q2. However, remittance inflows increased by 4.89 percent compared to that of 2021Q3 (Chart 1.9).

Chart 1.9 Wage Earners' Remittance



Source: Monthly Economic Trends, BB (various issues).

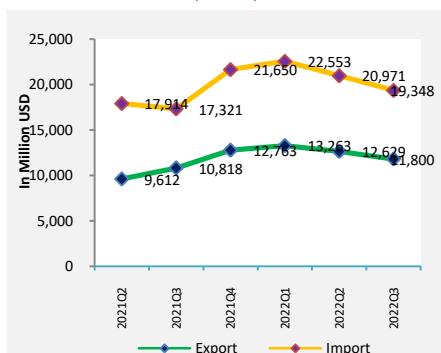
1.2.4 Exports and Imports

During the review quarter, exports (fob) and imports (fob) increased by 9.08 percent and 11.70 percent respectively in comparison with the same quarter of the previous year. However, when compared with the preceding quarter both exports and imports decreased. In particular, imports decreased by 6.6 percent from USD 12,629 million in the preceding quarter. Exports stood at USD 11,800 million, decreased by 6.6 percent from USD 12,629 million in the preceding quarter. Imports decreased by nearly 7.7 percent from USD 20,971 million

³ Q1, Q2, Q3, Q4 indicates the first, second, third and fourth quarter respectively.

in the preceding quarter and stood at USD 19,348 million (Chart 1.10).

Chart 1.10: Exports (FOB) and Imports (FOB)

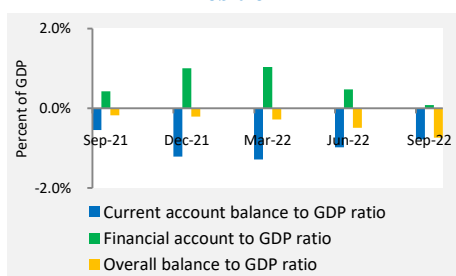


Source: Statistics Department, BB.

1.2.5 Balance of Payment

The current account deficit narrowed in the review quarter mainly due to reduction in trade deficit. The financial account experienced a surplus position, although it has been on a declining trend after March 2022. On net, the overall balance recorded a deficit in the review quarter. Current account balance and financial account as a share of GDP stood at -0.78 percent and 0.08 percent respectively in 2022Q3 while overall balance as a percentage of GDP registered at -0.74 percent (Chart 1.11).

Chart 1.11: Balance of Payment Position

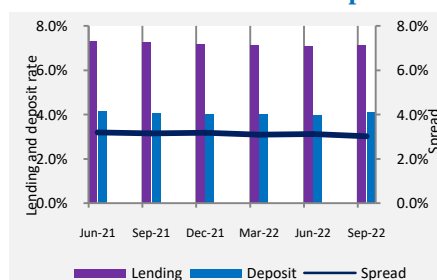


Source: Bangladesh Bank Website.

1.2.6 Interest Rate

In the review quarter, the weighted average lending rate increased slightly after a continuous declining trend. The deposit rate also demonstrated a small increase. The weighted average lending and deposit rates stood at 7.12 percent and 4.09 percent respectively in September 2022 whereas these rates had been 7.09 percent and 3.97 percent in June 2022 (Chart 1.12).

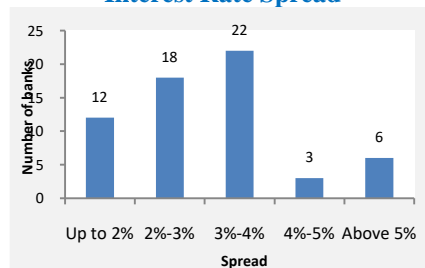
Chart 1.12: Interest Rate Spread



Source: Statistics Department, BB.

Albeit the increase in lending rate and deposit rate, the spread between these two narrowed, registering at 3.03 percent in September 2022 compared to 3.12 percent in June 2022. Out of 61 banks, the interest rate spreads of 6 banks, consisting of 4 FCBs and 2 PCBs, were above 5.0 percent (Chart 1.13).

Chart 1.13: Number of Banks by Interest Rate Spread



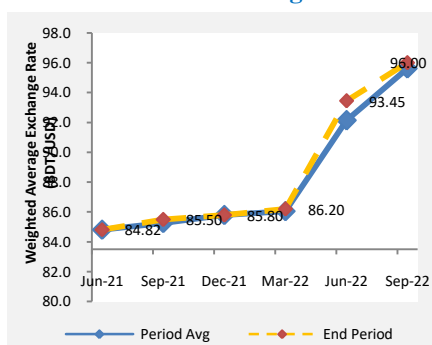
Note: Upper limit inclusive.

Source: Statistics Department, BB.

1.2.7 Exchange Rate

Bangladeshi Taka (BDT) against the USD⁴ has gradually been depreciating in the last few quarters including the review quarter. The exchange rate of BDT per USD stood at 96.00 at end-September 2022, which was 93.45 at end- June 2022 quarter (Chart 1.14).

Chart 1.14: Exchange Rate

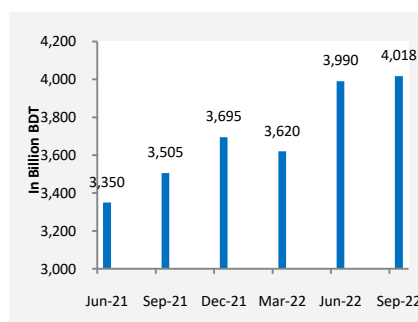


Source: Monthly Economic Trends, BB.

1.2.8 Credit to the Government (gross) by the Banking System

Credit to the Government (gross) by the banking system increased by 0.7 percent at end-September 2022 compared to end-June 2022 and stood at BDT 4,018 billion. Moreover, it increased by 14.6 percent compared to end-September 2021 (Chart 1.15).

Chart 1.15: Credit to the Government (Gross) by the Banking System



Source: Statistics Department, BB.

⁴ BDT per USD on end-period basis.

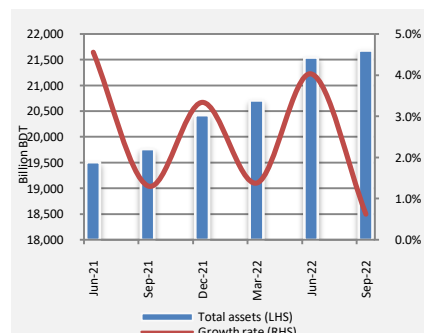
Chapter 2 : BANKING SECTOR PERFORMANCE

The asset size and profitability of the banking sector⁵ increased at end-September 2022. However, asset quality, as measured by gross NPL ratio, deteriorated at end-September 2022 compared to the preceding period.

2.1 Assets Structure

Although the asset size⁶ of the banking sector increased marginally in the review quarter, the asset growth declined from 4.0 percent of the previous quarter to 0.62 percent in the review quarter. The asset size of the banking sector stood at BDT 21,680.49 billion at end-September 2022 from BDT 21,546.42 billion at end-June 2022 (Chart 2.1). This asset growth was largely attributed to increase the loans and advances as well as other assets. The assets-to-GDP⁷ ratio stood at 54.52 percent at end-September 2022 which was 54.19 percent at end-June 2022.

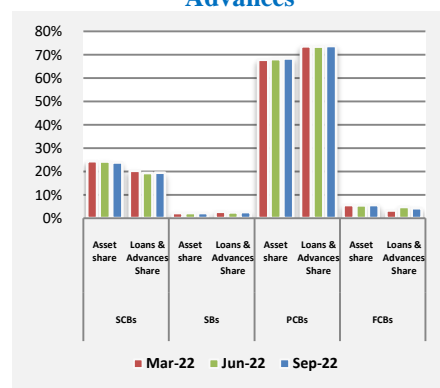
Chart 2.1: Asset Size of the Banking Industry



Source: DOS, BB; Compilation: FSD, BB.

Lion's share of the banking sector's assets (68.42 percent) including loans and advances (73.72 percent) were occupied by the PCBs (Chart 2.2). During the review quarter, PCBs' asset and loan share increased marginally. Holding the second largest market share, SCBs' asset share (23.80 percent) registered a small decrease while share of their loans and advances (19.41 percent) recorded a slight increase compared to the preceding period.

Chart 2.2: Group-wise Share of Banking Sector Assets, and Loans and Advances



Source: DOS, BB; Compilation: FSD, BB.

⁵Citizens Bank Limited is excluded from the analyses due to unavailability of data.

⁶Only scheduled banks are taken into account.

⁷GDP at current market price (provisional) for the financial year 2021-22 is taken into account where the base year is 2015-16.

Overall, asset structure of the banking industry changed slightly in the review quarter compared to the preceding period. Loans and advances, the largest segment among the asset items, constituted 67.33 percent of total assets followed by investment (17.07 percent) and other assets (5.06 percent) at end-September 2022 (Table 2.1).

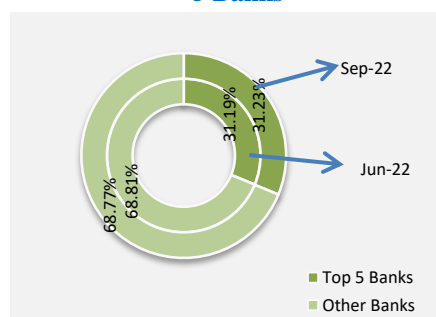
Table 2.1: Asset Structure of the Banking Industry

| Component of Assets | % of Total asset (End June'22) | % of Total asset (End September '22) | Change (PP) |
|------------------------------------|--------------------------------|--------------------------------------|-------------|
| Cash in hand | 0.93% | 1.03% | 0.10 |
| Balance with BB and its Agent Bank | 4.53% | 4.02% | (0.51) |
| Balance with other banks and FIs | 4.48% | 4.15% | (0.33) |
| Investment | 17.91% | 17.07% | (0.84) |
| Loans & Advances | 65.99% | 67.33% | 1.34 |
| Fixed Assets | 1.33% | 1.33% | 0.00 |
| Other Assets | 4.81% | 5.06% | 0.25 |
| Non-banking Assets | 0.02% | 0.02% | 0.00 |
| Total Assets | 100 % | 100% | N/A |

Note: PP-Percentage Point.
Source: DOS, BB; Compilation: FSD, BB.

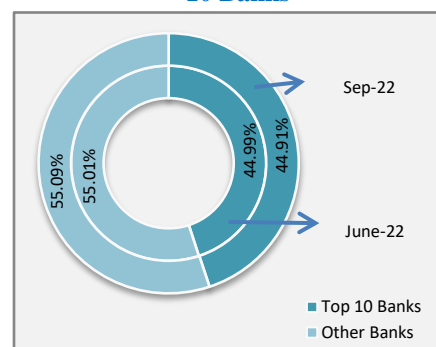
The asset concentration ratios⁸ of top 5 banks increased slightly while that of top 10 banks decreased marginally in September 2022 quarter. The ratios stood at 31.23 percent and 44.91 percent at end-September 2022 which were 31.19 percent and 44.99 percent respectively at end-June 2022 (Chart 2.3 and 2.4).

Chart 2.3: Asset Concentration of Top 5 Banks



Source: DOS, BB; Compilation: FSD, BB.

Chart 2.4: Asset Concentration of Top 10 Banks



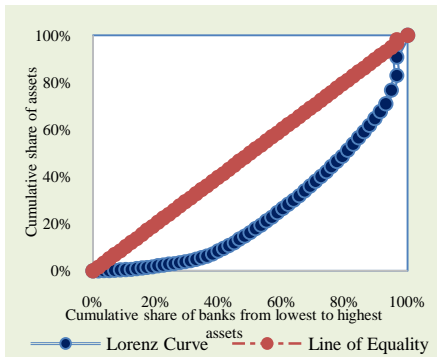
Source: DOS, BB; Compilation: FSD, BB.

Banking sector's asset concentration has also been demonstrated using Gini Coefficient calculated based on the Lorenz Curve. As depicted in Chart 2.5, the position of the Lorenz Curve shows that large 20 percent banks hold around 52 percent of assets which implies the presence of a moderate concentration in the assets of banking sector. The calculated Gini Coefficient⁹ at end-September 2022 was 0.496 which suggests that distribution of assets among banks is moderately unequal.

⁸Asset concentration ratio of top 5 or 10 banks is defined as the ratio of total assets of top 5 or 10 banks over the total assets of the banking industry.

⁹ A value of zero expresses perfect equality whereas a value of one refers to perfect inequality.

Chart 2.5: Banking Sector Asset Concentrations - Lorenz Curve

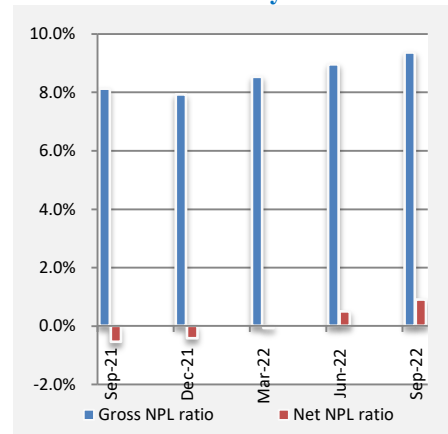


Source: DOS, BB; Compilation: FSD, BB.

2.2 Asset Quality

Gross non-performing loan (NPL) ratio¹⁰ of the banking sector increased marginally by 0.40 percentage point at the end-September 2022. The ratio stood at 9.36 percent in the review quarter as opposed to 8.96 percent at end-June 2022 (Chart 2.6). On the other hand, net non-performing loans¹¹ to total loans (net NPL ratio) was 0.90 percent. The ratio became positive in the review quarter as well as in the preceding quarter, after remaining negative during September 2020 to March 2022. This positive net NPL ratio could partly be attributed to higher amount of classified loans.

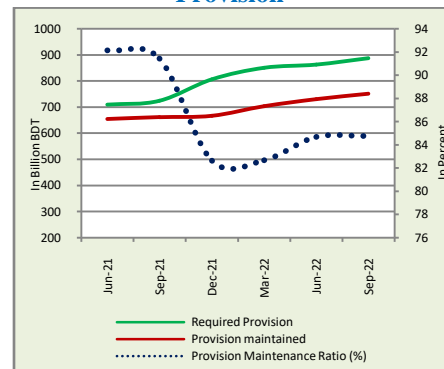
Chart 2.6: NPL Ratio of the Banking Industry



Source: BRPD, BB.

In the review quarter, the required provision increased by BDT 24.15 billion whereas actual provision increased by BDT 21.06 billion (Chart 2.7). Consequently, provision maintenance ratio increased to 84.74 percent in the review quarter from 84.68 percent of the previous quarter.

Chart 2.7: Banking Sector Loan Loss Provision



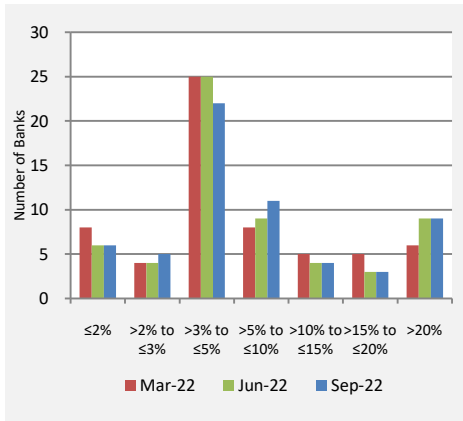
Source: BRPD, BB.

Chart 2.8 illustrates distribution of banks based on their gross NPL ratios.

¹⁰ Ratio of non-performing loans to total loans where total loans include both domestic banking unit (DBU) and off-shore banking unit (OBU).

¹¹ Non-performing loans less loan-loss provisions and interest suspense

Chart 2.8: Distribution of banks by Gross NPL ratio

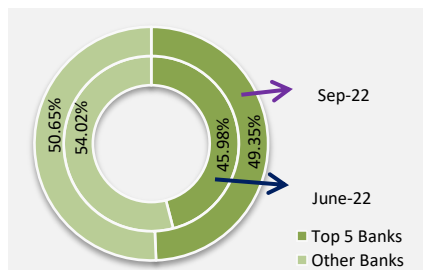


Source: BRPD, BB; Compilation: FSD, BB.

The distribution shows that NPL ratio of 33 banks was within 5 percent and for 9 banks, it was above 20 percent at end-September 2022.

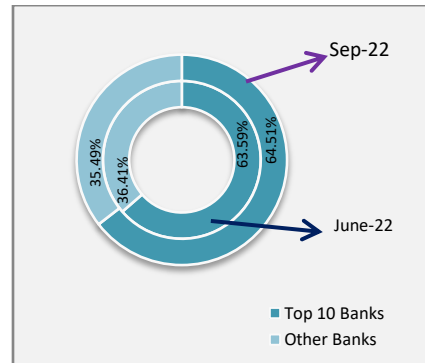
Chart 2.9 and 2.10 show that a handful of banks continue to hold large portion of gross NPL in the review quarter. NPL concentration in Top 5 and Top 10 banks increased slightly in September 2022 quarter. The gross NPL concentration ratios of the Top 5 and Top 10 banks were 49.35 and 64.51 percent respectively at end-September 2022 against the corresponding figures of 45.98 and 63.59 percent at end-June 2022.

Chart 2.9: NPL Concentration of Top 5 Banks



Source: BRPD, BB; Compilation: FSD, BB.

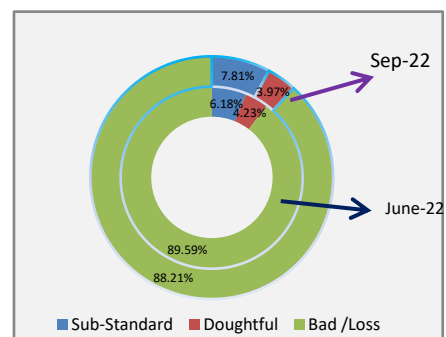
Chart 2.10: NPL Concentration of Top 10 Banks



Source: BRPD, BB; Compilation: FSD, BB.

Like the previous quarters, bad and loss (B/L) category continued to hold the lion's share of total classified loans in the review quarter. At end-September 2022, B/L category pertained 88.21 percent of total classified loans against 89.59 percent at end-June 2022 (Chart 2.11). The share of other two categories of classified loans- sub-standard (SS) and doubtful (DF) stood at 7.81 percent and 3.97 percent respectively in the review quarter.

Chart 2.11: NPL Composition



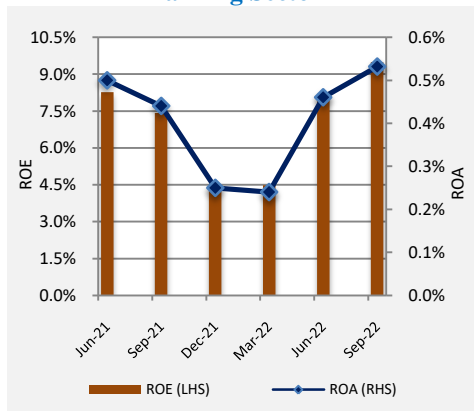
Source: BRPD, BB.

2.3 Profitability

In the review quarter, profitability of the banking sector, measured by return on asset (ROA) and return on equity (ROE), increased to 0.53

percent and 9.48 percent respectively compared to 0.46 percent and 8.20 percent of the respective ratios of the preceding quarter.

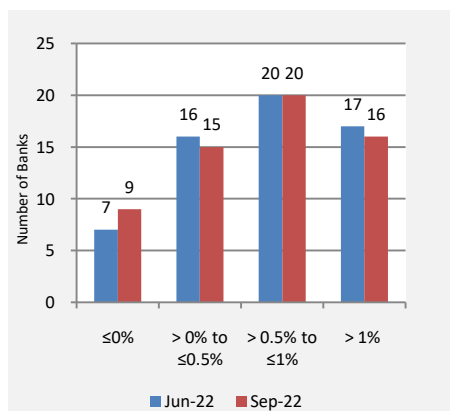
Chart 2.12: ROA and ROE of the Banking Sector



Note: Figures of all quarters are annualized except the quarter ended December 2021.
Source: DOS, BB; calculation: FSD, BB.

The distribution of ROA (Chart 2.13) shows that during the review quarter, ROA of 24 banks remained within 0.50 percent and 36 banks remained above 0.50 percent while the corresponding figures were 23 and 37 respectively in the previous quarter.

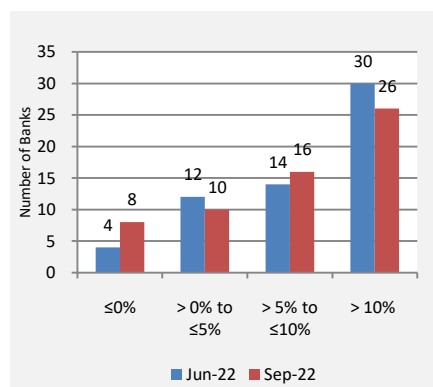
Chart 2.13: Distribution of Banking Sector Return on Assets (ROA)



Source: DOS BB; Compilation: FSD, BB.

Chart 2.14 depicts that ROE of 18 banks remained below or equal to 5 percent in the review quarter compared to 16 banks under the same range of ROE in the previous quarter. ROE of 26 banks was higher than 10 percent at end-September 2022. In order to achieve substantial improvement in profitability, banks need to work relentlessly to recover their classified loans and advances.

Chart 2.14: Distribution of Banking Sector Return on Equity (ROE)



Source: DOS BB; Compilation: FSD, BB.

Chapter 3 : FINANCIAL INSTITUTIONS' PERFORMANCE

The key financial indicators of FIs showed a mixed performance in September 2022 quarter. Total assets including cash and liquid assets shrank in the review quarter while earning assets and fixed assets of FIs expanded compared to those of the previous quarter. In addition, return on equity as well as return on assets slightly increased compared to the preceding quarter. Moreover, asset quality deteriorated further compared to the previous quarter.

3.1 Growth of Liabilities and Equities and Assets

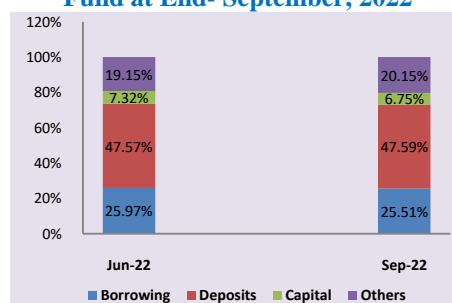
Total liabilities and equities of FIs shrank as borrowings, deposits and capital decreased by BDT 8.37 billion, BDT 7.26 billion and BDT 6.44 billion respectively compared to June, 2022 quarter.

Total assets of financial institutions decreased by 1.65 percent and reached to BDT 933.12 billion¹² at end-September 2022 from BDT 948.81 billion at end-June 2022. Cash and liquid assets contracted by BDT 19.10 billion whereas earning assets expanded by BDT 3.15 billion in the review quarter.

3.1.1 Sources of Fund: Composition and Contribution

At end-September 2022, borrowings, deposits, capital, and other liabilities constituted 25.51 percent, 47.59 percent, 6.75 percent and 20.15 percent of the sources of funds of the FIs respectively. In comparison with the previous quarter, the share of borrowing and capital decreased by 0.46 percentage point and 0.57 percentage point respectively. On the other hand, deposits and other liabilities increased by 0.02 and 1.01 percentage points respectively (Chart 3.1).

Chart 3.1: Compositions of Sources of Fund at End- September, 2022



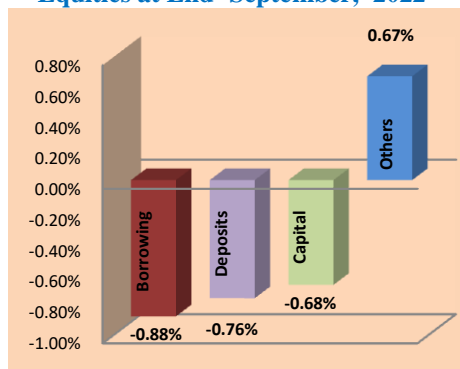
Source: FIs; Compilation: FSD, BB.

During the review period, total liabilities and equities decreased by 1.65 percent compared to the preceding quarter which is largely attributed to a decrease in borrowings, deposits and capital by 0.88 percent, 0.76 and 0.68 percent respectively. On the contrary, other liabilities increased by 0.67 percent at end-September 2022. The contributions of different

¹² Financial Statements of March, 2022 quarter of 1(one) FI have been used due to the unavailability of September, 2022 based data.

components in liability growth are illustrated in Chart 3.2.

Chart 3.2: Contributions of Components in Growth of Liabilities & Equities at End- September, 2022



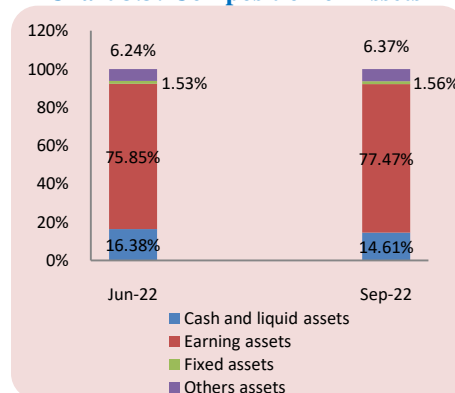
Source: FIs; Compilation: FSD, BB.

3.1.2 Assets: Composition and Contribution

Total earning assets (i.e., loans, leases, and investment) of FIs constituted 77.47 percent of total assets at end-September 2022. The rest of total assets composed of cash and liquid assets, fixed assets, and other assets; shares of these components are 14.61 percent, 1.56 percent and 6.37 percent respectively (Chart 3.3).

When compared with end-June 2022 positions, the share of cash and liquid assets decreased by 1.77 percentage points whereas earning assets, fixed assets and other assets increased by 1.61, 0.03 and 0.13 percentage points respectively during the review period.

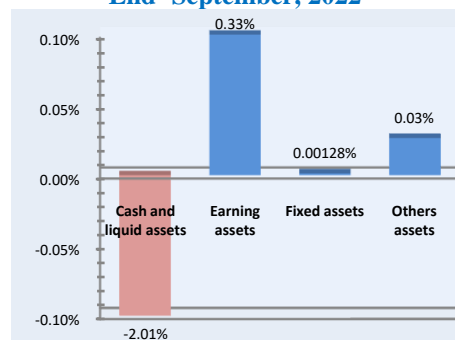
Chart 3.3: Composition of Assets



Source: FIs; Compilation: FSD, BB

The 1.65 percent decrease in total assets during the review period, compared to the preceding period, was largely attributed to decrease in cash and liquid assets by 2.01 percent although earning assets, fixed assets and other assets increased by 0.33 percent, 0.001 percent and 0.03 percent respectively. The contributions of different components in assets growth are illustrated in Chart 3.4.

Chart 3.4: Contributions of Components in Growth of Assets at End- September, 2022



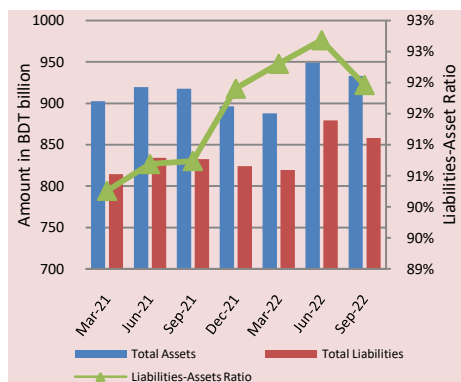
Source: FIs; Compilation: FSD, BB

3.1.3 Liabilities-Assets Ratio

The liabilities to assets ratio stood at 91.96 percent at end-September 2022

which is 0.72 percentage point lower compared to 92.68 percent at end-June 2022 (Chart 3.5).

Chart 3.5: FIs' Liabilities-Assets Ratio

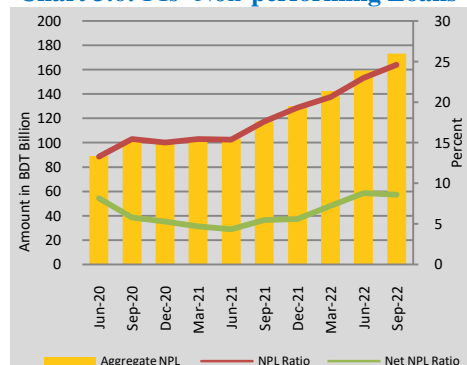


Source: FIs; Compilation: FSD, BB.

3.2 Asset Quality

Aggregate classified loans and leases stood at BDT 173.27 billion at end-September 2022 from BDT 159.36 billion at end-June 2022. The ratio of classified loans and leases increased to 24.61 percent at end-September 2022 which was 1.62 percentage points higher than that of the previous quarter and 6.99 percentage points higher than that of end-September 2021 (Chart 3.6).

Chart 3.6: FIs' Non-performing Loans



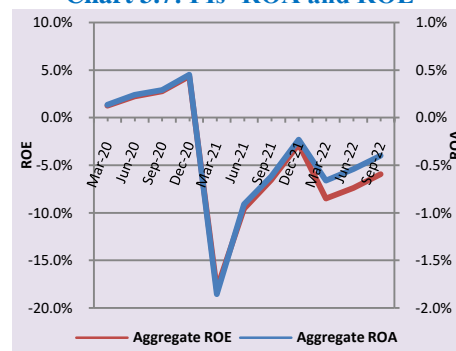
Source: DFIM, BB.

Net NPL ratio (after netting off interest suspense and actual provisions maintained) was 8.60 percent at end-September 2022, which was 0.21 percentage point lower than that of the previous quarter and 3.13 percentage points higher than that of September 2021 quarter.

3.3 Profitability

Profitability indicators as measured by return on assets (ROA) and return on equity (ROE) were negative since March 2021¹³. Return on assets (ROA) increased to -0.40 percent from -0.54 percent while return on equity (ROE) increased to -5.95 percent from -7.41 percent compared to the preceding period. It is noteworthy that ROA and ROE were -0.62 percent and -6.56 percent respectively in September 2021 (Chart 3.7).

Chart 3.7: FIs' ROA and ROE



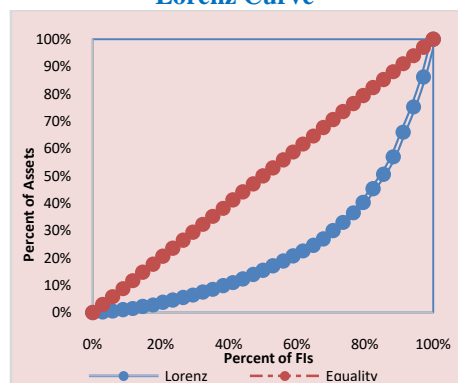
Source: FIs; Compilation: FSD, BB.

¹³ Data are annualized except December quarter in which some data of March and June 2022 are revised.

3.4 FIs Sector's Asset Concentration

FIs sector's asset concentration has been illustrated using the Lorenz curve and Gini Coefficient. As depicted in Chart 3.8, the position of the Lorenz Curve shows that about 20 percent of FIs hold around 60 percent of assets which implies the presence of a high concentration in the assets of FIs sector. The calculated Gini coefficient at end-September 2022 was 0.524 which suggests that distribution of assets among FIs was significantly unequal.

Chart 3.8: FIs Asset Concentration- Lorenz Curve



Source: FIs; Compilation: FSD, BB

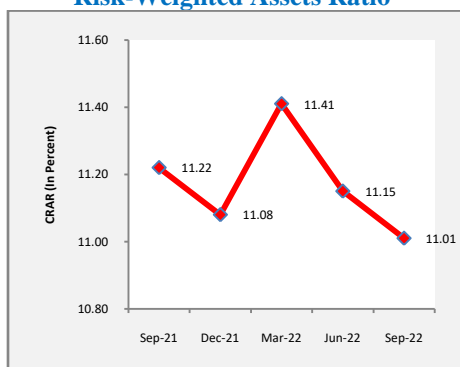
Chapter 4 : BANKING SECTOR CAPITAL ADEQUACY AND LIQUIDITY

The banking sector's capital to risk weighted asset ratio (CRAR) recorded minor decline in the review quarter. However, the industry as a whole was compliant in terms of key liquidity requirements, namely advance-to-deposit ratio (ADR), cash reserve ratio (CRR), statutory liquidity ratio (SLR), liquidity coverage ratio (LCR), and net stable funding ratio (NSFR).

4.1 Capital Adequacy

The banking system's total regulatory capital (TRC) exceeded the minimum capital requirement (MCR) by BDT 111.03 billion in the review quarter. After the second quarter of 2022, the banking sector's quarterly CRAR showed a minor decrease. The CRAR was 11.15 percent at end-June 2022 and 11.01 percent at the end of the review quarter. In both quarters, the ratio was higher than the regulatory requirement of 10 percent (Chart 4.1).

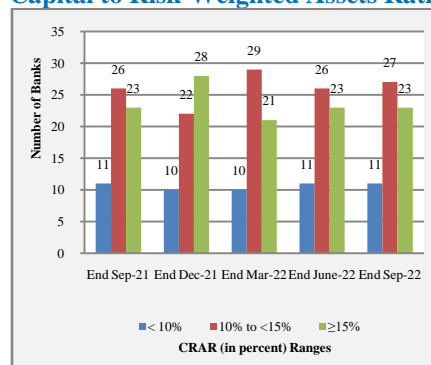
Chart 4.1 Banking Sector Capital to Risk-Weighted Assets Ratio



Source: DOS; Compilation FSD, BB.

Fifty (50) banks out of 61 maintained CRAR of 10.0 percent or higher at the end of the review quarter (Chart 4.2).

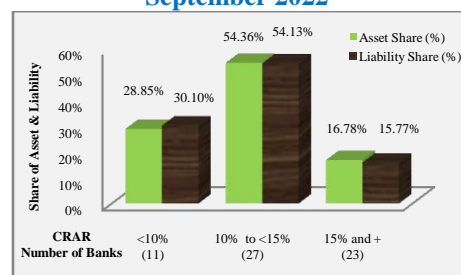
Chart 4.2 Distribution of Banks against Capital to Risk-Weighted Assets Ratio



Source: DOS; Compilation FSD, BB.

27 banks with 10 percent to less than 15 percent CRAR¹⁴ held major part of industry assets (54.36 percent) and liability (54.13 percent) as of end-September 2022 (Chart 4.3). However, 11 banks with less than 10 percent CRAR held 28.85 percent assets and 30.10 percent liability of the banking system (Chart 4.3).

Chart 4.3 Assets and Liability Share of Banks based on CRAR at End-September 2022

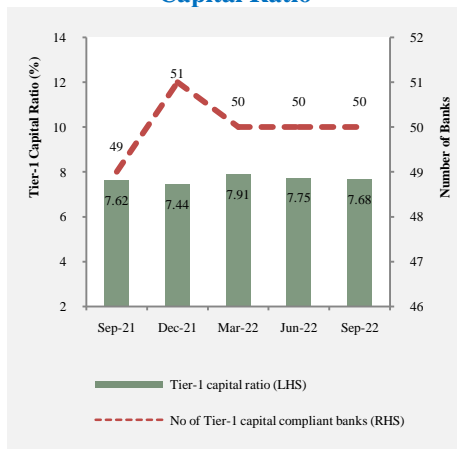


Source: DOS; Compilation FSD, BB.

¹⁴Upper limit exclusive.

Tier-1 capital ratio¹⁵ of the banking industry decreased by 7 basis points from the previous quarter end and increased by 6 basis points from end-September 2021 (Chart 4.4). However, the ratio 7.68 percent remained considerably higher than the regulatory requirement of 6.0 percent¹⁶.

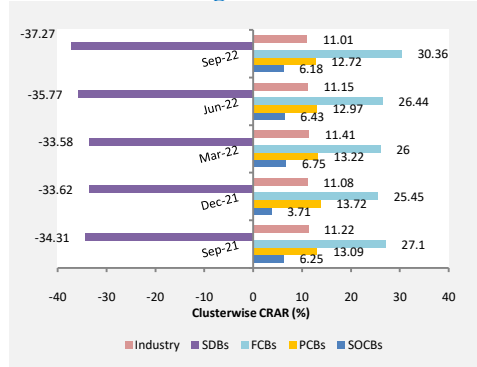
Chart 4.4: Banking Industry's Tier-1 Capital Ratio



Source: DOS, Compilation FSD, BB.

Cluster-wise capitalization level of the industry remained steady while compared to the previous quarter. During the review quarter, foreign commercial banks (FCBs) maintained the highest CRAR (30.36 percent), and specialized development banks (SDBs) maintained the lowest CRAR (-37.27 percent) (Chart 4.5).

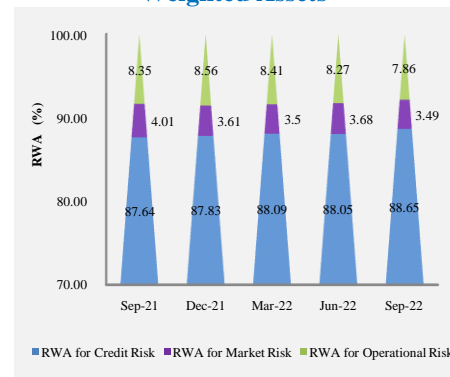
Chart 4.5 Banking Cluster-wise CRAR



Source: DOS, Compilation FSD, BB.

As in the previous quarter, risk-weighted assets (RWA) for credit risk accounted for the major portion of total RWA. It is noteworthy that, the RWA for credit risk at end-September 2022 increased by 60 and 101 basis points compared to end-June 2022 and end-September 2021 respectively (Chart 4.6).

Chart 4.6: Distribution of Risk-Weighted Assets



Source: DOS, Compilation FSD, BB.

In the review quarter, 43 out of 61 banks and 26 out of 39 banks were compliant in terms of minimum regulatory capital conservation buffer (CCB) requirement of 2.50 percent on solo and consolidated basis respectively. In the review period,

¹⁵ Tier-1 capital ratio is calculated as a percentage of core capital to RWA.

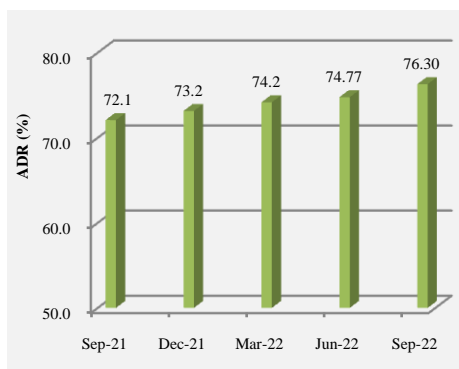
¹⁶ In line with Basel III capital framework.

aggregate CCB of the industry was 1.01 percent on solo basis and 1.54 percent on consolidated basis.

4.2 Liquidity

At end-September 2022, the banking system met the cash reserve ratio requirement (CRR) on both overall and banking cluster basis. On the other hand, the system maintained SLR of 21.58 percent, 10.50 percentage points higher than the minimum requirement. At end-September 2022, Advance-to-Deposit Ratio (ADR) of the banking industry stood at 76.30 percent which was 1.53 and 4.22 percentage points higher than those of end-June 2022 and end-September 2021 (Chart 4.7).

Chart 4.7 Banking Sector ADR

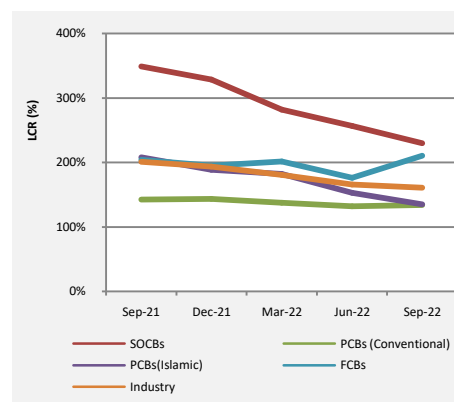


Source: DOS, Compilation FSD, BB.

The liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of the banking system remained well above the regulatory requirement in the review quarter as well as in the previous quarters. However, LCR experienced a declining trend in all clusters with some minor exceptions from September 2021 to September

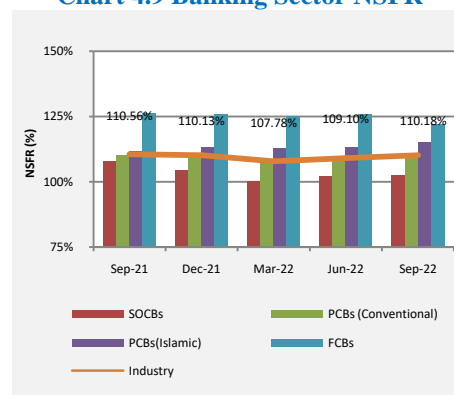
2022 (Chart 4.8). Furthermore, both in the review and previous quarters, the NSFR of state-owned commercial banks (SOCBs) remained marginally above the regulatory requirement (Chart 4.9).

Chart 4.8 Banking Sector LCR



Source: DOS, Compilation FSD, BB.

Chart 4.9 Banking Sector NSFR



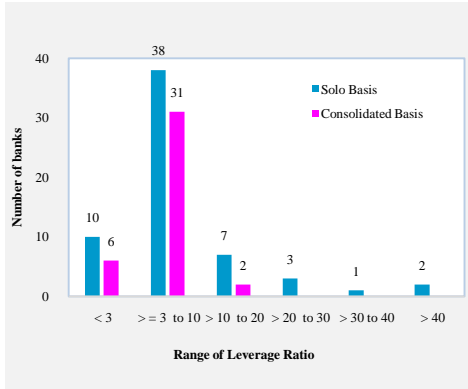
Source: DOS, Compilation FSD, BB.

4.3 Leverage Ratio

At end-September 2022, the banking system's leverage ratio was 4.43 percent on solo basis. 51 out of 61 banks and 33 out of 39 banks were able to meet the minimum regulatory leverage ratio requirement of 3

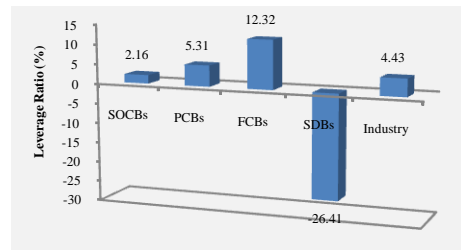
percent on solo and consolidated¹⁷ basis, respectively (Chart 4.10).

Chart 4.10 Leverage Ratio of Banks at End- September 2022



Source: DOS, Compilation FSD, BB.

Chart 4.11 Leverage Ratio of Bank Clusters at End- September 2022 (Solo basis)



Source: DOS, Compilation FSD, BB.

FCBs continued to maintain significantly higher leverage ratio compared to other banking clusters (Chart 4.11). On the contrary, SDBs remained persistent in continuing with the negative leverage ratio.

¹⁷In line with Basel III guidelines issued by Bangladesh Bank vide BRPD Circular No. 18 dated December 21,2014.

Chapter 5 : FINANCIAL INSTITUTIONS' CAPITAL ADEQUACY AND LIQUIDITY

During September 2022 quarter, the capital adequacy ratio (CAR) and the core capital ratio (Tier-1 capital) of the Financial Institutions (FIs) increased moderately compared to the previous quarter. On an aggregate basis, CRR maintained by FIs was higher than the required CRR in June 2022¹⁸. Moreover, SLR maintained by the FIs was significantly higher (more than four times) than the required level.

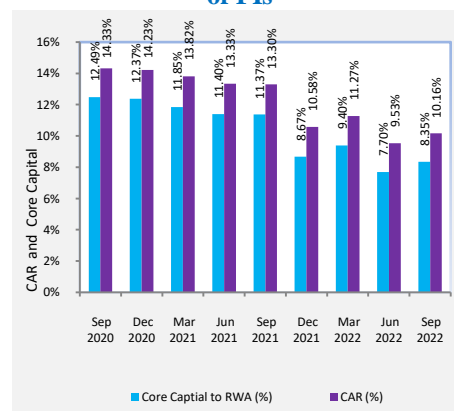
5.1 Capital Adequacy

In the review quarter, the capital adequacy ratio (CAR) and the Tier-1 capital (core capital) ratio of the FIs stood at 10.16 percent and 8.35 percent, respectively. Both the ratios increased by 0.63 and 0.65 percentage point, respectively at end-September 2022 compared to those of end-June 2022. In the review quarter, 23 out of 34 FIs were able to maintain the required level of core capital and 24 out of 34 FIs were able to maintain the required level of CAR. However, the maintained CAR was 0.16 percentage point higher against the minimum capital requirement of 10.0 percent in September 2022. On the other hand, the maintained Tier-1 capital ratio was 3.35 percentage points higher than the

minimum regulatory requirement of 5.0 percent in the review quarter¹⁹. Chart 5.1 shows the trend in core capital to risk weighted assets (RWA) ratio (Tier-1 capital ratio) and CAR since September 2020.

Source: DFIM, BB.

Chart 5.1: Capital Adequacy Ratios of FIs



Source: DFIM, BB.

5.2 Risk-Weighted Assets (RWA)

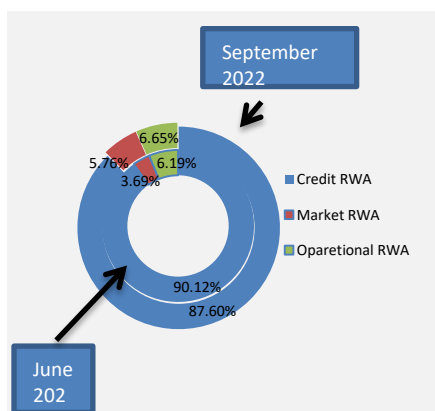
Total risk-weighted assets (RWA) increased from BDT 698.33 billion at end-June 2022 to BDT 708.24 billion at end-September 2022. During the review quarter, the RWA for credit, market, and operational risks were 87.60 percent, 5.76 percent and 6.65 percent of overall RWA of the FIs, respectively. Among the three components of RWA, the RWA associated with market risk and

¹⁸Due to unavailability of September 2022 data, June 2022 quarter data has been used for analysis on CRR and SLR.

¹⁹FIs are required to maintain capital adequacy ratio (CAR) of 10.0 percent with at least 5.0 percent as core capital ratio in the form of Tier-1 as per the Basel II capital framework.

operational risk increased by 2.07 percentage points and 0.46 percentage point, respectively whereas RWA associated with credit risk decreased by 2.52 percentage points in the review quarter compared to the same of the preceding quarter. Chart 5.2 shows the different components of the overall risk-weighted assets (RWA) of the FIs at the end-September 2022.

Chart 5.2: Different Components of Risk-Weighted Assets (RWA) of FIs



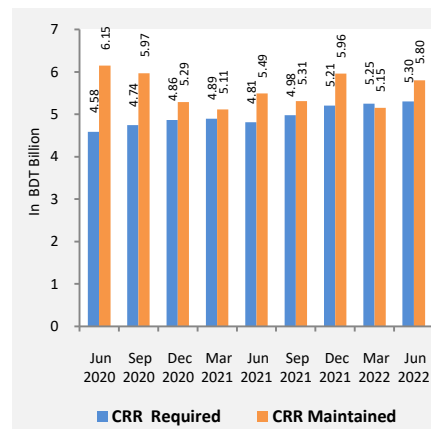
Source: DFIM, BB.

5.3 Liquidity

The aggregate amount of cash reserve ratio (CRR) maintained by the FIs was BDT 5.80 billion as of end-June 2022 compared to BDT 5.15 billion at end-March 2022, recording an increase of 12.73 percent. An excess amount of BDT 500.56 million was observed against the CRR requirement. The amount of statutory liquidity ratio (SLR) maintained by FIs registered at BDT 91.40 billion at the end-June 2022 against the requirement of BDT

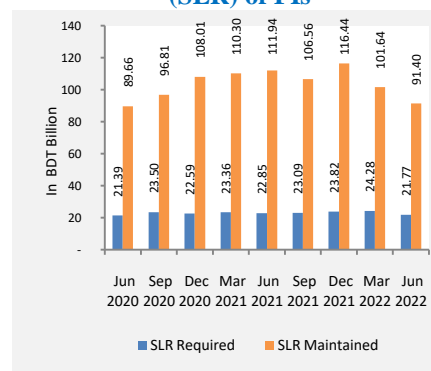
21.77 billion. In June 2022, the amount of SLR maintained by FIs decreased by 10.08 percent compared to that of March 2022. CRR and SLR positions of the FIs since June 2020 are illustrated in Charts 5.3 and Chart 5.4.

Chart 5.3: Cash Reserve Ratio (CRR) of FIs



Source: DFIM, BB.

Chart 5.4: Statutory Liquidity Ratio (SLR) of FIs



Source: DFIM, BB.

Chapter 6 : STRESS TEST AND RESILIENCE OF THE BANKING SECTOR

Financial Stability Department (FSD) conducts stress testing on scheduled banks on a quarterly basis to identify their resilience under different plausible adverse scenario²⁰. This chapter illustrates the results of stress tests on banks as well as banking sector based on the data as of end-September 2022. Results of the test indicate that the banking sector would remain moderately resilient to different shock scenarios.

6.1 Credit, Market and Combined Shocks

At end-September 2022, in the pre-shock scenario, 11 scheduled banks out of 61 could not maintain the minimum regulatory requirement of capital to risk-weighted ratio (CRAR) of 10 percent. Hence, remaining 50 banks were considered for the analysis of this quarter. Chart 6.1 depicts the number of non-compliant banks in terms of CRAR for different minor shocks, which indicates that majority of the banks would be able to maintain minimum

²⁰Stress tests on banks are carried out through sensitivity analysis, incorporating the impacts of the shock scenarios for credit risk, market risk and liquidity risk. Under each scenario, the after-shock Capital to Risk-weighted Assets Ratio (CRAR) is compared with the minimum regulatory requirement of 10 (ten) percent in line with Basel III capital framework. This hypothetical test is a useful risk management tool for instructing banks to ensure safety measures in respect of capital maintenance and liquidity management against any probable adverse economic and financial condition.

required CRAR against specified adverse shocks during the review quarter. Table 6.1 represents the after-shock CRAR of the banking sector for different minor shock scenarios, which indicates slight deterioration in the banking sector resilience. The following sub-sections describe the details of the shocks and the associated results.

6.1.1 Credit Shocks

a) Increase in Non-performing Loans

(NPL): If NPLs increased by 3 percent, then 6 banks would fail to maintain the minimum required CRAR.

b) Increase in NPL due to Default of Top Borrowers:

If top 3 borrowers of each bank defaulted, then 16 banks would fail to maintain the minimum required CRAR.

c) Fall in the Forced Sale Value (FSV) of Mortgaged Collateral:

If FSV of mortgaged collateral declined by 10 percent, then no bank would fail to maintain the minimum required CRAR.

d) Negative Shift in the NPL Categories:

If NPL categories shifted downward by 5 percent, then 01 bank would fail to maintain the minimum required CRAR.

e) Increase in NPL in Highest Outstanding Sector:

If 3 percent of performing loan of the highest outstanding sector directly

downgraded to bad/loss category, then 01 bank would fail to maintain the minimum required CRAR.

price, no bank would fail to maintain the minimum required CRAR.

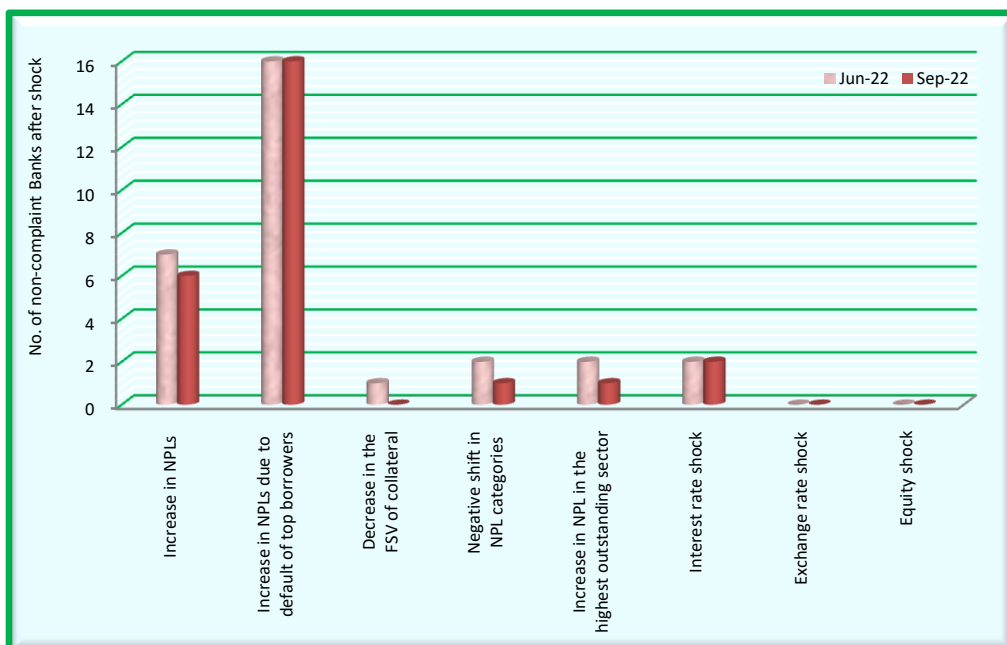
6.1.2 Market Shocks

- a) **Interest Rate Risk:** If the deposit interest rate increased by 1 percent, then 2 banks would fail to maintain the minimum required CRAR.
- b) **Exchange Rate Risk:** In case of currency depreciation by 5 percent, no bank would fail to maintain the minimum required CRAR.
- c) **Equity Price Risk:** In the event of 10 percent downgrade inequity

6.1.3 Combined Shock

This test evaluates the performance a bank by aggregating the results of different credit shocks, exchange rate shock, equity price shock, and interest rate shock. In the event of combined shock (except default of top large borrowers and increase in NPLs of highest outstanding sector), 13 banks would fail to maintain the minimum required CRAR.

Chart 6.1 : Number of Non-compliant Banks in case of different Minor Shock Scenarios



Source: Data from Banks, Calculation: FSD, BB.

Table 6.1: The results of different Minor Shock Scenarios on the Banking Sector
(In percent)

| Description | June 2022 | Sept. 2022 |
|---|--------------|--------------|
| Required minimum CRAR | 10.00 | 10.00 |
| Pre-shock CRAR | 11.15 | 11.01 |
| After-Shock CRAR | | |
| Credit Risks | | |
| <i>Increase in NPLs by 3%</i> | 9.33 | 9.10 |
| <i>Default of top 3 borrowers</i> | 9.46 | 9.24 |
| <i>10% fall in the forced sale value (FSV) of mortgaged collateral</i> | 10.50 | 10.29 |
| <i>5% negative shift in the NPLs categories</i> | 10.41 | 10.22 |
| <i>3% of performing loans of highest exposed sector directly downgraded to bad/loss</i> | 10.97 | 10.82 |
| Market Risks | | |
| <i>1% increase in interest rate</i> | 10.44 | 10.35 |
| <i>Currency depreciation by 5%</i> | 11.14 | 10.94 |
| <i>Fall in equity prices by 10%</i> | 10.85 | 10.70 |
| Combined Shock | 6.89 | 6.53 |

Source: Data from Banks, Calculation: FSD, BB.

6.2.3 Liquidity Shock

The liquidity stress test evaluates the ability of a bank to withstand a liquidity run in case of 2 percent excess cash withdrawal compared with present situation for consecutive 5 days. Table 6.2 shows liquidity stress scenario in the banking sector as on end-September 2022. As the table shows, the banking system as a whole would remain resilient against liquidity stress scenario.

Table 6.2: Liquidity Risk in the Banking Sector at End- September 2022

| Liquidity Stress* | Minor Stress Result |
|-------------------|---------------------|
| Day 1 | 1 |
| Day 2 | 1 |
| Day 3 | 1 |
| Day 4 | 1 |
| Day 5 | 1 |

Notes: 1. *- Consecutive 5 working days.

2.: '1' indicates that the system is liquid and '0' not liquid.

Source: Data from banks, Calculation: FSD, BB.

Chapter 7 CAPITAL MARKET DEVELOPMENT

The global capital market demonstrated a declining trend during the review quarter due to high inflation and Russia Ukraine war. The capital market of Bangladesh also showed a negative trend till the end of July 2022. However, the market moved positively during August 2022 and September 2022 mainly because of regulatory interventions by BSEC. In end-September 2022, the main indices of the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited an increasing trend compared to those of end-June 2022. Turnover, market capitalization and price-earnings (P/E) ratio of DSE and CSE increased during the review period compared to the previous quarter. Unlike the developed markets, the capital market of Bangladesh does not have a significant impact on financial stability in the near term as the size of the market is small and banks, which are the most pivotal factors of financial stability, exposure to the capital market is much lower than the regulatory limit.

7.1 Global Capital Market

The global capital markets faced considerable disruption due to soaring inflation and Russia Ukraine war. From the previous quarter, MSCI Emerging Market Index deteriorated

by 12.73 percent while advanced market indices like DJIA (USA), Nikkei 225 (Japan), DAX (Germany) and FTSE 100 (UK) declined at lower rates (Table 7.1).

Table 7.1: Quarterly performance of leading indices

| Name of Index | June - 22 | Sep - 22 | Change (%) |
|----------------------------|-----------|-----------|------------|
| MSCI Emerging Market Index | 1,000.67 | 873.29 | -12.73% |
| D J I A (U S A) | 30,779.71 | 28,730.12 | -6.66% |
| Nikkei 225 (Japan) | 26,393.04 | 25,937.21 | -1.73% |
| DAX (Germany) | 12,783.77 | 12,114.36 | -5.24% |
| FTSE 100 (UK) | 7,169.28 | 6,893.81 | -3.84% |

Source: investing.com and DSE Monthly review

IMF executive board recognized that risks to the outlook are very high and they predicted that the world economy would face downside growth²¹. The global capital market will likely follow the growth of the global economy.

7.2 Comparison with emerging markets and regional markets

7.2.1 DSEX and MSCI Emerging Market Index

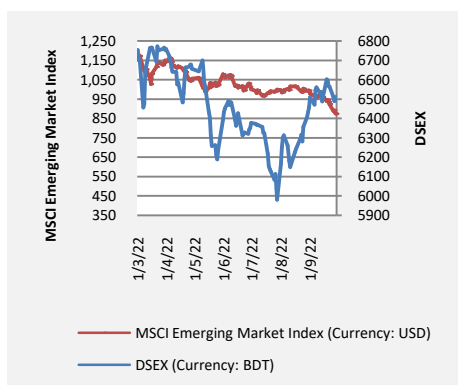
MSCI Emerging Market Index²² followed a downward trend during of

²¹ Global Financial Stability Report, October 2022

²² <https://www.msci.com/end-of-day-data-search>

March 2022 to September 2022. MSCI Emerging Index started at 1,176.43 (Currency: USD) at the beginning of March 2022 and at the end of September 2022 it came down to 873.29. The DSEX Index showed a declining trend from March 2022 to the end-July 2022. It was 6753.79 (Currency: BDT) on the starting day of March 2022 and declined to 5980.51 on 28 July 2022. However, from August 2022 DSEX index exhibited a rising trend for the rest of the period and increased to 6512.89 at the end-September 2022. The DSEX market appeared to be more volatile compared to MSCI Emerging Index (Chart 7.1).

Chart 7.1: Performance of DSEX and MSCI Emerging Market Index



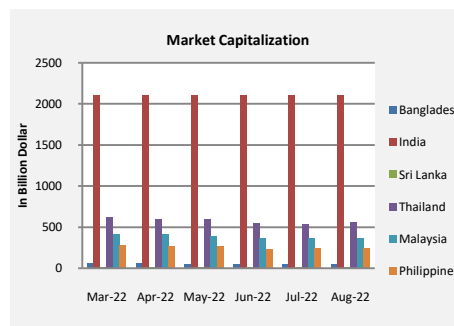
Source: DSEX (Currency: BDT) data were collected from the various issues of DSE Monthly Review; MSCI Emerging Market Index (Currency: USD) data were collected from, msci.com; Compilation: FSD, BB.

The DSEX market appeared to be more volatile compared to MSCI Emerging Index (Chart 7.1).

7.2.2 DSEX and Regional Markets comparison

To compare with regional markets of developing and neighboring countries like; India, Sri Lanka, Thailand, Malaysia and the Philippines are selected. Among the countries, only Sri Lanka's market capitalization is lower than that of Bangladesh, while all other countries' market capitalization is higher than that of Bangladesh (Chart 7.2²³).

Chart 7.2: Market Capitalization



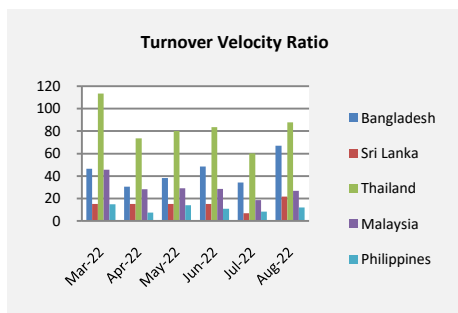
Note: Market Capitalization of India (BSE) as on September 2020

Source: DSE Monthly Review; Compilation: FSD, BB.

Although the market size of Bangladesh is not comparatively large, the liquidity of the market is satisfactory. Chart 7.3 depicts that The turnover Velocity Ratio of Bangladesh is the second highest compared to its peer countries. At the end of August 2022, the said ratios for Bangladesh, Sri Lanka, Thailand, Malaysia and the Philippines are 66.98, 21.70, 87.89, 26.89 and 11.93 respectively.

²³ Due to unavailability of data, September 2022 was not included.

Chart 7.3: Turnover Velocity Ratio



Source: DSE Monthly Review; Compilation: FSD, BB.

Overall, the global capital market showed a downward trend during the quarter due to high inflation and geopolitical tensions induced by Russia Ukraine war. The capital market of Bangladesh is no exception to that and showed a negative trend till the end of July 2022. However, a positive trend from August 2022 prevailed in DSEX. The capital market of Bangladesh appeared to be more volatile compared to those of Emerging Markets while the DSEX market has been affected less adversely compared to the peer countries considering the liquidity aspect.

7.3 Dhaka Stock Exchange (DSE)

7.3.1 DSE Performance

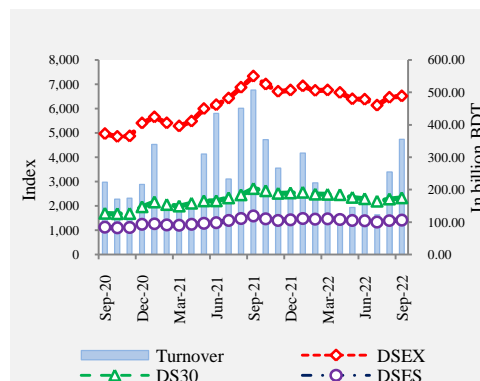
At the end-September 2022, the main indices of DSE, such as DSEX²⁴, DS30²⁵ and DSES²⁶ increased by 2.13, 1.52 and 2.38 percent respectively compared to those of end-June 2022.

²⁴ DSEX= DSE Broad Index

²⁵ DS30 = DSE 30 Index

²⁶ DSES = DSEX Shariah Index

Chart 7.4: DSE Performance



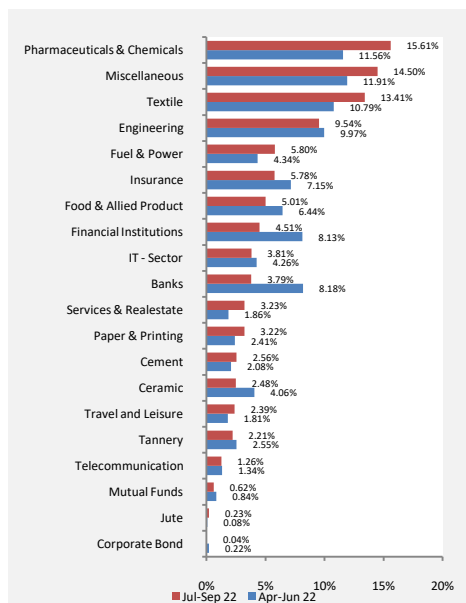
Source: DSE Monthly Review; Compilation: FSD, BB.

Chart 7.4 illustrates the performance of DSE for the period of September 2020 to September 2022. Total DSE turnover observed a 64.54 percent increase and reached BDT 732.37 billion during July-September, 2022 from BDT 445.09 billion in the previous quarter.

7.3.2 Sectoral Turnover at DSE

Chart 7.5 depicts that the Pharmaceuticals & Chemicals sector captured the highest share (15.61 percent) of the total turnover of DSE during the review quarter followed by the Miscellaneous (14.5 percent), Textile (13.4 percent), Engineering (9.54 percent) and Fuel & Power (5.8 percent).

Chart 7.5: Sectoral Turnover during July-September 2022 and April-June 2022



Source: DSE Monthly Review; Compilation: FSD, BB.

In the review quarter, the financial sector (i.e., Bank, NBFIs and Insurance) collectively shared approximately 14.08 percent of the total turnover of DSE which was about 23.46 percent during the April-June 2022 quarter.

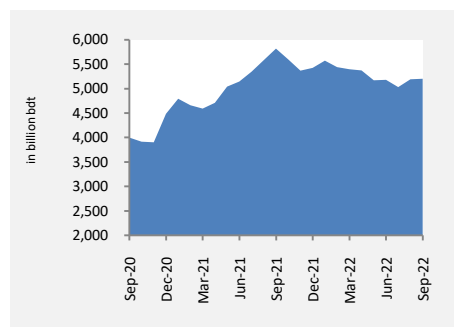
Growth in turnover (in value) for various sectors shows a mixed movement. Turnovers of some sectors like Jute and Services & Real estate experienced notable growth while Corporate Bond, Banks and Financial Institutions sectors observed substantial decreases during the review quarter compared to the previous quarter.

7.3.3 Market Capitalization

Chart 7.6 exhibits that market capitalization experienced a slightly upward trend in August and September 2022. DSE market capitalization increased by 0.41 percent in September 2022 compared to June 2022.

At the end-September 2022, DSE market capitalization reached BDT 5,199.14 billion which was BDT 5,177.82 billion at the end of June 2022. The market capitalization of the review quarter is equivalent to 13.07 percent of the GDP (BDT 39764.62 billion) of FY-22²⁷.

Chart 7.6: Market Capitalization Trend of DSE



Source: DSE Monthly Review; Compilation: FSD, BB.

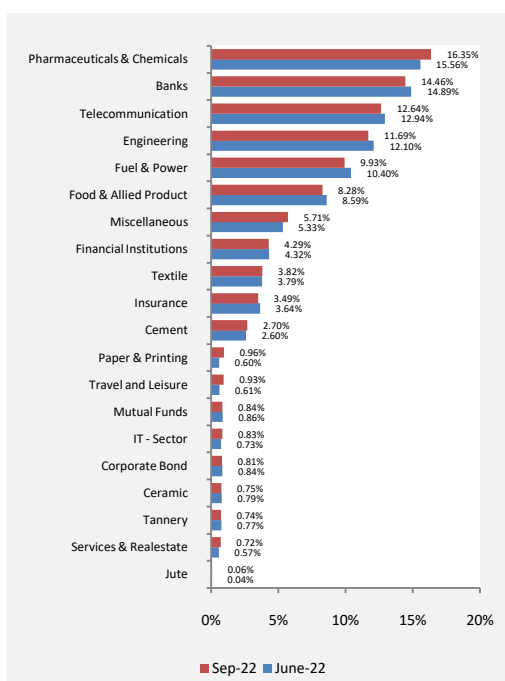
Chart 7.7 illustrates that at the end-September 2022, the Pharmaceuticals & Chemicals sector captured the highest share with 16.35 percent in the total market capitalization followed by Banks, Telecommunication and Engineering sectors with 14.46

²⁷ GDP base year is 2015-2016.

percent, 12.64 percent and 11.69 percent respectively.

At the end-June 2022, the contributions of the aforementioned sectors were 15.56 percent, 14.89 percent, 12.94 percent and 12.10 percent respectively.

Chart 7.7: DSE Sectoral Market Capitalization of End-September 2022 and End-June 2022.



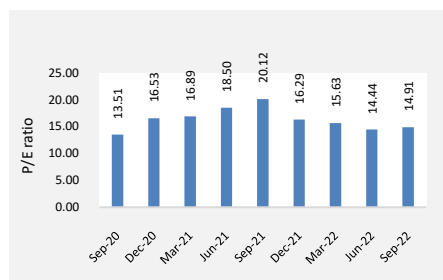
Source: DSE Monthly Review; Compilation: FSD, BB.

7.3.4 Price/Earnings (P/E) Ratio

The weighted average market P/E ratio of DSE’s listed companies was 14.91 at the end-September 2022, which was 14.44 at the end-June 2022 (Chart 7.8). The market P/E ratio exhibited a gradual rise till September 2021 but experienced a continuous

downfall subsequently. However, the P/E ratio exhibits an upward trend from June 2022.

Chart 7.8: DSE P/E Ratio

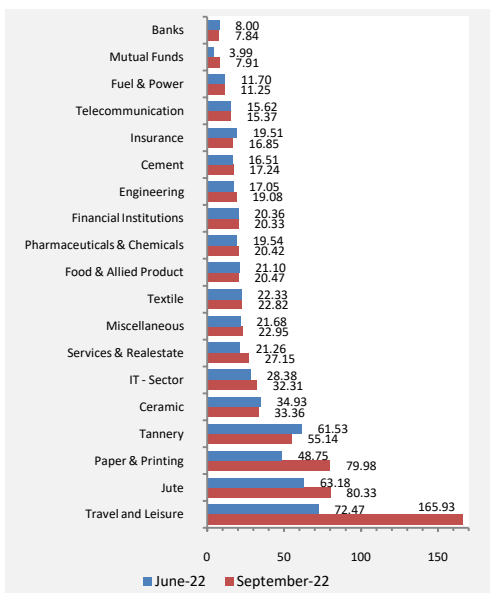


Source: DSE Monthly Review; Compilation: FSD, BB.

At the end-September 2022, the Travel and Leisure sector experienced the highest P/E ratio of 165.93 followed by the Jute sector (80.33) and Paper & Printing (79.98) sectors. The P/E ratios of those sectors were 72.47, 63.18 and 48.75 respectively at the end-June 2022 (Chart 7.9).

Conversely, the Banking sector recorded the lowest P/E ratio (7.84) followed by Mutual Funds (7.91) and the Fuel & Power sector (11.25). Whereas, at the end of the previous quarter those were 8.00, 3.99 and 11.70 respectively (Chart 7.9).

Chart 7.9: DSE Sectoral P/E Ratio

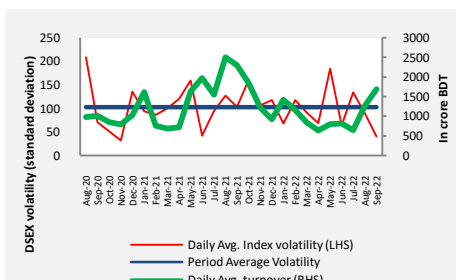


Source: DSE Monthly Review, Compilation: FSD, BB.

7.3.5 Index Volatility and Market Liquidity

Chart 7.10 shows month-wise daily average turnover, volatility in the daily index and the period average volatility. Notionally, relatively less volatile episodes in DSEX should be associated with episodes of high market liquidity (i.e., turnover).

Chart 7.10: DSEX Volatility and Month-wise Daily Average DSE Turnover



Source: DSE Monthly Review; Computation: FSD, BB.

In the last year (September 2021 to September 2022), the highest volatility in daily DSEX was observed in May 2022 (with a standard deviation of 183.92) whereas the least volatility was recorded in September 2022 (with a standard deviation of 40.96). The average volatility was 102.77 over the period as referred to in the chart.

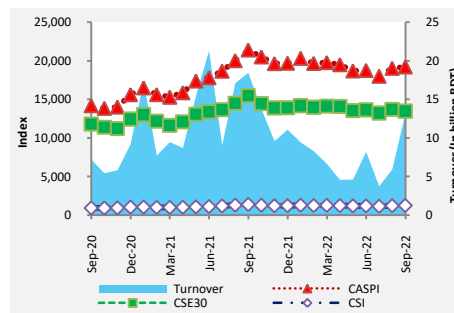
7.4 Chittagong Stock Exchange (CSE)

7.4.1 CSE Performance

Chart 7.11 presents the performance of CSE for the period of September 2020 to September 2022.

At the end-September 2022, among the major CSE indices, CASPI²⁸ and CSI²⁹ increased by 2.47 percent and 4.28 percent respectively, whereas CSE30³⁰ decreased by 1.21 percent in the review quarter compared to the previous quarter.

Chart 7.11: CSE Performance



Source: CSE

²⁸ CASPI = CSE all share price index

²⁹ CSI = CSE Shariah Index

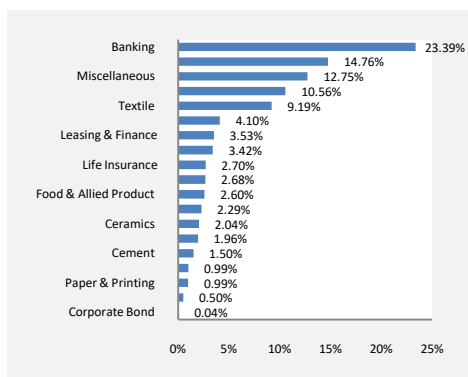
³⁰ CSE30 = CSE 30 Index

Besides, CSE turnover increased sharply by 31.40 percent amounting to BDT 22.79 billion during July-September 2022 from BDT 17.34 billion in the previous quarter.

7.4.2 Sectoral Turnover at CSE

Chart 7.12 shows the sectoral turnover scenario at CSE from July-September 2022. The Banking sector had the highest share of total CSE turnover with 23.39 percent followed by the Pharmaceuticals & Chemicals sector (14.76 percent), Miscellaneous (12.75 percent) and Engineering sector (10.56 percent).

Chart 7.12: Sectoral Turnover (July-September 2022)



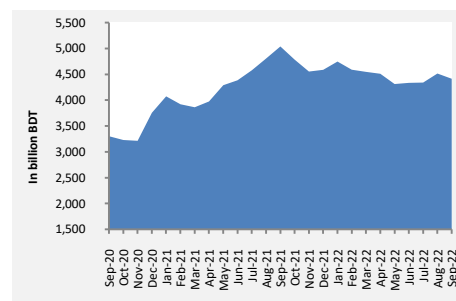
Source: CSE

7.4.3 Market Capitalization

Chart 7.13 shows trends in the market capitalization of CSE since September 2020. At the end-September 2022, the market capitalization at CSE increased to BDT 4412.74 billion from BDT 4,333.69 billion at the end-June 2022.

Moreover, the CSE market capitalization to GDP³¹ ratio stood at 11.10 percent at the end-September 2022.

Chart 7.13: Market Capitalization Trend of CSE



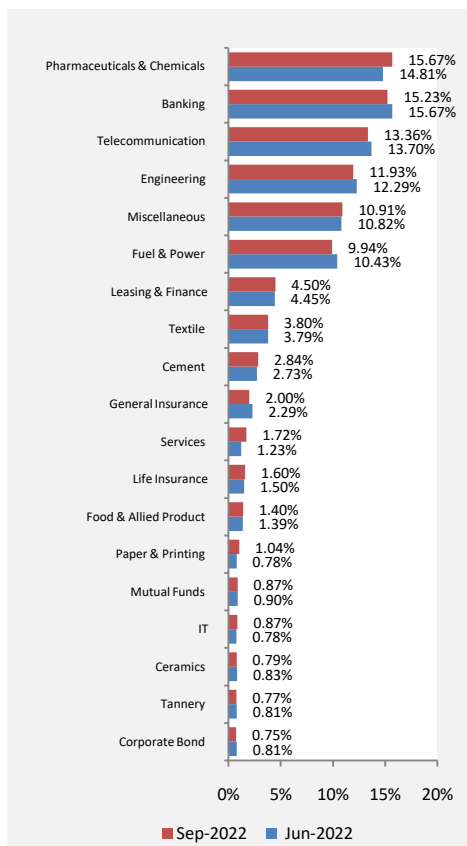
Source: CSE

Chart 7.14 illustrates that at the end-September 2022, the Pharmaceuticals & Chemicals sector captured the highest share (15.67 percent) in the total market capitalization at CSE followed by Banking (15.23 percent), Telecommunication (13.36 percent), Engineering (11.93 percent) and Miscellaneous (10.91 percent) respectively.

The shares of the above-mentioned sectors were 14.81 percent, 15.67 percent, 13.70 percent, 12.29 percent and 10.82 percent respectively at the end-June 2022 (Chart 7.14).

³¹GDP base year is 2015-2016.

Chart 7.14: CSE Sectoral Market Capitalization

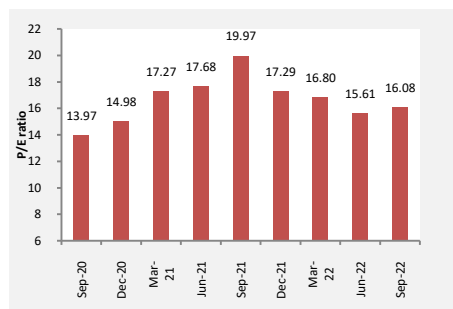


Source: CSE

7.4.4 Price/Earnings (P/E) Ratio

The market-weighted average P/E ratio of CSE experienced a downfall from September 2021, however during this reported quarter it exhibited an upward trend. At the end-June 2022, the weighted average market P/E of CSE's listed companies was 15.61, which increased to 16.08 at the end-September 2022 (Chart 7.15).

Chart 7.15: CSE P/E Ratio



Source: CSE

During the review quarter, the highest P/E ratio was registered by the Paper & Printing sector (79.83), followed by the Tannery (69.26) and Service sector (49.02). On the other hand, the lowest P/E ratio was recorded in the Banking sector (8.42) followed by Fuel & Power (11.43) and the General Insurance sector (11.98).

7.5 Capital Market and Financial Stability

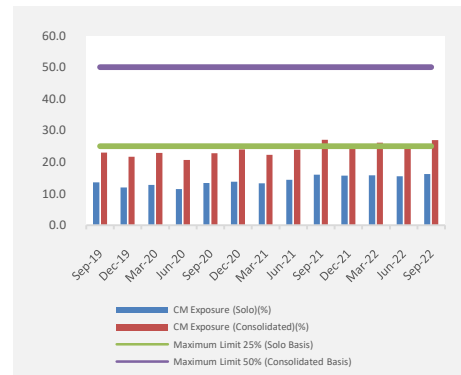
The size of the capital market of Bangladesh is small and relatively fewer people are attached to the capital market compared to the banking sector, where millions of people are connected through banks. However, the impact of the capital market may be significant as the performance of the market can influence the banking sector. Inter-linkages between the capital market and banks arise from banks' investment in the capital market on a solo basis (only bank) and consolidated basis (banks along with their subsidiaries). If the capital

market performs negatively, the quality of banks' investments and earnings will go down which will ultimately deteriorate banks' CRAR. A small and inefficient stock market could pose some stresses on the banking sector for long-term financing which, in turn, could increase banks' risk of maturity mismatch.

Chart 7.16 depicts that capital market exposure on a solo basis and consolidated basis are stable over the last two years. As on September 22, capital market exposures on a solo and consolidated basis were 16.2 percent and 27.0 percent respectively, while they were 15.5 and 25.2 respectively in the previous quarter. Maximum limits for capital market exposures on the solo and consolidated basis are 25

percent and 50 percent respectively. The chart below depicts that capital market exposure of the banking sector remained quite below the regulatory maximum limit, indicating the possibility of no major stability threat for the banking sector arising from the volatility in the capital market in the near term.

Chart 7.16: Trend in Capital Market exposures of Banks



Chapter 8 : RECENT STABILITY INITIATIVES OF BANGLADESH BANK

The post-effect of COVID-19 pandemic and concurrent Russia-Ukraine war put unprecedented concerns on the macroeconomic stability of the country. To minimize the adverse impact on the financial system and to invigorate the economic activities, Bangladesh Bank (BB) came up with a series of policy measures through various circulars and guidelines. During the third quarter (July-September) of 2022, multifaceted policy initiatives taken by BB to ensure domestic financial system stability are highlighted below:

8.1 Agricultural & Rural Credit Policy and Program for the FY 2022-2023:

To achieve government's three prime objectives of Sustainable Development Goals (SDGs) i.e. eradication of poverty, ensuring safe and nutritious food, and good health and well-being, Bangladesh Bank formulated the annual Agricultural and Rural Credit Policy and Program for the financial year 2022-2023 for mobilizing plenty of credit in the rural area. [Ref: ACD Circular No. 04, Date: July 28, 2022]

8.2 Refinance scheme of BDT 10.00 billion for increasing production of wheat and maize:

To increase the yield of food grains and reduce country's dependency on imports, Bangladesh Bank (BB) has formed a refinancing scheme of BDT 10.00 billion for wheat and maize cultivators. Under the scheme, a farmer can get a loan with 4 percent interest rate. Banks have to disburse the loans directly among the borrowers through their networks and prioritize the areas suitable for wheat and maize cultivation. The tenure of the scheme will be 30 June, 2025. [Ref: ACD Circular No. 05, Date: August 25, 2022]

8.3 Master Circular on Loan Rescheduling and Restructuring:

As the impact of COVID-19 depressed for a longer period and global economy faces instability due to geopolitical tension, BB issued new master circular on loan rescheduling and restructuring for proper management of classified loans and to ensure stability in the financial sector. The new policy will enable banks to strengthen their own monitoring and make them more active and careful about allowing their borrowers to reschedule loans. Under the new policy, BB set the benchmark for

different rescheduling parameters and aspects, and banks can tighten the requirements, if necessary. Later, BB made some conditions of the master circular more stringent by an amendment on 03 August 2022. [Ref: *BRPD Circular No.16, Date: July 18, 2022 and BRPD Circular Letter No.33, Date: August 03, 2022*]

8.4 L/C Margin on Import Financing:

Considering the global economic downturn from COVID-19 and prolonged Russia-Ukraine war, BB tightened the country's imports by increasing L/C Margin of luxurious products to ensure stability of the country's monetary and credit management. Under the new circular, sedan car, sport utility vehicle and multi-purpose vehicle, gold and gold-ornaments, precious metal, pearl, readymade garments, leather goods, jute goods, cosmetics, furniture and decoration items, fruits and flowers, non-cereal food, processed food and drinks, alcoholic drinks and tobacco or alternatives of these items and other luxurious products' imports will be subject to 100 percent cash LC margin. [Ref: *BRPD Circular Letter No.25, Date: July 04, 2022*]

8.5 Exemption from the provision of general credit limit (Single borrower exposure limit) to electricity-producing companies:

To ensure adequate fund flow for electricity production, BB relaxed the conditions regarding general credit limit (Single borrower exposure limit) for the electricity-producing companies. Under the circular, electricity-producing companies are given exemption from the provision of section 26 kha(1) of Bank Company Act, 1991 regarding general credit limit for six months starting from the date of circular issued. The maximum limit against such credit will be determined by BB for next six months. [Ref: *BRPD Circular Letter No.29, Date: July 26, 2022*]

8.6 Appointment of Directors in Financial Institutions:

To ensure the involvement of qualified and proper personnel in Non-bank Financial Institutions, BB formulated the terms and conditions for appointing directors at financial institutions. According to the new circular, the FIs will have to obtain approval from BB for the appointment, removal or dismissal of NBFIs' directors. The details of eligibility criteria, terms for non-qualification and maximum tenure of NBFIs directors are included in the new circular. [Ref: *DFIM Circular No.09, Date: August 29, 2022*]

8.7 Master Circular on Loan Rescheduling and Restructuring of NBFIs:

The economy has been suffering from prolonged COVID-19 pandemic and Russia-Ukraine war. In order to enhance cash flow in various segments of the economy especially in small, medium and large industries, BB relaxed the loan rescheduling and restructuring policy for NBFIs. The new policy will ease the loan repayment of affected NBFIs' borrowers and enhance proper management of classified loans. NBFIs will assess the borrowers' business cash flow, financial statements, due diligence, existence of the institution, securities and proper utilization of the loans before rescheduling the loans. [Ref: DFIM Circular No.10, Date: September 04, 2022]

8.8 Regarding interest waiver and loan write-off of subsidiary/associate companies of NBFIs:

To safeguard discipline in financial institutions, BB tightened the policy regarding loan disbursement, interest waiver and write-off of subsidiaries owned by the NBFIs. According to the new policy, the NBFIs will require approval from BB before disbursement of any loans to their subsidiaries, interest waivers and loan write-offs. The new policy will restrict NBFIs from excessive investments in their subsidiary companies violating

the Financial Institutions Act. [Ref: DFIM Circular No.12, Date: September 29, 2022]

8.9 Repayment guarantees by importers against short term import finance under buyer's credit:

To facilitate short term import finance under buyer's credit, it has been decided that importers may extend guarantees like corporate guarantee, personal guarantee, third party guarantee and so on to foreign lenders making payments to suppliers under buyer's credit against admissible imports on sight letters of credit. [Ref: FE Circular No. 12, Date: July 13, 2022]

8.10 Remittances on account of visa processing fees by resident agents through International Card:

To facilitate smooth transactions, it has been decided that international cards (debit/prepaid) may be used for online payments of visa processing fees. In this context, Authorized Dealers (ADs) may issue international cards in the name of the official designated by nominated agents. As usual, ADs shall be ensured of observance of the other instructions contained in paragraph 11(A), chapter 11 of GFET. [Ref: FE Circular No. 13, Date: July 13, 2022]

8.11 Online reporting of import information to BB portal:

As part of import monitoring, ADs are advised to submit import information

to Bangladesh Bank Online Import Monitoring System (OIMS) 24 hours prior to opening letters of credit (LCs) based on proforma invoices/purchase contracts. The reporting requirement for the said transactions will be for import value of USD 5.00 million and above or its equivalent, excluding imports by the Government. ADs shall finalize the report on completion of opening of the relative LCs. [Ref: FE Circular Letter No.24, Date: July 14, 2022]

8.12 Encashment of value added portion of repatriated export proceeds:

To bring flexibility in trade transactions, it has been decided that Authorized Dealers (ADs) may, on applications from exporters, retain value added portion of export proceeds in foreign exchange for a maximum period of 15 days. The fund so retained will be used through same ADs for settlement of other import obligations payable by same exporters within this period. In case of the fund remains unused, ADs shall encash the same compulsorily in BDT just after expiry of 15 days. However, the unused fund can, on request from exporters, be encashed before this allowable time. [Ref: FE Circular Letter No. 30, Date: August 03, 2022]

8.13 Settlement of import liabilities out of export proceeds:

To bring flexibility in trade transactions, it has been decided to increase the retention time to 30 days from 15 days for utilization of the fund to settle import liabilities of relevant exporters. The fund may also be transferable to other ADs, within this prescribed time of 30 days, for settlement of import payments and/or EDF liabilities against admissible bulk imports of relevant exporters. Before transferring funds, ADs need to satisfy themselves of payment obligations with documentary evidence. ADs transferring the fund will make foreign exchange available to relevant ADs through foreign currency clearing accounts maintained with Bangladesh Bank. [Ref: FE Circular Letter No. 32, Date: September 06, 2022]

8.14 Foreign exchange transactions for merchanting trade:

To diversify export, BB formulated "Merchanting Trade" policy which will allow traders to buy goods and services from another country and export those to a third country. Regulatory instructions applicable to exports (except EXP Form) and imports (except IMP Form) shall be complied with for export-leg and import-leg respectively, with reporting routine on Form C (at export-leg) and Form TM (at import-leg). ADs shall satisfy themselves with the bonafides

of the transactions, including adherence to KYC and AML/CFT guidelines while handling such transactions. The counterparties to merchanting trades shall be from FATF compliant countries. [Ref: FE Circular No. 22, Date: September 14, 2022]

8.15 FC Clearing through BD-RTGS System:

To facilitate the transaction in foreign currency promptly and smoothly, BB introduced foreign currency (FC) clearing and settlement through the RTGS system. Under the new payment system, five currencies namely US Dollar, Great Britain Pound, Euro, Canadian Dollar and Japanese Yen - would be used to settle payments within the country through inter-bank transactions. The FC clearing through the RTGS system will eliminate settlement risk as well as credit risk for the participants. The RTGS system allows only currency-wise transactions, and cross-currency transactions are not allowed. [Ref: FRTMD Circular No. 01, Date: August 28, 2022]

8.16 Re-fixation of Repo interest rate of Bangladesh Bank:

To safeguard price stability, BB raised repo interest rate by 25 basis points to 5.75 percent. Reverse repo rate will be unchanged at 4.0 percent. [Ref: MPD Circular No. 03, Date: September 29, 2022]

8.17 Inter-distributor Cash Management of Mobile Financial Services (MFS) Provider:

To facilitate e-money and cash funds transfer during weekends and public holidays, BB introduced inter-distributor cash management system for Mobile Financial Services (MFS) providers. Under the new provision, MFS providers would be able to roll out an inter-distributor fund transfer during weekends and public holidays. The transactions have to be made digitally and a distributor is allowed to make transactions amounting to a maximum of 5 million BDT every day through the system. [Ref: PSD Circular No. 14, Date: September 04, 2022]

8.18 Policy on Green Bond Financing for Banks and FIs:

To facilitate investment in green projects and help attaining sustainable development goals (SDGs) of the country, BB formulated policy on Green Bond Financing for Banks and FIs. The bond will facilitate sustainable investment by banks and financial institutions with focus on climate change mitigation and adaptation, energy and resource efficiency, and a green economy. The policy outlined the procedure of green-bond issuance as well as financing by banks and FIs with a number of eligibility criteria and stressed assessment, verification and certification as well as monitoring,

reporting, disclosure and rating. [Ref: SFD Circular No. 05, Date: September 20, 2022]

8.19 Refinance Scheme against financing to Cottage, Micro, Small and Medium Enterprises:

To ensure low-cost and easy financing for Cottage, Micro, Small and Medium Enterprises (CMSME) sector and boost the economic growth of the country, BB formed a refinance scheme of BDT 250.00 billion with a primary tenure of three years. Under the scheme, banks and financial institutions will get refinancing from BB at 2% interest and can charge a maximum of 7% interest from their customers. Entrepreneurs under CMSME clusters will get high priority to receive loans under the scheme. The tenure of loan under the scheme will be maximum of five years including six months grace period. [Ref: SMESPD Circular No. 04, Date: July 19, 2022]

8.20 Cluster financing in CMSME sector:

To emphasize the importance of Cottage, Micro, Small and Medium

Enterprises (CMSME) sector towards the advancement of the economy, BB introduced guidelines on cluster financing in CMSME sector. Under the new policy, BB instructed all banks and financial institutions to disburse at least 50% of their CMSME loans to 19 ‘high-priority’ and ‘priority’ clusters. An entrepreneur will also be able to borrow from multiple banks without exceeding the maximum credit limit as mentioned in the circular. [Ref: SMESPD Circular No. 05, Date: August 14, 2022]

APPENDICES

Appendix I: CPI Inflation (12 month Average)

(Percent)

| Month | Inflation (General) | Inflation (Food) | Inflation (Non-Food) |
|--------|------------------------|---------------------|-------------------------|
| Dec-20 | 5.69 | 5.77 | 5.56 |
| Mar-21 | 5.63 | 5.87 | 5.26 |
| Jun-21 | 5.56 | 5.73 | 5.29 |
| Sep-21 | 5.50 | 5.49 | 5.52 |
| Dec-21 | 5.54 | 5.30 | 5.93 |
| Mar-22 | 5.75 | 5.47 | 6.19 |
| Jun-22 | 6.15 | 6.05 | 6.31 |
| Sep-22 | 6.96 | 7.04 | 6.84 |

Base: 2005-06=100

Appendix II: Foreign Exchange Reserve

(Amount in million USD)

| Month-end | International Reserve |
|-----------|------------------------|
| Dec-20 | 43,170.0 ^R |
| Mar-21 | 43,440.0 ^R |
| Jun-21 | 46,391.0 ^{RP} |
| Sep-21 | 46,200.0 ^P |
| Dec-21 | 46,154.0 ^P |
| Mar-22 | 44,147.0 ^P |
| Jun-22 | 41,827.0 ^P |
| Sep-22 | 36,480.0 ^P |

R=Revised, P=Provisional, RP=Revised but Provisional

Appendix III: Wage Earners' Remittance

(Amount in million USD)

| Quarter | Amount |
|---------|----------|
| Dec-20 | 6,231.5 |
| Mar-21 | 5,653.5 |
| Jun-21 | 6,179.5 |
| Sep-21 | 5,408.3 |
| Dec-21 | 4,831.2 |
| Mar-22 | 5,058.7 |
| Jun-22 | 5,733.4 |
| Sep-22 | 5,672.85 |

Appendix IV: Exports and Imports

(Amount in million USD)

| Quarter | Aggregate Exports (F.O.B) | Aggregate Imports (F.O.B) |
|---------|------------------------------|------------------------------|
| Jun-20 | 4,578.0 | 10,361.0 |
| Sep-20 | 9,697.0 | 11,736.0 |
| Dec-20 | 9,064.0 | 13,490.0 |
| Mar-21 | 9,509.0 | 17,541.0 |
| Jun-21 | 9,612.0 | 17,914.0 |
| Sep-21 | 10,818.0 | 17,321.0 |
| Dec-21 | 12,763.0 | 21,650.0 |
| Mar-22 | 13,263.0 ^P | 22,553.0 ^P |
| Jun-22 | 12,629.0 ^P | 20,971.0 ^P |
| Sep-22 | 11,800.0 ^P | 19,348.0 ^P |

P=Provisional

Appendix V: Interest Rate (Weighted Average) Spread

(In percent)

| Period | Lending Rate | Deposit Rate | Spread |
|--------|--------------|--------------|--------|
| Sep-20 | 7.79 | 4.79 | 3.00 |
| Dec-20 | 7.61 | 4.54 | 3.07 |
| Mar-21 | 7.45 | 4.40 | 3.05 |
| Jun-21 | 7.33 | 4.13 | 3.20 |
| Sep-21 | 7.24 | 4.08 | 3.16 |
| Dec-21 | 7.18 | 3.99 | 3.19 |
| Mar-22 | 7.11 | 4.01 | 3.10 |
| Jun-22 | 7.09 | 3.97 | 3.12 |
| Sep-22 | 7.12 | 4.09 | 3.03 |

Appendix VI: Weighted Average Exchange Rate

(BDT/USD)

| Quarter | Period Average | End Period |
|---------|-------------------|---------------|
| Sep-20 | 84.80 | 84.80 |
| Dec-20 | 84.80 | 84.80 |
| Mar-21 | 84.80 | 84.80 |
| Jun-21 | 84.80 | 84.80 |
| Sep-21 | 85.30 | 85.50 |
| Dec-21 | 85.80 | 85.80 |
| Mar-22 | 86.06 | 86.20 |
| Jun-22 | 92.03 | 93.45 |
| Sep-22 | 95.62 | 96.00 |

Appendix VII: Credit to the Government (Gross) by the Banking System

(Amount in billion BDT)

| Period | Amount |
|--------|----------|
| Sep-20 | 3,026.79 |
| Dec-20 | 3,155.65 |
| Mar-21 | 3,105.71 |
| Jun-21 | 3,350.20 |
| Sep-21 | 3,505.00 |
| Dec-21 | 3,695.18 |
| Mar-22 | 3,620.90 |
| Jun-22 | 3,990.80 |
| Sep-22 | 4,018.00 |

Appendix VIII: Asset Structure of the Banking Industry (September-2022)

(Amount in billion BDT)

| Property and Assets | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash in hand | 185.56 | 189.52 | 195.78 | 199.77 | 223.06 |
| Balance with Bangladesh Bank and its Agent Bank | 1,081.29 | 1,042.28 | 982.53 | 975.88 | 872.42 |
| Balance with other banks and financial Institutions | 876.24 | 862.91 | 921.97 | 966.11 | 898.89 |
| Investment | 3,755.10 | 3,846.13 | 3,761.98 | 3859.70 | 3,700.16 |
| Loans and Advances | 12,604.53 | 13,244.12 | 13,550.26 | 14,219.28 | 14,596.46 |
| Fixed Assets | 277.88 | 280.59 | 284.74 | 286.19 | 287.89 |
| Other Assets | 984.25 | 959.89 | 1,010.10 | 1,035.61 | 1,097.83 |
| Non-banking assets | 3.93 | 3.85 | 3.85 | 3.87 | 3.79 |
| Total Assets | 19,768.78 | 20,429.29 | 20,711.21 | 21,546.43 | 21,680.49 |

Appendix IX: Banking Sector Assets & NPL Concentration (September-2022)

mount in billion BDT)

| Assets | Top 5 Banks | Other Banks | Top 10 Banks | Other Banks |
|-----------|-------------|-------------|--------------|-------------|
| Amount | 6,770.53 | 14,909.95 | 9,737.67 | 1,194,2.81 |
| Share (%) | 31.23% | 68.77% | 44.91% | 55.09% |
| NPL | Top 5 banks | Other banks | Top 10 banks | Other banks |
| Amount | 642.64 | 659.57 | 840.02 | 462.19 |
| Share (%) | 49.35% | 50.65% | 64.51% | 35.49% |

Appendix X: Banking Sector NPL Ratio

(Amount in billion BDT)

| Quarter | Aggregate NPL | Gross NPL Ratio (NPL/TL) (%) | Net NPL (net of LLP and IS) Ratio (%) |
|---------|---------------|------------------------------------|---|
| Mar-21 | 950.85 | 8.07% | -0.48% |
| Jun-21 | 992.05 | 8.18% | -0.47% |
| Sep-21 | 1,011.50 | 8.12% | -0.55% |
| Dec-21 | 1,032.74 | 7.93% | -0.43% |
| Mar-22 | 1,134.41 | 8.53% | -0.07% |
| Jun-22 | 1,252.57 | 8.96% | 0.49% |
| Sep-22 | 1,343.96 | 9.36% | 0.90% |

Appendix XI: Distribution of Banks by NPL Ratio

| Range | Number of Banks as at end | | | | | |
|--------------|---------------------------|--------|--------|--------|---------|--------|
| | Jun-21 | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
| ≤2% | 7 | 8 | 10 | 7 | 6 | 6 |
| >2% to ≤3% | 9 | 8 | 8 | 4 | 4 | 5 |
| >3% to ≤5% | 18 | 19 | 18 | 25 | 25 | 22 |
| >5% to ≤10% | 10 | 10 | 9 | 8 | 9 | 11 |
| >10% to ≤15% | 4 | 3 | 6 | 5 | 4 | 4 |
| >15% to ≤20% | 3 | 5 | 3 | 5 | 3 | 3 |
| >20% | 8 | 7 | 6 | 6 | 9 | 9 |
| Total | 59 | 60 | 60 | 60 | 60 | 60 |

Note: Revision; 60 banks (excluding Citizen Banks)

Appendix XII: Banking Sector Loan Loss Provisions

Amount in billion BDT)

| PERIOD | REQUIRED PROVISION | PROVISION MAINTAINED | PROVISION MAINTENANCE RATIO (%) |
|---------|--------------------|----------------------|---------------------------------|
| Dec-20 | 669.76 | 617.11 | 92.14 |
| Mar-21 | 648.02 | 646.78 | 99.81 |
| Jun-21 | 709.51 | 653.69 | 92.13 |
| Sep-21 | 723.49 | 661.44 | 91.42 |
| Dec-21 | 806.54 | 666.47 | 82.63 |
| Mar-22 | 850.68 | 703.22 | 82.67 |
| June-22 | 862.68 | 730.48 | 84.68 |
| Sep-22 | 886.83 | 751.54 | 84.74 |

Appendix XIII: Banking Sector Classified Loans Ratios

| PERIOD | CLASSIFIED LOANS TO TOTAL LOANS | SUB-STANDARD LOANS TO CLASSIFIED LOANS | DOUBTFUL LOANS TO CLASSIFIED LOANS | BAD LOANS TO CLASSIFIED LOANS |
|--------|---------------------------------|--|------------------------------------|-------------------------------|
| Sep-21 | 8.12% | 6.5% | 4.7% | 88.8% |
| Dec-21 | 7.93% | 7.8% | 4.1% | 88.2% |
| Mar-22 | 8.53% | 7.5% | 4.0% | 88.5% |
| Jun-22 | 8.96% | 6.2% | 4.2% | 89.6% |
| Sep-22 | 9.36% | 7.81% | 3.97% | 88.21% |

Appendix XIV: Classified Loan Composition (September-2022)

(Amount in billion BDT)

| PARTICULARS | AMOUNT | PERCENT OF TOTAL |
|-----------------------|---------|------------------|
| Substandard (SS) | 105.01 | 7.81% |
| Doubtful (DF) | 53.41 | 3.97% |
| Bad/Loss (BL) | 1185.54 | 88.21% |
| Total Classified Loan | 1343.96 | 100% |

Appendix XV: Banking Sector ROA Range

| Quarter | ROA Range | | | |
|---------|-----------|---------------|---------------|------|
| | ≤0% | > 0% to ≤0.5% | > 0.5% to ≤1% | > 1% |
| Mar-22 | 10 | 16 | 14 | 20 |
| Jun-22 | 7 | 16 | 20 | 17 |
| Sep-22 | 9 | 15 | 20 | 16 |

Note: ROAs have been annualized from respective quarterly ratios.

Appendix XVI: Banking Sector ROE Range

| Quarter | ROE Range | | | |
|---------|-----------|-------------|--------------|-------|
| | ≤0% | > 0% to ≤5% | > 5% to ≤10% | > 10% |
| Mar-22 | 8 | 12 | 15 | 25 |
| Jun-22 | 4 | 12 | 14 | 30 |
| Sep-22 | 8 | 10 | 16 | 26 |

Note: ROEs have been annualized from respective quarterly ratios.

Appendix XVII: Banking Sector ROA and ROE

| Ratio | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 ^R | Jun-22 ^P | Sep-22 |
|-------|--------|--------|--------|--------|--------|---------------------|---------------------|--------|
| ROA | 0.25% | 0.42% | 0.50% | 0.44% | 0.25% | 0.24% | 0.46% | 0.53% |
| ROE | 4.28% | 6.70% | 8.26% | 7.42% | 4.44% | 4.48% | 8.20% | 9.48% |

Note: R-revised, P-provisional

Appendix XVIII: FIs' Liability and Equity Composition

(Amount in Billion BDT)

| Particulars | Jun-22 | Sep-22 |
|--------------|---------------|---------------|
| Borrowing | 246.40 | 238.03 |
| Deposits | 451.31 | 444.05 |
| Capital | 69.44 | 63.00 |
| Others | 181.66 | 188.04 |
| Total | 948.81 | 933.12 |

^P=Provisional

Appendix XIX: FIs' Asset Composition

(Amount in Billion BDT)

| Particulars | Jun-22 | Sep-22 |
|----------------------|---------------|---------------|
| Cash & liquid assets | 155.42 | 136.32 |
| Earning assets | 719.70 | 722.86 |
| Fixed assets | 14.50 | 14.51 |
| Others assets | 59.19 | 59.43 |
| Total | 948.81 | 933.12 |

^P=Provisional

Appendix XX: FIs' Classified Loans and Leases

(Amount in Billion BDT)

| Quarter | Aggregate NPL | Aggregate NPL to total loan (%) |
|---------|---------------|---------------------------------|
| Mar-20 | 70.34 | 10.51 |
| Jun-20 | 89.06 | 13.29 |
| Sep-20 | 102.45 | 15.47 |
| Dec-20 | 100.59 | 15.03 |
| Mar-21 | 103.54 | 15.46 |
| Jun-21 | 103.28 | 15.39 |
| Sep-21 | 117.57 | 17.62 |
| Dec-21 | 130.17 | 19.33 |
| Mar-22 | 142.32 | 20.63 |
| Jun-22 | 159.36 | 22.99 |
| Sep-22 | 173.27 | 24.61 |

Appendix XXI: FIs' ROA & ROE

(In percent)

| Quarter | Aggregate ROA | Aggregate ROE |
|---------|---------------|---------------|
| Dec-19 | 1.04% | 7.64% |
| Mar-20 | 0.14% | 1.25% |
| Jun-20 | 0.24% | 2.21% |
| Sep-20 | 0.29% | 2.77% |
| Dec-20 | 0.45% | 4.34% |
| Mar-21 | -1.86% | -17.99% |
| Jun-21 | -0.91% | -9.59% |
| Sep-21 | -0.62% | -6.56% |
| Dec-21 | -0.23% | -2.79% |
| Mar-22 | -0.66% | -8.51% |
| Jun-22 | -0.54% | -7.41% |
| Sep-22 | -0.40% | -5.95% |

Note: The displayed ratios are annualized figures from respective quarterly ratios.

P=Provisional

Source: FIs; Compilation: FSD, BB.

Appendix XXII: Banking Sector Regulatory Capital Position- Solo Basis

(amount in billion BDT)

| Period | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
|-----------------------------|--------|---------|---------|---------|---------|
| Minimum Capital Requirement | 1263.9 | 1276.19 | 1330.12 | 1363.59 | 1395.72 |
| Total Regulatory Capital | 1388.1 | 1384.62 | 1488.24 | 1494.06 | 1506.75 |

Appendix XXIII: Banking Sector CRAR Distribution

| CRAR (%) Ranges | Number of Banks (at End Period) | | | | |
|-----------------|---------------------------------|--------|--------|---------|--------|
| | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
| < 10% | 11 | 10 | 10 | 11 | 11 |
| 10% to <15% | 26 | 22 | 29 | 26 | 27 |
| 15% and + | 23 | 28 | 21 | 23 | 23 |
| Compliant Banks | 49 | 50 | 50 | 49 | 50 |

- Total Banks 60.

**Appendix XXIV: Banking Sector Asset and Liability Share based on CRAR as
at end-September 2022**

| CRAR | No. of Banks | Asset size (B. BDT) | Asset Share (%) | Liability size (B. BDT) | Liability Share (%) |
|-------------|--------------|----------------------|-----------------|--------------------------|---------------------|
| <10% | 11 | 625,733.37 | 28.85 | 616,076.57 | 30.10 |
| 10% to <15% | 27 | 1,179,033.99 | 54.36 | 1,107,889.40 | 54.13 |
| 15% and + | 23 | 363,973.25 | 16.78 | 322,848.69 | 15.77 |
| Total | 61 | 2,168,740.61 | 100.00 | 2,046,814.66 | 100.00 |

**Appendix XXV: Tier-1 Capital Ratio and Overall CRAR of the Banking
Industry**

| Particulars | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
|---------------------------------------|--------|--------|--------|---------|--------|
| Tier-1 Capital Ratio (%) | 7.6 | 7.4 | 7.9 | 7.75 | 7.68 |
| No. of Tier-1 capital compliant banks | 49 | 51 | 50 | 50 | 50 |
| Overall CRAR (%) | 11.2 | 11.1 | 11.4 | 11.15 | 11.01 |
| No. of CRAR compliant banks | 49 | 50 | 50 | 49 | 50 |

Appendix XXVI: Bank Cluster-wise CRAR at end-September 2022

| Bank Clusters | CRAR (in percent) | | | | |
|---------------|-------------------|--------|--------|---------|--------|
| | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
| SOCBs | 6.25 | 3.71 | 6.76 | 6.43 | 6.18 |
| PCBs | 13.09 | 13.72 | 13.22 | 12.97 | 12.72 |
| FCBs | 27.10 | 25.45 | 26.00 | 26.44 | 30.36 |
| SDBs | -34.31 | -33.62 | -33.58 | -35.77 | -37.27 |
| Grand Total | 11.22 | 11.08 | 11.41 | 11.15 | 11.01 |

**Appendix XXVII: Distribution of Risk Weighted Assets (RWA) of the Banking
Industry**

| RWA (in percent) | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
|--------------------------|--------|--------|--------|---------|--------|
| RWA for Credit Risk | 87.64 | 87.83 | 88.09 | 88.05 | 88.65 |
| RWA for Market Risk | 4.01 | 3.61 | 3.50 | 3.68 | 3.49 |
| RWA for Operational Risk | 8.35 | 8.56 | 8.41 | 8.27 | 7.86 |

Appendix XXVIII: Capital Conservation Buffer (CCB) at end-September 2022

| Particulars | No. of Compliant Banks | No. of banks considered | Aggregate CCB (%) |
|--------------|------------------------|-------------------------|-------------------|
| Solo | 43 | 61 | 1.01 |
| Consolidated | 26 | 39 | 1.54 |

Appendix XXIX: CRR and SLR at end-September 2022

| Bank Clusters | CRR (in percent) | | SLR (in percent) | |
|------------------------|------------------|------------|------------------|------------|
| | Required | Maintained | Required | Maintained |
| SOCBs | 4.00% | 4.00% | 12.98% | 28.54% |
| PCBs (Conventional) | 3.92% | 3.92% | 10.27% | 17.08% |
| FCBs | 3.50% | 3.50% | 12.80% | 47.03% |
| SDBs | 4.00% | 4.00% | - | - |
| Islamic Shari'ah Banks | 3.97% | 3.97% | 5.50% | 8.94% |
| Industry | 3.93% | 3.93% | 11.08% | 21.58% |

*SBs are exempted from maintaining SLR.

Appendix XXX: Banking Sector Advance-to-Deposit Ratio (ADR)

| Period | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
|------------------|--------|--------|--------|---------|--------|
| ADR (in percent) | 72.08 | 73.15 | 74.17 | 74.77 | 76.30 |

Appendix XXXI: Number of Banks according to Range of Leverage Ratio (%) - Solo Basis

| Range of Ratio (%) | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
|--------------------|--------|--------|--------|---------|--------|
| < 3 | 10 | 9 | 8 | 10 | 10 |
| > = 3 to 10 | 36 | 37 | 38 | 38 | 38 |
| > 10 to 20 | 8 | 8 | 7 | 7 | 7 |
| > 20 to 30 | 3 | 2 | 4 | 3 | 3 |
| > 30 to 40 | 1 | 2 | 2 | 1 | 1 |
| > 40 | 2 | 2 | 1 | 1 | 2 |

Appendix XXXII: Number of Banks according to Range of Leverage Ratio (%)
- Consolidated Basis

| Range of Ratio (%) | Number of Banks (at end Period) | | | | |
|--------------------|---------------------------------|--------|--------|---------|--------|
| | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
| < 3 | 6 | 5 | 4 | 6 | 6 |
| > = 3 to 10 | 30 | 30 | 31 | 31 | 31 |
| > 10 to 20 | 2 | 4 | 4 | 2 | 2 |

Appendix XXXIII: Bank Cluster-wise Leverage Ratio (in percent) - Solo Basis

| Bank Clusters | Sep-21 | Dec-21 | Mar-22 | June-22 | Sep-22 |
|---------------|--------|--------|--------|---------|--------|
| SOCBs | 1.8 | 0.4 | 2.1 | 2.09 | 2.16 |
| PCBs | 5.4 | 5.6 | 5.5 | 5.31 | 5.31 |
| FCBs | 12.1 | 11.5 | 11.8 | 12.01 | 12.32 |
| SDBs | -24.7 | -24.5 | -24.5 | -25.62 | -26.41 |
| Industry | 4.4 | 4.2 | 4.5 | 4.39 | 4.43 |

Appendix XXXIV: Bank Cluster-wise LCR and NSFR (in percent)

(In Percent)

| Bank Clusters | LCR & NSFR | | | | | | | | | |
|---------------------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Sep-21 | | Dec-21 | | Mar-22 | | Jun-22 | | Sep-22 | |
| | LCR | NSFR | LCR | NSFR | LCR | NSFR | LCR | NSFR | LCR | NSFR |
| SOCBs | 348.80 | 107.65 | 328.70 | 104.36 | 282.04 | 100.29 | 256.48 | 102.02 | 229.55 | 102.39 |
| PCBs (Conventional) | 142.61 | 109.98 | 143.38 | 110.39 | 137.30 | 107.74 | 132.17 | 109.35 | 133.86 | 110.80 |
| PCBs (Islamic) | 208.13 | 111.72 | 188.47 | 112.92 | 182.04 | 112.71 | 152.90 | 113.17 | 135.05 | 114.96 |
| FCBs | 204.00 | 126.24 | 194.98 | 125.70 | 201.27 | 125.01 | 176.26 | 125.56 | 210.38 | 121.84 |
| Industry | 200.83 | 110.56 | 193.60 | 110.13 | 180.39 | 107.78 | 165.56 | 109.10 | 160.52 | 110.18 |

NB: BDBL, BKB, PKB, RAKUB are exempted from maintaining LCR & NSFR.

Appendix XXXV: FIs' CRR & SLR

(Amount in million BDT)

| Quarter End | Aggregate CRR | | | Aggregate SLR | | |
|-------------|---------------|------------|-------------------|---------------|------------|-------------------|
| | Required | Maintained | Surplus/Shortfall | Required | Maintained | Surplus/Shortfall |
| Dec-19 | 7,744.3 | 7,768.3 | 24.0 | 21,662.6 | 90,889.7 | 69,227.1 |
| Mar-20 | 7,643.6 | 8,244.0 | 600.4 | 21,403.1 | 94,000.5 | 72,597.4 |
| Jun-20 | 4,582.7 | 6,148.2 | 1,565.5 | 21,387.3 | 89,661.2 | 68,273.9 |
| Sep-20 | 4,740.9 | 5,967.9 | 1,227.00 | 23,496.2 | 96,808.7 | 73,312.5 |
| Dec-20 | 4,863.7 | 5,286.1 | 422.40 | 22,591.7 | 108,007.5 | 85,415.8 |
| Mar-21 | 4,892.3 | 5,112.6 | 220.30 | 23,364.6 | 110,299.5 | 86,934.9 |
| Jun-21 | 4,809.3 | 5,478.8 | 669.50 | 22,854.8 | 111,939.0 | 89,084.2 |
| Sep-21 | 4,975.9 | 5,308.3 | 332.4 | 23,090.2 | 106,556.2 | 83,466.2 |
| Dec-21 | 5,207.70 | 5,959.20 | 751.50 | 23,816.50 | 116,438.10 | 92,621.60 |
| Mar-22 | 5,247.30 | 5,148.70 | (98.60) | 24,277.10 | 101,641.60 | 77,364.50 |
| Jun-22 | 5303.70 | 5804.26 | 500.56 | 21,766.55 | 91,398.06 | 69,631.51 |

Appendix XXXVI: Capital Adequacy Ratio of FI Sector

| Particulars | End Sep-20 | End Dec-20 | End Mar-21 | End Jun -21 | End Sep-21 | End Dec-21 | End Mar-22 | End June-22 | End Sep-22 |
|----------------------------|------------|------------|------------|-------------|------------|------------|------------|-------------|------------|
| Capital Adequacy Ratio (%) | 14.33 | 14.23 | 13.82 | 13.33 | 13.30 | 10.58 | 11.27 | 9.53 | 10.16 |

Appendix XXXVII: Overall Risk-weighted Assets and Tier 1 Capital of FI Sector

(Amount in billion BDT)

| Particulars | End Mar-20 | End Jun-20 | End Sep-20 | End Dec-20 | End Mar-21 | End Jun-21 | End Sep-21 | End Dec-21 | End Mar -22 | End June -22 | End Sep-22 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Credit RWA | 638.9 | 639.0 | 615.6 | 628.8 | 631.1 | 628.4 | 618.7 | 603.1 | 635.54 | 629.34 | 620.40 |
| Market RWA | 50.9 | 54.1 | 35.7 | 44.6 | 43.4 | 47.1 | 49.4 | 27.08 | 26.24 | 25.74 | 40.76 |
| Operational RWA | 51.5 | 50.2 | 51.4 | 49.4 | 47.6 | 48.0 | 47.8 | 44.07 | 42.03 | 43.25 | 47.08 |
| Total RWA | 741.3 | 743.3 | 702.7 | 722.8 | 722.1 | 723.4 | 716.0 | 674.27 | 703.81 | 698.33 | 708.24 |
| Core Capital (Tier -1) | 111.1 | 108.7 | 87.7 | 89.4 | 85.6 | 82.5 | 81.4 | 58.43 | 66.14 | 53.77 | 59.11 |
| Supplementary Capital | 13.5 | 13.3 | 12.8 | 13.4 | 14.2 | 14.0 | 13.8 | 12.88 | 13.19 | 12.77 | 12.85 |
| Eligible Capital | 124.6 | 122.0 | 100.7 | 102.8 | 99.8 | 96.4 | 95.2 | 71.32 | 79.32 | 66.54 | 71.96 |

Appendix XXXVIII: Number of Non-compliant Banks in case of different Shock Scenarios.

| Minor Shock Scenarios | Number of non-compliant banks after shock | |
|---|---|----------------|
| | June 2022 | September 2022 |
| Increase in NPLs | 7 | 6 |
| Increase in NPLs due to default of Top borrowers | 16 | 16 |
| Negative shift in NPL categories | 1 | 0 |
| Decrease in the FSV of collateral | 2 | 1 |
| Increase in NPL in the highest outstanding sector | 2 | 1 |
| Interest rate shock | 2 | 2 |
| Exchange rate shock | 0 | 0 |
| Equity shock | 0 | 0 |

Appendix XXXIX: DSEX (Currency: BDT) and MSCI Emerging Market Index (Currency: USD)

| Date | DSEX | MSCI Emerging Market Index | Date | DSEX | MSCI Emerging Market Index |
|---------|---------|----------------------------|---------|---------|----------------------------|
| 1/3/22 | 6753.79 | 1,176.43 | 15/6/22 | 6374.51 | 1,020.10 |
| 2/3/22 | 6699.84 | 1,168.41 | 16/6/22 | 6425.73 | 1,008.11 |
| 3/3/22 | 6696.52 | 1,172.56 | 21/6/22 | 6311.65 | 1,016.98 |
| 7/3/22 | 6456.51 | 1,107.30 | 22/6/22 | 6317.80 | 993.59 |
| 8/3/22 | 6474.29 | 1,096.05 | 23/6/22 | 6327.65 | 995.34 |
| 9/3/22 | 6630.02 | 1,090.67 | 27/6/22 | 6320.33 | 1,027.55 |
| 10/3/22 | 6668.15 | 1,102.74 | 28/6/22 | 6342.59 | 1,030.07 |
| 14/3/22 | 6763.93 | 1,055.01 | 29/6/22 | 6350.46 | 1,013.20 |
| 15/3/22 | 6765.48 | 1,026.77 | 30/6/22 | 6376.94 | 1,000.67 |
| 16/3/22 | 6765.59 | 1,081.00 | 5/7/22 | 6372.13 | 991.47 |
| 21/3/22 | 6691.78 | 1,115.26 | 6/7/22 | 6366.05 | 981.01 |
| 22/3/22 | 6771.66 | 1,131.41 | 7/7/22 | 6366.96 | 994.34 |
| 23/3/22 | 6750.40 | 1,140.72 | 12/7/22 | 6355.49 | 967.31 |
| 24/3/22 | 6752.87 | 1,136.95 | 13/7/22 | 6324.81 | 970.46 |
| 28/3/22 | 6758.17 | 1,124.82 | 14/7/22 | 6324.50 | 965.45 |
| 29/3/22 | 6765.30 | 1,136.45 | 18/7/22 | 6216.89 | 980.52 |
| 30/3/22 | 6753.76 | 1,149.30 | 19/7/22 | 6153.18 | 979.94 |
| 31/3/22 | 6757.83 | 1,141.79 | 20/7/22 | 6138.79 | 986.57 |
| 4/4/22 | 6718.91 | 1,161.65 | 21/7/22 | 6126.52 | 990.69 |
| 5/4/22 | 6694.30 | 1,156.75 | 25/7/22 | 6082.90 | 987.08 |
| 6/4/22 | 6662.48 | 1,142.50 | 26/7/22 | 6112.25 | 989.92 |
| 7/4/22 | 6641.23 | 1,126.06 | 27/7/22 | 6038.00 | 989.89 |

| | | | | | |
|---------|---------|----------|---------|---------|----------|
| 11/4/22 | 6638.56 | 1,111.76 | 28/7/22 | 5980.51 | 997.61 |
| 12/4/22 | 6574.07 | 1,110.40 | 1/8/22 | 6163.99 | 995.04 |
| 13/4/22 | 6584.97 | 1,119.32 | 2/8/22 | 6249.23 | 984.32 |
| 18/4/22 | 6482.38 | 1,106.68 | 3/8/22 | 6300.11 | 985.81 |
| 19/4/22 | 6530.06 | 1,096.00 | 4/8/22 | 6312.25 | 994.59 |
| 20/4/22 | 6606.41 | 1,095.63 | 8/8/22 | 6258.95 | 1,001.79 |
| 21/4/22 | 6662.36 | 1,086.93 | 10/8/22 | 6180.90 | 997.20 |
| 25/4/22 | 6666.91 | 1,046.04 | 11/8/22 | 6148.77 | 1,014.29 |
| 26/4/22 | 6677.56 | 1,049.39 | 16/8/22 | 6225.91 | 1,014.22 |
| 27/4/22 | 6677.64 | 1,043.74 | 17/8/22 | 6241.44 | 1,015.59 |
| 28/4/22 | 6655.66 | 1,053.82 | 22/8/22 | 6300.14 | 991.90 |
| 5/5/22 | 6643.16 | 1,058.72 | 23/8/22 | 6315.83 | 989.54 |
| 9/5/22 | 6698.08 | 1,014.68 | 24/8/22 | 6280.35 | 985.13 |
| 10/5/22 | 6665.61 | 1,007.22 | 25/8/22 | 6355.07 | 1,003.44 |
| 11/5/22 | 6591.99 | 1,011.22 | 29/8/22 | 6407.98 | 991.65 |
| 12/5/22 | 6565.47 | 987.82 | 30/8/22 | 6432.83 | 992.76 |
| 16/5/22 | 6430.93 | 1,007.50 | 31/8/22 | 6457.22 | 994.11 |
| 17/5/22 | 6403.50 | 1,030.83 | 1/9/22 | 6508.61 | 976.14 |
| 18/5/22 | 6309.91 | 1,033.19 | 6/9/22 | 6471.00 | 965.24 |
| 19/5/22 | 6258.24 | 1,014.89 | 7/9/22 | 6547.46 | 956.51 |
| 23/5/22 | 6261.54 | 1,034.51 | 8/9/22 | 6560.02 | 957.22 |
| 24/5/22 | 6211.46 | 1,016.99 | 12/9/22 | 6528.31 | 979.05 |
| 25/5/22 | 6187.64 | 1,019.59 | 13/9/22 | 6537.60 | 979.91 |
| 26/5/22 | 6237.97 | 1,022.96 | 14/9/22 | 6487.18 | 962.55 |
| 31/5/22 | 6392.85 | 1,077.67 | 15/9/22 | 6515.01 | 958.58 |
| 1/6/22 | 6433.17 | 1,067.86 | 19/9/22 | 6600.88 | 938.53 |
| 2/6/22 | 6451.53 | 1,061.44 | 20/9/22 | 6596.66 | 946.17 |
| 6/6/22 | 6489.17 | 1,071.33 | 21/9/22 | 6566.41 | 932.08 |
| 7/6/22 | 6468.60 | 1,061.02 | 22/9/22 | 6564.00 | 922.61 |
| 8/6/22 | 6484.24 | 1,073.74 | 26/9/22 | 6510.98 | 888.58 |
| 9/6/22 | 6480.30 | 1,067.15 | 27/9/22 | 6489.05 | 891.89 |
| 13/6/22 | 6391.99 | 1,016.46 | 28/9/22 | 6496.39 | 875.85 |
| 14/6/22 | 6361.39 | 1,017.87 | 29/9/22 | 6512.89 | 873.29 |

Appendix XL: Market Capitalization

(Amount in billion USD)

| Country | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 |
|------------|---------|---------|---------|---------|---------|---------|
| Bangladesh | 54.77 | 54.2 | 50.59 | 48.17 | 45.99 | 47.56 |
| India | 2110.14 | 2110.14 | 2110.14 | 2110.14 | 2110.14 | 2110.14 |
| Sri Lanka | 13.02 | 13.02 | 13.02 | 13.02 | 9.3 | 11.08 |
| Thailand | 613.4 | 591.05 | 591.81 | 542.86 | 529.59 | 554.59 |
| Malaysia | 413.03 | 405.58 | 391.86 | 361.07 | 367.21 | 368.38 |
| Philippine | 281.54 | 264.36 | 263.89 | 233.28 | 235.71 | 239.15 |

Appendix XLI: Turnover Velocity Ratio

| Country | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 |
|------------|--------|--------|--------|--------|--------|--------|
| Bangladesh | 46.54 | 30.63 | 38.3 | 48.38 | 34.19 | 66.98 |
| Sri Lanka | 15.02 | 15.02 | 15.02 | 15.02 | 6.95 | 21.7 |
| Thailand | 113.43 | 73.67 | 80.2 | 83.65 | 60.18 | 87.89 |
| Malaysia | 45.67 | 28.28 | 29.04 | 28.51 | 18.66 | 26.89 |
| Philippine | 14.78 | 7.51 | 13.89 | 10.82 | 8.26 | 11.93 |

Appendix XLII: DSE Performance

| Month | <i>(In billion BDT)</i> | | Index | | |
|--------|-------------------------|-----------------------|----------|----------|----------|
| | Turnover | Market Capitalization | DSEX | DS30 | DSES |
| Sep-20 | 222.58 | 3,996.42 | 4,963.29 | 1,696.00 | 1,120.39 |
| Oct-20 | 170.40 | 3,912.51 | 4,846.10 | 1,680.13 | 1,098.80 |
| Nov-20 | 174.07 | 3,899.79 | 4,866.84 | 1,687.40 | 1,113.98 |
| Dec-20 | 215.88 | 4,482.30 | 5,402.07 | 1,963.96 | 1,242.11 |
| Jan-21 | 339.59 | 4,790.28 | 5,649.86 | 2,160.39 | 1,265.37 |
| Feb-21 | 144.49 | 4,657.36 | 5,404.80 | 2,056.83 | 1,222.84 |
| Mar-21 | 144.80 | 4,589.02 | 5,278.16 | 1,994.40 | 1,204.18 |
| Apr-21 | 143.77 | 4,707.12 | 5,479.62 | 2,110.91 | 1,249.82 |
| May-21 | 310.10 | 5,038.68 | 5,990.99 | 2,205.82 | 1,286.20 |
| Jun-21 | 435.09 | 5,142.82 | 6,150.48 | 2,208.38 | 1,314.76 |
| Jul-21 | 233.03 | 5,344.05 | 6,425.26 | 2,327.88 | 1,401.05 |
| Aug-21 | 451.19 | 5,579.72 | 6,869.25 | 2,453.95 | 1,490.30 |
| Sep-21 | 507.06 | 5,815.43 | 7,329.04 | 2,710.53 | 1,592.10 |
| Oct-21 | 353.80 | 5,595.23 | 7,000.95 | 2,620.60 | 1,470.50 |
| Nov-21 | 266.83 | 5,364.95 | 6,703.26 | 2,516.28 | 1,405.55 |
| Dec-21 | 193.65 | 5,421.96 | 6,756.66 | 2,532.58 | 1,431.12 |
| Jan-22 | 312.61 | 5,569.82 | 6,926.29 | 2,559.15 | 1,481.89 |
| Feb-22 | 221.00 | 5,437.19 | 6,739.45 | 2,482.36 | 1,453.48 |
| Mar-22 | 185.43 | 5,394.15 | 6,757.84 | 2,474.01 | 1,468.11 |
| Apr-22 | 121.05 | 5,369.61 | 6,655.67 | 2,460.77 | 1,446.98 |
| May-22 | 144.65 | 5,167.65 | 6,392.86 | 2,350.25 | 1,403.53 |
| Jun-22 | 179.40 | 5,177.82 | 6,376.94 | 2,295.59 | 1,386.78 |
| Jul-22 | 122.84 | 5,028.78 | 6,133.96 | 2,193.58 | 1,339.48 |
| Aug-22 | 254.72 | 5,188.23 | 6,457.22 | 2,283.06 | 1,398.67 |
| Sep-22 | 354.80 | 5,199.14 | 6,512.89 | 2,330.42 | 1,419.73 |

Appendix XLIII: Sectoral Turnover at DSE

| Sectors | Apr-Jun 22 | Jul-Sep 22 |
|-----------------------------|-------------------|-------------------|
| Corporate Bond | 0.22% | 0.04% |
| Jute | 0.08% | 0.23% |
| Mutual Funds | 0.84% | 0.62% |
| Telecommunication | 1.34% | 1.26% |
| Tannery | 2.55% | 2.21% |
| Travel and Leisure | 1.81% | 2.39% |
| Ceramic | 4.06% | 2.48% |
| Cement | 2.08% | 2.56% |
| Paper & Printing | 2.41% | 3.22% |
| Services & Real estate | 1.86% | 3.23% |
| Banks | 8.18% | 3.79% |
| IT - Sector | 4.26% | 3.81% |
| Financial Institutions | 8.13% | 4.51% |
| Food & Allied Product | 6.44% | 5.01% |
| Insurance | 7.15% | 5.78% |
| Fuel & Power | 4.34% | 5.80% |
| Engineering | 9.97% | 9.54% |
| Textile | 10.79% | 13.41% |
| Miscellaneous | 11.91% | 14.50% |
| Pharmaceuticals & Chemicals | 11.56% | 15.61% |

Appendix XLIV: Sectoral Market Capitalization at DSE

| Sector | June-22 | Sep-22 |
|-----------------------------|----------------|---------------|
| Jute | 0.04% | 0.06% |
| Services & Real estate | 0.57% | 0.72% |
| Tannery | 0.77% | 0.74% |
| Ceramic | 0.79% | 0.75% |
| Corporate Bond | 0.84% | 0.81% |
| IT - Sector | 0.73% | 0.83% |
| Mutual Funds | 0.86% | 0.84% |
| Travel and Leisure | 0.61% | 0.93% |
| Paper & Printing | 0.60% | 0.96% |
| Cement | 2.60% | 2.70% |
| Insurance | 3.64% | 3.49% |
| Textile | 3.79% | 3.82% |
| Financial Institutions | 4.32% | 4.29% |
| Miscellaneous | 5.33% | 5.71% |
| Food & Allied Product | 8.59% | 8.28% |
| Fuel & Power | 10.40% | 9.93% |
| Engineering | 12.10% | 11.69% |
| Telecommunication | 12.94% | 12.64% |
| Banks | 14.89% | 14.46% |
| Pharmaceuticals & Chemicals | 15.56% | 16.35% |

Appendix XLV: Sectoral P/E Ratio at DSE

| Sector | June-22 | September-22 |
|-----------------------------|---------|--------------|
| Travel and Leisure | 72.47 | 165.93 |
| Jute | 63.18 | 80.33 |
| Paper & Printing | 48.75 | 79.98 |
| Tannery | 61.53 | 55.14 |
| Ceramic | 34.93 | 33.36 |
| IT - Sector | 28.38 | 32.31 |
| Services & Real estate | 21.26 | 27.15 |
| Miscellaneous | 21.68 | 22.95 |
| Textile | 22.33 | 22.82 |
| Food & Allied Product | 21.10 | 20.47 |
| Pharmaceuticals & Chemicals | 19.54 | 20.42 |
| Financial Institutions | 20.36 | 20.33 |
| Engineering | 17.05 | 19.08 |
| Cement | 16.51 | 17.24 |
| Insurance | 19.51 | 16.85 |
| Telecommunication | 15.62 | 15.37 |
| Fuel & Power | 11.70 | 11.25 |
| Mutual Funds | 3.99 | 7.91 |
| Banks | 8.00 | 7.84 |

Appendix XLVI: Price/Earnings Ratio of Capital Market

| Quarter | DSE P/E Ratio | CSE P/E Ratio |
|---------|---------------|---------------|
| Sep-20 | 13.5 | 14.0 |
| Dec-20 | 16.5 | 15.0 |
| Mar-21 | 16.9 | 17.3 |
| Jun-21 | 18.5 | 17.7 |
| Sep-21 | 20.1 | 20.0 |
| Dec-21 | 16.3 | 17.3 |
| Mar-22 | 15.6 | 16.8 |
| Jun-22 | 14.4 | 15.6 |
| Sep-22 | 14.9 | 16.1 |

Appendix XLVII: DSE Broad Index (DSEX) Volatility and DSE Turnover

| Month | Daily Average Index Volatility³² | Daily Average DSE Turnover (In crore BDT) |
|--------------|--|--|
| Aug-20 | 208.64 | 979.88 |
| Sep-20 | 71.17 | 1011.72 |
| Oct-20 | 51.22 | 851.99 |
| Nov-20 | 32.52 | 791.24 |
| Dec-20 | 135.21 | 1028.00 |
| Jan-21 | 94.28 | 1617.08 |
| Feb-21 | 86.42 | 760.48 |
| Mar-21 | 100.32 | 689.54 |
| Apr-21 | 120.33 | 719.31 |
| May-21 | 159.36 | 1632.00 |
| Jun-21 | 42.63 | 1978.00 |
| Jul-21 | 94.67 | 1553.60 |
| Aug-21 | 127.13 | 2506.60 |
| Sep-21 | 103.32 | 2304.08 |
| Oct-21 | 159.88 | 1850.90 |
| Nov-21 | 106.73 | 1212.90 |
| Dec-21 | 117.88 | 922.10 |
| Jan-22 | 68.65 | 1421.00 |
| Feb-22 | 117.71 | 1163.10 |
| Mar-22 | 91.69 | 842.90 |
| Apr-22 | 69.29 | 637.11 |
| May-22 | 183.92 | 803.59 |
| Jun-22 | 64.35 | 815.44 |
| Jul-22 | 134.42 | 646.50 |
| Aug-22 | 89.31 | 1273.60 |
| Sep-22 | 40.96 | 1689.50 |

³² Measured by average of daily standard deviation of DSEX during each month.

Appendix XLVIII: CSE Performance

| Month | <i>(In billion BDT)</i> | | Index | | |
|--------|-------------------------|-----------------------|-----------|-----------|----------|
| | Turnover | Market Capitalization | CASPI | CSE30 | CSI |
| Sep-20 | 7.19 | 3,300.77 | 14,167.23 | 11,790.99 | 912.64 |
| Oct-20 | 5.41 | 3,227.92 | 13,824.13 | 11,370.18 | 888.07 |
| Nov-20 | 5.80 | 3,212.32 | 13,991.43 | 11,207.94 | 919.67 |
| Dec-20 | 9.18 | 3,754.94 | 15,592.92 | 12,426.52 | 1,018.85 |
| Jan-21 | 17.28 | 4,072.71 | 16,474.97 | 13,013.79 | 1,031.29 |
| Feb-21 | 7.71 | 3,919.44 | 15,603.80 | 12,156.81 | 983.85 |
| Mar-21 | 9.44 | 3,861.42 | 15,264.62 | 11,614.50 | 982.59 |
| Apr-21 | 8.69 | 3,973.51 | 15,844.80 | 12,062.49 | 1,003.67 |
| May-21 | 15.46 | 4,288.28 | 17,359.57 | 13,066.25 | 1,044.59 |
| Jun-21 | 21.30 | 4,383.65 | 17,795.04 | 13,382.78 | 1,091.85 |
| Jul-21 | 9.05 | 4,576.74 | 18,635.39 | 13,657.11 | 1,177.70 |
| Aug-21 | 17.09 | 4,804.20 | 19,997.45 | 14,482.06 | 1,277.18 |
| Sep-21 | 18.42 | 5,037.43 | 21,377.07 | 15,478.42 | 1,367.49 |
| Oct-21 | 13.75 | 4,782.45 | 20,480.31 | 14,447.93 | 1,266.48 |
| Nov-21 | 9.58 | 4,552.33 | 19,614.38 | 13,882.70 | 1,197.96 |
| Dec-21 | 11.06 | 4,585.54 | 19,666.07 | 13,913.13 | 1,211.43 |
| Jan-22 | 9.41 | 4,745.74 | 20,298.59 | 14,180.92 | 1,265.70 |
| Feb-22 | 8.27 | 4,587.74 | 19,641.25 | 13,960.46 | 1,225.85 |
| Mar-22 | 6.64 | 4,545.99 | 19,748.82 | 14,103.06 | 1,245.39 |
| Apr-22 | 4.56 | 4,509.39 | 19,474.46 | 14,077.10 | 1,218.28 |
| May-22 | 4.59 | 4,310.83 | 18,667.51 | 13,540.85 | 1,186.21 |
| Jun-22 | 8.19 | 4,333.69 | 18,727.52 | 13,638.35 | 1,183.44 |
| Jul-22 | 3.72 | 4,338.98 | 17,976.66 | 13,212.21 | 1,132.58 |
| Aug-22 | 5.93 | 4,513.81 | 19,005.94 | 13,705.61 | 1,208.55 |
| Sep-22 | 13.13 | 4,412.74 | 19,189.28 | 13,473.27 | 1,234.07 |

Appendix XLIX: Sectoral Turnover at CSE

| Sectors | Contribution of Sectors |
|-----------------------------|-------------------------|
| Corporate Bond | 0.04% |
| Mutual Funds | 0.50% |
| Paper & Printing | 0.99% |
| Tannery | 0.99% |
| Cement | 1.50% |
| General Insurance | 1.96% |
| Ceramics | 2.04% |
| IT | 2.29% |
| Food & Allied Product | 2.60% |
| Telecommunication | 2.68% |
| Life Insurance | 2.70% |
| Services | 3.42% |
| Leasing & Finance | 3.53% |
| Fuel & Power | 4.10% |
| Textile | 9.19% |
| Engineering | 10.56% |
| Miscellaneous | 12.75% |
| Pharmaceuticals & Chemicals | 14.76% |
| Banking | 23.39% |

Appendix L: Sectoral Market Capitalization at CSE

| Sector | Jun-2022 | Sep-2022 |
|-----------------------------|----------|----------|
| Corporate Bond | 0.81% | 0.75% |
| Tannery | 0.81% | 0.77% |
| Ceramics | 0.83% | 0.79% |
| IT | 0.78% | 0.87% |
| Mutual Funds | 0.90% | 0.87% |
| Paper & Printing | 0.78% | 1.04% |
| Food & Allied Product | 1.39% | 1.40% |
| Life Insurance | 1.50% | 1.60% |
| Services | 1.23% | 1.72% |
| General Insurance | 2.29% | 2.00% |
| Cement | 2.73% | 2.84% |
| Textile | 3.79% | 3.80% |
| Leasing & Finance | 4.45% | 4.50% |
| Fuel & Power | 10.43% | 9.94% |
| Miscellaneous | 10.82% | 10.91% |
| Engineering | 12.29% | 11.93% |
| Telecommunication | 13.70% | 13.36% |
| Banking | 15.67% | 15.23% |
| Pharmaceuticals & Chemicals | 14.81% | 15.67% |

Appendix LI: Sectoral P/E Ratio at CSE

| Sector | Sep-2022 |
|-----------------------------|----------|
| Paper & Printing | 79.83 |
| Tannery | 69.26 |
| Services | 49.02 |
| Pharmaceuticals & Chemicals | 32.57 |
| Ceramics | 31.72 |
| Food & Allied Product | 25.46 |
| Leasing & Finance | 21.60 |
| Miscellaneous | 20.22 |
| Textile | 20.20 |
| IT | 19.39 |
| Engineering | 18.75 |
| Cement | 17.24 |
| Telecommunication | 16.19 |
| Mutual Funds | 15.81 |
| General Insurance | 11.98 |
| Fuel & Power | 11.43 |
| Banking | 8.42 |

Appendix LII: Capital market exposures of banks

| Period | Solo basis | Consolidated basis |
|--------|------------|--------------------|
| Sep-19 | 13.6 | 23.0 |
| Dec-19 | 12.0 | 21.7 |
| Mar-20 | 12.8 | 22.9 |
| Jun-20 | 11.4 | 20.7 |
| Sep-20 | 13.4 | 22.8 |
| Dec-20 | 13.8 | 24.0 |
| Mar-21 | 13.3 | 22.3 |
| Jun-21 | 14.4 | 23.9 |
| Sep-21 | 16.1 | 27.1 |
| Dec-21 | 15.7 | 25.5 |
| Mar-22 | 15.8 | 26.2 |
| Jun-22 | 15.5 | 25.2 |
| Sep-22 | 16.2 | 27.0 |