Quarterly

Financial Stability Assessment Report

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Bangladesh Bank

Quarterly

Financial Stability Assessment Report

October-December 2017

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 December 31, 2017 unless stated otherwise in the relevant chapters/sections.

Web link of this report: https://www.bb.org.bd/pub/index.php

MESSAGE FROM THE GOVERNOR

Financial stability has emerged as the centre of economic policy and regulation in the aftermath of the GFC 2007-2009. The crisis made it clear to the policy makers around the globe the very fact that microprudential regulations have to be complemented with systemic risk mitigation measures.

Being the central bank of the country, Bangladesh Bank has the responsibility to identify key sources of systemic risks as well as to convey its findings to the stakeholders of the financial system. To this end, Bangladesh Bank has been publishing Quarterly Financial Stability Assessment Report since late 2014. This is the 13th issue of the Report which stipulates that financial system of Bangladesh remained mostly resilient during October-December 2017, the review quarter, attributable to prudent policies of the financial sector regulators, considerable fiscal discipline as well as the effective role of the financial intermediaries.

The financial system of Bangladesh is mostly bank dominated and hence the stability of the banking industry has an important bearing on the financial stability of the country. Considering the utmost importance of this sector in the country's financial system, we are working relentlessly to introduce and implement global best practices regarding prudential norms and standards. Active cooperation of the financial services providers is of paramount importance in our endeavour.

Financial institutions may sometimes be exposed to a variety of exogenous shocks arising from multiple sources. Recent geopolitical tensions in a number of jurisdictions, protectionism and populism by few advanced economies may have implications for external health of our economy and may translate into inflated risk for financial sector of the country. Recent change in labour market policy of Saudi Arabia, particularly deployment of female labour force may lessen, though not clear, the demand for overseas workers including ours, which may in turn adversely affect our wage earners' remittance inflow as well. Besides, imposition of higher tariffs by a few advanced countries may create distortions in our external trade.

In the stated regard, contingency arrangements and distress management measures need to be carefully articulated in all financial institutions. Financial intermediaries need to remain cautious about such ongoing global developments and take preemptive measures accordingly. Also, domestically, all stakeholders including the CEOs of banks and other financial institutions must remain vigilant on potential risks associated with its asset quality. In addition to that emphasis should be given on prudent liquidity management. Furthermore, banks and other financial institutions have to redesign their financial portfolios to reduce distributional imperfectness targeting the high yielding employment promoting investment projects.

I believe the stakeholders of the financial system would get important insights from this report which may help them in withstanding potential shocks. Finally, I would like to thank the officials of Financial Stability Department for their contribution in finalising this report.

Fazle Kabir
Governor

MESSAGE FROM THE DEPUTY GOVERNOR

The global economic growth has strengthened during October-December 2017, the review quarter and is projected to reach 3.9 percent in 2018. Faster growth in the United States, Japan and the Euro Area are expected to have favourable implication for Bangladesh economy through various channels including strong external demand. However, geo-political tension, trade protectionism and tightening of financial conditions to address inflation risk in advanced economies have downside risk for emerging economies including ours. Normalization of monetary policy in advanced economies may slow down or call for a reversal of capital inflows while protectionism may heighten cross-border business risk. On the other hand, deleveraging efforts in China is likely to reduce global financial stability risk.

On domestic front, gross foreign exchange reserve, wage earners' remittance and export receipts picked up during the review quarter while interest rate spread and gross Government borrowing from the banking system declined with respect to those of the preceding quarter. Import payment recorded a considerable rise outpacing the benefit of rising wage earners' remittance and export receipts. On aggregate basis, banking sector asset quality, profitability and capital-to-risk weighted assets ratio increased, though on an individual basis, a few banks have faced some stress regarding liquidity and non-performing loans and advances. Financial institutions (non-bank) sector too demonstrated a notable improvement in terms of financial soundness indicators; on aggregate basis, their classified loans and leases to total loans and leases declined markedly, while profitability and capital adequacy increased to a great extent. Capital market indicators, in both bourses, increased notably.

A number of initiatives were taken by Bangladesh Bank during the review quarter that has implications on macro-financial stability of the country. Amendment in guidelines of Islamic refinance funds, changes in the foreign exchange regulations, establishment of a refinance fund under cottage, micro, small and medium sized enterprise (CMSME) sector, issuance of instructions for increasing inflow of foreign remittance and determination of target for disbursement of agricultural and rural credit are instances of notable initiatives to boost up economic activities.

Bangladesh Bank has been implementing global best practices regarding capital, provisioning, liquidity, leverage, governance and risk management, to its possible best extent, for smooth functioning of the financial system. Also, it has been working on increasing financial sector regulatory perimeter and managing core risks to make the system more shock resilient and stable. Although the stated initiatives have notable contributions to maintaining stability of the financial systems, these alone might not always bring optimal outcomes, if implementation by and response of the financial intermediaries are not prudent and prompt enough.

Finally, I hope the stakeholders of the financial system would get important insights from the report about potential risks and vulnerabilities which may help them prepare well ahead to withstand those. I also expect the financial intermediaries will play appropriate and timely role towards maintaining stability of the financial system.

Ahmed Jamal

Deputy Governor

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Acronyms

ADs	Authorised Dealers
ADR	Advance-to-Deposit Ratio
B/L	Bad and Loss
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BDT	Bangladesh Taka
BRPD	Banking Regulation and Policy Department
CPI	Consumer Price Index
CRAR	Capital to Risk-weighted Asset Ratio
CRR	Cash Reserve Ratio
CSE	Chittagong Stock Exchange
CY	Calendar Year
DFIs	Development Finance Institutions
DFIM	Department of Financial Institutions and Markets
DOS	Department of Off-site Supervision
DSE	Dhaka Stock Exchange
FCBs	Foreign Commercial Banks
FIs	Financial Institutions
FOB	Free on Board
FSD	Financial Stability Department
FSV	Forced Sale Value
FX	Foreign Exchange
FY	Financial Year
GFET	Guidelines for Foreign Exchange Transactions
IS	Interest Suspense
NPL	Non-performing Loan
PCBs	Private Commercial Banks
P/E Ratio	Price Earnings Ratio
QFSAR	Quarterly Financial Stability Assessment Report
ROA	Return on Assets
ROE	Return on Equity
RWA	Risk-weighted Assets
SCBs	State-owned Commercial Banks
SLR	Statutory Liquidity Requirement
SME	Small & Medium Enterprise
TSL	Two-Step Loan
USD	United States Dollar
WAR	Weighted Average Resilience
WIR	Weighted Insolvency Ratio

Executive Summary

This report conveys the assessment of Bangladesh Bank on the resilience of the domestic financial system to risks and vulnerabilities during the October-December quarter of the calendar year 2017. The report also discusses different issues related to the financial sector that may affect the stability of the financial system.

The global growth momentum remained uptrend and broad-based at the end of CY17. In several advanced economies including the United States (US) and the United Kingdom (UK), GDP growth increased leading to increase in employment though the sustainability of this growth has become increasingly reliant on the recovery in productivity growth. Announcement of tax reforms in the US may provide stimulus to its economic activities while supportive monetary policy in the UK is expected to provide stability in the region. Among the emerging market economies (EMEs), China's growth remained stable on the back of rising export demand and domestic credit. Other EMEs also enjoyed higher growth supported by higher capital inflows and recovery of demand in advanced economies. In spite of subdued core inflation, rise in commodity prices is expected to push up the headline inflation in the Euro area and the US.

During the review quarter, the domestic macroeconomic situation remained stable. Average annual inflation edged up due to rise in food inflation; however, non-food inflation decreased during the quarter. Wage earners' remittance and export receipts picked up. However, import payments demonstrated considerable uptrend outpacing the benefit of rising wage earners' remittance and export receipts during the period. The Bangladesh Taka (BDT) adjusted downward to maintain competitiveness of exports in external world. Meanwhile, gross foreign exchange reserves increased and stood at USD 33.2 billion, equivalent to meeting more than six months' imports of goods and services. As average lending rate declined, the interest rate spread reduced further at end-December 2017. Moreover, gross government borrowing from the banking system maintained the downward trend.

The banking sector demonstrated improved performance in the review quarter. The asset size of the banking sector, led by strong increase in loans and advances, increased and stood at 66.1 percent of the gross domestic product (GDP) at end-December 2017. Importantly, gross non-performing loan (NPL) ratio decreased by 140 basis points (bps) during the quarter and reached 9.3 percent at end-December 2017. However, the share of bad and loss loans increased by 500 bps and provision maintenance ratio decreased by 160 bps compared to that of the previous quarter. Key profitability indicators, both Return on Assets (ROA) and Return on Equity (ROE), increased in the review quarter. At end-December 2017, capital to risk-weighted assets ratio (CRAR) of the banking sector increased slightly and stood at 10.8 percent. A majority of the banks were able to maintain the minimum capital conservation buffer of 1.25 percent. Besides, the banking industry maintained a leverage ratio much higher than the regulatory minimum requirement on both solo and consolidated basis. Advance-to-deposit ratio (ADR) of the banking industry increased to 75.9 percent. Banks were able to maintain the required Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), though one or two sporadic short-lived incidents might be observed.

Financial Institutions (FIs) sector exhibited an improved performance as well. During the review quarter, asset quality of FIs showed notable improvement as the ratio of classified loans and leases to total loans and leases markedly decreased from 9.4 percent at end-September 2017 to 7.3 percent at end-December 2017. Profitability indicators of FIs, both ROA and ROE, increased considerably over the previous quarter. The capital adequacy ratio (CAR), in line with Basel II capital framework, increased and stood at 13.5 percent at the end of December 2017. During the quarter, FIs sector had no shortfall in CRR and SLR.

The banking and FIs sectors were found mostly resilient under different scenarios of stress test. Stress test on banks, based on the data as of end-December2017, indicates that, at individual level, default of top borrowers and rise in gross non-performing loan (NPL) would have major adverse impacts on the banking sector CRAR. At aggregate level, a combined shock would also have adverse effect on the banking sector CRAR. However, individual bank and the banking system, as a whole, appear to be resilient against various market and liquidity stress scenarios. On the other hand, stress test on FIs reveals that a majority of them remain resilient in the event of stress scenarios as of end-December2017.

The domestic capital market demonstrated price appreciation despite recording a lower turnover. The main indices of DSE (DSEX) and CSE (CASPI), and market capitalization in both bourses demonstrated an increase during the review quarter. However, both DSE and CSE turnover recorded a drop during this period. DSE price/earnings (P/E) ratio increased while CSE P/E ratio remained almost constant. The highest turnover was recorded by the banking sector in both bourses.

Bangladesh Bank has taken a number of initiatives having bearings on financial system stability. During the review quarter, Bangladesh Bank, among various initiatives, has amended guidelines of Islamic Refinance Fund, issued guidelines for refinance fund established under Small and Medium Sized Enterprise Development Project, provided instructions to all private commercial banks and foreign banks regarding agricultural and rural credit disbursement, revised level of maximum balance to be maintained in individual mobile account, advised banks to take steps for facilitating remittance flows, and brought about a number of changes in foreign exchange regulations to make foreign exchange operations easier as well as more disciplined, among other relevant issues.

In sum, the financial system of Bangladesh remains largely resilient in the review quarter, supported by a stable domestic macroeconomic condition and positive global growth outlook.

Chapter-1

Macroeconomic Developments

1.1 Global macroeconomic situation

GDP growth has risen in several advanced economies leading to an increased employment, albeit subdued productivity growth. Sustaining current rates of global GDP growth has become increasingly reliant on a recovery in productivity growth.[1]

In the United States, GDP growth was broadly in line with expectations. Personal and corporate tax cuts have been announced in December 2017, which are expected to provide a stimulus to its economic activities over the next three years.

Monetary policy remains broadly supportive. However, in light of the recovery in GDP growth, some monetary policy stimulus has begun to be withdrawn across a number of advanced economies. In November, Bank of England raised Bank Rate to 0.5 percent.

Emerging market economies: In China, GDP growth continues to be broadly stable. In the review quarter, annualised GDP growth was unchanged at 6.8 percent. In addition, macroprudential policy actions have contributed to slowing in house price inflation; the authorities have continued to apply measures to reduce financial sector leverage.

Growth in other emerging market economies (EMEs) continued to recover attributable to higher capital inflows, the recovery in advanced-economy demand; and, the recovery in commodity prices for commodity exporters.

Core inflation, which excludes food and energy prices, remains subdued relative to historical norms in the euro area and United States. However, there are some signs of wage growth picking up in those regions. Albeit subdued core inflation, rises in commodity prices are pushing up headline inflation in the euro area, and United States.

Like the preceding quarters, there has been continued presence of geopolitical tensions in a number of jurisdictions. Along this, protectionism and populism by few advanced economies may adversely affect the developing as well as emerging countries including ours which may further translate into financial sector risk. On the other hand, upward revision of tariff in a number of advanced economies, encouraged by the idea of protectionism, may create distortions in other countries including Bangladesh.

Apart from these, Saudi Arabia, a major hub for overseas employment of Bangladeshi workers, has recently changed labour market policy to deploy their own female labour force in various sectors of economy. This policy stance may lead, though not yet clear, to lessening of the demand for labour from developing countries, particularly from Bangladesh. It may have some consequences on our Balance of Payments situation through wage earners' remittance channel.

1. 2 Domestic Macroeconomic Situation

Decline in interest rate, an increase in foreign exchange reserves, wage earners remittance, and exports contributed to a reasonable level of stability of domestic financial sector during the review quarter.

[1] See February 2018 Issue of Bank of England's Inflation Report.

1.2.1 Inflation

At end-December 2017, inflation increased to 5.7 percent with respect to 5.6 percent of end-September 2017 and 5.5 percent of end-December 2016. Food inflation increased to 7.2 percent from 6.7 percent of end-September 2017, while non-food inflation decreased to 3.5 percent from 3.8 percent recorded at-end September 2017 (Chart 1.1).

1.2.2 Foreign Exchange Reserve and its Import Coverage

At end-December 2017, the gross foreign exchange reserves reached at USD 33.2 billion recording an increase of 1.2 percent, from USD 32.8 billion of end-September 2017. The reserve position was equivalent to meeting more than six months' imports of goods and services[2]. It is noteworthy that at end-December 2016, reserve position was USD 32.1 billion.

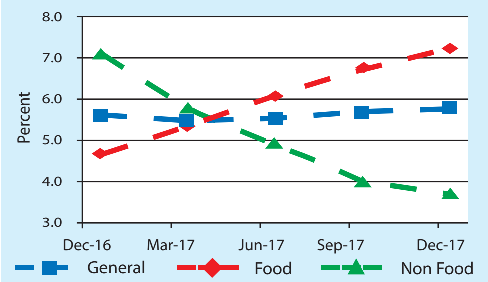
1.2.3 Wage Earners' Remittance

Remittance from Bangladeshi nationals, working abroad, stood at USD 3,920.7 million during the review quarter, recording an increment of 15.7 percent compared to USD 3,387.9 million recorded during the preceding quarter. Of course, the remittance of the review quarter was 34.2 percent higher than that of the same period of the previous year.

1.2.4 Imports and Exports

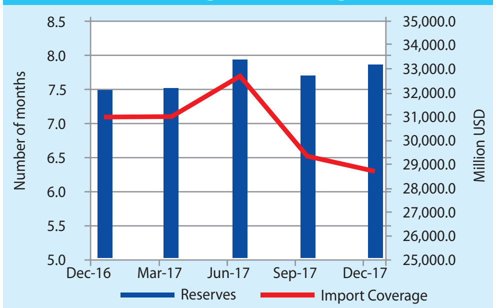
In the review quarter, aggregate import payments[3] increased by 15.7 and 32.6 percent respectively from USD 12,199.0 million of the preceding quarter and USD 10,645.0 million of the same quarter of CY16. On the other hand, export receipts increased by 6.9 percent from that of the preceding quarter and by 7.5 percent from December quarter of 2016.

Chart 1.1 Inflation



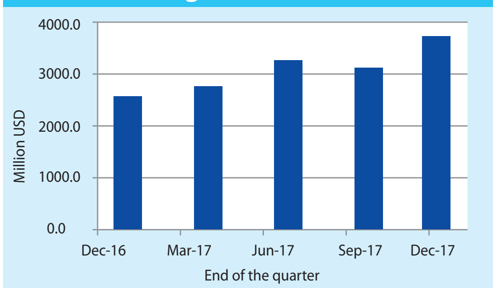
Source: Bangladesh Bureau of Statistics, Base 2005-06=100.

Chart 1.2 Foreign Exchange Reserves



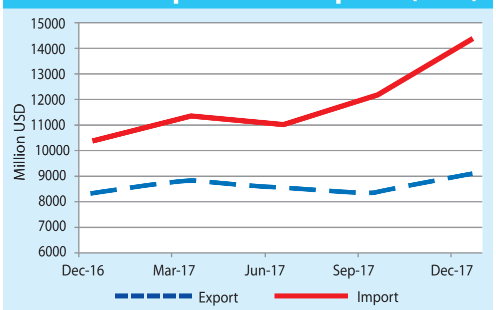
Source: Statistics Department, BB.

Chart 1.3 Wage Earners' Remittance



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

Chart 1.4 Exports and Imports (FOB)



Source: Statistics Department, BB.

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2 Compiled on the basis of import (shipment) data received from NBR website.

3 On FOB basis.

Note: P = provisional

1.2.5 Interest Rate

The spread between weighted average lending and deposit rates decreased to 4.5 percent with respect to that of end-September 2017; spreads of 9 out of 57 banks were above 5.0 percent. Out of these 9 banks, 6 and 3 were in the category of FCBs and PCBs respectively.

It is mentionable that, in December 2017, the weighted average lending and deposit rates were 9.4 and 4.9 percent respectively compared to 9.5 and 4.9 percent of September 2017, and 9.9 and 5.2 percent of December 2016.

1.2.6 Exchange Rate [4]

The Bangladesh Taka-US dollar, exchange rate, recording a depreciation, stood at 82.55 in December 2017 from 80.74 in September 2017. The rate was 78.80 per USD in December 2016.

1.2.7 Credit to the Government (Gross) by the Banking System

Credit to the Government (gross) from the banking system, decreased by 2.8 percent and 4.2 percent respectively from the position of end-September 2017 and end-December 2016.

Chart 1.5 Interest Rate Spread

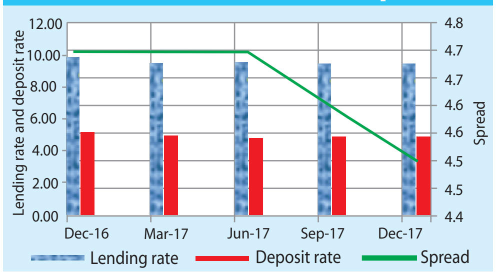
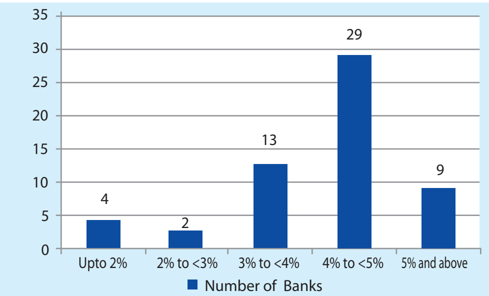
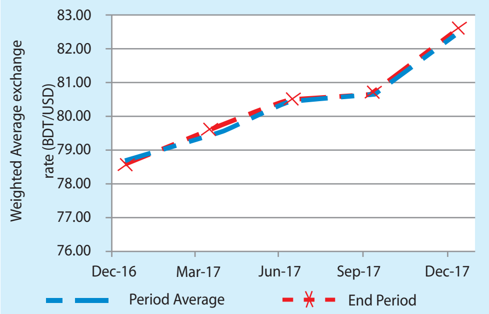


Chart 1.5 Interest Rate Spread-Contd.



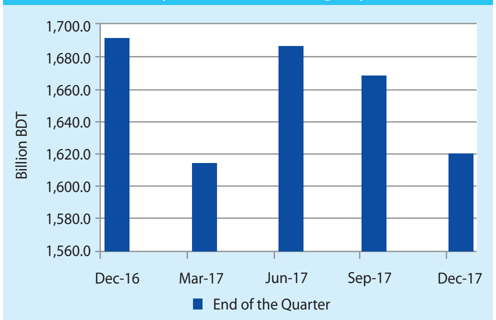
Source: Statistics Department, BB.

Chart 1.6 Exchange Rate



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

Chart 1.7 Credit to the Govt. (Gross) by the Banking System



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

4 BDT per USD on weighted average basis.

Chapter-2

Banking Sector Performance

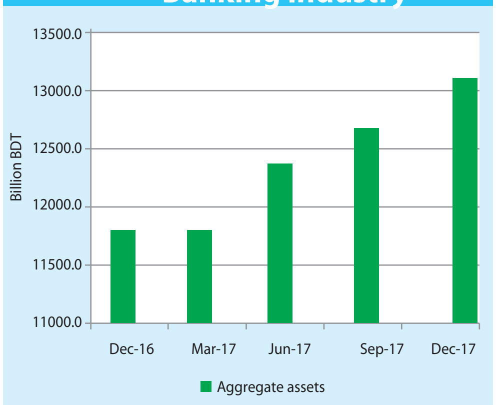
The banking sector demonstrated a positive trend in terms of asset growth, profitability and asset quality during the October-December quarter of CY17.

2.1 Assets Structure

The balance sheet size of the banking sector[5] stood at BDT 13,059.3 billion at end-December 2017, recording an increase of 3.6 percent from BDT 12,608.7 billion of end-September 2017 and 10.9 percent from BDT 11,781.2 billion of end-December 2016. Maximum portion of the banking industry's assets were held by PCBs. It is to mention that banking sector assets-to-GDP ratio stood at 66.1 percent at end-December 2017[6] which was 63.8 percent at the end of the preceding quarter and 68.0 percent at end-December 2016[7].

Loans and advances, the largest segment among the asset items, constituted 65.0 percent of total assets during the review quarter.

Chart 2.1 Asset Size of the Banking Industry



Source: Compilation (Aggregate B/S account of banking industry): FSD, BB.

5 Taking into account only scheduled banks(57).

6 Taking into account GDP at current market price for the financial year 2016-17.

7 Taking into account GDP at current market price for the financial year 2015-16.

Major portion of loans and advances were extended by PCBs. Pertinently, the share of loans and advances, as a percentage of total assets, increased by 150 basis points at end-December 2017, compared with that of end-September 2017.

The share of banks' assets with Bangladesh Bank increased by 40 basis points while balances with other banks and financial institutions increased by same basis points compared with that of end-September 2017. Banks' money at call decreased by 60 basis points, while the share of other assets decreased by 60 basis points. However, the share of investments in government and other securities decreased by 110 basis points.

The asset concentration ratios of Top 5 and Top 10 banks against the total banking system assets were 30.8 and 44.3 percent respectively at end- December 2017 (Chart 2.5 & 2.6).

Banking sector asset concentration has also been illustrated using Lorenz Curve and Gini Coefficient. As depicted in Chart 2.7, the position of the Lorenz Curve indicates the presence of a moderate concentration in assets of the banking industry. The calculated Gini coefficient of 0.472 supports the presence of moderate concentration in asset[8]. Importantly, there has been no major change in asset concentration ratio in the banking sector.

8 The Lorenz curve is usually used for showing the extent of income inequality in a country. The diagonal line in the square containing the Lorenz curve represents equality in the distribution. The closer the Lorenz Curve is to the line of equality, the more equal the distribution is. Graphically, the Gin coefficient can be easily represented by the area between the Lorenz curve and the line of equality. Gini coefficient varies from 0 to 1; 0 indicates complete inequality while 1 complete inequality. The concept has been adapted here to show the concentration in banking assets.

2.2 Asset Quality

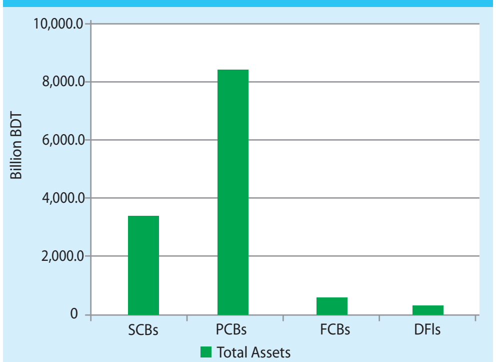
The gross NPL ratio[9] stood at 9.3 percent at end-December 2017, decreasing by 140 basis points from 10.7 percent of end-September 2017 and increasing by 10 basis points from 9.2 percent of end-December 2016. Besides, non-performing loans net of specific loan loss provisions and interest suspense to total loans decreased to 2.2 percent from 2.9 percent of end-September 2017 and from 2.3 percent of end-December 2016. Moreover, non-performing loans net of specific loan loss provisions and interest suspense to regulatory capital decreased to 17.2 percent from 22.4 percent of end- September 2017 and from 18.0 percent of end-December 2016.

The distribution of banks, based on their gross NPL ratios, indicates that 12 banks had double-digit ratios in December CY17 and same held in December CY16.

The provision maintenance ratio[10] at end-December 2017, slightly decreased to 84.7 percent from 86.3 percent recorded at end-September 2017 and 84.9 percent at end-December 2016.

Based on NPL, 49.2 and 65.5 percents of the non-performing loans were concentrated in the Top 5 and Top 10 banks[11] respectively at end-December 2017 (Chart 2.11 & 2.12).

Chart 2. 2 Bank Cluster-wise Assets at end-December 2017



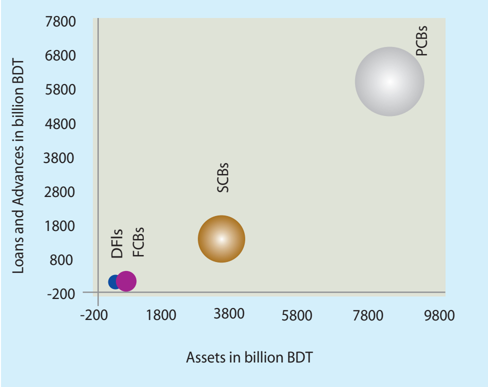
Source: Compilation (Aggregate B/S account of banking industry): FSD, BB.

9 Non-performing loan to total loan ratio.

10 Maintained provision to required provision.

11 The figures are annualised form of quarterly ratios.

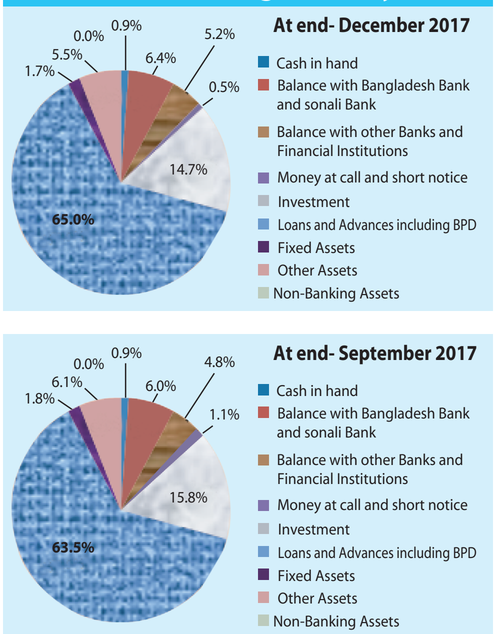
Chart 2. 3 Banking Sector Assets and Loans/ Advances



Note: PCB-Private Commercial Bank,
SCB-State-owned Commercial Bank,
FCB- Foreign Commercial Bank,
DFI-Development Finance Institutions.

Source: Compilation (Aggregate B/S account of banking industry): FSD, BB.

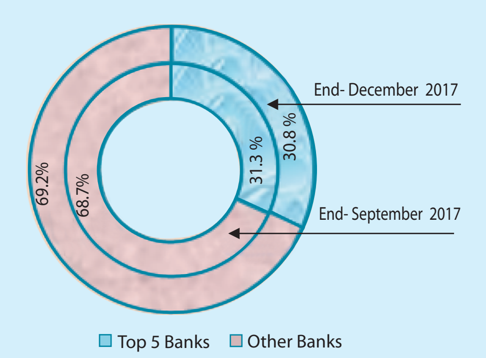
Chart 2.4 Asset Structure of the Banking Industry



Source: Compilation (Aggregate B/S account of banking industry): FSD, BB.

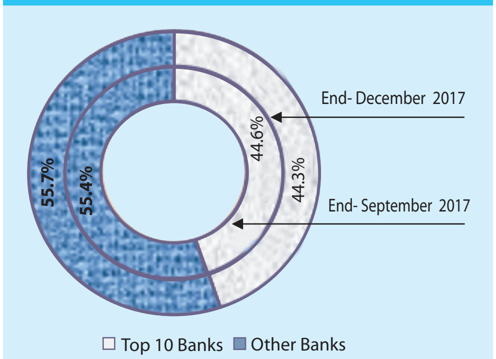
During the review quarter, the ratio of bad and loss loans to total classified loans stood at 87.0 percent while sub-standard and doubtful loans constituted 7.5 and 5.5 percent of total NPLs respectively. Pertinently, the proportion of bad

Chart 2.5 Top 5 banks based on Assets Size



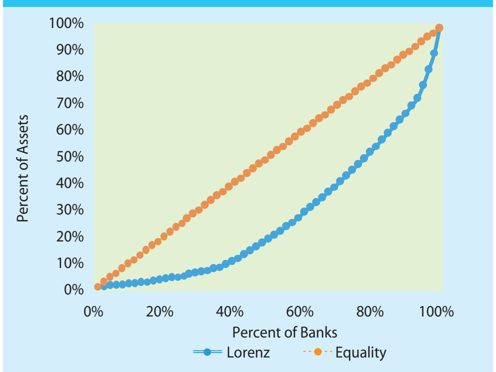
Source: Compilation (Aggregate B/S account of banking industry): FSD, BB.

Chart 2.6 Top 10 banks based on Assets Size



Source: Compilation (Aggregate B/S account of banking industry): FSD, BB.

Chart 2.7 Banking Sector Asset Concentration: Lorenz Curve

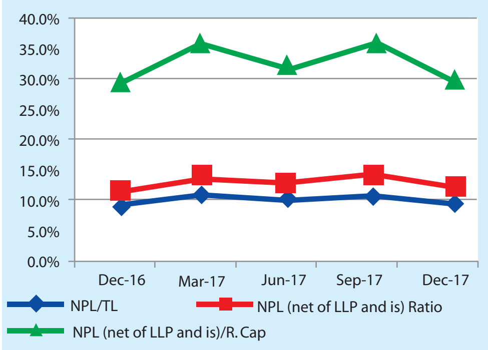


Note: Assets are displayed from lowest to highest (ascending order) from the origin.

Source: FSD Staff calculation.

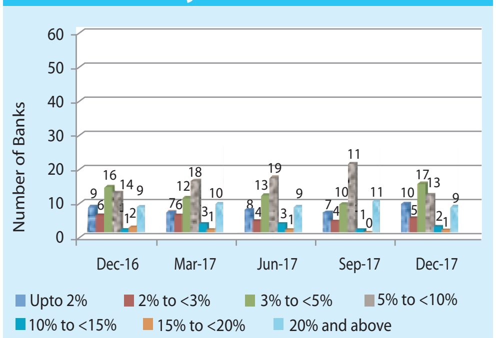
and loss loans increased by 5.0 percentage points and sub-standard and doubtful loans decreased by 4.5 and 0.5 percentage points compared to those of the previous quarter.

Chart 2.8 NPL Ratio of the Banking Industry



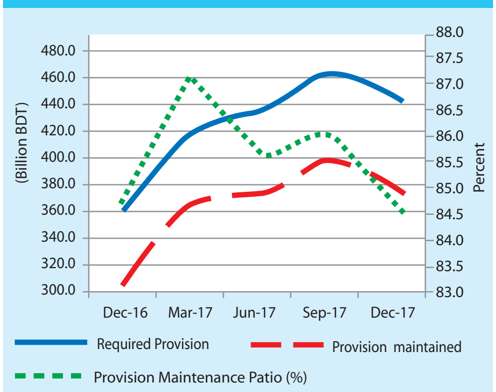
Source: BRPD, BB.

Chart 2.9 Distribution of banks by NPL ratio



Source: BRPD, Compilation FSD.

Chart 2.10 Banking Sector Loan Loss Provision

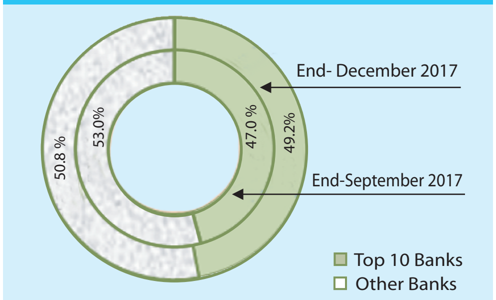


Source: BRPD, BB.

2.3 Profitability

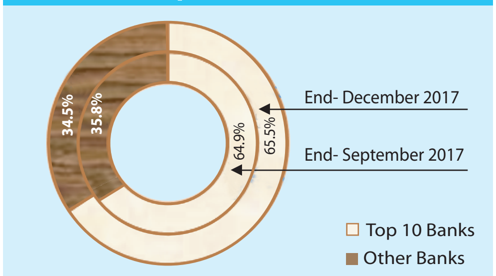
In the review quarter, profitability of the banking sector increased. Return on assets (ROA) and return on equity (ROE) of the banking sector stood at 0.8 and 10.9 percents respectively against 0.4 and 5.9 percents of the preceding quarter[12]. Almost 91.2 percent of the banks' ROA was up to 2.0 percent. On the other hand, 71.9 percent of the banks' ROE was higher than 5.0 percent.

Chart 2.11 Top 5 Banks based on NPL



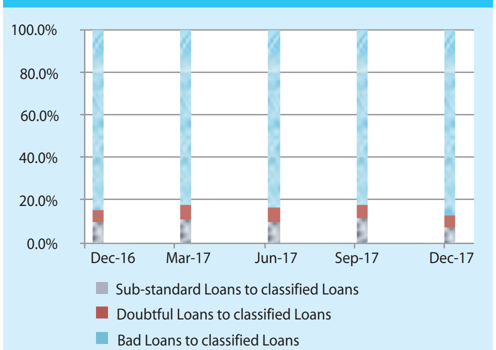
Source: BRPD, Compilation FSD.

Chart 2.12 Top 10 Banks based on NPL



Source: BRPD, Compilation FSD.

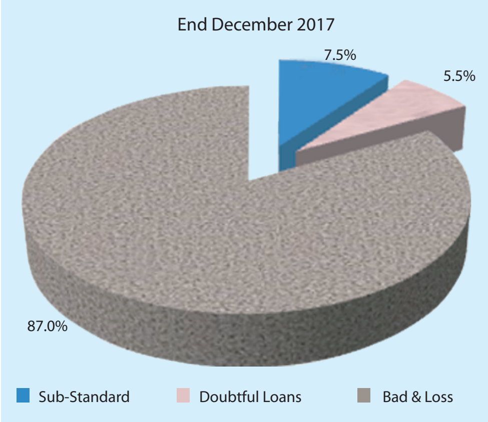
Chart 2.13 Proportion of NPL Categories



Source: BRPD, BB.

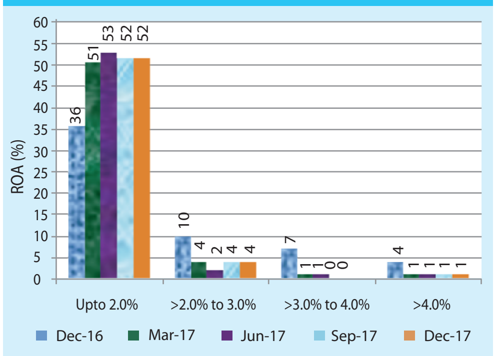
12 The figures are annualised form of quarterly ratios.

Chart 2.14 NPL Composition of Banks



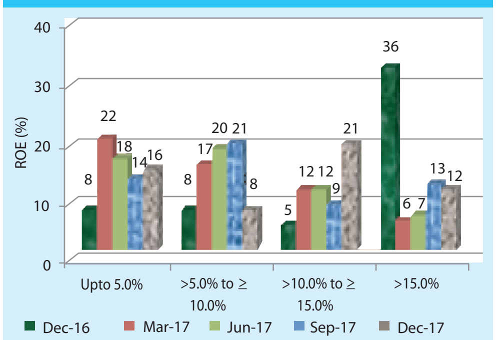
Source: BRPD, BB.

Chart 2.15 Distribution of Banking Sector Return on Assets (ROA)



Source: Compilation (Aggregate P/L account of banking industry): FSD, BB.

Chart 2.16 Distribution of Banking Sector Return on Equity (ROE)



Source: Compilation (Aggregate P/L account of banking industry): FSD, BB.

Chapter-3

Financial Institutions' Performance

Financial Institutions (FIs) sector displayed an improved performance in the review quarter of CY17. Key financial soundness indicators, such as gross non-performing loans and leases ratio decreased whereas profitability ratios increased over the preceding quarter.

3.1 Sources of Funds

At end-December 2017, borrowings, deposits, capital and other liabilities constituted 14, 61, 13.2 and 11.8 percent of the sources of funds of the FIs respectively. In comparison with end-September 2017, the share of deposits increased by 5.7 percentage points and share of borrowings decreased by 7.8 percentage points whereas the proportions of rest of the liabilities remained almost unchanged.

3.2 Assets Composition

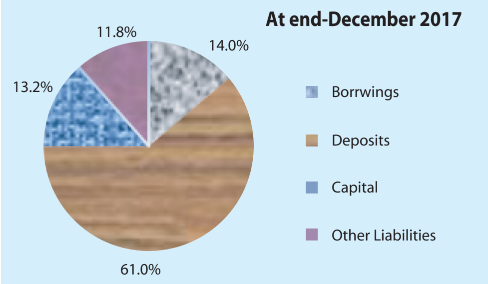
Loans and leases constituted 70.8 percent of total assets of FIs at end-December 2017. Cash and balances with banks/FIs, investments, fixed assets and other assets comprised 15.0, 2.6, 4.2 and 7.4 percent of total assets respectively.

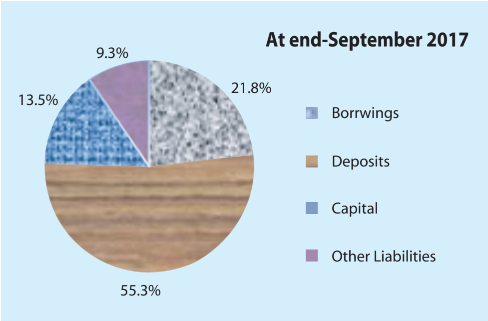
When compared with end-September 2017 positions, the share of loans and leases decreased by 2.5 percentage points. Cash and balances with other banks/FIs remained unchanged; the proportions of investments decreased by 0.2 percentage point while the share of rest of the assets increased by 2.6 percentage points

3.3 FI's Liability-Asset Ratio

The liabilities-assets ratio, in the review quarter, was 86.8 percent, which had been 40 basis points higher than the ratio of 86.4 recorded in the September quarter of 2017.

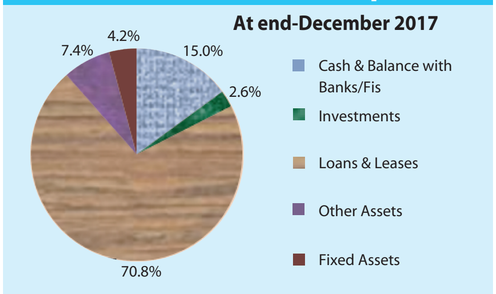
Chart 3.1 FIs' Sources of Fund

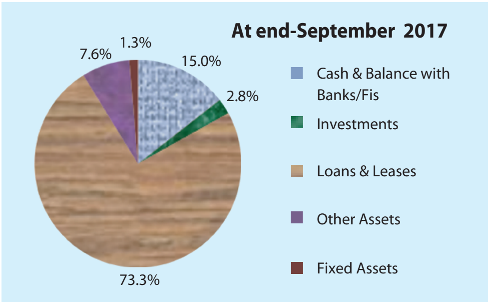




Source: FIs; Compilation: FSD, BB.

Chart 3. 2 FIs' Assets Composition





Source: FIs; Compilation: FSD, BB.

3.4 Asset Quality

FIs' asset quality improved in December 2017. Classified loans and leases decreased from BDT 55.9 billion at end-September 2017 to BDT 45.2 billion at end-December 2017, recording a decrease of 19.1 percent. The ratio of classified loans and leases to total loans and leases reduced to 7.3 percent at end-December 2017, 2.1 percentage points lower than the ratio of 9.4 recorded at end-September 2017.

3.5 Profitability

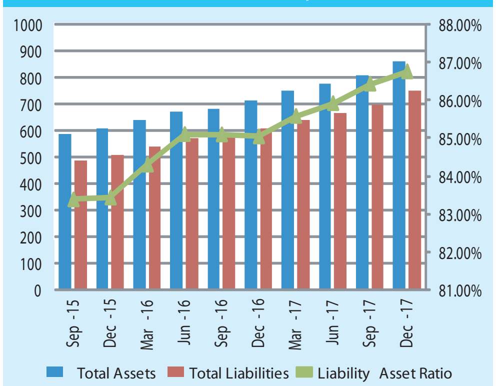
FIs' profitability improved in the review quarter over the September quarter of 2017[13].

The key profitability indicators - return on assets (ROA) and return on equity (ROE) stood at 2.0 and 15.2 percent respectively in the December quarter of 2017 as compared to 0.6 and 4.4 percent respectively recorded in the preceding quarter.

3.6 FI sector asset concentration

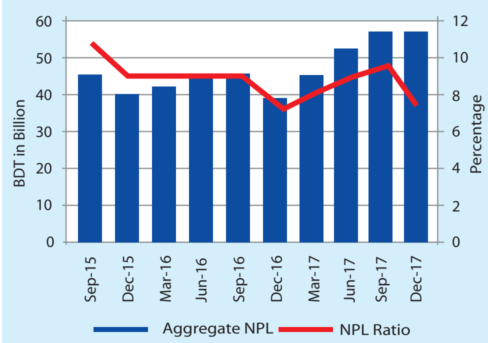
FI sector asset concentration has been illustrated using Lorenz curve and Gini Coefficient. As depicted in chart 3.6, the position of Lorenz Curve indicates the presence of moderate concentration in the assets of the FI sector. The calculated Gini coefficient of 0.4 supports the presence of stated type of concentration in the FIs' assets.

Chart 3. 3 FIs' Liability-Asset Ratio



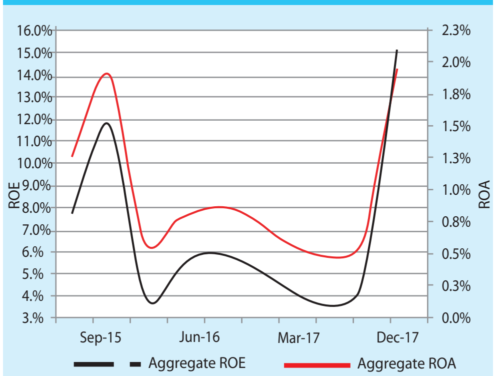
Source: FIs; Compilation: FSD, BB.

Chart 3.4 FIs' Non-performing Loans and Leases



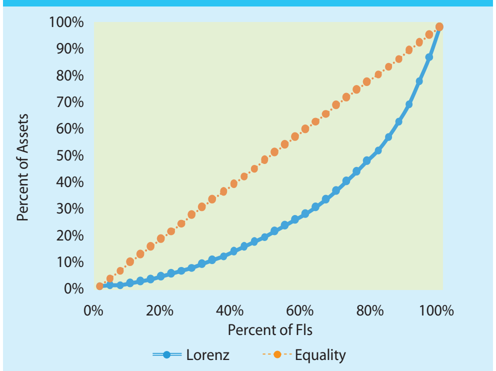
Source: DFIM, BB.

Chart 3.5 FIs' ROA and ROE



Source: FIs; Compilation: FSD, BB.

Chart 3.6 FI sector asset concentration: Lorenz Curve



Source: FIs; Compilation: FSD, BB.

[13] Here profitability indicators-ROA and ROE- are annualized from quarterly ratios.

Chapter-4

Banking Sector Liquidity and Capital Adequacy

Banking sector capital to risk-weighted assets ratio (CRAR) slightly increased with respect to that of the previous quarter and majority of the banks were able to maintain minimum capital conservation buffer. Besides, the advance-to-deposit ratio (ADR) increased.

4.1 Capital Adequacy

In the review quarter, 48 out of 57 banks maintained CRARs of 10.0 percent or higher in line with Pillar 1 of the Basel III capital framework. Importantly, substantial share of banking assets was concentrated within the CRAR-compliant group of banks (Chart 4.2); CRARs of 31 banks were within the range of 10-15 percent and their assets accounted for nearly 68.0 percent of the total banking industry's assets at end-December 2017.

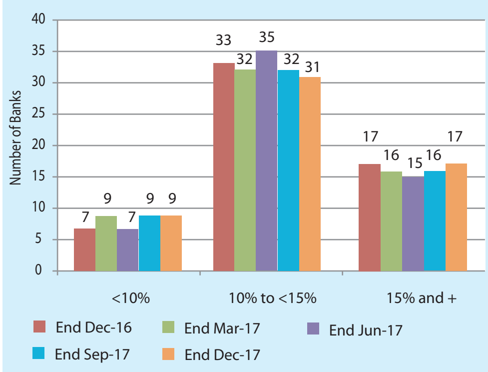
The banking sector aggregate CRAR stood at 10.8 percent, 10 basis points higher than the ratio recorded at end- September 2017. The ratio remained same compared to end-December 2016. On the other hand, Tier-1 capital ratio remained unchanged to 7.5 percent at end-December 2017 compared to the position of the previous quarter and declined slightly from 7.9 percent of end-December 2016. Still, Tier-1 ratio was considerably higher than the minimum regulatory requirement of 6.0 percent.

FCBs maintained higher CRAR while CRAR of the DFIs was negative in the review quarter (Chart 4.4).

[14] In the review quarter, minimum required CRAR was 10 percent.

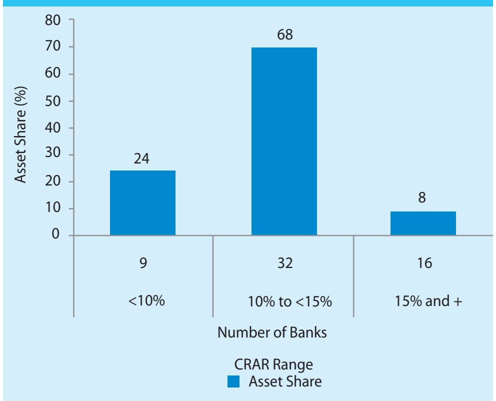
At end-December 2017, risk-weighted assets, arising from credit risks, accounted for 88.1 percent of the total industry's risk-weighted assets under Pillar 1 of the Basel III capital adequacy framework. It is mentionable that the proportion of credit risk weighted assets was 87.9 percent in the previous quarter and 87.2 percent at end-December 2017. Next positions were held by operational and market risk respectively (Chart 4.5).

Chart 4.1 Banking Sector Capital to Risk- Weighted Assets Ratio



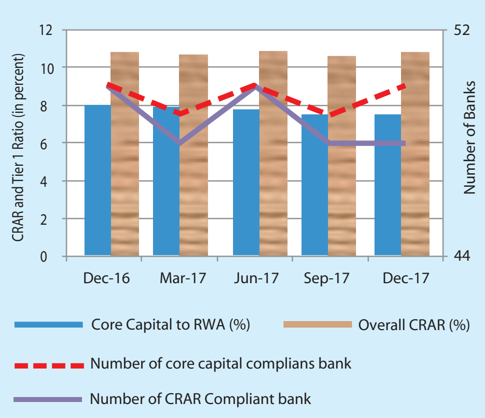
Source: DOS, BB.

Chart 4.2 Assets Share of Banks based on CRAR at End-December 2017



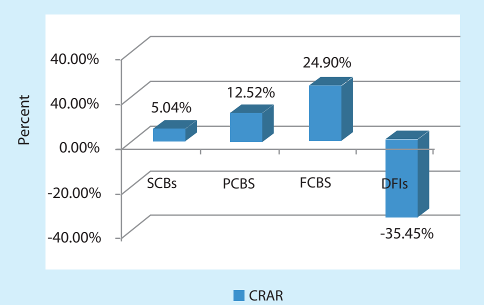
Source: DOS; Compilation FSD.BB.

Chart 4.3 Tier-1 Capital Ratio and Overall CRAR of the Banking Industry



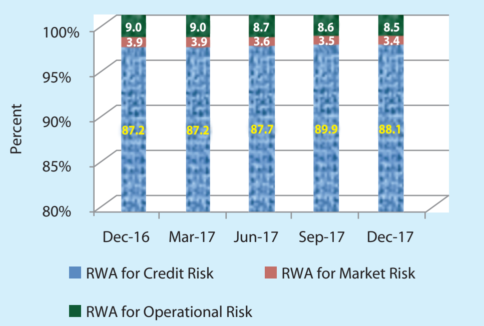
Source: DOS, BB.

Chart 4. 4 Bank Cluster-wise CRAR at End-December 2017



Source: DOS, BB.

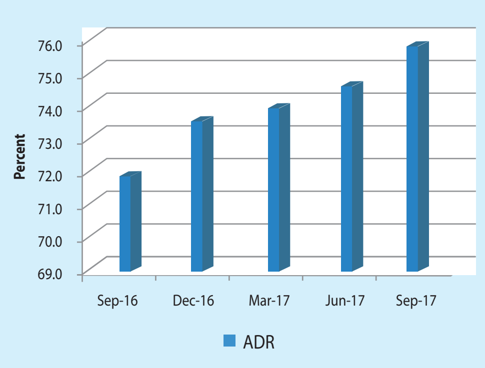
Chart 4. 5 Distribution of Risk Weighted Assets



Source: DOS, BB.

In the review quarter, against the regulatory requirement of 1.25 percent, 46 out of 57 banks have been able to maintain the minimum required capital conservation buffer (CCB) on solo basis[15]. However, in case of consolidated basis[16], 29 out of 36 banks fulfilled this regulatory requirement. The aggregate figure of CCB of the banking sector, in the stated quarter, was 0.83 and 1.27 percents on solo and consolidated basis respectively.

Chart 4.6 Banking Sector Advance-to-Deposit Ratio



Source: DOS, BB.

4.2 Liquidity

During the review quarter, banking sector, as a whole, was able to maintain the required level of CRR[17] and SLR.

Advance to Deposit Ratio (ADR) of the overall banking industry stood at 75.9 percent, 1 percentage points higher than that of end-September 2017 and 4 percentage points higher than that of end-December 2016 (Chart 4.6), though one or two sporadic short-lived incidents might be observed.

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15 Solo Basis refers to all position of a bank and its local and overseas branches/offices.

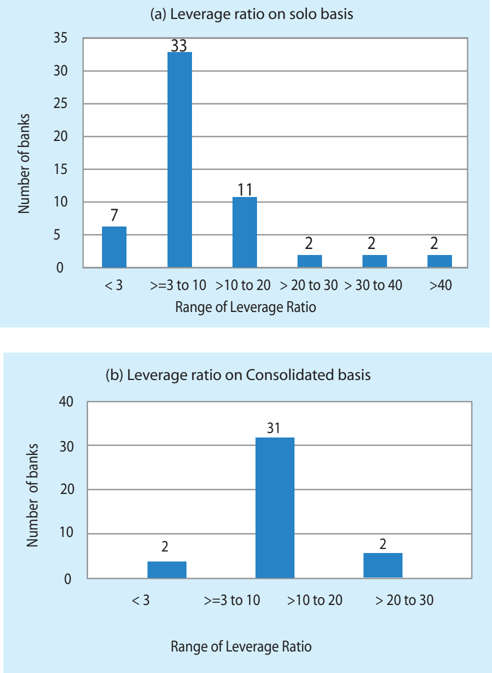
16 Consolidated Basis refers to all position of a bank (including its local and overseas branches/offices) and its subsidiary company/companies engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc (if any).

17 On bi-weekly average basis.

4.3 Leverage ratio

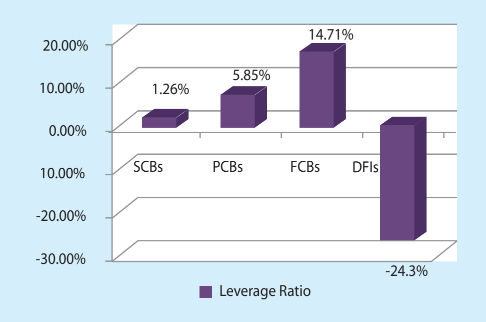
In the review quarter, banking industry fulfilled the minimum leverage ratio requirement of 3.0 percent, on both solo and consolidated basis[18]. At end-December 2017, banking industry's leverage ratio was 4.6 percent on solo basis; 50 out of 57 banks have maintained a leverage ratio of 3.0 percent or higher (Chart 4.7). On the other hand, in case of consolidated basis, 34 out of 36 banks have been able to fulfill the regulatory requirement. FCBs maintained higher leverage ratio compared to other banking clusters.

Chart 4.7 Leverage ratio of banks at End-December 2017



Source: DOS, BB.

Chart 4. 8 Bank Cluster-wise Leverage ratio at End-December 2017



Source: DOS, BB.

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

Chapter-5

Financial Institutions' Liquidity and Capital Adequacy

During the review quarter, FI sector displayed a better performance in terms of liquidity and capital adequacy. FI sector, as a whole, did not experience any shortfall in Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). Capital adequacy ratio (CAR) increased compared to that of the previous quarter.

5. 1 Liquidity

As of end-December 2017, the aggregate amount of maintained CRR was BDT 6.9 billion as compared to BDT 6.6 billion recorded at end-September 2017, scoring an increment of 4.5 percent. On the other hand, at end-December 2017, the amount of maintained SLR was BDT 81.5 billion against required amount of BDT 18.0 billion. The maintained SLR is 2.3 percent higher than the amount maintained at end-September 2017. During the review quarter, FI sector, as a whole, experienced no shortfall in CRR and SLR [19].

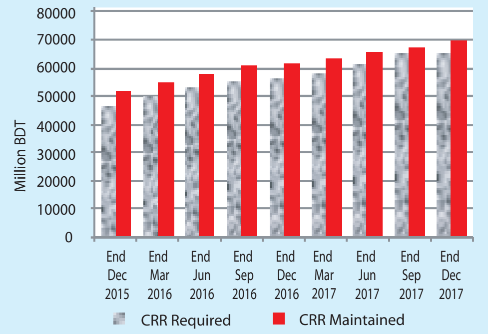
5.2 Capital Adequacy

In the review quarter, FIs were required to maintain a capital adequacy ratio (CAR) of 10.0 percent with at least 5.0 percent in Tier-1 capital in line with the Basel II framework.

The CAR of the FI sector increased from 13.3 percent of the September quarter of CY17 to 13.5 percent in the December quarter of CY17.

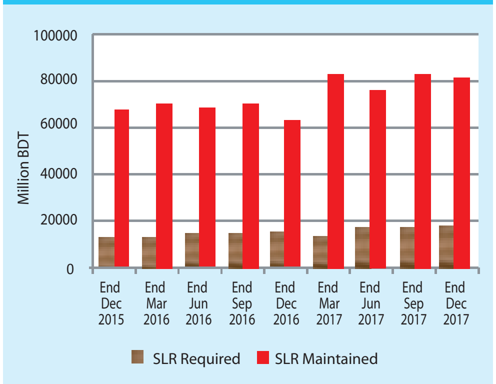
It is worth mentioning that the maintained CAR was well above the minimum regulatory requirement. In addition, the Tier-1 capital ratio was recorded at 12.0 percent; 0.2 percentage points higher than the ratio of end-September 2017.

Chart 5.1 FIs' CRR



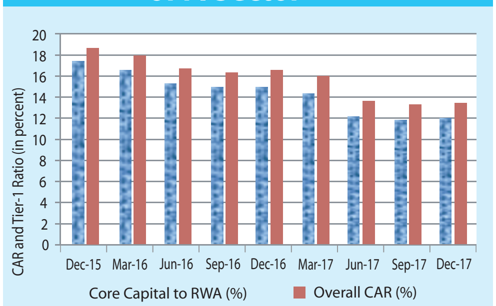
Source: DFIM, BB.

Chart 5.2 FIs' SLR



Source: DFIM, BB.

Chart 5.3 Capital Adequacy Ratio of FI Sector



Source: DFIM, BB.

[19] FIs taking term deposits are required to maintain a statutory liquidity requirement (SLR) of 5.0 percent of their total liabilities, inclusive of an average 2.5 percent cash reserve ratio (CRR) of their total term deposits. On the other hand, FIs operating without term deposits are required to maintain an SLR of 2.5 percent and are exempted from maintaining the CRR.

Stress Test and Resilience of the Banking and FI Sectors

6.1 Stress Test

Bangladesh Bank performs stress tests on Banks and Financial Institutions (FIs) on quarterly basis. The tests follow mostly a bottom-up approach.

6.2 Stress Test on Banks[20]

Stress test on banks is conducted through sensitivity analysis, incorporating impacts of a battery of shock scenarios for credit risk, market risk and liquidity risk.

6.2.1 Individual Shocks

Banking sector's capital to risk weighted asset ratio (CRAR)[21] was 10.83 percent at end-December 2017. Out of 57 banks, 9 banks' pre-shock CRARs were below the minimum regulatory requirement of 10.0 percent. Therefore, the remaining 48 banks were considered for the analyses based on end-December 2017 data. The following sub-sections outline details of the shocks and their associated outcomes.

6.2.1.1 Credit Risk

a) **Increase in Non-performing Loans (NPL[22]):** If NPLs increased by 3, 9 and 15 percent, then 4, 24 and 35 banks respectively would fail to maintain the minimum required CRAR (Table 6.1).

b) **Increase in NPL due to Default of Top Large Borrowers:** If 3, 7 and 10 largest borrowers of each bank in the industry defaulted, then 19, 34 and 38 banks respectively would become non-compliant in maintaining the minimum required CRAR.

c) **Fall in the Forced Sale Value (FSV) of Mortgaged Collateral:** If FSV of mortgaged collateral declined by 10, 20 and 40 percent, then it would make 2, 2, and 3 banks respectively non-compliant in maintaining the minimum required CRAR.

d) **Negative Shift in the NPL Categories:** If NPL categories shifted downward by 5, 10 and 15 percent, then 2, 7, and 11 banks respectively would have been non-compliant in maintaining the minimum required CRAR.

e) **Increase in NPL in Highest Outstanding Sector:** If minor, moderate and major shocks materialized, 1, 3 and 9 banks respectively would fall below the minimum regulatory requirement

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[20] The analyses here are based on the data as of end-December 2016 unless stated otherwise.

[21] CRAR = Capital to Risk Weighted Assets Ratio =Total Eligible Capital/(Credit RWA + Market RWA + Operational RWA), where RWA Risk-weighted assets).

[22] NPL = Non-performing loans, composed of sub-standard, doubtful and bad/loss loans.

Table 6.1 Stress test on the Banking Sector Based on Data as of End-December 2017

Shocks[23]	Banking Sector (%)
Pre-shock CRAR	10.83
CRAR after shock (%)	
Credit Risks:	
Increase in NPLs:	
Shock-1: 3%	9.98
Shock-2: 9%	7.83
Shock-3: 15%	4.30
Increase in NPLs due to default of top large borrowers	
Shock-1: Top 3 borrowers	9.21
Shock-2: Top 7 borrowers	7.63
Shock-3: Top 10 borrowers	6.58
Fall in the FSV[24] of mortgaged collateral	
Shock-1: 10%	10.22
Shock-2: 20%	9.60
Shock-3: 40%	8.33
Negative shift in the NPL categories	
Shock-1: 5%	10.19
Shock-2: 10%	8.67
Shock-3: 15%	7.35
Increase in NPLs in highest outstanding sectors	
Sector concentration 1[25] (Performing loan directly downgraded to B/L[26])	
Shock-1: 3%	10.75
Shock-2: 9%	10.60
Shock-3: 15%	10.45
Sector concentration 2[27] (Performing loan directly downgraded to B/L)	
Shock-1: 3%	10.69
Shock-2: 9%	8.67
Shock-3: 15%	7.35
Market Risks	
Interest rate risk (Change in interest rate)	
Shock-1: 1%	10.50
Shock-2: 2%	10.18
Shock-3: 3%	9.86
Exchange rate risk (Currency appreciation/depreciation)	
Shock-1: 5%	10.77
Shock-2: 10%	10.72
Shock-3: 15%	10.66
Equity price risk (Fall in equity prices)	
Shock-1: 10%	10.56
Shock-2: 20%	10.30
Shock-3: 40%	9.76
Combined Shock	
Shock-1	8.09
Shock-2	3.15
Shock-3	-3.86

23 Shock-1 = Minor, Shock-2 = Moderate, Shock-3 = Major.

24 FSV = Forced Sale Value.

25 Sector with highest outstanding.

26 B/L = Bad/Loss.

27 Sector with second highest outstanding.

6.2.1.2 Market Risk

The banking industry[28] is found to be mostly resilient in the face of various shocks arising from market risks:

a) Interest Rate Risk: In the event of interest rate shock of 1, 2 and 3 percents, 2, 3 and 7 banks respectively would fail to maintain the minimum required CRAR.

b) Exchange Rate Risk: In the event of currency appreciation or depreciation by 5, 10 and 15 percent, no bank would fall below the minimum regulatory requirement.

c) Equity Price Risk: In the event of a 10, 20 and 40 percent fall in equity prices, 2, 2 and 3 banks respectively would become non-compliant in maintaining the minimum required CRAR.

6.2.2 Combined Shock[29]

In the event of minor, moderate and major combined shocks, 13, 34 and 40 banks respectively would be undercapitalized.

6.2.3 Liquidity Shock

he banking system as a whole seemed to remain resilient against specified liquidity stress scenarios at end-December 2017, though one or two short-lived sporadic events for individual banks might be observed.

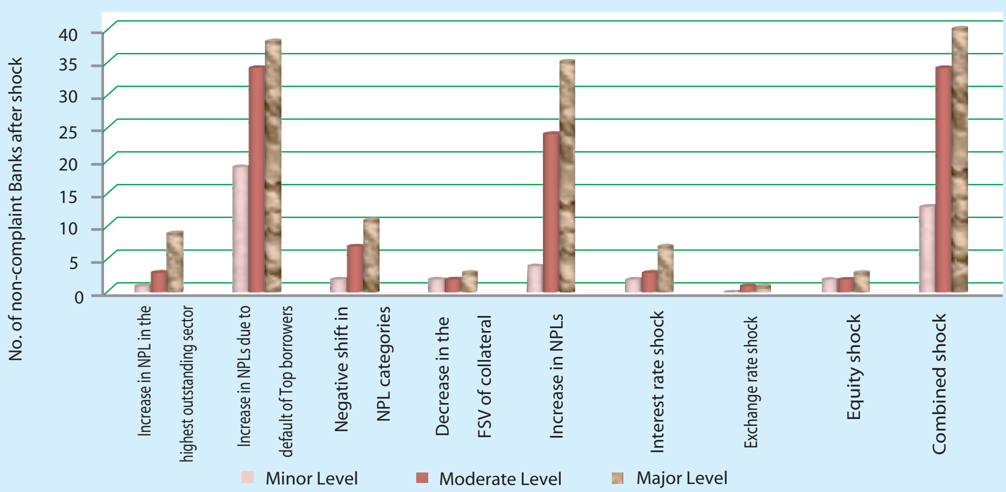
In sum, among different specified shocks, the default of the top large loan borrowers and increase in NPLs would have the most adverse impact on the banking sector CRAR.

Table 6.2 Liquidity Risk in the Banking Sector: End-December 2017

Liquidity Stress*	Stress Scenarios		
	Minor	Moderate	Major
Day 1	1	1	1
Day 2	1	1	1
Day 3	1	1	1
Day 4	1	1	1
Day 5	1	1	1

* Consecutive 5 working days.
Note: '1' indicates that the system is liquid and '0' not liquid.
Source: FSD, BB.

Chart 6.1 Number of Non-compliant Banks at Different Shock Scenarios: December 2017

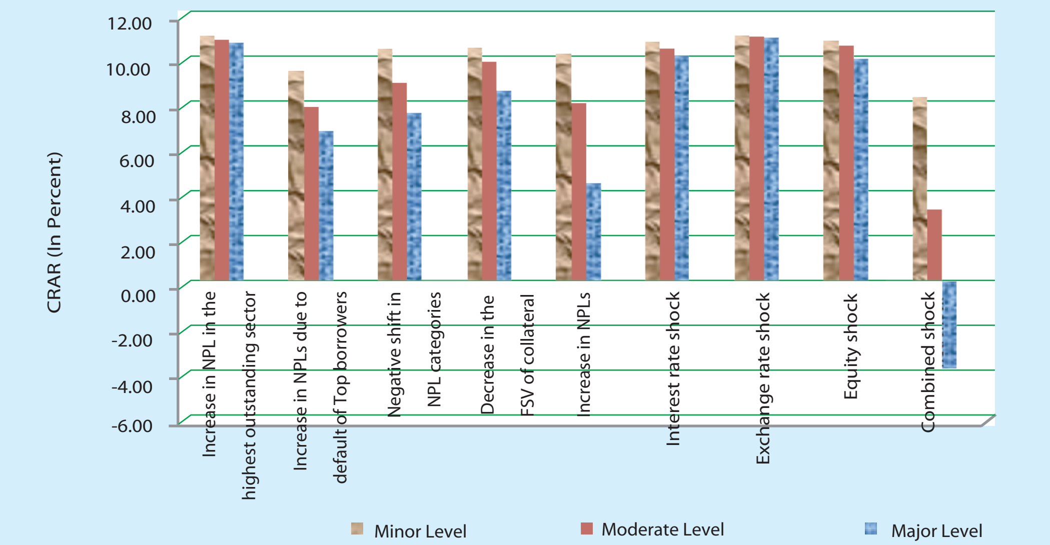


Source: FSD, BB.

[28] Only scheduled banks have been considered here.

[29] Combined shock comprised of aggregate stress results of increase in NPLs, negative shifts in NPL categories, decrease in the FSV of the mortgaged collateral, exchange rate shock, equity price shock and interest rate shock.

Chart 6.2 Banking Sector CRAR at Different Shock Scenarios: December 2017



Source: FSD, BB.

6.3 Stress Test on FIs

Bangladesh Bank also conducts stress tests on FIs based on a simple sensitivity analysis, in which four risk factors- credit, interest rate, equity price and liquidity - are analyzed.

At end-December, out of 33 FIs, 4, 19, and 10 were positioned in Green, Yellow, and Red zones respectively (Table 6.3).[30] It is worth noting that the results of stress tests, furnished here, are based on sensitivity analysis under several hypothetical assumptions, and therefore, should not be treated as exact materialization of shock events.

Table 6.3 Stress Tests: Zonal Position of FIs (Number of FIs)

Quarter	Green	Yellow	Red
End-Sep 2016	6	17	10
End-Dec 2016	5	21	7
End-Mar 2017	4	18	11
End-Jun 2017	4	17	12
End-Sep 2017	3	17	13
End-Dec 2017	4	19	10

Source: DFIM, BB.

[30] The overall financial strength and resilience of an FI is identified by plotting its achieved ratings in a Weighted Average Resilience-Weighted Insolvency Ratio (WAR-WIR) Matrix.

Capital Market Development

In the review quarter, most of the domestic capital market indicators in both bourses demonstrated price appreciation with respect to the positions of the previous quarter. An uptrend of market capitalization and dominance of banking sector in both bourses were also observed during the quarter.

7.1 Dhaka Stock Exchange (DSE)

7.1.1 DSE Performance

In the last quarter of CY17, DSE turnover dropped by 28.3 percent and reached BDT 433.6 billion from BDT 604.6 billion recorded in the previous quarter. However, at end-December 2017, key DSE indices DSEX, DS30 and DSES increased by 2.5, 4.8 and 3.3 percent respectively from those of end-September 2017.

7.1.2 Price/Earnings (P/E) Ratio

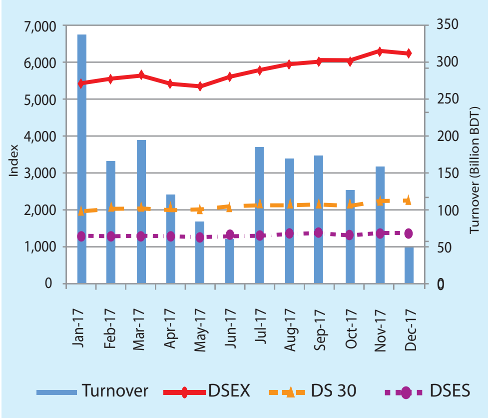
The weighted average P/E ratio increased by 100 basis points (bps) during the quarter and stood at 17.3 at end-December 2017. An overall upward trend is observed in market P/E ratio since the first quarter of CY16.

7.1.3 Sectoral Turnover

In the review quarter, the highest turnover was recorded by the banking sector followed by engineering and financial institutions sectors. Next positions were held by pharmaceuticals and chemicals sector and textile sector respectively (Chart 7.3).

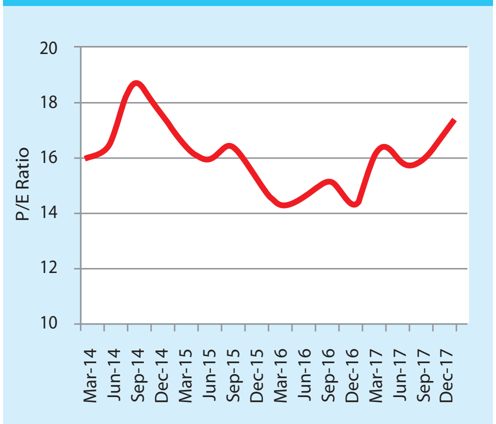
Contribution of the banking sector to DSE turnover increased sharply to 33.7 percent from 27.2 percent recorded in September quarter of CY17. The financial institutions sector's contribution was 10.6 percent against 9.1 percent in the previous quarter.

Chart 7.1 DSE Performance



Source: DSE; Compilation: FSD, BB.

Chart 7.2 Price/Earnings Ratio

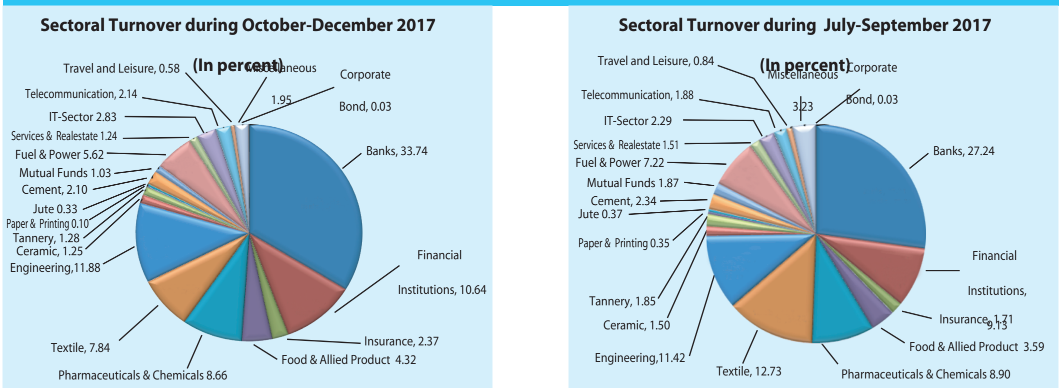


Source: DSE.

7.1.4 Market Capitalization

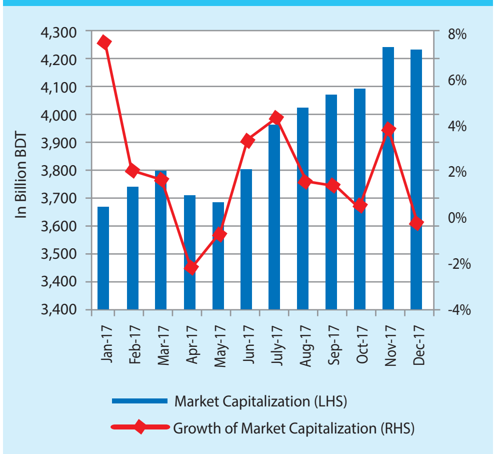
At end-December 2017, the market capitalization stood at BDT 4,229 billion, which is 3.9 percent higher than BDT 4,072.1 billion recorded at end-September 2017. Though growth rate of market capitalization had been exhibiting mixed trend over the quarters, a gradual uptrend in market capitalization was observed throughout CY17.

Chart 7.3 Sectoral Turnover (in percent) in DSE



Source: DSE; Compilation: FSD, BB.

Chart 7.4 Market Capitalization and Its Growth Rate



Source: DSE; Compilation: FSD, BB.

7.2 Chittagong Stock Exchange (CSE)

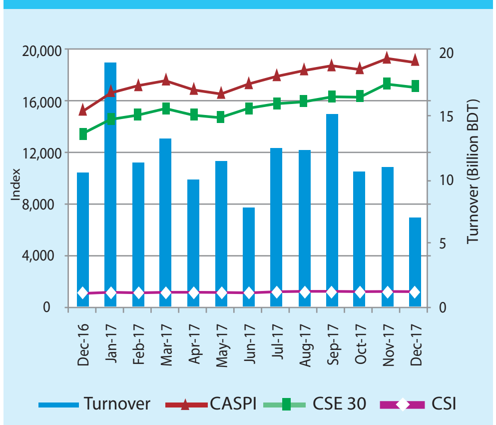
7.2.1 CSE Performance

In the review quarter, CSE turnover was BDT 29.9 billion, which is 28.3 percent lower than BDT 41.8 billion recorded in the previous quarter of CY17. While most of the companies, mutual funds and corporate bonds listed in DSE are also listed with CSE, debentures and Govt. T-bonds are traded only through DSE. Like those of DSE, a scenario of price appreciation was also observed in key CSE indices such as CASPI[31], CSE30 and CSI[32], which increased by 2.1, 4.9 and 2.0 percent respectively during the review quarter.

7.2.2 Price/Earnings (P/E) Ratio

The weighted average P/E ratio decreased by 20 bps and reached 17.0 during the quarter. However, the ratio was quite upbeat in 2017 compared to the downtrend observed between September 2014 and December 2016, indicating investors' anticipation of higher growth in the future.

Chart 7.5 CSE Performance



Source: CSE; Compilation: FSD, BB.

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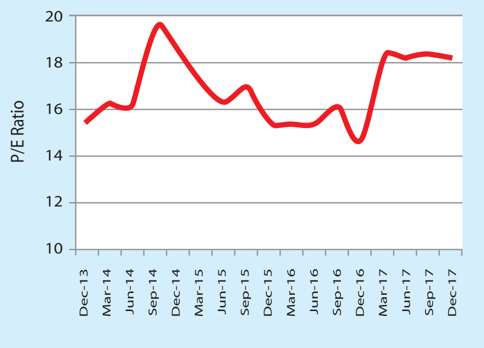
[31] CASPI refers to CSE All Share Price Index.

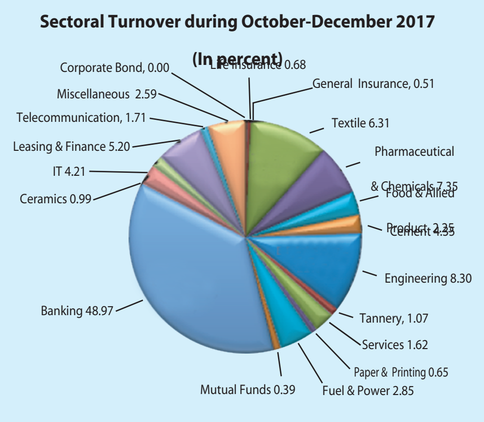
[32] CSI refers to CSE Shari'ah Index.

Chart 7.6 Price/Earnings Ratio



Source: CSE

Chart 7.7 Sectoral Turnover (in percent) in CSE



Source: CSE; Compilation: FSD, BB.

Note: Due to unavailability of data for the month of November, only October and December data were considered for calculating sectoral turnover during October-December 2017.

7.2.3 Sectoral Turnover

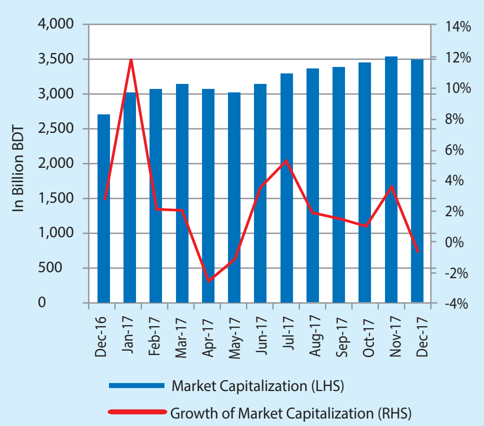
Banking sector continued to record the highest turnover during the review quarter. Contribution of the banking sector to CSE turnover was 49.0 percent compared to 36.6 percent recorded in the previous quarter (Chart 7.7).

Mentionable that, next four sectors in terms of turnover were recorded by engineering, pharmaceuticals and chemicals, textile, and leasing and finance sectors respectively.

7.2.4 Market Capitalization

At end-December 2017, the market capitalization of CSE stood at BDT 3,523.0 billion, which is 4.1 percent higher than that of end-September 2017 (i.e. BDT 3,382.7 billion). An overall uptrend was observed in monetary amount of market capitalization over the quarters.

Chart 7.8 Market Capitalization and Its Growth Rate in CSE



Source: CSE; Compilation: FSD, BB.

Chapter-8

Recent Stability Initiatives of Bangladesh Bank

During the October-December quarter of the calendar year 2017, Bangladesh Bank (BB) has taken a number of initiatives having implications to domestic financial system stability. Some of the important ones are:

8.1 Amendment in Guidelines of Islamic Refinance Fund

A fund titled Islamic Refinance Fund Account was created at BB through BRPD circular no. 13, dated 18 September 2014, to utilize the excess reserves of the Islamic banks and FIs maintained with BB for refinancing the agro-processors, small enterprises, renewable energy sector and environment-friendly ventures. Now, BB amended Section-2(a), 2(b) and 5(a) of the operating guidelines of the stated fund. Both the tenure of renewable investment in the fund and the tenure of available refinancing were increased from 3 months to 1 year. Also, refinancing facility availed from BB shall be repayable at the end of each year instead of each quarter along with quarterly profit and it can be rolled over on yearly basis (instead of quarterly basis) up to the tenure of the original financing.

8.2 Small and Medium Sized Enterprise Development Project

With a view to developing cottage, micro, small and medium sized enterprise (CMSME) sector, a refinance fund worth USD 240 million was established at BB. Participating banks and FIs which will finance CMSME will be provided refinance facility from this fund. BB issued a guideline in this regard which includes instructions on selection of eligible projects/businesses, selection of eligible banks and FIs, interest rate, collection process and other relevant directions.

8.3 Changes in the Foreign Exchange Regulations

During the review quarter, BB has brought a number of changes in its foreign exchange regulations that are stated below:

i) Surplus earnings of foreign shipping lines working in Bangladesh/their agents are remittable without prior approval of BB. Earlier, only freight charges collected in Bangladesh were considered as source of fund for calculating remittable surplus. Now, it has been decided that the legitimate charges (charges of demurrage, detention, handling or equivalent charges) in addition to freight collectable in Bangladesh shall be considered as sources of fund for calculating remittable surplus of foreign shipping lines/their agents subject to deduction of applicable taxes and commission. Accordingly, Form

Shipping-I has also been amended to bring transparency in transaction.

ii) To facilitate the repatriation of remittances against small value service exports in non-physical form through Online Payment Gateway Service Providers (OPGSP), BB issued FE circular no. 15, dated 07 August 2011 and subsequent circulars for further instructions/revisions of earlier ones. Now, to bring ease in operations of transactions through OPGSP, BB consolidated all the previous instructions and included the necessary modifications at one place and issued a master circular in this regard. It covers issues regarding ADs' standing arrangement with OPGSP, Nostro collection account, limit of export value for this facility, due diligence by ADs, and reporting requirements, among other relevant issues.

iii) To bring ease in operations of Export Development Fund (EDF), BB issued a master circular consolidating all the previous circulars and including the relevant modifications. This revised master circular includes instructions relating to EDF and its objective, interest rate on borrowings from EDF, tenor of EDF loans, eligibility for EDF loans, amounts of EDF loans, and procedure of application for EDF loans from BB.

iv) Considering the prevailing interest rate in the international market, BB revised the prevailing interest rate applied for Participating Financial Institutions (PFIs) that availed Long Term Financing Facility (LTFF) under Financial Sector Support Project (FSSP). BB decided that an indicative pricing range of six-month USD LIBOR + 2.0 ~ 3.0 percent would be applicable to the PFIs based on their CAMELS Ratings. The revised rate came into immediate effect for all existing and future loans of LTFF.

v) In order to widen the scope of the Green Transformation Fund (GTF), BB decided to include export-oriented jute product manufacturing sector in the on-lending/refinancing facilities to facilitate their import of capital machinery and accessories for green/environment friendly initiatives.

vi) BB took initiatives to bring foreign exchange regulations regarding outward remittances of royalty, technical knowhow or technical assistance fees, operational service fees, marketing commission etc. in conformity with Section 18 of Bangladesh Investment Development Authority (BIDA) Act, 2016. Accordingly, private sector industrial enterprises, as defined in Section 15(3) of the Act, shall have approval from BIDA for such remittances. On receipt of applications together with approval from BIDA, ADs shall satisfy themselves of the eligibility of the enterprises, deduction of all applicable taxes payable and genuineness of the relevant documents. In accordance with the above decision, paragraph 25 and 26 of Chapter 10 and App-5/59 of the Guidelines for Foreign Exchange Transactions (GFET) 2009, Vol-1 shall stand repealed.

vii) BB decided that Letter of Credit Authorization Forms (LCAFs) issued for the import of spare parts shall remain valid for remittances for 30 months following the month of issuance. Besides, ADs may also open L/Cs on behalf of industrial units to import necessary spare parts of capital machineries for own industrial use up to 360 days usance basis. It was also decided that for such deferred payment imports, the prices must be internationally competitive and all in cost including usance interest must not exceed 6 percent per annum.

8.4 Agricultural and Rural Credit Disbursement by Private Commercial and Foreign Banks

To strengthen food security and the base of domestic economy, BB consolidated all previous instructions with necessary modifications/ inclusions regarding determination of target for disbursement of agricultural and rural credit and its implementation for all private commercial and foreign banks. These new instructions include determination of disbursement target for all private commercial and foreign banks, punitive measures if a bank fails to achieve the target and other relevant matters.

8.5 Instructions regarding Mobile Financial Services Operation

With a view to preventing abuse of mobile financial services (MFS) and to ensuring discipline, BB decided that an MFS customer can maintain a balance of BDT 0.3 million at maximum in his/her individual mobile account from 01 January 2018 onwards. MFS providers were instructed to bring down the balance of any individual mobile account in excess of the stated limit within the same by 31 December 2017.

8.6 Instructions to Increase Remittance Flow

In order to boost the inflow of foreign remittance, BB advised the scheduled banks to consider the allocation of expenditures of training conducted under various training and development program to develop the efficiency of wage earners and opening and maintenance of wage earners' bank accounts under their Corporate Social Responsibility (CSR) initiatives. Banks were instructed to show such expenses under the applicable sub-sector of 'Social Projects/Community Investment' Sector in the format provided through GBCSRD circular letter no 06 dated 10 June 2015.

Appendices

Table I : CPI Inflation (12 month Average)

(Percent)

Month	Inflation (General)	Inflation (Food)	Inflation (Non-Food)
Sep-16	5.7	4.6	7.5
Dec-16	5.5	4.5	7.1
Mar-17	5.4	5.2	5.7
Jun-17	5.4	6.0	4.8
Sep-17	5.6	6.7	3.8
Dec-17	5.7	7.2	3.5

Base: 2005-06=100

Table II Foreign Exchange Reserve

(Amount in million USD)

Month-end	International Reserve
Dec-15	27,493.3
Mar-16	28,265.9
Jun-16	30,137.6
Sep-16	31,385.9
Dec-16	32,092.0
Mar-17	32,215.0
Jun-17	33,407.0
Sep-17	32,816.6
Dec-17	33,227.0

Table III Wage Earners' Remittance

(Amount in million USD)

Quarter	Amount
Dec-15	3,553.6
Mar-16	3,572.5
Jun-16	3,871.5
Sep-16	3,245.8
Dec-16	2,921.1
Mar-17	3,027.7
Jun-17	3,574.9
Sep-17	3,387.9
Dec-17	3,920.7

Table IV Exports and Imports

(Amount in million USD)

Quarter	Aggregate Exports (F.O.B)	Aggregate Imports (F.O.B)
Dec-15	8,089.0	9,836.0
Mar-16	8,624.0	9,765.0
Jun-16	9,088.0	10,720.0
Sep-16	7,909.0	9,502.0
Dec-16	8,501.0	10,645.0
Mar-17	8,920.0	11,448.0
Jun-17	8,689.0	11,123.0
Sep-17	8,549.0	12,199.0
Dec-17	9,137.0	14,115.0

Table V Interest Rate (Weighted Average) Spread

(In Percent)

Period	Lending Rate	Deposit Rate	Spread
Dec-15	11.2	6.3	4.8
Mar-16	10.8	5.9	4.9
Jun-16	10.4	5.5	4.9
Sep-16	10.1	5.4	4.7
Dec-16	9.9	5.2	4.7
Mar-17	9.7	5.0	4.7
Jun-17	9.5	4.8	4.7
Sep-17	9.5	4.9	4.6
Dec-17	9.4	4.9	4.5

Table VI Weighted Average Exchange Rate

(BDT/USD)

Quarter	Period Average	End Period
Dec-15	78.7800	78.5100
Mar-16	78.4100	78.4000
Jun-16	78.4000	78.4000
Sep-16	78.4000	78.4000
Dec-16	78.8040	78.7022
Mar-17	79.5000	79.7000
Jun-17	80.5900	80.6000
Sep-17	80.7400	80.8000
Dec-17	82.5500	82.7000

Table VII Credit to the Government (Gross) by the Banking System

(Amount in billion BDT)

Period	Amount
Dec-15	1,710.6
Mar-16	1,632.5
Jun-16	1,804.8
Sep-16	1,807.7
Dec-16	1,691.1
Mar-17	1,615.1
Jun-17	1,684.5
Sep-17	1,666.0
Dec-17	1,620.0

Table VIII Asset Structure of the Banking Industry

(Amount in billion BDT)

Property and Assets	31-03-2017	30-06-2017	30-09-2017	31-12-2017
Cash in hand	109.1	141.6	115.8	117.6
Balance with Bangladesh Bank and its Agent Bank	747.8	847.8	756.7	833.1
Balance with other banks and financial Institutions	474.9	572.3	601.4	684.7
Money at call and short notice	107.9	101.0	136.8	71.5
Investment	2055.4	1942.5	1991.3	1918.9
Loans and Advances	7370.4	7775.7	8004.5	8487.3
Fixed Assets	224.9	225.8	226.3	226.7
Other Assets	687.0	760.1	772.3	715.8
Non-banking assets	3.7	3.5	3.5	3.7
Total Assets	**11,781.1**	**12,370.3**	**12,608.6**	**13,059.3**

Table IX Banking Sector Assets & NPL Concentration (December-2017)

(Amount in billion BDT)

Assets	Top 5 Banks	Other Banks	Top 10 Banks	Other Banks
Amount	4022.7	9036.7	5787.8	7,271.6
Share (%)	30.8	69.2	44.3	55.7
NPL	**Top 5 banks**	**Other banks**	**Top 10 banks**	**Other banks**
Amount	365.7	377.4	486.7	256.4
Share (%)	49.2	50.8	65.5	34.5

Table X Banking Sector NPL Ratio

(Amount in billion BDT)

Quarter	Aggregate NPL	Gross NPL Ratio (NPL/TL) (%)	NPL (net of LLP and IS) Ratio (%)	NPL (net of LLP and IS)/ Reg. Cap. (%)
Dec-15	513.7	8.3	2.3	16.5
Mar-16	594.1	9.9	2.9	21.2
Jun-16	633.7	10.1	2.8	21.1
Sep-16	657.3	10.3	2.8	20.8
Dec-16	621.7	9.2	2.3	18.0
Mar-17	734.1	10.5	2.9	22.7
Jun-17	741.5	10.1	2.6	19.7
Sep-17	803.1	10.7	2.9	22.4
Dec-17	743.0	9.3	2.2	17.2

Table XI Distribution of Banks by NPL Ratio

Range	Number of Banks as at end				
	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Up to 2.0%	9	7	8	7	10
2.0% to <3.0%	6	6	4	4	5
3.0% to <5.0%	16	12	13	10	17
5.0% to <10.0%	14	18	19	24	13
10.0% to <15.0%	1	3	3	1	2
15.0% to <20.0%	2	1	1	0	1
20.0% & above	9	10	9	11	9
Total	**57**	**57**	**57**	**57**	57

Table XII Banking Sector Loan Loss Provisions

(Amount in billion BDT)

Period	Required Provision	Provision Maintained	Provision Maintenance Ratio (%)
Dec-15	308.9	266.1	86.1
Mar-16	336.2	294.9	87.7
Jun-16	361.8	317.3	87.7
Sep-16	372.3	328.5	88.2
Dec-16	362.1	307.4	84.9
Mar-17	419.2	366.9	87.5
Jun-17	436.4	374.5	85.8
Sep-17	463.1	399.7	86.3
Dec-17	443.0	375.3	84.7

Table XIII Banking Sector Classified Loans Ratios

(In percent)

Period	Classified Loans To Total Loans	Sub-Standard Loans To Classified Loans	Doubtful Loans To Classified Loans	Bad Loans To Classified Loans
Dec-15	8.8	8.9	6.4	84.7
Mar-16	9.9	15.1	5.4	79.6
Jun-16	10.1	11.8	8.3	79.9
Sep-16	10.3	11.6	6.0	82.4
Dec-16	9.2	10.2	5.4	84.4
Mar-17	10.5	11.1	6.8	82.1
Jun-17	10.1	10.2	6.8	83.1
Sep-17	10.7	12.0	6.0	82.0
Dec-17	9.3	7.5	5.5	87.0

Table XIV Classified Loan Composition (End-December 2017)

(Amount in billion BDT)

Particulars	Amount	Percent Of Total
Sub-Standard	55.63	7.5
Doubtful	41.22	5.5
Bad & Loss	646.18	87.0
Total	**743.03**	**100.0**

Table XV Banking Sector ROA Range

Quarter	ROA Range			
	Up to 2.0%	> 2.0% to ≤ 3.0%	> 3.0% to ≤ 4.0%	> 4.0%
Dec-15	35	12	5	4
Mar-16	48	2	2	4
Jun-16	49	3	3	1
Sep-16	49	4	3	0
Dec-16	48	7	1	1
Mar-17	51	4	1	1
Jun-17	53	2	1	1
Sep-17	52	4	0	1
Dec-17	52	4	0	1

Note: ROAs have been annualized from respective quarterly ratios.

Table XVI Banking Sector ROE Range

Quarter	ROE Range			
	Up to 5.0%	> 5.0% to ≤ 10.0%	> 10.0% to ≤ 15.0%	> 15.0%
Dec-15	9	7	12	28
Mar-16	20	18	7	11
Jun-16	17	17	13	9
Sep-16	14	20	14	8
Dec-16	11	12	16	18
Mar-17	22	17	12	6
Jun-17	18	20	12	7
Sep-17	14	21	9	13
Dec-17	16	8	21	12

Notes: ROEs have been annualized from respective quarterly ratios .

Table XVII Banking Sector ROA and ROE

Ratio	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
ROA	0.4	0.5	0.8	0.1	0.3	0.4	0.8
ROE	5.0	6.1	10.8	1.2	3.7	5.9	10.9

Notes: 1. The figures are annualized from respective quarterly ratios; e.g.

(a) annualized ROA of 1st quarter of 2017 = (Profit in 1st quarter of 2017 x 4/Total asset at the end of 1st quarter of 2017) x 100.

(b) annualized ROA of 2nd quarter of 2017 = ((Profit in 1st quarter of 2017+Profit in 1st quarter of 2017) x 2/Average of assets at the end of 1st and 2nd quarters of 2017) x 100.

(c) Annualized ROA of 4th quarter of 2016 = (Aggregate of profits in four quarters of 2016/Average of total assets at the end of four quarters of 2016) x100.

(d) Similar method applied for annualizing quarterly ROE.

Table XVIII FIs' Borrowing, Deposit and Capital

(Amount in billion BDT)

Particulars	June-2017	September-2017	December-2017
Borrowings	178.5	177.0	121.4
Deposits	418.9	447.9	527.7
Capital	109.5	109.8	114.5
Other Liabilities	72.1	75.7	102.1
Total	**778.9**	**810.4**	**865.7**

Table XIX FIs' Asset Composition

(Amount in billion BDT)

Particulars	June-2017	September-2017	December-2017
Cash & Balance with Banks/FIs	113.8	121.4	130.0
Investments	18.9	22.6	22.1
Loans & Leases	576.4	593.7	613.0
Other Assets	59.2	62.0	63.8
Fixed Assets	10.7	10.7	36.8
Total	**778.9**	**810.4**	**865.7**

Table XX FIs' Classified Loans and Leases

(Amount in billion BDT)

Quarter	Aggregate NPL	Aggregate NPL to total loan (%)
Jun-15	31.6	7.7
Sep-15	45.2	10.6
Dec-15	40.0	8.9
Mar-16	41.8	8.9
Jun-16	45.1	9.0
Sep-16	45.6	8.9
Dec-16	39.3	7.4
Mar-17	45.0	8.1
Jun-17	52.0	8.9
Sep-17	55.9	9.4
Dec-17	45.2	7.3

Table XXI FIs' ROA & ROE

(In percent)

Quarter	Aggregate ROA	Aggregate ROE
Sep-15	1.3	7.8
Dec-15	2.0	11.8
Mar-16	0.6	3.9
Jun-16	0.8	5.5
Sep-16	0.9	6.0
Dec-16	0.8	5.4
Mar-17	0.6	4.2
Jun-17	1.0	7.4
Sep-17	0.5	3.6
Dec-17	2.0	15.2

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

Table XXII Banking Sector CAR/CRAR Distribution

CAR	Number Of Banks (At End Period)						
	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
< 10%	9	9	7	9	7	9	9
10% to ≤15%	32	32	33	32	35	31	31
15% +	15	15	17	16	15	17	17

Table XXIII Banking Sector Asset Share based on CRAR as at end-December 2017

CRAR	Number of banks & their asset size		Asset share (%)
	Number of banks	Asset size (in billion BDT)	
<10%	9	3,071.4	23.5
10% ≤ to < 15%	31	8,818.5	67.5
15% +	17	1,169.4	9.0
Total	**57**	**13,059.3**	**100.0**

Table XXIV Tier-1 Capital Ratio and Overall CAR/CRAR of the Banking Industry

Particulars	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Core Capital to RWA (%)	8.2	7.6	7.6	7.9	7.8	7.8	7.5	7.5
Number of core capital compliant banks	50	49	49	50	49	50	49	50
Overall CAR (%)	10.6	10.3	10.3	10.8	10.7	10.9	10.7	10.8
Number of CAR compliant banks	48	47	47	50	48	50	48	48
No. of banks in the industry	56	56	56	57	57	57	57	57

Table XXV Distribution of Risk Weighted Assets of the Banking Industry

(Amount in billion BDT)

Particulars	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
RWA for Credit Risk	6,758.4	6,891.7	7,262.4	7,439.9	7698.2
RWA for Market Risk	299.6	304.7	301.6	297.9	292.9
RWA for Operational Risk	696.4	707.2	718.6	724.4	743.4
Total RWA	**7,754.4**	**7,903.6**	**8,282.5**	**8,462.2**	**8,734.5**

Table XXVI Banking Sector Regulatory Capital Position (Solo Basis)

(Amount in billion BDT)

Period	Minimum Capital Requirement	Total Regulatory Capital
Mar-16	745.3	756.1
Jun-16	775.2	768.8
Sep-16	783.4	776.9
Dec-16	808.1	837.6
Mar-17	820.9	844.2
Jun-17	857.0	899.6
Sep-17	873.6	901.0
Dec-17	901.5	945.6

Table XXVII Banking Sector Advance-to-Deposit Ratio (ADR)

(In percent)

Period	ADR %
Mar-15	70.5
Jun-15	70.3
Sep-15	69.8
Dec-15	71.0
Mar-16	71.5
Jun-16	71.6
Sep-16	71.1
Dec-16	71.9
Mar-17	73.4
Jun-17	73.9
Sep-17	74.8
Dec-17	75.9

Table XXVIII Bank Cluster-wise ADR at end-December 2017

(In percent)

Bank wise	ADR (%)
SCBs	54.56
PCBs	84.68
FCBs	69.73
DFIs	76.74
Industry	75.87

Table XXIX FIs' CRR & SLR

(Amount in billion BDT)

Quarter End	Aggregate CRR			Aggregate SLR		
	Required	Maintained	Surplus/Shortfall	Required	Maintained	Surplus/Shortfall
Dec 2015	4,781.6	5,234.6	453.0	12,935.7	68,042.7	55,107.0
Mar 2016	4,976.3	5,540.4	564.1	13,567.2	71,023.4	57,456.2
Jun 2016	5,312.6	5,829.6	517.0	14,570.9	69,361.9	54,791.0
Sep 2016	5,576.8	6,115.4	538.6	15,122.4	71,110.0	55,987.6
Dec 2016	5,805.0	6,177.7	372.8	15,514.5	64,958.2	49,443.7
Mar 2017	5,939.4	6,400.4	461.00	14,313.4	83,290.4	68,977.0
Jun 2017	6,158.8	6,509.6	350.8	16,880.2	76,950.7	60,070.5
Dec 2017	6,512.2	6,968.45	456.35	17,981.9	81,455.7	63,473.8

Table XXX Capital Adequacy Ratio of FI Sector

Particulars	End Sep-16	End Dec-16	End Mar-17	End Jun-17	End Sep-17	End Dec-17
Eligible Capital to RWA (%)	16.3	16.6	16.0	13.7	13.3	13.5

Table XXXI Overall Risk-weighted Assets and Tier 1 Capital of FI Sector

(Amount in billion BDT)

Particulars	End Sep-16	End Dec-16	End Mar-17	End June-17	End Sep-17	End Dec-17
Risk Weighted Assets (RWA)						
Credit RWA	506.4	518.3	543.8	579.3	592.6	622.5
Market RWA	47.6	50.0	55.3	54.2	61.5	62.9
Operational RWA	38.9	41.3	42.4	42.7	42.8	43.1
Total RWA	**592.9**	**609.6**	**641.5**	**676.2**	**696.9**	**728.5**
Capital						
Core Capital (Tier -1)	88.8	91.3	92.2	92.7	82.4	87.3
Supplementary Capital	8.0	9.7	10.2	10.4	10.6	11.0
Eligible Capital	96.8	101.0	102.4	103.1	93.0	98.3

Table XXXII Banking Sector's After Shock CRAR at Different Shock Scenarios

(Based on data as of end-Dec 2017)

Shocks	CRAR after Shock (%)		
	Minor Level	Moderate Level	Major Level
Increase in NPL in the highest outstanding sector	10.75	10.60	10.45
Increase in NPLs due to default of Top borrowers	9.21	7.63	6.58
Negative shift in NPL categories	10.19	8.67	7.35
Decrease in the FSV of collateral	10.22	9.60	8.33
Increase in NPLs	9.98	7.83	4.30
Interest rate shock	10.50	10.18	9.86
Exchange rate shock	10.77	10.72	10.66
Equity shock	10.56	10.30	9.76
Combined shock	8.09	3.15	-3.86

Table XXXIII Number of Non-complaint Banks at Different Shock Scenarios

(Based on data as of end-Dec 2017)

Shocks	No. of Banks		
	Minor Level	Moderate Level	Major Level
Increase in NPL in highest outstanding sector	1	3	9
Increase in NPLs due to default of Top borrowers	19	34	38
Negative shift in NPL categories	2	7	11
Decrease in the FSV of collateral	2	2	3
Increase in NPLs	4	24	35
Interest rate shock	2	3	7
Exchange rate shock	0	1	1
Equity shock	2	2	3
Combined shock	13	34	40

Table XXXIV Price/Earnings Ratio of Capital Market		
Quarter	DSE Price/Earnings Ratio	CSE Price/Earnings Ratio
Dec-14	17.8	17.2
Mar-15	16.5	16.1
Jun-15	15.9	15.4
Sep-15	16.4	15.9
Dec-15	15.2	14.7
Mar-16	14.3	14.7
Jun-16	14.6	14.6
Sep-16	15.1	15.2
Dec-16	14.3	14.0
Mar-17	16.3	17.1
Jun-17	15.7	17.1
Sep-17	16.3	17.2
Dec-17	17.3	17.0

Table XXXV DSE Performance				
Month	DSE Turnover (BDT in millions)	Index		
		DSEX	DSE 30	DSES
Dec-16	177.80	5,036.05	1,810.91	1,191.87
Jan-17	342.32	5,468.34	1,993.15	1,268.28
Feb-17	194.04	5,612.70	2,025.83	1,305.64
Mar-17	217.70	5,719.61	2,090.76	1,303.72
Apr-17	153.18	5,475.55	2,016.14	1,263.91
May-17	122.58	5,403.12	2,005.19	1,251.39
Jun-17	101.56	5,656.05	2,083.80	1,296.74
Jul-17	209.29	5,860.65	2,143.51	1,315.20
Aug-17	195.89	6,006.43	2,138.73	1,322.10
Sep-17	199.44	6,092.84	2,177.62	1,345.86
Oct-17	156.97	6,019.59	2,168.03	1,316.25
Nov-17	184.22	6,306.86	2,270.14	1,381.51
Dec-17	92.38	6,244.52	2,283.23	1,390.67

Table XXXVI CSE Performance

Month	CSE Turnover (BDT in millions)	Index		
		CASPI	CSE 30	CSI
Oct-16	6.80	14,146.41	12,748.85	984.32
Nov-16	8.30	14,778.22	13,178.89	1,028.41
Dec-16	11.05	15,477.66	13,583.60	1,072.08
Jan-17	20.07	16,937.97	14,768.35	1,150.34
Feb-17	11.88	17,375.73	15,064.53	1,185.02
Mar-17	13.77	17,738.31	15,583.38	1,188.16
Apr-17	10.51	16,993.94	15,078.78	1,150.63
May-17	11.95	16,707.07	14,897.02	1,131.42
Jun-17	8.22	17,516.71	15,580.37	1,178.39
Jul-17	13.04	18,148.44	15,918.75	1,200.62
Aug-17	12.85	18,604.76	16,068.52	1,207.35
Sep-17	15.86	18,881.60	16,424.84	1,227.25
Oct-17	11.11	18,633.29	16,501.17	1,203.48
Nov-17	11.47	19,508.77	17,517.22	1,253.13
Dec-17	7.35	19,268.04	17,235.59	1,251.61

Table XXXVII Market Capitalization

As on end-month	Market Capitalization (in billion BDT)		Growth of market capitalization (in percent)	
	DSE	CSE	DSE	CSE
Jul-16	3,207.37	2,548.01	0.68	1.67
Aug-16	3,192.56	2,529.59	-0.46	-0.72
Sep-16	3,281.91	2,612.52	2.80	3.28
Oct-16	3,236.34	2,579.05	-1.39	-1.28
Nov-16	3,328.81	2,664.98	2.86	3.33
Dec-16	3,412.44	2,741.34	2.51	2.87
Jan-17	3,668.12	2,998.77	7.49	9.39
Feb-17	3,739.30	3,064.14	1.94	2.18
Mar-17	3,798.31	3,124.93	1.58	1.98
Apr-17	3,710.93	3,038.78	-2.30	-2.57
May-17	3,683.02	3,005.92	-0.75	-1.08
Jun-17	3,801.00	3,113.24	3.20	3.57
Jul-17	3,961.34	3,273.16	4.22	5.14
Aug-17	4,020.91	3,332.30	1.50	1.81
Sep-17	4,072.08	3,382.72	1.27	1.51
Oct-17	4,090.27	3,416.79	0.45	1.01
Nov-17	4,241.50	3,548.35	3.70	3.85
Dec-17	4,228.95	3,522.97	-0.30	-0.72

Table XXXVIII Sectoral Turnover of DSE

(In percent)

Broad Sector	SECTOR	% of Total Turnover	
		2017Q3	2017Q4
Financial Sector	Banks	27.24	33.74
	Financial Institutions	9.13	10.64
	Insurance	1.71	2.37
Manufacturing	Food & Allied Product	3.59	4.32
	Pharmaceuticals & Chemicals	8.90	8.66
	Textile	12.73	7.84
	Engineering	11.42	11.88
	Ceramic	1.50	1.25
	Tannery	1.85	1.28
	Paper & Printing	0.35	0.10
	Jute	0.37	0.33
	Cement	2.34	2.10
Service & Miscellaneous	Mutual Funds	1.84	1.03
	Fuel & Power	7.22	5.62
	Services & Real estate	1.51	1.24
	IT - Sector	2.29	2.83
	Telecommunication	1.88	2.14
	Travel and Leisure	0.84	0.58
	Miscellaneous	3.23	1.95
Bond	Corporate Bond	0.03	0.08
	Total	**100.00**	**100.00**

Note: 2017Q3 = September quarter 2017, 2017Q4 = December quarter 2017

Table XXXIX Sectoral Turnover of CSE

(In percent)

Broad Sector	SECTOR	% of Total Turnover	
		2017Q3	2017Q4
Financial Sector	Banks	36.55	48.97
	Leasing & Finance	6.54	5.20
	Life Insurance	0.24	0.68
	General Insurance	0.53	0.51
Manufacturing	Food & Allied Product	3.35	2.25
	Pharmaceuticals & Chemicals	6.96	7.35
	Textile	10.92	6.31
	Engineering	11.05	8.30
	Ceramic	2.91	0.99
	Tannery	1.07	1.07
	Paper & Printing	0.84	0.65
	Cement	2.48	4.35
Service & Miscellaneous	Fuel & Power	4.68	2.85
	Services	2.86	1.62
	IT	1.65	4.21
	Telecommunication	1.09	1.71
	Mutual Funds	1.09	0.39
	Miscellaneous	5.18	2.59
Bond	Corporate Bond	0.00	0.00
	Total	**100.00**	**100.00**

Note: 2017Q3 = September quarter 2017, 2017Q4 = December quarter 2017

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