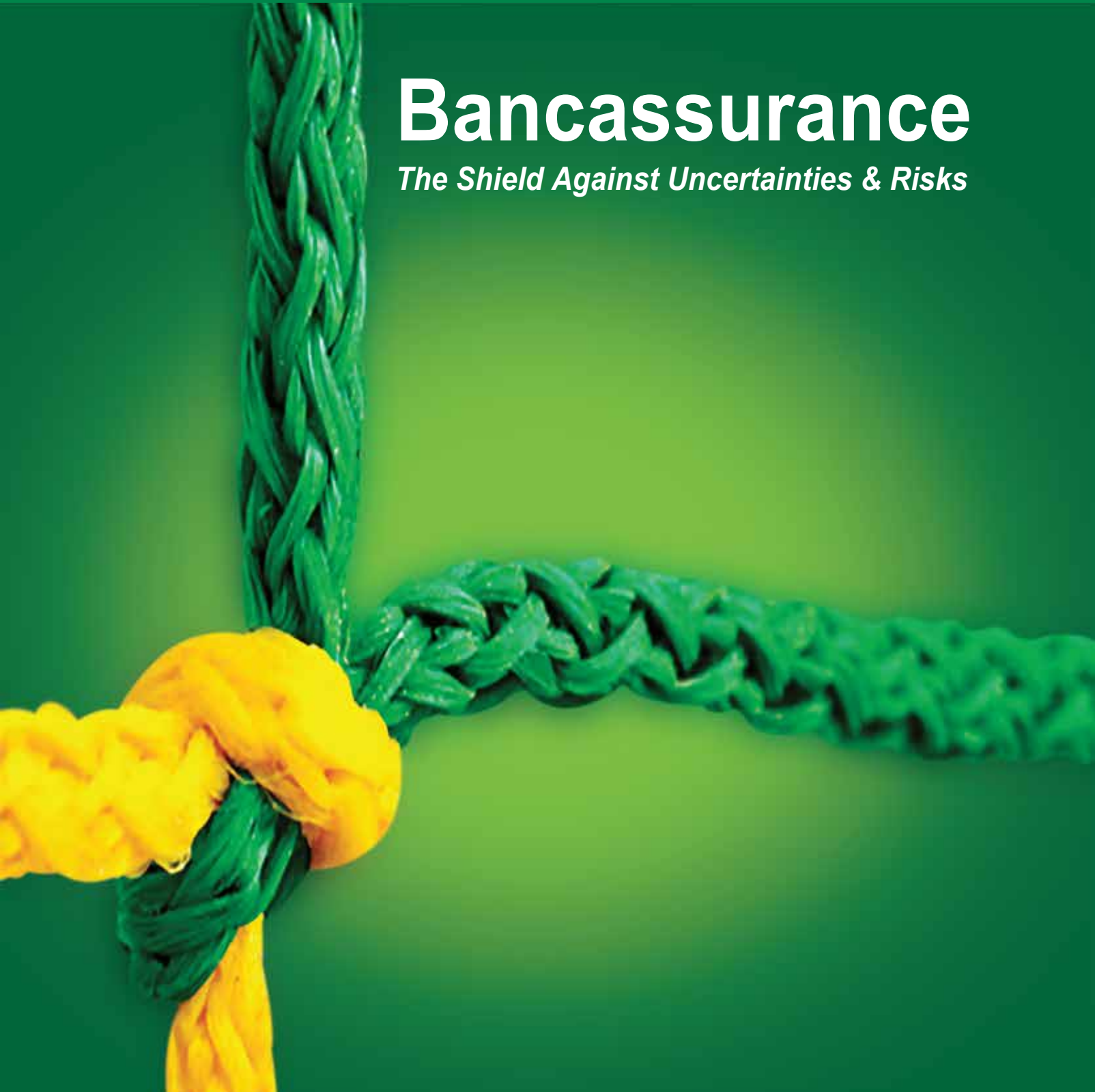


# MTBiz

MONTHLY BUSINESS REVIEW  
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## Bancassurance

*The Shield Against Uncertainties & Risks*



MTB is the  
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Bangladesh Business Award Winner  
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We are grateful to our much valued customers, regulators, shareholders, well-wishers and all citizens of the country. On this auspicious occasion, we reiterate our commitment to strive even harder to serve Bangladesh and our fellow citizens, in the exciting times ahead.



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WE SUPPORT

# Bancassurance: The Shield Against Uncertainties & Risks

Bancassurance, a combination of banking services and insurance through an identical distribution channel or to a common client base, is generally conceptualized as selling of insurance products (associated with banking products and services) by banks and vice versa.



Bancassurance narrates a win-win situation for both institutions involved in the collaboration wherein banks are given the chances to explore a line of revenue from its existing or potential clients through the sale of insurance products while, at the same time, insurers embrace the opportunity of getting benefits from the marketing efforts through banks' distribution network (i.e., branches and sale personnel) and opening up a great horizon of potential client base. Concept of Bancassurance does not differentiate between selling of life insurance products or non-life insurance products.

This article has delineated the concept of Bancassurance, its brief history, business models and practices in different regions across the globe. It would also enlighten readers with current status and prospect of Bancassurance in Bangladesh, based on a pilot study.

## Brief history

Many regard Barclay's Life, an insurance subsidiary, set up in 1965 in the UK as the pioneer of Bancassurance. However, the term Bancassurance came into existence in France after 1980 to define the sale of insurance through an intermediary bank. It is profoundly known, France and Spain were the first to step into this field to unearth this financial endeavor. Back in early 70s, ACM (Assurances du Crédit Mutuel) Vie et IARD (life and general insurance) were authorized to start operations, a turning point in the history of insurance. They revolutionized the idea of bypassing the middlemen for loan protection insurance and protection insurance for their own banking customers.

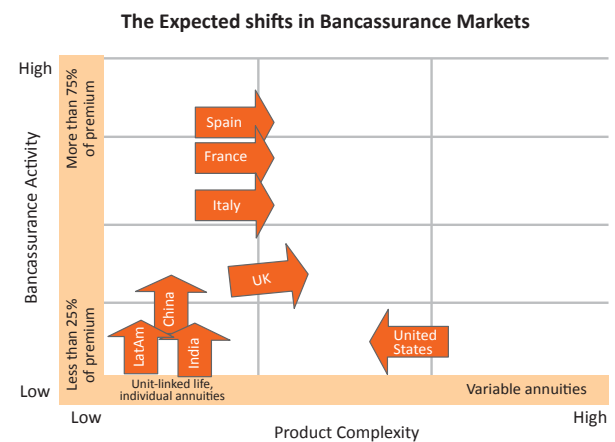
## Bancassurance in European region

Bancassurance observed significant growth in many regions; European region, mostly, found dominant when it comes to Bancassurance. European banking giants namely BNP Paribas, Crédit Agricole, ING and ABN Amro, containing the highest share of the global market are dominant players of Bancassurance while

Germany, France, UK, Italy & Spain are top five European markets for Bancassurance.

## Bancassurance in Sub-Saharan Africa

Apart from European region, Bancassurance is also trying to penetrate in some countries of Sub-Saharan Africa. According to Finaccord, 10 African nations (Angola, Côte d'Ivoire, Ghana, Kenya, Mozambique, Nigeria, South Africa, Tanzania, Uganda and Zambia) have already developed banking systems those are well positioned to generate significant revenue from the Bancassurance over the next few years.<sup>1</sup>



## Bancassurance in Latin American

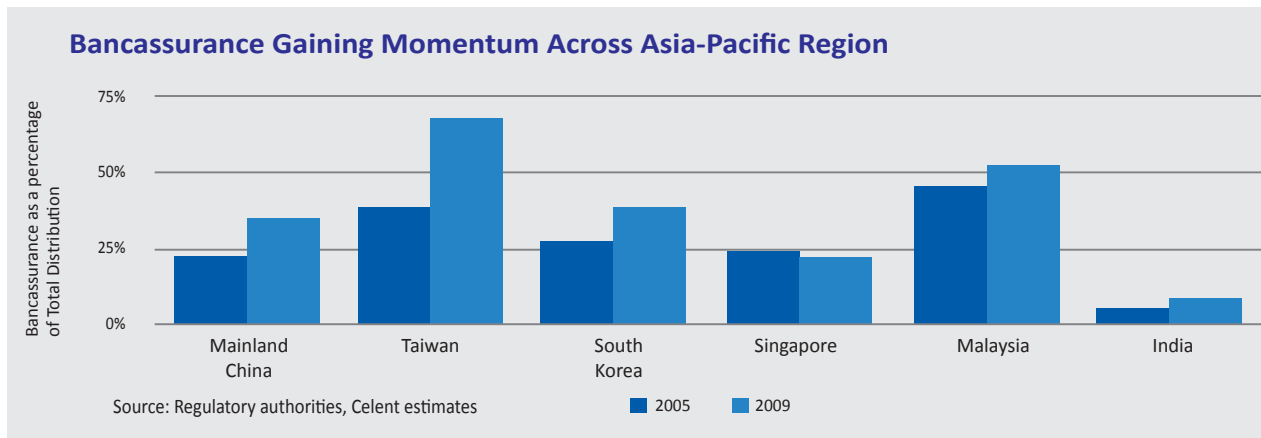
Latin American people adopt Bancassurance as a channel to access in insurance products - more specifically life insurance products. According to International Banker (2013), 44% of Mexican life insurance business was executed through Bancassurance channels; 44% of Colombian banks and 80% of life insurance premiums were secured via Bancassurance in Brazil - the regional market leader.<sup>2</sup>

## Bancassurance in Asian region

Asian region, becoming an emerging place for Bancassurance, has seen rapid growth the countries notably India, Korea, Singapore, Indonesia and the Philippines. Growth in Singapore for the last five years increased from 22% to 36%; Philippines observed 32% increase in earnings from its insurance companies during the first quarter of 2015 due to increased commission driven by the Bancassurance.<sup>3</sup> The Bancassurance channel contributed 20% of the total business in India, about 35% in Malaysia, 39% in Thailand, 55% in South Korea & 31% in Indonesia of the total Life premiums in 2014. In India, interestingly, Bancassurance is being

widely used for quick penetration into the rural market to fulfill the regulatory requirements of rural insurance. widely used for quick penetration into the rural market to fulfill the regulatory requirements of rural insurance.<sup>4</sup>

There are also practical difficulties in the form of professional knowledge about the insurance products. Besides, struggle from the staff to handle totally new service/product could not be ruled out. There are also



**Global models of Bancassurance**

Referral model, corporate Agency model, and integrated model are three popular Bancassurance models practiced across the world. The first two major models are risk-free while the joint-venture model involves some sort of nominal risk.<sup>5</sup>

**Referral Model:** Under bank referral method, banks do not issue the policies; they only give the database to the insurance companies. Banks which are planning not to consider risk can take up ‘referral model’. The actual transaction with the clients in referral model is done by the staff of the insurance company either at the premises of the bank or elsewhere. Referral model is an agreement, wherein the bank, while controlling the clients data base, does business through the agents/sales staff of the insurance company for a ‘referral fee’ or commission for every business lead that was passed on.

**Corporate Agency Model:** Corporate agency is another form of non-risk participatory distribution channel, wherein the bank staff is trained to appraise and sell the products to the customers. Here the bank as an institution operates as corporate agent for the insurance products for a fee/commission. Here, the rate of commission would be comparatively higher than the referral arrangement.

practical difficulties in the form of professional knowledge about the insurance products. Besides, struggle from the staff to handle totally new service/product could not be ruled out.

**Integrated Model:** Apart from the above two, the fully integrated financial service occupies complete and complex relationship between the insurer and the bank. Here, the bank functions as fully universal in its operation and selling of insurance products are just one more function within. The banks will have a separate counter within, to sell the insurance products as an internal part with the rest of its activities. Thus the banks can wholly be an owner to the insurance subsidiary.

**Bancassurance in Bangladesh**

Bancassurance is still a fresh concept for the financial services market of Bangladesh. As of date, no bancassurance product is available at the market. In few cases, for retail loans, banks buy insurances, which are called creditor’s insurance. The prospect of this concept can be enormous in the country since the penetration rate of insurance in Bangladesh is too below compared to some other South-Asian countries. In Bangladesh, only 4 out of 1000 persons avail life insurance protection.<sup>6</sup>

Referral Model	Corporate Agency Model	Integrated Model
<ul style="list-style-type: none"> <li>Bank Shares Clients’ Database</li> </ul>	<ul style="list-style-type: none"> <li>Bank acts as a corporate agent</li> </ul>	<ul style="list-style-type: none"> <li>Bank &amp; Insurance collaborate together</li> </ul>
<ul style="list-style-type: none"> <li>Insurance Companies’ agent collect the data base</li> </ul>	<ul style="list-style-type: none"> <li>Bank distributes products of insurance companies</li> </ul>	<ul style="list-style-type: none"> <li>Distribute products and services through a combined channel</li> </ul>
<ul style="list-style-type: none"> <li>Bank will obtain referral fee from the agent</li> </ul>	<ul style="list-style-type: none"> <li>Bank obtains fee/ commission</li> </ul>	<ul style="list-style-type: none"> <li>Bear all the profit &amp; risks together</li> </ul>

Insurance market in Bangladesh seems to be almost saturated with 77 companies competing in the same market. Despite that major indicators of the economy have been growing steadily, insurance penetration in Bangladesh has remained significantly low. In 2015, overall insurance penetration, both life and non-life, came down to 0.72% from 1.13% recorded in 2010, according to leading global reinsurer Swiss Re.<sup>7</sup> This poor penetration implies a huge growth potential of insurance products in the country, where Bancassurance can be an easy vehicle to reach the target.

## Promises of Bancassurance in Bangladesh

Since Bancassurance offers customer's convenience with one stop financial supermarket bringing in banking services and insurance policies on a common platform with a higher ease of customer protection and reduces distribution costs compared to traditional model, customers will get value for money as distribution costs tend to be lower in Bancassurance model than the traditional one. Financial planning and advice along with customized solutions based on their need can be fulfilled through Bancassurance that facilitates the clients with blended services of both banking and insurance companies.

## Bancassurance: competitive edge for banks & insurances

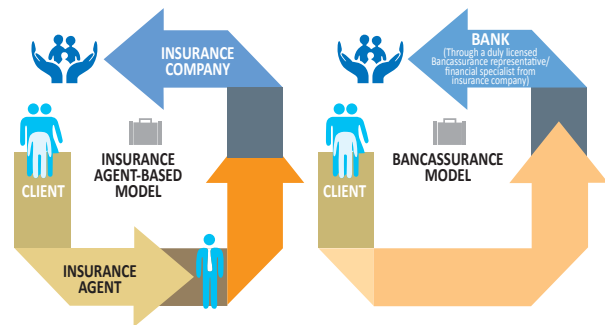
For banks, Bancassurance assures another window of profitability without increasing any capital or risk. Authorized banks will have a competitive edge over its competitors. It will create opportunity for sophisticated and additional product with diversification. Through Bancassurance, bank will have a bigger customer life cycle and most importantly bank will have a low-cost fund.

On the other hand, insurance companies will have a faster and immediate distribution channel to achieve



geographical reach within minimum time and cost. Moreover, for insurance companies it acts as a tool for increasing their market penetration and premium turnover and for customer it acts as a bonanza in terms

of reduced price, high quality products and delivery to doorsteps. Since banks have already established relationship with customers, conversion ratio of leads to sales is likely to be high.



Today's banking business is not the one we have seen in the past. It has become much more diversified. With the shift in the customer preferences from deposits to investments, intense competition etc. Bancassurance will bring the horizon to the unbanked and financially excluded areas, mostly remote, moreover, it ensures higher probability of the success in the sales process. Banks will, therefore, have the approach of 'universal banking'- to provide all financial products under same roof and it will fully create a broader relationship approach across the industries. However, a counter argument prevails asking whether Bancassurance would allow banks too much control over the financial services sector.

In Bangladesh, Bancassurance has not been started yet, though the national insurance policy of 2014, prepared by the government of Bangladesh has given importance to Bancassurance because it would usually push financial inclusions.<sup>8</sup>

## Creditors' Insurance

However, approximately for last one decade, few private commercial banks in Bangladesh has been offering a kind of creditors' insurance which pays the outstanding loans of a deceased person. This strategy intends to blend insurance products with the bank product as a 'value addition' while encouraging its own products. Thus, banks could sell the insurance products without any extra efforts. Sometimes, giving insurance cover at a nominal premium or a specific premium proves to be an attractive deal for banks to sell an individual product, for example, credit card, housing loans, education loans, etc. in many countries such as in India cardholders get the 'insurance cover' for a nominal fee or free from simple charges/ premium. Similarly, the home loans / vehicle loans, etc., have also been designed with the insurance cover as an added incentive.

Banks' entry in distribution can help enlarge the insurance customer base rapidly. This helps popularize insurance as an important financial protection product.



Selling insurance to existing mass market banking customers is far less expensive than selling to a group of unknown customers. It is believed that as the number of products that a customer purchases from an organization decreases the chance of losing that specific customer to a competitor.

**Bancassurance: Current status and market potential**

Author surveyed 13 (23% of the industry) out of 57 banks, 4 (12.5% of the industry) out of 32 life insurance companies,

and 5 (11.11% of the industry) out of 45 general insurance companies. Almost, all of the sample banks offer creditors' life insurance coverage with credit card services and few of the banks offer such insurance for unsecured personal loans through insurance companies. Though any conclusive information from this pilot study may not be drawn, it is implied that this concept is totally new and Bancassurance is still far away, in other words, it can be affirmed that there is an absolutely unexplored field to roll on.

Most important finding of the survey is that, individual clients have no choice in selecting a particular insurance company's offer or premium packages. The basic reason behind this mismatch is, banks & insurance companies collaborate themselves. Freedom of choice for individuals is absent here.

**Table 1: Creditors' life insurance in Bangladesh scenario**

Banks	No. of Banks Surveyed	No. of Banks offers Life insurance coverage
Local Banks	11	6
Foreign Banks	2	2
Total	13	8

Source: Pilot Survey, March 2017

**Table 2: Consumer Finance - Bangladesh status**

BDT in Billion		
Consumer Finance	Apr – June 2016	Jul – Sep 2016
Consumer Finance	532.02	524.68
<i>Unsecured</i>	171.49	173.58
<i>Secured</i>	360.53	351.09

Source: Bangladesh Bank

Total outstanding figure of consumer finance in the 3rd quarter of 2016 by all scheduled banks, are around BDT 524.68 billion, out of which 33% are unsecured loans and 67% are secured loans.

**Table 3: Status of unsecured loans: Credit cards and other personal loans**

BDT in Billion		
Unsecured Loans	Jul – Sep 2016	% of Unsecured Loan
Credit Card Outstanding	30.94	18
Other Personal Loans	173.58	82

Source: Bangladesh Bank

Among the unsecured loans (see table 3) credit cards outstanding are 18%, most of which is covered by a life insurance. According to the pilot study, it is found that 60% of the banks provide creditors' life insurance for their credit cards. Rest 82% of the unsecured loans are other personal loans. The survey finds merely 10-15% of the banks provide insurance coverage for such loans products.

Different distribution channels and concerned bodies are sharing their thoughts with government. From different media and newspapers, it is evident that concerned bodies and regulators also want to staple both the banking and insurance industries together, so that they can sell the products in a combined channel and push financial inclusions.

Anis A. Khan, Chairman, Association of Bankers, Bangladesh Ltd (ABB), a platform of CEOs and senior bankers in the country articulated that, *this is not rocket science; it can be introduced easily. The banking sector*

“...this is not rocket science; it can be introduced easily... banking sector now feels the need for such an alliance as it will help in earning revenues without any risk.”

- Anis A. Khan, Chairman, ABB

now feels the need for such an alliance as it will help in earning revenues without any risk. As experts opined, with Bancassurance, the life insurance coverage will expand enormously and banks can start it as new venture and it will grow rapidly by providing very glorious & prosperous economic protective success for mass people.

**Mohammad Motiur Rahman**  
Group R&D, MTB

<sup>1</sup>[http://www.finaccord.com/documents/rp\\_2014/report\\_prospectus\\_bancassurance\\_sub-saharan\\_africa\\_current\\_state\\_future\\_perspectives\\_2020.pdf](http://www.finaccord.com/documents/rp_2014/report_prospectus_bancassurance_sub-saharan_africa_current_state_future_perspectives_2020.pdf)

<sup>2</sup><https://internationalbanker.com/banking/the-global-market-for-bancassurance/>

<sup>3</sup><https://internationalbanker.com/banking/the-global-market-for-bancassurance/>

<sup>4</sup><http://www.bipedu.org/includes/pdf/ns/JafarSadequeChowdhury.pdf>

<sup>5</sup><http://indianmoney.com/how/what-are-the-models-used-in-bancassurance>

<sup>6</sup><http://print.thefinancialexpress-bd.com/2014/10/28/63257/print>

<sup>7</sup><https://www.asia-first.com/newsletter/bangladesh-to-discuss-bancassurance-with-local-banks.html>

<sup>8</sup><http://print.thefinancialexpress-bd.com/2017/02/20/165331>

কৃষি ঋণ প্রদান

ক্ষুদ্র ও মাঝারি ঋণ প্রদান

ইন্টারনেট ও এসএমএস ব্যাংকিং



ডেবিট ও ক্রেডিট কার্ড প্রসেসিং

স্মার্ট কার্ড ফি গ্রহণ

স্কুল ব্যাংকিং

বিস্তারিত জানতে

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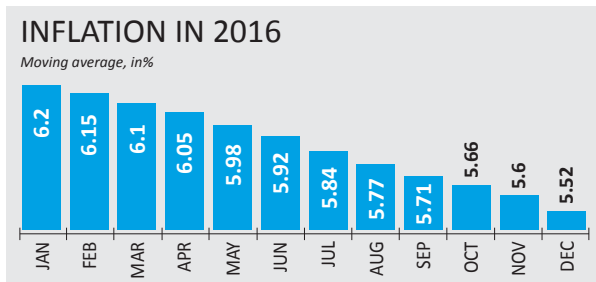
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# NATIONAL NEWS

## Monetary policy to remain more of the same



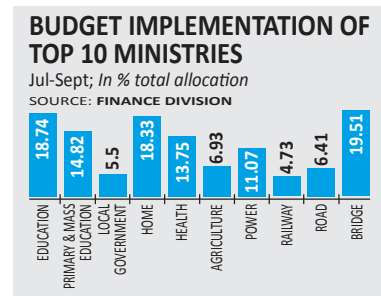
Bangladesh Bank is likely to continue with the same monetary policy in the second half of the fiscal year due to emergence of some fresh risks. The risks include the bullish trend in the stock market and the rise in default loans. Though there is a pressure on the central bank for raising the credit growth target to boost investment, there will not be any major change in the next monetary policy said a BB official. Besides, the credit growth target set in the monetary policy for the first half of the year is yet to be achieved. As a result, it will remain the same at 16.5 percent. The monetary programme targets need to maintain continuity while becoming a little more ambitious on reducing the inflation target to around 5.5 percent instead of the original 5.8 percent, said Zahid Hussain, lead economist of the World Bank's Dhaka office. In about four months, Dhaka stocks jumped up about 25 percent. On the other hand, the market capital to GDP ratio increased around 21 percent. In the new monetary policy, attention will be given to maintaining vibrancy in the stock market. On the other hand, the central bank will remain alert so that there is no repeat of the stock market bubble of 2010.

## NRBs can open foreign currency deposit account

All non-resident Bangladesh nationals (NRB) and persons of Bangladesh origin including those have dual nationality and originally residing abroad are permitted to open Non-Resident Foreign Currency Deposit (NFCD) accounts with the Authorized Dealers (ADs), Bangladesh Bank said at a circular recently. According to the circular, account-holders can maintain the accounts as long as they desire and the eligible persons are also allowed to open such accounts at any time after their return to Bangladesh. "This is to clarify that NRBs may, after their return to Bangladesh, open NFCD accounts with ADs to credit their retirement benefits, periodical pensions, superannuation benefits as per employment agreement with employers while on

service abroad," said BB in its circular. The balances held in the accounts may be used for settlement of legitimate payment abroad, subject to production of documentary evidence and deduction of applicable taxes.

## Govt spending soars on new pay scale



Total expenditure in the first quarter of fiscal 2016-17 was 15.5 percent higher than a year earlier. Between the months of July and September last year, total




spending stood at BDT 42,894 crore, according to a report from the finance division. The report, which provided the up-to-date picture of budget implementation and the economy, was presented in parliament by Finance Minister AMA Muhith. In fiscal 2016-17 the new payscale along with allowances was implemented in full. Besides, the salary scale for non-government school, college and madrasa teachers came into effect this year. "For this reason, there has been a big jump in non-development spending," he added. Non-development expenditure shot up 19.35 percent to BDT 35,325 crore in the first quarter of the fiscal year.

## BB governor: GDP growth target may be surpassed

Bangladesh Bank Governor Fazle Kabir has announced the monetary policy for the second half of fiscal year 2016-17 (January-July), suggesting that the projected GDP growth target of 7.2% might get surpassed. Private credit growth and domestic credit growth have been kept unchanged at the rates of 16.5% and 16.4% respectively in the policy, the governor said during the announcement at BB Headquarters. Inflation rate was also kept stagnant at 5.8%, like the previous fiscal year. Monetary stance in this policy was cautious and production supportive, said the governor. The central bank has predicted that the tendency of the remittance flow might change a bit as the oil price in the international market has been on the rise. Increased oil price would augment the income of our expatriate workers who work in the Middle East countries. BB has also asked the commercial banks to strengthen their monitoring so that the bank loans can hardly be diverted into the capital market.

# NATIONAL NEWS

## Bangladesh among top five optimistic markets in Asia

Mastercard Index of Consumer Confidence: South Asia		
	Current Status (H2 2016)	Change from last half (H1 2016)
	82.8 Very Optimistic	11.2 Significant Improvement
	40.1 Neutral -	2.1 Stable +
	95.3 Extremely Optimistic	-2.4 Stable -

\* Source: mastercard

Bangladesh along with Myanmar, Vietnam and the Philippines is among the top five "most optimistic market" in Asia Pacific region, according to a new ranking. The country recorded the largest gain of 11.2 points to

82.8 points - a significant improvement in overall consumer confidence compared to H1 2016 where it saw a relatively smaller increase of 4.2 points. "Bangladesh's increase in score was backed by an improvement in all components, the largest coming from heightened expectations in stock market movements," Mastercard said in a statement. Bangladesh, which experienced a small improvement in consumer confidence in the previous survey, recorded the largest improvement among the 17 Asia Pacific markets in this survey with increases across all five components and a more than 10 points gain in outlook on stock market, quality of life and economy. Neighbouring India, however, topped the Mastercard Index of Consumer Confidence in the second half of 2016. "Overall, consumer confidence in Asia Pacific continues to hold steady, showing stability in nine out of 17 markets. With an increase of 1.2 points in the overall score from H1 2016 to 60.9 points in H2 2016, Asia Pacific sits just above the 60 point optimistic mark," Mastercard said. The Index is calculated on a scale of 0 to 100, with zero as the most pessimistic, 100 as the most optimistic and between 40 and 60 as neutral.

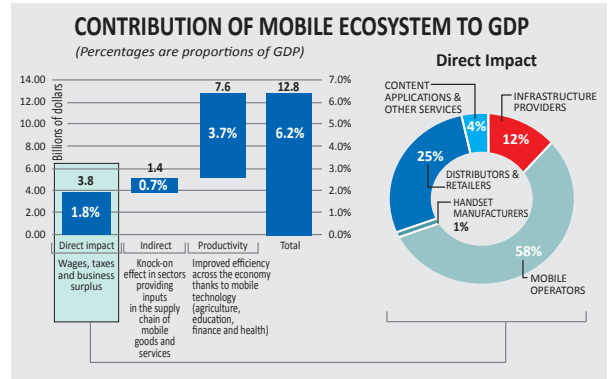
## Coca-Cola opens USD 60m bottling plant in Bhaluka

Coca-Cola recently opened a bottling plant in Bhaluka, the US beverage maker's first factory in Bangladesh, as part of its USD 74 million investment plan for the country. Finance Minister AMA Muhith, flanked by Mashiur Rahman, prime minister's economic affairs adviser; Marcia Bernicat, US ambassador to Bangladesh; and John Murphy, president of the Asia Pacific Group of the Coca-Cola Company, inaugurated the plant. International Beverages Private Ltd, a division of Coca-Cola and the largest bottling partner of the US Company in Bangladesh, built the plant. This is the largest foreign direct investment in the fast-moving consumer goods segment in Bangladesh in 20 years. The investment includes USD 60 million for the new plant and the rest for infrastructure and marketing initiatives. The new facility represents the company's continued commitment to long-term business development as well as sustainable development of local societies in Bangladesh. The plant will initially run two lines to produce Coca-Cola, Fanta, Sprite and Kinley



water. More than 150 people will be employed at the plant and about 1,000 more indirect jobs will be created through the entire value chain, including transportation, manufacturing and packaging supply.

## Mobile industry accounts for 6.2pc of GDP

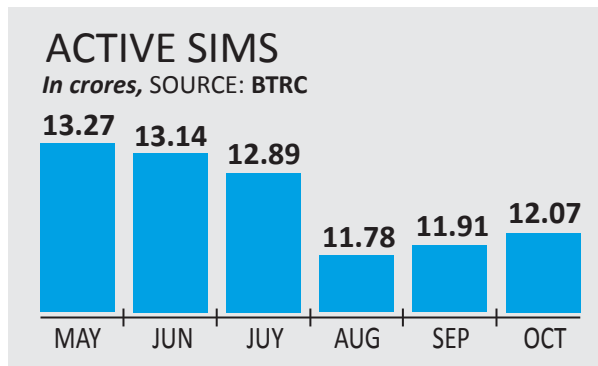


Mobile technologies and services generated about USD 12.8 billion in 2015, which is 6.2 percent of the country's Gross Domestic Product that year, according to a report from GSMA, titled 'Economic Impact: Bangladesh Mobile Industry'. Of the sum, USD 3.8 billion came from wages, taxes and business surplus and USD 1.4 billion from sectors providing inputs in the supply chain of mobile goods and services. GSMA, a London-based trade body that represents the interests of mobile operators worldwide, quantified the efficiency brought about by the use of mobile technology and said it contributed USD 7.6 billion to Bangladesh's GDP in 2015. Of the USD 3.8 billion that came directly from the mobile industry, the operators accounted for 58 percent, handset manufacturers 1 percent, infrastructure providers 12 percent, distributors and retailers 25 percent, and content applications and other service providers 4 percent. The industry generated more than 765,000 jobs, directly and indirectly, that year, said the report. Bangladesh's subscriber penetration stands at 53 percent, which is higher than India's 48 percent and South Asia's 50 percent. Mobile internet penetration is 33 percent, which is more or less the same as in India and South Asia. The neighbouring country's mobile internet penetration is 35 percent and South Asia's 34 percent. The association organised a workshop at Pan Pacific Sonargaon Hotel in the city on spectrum allocation process and staged a mock spectrum auction.



# NATIONAL NEWS

## Telcos getting back customers



Mobile operators are witnessing their active subscriber bases expand following a nosedive induced by biometric registration that ended on May 31 last year. The industry started 2016 with a record 13.37 crore connections, but biometric verification cost the operators 1.5 crore connections in total. But by the end of October 2016, the industry regained 2.52 percent of the lost connections, Bangladesh Telecommunication Regulatory Commission said in a report published recently. The mobile operators are expecting their subscriber bases to pick up over the next few months as they are offering attractive packages that might tempt those with blocked numbers to resume their connections. A top executive of a mobile operator said the industry has huge scope to grow further as only half of the country's population uses mobile phones. In January 2016, Grameenphone, the market leader, had 5.74 crore active connections, which came down to 5.45 core following re-registration. Between August and October last year, they got back nine lakh customers. "Customers have overcome their initial reservations regarding the biometric system, and as a result we have started to see increased SIM sales," said Sayed Talat Kamal, head of external communications at Grameenphone. Robi got a big dent from the re-registration process as it had to block 15.88 percent of its active numbers: its customer base came down to 2.33 crore. The operator has retrieved 11 lakh customers since. Airtel's active SIMs stood at 1.01 crore in January 2016, rising from 77.25 lakh in October. Banglalink, which lost 32 lakh connections during biometric verification, regained 3.46 percent of its lost customers and hit the three-crore landmark again. State-owned Teletalk has 28.6 lakh active SIMs as of October 2016, down from 41.42 lakh in January 2016. The operator has won back six lakh active users, State Minister for Telecom Tarana Halim said.

## Square Golf Tournament concludes



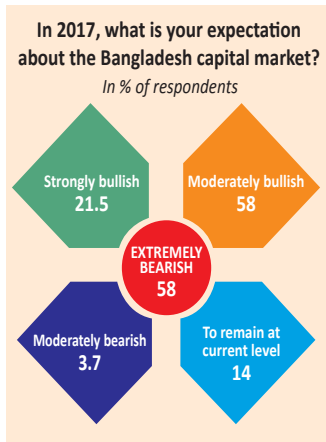
Three-day long '16th Square Golf Tournament 2017' came to an end at Kurmitola Golf Club, Dhaka Cantonment. Brig Gen G M Quamrul Islam (Retd) clinched the championship title of the three-day long meet. S M Abdullah Farabi was adjudged runners-up and Momtaz Begum won the title in women's section. Major General Md Abdus Salam Khan, Master General of Ordinance, Bangladesh Army attended the event as chief guest and later, gave away the prizes to the winners of the tournament at Banquet Hall of Kurmitola Golf Club. Samuel S Chowdhury, Chairman, Square Group and Tapan Chowdhury, Managing Director, Square Pharmaceuticals Ltd were present in the prize giving ceremony. A large numbers of participants, other members of the Square Group and high civil and military officials with their spouses attended the function.

## MIDAS Investment sets foot to boost stockmarket

MIDAS Investment, a subsidiary of MIDAS Financing, started its journey as a full-fledged merchant bank aiming to increase its presence and activities in the capital market and contribute to the development of the stock market. Finance Minister AMA Muhith inaugurated the commercial operation of the merchant bank at a programme held at MIDAS Convention Centre in Dhaka. As a full-fledged merchant bank, MIDAS Investment will work to encourage non-listed companies to come to the stock market. It will also carry out other merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory services. The objective behind the journey of MIDAS Financing and its parent organisation MIDAS was to support the development of micro, small and medium enterprises, said Rokia Afzal Rahman, Chairman of MIDAS Financing and MIDAS Investment. MIDAS Investment will work to bring the non-listed companies to the capital market, he added. At present, 55 merchant banks operate in the stock market.

# NATIONAL NEWS

## Stock market poised for a stellar year

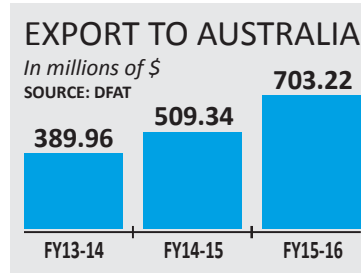


The capital market will remain moderately bullish this year thanks to the stable economic growth and low interest rates. The forecasts were made by the majority of the respondents in a recent survey on the Bangladesh capital market conducted by Lanka Bangla Securities. The

findings of the survey were released recently. A total of 107 people from various sectors -- including academicians, fund managers, foreign investors, chief executives, traders and students -- responded to the survey styled 'Bangladesh Capital Market Sentiment Survey 2017'. The majority, or 41.1 percent, of the participants said the capital market's performance last year was moderate, mainly due to declining interest rates and improved investor confidence. Some 71 percent of the respondents felt that the introduction of internet trading has boosted transaction volume in the stock market. Almost 87 percent of the respondents believed the capital market will perform better this year than the last. About 58 percent of the respondents felt that the market may become moderately bullish in 2017. The reflection has already been seen in the market with the Dhaka bourse's key index and turnover hitting record highs this month. DSEX, the benchmark index of Dhaka Stock Exchange, crossed the 5,700-point mark for the first time this month, while turnover scaled a six-year high of BDT 2,100 crore. The index, however, closed at 5,421 points, while the turnover came down to BDT 1,075 crore, which is still within the expectations of the survey respondents. The majority -- 43 percent -- expected the average daily turnover to remain over BDT 1,000 crore this year; 57 percent thought the index will close 2017 above the 5,500-point mark.

## Exports to Australia soar 38pc despite direct cargo ban

Exports to Australia soared 38.1 percent year-on-year to USD 703.22 million in fiscal 2015-16 despite a ban on direct cargo from Dhaka, according to the Department of Foreign Affairs and Trade of the Australian government. Over the next five years, shipments to Australia are expected to grow 33.8 percent, DFAT said.



Australia became a major export destination for Bangladesh under the government's stimulus package for new markets. However, trade hit a bump in the road

last year as Australia in December 2015 imposed a ban on direct cargo from Bangladesh along with Syria, Egypt, Yemen and Somalia as a preventive security measure. Bangladesh has the potential to export one billion worth of garment products to 11 emerging countries within the next one or two years, and Australia is one of those markets. Bangladesh is the second largest import destination among the South Asian peers for Australia. The country stood at 32, while India's position was 13. Among the garment exporting countries, the position of Vietnam is 16th to Australia. Vietnam's exports to Australia stood at more than USD 4 billion, of which most are apparel items. Kmart, Australian Woolworth and Target Australia are the major Australian garment buyers from Bangladesh, according to exporters.

## Switch over to new global trade trends

BlackBerry-branded Android handsets will soon be available in the local market after the Canadian firm struck a deal recently with Delhi-based Optimus Infracom to manufacture smartphones for India, Sri Lanka, Nepal and Bangladesh. Optimus Infracom will design, manufacture, sell, promote and provide customer support for BlackBerry-branded Android smartphones, which come pre-loaded with an added layer of security and proprietary software of the Waterloo-based mobile pioneer. "This agreement will help us to expand mobility choices by designing, manufacturing and offering secure BlackBerry devices which are made in India, for customers in India, as well as Sri Lanka, Nepal and Bangladesh," Ashok Gupta, Chairman of Optimus. The company has taken a number of steps, including adopting the Android platform for powering its phones in attempts to re-capture its position. BlackBerry is transitioning its handheld devices strategy to focus on software innovation, while leveraging third parties to develop hardware and distribute and market the BlackBerry handset brand. ATM Mahbul Alam, a top leader of Bangladesh Mobile Phone Importers Association, welcomed the move, as it will give the Bangladeshi customers to experience a global brand.

# MTB ANNUAL BUSINESS CONF (MABC) 2017 HELD



Mutual Trust Bank Ltd. (MTB) held its Annual Business Conference 2017 (MABC 2017) on Saturday, January 28, 2017 at a hotel in Dhaka. MTB Chairman, M. A. Rouf, JP, Founding Chairman, Syed Manzur Elahi, MTB Directors, Rashed A. Chowdhury and Khwaja Nargis Hossain, Managing Director & CEO, Anis A. Khan, Additional Managing Director & Chief Operating Officer (COO), Md. Hashem Chowdhury, Deputy Managing Directors, Md. Zakir Hussain, Syed Rafiqul Haq and Goutam Prosad Das attended the day-long session with all branch managers and heads of divisions and departments.

“Protect & Surge”, the theme for 2017 was unveiled at the conference. The MTB Chairman appreciated the hard work put in by all the MTBians for bringing about significant progress in 2016 in terms of the network, infrastructure, products and services. The MTB Founding Chairman congratulated the Management and MTBians for keeping the trust of the customers and urged for enhancement of knowledge and skills-set.

## MTB CLOSES DEAL WITH DEG FOR USD 20 MILLION TERM LOAN



MTB has recently closed a term loan deal for USD 20 million with the German development finance institution, DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH, a member of KfW Bankengruppe, at a ceremony held in city hotel on Monday, February 6, 2017.

The occasion was graced by Rena Terfrüchte, Director Financial Institutions (Europe/Asia), Pathomwong Gerdbhoca, Senior Investment Manager, DEG, M. A. Rouf, JP, Chairman, Anwarul Amin, Independent Director and Anis A. Khan, Managing Director & CEO, MTB.

M. A. Rouf, JP appreciated the efforts of DEG and MTB for successful closing of the deal through a remarkable partnership. Rena Terfrüchte expressed her gratitude to the due diligence teams of both organizations. Anis A. Khan thanked DEG for considering MTB as their financial partner and in turn, contributing significantly to the overall socio-economic development of the country. Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer (CBO), Md. Ehethesham Rahman, Vice President & Head of Structured Finance Unit, MTB and other senior officials of both the organizations were also present at the event.



## FELICITATION TO CHAIRMAN OF DHAKA STOCK EXCHANGE

Md Nazrul Islam Mazumder, CEO, MTB Securities Limited and Khairul Bashar Abu Taher Mohammed, CEO, MTB Capital Limited, called on Professor Abul Hashem, the newly elected Chairman of Dhaka Stock Exchange (DSE) at his office.

They presented to him a bouquet of flowers and a letter of felicitation from the MTB Managing Director and CEO, Anis A. Khan.

**MTB ORGANIZES BAMLCO CONFERENCE 2017**



MTB organized a “Branch Anti Money Laundering Compliance Officers’ (BAMLCO) Conference 2017” on Saturday, February 11, 2017. The subject of the conference was Anti money Laundering (AML) and Combating the Financing of Terrorism (CFT).

Debaprosad Debnath, General Manager of Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank (BB) graced the conference as the Chief Guest. A B M Zahurul Huda, Deputy General Manager, Md. Khairul Anam, Joint Director, BFIU, BB, Md. Hashem Chowdhury, MTB Additional Managing Director & Chief Operating Officer (COO), Syed Rafiqul Haq and Goutam Prasad Das, Deputy Managing Directors, Swapan Kumar Biswas, Chief Anti Money Laundering Compliance Officer, BAMLCOs of all MTB branches, officials of MTB Securities Ltd. and MTB Capital Ltd. along with other senior officials of MTB also attended the conference.



**MTB OPENS ITS 111TH BRANCH AT SARKERHAT, CHITTAGONG**

MTB has opened its 111th branch at Sarkerhat, Hathazari, Chittagong on Tuesday, January 31, 2017. M. A. Rouf, JP, Chairman, MTB inaugurated the branch as the Chief Guest at the branch premises. Special Guest, Anwarul Amin, Independent Director, Anis A. Khan, Managing Director & CEO, MTB, Alhajj Md. Nurul Afsar, Chairman, Mirzapur Union, Akbar Haider Chowdhury, Chairman, Mirzapur School Management Committee, Md. Khurshed UI Alam, Head of MTB Chittagong Division Branches, Muhammed Jashim Uddin Khan, Manager, MTB Sarkerhat branch, dignitaries and leaders of local business associations, people from different strata, managers of nearby MTB branches and other senior officials attended the program.

As part of the bank’s Corporate Social Responsibility (CSR) program “Swapna Sarathi” bicycles were presented to 110 students from 24 different schools of the locality.

## MTB OPENS ITS 12TH AGENT BANKING CENTRE AT DHAMRAI



MTB has opened its 12th MTB Agent Banking Centre at Khorarchar Bazar, Roail, Dhamrai, Dhaka on Wednesday, February 8, 2017. Md. Abul Bashar, General Manager, Financial Inclusion Department, Bangladesh Bank and Anis A Khan, Managing Director & CEO, MTB inaugurated the Centre at a ceremony held at the Center premises.

*MTB has launched MasterCard and VISA debit cards for the first time for agent banking customers in the country at the same event.*

Syed Rafiqul Haq, Deputy Managing Director & CBO, Syed Rafiqul Hossain, Head of Dhaka Division Branches, Madan Mahan Karmoker, Head of Agent Banking, MTB senior officials, dignitaries and leaders of local business associations, people from different strata, managers of nearby MTB branches and other senior officials attended the ceremony.

As part of the bank's Corporate Social Responsibility (CSR) program "Swapna Sarathi" bicycles were presented to 20 students from different schools of the locality.



## MTB SIGNS AGREEMENT WITH BRITANNIA GROUP

MTB has recently signed an agreement with Britannia Group at a ceremony held at the Bank's Corporate Head Office, MTB Centre, Gulshan 1, Dhaka on Thursday, February 02, 2017. Under this agreement, the customers of Britannia Group will enjoy attractive benefits on processing fee of MTB Home Loan.

S.M. Sumsuzzoha, General Manager, Marketing, Britannia Group and Tarek Reaz Khan, Head of Retail & SME Banking, MTB signed the agreement on behalf of their respective organizations. Md. Moinul Hossen, Director, Md. Ataul Islam, Chief Accountant, Britannia Group and Syed Rafiqul Haq, Deputy Managing Director & CBO, MTB along with other senior officials of both the organizations were also present at the occasion.



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# NATIONAL NEWS

## Shafiqul becomes BB's Executive Director



Md Shafiqul Islam has been promoted to the post of Executive Director of Bangladesh Bank (BB). Prior to the promotion he served the central bank as General Manager of Mymensingh Office. He joined Bangladesh Bank as an

Assistant Director in 1988. During his long career he held different vital posts in BB. He has attended various training programs, seminars and symposiums at home and abroad. He also held the post of General Secretary of Bangladesh Bank Officers' Welfare Council during 1997-1999.

## DSE gets new Chairman



Professor Dr. Abul Hashem has been elected the new Chairman of Dhaka Stock Exchange (DSE). Earlier, he also performed his responsibility as a Director of DSE from 2010. Dr. Abul Hashem is working as the honorary professor

of the Accounting and Information Communication Department, at the University of Dhaka. Recently, he was also appointed as the Vice-Chancellor of The International University of Scholars. Abul Hashem is also a member of the University Grants Commission of Bangladesh. He is also Member of Syndicate, Bangladesh University of Professionals and Begum Rokeya University and Senate Member, Bangabandhu Sheikh Mujibur Rahman Maritime University.

## Nazrul Islam new RAKUB Chairman



Muhammad Nazrul Islam, former Secretary, Local Government and Cooperative Division, Ministry of LGRD and Cooperatives, has been appointed as Chairman of Rajshahi Krishi Unnayan Bank (RAKUB) recently. Nazrul Islam

joined BCS (Admin) cadre in 1977 and served as Deputy Commissioner of Kushtia and Chittagong, Director General of Primary Education, Youth Development and BARD, Comilla and many other important positions in the Government.

## First Finance gets MD, CEO



Md Mohashin Miah has joined First Finance Limited as the Managing Director and Chief Executive Officer. Mohashin Miah commenced his banking career with Sonali Bank in 1984 followed by Banque Indosuez Dhaka and some other Commercial

Banks. His last occupation was with Meghna Bank as the Additional Managing Director and sometimes temporarily as the Managing Director and CEO (current charge). His contribution in preparing Foreign Exchange Risk Management Guideline and Asset Liability Management Guideline as the member of Focus Group formed by Bangladesh Bank and successful arrangement of Global Trade Finance Program (GTFP) of IFC (International Finance Corporation) for Dhaka Bank Ltd. are the notable recognitions of his career.

## New CEO for Partex Star Group



Chowdhury AHM Lutful Huda has recently joined Partex Star Group (complex-2) as CEO. Prior to joining Partex, Huda has been serving DITRA at Sarjah, UAE as General Manager. He has also served Reckitt Benckiser, Bangladesh as

Managing Director. Starting his career in the sales division at British American Tobacco Bangladesh (BATB) he played important roles in the company as head of trade marketing and distribution in Bangladesh, Executive Director TM&D in South Korea, Marketing Director in Indonesia, value for money brand manager in East Africa and Head of Brand Marketing in Zimbabwe.

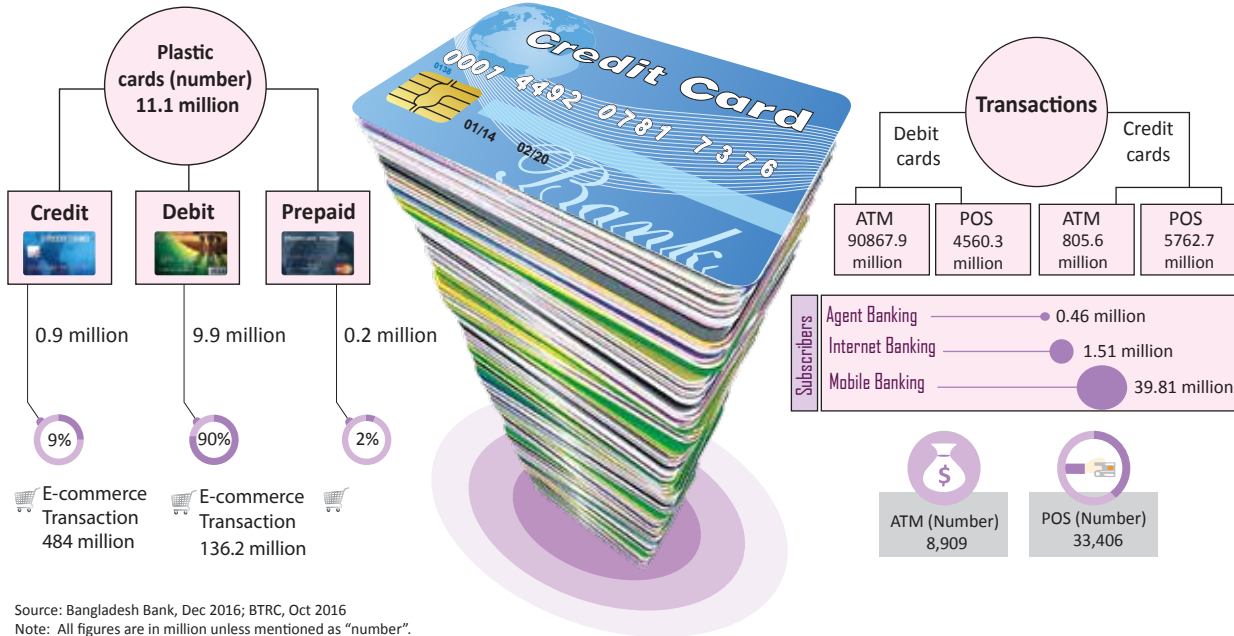
## New SAMD of SBAC Bank



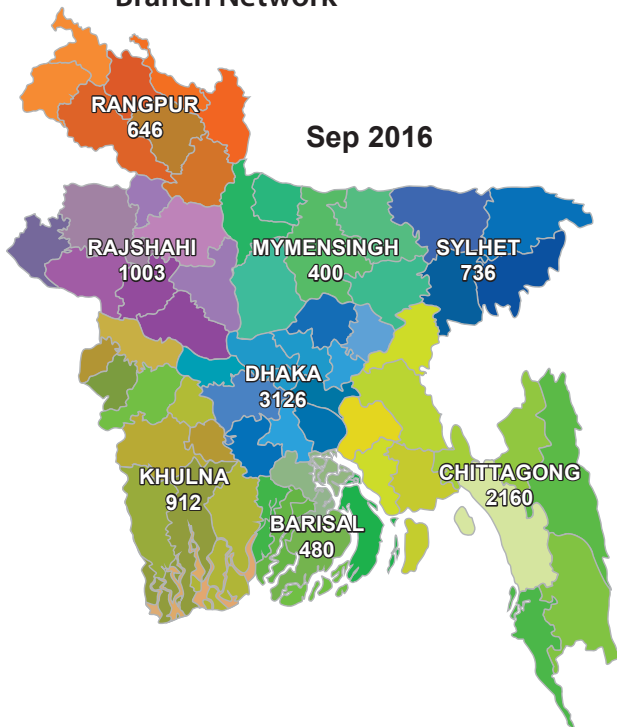
Md. Golam Faruque has joined SBAC Bank Limited as Senior Additional Managing Director (SAMD) recently. Prior to his joining, he was Managing Director of Rajshahi Krishi Unnayan Bank. He also served as DMD of Janata

Bank and Bangladesh Krishi Bank. He started his career in Janata Bank Limited in 1984 as Senior Officer. The banker has experience in corporate banking, especially credit, investment, foreign trade and treasury management.

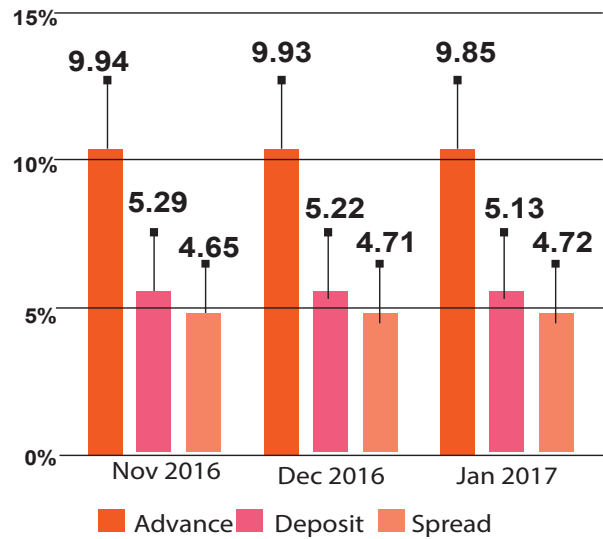
## Digital Payments



## Scheduled Banks Branch Network



## Industry Rates Deposit - Advance - Spread



Source: Bangladesh Bank

## Global

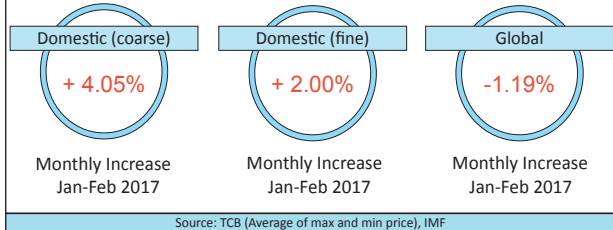
 <b>Rice</b> USD 368.10/ metric ton Feb 2017	 <b>Palm Oil</b> USD 706.79/ metric ton Feb 2017	 <b>Sugar</b> USD 670.21/ metric ton Feb 2017	 <b>Soybean Oil</b> USD 742.92/ metric ton Feb 2017
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Source: IMF

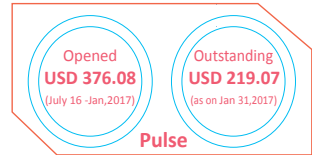
### Weekly Rice BDT/KG

Year 2017	Mar 9	Mar 10	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15
Rate (Avg.)	38.50	38.50	38.50	38.50	38.50	38.50	38.50

### Monthly Price Change (%)








### Import L/C Bangladesh



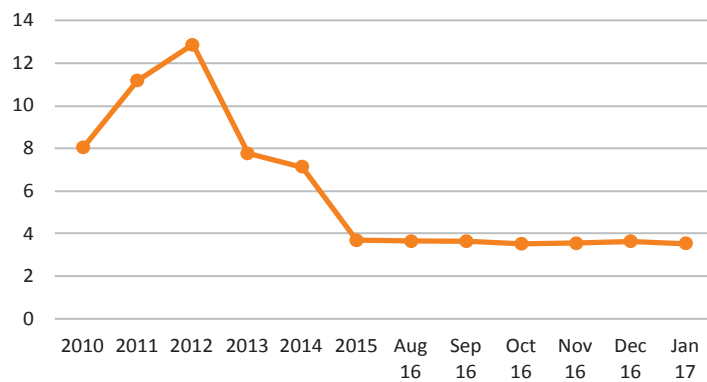
Source: Bangladesh Bank

## Domestic

 <b>Rice (fine)</b> BDT 50.61 per kg Feb 2017	 <b>Palm Oil</b> BDT 74.00 per kg Feb 2017	 <b>Sugar</b> BDT 68.50 per kg Feb 2017	 <b>Rice (coarse)</b> BDT 37.91 per kg Feb 2017	 <b>Soybean Oil</b> BDT 88.36 per kg Feb 2017
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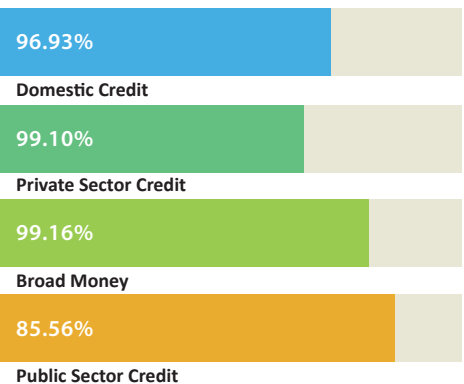
Source: TCB (Average of max and min price)

### Call Money Market W. Avg Interest Rate (%)



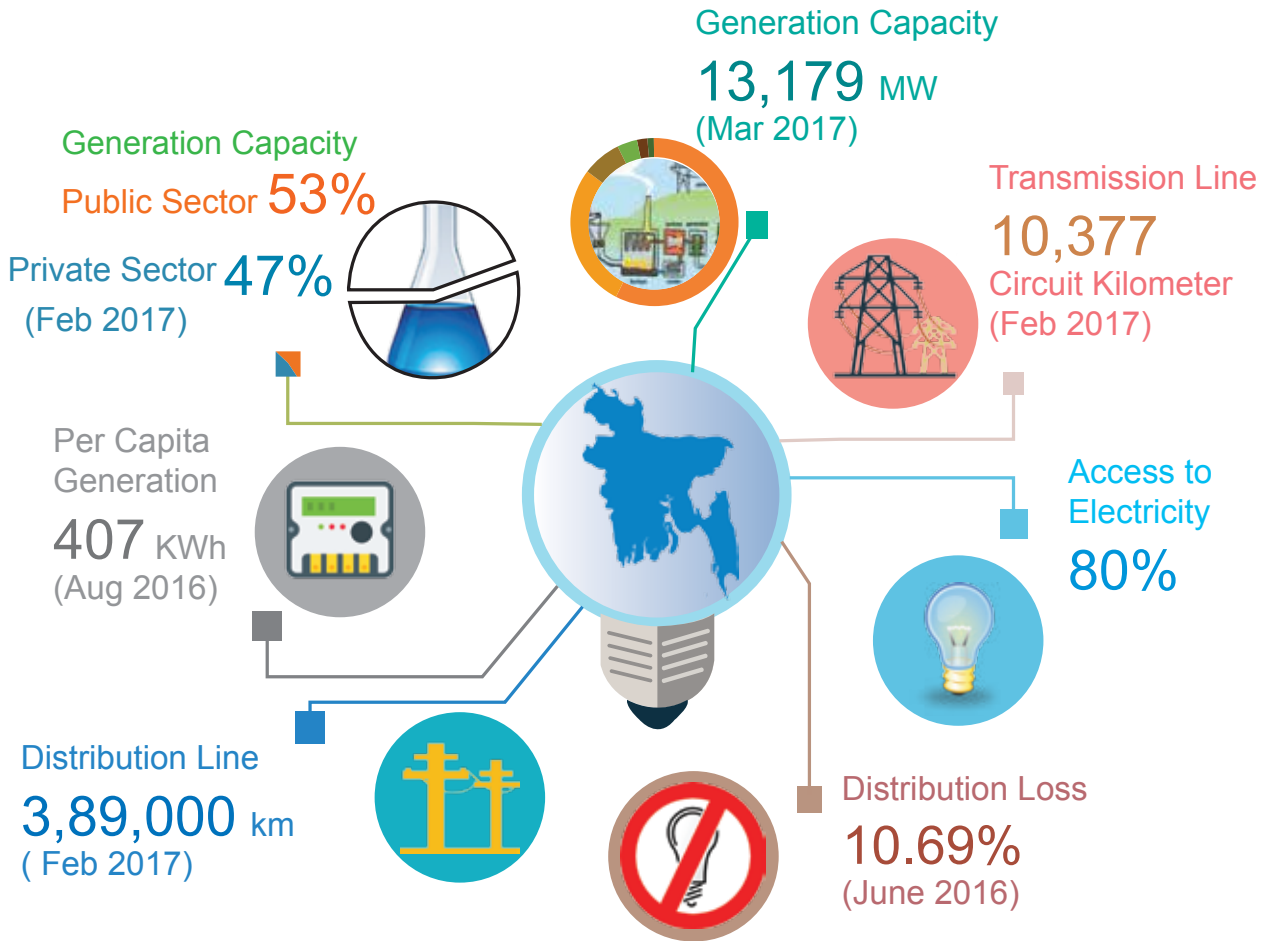
Source: Bangladesh Bank

### Monetary Policy

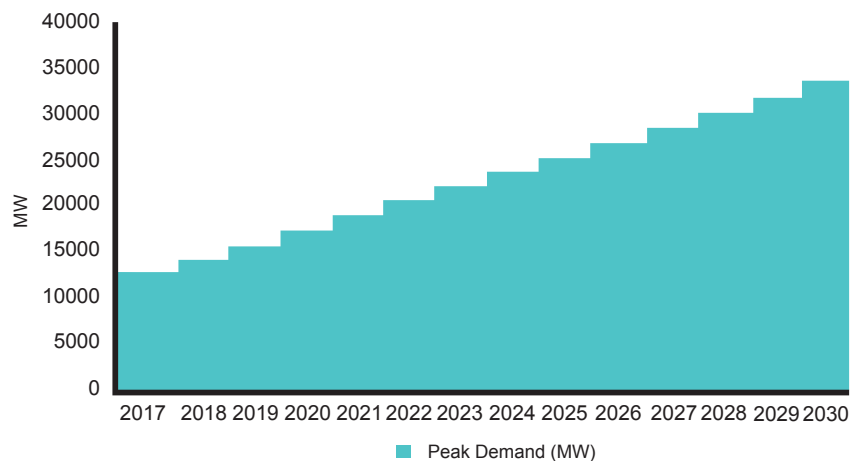


\* Figures projected for Dec 2016 & achieved up to Dec 2016

## POWER SECTOR OF BANGLADESH AT A GLANCE



### BPDB'S DEMAND FORECAST ( 2017-2030)



Source:  
Bangladesh Power Development Board (BPDB)  
Power Cell



**Front-End Load:** A front-end load is a commission or sales charge applied at the time of the initial purchase for an investment, usually with mutual funds and insurance policy purchases. It is deducted from the investment amount and, as a result, lowers the size of the investment. Front-end loads are paid to investment intermediaries, such as financial planners, brokers and investment advisors, as sales commissions; as such, these sales charges are not part of a mutual fund's operating expenses.

**Historical volatility:** HV. Degree or level of up and down movement in a value over time. In securities trading, it refers to price fluctuation over a standard period such as a day, week, month, quarter, or year. Historical volatility is computed by taking the standard deviation of price changes over the chosen period and is usually compared with the implied volatility in pricing an option. It is directly related to the level of risk associated with a security: low HV means low risk, and high HV means high risk. also called statistical volatility.

**Off-Balance-Sheet Financing:** In off-balance-sheet financing, large capital expenditures are kept off a company's balance sheet to keep the debt to equity (D/E) and leverage ratios low, especially if the inclusion of a large expenditure would break negative debt covenants. Examples of off-balance-sheet financing include joint ventures, research and development (R&D) partnerships, and operating leases, where the asset itself is kept on the lessor's balance sheet, and the lessee reports only the required rental expense for use of the asset.

**Leaseback:** Arrangement in which one party sells a property to a buyer and the buyer immediately leases the property back to the seller. This arrangement allows the initial buyer to make full use of the asset while not having capital tied up in the asset. Leasebacks sometimes provide tax benefits. Also called sale and leaseback.

**Domicile:** A domicile is a person's primary residence for tax purposes, and it is established, in part, via a driver's license, voter registration and bank accounts. It may also be the address of record for credit cards and other bills. Although most people do, it is not necessary that people live in their listed domiciles.

**Underwriter:** An investment bank that acts as an intermediary between the issuing company and the investors who purchase the company's debt instruments and/or stock at the Initial Public Offering (IPO). The underwriter buys the newly issued securities from the company and sells them to investors on the secondary market through a stock exchange.

**Umbrella fund:** An umbrella fund is an investment fund containing several distinct sub-funds which in effect are traded as individual investment funds in a different market or country. It is an investment fund that invests in other funds rather than in direct investments. Umbrella fund was originally developed in the European investment management industry. An umbrella fund is sometimes known as a fund of funds. The umbrella fund structure makes it cheaper for depositors to move from one sub-fund to another.

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\* 6 Months EMI Per Person



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DHAKA - YANGON				YANGON - DHAKA			
FLIGHT	DEPARTURE	ARRIVAL	DAYS	FLIGHT	DEPARTURE	ARRIVAL	DAYS
VQ 711	11:30	13:45	FRI, SUN, TUE	VQ 712	14:45	16:00	FRI, SUN, TUE



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#### Eligibility:

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Maximum 60 years



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## INTERNATIONAL NEWS

### Commodity Markets: OPEC

Energy commodity prices advanced firmly in December, led by an increase in crude oil following the OPEC Conference in November and a jump in natural gas prices in the US on colder-than-average weather. In the group of non-energy commodities, agricultural prices were mixed, while metals advanced on average due to strong global manufacturing figures. Gold prices saw their worst monthly average performance of 2016 on the prospect of higher interest rates in the US.

### Trends in selected commodity markets

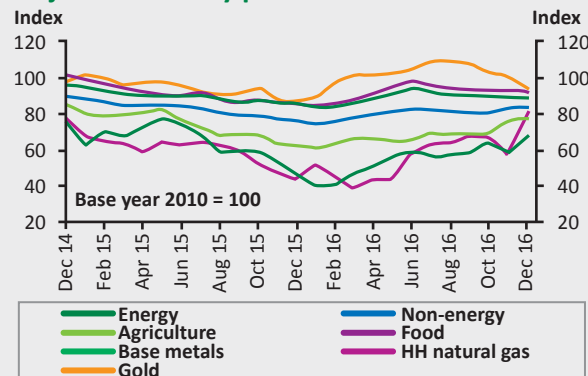
Commodity market sentiment was generally lifted by higher oil prices during the month as a result of announced OPEC and non-OPEC production adjustments. Meanwhile, metal commodity prices were supported by further improving momentum in global manufacturing activity as shown by the JPM global manufacturing PMI, which stood at 52.7 versus 52.1 the previous month. Meanwhile, the Federal Reserve (Fed) proceeded with a largely expected interest rate hike but also pointed to a slightly higher than expected path of interest rate increases,

Agriculture Ministry of Brazil. This translated into a sharp decrease in prices. The US Department of Agriculture increased its expectations for global ending stocks for corn, wheat and soybeans, generally due to higher expected supplies, which was generally bearish for prices. Contrarily, the USDA decreased its forecast for rice stocks, which was supportive of its prices.

Better prospects for the next Brazilian sugarcane crop due to water availability and a weaker Brazilian real impacted sugar prices. Metal prices were supported by better manufacturing conditions globally but especially in China, the world's largest consumer, as shown by a manufacturing PMI reading of 51.9 in December versus 50.9 the previous month. However, further upside was limited by rising stocks in the London Metal Exchange system for the majority of base metals. The slowing pace of price increases in real estate in China also limited upside potential. The price of newly constructed residential buildings advanced in 55 of the 70 largest cities on a m-o-m basis in November, but the pace of advances was slower than over the previous month, when price advances occurred in 62 of the 70 largest cities, according to the National Bureau of Statistics.

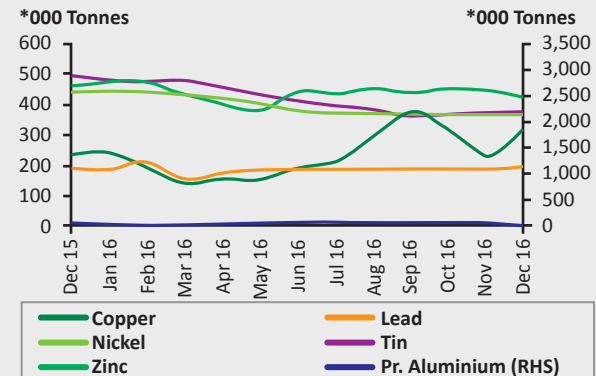
### Commodity Markets

Graph 1.1  
Major commodity price indices



Source: World Bank, Commodity price data.

Graph 1.2  
Inventories at the LME



Source: London Metal Exchange and Thomson Reuters.

provided that momentum in the US economy persists in 2017, which translated into higher value for the US dollar and lower gold prices. Agricultural commodity prices were mixed during the month, with larger declines in the group of beverages after falls hit cocoa and coffee prices. Output of Arabica coffee from Colombia increased by 4% during the 12 months to November from the same period last year, according to the Federation of Growers of Colombia, while expected output in largest producer Brazil in the 2016/2017 season was upgraded during the month by the

Iron ore prices increased by around 10% due to rising demand for steel production.

Crude steel output increased by 5.0% y-o-y both globally and in main producer China in November, according to the World Steel Association. Energy commodity prices generally increased, led by jumps in crude oil after the signing of OPEC and non-OPEC agreements. Meanwhile, natural gas prices in the US jumped by 43% after higher-than average withdrawals from inventories due to colder-than-average weather.



Colder weather in Europe was also supportive for prices. Natural gas inventories declined to 64.9% of capacity at the end of December versus around 80% the previous month, according to Gas Infrastructure Europe. Coal prices retreated on some recovery in Chinese output following some easing in mining restrictions previously imposed by the Government of China.

**Average energy prices** in December increased by 15.1% m-o-m, led by a 16.3% increase in average crude oil prices and a 43.2% jump in natural gas prices m-o-m in the US, while average natural gas prices in Europe advanced by 12.0%. Meanwhile, Australian benchmark thermal coal prices decreased by 13.4%.

**Agricultural prices** decreased by 0.6%, with a 0.2% decrease in average food prices and a 7.1% retreat in beverage prices due to falls of 12.1% in Arabica coffee and a 7.4% drop in cocoa prices. However, raw materials increased by 2.2%, mainly due to a 16% jump in natural rubber prices. Sugar prices declined by 8.6% over the month.

**storage** during the week ending 30 December. This was below the lower range of analysts' expectations of a 72 to 83 bcf withdrawal. Total working gas in storage stood at 3,311 bcf, or 9.9%, lower than that at the same time the previous year and 0.6% lower than the previous five-year average.

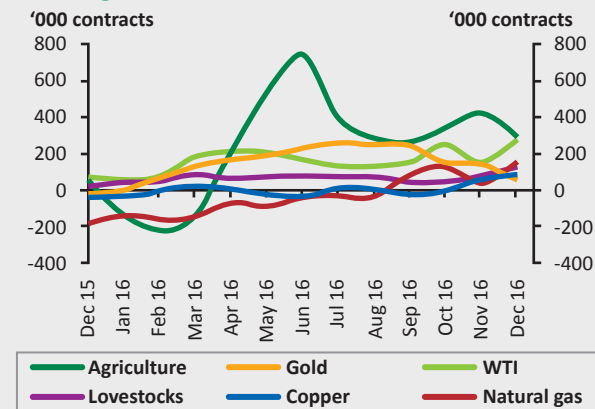
### Investment flows into commodities

**Open interest volume (OIV)** increased in December for selected US commodity markets such as crude oil, natural gas and copper, while decreasing for precious metals, agriculture and livestock. Meanwhile, in monthly terms, speculative net length positions increased for crude oil, natural gas, copper and livestock, while declining for agriculture and precious metals.

**Agriculture's open interest** decreased by 3.6% to 4,904,537 contracts in December. Meanwhile, money managers decreased net long positions by 30.3% to 291,585 lots, largely because of decreasing net length in sugar, coffee and corn.

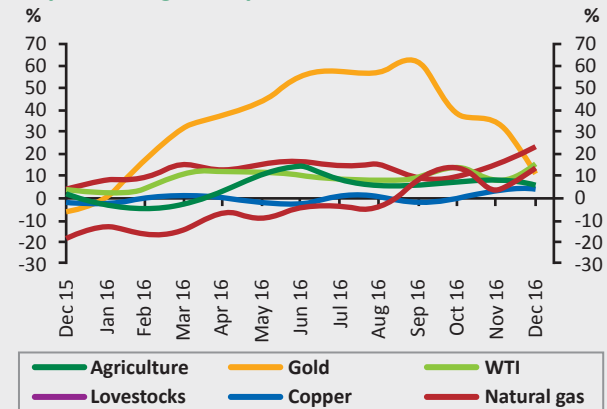
**Henry Hub's natural gas** open interest increased by

**Graph 1.3**  
Speculative activity in key commodities, net length



Source: US Commodity Futures Trading Commission.

**Graph 1.4**  
Speculative activity in key commodities, as percentage of open interest



Source: US Commodity Futures Trading Commission.

**Average base metal prices** increased by 1.8%, led by a 3.8% monthly increase in copper prices. Average iron ore prices rose by 9.6%.

In the group of **precious metals**, gold prices declined by 6.5% on average, on a firming outlook for higher interest rates in the US. Meanwhile, silver prices declined by 5.6%.

In December, the **Henry Hub natural gas index** jumped. The average price was up by \$1.08, or 43.2%, to \$3.58 per million British thermal units (mmbtu) after trading at an average of \$2.50/mmbtu the previous month.

The US Energy Information Administration (EIA) said utilities withdrew 49 billion cubic feet (bcf) of **gas from**

4.4% m-o-m to 1,217,686 contracts in December. Money managers increased their net length positions by 2.7 times to 149,101 lots on larger than average withdrawals from storage during the month.

**Copper's open interest** increased by 2.2% m-o-m to 233,472 contracts in December. Money managers increased their net long position by 29.3% to 80,303 contracts on continuing improving global manufacturing figures.

**Precious metals' open interest** decreased by 14.8% m-o-m to 559,105 contracts in December. Money managers decreased their net long positions by 44.7% to 127,677 lots.

# INTERNATIONAL NEWS



## U.S. Overview

### Growth Suffers From Another Cold Snap

This year's late winter East Coast blizzard serves as a reminder of how weather and other factors have had an uncanny ability to make the first quarter the weakest quarter in four of the seven full years of economic recovery Wells Fargo have had so far. This year's first quarter also looks like it could be the weakest of the year, with the current estimate showing real GDP growing at just a 1.1 percent annual rate during Q1. While the weather played a role in suppressing growth this year, it was not so much from the late winter blizzard as it was from the milder weather earlier, which cut utility use. The widening trade deficit also looks to have subtracted 0.5 percentage points off growth in the quarter and government spending declined.

While 2017 has gotten off to a slow start, Wells Fargo is still looking real GDP to rise 2.1 percent this year, following a 1.6 percent gain in 2016. Consumer spending is being supported by strong job and income growth. Consumer confidence has also held on to much of the gains posted following the presidential election.

In addition, the earlier firming in oil prices has led to a rebound in oil exploration and production. Homebuilding also appears to be gaining momentum, particularly in the South and West. Even with just 2.1 percent real GDP growth, Wells Fargo expect the unemployment rate to inch lower and look for inflation to continue to firm. Economic growth should remain strong enough for the Federal Reserve to hike the federal funds rate two more times, with the next hike likely coming in June.

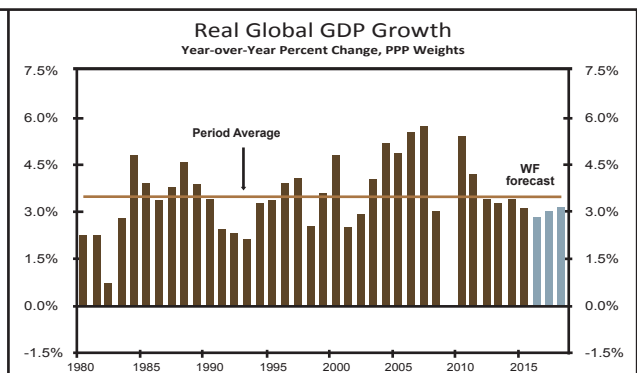
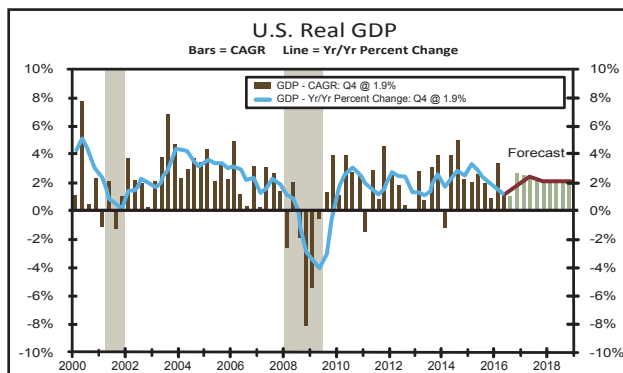
## International Overview

### Modest Firming in Global Outlook

Prospects for the global economy have brightened somewhat since February update and that is reflected in the tenth of a percentage point upward nudge Wells Fargo has made to estimates for global GDP growth for this year (now 3.1 percent) and next (now 3.3 percent). The estimate for 2016 global GDP growth remains unchanged at 3.0 percent. Official global GDP figures for 2016 will become available from the IMF in its June World Economic Outlook publication. If the numbers prove accurate, 2016 will mark the slowest year for global growth in the post-2009 period.

In terms of the factors that are driving slightly improved growth outlook, it is rather broadly based with upward revisions in the outlook for two advanced economies: Japan and Canada, and for three developing economies: India, Brazil and Mexico (in the case of Mexico, Wells Fargo has pared back forecast decline in GDP).

Wells Fargo upgraded the outlook for Japan based on a better Q4-2016 outturn in GDP growth than Wells Fargo had been expecting. In addition, the Tankan survey of large manufacturers in Japan rose to 10.0 in the latest print, up from 6.0 where it had been for three prior quarters and another survey, the Nikkei manufacturing PMI for Japan rose to 53.3 in February, its highest level since 2014. The Canadian economy also performed well in Q4 2016, as the annualized rate of real GDP growth came in at 2.6 percent, versus the expected 2.0 percent.



Source: U.S. Department of Commerce, International Monetary fund and Wells Fargo Securities

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## SME Bank of the Year & Women Entrepreneurs' Friendly Bank of the Year

Mutual Trust Bank Ltd. (MTB) rejoices along with its customers, shareholders, stakeholders, regulators, patrons and well-wishers, on receiving the **SME Bank of the Year** and **Women Entrepreneurs' Friendly Bank of the Year** Awards.

The recognition was made at the '**SME Banking Award 2014**' ceremony jointly organized by Bangladesh Bank and the SME Foundation. With this achievement, MTB becomes the first-ever best SME bank of the year for its contribution to the development of small and medium enterprises (SMEs).



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