

# MTBiz

Monthly Business Review, Volume: 02, Issue: 05, May 2010



## Stress Testing



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড

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Developed, and Published by MTB Research and  
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## FINANCE AND ECONOMY

### Wall Street braces for sweeping reforms



Wall Street's largest banks are readying themselves for vast changes in how they do business after a Senate vote moved sweeping reforms one step closer. Democrats in both houses of Congress have pledged to put a final version of the rules on

President Barack Obama's desk within weeks, a signal to financial firms that they are running their last lap on a well-worn – and immensely profitable – track. Barring major changes, Wall Street will soon be contending with a potentially powerful consumer protection agency and banks will be forced to wall off, or even sell off, some of their most profitable divisions. According to analysts at Bank of America-Merrill Lynch, the reforms could lower the sector's profits by as much as 20 percent. Banks have bristled at two proposals in particular: new "proprietary trading" rules that would bar deposit-holding institutions from making bets for their own gain, and rules that would force the trade of complex financial instruments called derivatives on open exchanges. (Source: AFP, Washington)

### Britain faces aggressive cuts in 'age of austerity'

Britain faces an "age of austerity" as the new coalition government readies aggressive cuts in public spending to slash the deficit, Treasury minister David Laws told the Financial Times. Laws, chief secretary to the Treasury in Prime Minister David Cameron's coalition, will outline plans on Monday to make 6.0 billion pounds (6.9 billion euros, 8.7 billion dollars) of cuts in the current 2010/2011 year. "We are moving from an age of plenty to an age of austerity in the public finances," Laws told. "We will make that austerity as progressive as we can, by protecting the things and the people who need protecting." Laws, who is a Liberal Democrat, added that he was "mentally prepared for getting a lot of representations from angry people" when the cuts are made. (Source: AFP, London)

### Singapore exports up 29.4% in april

Singapore said that exports rose 29.4 percent in April from the previous year on strong demand from major trading partners such as the United States, China and Hong Kong. The rise in non-oil domestic exports (NODX) beat expectations and was faster than the 25.4 percent growth in March, trade promotion body International Enterprise (IE) Singapore said. Also, exports of electronics and non-electronics goods powered the growth immensely. Exports to the US soared 46 percent, up from a 12 percent rise in March, and while shipments to China rose 30 percent and to Hong Kong 41 percent. On a month-on-month seasonally adjusted basis, NODX rose 2.1 percent in April. Total trade expanded by 31 percent to nearly 77 billion Singapore dollars. (Source: AFP, Singapore)

### World debt crisis looms behind greek mess

With Europe locked in Greece-linked market mayhem, influential economists are now warning that a wider crisis of rising debts and ageing populations in advanced economies could be in store. And it is not just Greece and some other vulnerable eurozone economies that are in trouble. Countries such as Britain and the United States are at risk too unless urgent action is taken to avert a major public finances crunch. A recent working paper published by the Switzerland-based Bank for International Settlements, an organisation that groups together the world's top central banks, said the developed world has seen "an explosion of public debt."

"Drastic measures" are needed to slash this debt, said the authors of the report, including Stephen Cecchetti, chief economic adviser to the BIS, which often helps shape government economic policy years into the future. (Source: AFP, Paris)

### EU, central america reach free trade deal



Central American countries and the European Union have reached a free trade agreement in talks in the Spanish capital, an EU official told AFP. A Central American delegate earlier said there was an agreement in principle and "we are in the final details," putting them down on paper. El Salvador television

carried comments from the Salvadorean chief of cabinet Alexander Segovia, in Madrid, who said that talks had closed successfully. "There was a show of flexibility by the European Union and with that we managed to get to an agreement," he said. (Source: AFP, Madrid)

### Hedge funds flock to asia

As regulators in developed markets step up oversight of hedge funds, free pools of capital are increasingly set to make their home in Singapore and Hong Kong. This will accelerate the flow of talent and foreign funds into Asia's top two financial centers, at a time when asset managers are already eyeing the region's rising wealth and strong economic growth. Assets of Asia (ex-Japan) funds are seen rising 70 percent over the next two years, outpacing the 50 percent growth in global assets, according to industry estimates. "Asia, and Singapore in particular, could definitely benefit from the stupid regulatory environment in Europe," said Lionel Martellini, director of France's EDHEC Risk and Asset Management Research Centre. Scrutiny of hedge funds has heightened in Europe as politicians in Germany and France blamed the industry for causing the financial crisis – though the crisis was caused more by regulated banks in the United States, Martellini said. The G20 nations want greater supervision of hedge funds, with the European Union debating more contentious rules that could make it harder to offer non-EU funds to European investors. London has objected to the proposed EU rules. Hedge funds are seeking exposure to Asia, encouraged by the developments in China as a global engine of growth as well as the growing importance of Asian currencies to global trade. The funds had assets of \$105 billion at end-2009, or about 7 percent of global hedge fund assets of around \$1.5 trillion, Singapore-based consultancy Eurekahedge estimates. By end-2012, that will rise to at least \$182 billion, as global hedge fund assets grow to \$2.25 trillion. Tax rates on top earners of 17 percent in Hong Kong and 20 percent in Singapore compare favorably with the UK, especially given a controversial plan to raise the highest British rate to 50 percent from 40 percent. Start-up costs are also generally lower than in London's expensive West End – Europe's hedge fund hub – and boutique funds can therefore get going with smaller asset bases than the \$50 million or \$100 million that many in UK see as critical mass. But some strategies may struggle in Asia because the region's financial markets do not match the depth seen in the West. Citadel Group, for example, more than a year ago trimmed its special situations team in Hong Kong. Data from Eurekahedge also shows that about half of hedge fund strategies employed in Hong Kong and Singapore are focused on long or short equities strategies. "Managers will consider relocating to Asia as long as they know that major institutional investors such as pension funds, endowments, insurance companies and foundations in the region are there to invest in alternative investment schemes," said Aureliano Gentilini, hedge fund research head at Lipper, a unit of Thomson Reuters. (Reuters, Singapore)



### Wall street plunge triggers asian turmoil

The biggest drop in more than a year on Wall Street triggered fresh turmoil in Asian markets Friday, amid heightened anxiety over the eurozone debt crisis and doubts over the strength of the US economy. However, dealers halted their frantic selling of the euro, sending it slightly up against other major currencies and limiting earlier heavy share losses. After government data showed the largest number of Americans lining up for unemployment insurance claims in five weeks, US shares plunged 3.60 percent with investors also gripped by deepening fears over Europe's debt. Asian markets tumbled in response, with several markets hitting lows not seen for several months. Tokyo dived 2.45 percent, or 245.77 points, to close at 9,784.54, its lowest level since December 2.

Sydney ended 0.26 percent, or 11.1 points, lower at 4,305.4 after slumping 2.9 percent to a 10-month low earlier. "This eurozone saga is turning into a bad horror movie," Phillip Securities economist Joshua Tan told Dow Jones Newswires. "You think the monster is dead but it keeps coming back." The bearish US data and euro fears prompted fresh concern in Tokyo, with government officials fretting as investors piled into the safe-haven yen. (AFP, Hong Kong)

## POLITICS

### Thai Govt. rejects peace talks

Thailand's government rejected proposed peace talks with "Red Shirt" protesters, saying they must first abandon their Bangkok rally site where clashes have left 38 dead. Five days of wild street battles with troops have reduced parts of Bangkok to battle zones, with smoke billowing from piles of tyres set ablaze by demonstrators occupying the city's main shopping district. As the United Nations urged Thailand to "step back from the brink", some 60 senators on Monday urged the government and the Reds to halt the violence and enter into negotiations organised by the upper house. "The Reds agree to accept the proposal by the senate speaker who wants to mediate the talks, and are ready to join from now," said protest leader Nattawut Saikuar. But cabinet minister Satit Wongnongtaey said in a nationally televised news conference that there could only be negotiations and a resolution "when demonstrators disperse". Two previous rounds of talks have collapsed "due to interference from people overseas," he said, in an apparent reference to fugitive former premier Thaksin Shinawatra, who was ousted in a 2006 coup.



The Reds, who are campaigning for elections to replace the administration of Prime Minister Abhisit Vejjajiva, have defied a Monday deadline to disperse from the upscale shopping district where they have been camped for six weeks. They consider Abhisit's government illegitimate because it came to power with the backing of the army, in a 2008 parliamentary vote after a court ruling ousted Thaksin's allies. The crisis, which began when rolling demonstrations were launched in mid-March, has now left 67 people dead and about 1,700 wounded.

Twenty-five people died in a failed army crackdown on April 10. (Source: AFP, Bangkok)

### Iran, Brazil, Turkey sign Nuke swap deal

Iran, Brazil and Turkey signed a nuclear fuel swap agreement designed to allay international concern over the Islamic Republic's



atomic ambitions and avert fresh UN sanctions against Tehran. It was not immediately clear whether the terms of the deal, hammered out in talks between leaders of the three countries in Tehran, would fully satisfy major powers which have been discussing a new round of punitive UN measures against Tehran. Iran said it had agreed to transfer 1,200 kg (2,646 lb) of its low-enriched uranium to Turkey within a month in return for higher-enriched nuclear fuel for a medical research reactor. No more than one year later, Iran will get 120 kg of 20 percent enriched uranium under an arrangement involving the UN nuclear watchdog, the International Atomic Energy Agency (IAEA), as well as the United States, France and Russia. Iran, which says its atomic program is purely for peaceful purposes and not to make bombs as the West suspects, had earlier insisted any such exchange must take place on its territory. Iranian President Mahmoud Ahmadinejad called on six world powers, which have been discussing further UN sanctions on the major oil producer, to start new negotiations with his country. "Following the signing of the nuclear fuel swap deal, it is time for the 5+1 countries to enter talks with Iran based on honesty, justice and mutual respect," he said, referring to the five permanent UN Security Council members and Germany. (Source: Reuters, Tehran)

### Greece, Turkey hail 'big step forward' after athens talks

Rivals Greece and Turkey made a "big step forward" in relations during a visit by Turkish Prime Minister Recep Tayyip Erdogan, a joint statement said after talks in Athens. "A big step forward has been made to promote relations and lead to the strengthening of peace and stability in the region," a statement by the Greek and Turkish governments said after Athens and Ankara agreed to set up a council of cooperation to overcome their differences. Greek Prime Minister George Papandreou, who had headed a first rapprochement as foreign minister a decade ago, said the two countries shared a "vision" to live in peace and friendship. He said the two sides had agreed to establish additional confidence-building measures and would "step up" efforts to resolve a continental shelf dispute in the Aegean Sea. Under the Greek-Turkish high cooperation council established on Friday, the Greek and Turkish leaders will meet once every year and ministers will confer twice annually, he added. Erdogan brought with him ten government ministers who signed some two dozen accords and declarations with their Greek counterparts on sectors including finance, immigration, energy, tourism, culture and education.



Deals signed include an accord allowing illegal migrants coming from Turkey to Greece to be sent back, an issue that has been a major source of discord between the arch-rivals. Regional rivals for centuries despite being members of NATO for the past five decades, Greece and Turkey markedly improved relations in 1999 after destructive earthquakes struck both countries within weeks of each other. (Source: AFP, Athens)

### India, Iran to talk on gas pipeline through Pakistan

After a two-year lull, India has proposed to resume talks with Iran next week on importing gas through a pipeline passing through Pakistan, but Tehran is yet to respond to the offer. India last month proposed a meeting of the India-Iran Joint Working Group (JWG) between May 23 and 28 in New Delhi to discuss the Iran-Pakistan-India gas pipeline project, but Tehran has not yet confirmed the data, sources said. India has been boycotting project talks since 2008 over concerns on safe delivery of gas and frequent changes in price of gas. New Delhi wants Iran to stick to the price agreed between them in 2007 and also wants it to be responsible for safe passage of gas through Pakistan. (Source: PTI, Tehran)

### SAARC sings for democracy

The two-day SAARC Summit concluded yesterday with a 36-point 'Thimphu Silver Jubilee Declaration' that endorses Bangladesh's proposal for a "Charter of Democracy" for regional cooperation aimed at strengthening good governance. SAARC leaders appreciated that all the member states had evolved into multi-party democracies, and underlined the challenges they still face in



ensuring effective, efficient, transparent and accountable government for their peoples. Bangladesh's proposal to convene an inter-governmental meeting in Dhaka on taking forward the idea of a SAARC Charter of Democracy was noted by the leaders of the eight nations. Meanwhile, two agreements -- SAARC Convention on Cooperation on Environment and Trade in Services -- were signed at the concluding session of the summit. The foreign ministers of the SAARC countries signed the agreements on behalf of their respective governments. The Convention on Cooperation on Environment aims at promoting regional cooperation in preserving the environment and mitigating the impacts of the climate change. The agreement on Trade in Services is aimed at increasing trade cooperation and integrating the regional economy. The 17th SAARC Summit will be held in the Maldives in 2011. SAARC leaders at the concluding session of the Thimphu summit welcomed the offer of the government of the island nation to host the next summit. (Source: UNB, Thimphu)

### Israel to keep Nuke ambiguity with US backing

Israel will keep up its longstanding policy of deliberate ambiguity over its nuclear programme, Defence Minister Ehud Barak said yesterday, adding that US support for the position remains

unchanged. He also said "there is no risk" that inspectors of the International Atomic Energy Agency (IAEA) would get authorization to inspect Israel's Dimona nuclear reactor. "I met President Barack Obama and other US officials two weeks ago.



All of them told me denuclearisation efforts target Iran and North Korea." Israel has maintained its so-called policy of deliberate ambiguity about its nuclear programme since the Jewish state inaugurated the Dimona reactor in the southern Negev desert in 1965. Media reports have said the United States agreed in 1969 that as long as Israel did not test a nuclear weapon or publicly confirm that it had one, Washington would not press it on the issue. Foreign military experts believe Israel has an arsenal of several hundred nuclear weapons. Like nuclear-armed countries India, Pakistan and North Korea, Israel has not signed the Nuclear Non-Proliferation Treaty in order to avoid inspections by the Vienna-based IAEA. (Source: AFP, Jerusalem)

## দ্বিগুণ লোন



ব্যবসায় যখন আরো অধিক বিনিয়োগ প্রয়োজন  
ঠিক তখনই সহজ শর্তে  
স্বল্প সময়ে MTB নিয়ে এলো "দ্বিগুণ" ঋণ সুবিধা।

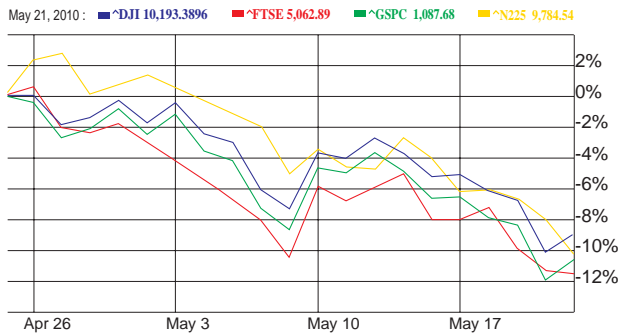


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## SELECTED GLOBAL INDICES



### Global Indices Round-up

Stocks snapped a three-day losing streak on Friday, May 21, 2010, as investors bought beaten-down shares including banks on bets the financial regulation bill won't be as onerous as some had feared. Nonetheless, the benchmark S&P 500 index was down 10.6 percent from its April 23 high in what is traditionally considered a correction as investors fled risky assets on fears the euro zone's debt crisis will crimp global growth. Bank shares rose a day after the U.S. Senate approved a sweeping overhaul of regulation of Wall Street firms, capping months of wrangling over the biggest changes since the 1930s. The Senate bill reduced uncertainty on what the final bill will look like, analysts said, which could still be watered down in negotiations with the House. Bank stocks jumped after having taken a beating on expectations the bill would cut profits. JP Morgan Chase & Co was the Dow's top boost, surging 5.9 percent to \$40.05. The Dow Jones Industrial Average lost 1010.89 points, or 9 percent, to 10,193.39. The Standard & Poor's 500 Index lost 129.59 points, or 11 percent, to 1,087.69. The NASDAQ Composite Index lost 301.11 points, or 12 percent, to 2,229.04. Britain's index of leading shares fell below the key 5,000 level on Friday, May 21st, as well, for the first

time since November 2009, as euro zone sovereign debt concerns weighed on sentiment, with banks and oil stocks hit hardest. By 1121 GMT, the FTSE 100 had fallen 81.04 points, or 1.7 percent, to 4,992.09. The index has lost more than 14 percent since fears escalated about the euro zone sovereign debt crisis in mid-April and is down 7.8 percent so far this year. Banks, which have been hard hit by the sovereign debt crisis, continued their slide from the previous session with HSBC, Royal Bank of Scotland and Standard Chartered down 2.7 to 3.7 percent. The sector was also struggling after the U.S. Senate approved a sweeping Wall Street reform bill for financial regulation. Changes proposed threaten to constrain the banking industry and reduce its profits for years to come. The German index DAX fell 7 percent over last month, closing at 5,829.25. Japan's Nikkei average slid more than 3 percent and hit a five-month low on Friday, with exporters hurt after the yen strengthened against the euro on worries about disunity among euro zone leaders on how to address the region's debt crisis. The Hong Kong HANG SENG closed at 19,545.83, an 8 percent decrease from last month. India's BSE SENSEX also lost over 3% during the week, its third decline in the last four weeks following European sovereign debt crisis and Germany's clampdown on speculators. (Source: Compiled from Yahoo! Finance and Reuters)

## INTERNATIONAL MARKET MOVEMENTS

| INDEX      | VALUE<br>(As of May 21, 2010) | 1 MONTH AGO<br>(As of April 31, 2010) | CHANGE % | CHANGE |
|------------|-------------------------------|---------------------------------------|----------|--------|
| DJIA       | 10193.39                      | 11204.28                              | -1010.89 | -9%    |
| S&P 500    | 1087.69                       | 1217.28                               | -129.59  | -11%   |
| NASDAQ     | 2229.04                       | 2530.15                               | -301.11  | -12%   |
| FTSE 100   | 5062.9                        | 5723.6                                | -660.7   | -12%   |
| DAX        | 5829.25                       | 6259.53                               | -430.28  | -7%    |
| NIKKEI     | 225 9784.54                   | 10914.46                              | -1129.92 | -10%   |
| BSE SENSEX | 16445.61                      | 17694.2                               | -1248.59 | -7%    |
| HANG SENG  | 19545.83                      | 21244.49                              | -1698.66 | -8%    |



## MTB

### Small Business Loan

ব্যবসা পরিচালনা ও সম্প্রসারণে গ্রাহকদের আর্থিক সহায়তা প্রদানে এই ঋণ কর্মসূচী প্রনয়ন করা হয়েছে। যে কোন ক্ষুদ্র ও মাঝারী ব্যবসায়ী (SME) তাদের বাড়তি মূলধনের প্রয়োজনে এই ঋণের জন্য আবেদন করতে পারেন।



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# INTERNATIONAL ECONOMIC FORECASTS

## Wells Fargo Securities Economics Group Report

### U.S. OVERVIEW

#### U.S. economy continues to chug along, for now

Most major economic indicators, including employment, retail sales and industrial production, improved notably over the past month, which raises the upside risks to our forecast. We continue to believe economic growth will moderate during the second half of the year, as the boost from inventory restocking fades and various stimulus programs wind down. Consumer spending may also be poised for a bit of a correction, as recent gains have been well in excess of improvements in after-tax income or consumer confidence.

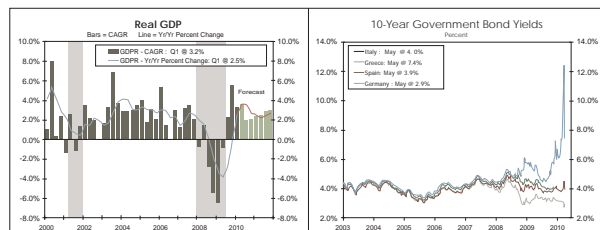
Any correction, however, will take time to feed into the GDP figures. Second quarter real GDP appears set to grow solidly—we estimate 3.5 percent—as the first quarter ended on a high note and the second iteration of the first-time homebuyer tax credit will boost sales and construction during the spring. Thereafter, we project 2 percent growth in the second half of the year, and 2.5 percent in 2011.

The European financial crisis should have only a modest impact on U.S. economic prospects. Exports to Europe and overseas earnings will suffer, but the weaker euro has also helped pull down oil prices, removing a more ominous near-term risk. The crisis also makes it even less likely the Fed will raise interest rates any sooner than our current December timeframe. The inflation outlook looks even more benign and we now expect further moderation in the major price indices. We still believe a problematic deflation is highly unlikely.

### INTERNATIONAL OVERVIEW

#### European Union comes to the rescue

When it became apparent that the Greek debt crisis was about to morph into a generalized financial crisis, European leaders came up with a three-pronged strategy to deal with the issue including a €500 billion lending facility. The IMF agreed to kick in an additional €250 billion, the ECB began to purchase government bonds to re-liquify those markets, and the Federal Reserve re-authorized swap lines that foreign central banks could use to provide dollar funding to their respective banking systems.



Source : U.S. Department of Commerce, IHS Global Insight, Bloomberg LP and Wells Fargo Securities, LLC

So far, the market response to the plan has been favorable. Indeed, the aim of the program is to entice investors to continue financing governments that have encountered liquidity problems. In a best-case scenario, the funds that have been committed by European governments will never be needed. Simply by committing to provide a backstop, leaders hope to give investors confidence to continue providing financing.

Although we are optimistic about the plan's success in the near term, there are some longer run issues to keep in mind. First, money may eventually need to flow, and parliaments could balk at approving the funds. If so, government bond yields are likely to rise again. Second, many European countries face a bleak economic future even if the crisis is gone for good. Significant fiscal retrenchment will exert powerful headwinds

on growth over the next few years that could very well lead to reform fatigue at some point.

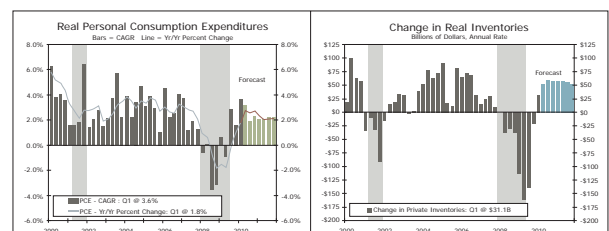
#### Volatility is back

The stock market's wild ride during the early part of May served to remind folks that the financial crisis and its aftershocks are still with us. The market's sell-off was triggered by growing worries about the European financial crisis. The rescue plan announced on May 9 brought some stability back to the financial markets but still leaves many questions unanswered (see page 4). What is certain is that fiscal tightening will exert a major drag on European economic growth, which will cut into U.S. export growth and overseas earnings that have been a big driver of the big rally on Wall Street and the improving credit environment.

Of course all of this focus on Europe serves to remind folks that the United States faces many of the same challenges. The outlook for the federal budget deficit has improved somewhat in recent weeks; however, state and local governments will likely need more assistance and Fannie Mae and Freddie Mac have recently requested \$19 billion in additional funds from the Treasury. Given the financial plight of federal and state governments there is little doubt taxes are headed higher and spending will continue to be reined in. Most of this restraint is currently apparent at the state and local level but ultimately the federal government will also have to tighten its belt.

While dealing with the federal deficit is a significant longer-term concern, the near-term economic outlook actually looks a little better. Real personal consumption expenditures grew at a 3.6 percent annual rate during the first quarter and spending ended the quarter well above its first-quarter average. If spending were unchanged in April, May and June, personal consumption would rise at a 2.0 percent annual rate during the second quarter. We expect outlays to be flat in April and rise slightly in May and June, pushing real personal consumption outlays up at a 3.1 percent pace.

The rebound in consumer spending is expected to lose momentum during the second half of the year, as the tailwinds from the resurgent stock market and various stimulus programs lose their punch. Job and income growth are improving. Payrolls rose by 290,000 jobs in April, following a 230,000-job gain in March. A wide assortment of industries added jobs but the bulk of the increase was concentrated in just four sectors: Census workers, retail trade, administrative and waste services and the hospitality sector.



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

Another reason we expect consumer spending to throttle back a notch is that there is less pent-up demand evident than in previous recoveries, as the repeated extensions of unemployment claims and various foreclosure moratoriums have kept spending at a higher level than the underlying fundamentals would have allowed. Credit also is harder for many consumers to qualify for today and consumers are continuing to deleverage. Higher state and local taxes and delays in many states in sending tax refunds will also take a bite out of spending this spring.



The winding down of tax credits for first-time homebuyers and some trade-up buyers will also serve to curb GDP growth during the second half of the year. In addition, following the outsized gains over the past two quarters, inventories will also add much less to economic growth in coming quarters. We expect inventories to rise by about \$50 billion a quarter over the forecast period but look for essentially no boost to output following the current quarter. Slower economic growth is expected to keep the Fed on the sidelines until at least the tail end of this year. However, we look for the Fed to withdraw some of the liquidity it has added to the financial system, and look for a rate hike in December followed by more moves in 2011.

### Europe pulls out the big guns

The realization that another global financial crisis was looming, which was being driven by concerns about government debt in some European countries, recently spurred European leaders to implement a three-part plan. First, the plan calls for the establishment of a massive lending facility. Individual countries and the European Commission have committed to a €500 billion facility and the IMF will kick in an additional €250 billion. Governments that are unable to tap private capital markets would be able to draw on the facility.

Second, there is a role for the world's central banks. In order to bring liquidity back to government bond markets, the European Central Bank will buy government bonds, at least on a temporary basis. In addition, the Federal Reserve reauthorized swap lines with the ECB, the Bank of Canada, the Bank of England and the Swiss National Bank in order to facilitate the dollar funding needs of foreign banks.

Third, highly indebted governments, including those in Italy, Portugal and Spain have announced that they will take further steps to bring their gaping deficits under control. Specifically, each country has committed to reduce its respective deficit in 2010 and 2011 by a 0.5 percentage point.

Will the plan work? The market's initial reaction was very favorable. For example, the yield on the 10-year Greek government bond, which spiked up when the full force of the crisis hit, retreated significantly when the plan was announced (graph on front page). Government bonds in Italy, Portugal and Spain also rallied.

By providing a large backstop facility, European leaders hope to convince investors to continue financing governments that are facing liquidity problems. Not a euro cent of the €500 billion facility put in place by European leaders has been spent yet, and leaders hope that not a cent will ever be spent. By showing political solidarity with their European brethren, leaders hope that investors will have the confidence to finance governments today knowing that a backstop is in place.

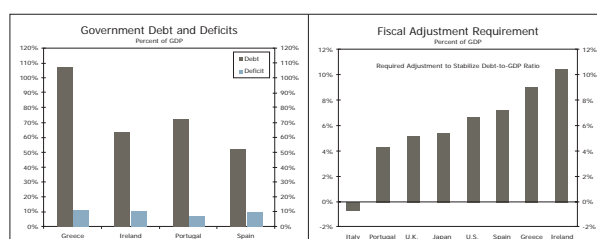
In that respect, the European plan is similar to the TARP program that was established by U.S. authorities in the autumn of 2008. The combination of the TARP funds and the subsequent "stress tests," which showed that nationalization of the nation's major banks was not necessary, gave investors confidence to buy financial stocks again. Although the government initially had to pony up \$700 billion of TARP funds, most of the original financial institutions that received U.S. government assistance were able to raise new equity capital in private markets. Expected losses by the federal government have fallen significantly as many financial institutions have repaid their TARP funds.

Although we are optimistic about the plan's success in the near term, there are some longer run issues to keep in mind. First, European governments may eventually need to make good on their commitment to provide funding to troubled neighbors, and disbursement would require parliamentary approval. Will

parliaments approve bilateral loans if they are actually needed? If a parliament in one country rejects a government's request, will investors begin to worry that the entire deal would begin to unravel? If it appears that the deal is about to fall apart, government bond yields surely will rise again.

Moreover, fiscal tightening will exert strong headwinds on growth over the next few years, and the common currency that Greece, Portugal and Spain share with their Euro-zone neighbors, to which the bulk of their exports are destined, will make it difficult for these indebted countries to export their way back to prosperity. Slow growth will make it difficult for governments to close their budget gaps due to sluggish revenue growth. A financial meltdown à la Lehman Brothers appears to have been averted, at least for now. However, the road ahead for some of Europe's indebted countries remains long.

Wells Fargo Securities Economics Group publications are



Source: OFCD, IMF, U.S. Dept. of the Treasury, U.S. Dept. of Commerce, Eurostat and Wells Fargo Securities, LLC

### Wells Fargo International Economic Forecast

(Year-over-Year Percent Change)

|   | GDP   |       |      | CPI   |       |      |
|---|-------|-------|------|-------|-------|------|
|   | 2009  | 2010  | 2011 | 2009  | 2010  | 2011 |
| Global (PPP weights)                    | -0.8% | 4.6%  | 4.1% | 2.8%  | 4.3%  | 4.1% |
| Global (Market Exchange Rates)          | -2.0% | 3.4%  | 2.9% | n/a   | n/a   | n/a  |
| <b>Advanced Economies<sup>1</sup></b>   | -3.3% | 2.5%  | 2.3% | -0.3% | 1.5%  | 1.3% |
| United States                           | -2.4% | 3.0%  | 2.5% | -0.3% | 2.3%  | 2.4% |
| Eurozone                                | -4.0% | 1.1%  | 1.5% | 0.3%  | 1.4%  | 1.0% |
| United Kingdom                          | -4.9% | 1.1%  | 2.5% | 2.2%  | 3.0%  | 1.6% |
| Japan                                   | -5.2% | 2.6%  | 1.7% | -1.3% | -0.7% | 0.1% |
| Korea                                   | 0.2%  | 5.7%  | 3.6% | 2.8%  | 2.7%  | 3.0% |
| Canada                                  | -2.6% | 3.7%  | 3.1% | 0.3%  | 2.2%  | 2.3% |
| <b>Developing Economies<sup>1</sup></b> | 2.4%  | 7.1%  | 6.1% | 6.5%  | 7.6%  | 7.5% |
| China                                   | 8.5%  | 10.9% | 9.0% | -0.7% | 2.7%  | 3.6% |
| India                                   | 6.8%  | 8.0%  | 7.8% | 11.4% | 12.6% | 8.0% |
| Mexico                                  | -6.5% | 3.6%  | 3.5% | 5.3%  | 5.4%  | 5.9% |
| Brazil                                  | -0.2% | 5.4%  | 5.3% | 4.9%  | 5.5%  | 5.9% |
| Russia                                  | -7.9% | 4.0%  | 4.2% | 11.8% | 6.7%  | 8.7% |

Forecast as of: May 12, 2010

<sup>1</sup>Aggregated Using PPP Weights

### Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

|          | 3-Month LIBOR |       |       |       |       |       | 10-Year Bond |       |       |       |       |       |
|----------|---------------|-------|-------|-------|-------|-------|--------------|-------|-------|-------|-------|-------|
|          | 2010          |       |       | 2011  |       |       | 2010         |       |       | 2011  |       |       |
|          | Q2            | Q3    | Q4    | Q1    | Q2    | Q3    | Q2           | Q3    | Q4    | Q1    | Q2    | Q3    |
| U.S.     | 0.40%         | 0.40% | 0.65% | 1.40% | 2.15% | 2.65% | 3.80%        | 3.80% | 3.90% | 4.00% | 4.20% | 4.30% |
| Japan    | 0.25%         | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 1.35%        | 1.35% | 1.35% | 1.45% | 1.50% | 1.60% |
| Euroland | 0.60%         | 0.60% | 0.80% | 1.10% | 1.50% | 2.25% | 3.10%        | 3.15% | 3.40% | 3.70% | 3.80% | 4.00% |
| U.K.     | 0.65%         | 0.65% | 0.65% | 1.25% | 2.00% | 3.00% | 4.00%        | 4.10% | 4.50% | 4.70% | 4.80% | 4.85% |
| Canada   | 0.40%         | 0.50% | 1.00% | 2.00% | 3.00% | 3.50% | 3.60%        | 3.90% | 4.10% | 4.30% | 4.40% | 4.45% |

Forecast as of: May 12, 2010

Source: Wells Fargo Securities, LLC

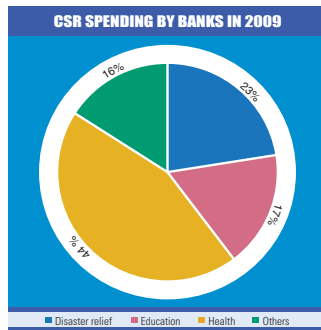
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## FINANCE AND ECONOMY

### Banks shell out 35 percent more for CSR



Commercial banks hiked spending on corporate social responsibility (CSR) by 35 percent last year and shifted from passive grants and donations. The banks' expenditure for social welfare jumped to BDT 55.38 crore in 2009 from BDT 41 crore in 2008, according to a Bangladesh Bank report, first of its kind. Of 48 scheduled banks in Bangladesh, 46 were involved in CSR activities in 2009. The number was 27 in 2008. Dutch-Bangla Bank Ltd spent the highest, BDT 15.92 crore, on education, health, disaster relief, sports and social welfare in 2009. Islami Bank Bangladesh Ltd secured the second position, spending BDT 11.62 crore mainly on education and disaster relief. The bankers said a joint move by all banks is necessary to fund a big project each year under their own CSR activities. The CSR activities are not mandatory for the banks. However Bangladesh Bank now considers the banks' yearly CSR initiatives as an extra instrument for their performance rating. This idea has mainly brought the banks to involve more in such activities. Private commercial banks were found more active than the state-run ones in spending on CSR activities, said the BB report. "The central bank wants the banks to include CSR into their core banking, not by considering it a 'voluntary service'," said BB Governor Atiur Rahman. "It should be a long-term, sustainable and running process than being restricted only to the short-term services like grants, aids and donations." He said the banks would become more active in CSR activities in future. But the government should waive the banks from the tax burden for the money they spend for such activities, he added. The banks will provide a big fund to develop the Liberation War Museum this year under CSR activities, he said. (Source: The Daily Star)

### Bangladesh Bank goes online

All the branches and departments of Bangladesh Bank (BB) yesterday came under an online network to ensure faster and transparent services at the central bank. "The online networking would be the platform for bringing the entire financial sector under ICT technology," said Governor Atiur Rahman while inaugurating the online system at the BB headquarters in Dhaka. The new system will enable the BB staff to intercommunicate and share necessary information online without physical movements, saving both time and resources. Under the system, all the data are stored at a data centre at the central bank, backed by a highly secured disaster recovery site. A total of 2,600 computers have also been installed at BB branches from where the designated staff can log in to work. (Source: BSS, Dhaka)

### World Bank forecasts slow GDP growth

The World Bank (WB) projected low economic growth for Bangladesh in the next fiscal year, taking into account fallout from the continuing energy crisis. The WB said GDP could be between 5.5 percent and 6.1 percent, against the government's prediction for 6.7 percent. "A shortage of energy poses perhaps the biggest threat to Bangladesh's growth recovery," the WB said in its Bangladesh economic update. The multilateral lending agency said the country's economy would grow by 5.5 in fiscal 2009-10, against the government estimate of 6 percent. In fiscal 2008-09, Bangladesh recorded 5.9 percent GDP growth, despite the adverse impacts of global recession. The WB said the growth outlook for fiscal 2010-11 depends on the domestic supply

constraints, particularly energy. Energy shortages will continue to stifle Bangladesh's recovery, it said. The estimated demand-supply gap is currently a third of demand (2,000 MW) at peak hours. A shortage of gas accounts for nearly a half of this gap. "Maintaining growth at its recent 6 percent average over the medium term will thus be a challenge to Bangladesh, given the current infrastructure and energy deficit," it said. Gas production declined by 2.4 percent in July-December 2009, and gas sales to the power sector declined by 20.3 percent in the same period, resulting in frequent power cuts. The report says industrial production in apparels, ceramics, fabrics, steel and particles is particularly hard hit. Many factories in industrial areas in Dhaka and Chittagong are unable to use more than 50 percent of their capacity, while small industries, which cannot afford diesel generators, are on the brink of closure. (Source: The Daily Star)

### Specialized Bank for migrant workers, families



State Minister for Women and Children Affairs Shirin Sharmin Chowdhury informed that the government will launch a specialized expatriate welfare bank for migrant workers and their family members. She was speaking as the chief guest at a roundtable on 'Impact of migration on families' at United Nations Information Centre (UNIC). The government alone cannot solve all the problems of the migrants and their families, said the state minister, adding that people from all walks of life should

work together to help the families of migrant workers better utilise the remitted funds. (Source: The Daily Star)

### FDI dips 41 percent

Foreign direct investment in the January-June 2009 period dropped 41 percent, compared to the previous six months. In a report that comes every six months, Bangladesh Bank linked the fall to slowing investment in the telecom sector. In January-June of 2009, the total FDI inflow was \$357.94 million, down from \$602.65 million in the July-December 2008 period, according to data released on Thursday. In the January-June 2009 period, the FDI flow to the telecom sector fell 65 percent to \$148.92 million, compared to the previous six months. In the same fashion, the textile and garment sector suffered a 16.28 percent fall to \$59.40 million in FDI. In the same period, the FDI flow to the banking sector increased 296 percent to \$88.02 million. In the gas and petroleum sector, it rose 2.59 percent to \$11.89 million. The power sector saw a 1.38 percent rise to \$11.78 million. (Source: The Daily Star)

### BB raises banks' daily cash reserve requirement ratio

The central bank of Bangladesh has raised the daily minimum cash reserve requirement (CRR) by 0.5 percentage point to 4.5 per cent for commercial banks while the average daily CRR on a bi-weekly basis remains unchanged at 5.0 per cent, officials said. "We've revised the minimum CRR on a daily basis aiming to keep the country's money market stable," a BB senior official told the FE, adding that the new CRR rule will come into effect from March 1 next. He also said the gap between the daily minimum CRR and the bi-weekly average CRR is now 1.0 per cent. Taking the advantage of such a gap, most of the banks maintain a CRR of 4.0 per cent with the BB in the first week and then meet the 5.0 per cent average requirement at the end of the deadline, which results in a rise in the interbank call money rate, the BB official explained. The existing rate of statutory liquidity ratio (SLR), 18 per cent, will remain unchanged. (Source: The Financial Express)

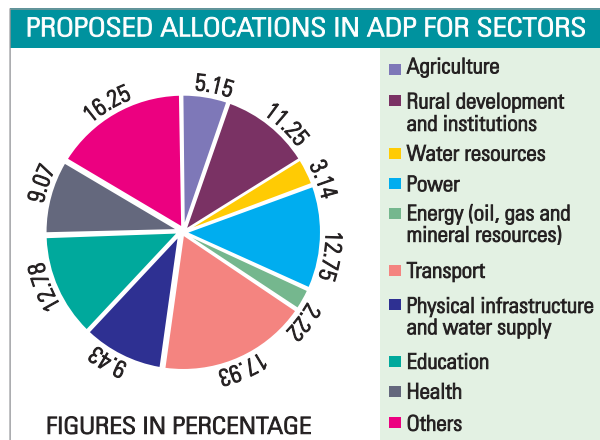


### Dhaka, Seoul agree to boost cooperation

Bangladesh and South Korea agreed to intensify co-operation in trade, investment, transfer of technology, energy and infrastructure development for mutual benefit. This was announced in a joint communiqué issued at the end of Prime Minister Sheikh Hasina's three-day visit to Seoul from May 16-18. During the visit, Bangladesh and South Korea signed four deals including two on Economic Development Fund Loan (EDFL) and Energy Cooperation between the two countries. The communiqué says Korea expressed its commitment to continue to offer assistance in support of the economic and social development of Bangladesh. The Korean side also expressed its willingness to favorably consider increasing the amount of Economic Development Cooperation Fund (EDCF) loans. It says the two sides will take active measures to expand bilateral trade and work together to achieve trade balance as they viewed that economic cooperation and trade constitute an important part of the comprehensive partnership between the two countries. The two sides agreed to facilitate the mutually agreed cooperation projects such as Korean Export Processing Zone. Both sides also agreed to support the joint-venture between Petrobangla and Korea Consortium in energy sector including coal mining and coal-based power plants in Bangladesh. Besides, the two sides agreed to continue consultations on international and regional affairs, including the global financial crisis, trade liberalization and facilitation, climate change, energy, food security, and counter-terrorism. (Source: UNB, Seoul)

### Power, Transport to get 82 percent more in outlay

The government will increase allocations for power and transport sectors by 82 percent in the next fiscal year, mainly to bear the costs of Padma Bridge construction and new power plants. The transport sector is expected to see a 78 percent rise to reach BDT 6,903 crore, up from BDT 3,878 crore in the



revised ADP of the current fiscal year. The government has set aside a block allocation of BDT 1,000 crore for river dredging, an area it prioritized for the first time. According to the draft proposal, the size of the upcoming ADP will be of BDT 38,500 crore. Local components will provide BDT 23,200 crore or 60 percent of the ADP outlay and project aids the rest BDT 15,300 crore. The revised ADP for the current fiscal year was of BDT 28,500 crore, while the original size was BDT 30,500. The ministry officials said the government plans to add around 9,500 megawatt of electricity to the national grid by 2015. Rental power plants will provide 1,000MW-1,200MW, while the rest will come from government plants. The allocation for the power sector will increase if the ministry can use all the funds, the planning ministry officials said. Power ministry officials said the government would take steps in the next fiscal year to set up a dozen of power plants that will generate around 4,000MW. The construction of the Padma Bridge will cost BDT 16,800 crore and the government plans to complete the construction by 2013.

Communication ministry officials said the bridge will get BDT 1,500 crore to BDT 2,000 crore in the next fiscal year. Farm sector may get BDT 1,981 crore, up from BDT 1,801 crore in the revised ADP of the current fiscal year. The government may increase allocation for education sector to BDT 4,919 crore from BDT 4,400 crore in the current fiscal year. Health sector may get BDT 3,493 crore, which was BDT 2,981 crore in the revised ADP of the current fiscal year. However, energy sector will see a cut, as it will get BDT 853 crore as against BDT 1,030 crore in the revised budget. (Source: The Daily Star)

### Government moves to offset crop losses

Farmers lost some 1.56 lakh tonnes of Boro rice in the haor areas because of the recent flash floods, said Agriculture Minister Matia Chowdhury. In a bid to help offset the losses, the government has allocated BDT 26 crore to encourage farmers to grow high-yielding rice during the current Aus season by providing them with certain amount of fertiliser for free. "We hope such supports will help them recover," the minister said. (Source: The Daily Star)

### Direct Banking link with Myanmar on the cards

Bangladesh will establish a direct banking link with Myanmar to boost bilateral trade between the two neighboring countries, said a senior official of the commerce ministry. Bangladesh Bank (BB) Governor Atiur Rahman will discuss the issue with the officials of the central and commercial banks of Myanmar next month at the 39th board meeting of Asian Clearing Union (ACU) which is scheduled for June 11-12. The Myanmar exporters now transact with Bangladesh from a third country like Singapore or Thailand. Being a member of the ACU, the exporters of Myanmar can also transact through this union for LC (letter of credit) payment. But the Myanmar exporters face troubles in international trade for the country's complex foreign currency rules and trade policies. In case of border trade, the Myanmar businessmen transact through bank drafts and pay orders from a branch of Sonali Bank at Teknaf in Bangladesh and a branch of Myanmar Economic Bank at Mongdu, on the Myanmar side. The issue of establishing a direct banking arrangement between the two countries was raised in a meeting in Dhaka in October last year. Officials of the Myanmar central bank and Bangladesh Bank agreed at the meeting that there is no barrier in overseas trade between the two countries through ACU. (Source: The Daily Star)

### No Bank fees for small savers

Banks will charge no maintenance fee for small savings up to BDT 5,000 Bangladesh Bank (BB) said in a circular. But the banks can charge BDT 100 biannually for savings up to BDT 25,000. The central bank has taken the decision to protect the interests of the small savers, said the circular. Earlier, the BB in a circular in December 2009 fixed the banks' biannual account maintenance fee at BDT 300. But the state-owned banks, which used to charge less than BDT 300 before, started seeking BDT 300 following the issuance of the circular. Before the December circular, the banks, particularly the local private and foreign ones, used to charge from BDT 500 to BDT 1,500 for maintenance of a bank account. (Source: The Daily Star)

### Banks to keep maximum 12 percent interest

The central bank has asked the commercial banks to keep the lending rate on import financing for nine essential food items at maximum 12 per cent before and during the holy month of Ramadan. In May 2009, the central bank asked the commercial banks to bring down the lending rate on import financing for nine essential food items to a maximum of 12 per cent from 13 per cent. The move is to help ensure smooth supply of the essential items in the local market during the period. The essentials are: edible oil, gram, pulses, peas, onion,



spices, date, fruits and sugar. Normally, a large quantity of essential commodities is imported to meet the additional demand of consumers during the month of Ramadan, the month of fasting. The central bank issued a circular in this connection and asked the chief executives of all scheduled banks to strictly follow the circular. The banks have been asked to fix various bank charges including fees and commissions for importing the items at reasonable level, the BB officials said. "We hope the consumers will get the benefit of the measure," a Bangladesh Bank official said, adding that the central bank has taken such measure as a policy support to the consumers. (Source: The Financial Express)

#### **Remittance posts 16.72 percent growth in 10 months**

The country's inward remittance recorded a 16.72 per cent growth during the first 10 months of the current fiscal year compared to the similar period of last fiscal year, said an official of the Bangladesh Bank. The remittance inflow in June 2009-April 2010, was more than \$802 crore which was \$668.62 crore during the corresponding period of the 2008-09 fiscal. The official said that the growth of remittance was high. The growth of the inward remittance in the previous fiscal was 19.19 per cent, officials said. Inward remittance in the month of April 2010 stood at \$92.12 crore, an increase of \$8 crore compared to the remittance in April 2009, official sources said. Four state-owned commercial banks — Sonali, Janata, Agrani and Rupali —channeled \$27.07 crore of inward remittance in April. Islami Bank Bangladesh Limited topped the list of banks channeling \$24.91 crore while all private commercial banks brought \$62.61 crore. (Source: New Age)

#### **Green Bank proposed at WIEF**

Five specific proposals, including holding an economic summit for Muslim countries and curbing threat of climate change, were made at the two-day 6th World Islamic Economic Forum (WIEF) in Kuala Lumpur. Prime Minister Sheikh Hasina, who made a three-day official visit to Malaysia, attended the WIEF and urged the Muslim countries to share their resources, technologies and market opportunities to build synergies to have a multiplier effect on their efforts. She also proposed forming a taskforce to face the challenges of the global climate change. The first proposal involved holding an 'economic summit' to focus on practical ways in which the Muslim countries could enhance their own economic growth and development. "The summit will also explore how Islamic banking and finance can contribute to a more sustainable international financial system," said Tan Sri Ahmad Fuzi Abdul Razak, general secretary of the WIEF Foundation, at a media briefing at the conclusion of the forum. According to news reports available on the Internet, the WIEF decided that it would evaluate the second proposal on 'clean energy development bank' before its implementation. The third proposal, on the setting up of a 'social entrepreneurship foundation', would involve evaluating models of private sector-led social entrepreneurship, focusing on the special funding needs of small and medium enterprises and other enterprises throughout the Muslim countries. On the fourth proposal to set up creativity and innovation incubation centres, the WIEF would craft a pilot plan in collaboration with academic leaders and institutions. On 'youth corps' proposal, the forum would initiate a pilot test to develop practical plans to harness the vibrancy of the youths and prepare them for leadership role in future. The WIEF Foundation general secretary announced that all the five proposals would be implemented soon. Officials said this year's forum was held against the backdrop of a world emerging from a financial crisis. All investors and entrepreneurs met informally through the WIEF's 'Business Matchmaking Lounge' and five commercial agreements were signed. It was announced that the 7th WIEF will be hosted by Kazakhstan in 2011. (Source: The Daily Star)

#### **BB forms refinancing fund for jute**

The central bank formed a Tk 500 crore re-financing fund in an



effort to revive the jute industry. The Bangladesh Bank (BB) board of directors yesterday approved the fund, which will be disbursed among 16 government-owned jute mills, through state-run

commercial banks. The decision came after Prime Minister Sheikh Hasina issued a directive to set up the fund at a meeting at her office in January. BB officials said 16 jute mills have purchased raw jute worth Tk 800 crore in July-January. Despite demand, they could not purchase more raw jute because of a fund shortage. The central bank officials said the fund-starved jute mills would be able to receive money from the BB re-financing fund. (Source: The Daily Star)

#### **WB triples aid to Bangladesh**

The World Bank (WB) has pledged to treble assistance to \$2.8 billion for Bangladesh in the next fiscal year, mainly for Padma Bridge construction, river dredging and health sector. The lending agency will provide \$7 billion aid in the next five years, said Finance Minister AMA Muhith at the Finance Division after he returned from the US. From fiscal 2009-10 to 2013-14, the WB committed \$7 billion in assistance, of which \$811 million will be given this fiscal year and \$2.8 billion next fiscal year. Of the \$2.8 billion assistance for the next fiscal year, \$1.2 billion has been set aside for Padma Bridge, \$355 million for river dredging and \$350 million for the health sector, the minister said. (Source: The Daily Star)

#### **Govt. to spend Tk 1,000cr to improve laborers' skills**

The government will allocate Tk 1,000 crore in the upcoming budget for skill building of labour force, Labour and Employment Minister Khandaker Mosharraf Hossain said. The government is also committed to ensure rights and welfare of workers though around 80 percent of the labor force is engaged in informal sector where they work in hazardous and unsafe conditions, and their wages are low. Separate committees have already been formed to recommend minimum wage, review the Bangladesh Labour Act, 2006, formulate a new labor policy and look ways to form trade unions in the garment sector, the minister informed. (Source: The Daily Star)

## **POLITICS**

#### **Dhaka, Moscow sign Five-Year Nuke Deal**

Bangladesh and Russia signed a five-year framework agreement on cooperation for the peaceful use of nuclear energy to make ways for nuclear power plants to meet the growing power demand in the country. According to the agreement, the future cooperation between the two countries would include, among others, (i) design, construction and operation of nuclear power and research reactors; (ii) nuclear fuel supply, taking back the spent nuclear fuel and nuclear waste management; (iii) personnel training and capacity building for operation and maintenance of the plants; (iv) research, education and training of personnel in the Russian Federation in the field of the use of nuclear energy; (v) development of innovative reactor technologies in accordance with International Atomic Energy Agency (IAEA) safety requirements, non-proliferation of nuclear weapons and environmental protection; and (vi) exploration and mining of uranium and thorium deposits. Lavrov expressed his government's full support for establishing nuclear power plants in Bangladesh. (Source: UNB, Dhaka)



# MTB মৌসুমী



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
**Mutual Trust Bank Ltd.**

*you can bank on us*



# Domestic Capital Markets Review

## CAPITAL MARKETS - DSE (For the week May 16 to May 20, 2010)

### Weekly Summary

|                                   |             |
|-----------------------------------|-------------|
| Daily Average Turnover (BDT mil.) | 19,951.3    |
| Total Turnover volume             | 241,165,186 |
| Daily Average Volume              | 48,233,037  |
| Total Howla                       | 1,237,232   |
| Daily Average Howla.              | 247,446     |
| Weighted Avg. Price Earning Ratio | 28.12       |

### Category-wise Turnover

| Group | Turnover Value (BDT mil.) | % of Total |
|-------|---------------------------|------------|
| A     | 92,063.00                 | 92.29%     |
| B     | 1,085.17                  | 1.09%      |
| G     | 0.00                      | 0.00%      |
| N     | 5,275.55                  | 5.29%      |
| Z     | 1,332.77                  | 1.34%      |

### Script Performance in the Week

|                     |     |
|---------------------|-----|
| Advanced            | 143 |
| Declined            | 104 |
| No Change           | 7   |
| Not Traded          | 14  |
| Total Traded Issues | 268 |

### Top 10 Gainers of the Week (by Closing Price of all Companies)

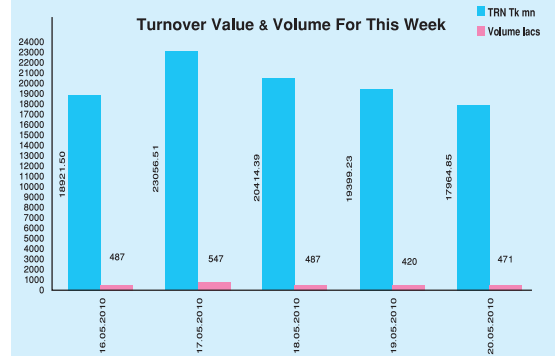
| Name                  | Category | % of Change | Turnover BD Tk (mil.) |
|-----------------------|----------|-------------|-----------------------|
| Berger Paints         | A        | 30.37       | 637.61                |
| Aramit                | A        | 28.48       | 206.28                |
| Pubali Bank           | A        | 27.25       | 1,731.69              |
| Mercantile Bank       | A        | 21.7        | 1,245.06              |
| Premier Bank Ltd.     | A        | 20.84       | 3,363.96              |
| Bata Shoe             | A        | 19.83       | 324.40                |
| Rahima Food           | B        | 19.63       | 129.25                |
| Al-Arafah Islami Bank | A        | 19.06       | 1,213.78              |
| Federal Insurance     | A        | 18.76       | 131.53                |
| NBL                   | A        | 16.63       | 2,138.80              |

### Top 10 Losers of the Week (by Closing Price of all Companies)

| Name                               | Category | % of Change | Turnover BD Tk (mil.) |
|------------------------------------|----------|-------------|-----------------------|
| 1st Lease Finance & Investment Ltd | A        | -38         | 508.03                |
| ILFSL                              | A        | -37.41      | 314.69                |
| BEXIMCO                            | A        | -29.55      | 6,826.99              |
| Phoenix Insurance                  | A        | -21.45      | 86.55                 |
| Eastern Insurance                  | A        | -17.17      | 40.17                 |
| The Ibn Sina                       | A        | -15.02      | 54.28                 |
| BEXTEX Limited                     | A        | -14.88      | 587.03                |
| Shinepukur Ceramics Limited        | A        | -14.27      | 364.49                |
| Rupali Insurance                   | A        | -13.57      | 79.01                 |
| One Bank Limited                   | A        | -12.95      | 1,243.76              |

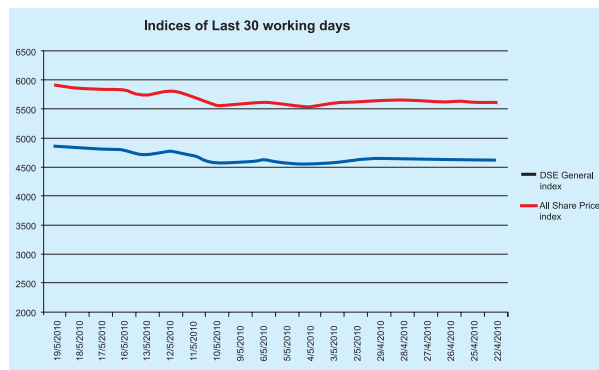
### Top 10 Companies by Turnover for this Week

| Names                    | Category | Turnover BD Tk. (mil.) | Volume     |
|--------------------------|----------|------------------------|------------|
| BEXIMCO                  | A        | 6,826.99               | 16,494,300 |
| Titas Gas                | A        | 5,742.48               | 6,807,050  |
| AB Bank                  | A        | 3,397.20               | 2,640,210  |
| Premier Bank Ltd         | A        | 3,363.96               | 7,551,400  |
| Social Islamic Bank Ltd. | A        | 2,838.96               | 7,284,750  |
| Lankabangla Finance Com  | A        | 2,793.96               | 6,803,000  |
| Southeast Bank           | A        | 2,290.01               | 5,197,950  |
| Shahjalal Islami Bank    | A        | 2,279.37               | 5,403,550  |
| Summit Power             | A        | 2,206.20               | 1,650,050  |
| NBL                      | A        | 2,138.80               | 3,556,320  |



### DSE Market Round Up

Market made a strong finish last week (May 16 to May 20, 2010) with twin record in index and turnover. At the same time



bourses demonstrated higher level of liquidity absorption capacity. In second trading day benchmark DSE general index surpassed its previous peak 5828.38 which was recorded in February 17 and reached all time high 5981 points in last

trading day. It takes almost 3 months for index to fully recover. Now it is worth watching whether index could successfully cross the 6000 mark in upcoming week or plunge into some correction. Behavior of the market also warranted a cautious scrutiny as it already entered in over bought region. Daily turnover also touched Tk. 23b, highest ever in February 17 but gradually declined. Face value hype tilted the market towards financial stocks. Banks and NBFIs together dominated nearly 50% of the total turnover. Investors also taking position in government owned fuel and gas companies ahead of their June year end. Mutual funds tried to raise their heads ahead of listing of a new fund. DSE General Index reached at 5747.35 rose by 128.93 points or 2.29% from the previous week. Total turnover reached at Tk. 94147.29m with 28.95% increase from the last week's Tk. 73009.85m. On the other hand, market capital rose by 3.01% and stood at Tk. 2010.76b (\$28.89b) at the weekend against Tk. 1951.96b. DSE-20 has moved upward by 109.07 points (3.57%) and closed at 3164.43 points against 3055.36 points. Last week weighted average Market PE was 28.12 which was 2.18% lower than previous week's 27.52. During the week, DSE General Price Index was above of both 9 and 18-day moving average line. (Source: AIMS Weekly Newsletter)



## CAPITAL MARKETS - CSE

(For the week May 16 to May 20, 2010)

### Weekly Summary

|                           |            |
|---------------------------|------------|
| Total Turnover (BDT mil.) | 7,022.88   |
| Volume of Share (No.s)    | 26,018,608 |
| Total Contact (No.s)      | 153,772    |
| Total Scrip Traded        | 202        |

### Category-wise turnover

| Group | Turnover Value (BDT mil.) | % of Total |
|-------|---------------------------|------------|
| A     | 5,909.29                  | 84.08      |
| B     | 128.52                    | 1.83       |
| N     | 827.13                    | 11.77      |
| Z     | 157.94                    | 2.25       |

### Scrip Performance in the Week

|                     |     |
|---------------------|-----|
| Advanced            | 95  |
| Declined            | 100 |
| No Change           | 7   |
| Total Traded Issues | 202 |

### Top 10 Gainers of the Week (by Closing Price of all Companies)

| Scrip ID | Scrip Name                       | Category | Week Difference (Opening & Closing) | Turnover BD Tk. (million) |
|----------|----------------------------------|----------|-------------------------------------|---------------------------|
| 32002    | Aramit                           | A        | 31.47                               | 2.18                      |
| 11007    | Federal Insurance                | A        | 21.52                               | 4.12                      |
| 25016    | Phoenix Finance And Investments  | A        | 18.41                               | 9.26                      |
| 13020    | Berger Paints Bangladesh Ltd.    | A        | 18.2                                | 16.78                     |
| 22023    | Mercantile Bank Limited          | A        | 17.18                               | 135.84                    |
| 22007    | Pubali Bank                      | A        | 13.56                               | 183.03                    |
| 22003    | National Bank                    | A        | 13.09                               | 183.19                    |
| 11028    | City General Insurance Co.Ltd    | A        | 13.05                               | 5.26                      |
| 11036    | Islami Insurance Bangladesh Ltd. | N        | 12.79                               | 4.67                      |
| 17009    | Bata Shoe Company Ltd.           | A        | 12.37                               | 5.21                      |

### Major Indices in the week

| Date         | CASPI      | CSE30    | CSCX     |
|--------------|------------|----------|----------|
| May 16, 2010 | 16933.5491 | 12661.73 | 11016.65 |
| May 20, 2010 | 17362.0159 | 13221.2  | 11315.3  |
| change in %  | 2.5303     | 4.4185   | 2.7109   |

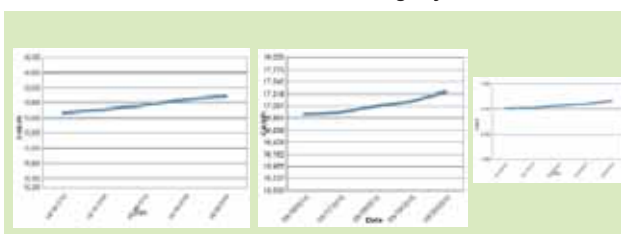
### Top 10 Losers of the Week (by Closing Price of all Companies)

| Scrip ID | Scrip Name              | Category | Week Difference | Turnover BD Tk. (million) |
|----------|-------------------------|----------|-----------------|---------------------------|
| 32003    | Beximco                 | A        | -32.98          | 486.37                    |
| 32010    | Alpha Tobacco           | Z        | -31.3           | 0.02                      |
| 13013    | Ibn Sina Pharma         | A        | -18.52          | 1.25                      |
| 11014    | Eastern Ins             | A        | -17.04          | 0.27                      |
| 16003    | Anwar Galvanizing       | Z        | -16.39          | 0.04                      |
| 12011    | Bextex Ltd              | A        | -13.66          | 85.34                     |
| 12024    | H.R. Textiles           | B        | -11.63          | 0.28                      |
| 22021    | One Bank Limited        | A        | -11.26          | 57.69                     |
| 11001    | Rupali Insurance        | A        | -10.71          | 0.90                      |
| 23005    | Shinepukur Ceramics Ltd | A        | -10.2           | 47.19                     |

### Top 10 Companies by Turnover for this Week

| Names                                | Turnover BD Tk. (million) | Volume    |
|--------------------------------------|---------------------------|-----------|
| 32003 Beximco                        | 486.37                    | 1,264,051 |
| 20010 Khulna Power Company Ltd.      | 403.07                    | 1,954,300 |
| 20002 Padma Oil                      | 281.57                    | 289,800   |
| 22027 Social Islami Bank Limited     | 277.02                    | 709,225   |
| 22002 AB Bank Ltd.                   | 268.82                    | 209,335   |
| 22030 Shahjalal Islami Bank Ltd.     | 256.55                    | 604,745   |
| 22031 The Premier Bank Ltd.          | 245.58                    | 548,706   |
| 22020 Standard Bank Limited          | 213.18                    | 542,483   |
| 22015 Southeast Bank Limited         | 210.02                    | 478,438   |
| 22026 Export Import Bank Of Bd. Ltd. | 191.82                    | 391,656   |

### Indices of Last 30 Working days



## MTB

### Small Business Loan

ব্যবসা পরিচালনা ও সম্প্রসারণে গ্রাহকদের আর্থিক সহায়তা প্রদানে এই ঋণ কর্মসূচী প্রনয়ন করা হয়েছে। যে কোন ক্ষুদ্র ও মাঝারী ব্যবসায়ী (SME) তাদের বাড়তি মূলধনের প্রয়োজনে এই ঋণের জন্য আবেদন করতে পারেন।



**মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড**  
**Mutual Trust Bank Ltd.**  
*you can bank on us*



# National Economic Indicators

## Foreign Exchange Reserve

The Foreign Exchange Reserve as of May 18, 2010, was registered at USD 10,078.80 from USD 10,602.10 million, reported on April 29, 2010 a 4.93% decrease. At the end of June 2009, the reserve was USD 7,470.96 million. The year-over-year increase on May 18, 2010 is a significant 58.64% as the foreign exchange reserve last year on the exact date was USD 6,352.96 million.

## Exchange Rate Movements

The average Taka-Dollar exchange rate of BDT 69.27 reported on May 18, 2010 was a slight decrease from the previous month's exchange rate of BDT 69.29, as reported on April 29, 2010. On a year-over-year basis, the exchange rate has experienced an increase from the May 18, 2009 figure of BDT 69.03 to the Dollar.

## Wage Earner's Remittance

Bangladesh received USD 921.24 million as inward foreign remittance in April 2010 registering 9.54% growth year-over-year. The remittance for the period of July-April 2009-10 stood at USD 9,191.28 million, a 16.72% increase, year-over-year.

## Import

Import figure in March 2010 was USD 2,353.60 million as compared to USD 1,961.00 million in March 2009, a 20.02% increase, year-over-over. Imports for the period July-March 2009-10 stood at USD 17,191 a 1.50% decrease year-over-year.

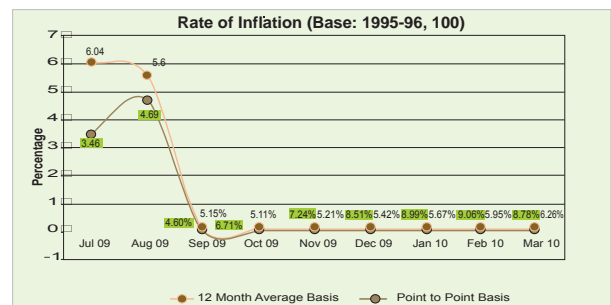
## Export

Export figure in March 2010 was USD 1,515.75 million, an increase of 18.38% from the previous year. Yet, the figure for the period July-March 2009-10 stood at USD 11,541.23 a 0.80% decrease year-over-year.

## Investments in National Savings Certificates

March 2010 figure of sales of National Savings Certificates was reported as BDT 1132.42 rore, a significant increase from March 2009 figure of BDT 116.82 million. The Total National Savings Certificates Outstanding for July-March 2009-10 was reported as BDT 58,320.84 million, a 20.86% increase from the figure reported on the previous year.

| May 23, 2010                                      | Currency | Buying   | Selling  |
|---|----------|----------|----------|
| A. USD/BDT Rates (based on interbank transaction) |          |          |          |
|   | USD      | 69.30000 | 69.3100  |
| B. Cross Rate                                     |          |          |          |
|   | SGD      | 49.2292  | 49.2468  |
|   | SEK      | 8.8586   | 8.8628   |
|   | JPY      | 0.7699   | 0.7705   |
|   | GBP      | 100.3533 | 100.4025 |
|   | EUR      | 87.0547  | 87.1088  |
|   | CAD      | 65.2235  | 65.2452  |





**investment**  
that gives you  
rewarding *return*

- BO account opening
- buy and sell securities
- telephonic buy-sell order execution
- margin facilities
- updated market information
- Demat/Remat of securities
- Pledge/ unpledge of securities





**মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড**  
**Mutual Trust Bank Ltd.**  
you can bank on us

**Main Office MTB Brokerage**  
Ispahani Building, 14-15 Motikheel C/A  
Dhaka 1000, Phone: (02) 957 0563, 956 8163

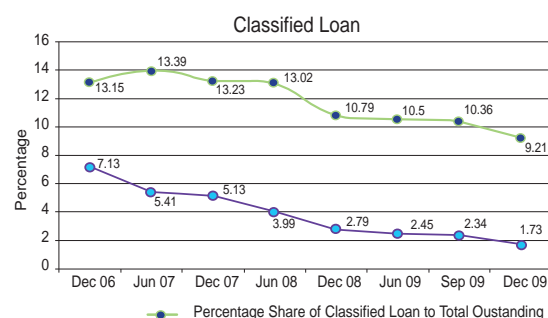
# Banking And Financial Indicators



| Classified Loans   | Dec 06 | Jun 07 | Dec 07 | Jun 08 | Dec 08 | Jun 09 | Sep 09 | Dec 09 | Mar 10 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Percentage Share of Classified Loan to Total Outstanding | 13.15  | 13.96  | 13.23  | 13.02  | 10.79  | 10.5   | 10.36  | 9.21   | 9.41   |
| Percentage Share of Net Classified Loan                  | 7.13   | 5.41   | 5.13   | 3.99   | 2.79   | 2.45   | 2.34   | 1.73   | 2.09   |

|   | Percentage Change (%) |                  |                  |                 |                 |               |
|---|-----------------------|------------------|------------------|-----------------|-----------------|---------------|
|   | Mar 09                | Jun 09           | Mar 10           | Jul-Mar 2009-10 | Jul-Mar 2008-09 | FY 08-09      |
| Reserve Money (BDT crore)                   | 59,012.80             | 69390.10         | 69553.20         | 0.24%           | 11.79%          | 31.45%        |
| Broad Money (BDT crore)                     | 278,313.50            | 296,499.80       | 337,579.20       | 13.85%          | 11.86%          | 19.17%        |
| Net Credit to Government Sector (BDT crore) | 53,518.90             | 58185.20         | 47871.20         | -17.73%         | 14.09%          | 24.04%        |
| Credit to Other Public Sector (BDT crore)   | 13,623.70             | 12439.70         | 15190.20         | 22.11%          | 17.12%          | 6.94%         |
| Credit to Private Sector (BDT crore)        | 210,192.60            | 217927.50        | 251083.00        | 15.21%          | 10.55%          | 14.62%        |
| Total Domestic Credit (BDT crore)           | <b>277,335.20</b>     | <b>288552.40</b> | <b>314144.40</b> | <b>8.87%</b>    | <b>11.52%</b>   | <b>16.03%</b> |

|                            | L/C Opening and Settlement Statement (US\$ million) |                  |                  |                  | Percentage Change (%) |               |
|----------------------------|---|------------------|------------------|------------------|-----------------------|---------------|
|                            | Jul-Mar 08-09                                       |                  | Jul-Mar 09-10    |                  | Year over year        |               |
|                            | Open  | Sett.            | Open             | Sett.            | Open                  | Sett.         |
| Food Grains (Rice & Wheat) | 716.44  | 709.51           | 873.95           | 620.45           | 21.99%                | -12.55%       |
| Capital Machinery          | 876.19  | 1,100.30         | 1,328.43         | 1060.49          | 51.61%                | -3.62%        |
| Petroleum                  | 1,555.86  | 1,674.18         | 1,772.73         | 1607.39          | 13.94%                | -3.99%        |
| Industrial Raw Materials   | 6,560.67  | 6,756.95         | 7,188.84         | 6059.62          | 9.57%                 | -10.32%       |
| Others                     | 1,467.49  | 874.45           | 1,976.38         | 1299.17          | 34.68%                | 48.57%        |
| Total                      | <b>11,176.65</b>                                    | <b>11,115.39</b> | <b>13,140.33</b> | <b>10,647.12</b> | <b>17.57%</b>         | <b>-4.21%</b> |



| YEARLY INTEREST RATES |           |  |  |         |   |          |        |
|-----------------------|-----------|--|--|---------|---|----------|--------|
| End of Period         | Bank Rate | Call Money Market's Weighted Average Interest Rates on |  |         | Scheduled Banks' Weighted Average Interest Rates on |          | Spread |
|                       |           | Borrowing  |  | Lending | Deposits  | Advances |        |
| 2010                  | 5.00      | 3.51   |  | 3.51    |   |          |        |
| 2009                  | 5.00      | 5.04   |  | 5.04    |   |          |        |
| 2008                  | 5.00      | 10.27  |  | 10.27   | 7.31  | 12.31    | 5.00   |
| 2008                  | 5.00      | 9.31   |  | 9.31    | 6.77  | 12.75    | 5.98   |
| 2007                  | 5.00      | 7.17   |  | 7.17    | 6.98  | 12.99    |        |
| 2006                  | 5.00      | 8.41   |  | 8.41    | 5.90  | 11.25    | 5.35   |
| 2005                  | 5.00      | 4.93   |  | 5.74    | 5.56  | 10.83    | 5.27   |
| 2004                  | 5.00      | 6.88   |  | 8.17    | 6.25  | 12.36    | 6.11   |
| 2003                  | 6.00      | 9.49   |  | 9.56    | 6.49  | 13.09    | 6.60   |
| 2002                  | 7.00      | 8.26   |  | 8.57    | 6.75  | 13.42    | 6.67   |
| 2001                  | 7.00      | 6.82   |  | 7.21    | 7.08  | 13.75    | 6.67   |

| INTEREST RATE DEVELOPMENT *A |                |         |         |        |         |         |         |         |           |           |              |              |
|------------------------------|----------------|---------|---------|--------|---------|---------|---------|---------|-----------|-----------|--------------|--------------|
| Period                       | Treasury Bills |         |         | BGTB   |         |         |         | Repo    | Rev. Repo | Call Rate | Lending Rate | Deposit Rate |
|                              | 91-Day         | 182-Day | 364-Day | 5-Year | 10-Year | 15-Year | 20-Year | 1-2 Day | 1-2 Day   |           |              |              |
| <b>2008-09 *b</b>            |                |         |         |        |         |         |         |         |           |           |              |              |
| July                         | 7.78           | 8.01    | 8.51    | 10.6   | 11.72   | 12.14   | 13.06   | 8.5     | 6.5       | 8.27      | ....         | ....         |
| August                       | ....           | ....    | ....    | 10.6   | 11.72   | 12.14   | 13.07   | 8.5     | 6.5       | 9.88      | ....         | ....         |
| September                    | 7.81           | 8.06    | 8.53    | 10.6   | 11.72   | 12.14   | 13.07   | 8.75    | 6.5       | 9.89      | 12.34        | 7.71         |
| October                      | 7.87           | 8.08    | 8.56    | 10.6   | 11.72   | 12.14   | 13.04   | 8.75    | 6.5       | 7.64      | ....         | ....         |
| November                     | 7.91           | 8.12    | 8.57    | 10.6   | 11.72   | 12.14   | 13.04   | 8.75    | 6.75      | 7.56      | ....         | ....         |
| December                     | 7.91           | 8.16    | 8.58    | 10.6   | 11.72   | 12.14   | 13.02   | 8.75    | 6.75      | 10.42     | 12.31        | 7.31         |
| January                      | 7.93           | 8.16    | 8.59    | 10.6   | 11.72   | 12.14   | 13      | 8.75    | 6.75      | 9.82      | ....         | ....         |
| February                     | ....           | 8.16    | 8.6     | 10.6   | 11.72   | 12.14   | 12.99   | 8.75    | 6.75      | 9.25      | ....         | ....         |
| March                        | ....           | 8.16    | 8.6     | 10.6   | 11.72   | 12.14   | 12.98   | 8.5     | 6.5       | 8.31      | 12.34        | 7.52         |
| April                        | 6.53           | 7.48    | 8.31    | 9.97   | 11.68   | 11.79   | 11.48   | ....    | ....      | 1.95      | ....         | ....         |
| May                          | 3.97           | 5.43    | 6.16    | 10.01  | 10.22   | 10.57   | 11.09   | ....    | ....      | 3.28      | ....         | ....         |
| June                         | 3.54           | 4.24    | 5.96    | 9.21   | 10.05   | 10.09   | 10.07   | ....    | ....      | 1.79      | 11.87        | 7.01         |
| <b>2009-10 *c</b>            |                |         |         |        |         |         |         |         |           |           |              |              |
| July                         | 1.86           | 3.75    | 5.01    | 8.2    | 9.42    | 9.39    | 8.97    | ....    | ....      | 1.08      | ....         | ....         |
| August                       | ....           | ....    | ....    | 7.47   | 8.55    | 8.59    | 8.59    | ....    | ....      | 0.72      | ....         | ....         |
| September                    | 2.05           | 3.5     | 4.33    | 7.49   | 8.43    | 8.8     | ....    | 8.5     | ....      | 4.39      | 11.59        | 6.57         |
| October                      | 2.14           | 3.51    | 4.57    | 7.8    | 8.75    | 8.69    | 9.1     | ....    | 2.5       | 2.82      | ....         | ....         |
| November                     | 2.3            | ....    | 4.6     | 7.8    | ....    | ....    | ....    | 4.5     | 2.5       | 4.01      | ....         | ....         |
| December                     | 2.3            | 3.54    | 4.6     | 7.8    | 8.75    | 8.69    | ....    | 4.5     | 2.5       | 5.05      | ....         | ....         |
| January                      | 2.33           | 3.55    | 4.61    | 7.8    | ....    | 8.74    | ....    | 4.5     | 2.5       | 4.82      | ....         | ....         |
| February                     | ....           | 3.56    | 4.62    | 7.82   | 8.75    | 8.74    | ....    | 4.5     | 2.5       | 4.57      | ....         | ....         |
| March                        | ....           | 3.54    | 4.63    | ....   | 8.76    | 8.75    | ....    | 4.5     | 2.5       | 3.25      | ....         | ....         |
| April                        | 2.34           | 3.36    | 4.15    | 7.85   | 8.77    | 8.77    | ....    | 4.5     | 2.5       | 4.49      | ....         | ....         |

Source: MRP, DMD, Statistics Dept., Bangladesh Bank, \*a Weighted Average Rate, \*b Provisional, \*c Revised, .... Data Unavailable





## Financial Institution of The Month



# Eastern Bank Ltd.



### Company Profile

Eastern Bank Limited (EBL) is a modern, fully online and technologically driven private commercial bank in Bangladesh. Eastern Bank markets a wide range of Personal, Corporate, SME, International Trade, Foreign Exchange, Lease Finance and Capital Market services through a network of 34 Branches, 5 Kiosks & 44 ATMs countrywide. Eastern Bank has its presence in 10 major cities/towns in the country including Dhaka, Chittagong, Sylhet, Khulna, Rajshahi & Cox's Bazar. Tracing its origin back to 1992, EBL is serving the individual and corporate clientele alike with remarkable success offering innovative banking services since then. Eastern Bank Ltd. has been recognized as a "Superbrands" for the period 2009-2011.

**Ali Reza Iftakhar**  
Managing Director and CEO

**Incorporation Date:**  
August 08, 1992.

**Corporate Head Office:**  
Jiban Bima Bhaban  
10 Dilkusha C/A  
Dhaka, Bangladesh  
Phone: 02 9556360, 02 9558392  
Fax: 88 02 9558392  
E-mail: info@ebl-bd.com

#### Financials as reported on Dec, 2009:

**Total Shareholder's Equity:** BDT 84.34 billion  
**Total Assets:** BDT 698.70 billion  
**Profit after Tax:** BDT 145.5 billion  
**Return on average Equity (%):** 22.1  
**Return on average Assets (%):** 2.34  
**Capital Adequacy Ratio (%):** 16.84  
**Earnings per Share:** BDT 58.53



## MTB Micro Finance Loan



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
**Mutual Trust Bank Ltd.**  
*you can bank on us*



A Member of The Linde Group



## Waliur Rahman Bhuiyan

Managing Director and  
Country Head

**Listing Year:**  
1973

### Range of Products and Services

1. Compressed oxygen
2. Liquid oxygen
3. Dissolved acetylene
4. Carbon dioxide
5. Dry ice
6. Argon
7. Lamp Gases
8. LPG
9. Refrigerant Gas
10. Fire suppression System
11. Compressed Helium
12. Liquid Helium
13. Sulphurhexafluoride
14. Sulphurdioxide
15. Gas welding and cutting equipment
16. Medical oxygen
17. Nitrous oxide
18. ICU/CCU monitoring system
19. ICU/CCU ventilators
20. OT table
21. Humidifier
22. Resuscitators
23. Gynaecological tables
24. Oxygen Concentrator

## Company Profile

BOC Bangladesh Limited (BOCB) is a member of the Linde Group, a multinational organization that has been present in Bangladesh for over 50 years with continuous expansion in operations and business. With a modest appearance at the beginning, BOCB's products are now part and parcel of all the industrial and economic activities of the country. Today, the turnover of the company has exceeded Tk.1.25 billion. As a pioneer multinational company in the gases business, BOCB has 3 major locations / installations at Tejgaon, Rupganj and Shitalpur. Besides, it has 26 sales centers spread throughout the country serving a customer base of over 40,000. The company is currently capable of producing 80 tons of liquid ASU gases per day and 13 thousand MT of welding electrodes per year. Its product folio and services include liquid and gaseous oxygen and nitrogen, argon, acetylene, carbon dioxide, dry ice, refrigerant gases, lamp gas and other gas mixtures, medical oxygen, nitrous oxide, entonox, medical equipment and accessories, welding electrodes, gas and arc welding equipment and accessories, welding training and services. Through embedding The Linde Spirit (passion to excel, innovating for customers, empowering people, thriving through diversity) BOCB has a strong in-built culture with work values reinforced and developed over the years which are reflected in the performance of its employees.

### Financials as reported on Dec, 2009:

**Total Equity:** BDT 18.38 billion

**Total Assets:** BDT 25.86 billion

**Authorized Capital:** BDT 2 billion

**Paid-up Capital:** BDT 1.52 billion

**Net Profit after tax:** BDT 6.1 billion

**Earnings per Share:** BDT 40.08

**Dividend per share:** 17.7

### Corporate Head Office:

285 Tejgaon I/A

Dhaka - 1208

Tel: 8821240 - 5

Fax: 88 - 02 - 8823771, 8821247

E-Mail: info@bocbangladesh.com



# Know Your Chamber



## The Chittagong Chamber of Commerce & Industry

### Chamber Profile

**Name**

Chittagong Chamber of Commerce & Industry (CCCI)

**Year of establishment**

1959

**Chamber Committee**

The chamber is managed by a Board of Directors comprising one President two Vice-Presidents and 21 Directors who are elected by the members

**Objective of the chamber**

The basic objective of Chittagong Chamber is to promote and protect the trade, commerce & industry of Bangladesh in general and those of Chittagong in particular, and also to enable the government and other authorities to perform these functions by rendering assistance, information and advice

**Services**

Policy Advocacy is one of the most important functions of the Chamber. To perform it effectively, presently 21 different Sub-Committees are there to review various problems entrepreneur has to face frequently. With these sub committees, the Chamber prepare suggestions and recommendations on various policies and issues having impact on country's trade, commerce, industry, investment and economy as a whole and send those to various ministries and departments of the government, local government's departments and authorities as well as to national and local bodies as on request or on self motivation for the sustainable growth and development of the economy. The Chamber always actively participates in preparing country's position paper on various bilateral, regional and multilateral business and trade agreements and issues. Other major services include Trade Intelligence, Export Promotion and Import Facilities, Arbitration , Dissemination of Information, Issuance of Certificate of Origin, Providing Counseling Session, Organizing Training Courses/Workshops/ seminars etc, Research/Sub-sectoral Studies, organizing Trade Fairs, Participation in Foreign Trade Fair, providing CISCO certification Program etc.



**M. A. Latif MP**  
**Chamber President**

**Address**

Chittagong Chamber of Commerce  
& Industry Chamber House  
38, Agrabad C/A, Chittagong, Bangladesh  
PABX 880-31-713366 (4lines)  
Fax 880-31-710183  
E-mail [info@chittagongchamber.com](mailto:info@chittagongchamber.com)  
Website [www.chittagongchamber.com](http://www.chittagongchamber.com)



# Article of the Month

## STRESS TESTING

To ensure the sustainable development of a financial institution and subsequently the entire Financial System, it is imperative to monitor, measure and control various types of risks. Financial institutions around the world have developed a number of quantitative techniques for assessing potential risks. But the current risk management system based on ordinary business conditions and historical trends is not adequate to cope with the disorders and extreme market movements e.g. the 1997-98 Asian financial crisis. The recent 2007-2010 global financial crisis, triggered by a liquidity crisis in the United States banking system has enhanced the importance of establishing more developed risk management system for better understanding and assessing the potential vulnerabilities in the financial sectors. Stress testing is one of such sophisticated techniques that is increasingly being employed around the world to determine the reactions of a financial institution under a set of exceptional but plausible assumptions through a series of battery of tests. Stress Testing Technique provides a way to quantify the impact of changes in a number of risk factors on the assets and liabilities portfolio of a particular institution.

In order to further strengthen the country's financial system, Bangladesh Bank has also designed a stress testing framework for banks and FIs to proactively manage risks. Bangladesh Bank's guideline will ensure uniformity and consistency for all the banks and FIs and also conform to the suggestion of IMF and Basel Committee on banking supervision for conducting stress tests. This model guideline initially focuses on "Simple Sensitivity and Scenario Analysis". But with the increasing know-how and availability of more data, this model is supposed to undergo further refinement over time.

At the system level, stress tests are primarily designed to quantify the impact of possible changes in economic environment on the financial system. The system level stress tests also complement the institutional level stress testing by providing information about the sensitivity of the overall financial system to a number of risk factors. These tests help the regulators to identify structural vulnerabilities and the overall risk exposure that could cause disruption of financial markets. Its prominence is on potential externalities and market failures.

There are three techniques for Stress Testing-

- Simple Sensitivity Analysis (single factor tests)
- Scenario Analysis
- Extreme value/maximum shock scenario

As a starting point the scope of the stress test is limited to simple sensitivity analysis. Five different risk factors have been identified and used for the risk factors-

- Interest rate
- Forced sale value of collateral
- Non-performing loans (NPLs)
- Stock prices
- Foreign exchange rate

Moreover, the liquidity position of the institution is also stressed separately.

Stress test shall be carried out assuming three different hypothetical scenarios-

- Minor Level Shocks
- Moderate Level Shocks
- Major Level Shocks

The stress test at simple sensitivity analysis stage is only a single factor sensitivity analysis. Each of the five risk factors is given shocks of three different levels.

For example, to assess foreign exchange risk, the overall net open position of the bank/FI including the on-balance sheet and off-balance sheet exposures shall be charged by the weightage of 5%, 10% and 15% for minor, moderate and major levels respectively. The impact of the respective shocks will have to be calibrated in terms of the CAR. The tax-adjusted loss if any arising from the shocked position will be adjusted from the capital. The revised CAR will then be calculated after adjusting total loss from the risk-weighted assets of the bank/FI.

However, one of the limitations of this stress testing technique is that stress tests do not account for the probability of occurrence of these exceptional events. For this purpose, other techniques, for example VaR (value at risks) models etc, are used to supplement the stress tests. These tests help in managing risk within a financial institution to ensure optimum allocation of capital across its risk profile.

All banks and Financial Institutions are expected to carry out the Stress Tests on half yearly basis i.e. on June 30 and December 31 on each year with their first stress testing exercise to be based on the half year ending June 30, 2010 as per the Bangladesh Bank guidelines and results shall be submitted to the Department of Off-site Supervision (for Banks) and Department of Financial Institutions and Markets (for Financial Institutions) of Bangladesh Bank within 45 days of the close of each half year in the format proposed by the Bangladesh Bank.

*(Contributed by Khonika Gope based on Bangladesh Bank's "Guidelines on Stress Testing")*



## MTB ভাগ্যবতী

নারী উদ্যোক্তাদের সহজ শর্তে অর্থায়নের উদ্দেশ্যে এই ঋণ কর্মসূচী প্রনয়ন করা হয়েছে। শুধুমাত্র ক্ষুদ্র ও মাঝারী মহিলা উদ্যোক্তাগণ (SMEs) এই ঋণের জন্য আবেদন করতে পারবেন।



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## Csr Activities

### Robi, The Daily Star launches EIS program in Khulna

English in Schools (EIS), one of the largest CSR programmes of the country, launched its 'Enriching schools with new resources' programme at Khulna Zilla High School recently. EIS is a joint initiative by Robi and The Daily Star. It aims at enhancing English language learning skills among the secondary school students throughout the country. Initially EIS has taken 1000 schools to run its activities. To encourage the habit of reading English, each school under this programme is getting three copies of the daily five days a week, at free of cost along with a full page English learning material (EIS Page) every Monday. (Source: Financial Express)

### EXIM Bank establishes hospital under CSR

As a part of CSR activity, EXIM Bank inaugurated recently a hospital at Kazipara, Rokeya Shoroni, Mirpur in the capital city with a view to target the population in the middle and low-income groups. Impoverished freedom fighters will get medical facilities in the hospital free of cost. (Source: Financial Express)

### Mercantile Bank donates for deaf children in Rajshahi

Mercantile Bank Limited has donated an amount of Tk 0.5 million to Hicare School Rajshahi for education and development of the deaf children as part of its corporate social responsibility. (Source: Financial Express)

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### MTB Multi-Currency Credit Card

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# Appointments

## BANKS AND FINANCIAL INSTITUTIONS

| Name                            | Position              | Organization   |
|---------------------------------|-----------------------|--|
| Al -Haj Md. Rezaul Karim Ansari | Chairman              | Jamuna Bank Ltd  |
| Gazi Golam Murtoza              | Vice Chairman         | Jamuna Bank Ltd  |
| Abu Nasser Muhammad Abduz Zaher | Chairman(Re- elected) | Islami Bank Bangladesh Ltd                               |
| Zainul Haque Sikder             | Chairman              | National Bank Ltd  |
| Mohammad Solaiman               | Chairman              | Shahjalal Islami Bank                                    |
| Mahbub Jamil                    | Chairman(Re- elected) | International Leasing and Financial Services Ltd (ILFSL) |
| Hafiz Ahmed Mazumder MP         | Chairman              | Pubali Bank Ltd  |
| Sudhir Chandra Das              | Executive Director    | Bangladesh Bank  |
| SK Sur Chowdhury                | Executive Director    | Bangladesh Bank  |

## GOVERNMENT AND ARMED FORCES

| Name                         | Position         | Organization                           |
|------------------------------|------------------|--|
| Maj Gen Md Rafiqul Islam     | Director General | Bangladesh Rifles (BDR)                |
| Air Commodore Mahmud Hussain | Chairman         | Civil Aviation Authority of Bangladesh |

## OTHER INSTITUTIONS

| Name                   | Position          | Organization  |
|------------------------|-------------------|---|
| Ghulam Muhammed Quader | President         | Bangladesh Chess Federation   |
| Masud Rahman           | President         | Canada-Bangladesh Chamber of Commerce and Industry                  |
| KM Khaled              | Vice President    | Canada-Bangladesh Chamber of Commerce and Industry                  |
| Mahboob Zaman          | President         | Bangladesh Association of Software and Information Services (BASIS) |
| Forkan Bin Quasem      | Secretary General | Bangladesh Association of Software and Information Services (BASIS) |
| Dulal Chandra Biswas   | Director General  | Press Institute of Bangladesh (PIB)                                 |
| Nasrul Hamid Bipu      | President         | Real Estate and Housing Association of Bangladesh (REHAB)           |

# Mtb News And Events



Three MTB personnel from MTB ITS division, Muhammad Shams-ul-Arifin, A. K. M. Ahasan Kabir and Md. Jahidul Islam Khan joined the Network Security Bootcamp, Kolkata held at Hotel Golden Park, Kolkata, India on April 21, 2010.



Workshop on Transaction Payment Procedures, Benefits & Importance of Remittances was held at Chowddogram, Comilla on April 22, 2010. MTB DMD Md. Hashem Chowdhury, Head of MTB Chittagong Region Mohammad Ali Chowdhury, Head of MTB NRB Division A.K.M. Shameem and other MTB officials were present at the workshop.



MTB CDA Avenue Branch has been relocated at 1005/2/1872 CDA Avenue, East Nasirabad, Chittagong with the inauguration ceremony held on May 02, 2010. The ceremony was presided over by the branch Manager Md. Kamal Uddin, Nowshad Ali Chowdhury, General Manager, Bangladesh Bank, Chittagong was the chief guest while Head of MTB Chittagong Region Mohammad Ali Chowdhury was the special guest of the ceremony. Managers of other branches of Chittagong region were also present along with large number of valued clients, local elite and influential businessmen.



The Closing Ceremony of Training on International Trade Payment was held at Mutual Trust Bank Training Institute on April 21, 2010. MTB DMD Quamrul Islam Chowdhury, Principal of MTB Training Institute Naba Gopal Banik, and Faculty Member Md. Sirajul Haque were present at the ceremony along with the participations who received certificates on the day.



MTB Chittagong Branches' Managers' Conference was held at MTB Chittagong Regional Office on May 10, 2010. MTB MD & CEO Anis A. Khan, MTB DMD Md. Hashem Chowdhury and Md. Ahsan-uz Zaman, Head of MTB Chittagong Region Mohammad Ali Chowdhury, and other MTB regional officers attended the conference.



MTB Customer Night Chittagong was held at Hotel Agrabad, Chittagong on May 10, 2010. A colorful cultural program followed by dinner was attended by a large number of customers, local elite, leading businessmen and people of different strata attended the function, along with MTB MD & CEO Anis A. Khan, Head of MTB Chittagong Region Mohammad Ali Chowdhury, Officials of Chittagong region branches.





Mutual Trust Bank Ltd (MTB) has recently opened the country's first ever SME/Agri Branch at Building No. 3, Sheikh Market, Nazumeah Hat, Hathazari, Chittagong. The branch was formally inaugurated by the bank's MD & CEO Anis A. Khan on May 10, 2010 at a simple ceremony held at Nazumeah Hat SME/Agri Branch premises. MTB Deputy Managing Directors Md. Hashem Chowdhury and Md. Ahsan-uz Zaman, Head of MTB Chittagong Region Mohammad Ali Chowdhury, and senior officials of the bank were also present at the ceremony. Local elite, leading businessmen and people of all walks of life attended the function.



The first ever MTB Promotion Awards for Chittagong Region was held at Hotel Ambrosia, Chittagong on May 11, 2010. MTB MD & CEO Anis A. Khan handed over promotion letters to 33 employees of different ranks. MTB Deputy Managing Directors Md. Hashem Chowdhury and Md. Ahsan-uz Zaman, Head of MTB Chittagong Region Mohammad Ali Chowdhury, and senior officials of the bank were also present at the ceremony.



MTB Promotion Awards for rest of the country (except Chittagong) was held at Hotel Purbani on May 12, 2010. A total of 144 employees were handed over promotion letters at the ceremony. MTB Deputy Managing Directors Quamrul Islam Chowdhury, Md. Hashem Chowdhury, Md. Ahsan-uz Zaman, Head of HR Md. Nurul Islam, and senior officials of the bank were also present at the event.

## Financial Glossary

### Wash Sales

A process in which simultaneous purchases and sales are made in the same commodity futures contract, on the same exchange, and in the same month. No actual position is taken, although it appears that trades have been made. The intention is that the apparent activity will induce legitimate trades, thus increasing trading volume and commissions.

### Rally

An upturn in a share or a market's performance, following a fall or on breaking upwards out of a trading range.

### General Obligation Bond

A municipal bond whose interest and principal payments are supported by the full faith and credit of the issuing authority.

### Full Faith and Credit

An unconditional commitment to meet the payment of interest and repayment of principal of a bond issued by a government authority.

### Zero Rated

A term relating to value added tax (VAT). It refers to goods (for example, food and books) which are taxable but at a zero rate. The significance of this rating is that businesses selling such goods may claim back their input tax (the VAT which they have paid to their suppliers). Businesses which provide goods and services which are VAT exempt (for example, stamps and postal services) are not able to reclaim input tax.

### Head and Shoulders Top

In technical analysis, a common chart formation in which a share price reaches a peak and declines, rises above its former peak and again declines and rises again but not to the second peak and then again declines. The first and third peaks are shoulders, while the second peak is the formations head. When the price falls from the right shoulder and breaks through the neckline the head and shoulders top formation has been confirmed and is regarded by technical analysts as a signal to sell the share.

Source: [www.finance-glossary.com](http://www.finance-glossary.com)

# MTB Network

