



Volume: 01, Issue: 03, Sep 2009  
**Monthly**  
Business Review

# *Securitization in* **Finance**

**banking and**  
**financial**  
**indicators**

NATIONAL  
ECONOMIC  
INDICATORS



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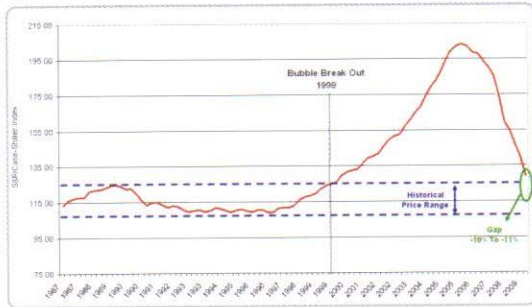
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# INTERNATIONAL NEWS

## ECONOMY AND FINANCE

### US HOME PRICE DECLINES AT A SLOWER RATE



US home prices fell in June but at a sharply slower pace. A key survey of major cities conducted on the 25th of August, 2009 showed that the housing crisis is indeed stabilizing. The S&P/Case-Shiller index of home prices in 20 metropolitan areas showed home prices fell 15.4 percent in June from a year ago, compared with a steeper 17.1 percent annual decline in May. Most analysts had expected the decline in prices to accelerate to 17.9 percent year-over-year. A 10-city index also showed a moderation in falling prices, with a reading of a 15.1 percent decline in June following 16.8 percent in the preceding month. S&P/Case-Shiller's US national composite index rose 2.9 percent in the second quarter, compared with the first quarter of 2009, the first increase in three years. The national index declined at an annual pace of 14.9 percent in the April-June period, after dropping a record 19.1 percent in the first quarter of 2009. (Source: AFP)

### GERMAN ECONOMY EMERGES FROM RECESSION IN SECOND QUARTER

Germany has come out of its worst recession in over 60 years as consumption helped Europe's biggest economy grow by 0.3 percent in the second quarter (April- June) of 2009. This was the first ever growth that German economy has experienced since the first quarter of 2008. The economic development in the second quarter of 2009 was supported by private and government expenditure as well as positives from the construction sector, the statistics office said in a statement. It is mentionable that recent situation in the German economy is mainly attributed to the government's economic rescue package, plus some 'free-riding on other countries' stimulus measures. The German government's two huge stimulus packages worth a combined 81 billion euros (US\$ 116 billion) contributed significantly to increase private and government expenditure. A recent survey showed that investor confidence was soaring and business confidence is also pointing to brighter times ahead. Industrial orders have also shown impressive growth in recent months. However, exports, the driving force of the German economy, were down 1.2 percent compared to the first quarter and imports slumped by 5.1 percent. (Source: AFP)

### HONG KONG EXPORTS DOWN 19.9 PERCENT IN JULY

Hong Kong exports plunged 19.9 percent year-on-year in July 2009, as overseas demand for Chinese goods remained subdued despite talk of a global economic recovery, the Hong Kong government said. The total value of shipments dropped to HKD 212.3 billion (US\$ 27.22 billion), the Census and Statistics Department said in a statement. The decline was significantly bigger than the 5.4 percent year-on-year drop in June 2009, when the government recorded the first single-digit fall in seven months. For the first seven months of the year, the value of total exports fell 17.7 percent from the same period in 2008 as the global slump hit southern China's manufacturing heartland, which ships many of its products through Hong Kong. The sharpest drop in the month was recorded for exports to

Malaysia, Britain and Germany, which were all down about 30 percent year-on-year. (Source: AFP)

### DUBAI COMMERCIAL PROPERTY PRICES TO CONTINUE SLIDE

Commercial property prices in the former boomtown of Dubai in the United Arab Emirates are set to slide even further, consultancy firm Jones Lang LaSalle said in a report. Although the rate of decline in office rental prices slowed in the second quarter from the previous quarter, they are still poised to fall further because of increased market supply, it said. "The Dubai commercial property market is becoming more competitive on a global scale as falling rents and increased vacancy make the city more attractive to potential tenants," the report said. Commercial rental prices declined 25 percent in the second quarter this year compared with a 45 percent decline in the first quarter, averaging 225 dirhams (US\$ 61) per square feet per year, the firm said. By the end of 2011, a total of 25 million square feet (2.25 million square meters) of additional office space is also expected to enter the market. This will increase the vacancy rate and place further downward pressure on average rentals, the Jones Lang LaSalle report added. (Source: AFP)

### TOYOTA TO CUT CAPACITY TO MATCH SALES

Toyota Motor Corp will cut its global production capacity in the wake of the global financial crisis to match lower sales, a company source with direct knowledge of the matter said. The Nikkei business daily said Toyota planned to cut its global capacity by 10 percent, or 1 million vehicles, as early as the current financial year to March 2010, but the source said the extent and timing of the production cuts had not yet been set. The decision would be dependent on how much sales will recover after the crisis passes and how US firms like General Motors Co and Chrysler Group LLC emerge from their deep woes. However, Toyota forecast this month a slightly shallower annual loss, relying on deeper cost cuts and government-backed sales stimulus around the world, but there remain doubts about a sustainable recovery in demand. (Source: AFP)

### SEC AND BANK OF AMERICA PLEAD FOR MERRILL SETTLEMENT

Bank of America Corp and the top US securities regulator sought to persuade a judge to approve their US\$ 33 million settlement of a civil lawsuit over the lack of disclosure of billions of dollars of bonuses at Merrill Lynch & Co. Settlement would address part of what has become one of the hottest controversies of the global credit crisis. In a filing on Monday, the 24th of August, Bank of America told Judge Jed Rakoff of Manhattan federal court that it did not mislead shareholders about its approval of up to US\$ 5.8 billion of bonuses, saying it was "widely understood" that Merrill would pay out billions. Media reports that Merrill would award billions of dollars of bonuses, despite a full-year loss that would reach US\$ 27.6 billion. That loss would prompt Charlotte, North Carolina-based Bank of America to accept an additional US\$ 20 billion of federal bailout money, for a total of US\$ 45 billion taken from the Troubled Asset Relief Program. (Source: The Wall Street Journal)

## POLITICS

### BERNANKE TO STAY AT HELM



President Barack Obama reappointed Ben Bernanke for a second term as chairman of the Federal Reserve, a position from which he guided the economy away from its worst recession since the 1930s and, the White House hopes, toward an economic recovery, critical to its legacy. Bernanke was widely credited with taking aggressive action to avert an economic catastrophe after the financial meltdown last year.



Bernanke masterminded what is now seen as a successful strategy to lift the economy out of recession, unlock credit and stabilize financial markets, in part by using unconventional and unprecedented lending programs. Obama appreciated that Ben approached a financial system on the verge of collapse with calm and wisdom, with bold action and outside-the-box thinking that has helped put the brakes on US economic free-fall. (Source: AFP)

**INDIA, NEPAL AGREE FOR NEW TRADE TREATY**

India and Nepal reached a new trade treaty and an agreement to control unauthorized trade, particularly from a third country, aimed at widening the bilateral economic engagement. The trade treaty, which has been negotiated for the last two years, aims at enlarging the scope of the existing institutional framework, under which India gives duty-free access to its market to goods manufactured in Nepal. However, the trade treaty and the agreement to control unauthorized trade would be formally signed later, an Indian official source said. The trade between the two countries was US\$ 1.8 billion in 2008-09 (April-February). (Source: Agencies)

**INDIA TO LOOK INTO SWISS BANKS' REJECTION TO DISCLOSE DETAILS**

Union Finance Minister Pranab Mukherjee said the Indian Government will look into the matter of Swiss banks rejection to hand over details of the Indian clients. Earlier in the week, Swiss Bank authorities had rejected India's request to disclose details of clients, saying Swiss law and the Organization for Economic Co-operation and Development (OECD) Model Tax Convention do not permit fishing expeditions. The Swiss Bank authorities added that they would not co-operate for the indiscriminate trawling through bank accounts in the hope of finding something interesting. According to sources the Swiss bank-client confidentiality has never been 100 per cent absolute and Swiss legislators have built in provisions for it to be lifted during criminal investigations and also in many civil cases and it has also evolved over time. "The key for the exchange of information in tax matters is the Double Taxation Agreement between Switzerland and India," said SBA's Head of International Communications, James Nason. Double Taxation Agreements are being currently revised to incorporate the OECD standard on the exchange of information in tax matters according to the OECD's own Model Tax Convention. (Source: AIN)

**THE OPPOSITION PARTY REGISTERED A HISTORIC WIN IN JAPAN**



In the general election of Japan, held on August 30, 2009, the opposition party - Democratic Party of Japan (DPJ), crushed the ruling coalition comprising the Liberal Democratic Party (LDP) and New Komeito Party. Through this historic victory, the DPJ has put an end of the

long regime of LDP. The LDP ruled Japan since its inception in 1955, except for a short 11-month period from 1993 to 1994 and assumed the daunting task of pulling the war ravaged economy since World War II. On the other hand, the DPJ is to be a ruling party for the first time since its foundation in 1996. Prime Minister Taro Aso conceded the defeat at the night of August 30 and announced his resignation as party president. The probable reasons behind LDP's losing the election are mainly due to factors such as the incapability to effectively resolve the economic crisis, especially the unemployment and deflation rates. Surveys conducted, also revealed other factors such as the ramification of Japan's aging, shrinking population, the worsening quality of life, along with the growing inequality in the relationship between Tokyo and the provinces in terms of both income and economic opportunities. (Source: AP)

**TED KENNEDY NO MORE**

US Senator Edward M. Kennedy, the last of the Kennedy brothers, has died after losing a battle with brain cancer at the age of 77. Edward M. Kennedy, regarded as the "liberal lion" of the Senate who was once tipped to succeed



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his assassinated brother John as president, died Tuesday, the 25th of August, at his home in Hyannis Port, Massachusetts. His battle with brain cancer has lasted for more than a year. He had undergone radiation and chemotherapy treatment as well as surgery since being diagnosed with glioblastoma in May 2008 after a seizure. Following results from a biopsy, doctors had diagnosed Kennedy with a malignant glioma in the left parietal lobe, an area of the brain that controls speech, among other functions. The brain tumor diagnosis had sent shockwaves through the US Congress, where Kennedy had been a dominant figure for nearly half a century and was a champion of causes such as healthcare, education, workers' rights and immigration reform. (Source: AP)



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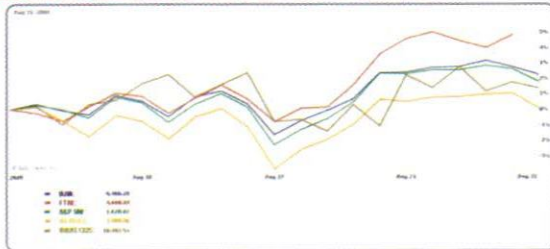
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# INTERNATIONAL CAPITAL MARKETS

## SELECTED GLOBAL INDICES

GLOBAL INDICES ROUND-UP AS OF AUGUST 26TH, 2009



US Stock prices were relatively stable for the last week of August. Investors welcomed additional data suggesting the economy is in the early stages of economic recovery. The government announced that new home sales had jumped by 9.6% in July, their biggest increase since early 2005. Durable goods orders also showed a large gain, mainly due to a steep rise in spending on transportation equipment. Investor enthusiasm over a budding economic recovery appeared to be tempered, however, with concerns that the market rally since early March had come too far, too fast. At the end of the third week of August, the S&P 500 Index had climbed roughly 54% off the low it established in mid-March, and the gains on the NASDAQ and smaller stock indexes were even greater. Indexes in Europe were also reflective of their US counterparts. The FTSE closed at 4,908.90 on the last trading day of the month, a 6.12% increase from the previous month. The CAC 40, too, gained ground over last month, closing at 3,653.54, a 6.22% increase. Over in Asia, the NIKKEI 225 closed at 10,549.05, a 1.83% increase from the previous month, while India's SENSEX was also up by 1.41% from last month. The Hong Kong HANG SENG was the only index from our selected group that closed lower than the previous month, after registering 19,840.27, a 3.69% decline from last month. (Source: T. Rowe Price and Yahoo! Finance)

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## INTERNATIONAL MARKET MOVEMENTS

Index	Value (as of Aug 31st)	1 Month Ago (as of Jul 21st)	Change	% Change
Djia	9,496.28	9,171.61	324.67	3.42%
S&P 500	1,020.62	987.48	33.14	3.25%
Nasdaq	2,009.06	1978.50	30.56	1.52%
Ftse 100	4,908.90	4,608.40	300.50	6.12%
Cac 40	3,653.54	3,426.27	227.27	6.22%
Nikkei 225	10,549.64	10,356.83	192.81	1.83%
Bse Sensex	15,891.05	15,670.31	220.74	1.39%
Hang Seng	19,840.27	20,573.33	-733.06	-3.69%

## COMMODITIES

### CRUDE OIL

Crude Oil continued to hover around US\$ 70 / barrel (bbl), driven trends, which imply stronger future demand and a weaker US\$. While China's import demand has been strong, consumption in the rest of the world remains weak. The key to sustained strength is supply restraint. Output rose slightly in July but remains broadly in line with demand. Prices are expected to remain range bound until a more broad-based recovery in demand begins to deplete global stock levels. A recovery in industrial activity is essential to eroding distillate stocks, which are at record level.

Outright prices are expected to remain range-bound in third quarter (Q3) before moving on evidence of improving demand in fourth quarter (Q4), underpinned by a weakening US\$ and improving risk appetite. West Texas Intermediate (WTI)'s discount to Brent should diminish once the maintenance program in the North Sea runs its course, but sharp discounts ahead of contract expiry are probable as long as storage at facilities in Cushing, Oklahoma remains under pressure. Brent forecast has been raised for Q3-2009 to US\$ 70/ bbl (US\$ 68/bbl previously). (Source: SCB Global Research)

### FORECASTS (US\$/BBL)

	WTI	Brent
Current price	70.2	73.8
Quarterly forecasts		
Q3-09	68	70
Q4-09	75	74
Q1-10	80	79
Q2-10	80	79
Annual forecasts		
2009	61	62
2010	82	81

(Source: Yahoo! Finance)

### GOLD PRICES EXPECTED TO JUMP TOWARD \$970 LEVELS

Bullion (Gold) recouped enough strength to erase earlier losses and recorded gains on September 1, as US dollar dipped against the Euro after better than expected US economic data that brought selling in the greenback as the currency's appeal as a safe haven investment eroded. Gold Comex October benchmark contract climbed to a session high of US\$ 955 per ounce, where selling pressure brought the prices down, but the metal managed to close above the previous close at US\$ 944.70 per ounce. Reports also showed that holdings of SPDR, the largest gold backed exchange-traded fund, dipped towards 1061.83 tonnes from the previous figure of 1066.41. Although the US\$ 960 per ounce continues to be the resistance level that seems to keep gold prices at Comex October contract from rising any further, only a break and close above this level is expected to take the prices higher towards US\$ 970 levels. (Source: JRG Commodities Research)

### ASIAN MARKETS BOOST BASE METALS

The intraday price volatility seen in the base metals markets was particularly extreme on the last week of August with weak positions, - both long and short-technical signals and exogenous factors combining to create wild price swings throughout the entire month. The base metals have continued to rally, boosted by stronger Asian equity markets. The metals remain flighty and are reacting to the smallest shift in market sentiments.

After a very poor start to the month as liquidation emerged across much of the base metals complex, it was the US crude oil inventory data that sparked the recovery with crude stocks unexpectedly declining nearly 8.4 million barrels compared to expectations of a 1.2 million barrel increase.

Copper was a battleground on the last week of August, with well over 15,000 lots trading on LME Select, encompassing a \$323 range. Copper came under heavy and sustained pressure throughout, however a sharp recovery in crude oil prices saw shorts start to head for the exit.

Lead too had a relatively stable month, closing virtually unchanged. The latest LME data shows the presence of a dominant warrant holder in the +90% category, which may have deterred the market from taking too aggressive a short position. It was also reported that China's government has shut down a lead smelter in Hunan province after 1,354 children were suspected to have suffered lead poisoning may also be lending support to prices. While the immediate impact on the market is likely to be negligible, it may become a much more important factor going forward, particularly if Chinese lead smelters generally, come under greater scrutiny from the government.

Aluminum prices were over 5% lower than the beginning of last month before short covering saw prices climb strongly to close 2.7% lower at US\$ 1,950. (Source: Commodityonline.com)

### WORLD INTEREST RATES TABLE

Central bank	Next Meeting	Last Change	Current Interest Rate
Federal Reserve	September 23, 2009	December 08, 2008	0.25%
Bank of England	September 05, 2009	March 05, 2009	0.5%
European Central bank	September 03, 2009	May 07, 2009	1%
Bank of Japan	September 17, 2009	December 19, 2008	0.1%

(Source: WSJ.com)



# NATIONAL NEWS

## FINANCE AND THE ECONOMY

### MR. ZIAUL HAQUE KHONDKER JOINS SEC AS CHAIRMAN



Mr. Ziaul Haque Khondker has joined the Securities and Exchange Commission, for the next tenure as its Chairman. Prior to joining the Commission, Mr. Khondker was the Managing Director of Investment Corporation of Bangladesh (ICB). He has around 30 years of experience in the capital market at various positions. A post-graduate in Economics from Dhaka University, he began his career in the capital market as a research officer in the state-owned ICB back in 1977.

He was promoted and transferred to Shilpa Rin Sangstha as General Manager later in 1996. He returned to ICB again in 1998 and was chosen for the post Managing Director of ICB in 2000. His vast experience will contribute towards effective development of the capital market. Mr. Ziaul Haque Khondker said "We don't compromise in establishing fair play in the market to protect the investor's interest," while inaugurating City Brokerage, the capital market wing of City Bank Ltd. as chief guest. (Source: The New Age)

### BANGLADESH BANK PROFITS DOWN

The operating profit of Bangladesh Bank (BB) decreased by 21 percent last fiscal year and stood at BDT 25.05 billion because of a fall in interest income both from foreign and domestic sources. A BB official said the bank's income from investment in foreign currency reserve fell drastically last fiscal year due to global financial meltdown. In the face of recession, the Bangladesh Bank withdrew the money from foreign financial institutions where it used to invest and kept in more secure places at lower interest rates that ultimately shrank the bank's interest income. The total income of Bangladesh Bank fell by 22 percent last fiscal year and stood at BDT 32.4 billion, of which income from foreign sources fell by about 60 percent to stand at BDT 7.07 billion. The central bank's local income also went down with a huge excess liquidity flooding the banks. As the demand for money fell, the rate of interest on the loans Bangladesh Bank provides to commercial bank also plunge, bringing down its income from local source, said BB officials. (Source: The Daily Star)

### LENDING RATES REMAIN HIGH

INTEREST RATE IN 2009			Percent
Months	Lending rate	Deposit rate	Spread
February	13.47	8.16	5.31
March	13.62	7.91	5.71
April	13.53	8.17	5.36
May	13.77	8.27	5.5

Lending rates stay high despite deposit interest rate cuts twice in just five months. "Banks were quick to respond with slashing deposit interest rates, but not with adequate decline in lending interest rates," Bangladesh Bank officials said in its latest monetary policy review. The spread between the lending and deposit rates also remains high in Bangladesh compared to other countries. Bankers have blamed these high rates primarily on bad loans. The BB in its monetary policy review also pointed out that besides inflation, there are other structural factors for what lending rates tend to remain relatively high. "All the alternative non-bank financing options for borrowers in Bangladesh (NBFIs, MFIs, debt issues in capital markets) happen to be costlier than bank loans. These options therefore communicate no competitive downward pull on lending interest rates of banks," the BB analysis said. It said investors in the capital market have limited appetite for debt issues of corporate houses, as their past experiences were not that satisfactory. In advanced economies, interest rates are lower because good corporate houses can raise equity cheaply and quickly in the capital markets. (Source: The Daily Star)

### EXPORTS TO INDIA SWING DOWN

Although Bangladesh achieved more than 10 percent export growth last fiscal year, the country's shipment to India slipped 22.76 percent, provisional statistics showed. The country's exports shrank at a time when Bangladesh was enjoying a privilege of exporting eight million pieces of readymade garment (RMG) a year to India, under the South Asian Preferential Trade Arrangement. The RMG export privilege was given to reduce the wide trade gap between the two countries. But the people in the garment sector said Bangladesh could not utilize the duty-free facility for different tariff and non-tariff barriers, which need to be removed to make a healthy bilateral trade relationship. Bangladesh exported goods worth US\$ 276 million to India last fiscal year, while its imports were worth US\$ 2.8 billion. According to official statistics "Bangladesh's trade gap with India increased to US\$ 2.56 billion in 2008-09," said Shahab Ullah, vice chairman of Export Promotion Bureau. Non-tariff barrier is the main impediment to the country's export to India, he said, adding that separate quality standards of Bangladesh and India also prevent export efforts. Though Bangladesh has a wide trade gap with India, some businessmen said it was not something to be worried about since Bangladesh enjoys a huge trade surplus both with the United States and EU, offsetting the deficit. (Source: The Daily Star)

### TRADE DEFICIT NARROWED

The overall trade deficit in the past FY2008-09 has narrowed considerably over the previous fiscal year as the volume of import and prices of goods in the international market have both fallen as a result of the economic meltdown. The trade deficit was US\$ 6.94 billion in FY2008-09 against that of US\$ 7.52 billion in FY2007-08. It translates that the deficit narrowed by US\$ 580 million in the last fiscal year compared to FY2007-08. According to the Bangladesh Bank (BB) statistics, Bangladesh imported goods worth US\$ 22.50 billion in the last fiscal year, registering only 4.02% growth over the previous fiscal year. Import of food grains stood at US\$ 871.09 million in the last fiscal year as against US\$ 1.41 billion in FY2007-08. However, import of industrial raw materials witnessed a 10.47% growth. Import of petroleum products fell to US\$ 2.04 billion owing to fall in prices of petroleum products in the international market. Frozen food, the country's second largest export item witnessed a negative growth of 14.89%. However, the overall Balance of Payments (BoP) maintained a surplus trend due to the higher inflow of remittances. Bangladesh received remittances from expatriate wage earners amounting to US\$ 9.68 billion in the last fiscal year, achieving a 22.32% growth over the earlier fiscal year. In the FY2007-08 the country received US\$ 7.91 billion in remittances, which was 32.39% higher over the previous fiscal year. (Source: AIMS Newsletter)

### 86% ADP SPENT IN LAST FISCAL

In the last fiscal year, 86% of the BDT 230 billion Annual Development Program (ADP) was implemented. The amount spent on different projects under ADP was BDT 196.86 billion. The largest recipients of the ADP include the ministries of education, power, primary and mass education. The power sector spent BDT 22.04 billion or 82% of the amount allocated in this sector. The amount of ADP spent by different ministries include BDT 2.09 billion by the Energy and Mineral Resources Division against the original allocation of BDT 1.99 billion. Ministry of Communications spent BDT 17.58 billion or 77% of the total allocation. Local Government Division spent BDT 50.14 billion or 96%, BDT 20.55 billion or 97% by the Ministry of Primary and Mass Education, BDT 9.49 billion or 96% by the Ministry of Education and BDT 20.06 billion or 77% by the Ministry of Health. For the current fiscal year, the government has tabled a BDT 305 billion ADP, up by 32.61% from the revised ADP of BDT 230 billion in the immediate past fiscal year. (Source: AIMS Newsletter)

### NO LOCK-IN LEADS TO SHORT-TERM GAINS

EBL First Mutual Fund, sponsored by Eastern Bank Limited, made trading debut on the stock exchanges on August 19. Sales summed up to around 40 million units during the first three days. The figures show the transaction was bigger than the IPO size, and it was possible because of no lock-in on sale by private placement share or unit holders. Although there was a recommendation for introduction of lock-in on sale by the private placement holders, the Securities and Exchange Commission (SEC) recently decided that there will be no lock-in period for private placement. The Consultative Committee of SEC had recommended for the lock-in, saying that the private placement holders get more benefit than general investors. Lock-in is a measure by which shareholders or



unit-holders are barred from selling their holding shares or units before a certain period. "We have seen the private placement holders selling shares on the very first day of the trading debut," said Yawer Sayeed, managing director of AIMS of Bangladesh, an asset management company. Usually, private placement is a long-term investment by individuals, institutions and investment companies. But the tradition of selling shares from the very beginning of debut indicates that it is not investment, it is just trading for short-term gains, Sayeed said. "It is dangerous for the market," he added. (Source: The Daily Star)

#### GRAMEENPHONE FINED US\$ 36.5 MILLION

Bangladesh's biggest phone company Grameenphone has been fined US\$ 36.5 million for using the Internet to divert overseas calls from the state-owned network, a statement reported. The Bangladesh Telecommunication Regulatory Commission said it had fined the private company for providing connectivity to third parties using voice over Internet protocol (VoIP) technology. The commission statement said that under Bangladeshi law, international calls are licensed to the state-owned Bangladesh Telecommunications Company Limited. All international traffic must pass through its network which ensures that hundreds of millions of dollars in tariffs are paid to the Bangladesh Telegraph and Telephone Board, but the Internet technology allowed Grameenphone to bypass that. The company was fined USD 24.5 million in October 2007 for a similar offence. Grameenphone is 62 percent owned by Norwegian telecom company "Telenor" and 38 percent owned by local "Grameen Telecom". The firm was valued at US\$ 3.75 billion earlier this year by its issue manager Citigroup and has more than 21 million of Bangladesh's 44 million cellular subscribers. (Source: AFP)

#### BANGLALINK REVENUE UP 29 PERCENT

Banglalink's revenue earnings shot up 29 percent by the end of the first half of 2009 from the same period in 2008. Revenue earnings jumped from BDT 9,200 million, in June 2008 to BDT 11,830 million in June 2009. "These positive results were driven by revenue enhancement initiatives aimed at the existing base," according to Orascom Telecom Holding's (OTH) half yearly financial result, posted on the company website. Despite a rise in connection rates, Banglalink's subscriber base increased by 17 percent. The company's market share also went up to 23.7 percent till June 2009, compared to the previous year. The monthly average revenue per user (ARPU) also reported an increase of 18 percent. Among the six mobile operators, Banglalink still holds the market's second position in terms of subscriber base (Source: The Daily Star)

#### DHAKA PHONE, RUPAYAN SIGN DEAL

Dhaka Telephone Company Limited has signed a contract to provide telephone connections to all the apartments at Rupayan town built by Rupayan Housing Estate Limited. Managing Director of Rupayan Group Saadat Hossain Salim and Chairman of Dhaka Phone ATM Hayatuzzaman Khan signed the agreement on behalf of their respective companies in the city recently, said a press release. According to the deal, Dhaka Phone will provide 1000 post-paid connections with wireless phones for telecommunications usage in the apartments of Rupayan Town (Bhuigar). (Source: The Financial Express)

#### GRAMEENPHONE GOING PUBLIC IN OCTOBER

The initial Public Offering (IPO) of Grameenphone will begin in the first week of October. It is sure to set some new records with the fact that, it is the first IPO by a telecom company in the country and also the largest public offering in the history of the domestic capital market. The public subscription is set between October 04-08, 2009 for Resident Bangladeshis and registered mutual funds. For the Non-Resident Bangladeshis it will close on October 18, 2009. GP will raise BST 4.86 billion from the public through the IPO. The offer price for the IPO has been fixed at BDT 70 per share, with a premium of BDT 60 against a face value of BDT 10 per share. The market lot has been fixed at 200 shares. Through listing GP would avail the incentive of paying 10% reduced corporate tax. (Source: AIMS Newsletter)

#### SCBs HAVE SET NPL RECOVERY TARGET

The Four State-owned Commercial Banks (SCBs) have projected a reduction of Non-Performing Loans (NPLs) within next three years. According to projection reports, the NPL of Sonali Bank is expected to come down to 27%, 22% and 17% in the next three years respectively. At the end of June 2009 the NPL of Sonali Bank was estimated at 29.68%. Janata Bank expects NPL to come down to 7.55% and 5.84% in the next two years. The bank could not finalize its NPL projection for FY2011-12. At the end of last fiscal year the NPL of Janata Bank was 11.05%. Agrani Bank has projected its NPL to decline to 10% in FY2009-10,

4% in FY2010-11 and 2% in FY2011-12 respectively. The bank's NPL was estimated at 23.36% at the end of FY2008-09. Rupali Bank has projected its NPL to come down to 24.48% in FY2009-10, 19% in FY2010-11 and 15.19% in FY2011-12. Rupali Bank's NPL at the end of last fiscal year was estimated at 26.16%. The recovery target of the four SCBs from the top 20 defaulters was BDT 4.06 billion in this year but the banks recovered only BDT 101.5 million in the first quarter of 2009. (Source: AIMS Newsletter)

## POLITICS

#### UN OFFICIAL SAYS BANGLADESH CAN HALVE POVERTY BY 2015

Bangladesh can still achieve its millennium development goal to cut poverty by half before the deadline in 2015 if the government follows right policies, ensures accountability and reaches resources to the disadvantaged people, Minar Pimple- a UN official said Bangladesh government seems very much keen to reach its MDG targets, which was set by all member nations of the United Nations in 2000 to better a host of human development indicators like health, poverty and livelihood. To achieve the key MDG target, Bangladesh must bring down rate of poverty to 25 per cent --- down from nearly 50 per cent in 2000. The government figures show some 40 percent of Bangladesh's 144 million people live below poverty line, with another four million joining the ranks of the poor due to soaring food prices in 2007-08. The UN official said Bangladesh lags behind India and China when it comes to cutting poverty as per MDG guidelines. He said narrowing the gap between the government's political will and the ground delivery would be very crucial for achieving the target. Pimple said Bangladesh must check corruption and ensure accountability to help poor come out of poverty trap. The UN official also said there should be political consensus among parties, no matter who is in power, to deliver the necessary results. He warned that the global community's sudden shift towards cash-crops could lead to more hunger. "Remittance could go down in a big way. The government has to be careful about climate change as it would have serious impacts on food production", he added. Thus government's revenue base has to be expanded, as higher revenue collection paves the way for higher spending on poverty eradication programs. (Source: The Financial Express)

#### YUNUS NAMED RECIPIENT OF THE 2009 PRESIDENTIAL MEDAL OF FREEDOM



President Obama presenting Dr. Yunus with medal

Professor Muhammad Yunus, founder of the Grameen Bank and micro credit pioneer, was one of the recipients of the 2009 Presidential Medal of Freedom, the White House announced. Awarded annually, the Presidential Medal of Freedom is the most prestigious civilian award in the United States. Professor Yunus and the fifteen other recipients were honored at a White House ceremony with President Barack Obama on August 12, 2009. According to the White House announcement, the 2009 recipients were chosen "for their work as agents of change." (Source: The Daily Star)





## DOMESTIC CAPITAL MARKETS REVIEW

CAPITAL MARKETS - DSE (For the week Aug. 23rd to Aug. 27th, 2009)

Forthcoming IPO approved by SEC

<b>Islami Insurance Bangladesh Ltd</b> Subscription Open : Aug 4 2009 Subscription Close : Aug 20 2009	<b>The Dacca Dyeing and Manufacturing Company Ltd.</b> Subscription Open : Aug 30 2009 Subscription Close : Sep 9 2009	<b>ICB AMCL Second Mutual Fund</b> Subscription Open : Aug 9 2009 Subscription Close : Aug 16 2009	<b>Marico Bangladesh Limited</b> Subscription Open : Aug 2 2009 Subscription Close : Aug 10 2009
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(in BDT million)

	This week	Last week	% Change
Total Turnover for the Week	29,008	36,399	-20.31
Category A (89.96%)	26,095	31,525	
Category B (2.98%)	864	1,495	
Category G (0.00%)	0	0	
Category N (4.60%)	1,333	2,069	
Category Z (2.47%)	715	1,310	

(in BDT million)

	This week	Last week	% Change
Daily Average Turnover In Tk.	5,801	7,279	-20.31
Total Turnover Volume	157	215	-26.91
Daily Average Volume	31	43	
Total Howla	0.5	0.7	-25.34
Daily Average Howla.	0.1	0.1	
Weighted Avg. Price Earning Ratio	17.81	18.11	-1.67

	This week	Last week
Total no. of Issues	301	301
Advanced	65	148
Declined	176	94
Unchanged	0	2
Not Traded	60	57

DSE 20

	Current week	Last week
Opening day of this week	2,191.11	2,164.70
Closing day of this week	2,108.74	2,191.11
Change within a week (%)	-3.76	1.22
Change within a week(Point)	(82.37)	26.41

All share Price Index

	Current week	Last week
Opening day of this week	2,546.55	2,520.55
Closing day of this week	2,501.71	2,546.55
Change within a week (%)	-1.76	1.03
Change within a week(Point)	(44.84)	26.00

P-06

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

Sl No.	Names	Category	% Change	Deviation % (High & Low)	Turnover BDT (million)
1	ICB	A	16.14	22.28	220.50
2	ICB AMCL 2nd NRB M.F.	A	16.01	17.21	637.71
3	Kohinoor Chemicals	A	13.01	18.53	2.78
4	ICB AMCL 1st M.F.	A	13.00	15.79	56.56
5	ICB AMCL Islamic M.F.	A	12.36	23.55	62.94
6	ICB AMCL 1st NRB M.F.	A	12.06	15.29	89.09
7	Aims 1st M.F.	A	8.73	14.90	477.75
8	Summit Alliance Port Limited	A	8.71	14.01	1,630.83
9	1st Lease Finance & Investment Ltd	A	8.62	14.98	238.60
10	Meghna Cement	A	8.43	14.77	365.96

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

Sl. No.	Names	Category	% Change	Deviation % High & Low	Turnover BDT (million)
1	City Bank	A	-19.12	7.61	41.80
2	Tallu Spinning	Z	-16.67	24.18	0.34
3	CMC Kamal	Z	-13.34	7.33	0.34
4	Monno Stafflers	A	-13.04	19.75	0.25
5	Chittagong Vegetable	Z	-11.56	24.57	0.61
6	Takaful Islami Insurance Limited	N	-9.93	13.79	48.51
7	Bangla Process	B	-9.87	0.00	0.01
8	Saiham Textile	A	-9.11	15.02	4.87
9	Samata Leather	Z	-9.05	10.34	0.75
10	BOC Bangladesh	A	-9.04	9.39	167.96



**Top 10 Companies by Turnover for this Week**

Sl. No.	Name	Category	Turnover in BDT (million)	Turnover Volume	% of Total Turnover	% Change
1	Summit Alliance Port Limited	A	1,630.83	726,350	5.62	8.71
2	BEXIMCO	A	1,260.24	4,372,000	4.34	-5.31
3	BEXTEX Limited	A	1,219.81	18,649,200	4.21	-7.58
4	Aftab Automobiles	A	1,051.58	623,410	3.63	5.69
5	Summit Power	A	1,024.49	798,850	3.53	2.83
6	Jamuna oil	A	840.95	3,024,400	2.90	-0.33
7	EBL First Mutual Fund	A	777.66	24,791,000	2.68	-6.34
8	ICB AMCL 2nd NRB M.F.	A	637.71	3,031,500	2.20	16.01
9	Titas Gas	A	636.69	967,550	2.19	-2.13
10	AB Bank	A	603.07	668,905	2.08	-7.96
Total			9,683	57,653,165	33	

**Top 10 Gainers by Closing Price (for the A Category)**

Name	% Change	Deviation %	Value in BDT (million)	Volume
ICB	16.14	22.28	220.54	58,150
ICB AMCL 2nd NRB M.F.	16.01	17.21	377.1	3,031,500
Kohinoor Chemicals	13.01	18.53	2.78	1,600
ICB AMCL 1st M.F.	13.00	15.79	56.56	90,300
ICB AMCL Islamic M.F.	12.36	23.55	62.94	156,800
ICB AMCL 1st NRB M.F.	12.06	15.29	89.09	225,150
Aims 1st M.F.	8.73	14.90	477.75	25,545,000
Summit Alliance Port Limited	8.71	14.01	1,630.83	726,350
1st Lease Finance & Investment Ltd	8.62	14.98	238.60	448,050
Meghna Cement	8.43	14.77	365.96	467,800

**Top 10 Gainers by Closing Price (for the-B,G, N & Z Category)**

Sl. No.	Name	Category	% Change	Deviation % (High & low)	Value in BDT (million)	Volume
1	BLTC	Z	8.68	10.00	0.02	100
2	Sonargaon Textiles	B	8.29	10.54	5.84	18,700
3	Bay Leasing & Investment Ltd.	N	5.76	12.85	233.16	255,100
4	Delta Life Insurance	Z	4.14	9.41	28.34	1,920
5	Progressive Life	Z	3.65	12.61	58.92	33,800
6	Grameen One: Scheme2	N	3.33	7.68	367.18	6,934,500
7	Savar Refractories	B	1.81	22.85	1.08	2,085
8	ICB Islamic Bank Ltd.	Z	1.44	4.84	13.59	14,165
9	Fu Wang Food	B	1.35	5.75	37.68	843,500
10	Fu-Wang Ceramic	B	1.20	8.37	320.01	828,100

Market Capitalization (BDT billions)	Current week	Last week	% Change
Opening day of this week	1,313.81	1,289.79	1.86
Closing day of this week	1,312.70	1,313.81	-0.08

Other Information	Current week	Last week
% of DSE 20 Market Capitalization	10.91	11.29
% of Multinational Companies M Cap	13.83	14.71
% of total M Cap Under CDS Company	68.98	70.08

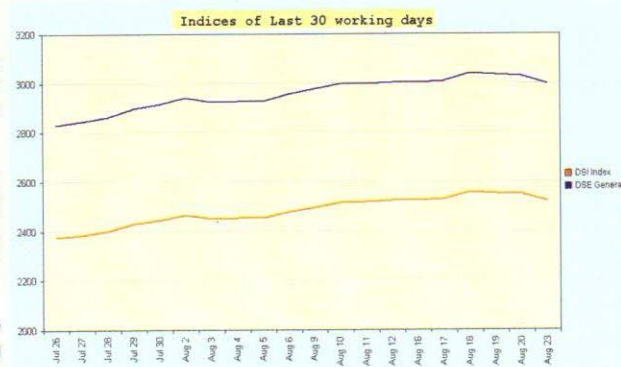


## DSE MARKET ROUND UP

A bullish month ended on a low note Thursday. There was volatile trading, while questions arose about the liquidity within the market. The average daily turnover declined by 20.31% from previous week while the General Index retraced from 3000.

The demise may be due to the earlier crossing of the psychological resistance level set at 3000. There was a sense of caution in the market as investors recouped capital for Navana CNG. Most of the sectors declined and was lead by bank, insurance and engineering that lost 3.72%, 1.98% and 2.49% respectively. NBFi and Investment stocks gained a subtotal of 21% within the week's trading.

DSE General Index reached at 2977.72, falling by 50.22 points or 1.66% from the previous week. Throughout the week, it was below both the 9 and 18-day moving average line. Total turnover reached at BDT 29,008.01 million with 20.31% decrease from the last week. Market capital fell by 0.11% and stood at BDT 1,001.44 billion against BDT 1,002.54 billion. DSE-20 has moved downward by 82.37 points (3.76%) and closed at 2108.74 points against 2191.11 points. Last week, the weighted average Market PE was 17.81 which was 1.67% lower than previous week's 18.11.



## CAPITAL MARKETS - CSE (For the week Aug. 23rd to Aug. 27th, 2009) Forthcoming IPO approved by SEC

Prime Finance First Mutual Fund		Bay Leasing & Investment Limited		Asia Insurance Limited		Rupali Life Insurance Company Ltd	
Subscription Open	Jan 04 2009	Subscription Open	Jan 18 2009	Subscription Open	Apr 19 2009	Subscription Open	May 03 2009
Subscription Close	Jan 11 2009	Subscription Close	Jan 24 2009	Subscription Close	Apr 23 2009	Subscription Close	May 07 2009
Marico Bangladesh Limited		ICB AMCL Second Mutual Fund		Islami Insurance Bangladesh Limited		The Dacca Dyeing and Manufacturing Co. Ltd	
Subscription Open	Aug 02 2009	Subscription Open	Aug 09 2009	Subscription Open	Aug 16 2009	Subscription Open	Aug 30 2009
Subscription Close	Aug 06 2009	Subscription Close	Aug 16 2009	Subscription Close	Aug 20 2009	Subscription Close	Sep 3 2009

P-08

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

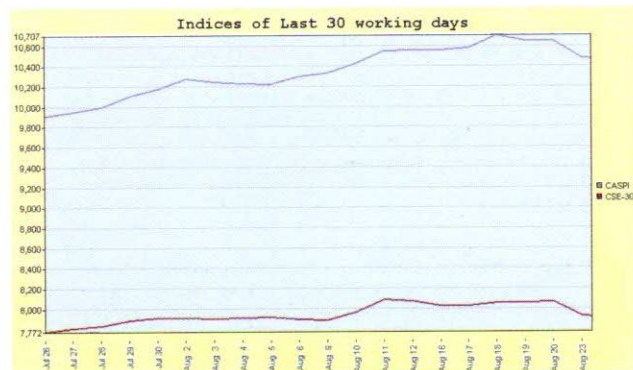
Sl No.	Names	Category	Deviation % (High & Low)	Turnover BDT (million)
1	Khaza Mosaic Tiles & Stone Industries	Z	42.62	0.01
2	Icb Amcl Islamic Mutual Fund	A	15.76	2.29
3	Icb Amcl First Nrb Mutual Fund	A	14.56	3.92
4	Icb Amcl Second Nrb Mutual Fund	A	14.19	73.97
5	Beach Hatchery Limited	A	13.46	12.53
6	Progressive Life Insurance Co. Ltd.	Z	11.28	0.09
7	First Lease Finance & Investment Ltd	A	10.97	3.22
8	I.C.B.	A	10	0.18
9	1St BsrS Mf	A	9.96	0.97
10	Samata Leather Complex	Z	9.42	0.2

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

Sl	Names	Category	Deviation % (High & Low)	Turnover BDT (million)
1	City Bank	A	-19.42	1.76
2	Bengal Biscuit	Z	-14.82	0.04
3	Tallu Spinning Mills Limited	Z	-13.44	0.02
4	Singer Bangladesh Limited	A	-10.59	2.49
5	Meghna Shrimp	Z	-8.78	0.65
6	Reckit Benckiser (Bd) Ltd.	A	-8.74	0.14
7	Aramit	A	-6.52	0.19
8	Bata Shoe Company Ltd.	A	-5.94	0.68
9	Ab Bank Ltd.	A	-5.26	152.05
10	Batbc	A	-5.2	11.70

### Top 10 Companies by Turnover for this Week

Sl No.	Names	Turnover BDT (million)	Volume
1	BEXIMCO	807.27	2,793,855
2	BEXTEX LTD	288.61	4,428,202
3	BEXIMCO PHARMA	265.96	1,616,936
4	EBL First Mutual Fund	161.98	5,148,500
5	AB Bank Ltd	152.05	169,349
6	ICB AMCL Second Nrb Mutual Fund	73.97	349,650
7	Summit Alliance Port Ltd.	70.49	31,410
8	Aims First Guaranteed Mutual Fund	69.69	3,747,500
9	Meghna Petroleum Limited	69.66	310,053
10	Jamuna Oil Company Limited	64.41	231,500





# NATIONAL ECONOMIC INDICATORS

## FOREIGN EXCHANGE RESERVE

Foreign Exchange Reserve has increased to US\$ 8,439.84 million on August 25, 2009, from US\$ 7,741.46 million as reported on July 30, 2009 registering 9.02% growth. At the end of June'09, the reserve was US\$ 7,470.96 million. The rate of increase in foreign exchange reserve was 3.62% in July'09 over June'09. On the other hand, the year-over-year increase in August 25, 2009 is also quite significant (40%) as the foreign exchange reserve on August 25, 2008, was at US\$ 5,990.84 million. Conventionally, reserves worth of three months equivalent import payments is sufficient for a country. It is observed that current foreign exchange reserve has exceeded this benchmark which indicating a sign of slow economic dynamism.

## EXCHANGE RATE MOVEMENTS

The average Taka-Dollar exchange rate of BDT 69.0600 reported as on August 25, 2009, experienced a slight decrease from July 30, 2009, figures of BDT 69.0613. This indicates that Taka became a bit stronger against the dollar at the end of August over July, 2009. However, on a year-over-year basis, the exchange rate has experienced a significant increase from the August 25, 2008, figure of BDT 68.5200 showing that dollar has become stronger against the Taka in August 2009 over the same month in 2008.

## WAGE EARNER'S REMITTANCE

Bangladesh received \$937.913 million as inward foreign remittance in August 2009 registering 5.81% growth over the previous month and 29.92% growth over August 2008. However, the remittance amount for the month of July, 2009 was reported at US\$ 886.40 million, which was an 8% increase from July, 2008 figure of US\$ 820.71 million.

## IMPORTS

Total Import L/C opened in August 2009 was US\$ 2143.45 million as compared to US\$ 2019.76 million in July, 2009, a 6.12% increase over July'09 and 10.28% increase over August'08. Import figures for June 2009, stood at US\$ 1,559.50 million, a 27.69% decrease from the previous year. But the YTD figure was reported at US\$ 22,507.00 million, a 4.06% increase from FY 2007-08.

## EXPORTS

Export figure for June 2009, is reported at US\$ 1,421.55 million, also a 3.26% decrease from the previous year. Yet, the YTD figure was reported at US\$ 15,565.19 million, a 10.31% increase from the previous year.

## INVESTMENTS IN NATIONAL SAVINGS CERTIFICATES

The June 2009 figure of sales of National Savings Certificates was reported as BDT 78 billion, a significant increase from June 2008 figure of BDT 2.4 billion. The YTD figure stands at BDT 36.33 billion. The total certificates outstanding for June 2009 is at BDT 497.9 billion, a 7.9% increase from the figure reported on the previous year.

## Recent Exchange Rate Information August 31, 2009

Currency	Buying	Selling
USD	69.06	69.06
Cross Rates		
SEK	9.71	9.72
JPY	0.74	0.74
GBP	112.37	112.40
EUR	98.76	98.78
CAD	63.25	63.28
AUD	58.12	58.14

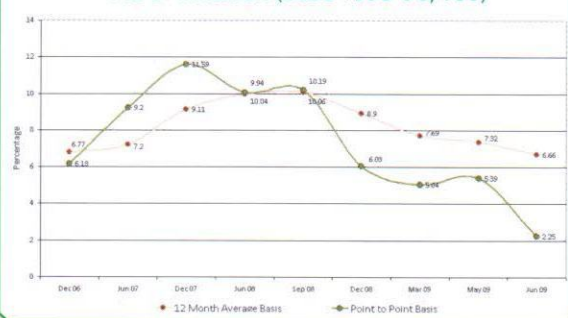
USD/BDT Rates (based on Interbank transaction)

(Source: Bangladesh Bank)

## GDP Growth Rates



## Rate of Inflation (Base 1995-96, 100)



P-09

# REGULATORY AFFAIRS

## GUIDING PRINCIPLES FOR THE REPLACEMENT OF IAS 39

The high level principles released recently by the Basel Committee are a response to recommendations made by the G20 leaders at their April 2009 summit to strengthen financial supervision and regulation. The G20 leaders called on "the accounting standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high-quality global accounting standards". The principles were provided to the IASB in July. The Committee believes that these principles should facilitate continued, necessary coordination among standard setters, supervisors and regulators in their respective efforts to implement the G20 recommendations. The full text can be found at: <http://www.bis.org/publ/bcbs161.pdf?noframes=1> (Source: Bank for International Settlements)

## REFINANCING SCHEME FOR SOLAR ENERGY, BIO-GAS AND ETP

Bangladesh Bank (BB) has created a BDT 200 million "Revolving Fund Refinancing Scheme", with the aim of investment in alternative energy sector, namely Solar Energy and Bio-gas, as well as to establish Effluent Treatment Plant (ETP) for industrial sector. These initiatives have been taken so as to endorse use of alternative energy, and promote conservation of the environment. Under this scheme, refinancing facilities would be provided

for installing solar panels, and constructing Bio-gas chambers both for commercial purposes, and individual households. In addition, a 100 percent refinancing facility will be provided, with the assistance of different commercial bank's financing, on Effluent Treatment Plants for the industrial sector. (Source: Bangladesh Bank ACSPD Circular No. 6)

## BB APPOINTS ICB AS SUB-AGENT FOR EEF PROGRAM

Bangladesh Bank (BB) has appointed Investment Corporation of Bangladesh (ICB) as a sub-agent so as to administer the Equity and Entrepreneurship Fund (EEF) on its behalf. Under the agreement, the EEF Unit of BB will be responsible for policy formulation, fund management, and performance monitoring of sanctioned projects including 'project visits' approved by ICB and its fund distribution under the EEF Program. ICB will particularly be responsible for distribution of funds for approved projects, conduct project visits, carry-out project monitoring, documentation, dealing with litigation matters, as well as issuance of No Objection Certification (NOC) for working capital financing etc. Bank and financial institutions will collect proposals from potential entrepreneurs and send them to ICB. ICB will administer the EEF program, while BB will supervise the overall activities of ICB, relating to the EEF Financing Program. (Source: Bangladesh Bank EEF Circular No. 29)



# BANKING AND FINANCIAL INDICATORS

	Jun 07	Jun 08	Jun 09	Percentage Change (%)		
				FY 08-09	FY 07-08	FY 06-07
Reserve Money (BDT billion)	440.73	527.90	693.90	31.45%	19.78%	17.67%
Broad Money (BDT billion)	2115.04	2487.95	2964.99	19.17%	17.63%	17.02%
Net Credit to Government Sector (BDT billion)	360.40	469.09	581.85	24.04%	30.16%	13.96%
Credit to Other Public Sector (BDT billion)	174.55	116.32	123.94	6.55%	(33.36%)	15.25%
Credit to Private Sector (BDT billion)	1521.77	1901.35	2179.27	14.62%	24.94%	15.12%
Total Domestic Credit (BDT billion)	2056.72	4896.77	2885.07	16.02%	20.91%	14.92%

L/C Opening Statement (US\$ million)	FY 07-08		FY 08-09		Percentage Change (%)				
	Opening	Settlement	Opening	Settlement	FY 08-09		FY 07-08		FY 06-07
					Opening	Settlement	Opening	Settlement	Settlement
Food Grains (Rice & Wheat)	2026.32	1411.96	837.76	871.09	(58.66%)	(38.31%)	283.88%	142.70%	35.84%
Capital Machinery	1753.74	1414.97	1234.99	1403.93	(29.58%)	(0.78%)	15.96%	(8.39%)	14.63%
Petroleum	2576.70	2290.04	1864.56	2036.85	(27.64%)	(11.06%)	8.96%	12.62%	5.45%
Industrial Raw Materials	9017.88	7689.04	8553.91	8494.22	(5.15%)	10.47%	40.09%	29.27%	12.01%
Others	9060.96	7566.58	9311.52	8639.26	2.77%	14.16%	41.07%	29.05%	18.50%
<b>Total</b>	<b>24435.60</b>	<b>20372.59</b>	<b>21802.74</b>	<b>21444.35</b>	<b>(10.77%)</b>	<b>5.26%</b>	<b>40.02%</b>	<b>27.56%</b>	<b>14.19%</b>

P-10

**Classified Loans**



The lending rate of scheduled banks should lower to 13.46 percent in June 2009 as compared to 13.77 percent in May, 2009. The deposit rate of scheduled banks, however, stood higher at 8.26 percent in June 2008 as compared to 5.50 percent in May 2009

**Weighted Average Rate of Interest on Lending & Deposits**

Name of the Month	Commercial Lending Rate (%)	Deposit Rate (%) (Less than 12 Months)
Jul-08	13.01	7.31
Aug-08	13.31	7.30
Sep-08	12.62	8.04
Oct-08	13.42	8.14
Nov-08	13.24	8.15
Dec-08	13.51	7.90
Jan-08	13.33	8.00
Feb-08	13.47	8.16
Mar-08	13.62	7.91
Apr-08	13.53	8.17
May-08	13.77	8.27
Jun-08	13.46	8.26

**Income, Expenditure & Profitability of the Private Banking Sector**

Period	Total Income	Total Expenditure	Net Profit after Tax	BDT (million) Total Man Power
2001	43,210.00	31,260.00	5,144.8	280,680
2002	50,215.50	39,308.70	4,587.9	283,360
2003	59,212.50	45,438.20	4,755.9	325,760
2004	73,059.70	52,938.90	7,364.9	347,860
2005	91,401.70	65,999.70	9,547.1	367,150
2006	127,574.80	94,006.20	9,315.4	425,120
2007	162,565.50	113,804.80	19,957.5	450,740

**Monthly average Call Money Market Rates (Weighted Average)**

Name of the Month	Weighted Average Rate (percent per annum)	Name of the Month	Weighted Average Rate (percent per annum)
Jan-08	9.62	Oct-08	7.65
Feb-08	8.98	Nov-08	7.61
Mar-08	12.88	Dec-08	10.27
Apr-08	14.82	Jan-09	9.76
May-08	13.89	Feb-09	9.23
Jun-08	9.73	Mar-09	8.31
Jul-08	8.00	Apr-09	2.04
Aug-08	9.74	May-09	3.14
Sep-08	9.70	Jun-09	1.71



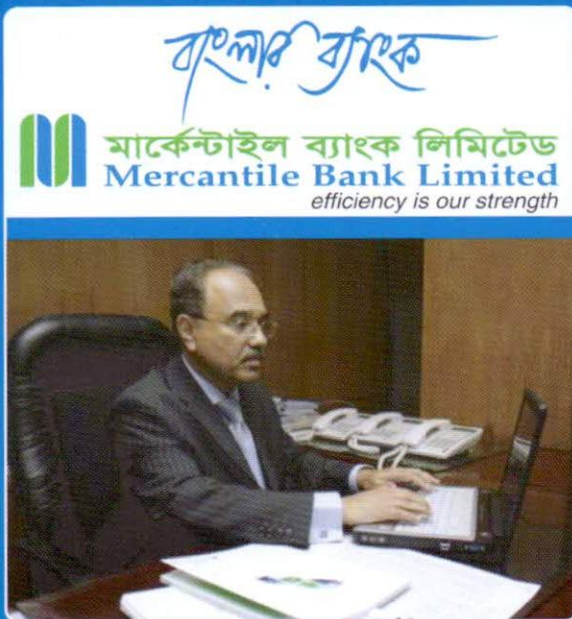
you can bank on us

### Yield on Government Securities

TENOR	July' 08	Aug' 08	Sep' 08	Oct' 08	Nov' 08	Dec' 08	Jan' 09	Feb' 09	Mar' 09	April' 09	May' 09	June' 09	July' 09
91 D T-BILL	7.72%	7.77%	7.78%	7.85%	7.85%	7.89%	7.91%	7.92%	7.93%	5.00%	3.95%	3.04%	1.28%
182 D T-BILL	7.96%	8.01%	7.98%	8.02%	8.02%	8.03%	8.15%	8.15%	8.16%	7.20%	5.50%	4.25%	3.50%
364 D T-BILL	8.46%	8.51%	8.50%	8.50%	8.50%	8.50%	8.53%	8.53%	8.60%	8.31%	6.20%	5.99%	4.29%

The weighted average yield on 91 day, 182 day and 364 day treasury bills up to July 31, 2009 decreased to 1.28, 3.50, and 4.29 percent respectively.

## FINANCIAL INSTITUTION OF THE MONTH



### Mercantile Bank Limited

Managing Director: Dewan Mujibur Rahman  
Incorporation of the Bank: May 20, 1999  
No. of Branches : 42  
No. of SME Centers: 3  
No. of Brokerage Houses : 1

#### Head Office:

61, Dilkusha Commercial Area , Dhaka-1000, Bangladesh  
Tel: 880-2-9559333, 01711-535960, Fax: 880-2-9561213, Telex: 642509 MBLID BJ  
E-mail: mbl@bol-online.com, Website: www.mblbd.com

#### As reported on June, 2009:

Total Advances: BDT 47,069.87 million  
Total Deposits: BDT 52,626.92 million  
Total Operating Profit: 1,073.82 million  
Earning per Share (EPS): 15.30  
Total Imports: BDT 30,977.40 million  
Total Exports: BDT 22,740.60 million  
Total Foreign Remittance: 2,899.40 million  
Capital Adequacy Ratio: 10.23%

Credit Rating: Single A rating in the Long Term and ST-2 rating in Short term (December, 2008)

No of Employees: 1,158

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## APPOINTMENTS

### BANKS & FIS

Name	Position	Organization
M Muhibur Rahman	Chairman	Green Delta Insurance Company Limited
Altaf Hossain Sarker	Chairman (Re-elected)	Dhaka Bank
Mostafa Golam Quddus	Chairman (Re-elected)	Rupali Insurance Company Limited
M Amanullah	Chairman	Global Insurance Ltd
Mahmudul Hoque	Chairman	Agrani Insurance Co Ltd
Abul Hashem Sarker	MD	Standard Insurance Limited
Md Mizanur Rahman	MD	Bangladesh Shilpa Rin Sangstha
Proshanta K Halder	MD	Oman Bangladesh Leasing and Finance Ltd
Md. Ahsan-uz Zaman	DMD	Mutual Trust Bank Ltd.
Md Ahsan Kabir Khan	DMD	Prime Finance & Investment Ltd

### DIPLOMATIC APPOINTEES

Name	Position	Organization
Md. Mijarul Quayes	Foreign Secretary	Ministry of Foreign Affairs
Tariq A. Karim	High Commissioner	High Commission of Bangladesh to India
Neem Chandra Bhoomik	Ambassador	Embassy of Bangladesh to Nepal
Saiful Huq	Ambassador	Embassy of Bangladesh to Russia
Shahed Reja	Ambassador	Embassy of Bangladesh to Kuwait
Abul Barakat	Ambassador	Permanent Mission in Geneva
AK Abdul Momen	Ambassador	United Nations
Dr. Urs Herren	Ambassador	Embassy of Switzerland to Bangladesh

### OTHER INSTITUTIONS

Name	Position	Organization
Md. Ziaul Haque Khondker	Chairman	Securities and Exchange Commission
Muzaffar U Siddique	President	BGMEA Institute of Fashion and Technology
Rokia Afzal Rahman	President	Bangladesh Employers Federation
Md Mosharrar Hossain	Chairman (Re-elected)	Credit and Development Forum
Lutful Kabir	Chairman	Association of Travel Agents of Bangladesh
KH Masud Siddiqui	Chairman	Consultative Committee of Public Enterprises



# ARTICLE OF THE MONTH

## SECURITIZATION IN FINANCE

Securitization is a structured finance process that is done to distribute risk by aggregating debt instruments into a pool of similar securities, and then issuing new securities backed by the pool. One of the most vital techniques of this method of "financial engineering" is to back-up the portfolio risk of such securities by amortizing cashflows and unlike general corporate debt, the credit quality of the securitized debt is non-stationary due to changes in volatility that are time and structure dependant. If the transactions are structured properly along with a viable performance of the asset pool, the credit risk at all levels (tranches) of the structured debt improves. But if it is done improperly, or if the asset pool fails to perform as expected, the affected tranches experience credit deterioration and eventual loss.

All assets with associated cashflows can be securitized and securities that are created as an outcome of the process are called asset-backed securities (ABS).

Securitization often utilizes various entities such as Special Purpose Vehicles (SPVs) or Special Purpose Entities (SPEs) so as to reduce the risk of bankruptcy and thereby lower the interest rates from potential lenders and investors. It is currently a vital source for funding in international capital markets with an estimated US\$ 10.24 trillion worth of ABS in the United States, and US\$ 2.25 trillion worth of ABS in Europe, outstanding as of the second quarter of 2008. As a result of the "credit crises" precipitated by the losses from "sub-prime" mortgages, the market demand of bonds and securities backed by securitization process was very weak at the end of 2008. Investors required the bonds to be guaranteed by federally backed agencies such as Fannie Mae and Freddie Mac in the United States. As a result, the previously low interest rates for borrowers of funds rose, resulting in lower liquidity of loans that were securitized, such as home loans, auto loans, and commercial mortgages.

The structure of the securitization process involves mainly four parts:

- Pooling and Transfer
- Issuance
- Credit Enhancement and Tranching
- Servicing

### POOLING AND TRANSFER

The originator initially owns the asset in the deal. Usually companies looking to raise capital, restructure debt, or adjust its finances assume this role. A suitably large portfolio of similar assets is "pooled" and then sold to a "Special Purpose Vehicle" (SPV), which is a tax exempt entity, or trust, specially formed for the specific purpose of funding the asset. After the assets are transferred to the issuer, there is normally no recourse to the originator. Thus the issuer is "bankruptcy remote" and its assets do not have to be liquidated in case of a bankruptcy. Yet in order to achieve this,

the governing documents of the issuer restrict its activities to only those necessary to complete the issuance of securities.

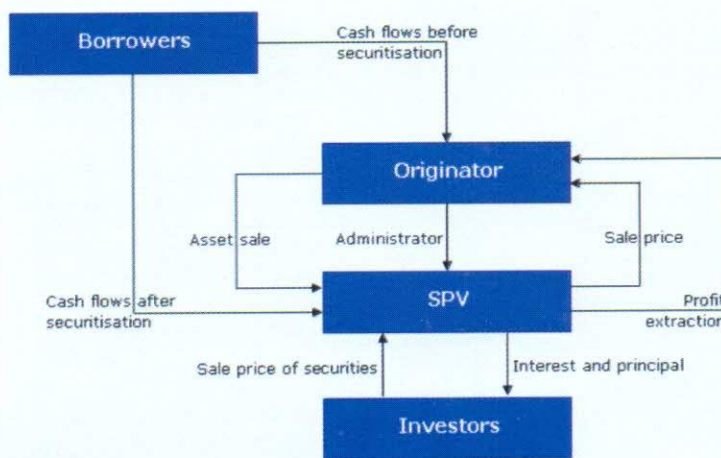
Accounting standards determine when such a transfer is a sale, a financing, a partial sale, or a part-sale, part-financing. According to US-standards, the originator achieves a sale being at arm's length from the issuer, in which case, the issuer is reclassified as a "Qualified Special Purpose Entity" (qSPE).

### ISSUANCE

In order to purchase the assets from the originator, the issuer SPV issues tradable securities to fund the purchase. Investors purchase the securities either through private placement, or in the open market. The performance of the securities is then directly related to the performance of the asset backing them up. Credit rating agencies rate the securities which are issued in order to provide an external perspective of the liabilities being created and allow them to make informed judgments on the securities.

In transactions with "static assets", a depositor will assemble the underlying collateral, help structure the securities and work with financial markets in order to sell the securities to investors. In transactions with "managed (traded) assets" asset managers assemble the underlying collateral, help structure the securities and work with the financial markets in order to sell the securities to the investors.

## SECURITIZATION



(Source: wikimedia.org)

Some deals often involve a third party guarantor, which provided guarantees (or partial guarantees) for the assets and the principal, along with the coupon payment for a designated fee.

Securities can be issued with a fixed interest rate or a floating interest rate. Fixed rate ABS set the coupon rate at the time of issuance, similar to corporate bonds. Floating rate securities may be backed up by both

amortizing and non-amortizing assets. Floating rate securities will periodically adjust according to a designated index such as US Treasury Rate or the London Interbank Offered Rate (LIBOR). The rate usually reflects the movements in the index along with an additional fixed margin to constitute for the additional risk.

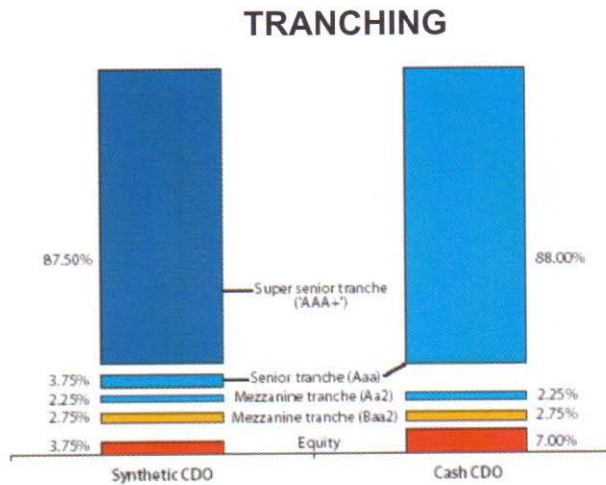
### CREDIT ENHANCEMENT AND TRANCHING

Securities generated through the securitization process are "credit enhanced" meaning that their credit quality is increased above that of the originator's unsecured debt or underlying asset pool. This increases the likelihood that investors will receive cashflows to which they are entitled, and this result in a higher rating for the securitized assets, than the originators. Other securitization processes involve use of external credit enhancement provided by third-parties such as Surety Bonds and parental guarantees.



Individual securities are often split into tranches, or categorized into varying degrees of subordination. Each tranche has a separate exposure to risk and credit protection than the one below. Generally, a senior tranche of a security (Class A) is supported by one or more subordinated tranches (Class B and Class C). The senior tranche has the first claim of the cash received by the SPV and the more junior classes only start receiving repayment after the more senior classes have been repaid. This cascading effect is generally referred to as the cashflow waterfall. In an event of a default by the underlying assets pool, the losses are first absorbed by the subordinated tranches (Class B and Class C), and the upper level tranches remain unaffected until the losses exceed the entire amount of the subordinated tranches. The rating of the tranches is made according to their risk exposure.

The most junior class (the equity class) is most exposed to payment default risk. In some cases, this is a special type of instrument which is retained by the originator as a potential profit flow. In some cases, it receives no coupon but only the residual cashflows (if any) of all the other tranches have been paid.



(Source: creditmag.com)

**Costs:** Securitizations are expensive due to management, underwriting, legal, rating and ongoing administration costs.

**Size Limitations:** Securitization often require large scale structuring sheikh may not be cost-efficient for small and medium sized businesses,

**Risks:** Securitization is also subject to risks such as prepayment, credit loss etc.

**RISKS FOR INVESTORS**

**Liquidity Risks:**  
**Credit/default risk:** It is generally accepted as the borrower's inability to make interest payment obligations on time.

**Event Risk:**  
**Prepayment/reinvestment/early amortization:** the risk stems from specific early amortization events or payout events that cause the security to be paid off early.

**Currency interest rate fluctuations:** fluctuations in interest rates affect floating rate ABS, less than Fixed Rate securities. This is because the index rate against which the ABS rate adjusts will reflect interest rate

**SERVICING**

A servicer collects payments and monitors the assets that are the crux of the structured financial deal. Often, the servicer can also be the originator due to the similar expertise required in monitoring the loan repayments.

The servicer can have a significant effect on the cashflows for investors as they control the collection policy, which influences the proceeds collected, the charge-offs and the loan recoveries. Any income remaining after payments and expenses is usually accumulated to some extent in a reserve account, and any further excess is returned to the seller. Rating agencies publish ratings of ABS based on performance of the collateral pool, the credit enhancements, and the probability of default.

When the issuer is structured as a trust, the trustee is a vital part of the deal as the gate-keeper of the assets that are being held by the issuer. Even though the trustee is a part of the SPV, which is typically wholly owned by the originator, the trustee has fiduciary duty to protect the assets and those who own them, i.e. the investors.

**ADVANTAGES OF SECURITIZATION TO THE ISSUER**

**Reduces Funding Costs:** Through securitization, a company with a rating such as a BB, but with cashflow worth an AAA rating, would be able to borrow at possible AAA interest rates.

**Reduces Asset Liability Mismatch:** Depending on the chosen structure, securitization can offer perfectly matched funding by eliminating funding exposure in terms of both duration and pricing basis.

**Transfers Risk:** Securitization makes it possible to transfer risks from an entity that does not wish to retain it.

**Liquidity:** When accounting books are securitized, cash is available for immediate spending and investment.

**DISADVANTAGES OF SECURITIZATION TO THE ISSUER**

**May Reduce Portfolio Quality:** If the AAA risks are being securitized out, for example, it may leave a materially worse quality of residual risk.

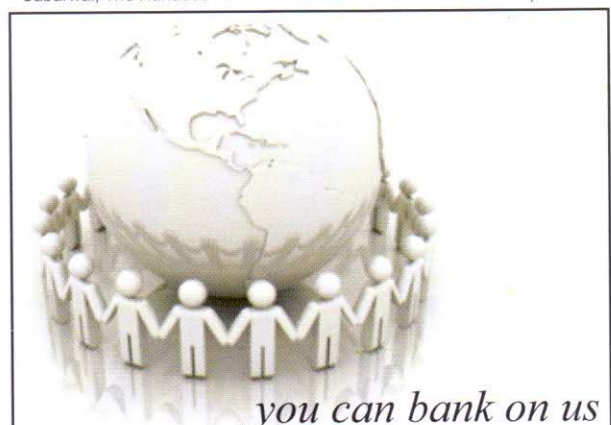
changes in the economy.

**CONTRACTUAL RISKS**

**Moral hazard:** If the manager of the underlying assets is compensated based on performance, there may be the temptation to mark up the prices of the portfolio.

**Servicer Risk:** The transaction or collection of payments may be delayed if the servicer becomes insolvent.

(Sources: Compiled from: The Analysis of Structures Securities - Rayne, Sylvain, and Rutge; Common Structures of Asset-backed Securities - Sabarwal; The Handbook of Asset Backed Securities - Lederman.)



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# MTB NEWS AND AFFAIRS

## MD. AHSAN-UZ ZAMAN NEW MUTUAL TRUST BANK DEPUTY MANAGING DIRECTOR

Md. Ahsan-uz Zaman joined Mutual Trust Bank Limited (MTB) as Deputy Managing Director on July 15, 2009. Ahsan will primarily be responsible for developing MTB's corporate and institutional banking capabilities, structured finance and syndications business. Prior to joining MTB, Ahsan was working with Bank of America in New York, USA. He has wide and diversified banking experience, both at home and abroad, and has served Bank of America, JPMorgan Chase Bank, Morgan Stanley and BNP Paribas in New York, USA from 1994 to mid 2009. Before these stints, he served Grindlays Bank plc and ANZ Grindlays Bank in Dhaka, and in London in the United Kingdom.



While at JPMorgan Chase, Ahsan won various awards. Some of them included the Winner of Leaders Circle 2003, Leadership Forum Award 2002, and Home Equity Circle of Excellence winner for 2003, 2002 and 2001. Ahsan, who holds an MBA degree from the Institute of Business Administration of the University of Dhaka, has attended seminars on Risk Management and Capital Markets conducted by BNP Paribas. He received credit training conducted by ANZ Grindlays Bank in London, Melbourne and Mumbai including training courses on deposits, operations management, and foreign exchange and presentation skills.

## MOHAMMAD ALI CHOWDHURY APPOINTED HEAD OF CHITTAGONG FOR MUTUAL TRUST BANK

Mohammad Ali Chowdhury has recently joined Mutual Trust Bank Limited as Senior Executive Vice President and Head of Chittagong Branches. Chowdhury, a veteran banker, has served for more than 34 years in a number of local and foreign banks in a variety of roles. Before joining MTB, Chowdhury was Chief Manager of Bank Al-Falah and responsible for its Chittagong and Sylhet branches. Earlier, he served AB Bank as Regional Head of Chittagong, One Bank as Head of Chittagong and also Standard Chartered Bank and ANZ Grindlays Bank in senior roles.



He has attended various training courses such as on Capital Financing, Loan Structuring, Documentation and Syndication, International Trade Finance, Leadership and Human Resource Management both at home and abroad. He has on job attachment experience with Standard Chartered Bank, Hong Kong and Standard Chartered Bank, Dubai.

## MEER SAJED-UL-BASHER JOINS MTB AS DFCO

Meer Sajed-ul-Basher has joined Mutual Trust Bank Limited as Deputy Chief Finance Officer (DCFO) and Head of Financial Administration Division, Corporate Head Office on 16-08-2009. He has 14 years of experience with Motorola, IDLC Finance Ltd. and United Leasing Company Limited. Basher is an associate member of the Institute of Chartered Accountants of Bangladesh (ICAB). He has completed Chartered Accountancy course from Rahman Rahman Huq, a member firm of KPMG.



## MTB LAUNCHES NRB DIVISION

Mutual Trust Bank Limited (MTB) has recently created a separate NRB Division to focus on



serving the emerging needs of the Non Resident Bangladeshis (NRBs). The new division will focus on delivering tailored banking and financial solutions to the Bangladeshi Diaspora across the globe. MTB Chairman Samson H. Chowdhury and MTB founder Chairman Syed Manzur Elahi jointly launched the initiative, at a simple ceremony, held recently at the Bank's Corporate Head Office in Dhaka. MTB Directors Kh. Rashiduzzaman, M. A. Rouf, Rashed Ahmed Chowdhury, Saidur Rahman Ratan, Md. Wakiuddin, MTB Managing Director & CEO Anis A. Khan, A K M Shameem, Senior Executive Vice President and Head of the newly formed NRB Division also attended the function.

Anis, in his speech, said that the division offers a complete suite of products, financial services, financial advisory, and concierge services and will also involve itself in CSR activities focusing on NRB families. He said that the NRB Division will provide easy, prompt and convenient remittance facility supported by a state of the art technology driven wide area network, having backward and forward linkages, attractive and innovative savings schemes,

loan facilities, currency exchange, student fees, investment banking facility, etc. The division will also provide consultancy services to the NRBs, so that they can get maximum return from their hard earned money and contribute to the development initiatives of Bangladesh.

## MTB HOLDS HALF YEARLY BUSINESS CONFERENCE

Mutual Trust Bank limited held its Half Yearly Business Conference 2009 on August 1, 2009 at the Pan Pacific Sonargaon Hotel, Dhaka. MTB Chairman Samson H. Chowdhury attended the inaugural ceremony, as the chief guest. MTB Founder Chairman Syed Manzur Elahi and Director M. A. Rouf were present as special guests. The bank's Managing Director & CEO Anis A. Khan, senior management team, Heads and Deputy Heads of Branches, Brokerage Houses and SME Service Centers were all present at the semi-annual business review and planning event.



Samson H Chowdhury said that the human resources team of the Bank was being rejuvenated, reorganized and provided with the appropriate technical, leadership and motivational training, both at home and abroad. He appreciated the efforts taken by the Management for attaching top priority on building a strong brand image for the Bank. He added that the Board of Directors and senior management team were taking synergistic, well coordinated and dynamic initiatives to instill vigor, vitality, motivation and enthusiasm in the entire organization, which will contribute to MTB's transformation into a world class bank. Syed Manzur Elahi appreciated the efforts taken by the management team in taking the bank forward and pledged the Board's continued support in the future. The business and branch heads made presentations on their performance, prospects and problems. The MTB MD & CEO suggested action plans for quick implementation to achieve the budget for 2009. He then unveiled a strategic plan incorporating short, medium and long term goals for MTB, which will be sewn in to a five year strategic plan with specific targets in mind.

## MUTUAL TRUST BANK SIGNS UP WITH SQUARE INFORMATICS LTD.

Mutual Trust Bank Limited has recently signed an agreement with Square Informatics Ltd. for establishment of Disaster Recovery Site (DRS) at a simple ceremony held at the Corporate Head Office of Square Informatics Ltd. MTB Deputy Managing Director, Md. Hashem Chowdhury and Md. Ahmed U Bhuyian, General Manager and CTO of Square Informatics Ltd signed the agreement on behalf of the respective organizations. Under the agreement MTB will use the highly protected basic infrastructural facilities of Square Informatics Ltd in which the Bank will



install modern IT equipments. This new DRS will act as second line of defense in case any disaster occurs in the original data center MTB already has at its Corporate Head Office in Dhaka.

## MUTUAL TRUST BANK LTD. SIGNS AGREEMENT WITH SYSCOM INFORMATION SYSTEMS LIMITED



Mutual Trust Bank Limited has recently signed an agreement with SYSCOM Information Systems Limited at a simple ceremony held at the MTB Corporate Head Office in Dhaka. Under the agreement, SYSCOM Information Systems Limited will provide on-site IT maintenance and support services to Mutual Trust Bank.

MTB Deputy Managing Director Md. Hashem Chowdhury and Shahudul Haque, Managing Director of SYSCOM Information Systems Limited signed the agreement on behalf of their respective organizations. Among others Quamrul Islam Chowdhury, Deputy Managing Director, Shah Alam Patwary, Vice President of MTB ICT Division and Mahfuzul Haque, General Manager of SYSCOM along with other officials from both the organizations were present in the occasion.



## CURRENT ISSUE

### River Encroachment

Bangladesh is a riverine country with an enormous water-body system, the larger ones being Padma, Meghna, Buriganga and Brahmaputra. As of recent times, our river system has been greatly affected by unscrupulous actions of various parties, mainly through river encroachment and river pollution. This has resulted in various issues such as affecting the river flow, decreasing the total water-body and causing siltation problems.



Encroachment has always been a large threat to rivers, primarily due to the narrowing of the banks and thus affecting its natural flow. Influential land encroachers have erected illegal structures including houses, bazaars, ghats (port), brickfields etc. on the rivers that has created various obstacles on the current. The river banks have been encroached and even 'sold' to other influential members of the citizenry. It has also been noted that the absence of regular dredging has substantially contributed to the decreasing the depth of the river bed. It has also decreased the total length of the river-system as it has been reduced from 5,000 km to 3,600 km, according to a recent report of the Bangladesh Inland Water Transport Authority (BIWTA). Additionally, the dumping of wastes into the rivers system has virtually killed it. The once mighty Buriganga River, which flows by Dhaka City, is now one of the most polluted and encroached rivers in Bangladesh. This has caused problems in the drainage system of the city, accentuating the rise in floods and water-logging.

The ongoing environmental degradation due to encroachment on the rivers has forced people, dependant on these rivers, to change their livelihood. Pollution and loss of navigability are forcing thousands of people to become street vendors. Many of the fishermen and dhopa (washermen) who were once completely reliant on the river as a source of income have switched to other professions as the rivers have become biologically dead. The health of locals is also at risk. A survey carried out by Environment and Human Development (SEHD) has identified that the inhabitants suffer from various diseases such as



the skin disorders, gastrointestinal and dermatological illness, hypertension, and jaundice amongst others, due to the effects of the polluted rivers.

Nevertheless, the government has taken positive steps to improve this situation by demolishing illegal structures on river banks, and passing High Court-backed orders to vacate the encroached river areas. Yet, we are yet to witness the full effects of these actions as environmental groups have informed that encroachers usually defy such orders by using political links or by bribery. Agriculture Minister Motia Choudhury assured that the government stands fully against these actions. She and Speaker Abdul Hamid resolved to come up with a law that would end encroachment to focus on the dying rivers that encircle Dhaka, "We must save our rivers, which have been seriously polluted and partly grabbed. Influential people whoever they are cannot be any barrier to the justified demands of common people," said the Honorable Speaker. Abdur Razzak, chairman of the standing committee on the Ministry of Water Resources, said it is not the absence of laws, but the negligence in their application that has almost killed the rivers surrounding the capital. The High Court has also directed the government to take appropriate steps to stop encroachment, earth filling and construction of illegal structures on the Buriganga, Turag, Balu and Shitalakha rivers. Hence, now it will be easier for the government to control the encroachers strictly.

We have also witnessed an increase in awareness regarding this issue though various private-sector initiatives. On June 02, 2009 Bangladesh's lawmakers, media and industry leaders launched a campaign to 'save' the rivers around Dhaka by evicting encroachers and improving the environment. This campaign, aptly called "Save Rivers, Save Dhaka", was launched by parliament Speaker Abdul Hamid with participation of the national daily, "The Daily Star" and TV channel, "Channel I".

Mutual Trust Bank (MTB) Limited is deeply concerned about the effects of river encroachment onto our environment and eventually on our consumers. MTB, therefore, strongly believes that it is due time for everyone to take all necessary actions to save our rivers from all forms of encroachment and pollution. Hence, the Bank morally supports the recent initiatives taken by the government, civil societies and other corporate houses. MTB also encourages all our peers and concerned stakeholders to support this civil initiative and help take necessary steps to cease river encroachment.

## CSR ACTIVITIES

### DHAKA BANK LAUNCHES MEGA SCULPTURE PROJECT

The district administration of Cox's Bazar has recently unveiled a project to erect a mega sculpture at the entrance point of the Cox's Bazar town - Kolatoli. Leading private commercial bank, Dhaka Bank Limited is sponsoring the project as part of its corporate social responsibility initiatives. The total cost of the project is estimated to be around BDT 4.5 million, Dhaka Bank authorities informed to the media.

### GRAMEENPHONE (GP) AND SIGHTSAVERS INTERNATIONAL JOINTLY ORGANIZED A FREE EYE CAMP

The economically disadvantaged people at the Savar Municipality Bhaban, Savar were given free-of-charge eye care treatment on July 28, 2009. This was the 18th free eye care camp, jointly organized by Grameenphone (GP) and Sightsavers International. Bangladesh National Society for the Blind (BNSB) was the local partner in this eye camp.

### CHEVRON BANGLADESH'S SCHOLARSHIP PROGRAM

Chevron Bangladesh has recently awarded scholarships to 160 students of four high schools in Moulivibazar and 120 students of three high schools in Jalalabad, Sylhet. It is a part of its scholarship distribution program for financially disadvantaged but commendable students.



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# FINANCIAL GLOSSARY

## ADJUSTABLE-RATE MORTGAGE (ARM)

An adjustable rate mortgage (ARM) is a mortgage loan where the interest rate on the note is periodically adjusted based on a variety of indices. The interest rate is adjusted at each interval to a rate equivalent to the index value plus a predetermined spread, or margin, over the index. Among the most common indices are the rates on 1-year constant-maturity Treasury (CMT) securities (e.g. Treasury Bill), the Cost of Funds Index (COFI), and the London Inter-bank Offered Rate (LIBOR). A few lenders use their own cost of funds as an index, rather than using other indices.

## BANK GUARANTEE

An undertaking given by a bank to settle a debt should the debtor fail to do so. A bank guarantee can be used as a security for a loan but the banks themselves will require good cover in cash or counter-indemnity before they issue a guarantee.

## BANKER'S ACCEPTANCE

A time draft that promises to pay a certain sum and has been accepted by a bank. It is a form of promissory note, widely used in international trade; once signed and dated it can be traded before its maturity. Banker's acceptance is also an indirect guarantee for payment.

## LIMIT ORDERS

Requests by customers to purchase or sell securities at a specified price or better are called limit orders. Specialists of an exchange are responsible for monitoring limit orders and executing the transactions in accordance with the limits specified. Some limit orders are canceled if they are not executed within one day.

## OVER THE COUNTER (OTC) MARKET

A market in which shares are bought and sold outside of the jurisdiction of a recognized stock exchange; it was originally so named in the 1870s, from the practice of buying shares over bank counters in the USA. In Bangladesh, policy makers are thinking to introduce this system in stock trading.

## OVERNIGHT REPO

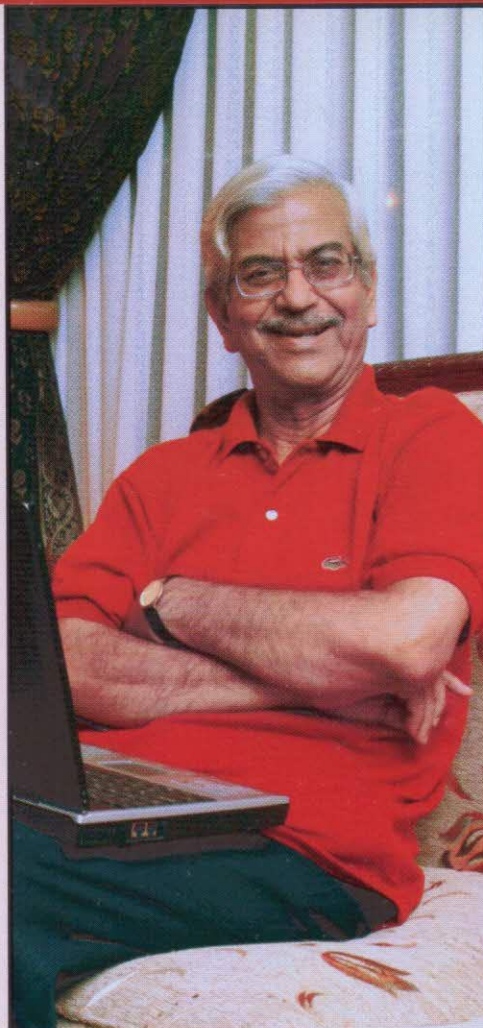
A method of overcoming a short term shortage of funds on the money market using repurchase agreement (repos) on an overnight basis.

## PRO-FORMA INVOICE

A pro-forma invoice (PI) is a quote in an invoice format that may be required by the buyer to apply for an import license, contract for pre-shipment inspection, open a letter of credit or arrange for transfer of hard currency. It can provide detailed information that buyers need in order to legally import the product. It should give the buyer as much information about the order as possible so arrangements can be made efficiently. Pro-forma invoices basically contain much of the same information as the formal quotation, and in many cases can be used in place of one.

## PAYBACK PERIOD

Payback period is a method of capital budgeting in which the time required before the projected cash inflows for a project equal the investment expenditure is calculated. It therefore refers to the period of time required for the return on an investment to "repay" the sum of the original investment. For example, a \$1000 investment which returned \$500 per year would have a two year payback period. It intuitively measures how long something takes to "pay for itself." Shorter payback periods are obviously preferable to longer payback periods (all else being equal). Payback period (in years) = Initial capital investment / Annual cash-flow from the investment.



P-16

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# MTB Network

## Branches

### Dhaka Division

Principal Branch  
Tel: 7113237, 7113238, 7119964

Panthapath Branch  
Tel: 8613807, 8629887

Babu Bazar Branch  
Tel: 7314821, 7314822

Sonargaon Branch  
Tel: 038959-88105, 06723-88105

Uttara Branch  
Tel: 8924379, 8951474

Progati Sarani Branch  
Tel: 8411804, 8410948

Sreenagar Branch  
Tel: 038942-88222

Pallabi Branch  
Tel: 9016273, 8055630

Dilkusha Branch  
Tel: 7171301, 7171002, 7170137

Dhanmondi Branch  
Tel: 8155607, 8158334

Bashundhara City Branch  
Tel: 9124021, 9120982, 9111440, 8121071

Chandra Branch  
Tel: 06822-51968

Gulshan Branch  
Tel: 8837840, 8832343, 9882473

Savar Branch  
Tel: 741452, 7741453

Fulbaria Branch  
Tel: 9559842, 9559867

Madaripur Branch  
Tel: 0661-62483, 0661-62482

Dholaikhal Branch  
Tel: 7172542, 7172602

Aganagar Branch  
Tel: 7762226, 7762227

Narayanganj Branch  
Tel: 7648209

Banana Branch  
Tel: 988-3831, 988-3861, 0666-2685833, 0666-2629407

Tongi Branch  
Tel: 9816250, 9816251

### Chittagong Division

Agrabad Branch  
Tel: 031-2523287, 031-2524269  
031-2510754, 031-716487

CDA Avenue Branch  
Tel: 031-623559, 031-625336

Khatungonj Branch  
Tel: 031-612254, 031-626966

Jubilee Road Branch  
Tel: 031-624922, 031-627533

Nazirhat Branch  
Tel: 0821-4483498, 0443-4483498

Chakoria Branch  
Tel: 034-2256502

Raipur Branch  
Tel: 038-2256495

Aman Bazar Branch  
Tel: 031-681022, 01713106375

### Rajshahi Division

Pabna Branch  
Tel: 073151829

Joypurhat Branch  
Tel: 0571-63584, 0571-63585

Rangpur Branch  
Tel: 0521-52325, 0521-52326

### Sylhet Division

Sylhet Branch  
Tel: 0821-2830271, 0821-2830272, 0821-716820

Moulvi Bazar Branch  
Tel: 0861-62840, 0861-628

### Khuln Division

Kushtia Branch  
Tel: 071-71662, 071-7166

### Barisal Division

Gournadi Branch  
Tel: 04322-56266

## SME Service Centers

Haidergonj Center  
Tel: 01716224206

Daroanbhuiyan Center  
Tel: 01714108862

Laksham Center  
Tel: 01713304669

Noria Center  
Tel: 01730080442

Kaliganj Center  
Tel: 01718883140

## Brokerage Houses

Main Office  
Tel: 02-9570563, 02-9568163

Gulshan Office  
Tel: 02-9895969, 066-62044390

Pallabi Office  
Tel: 02-9015919, 066-62607136

Uttara Office  
Tel: 044-76150106

Chittagong Office  
Tel: 031-2514797, 037-31000768

Narayanganj Office  
Tel: 02-7648210

Dhanmondi Office  
Tel: will be provided soon

Progati Sarani Office  
Tel: 02-8840507

Sylhet Office  
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Mutual Trust Bank Ltd.

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