



February 2014

ILCL-ILSL MONTHLY

Economy and Market Review



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In today's competitive world, each of you is looking for growth opportunities. While some of you are considering expansion of your existing business, others are looking for expansion in a new field. Some may feel that working capital management is the priority while others need to focus on financial efficiency. Many have suffered from high interest burden in the past while others are looking for scope to minimize tax burden to safeguard a substantial profit. Few need hands-on assistance to explore business opportunities with major industry players while others require a strategic plan to make an acquisition successful.

Yes, we are talking about financial restructuring and investment alternatives. And a lot of questions come and wait in mind. Which type of financing is the best solution? Is it going to fit the long term strategy of the organization? Is it sustainable? Are you ready for this?

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- Advisory Services for any other Financial Restructuring requirement that our clients may have

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We are offering investment management solutions to both individuals and corporate entities. Our investment management team believes in continuous improvement in discovering profit making opportunities at appropriate levels of risk tolerance and liquidity need supported by detailed research and analysis.

Our team follows the economic trend, industry trend as well as individual companies and this enables it to identify profitable investment opportunities for the clients well in advance of other market participants.

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Editorial

Our vision is to establish ourselves as one of the leading Investment Banking solution providers in Bangladesh with high ethical standards and best practices. We started our first monthly publication "ILCL Monthly Economy and Market Review" with September, 2013 edition and seek every opportunity to make it more informative and beneficial for our readers that cover honorable business community, corporate clients and high net worth retail clients.

From January, 2014 edition we are publishing it jointly with our sister concern, International Leasing Securities Limited, with the title of "ILCL-ILSL Monthly Economy and Market Review". This edition covers **Non-Bank Financial Institution Industry** with a snapshot over few stocks defined under the industry in prime bourse.

We believe this publication will be enriched with contribution from ILSL research team and look forward to any advice or suggestions from our readers or any other corner to make it distinguished and complete. Please do not hesitate to contact us to convey your opinion. We are also committed to the readers for any assistance or explanation over any doubt or confusion arises from our publications.

Thanking You-



Nehal Ahmed FCA
Managing Director
IL Capital Limited

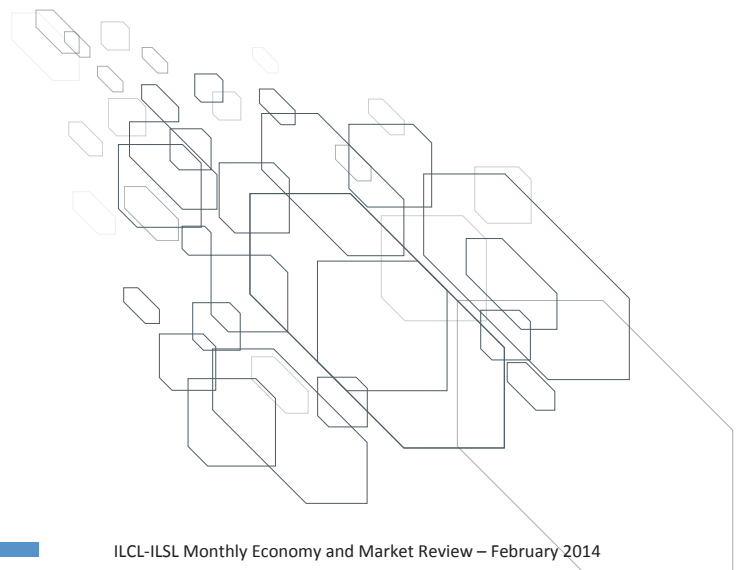
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February, 2014

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ECONOMY UPDATE

- Provisional estimate of Bangladesh Bureau of statistics (BBS) indicates Bangladesh's GDP growth came down to 6.03% (1995/96 base) in the fiscal year (FY) 2012-13, the lowest in four years, due to low investment and political uncertainty. Though it was significantly lower than the government's target (7.2%), it was higher than the forecasts of development agencies (ADB 5.7%, WB 5.8% and IMF 6.0%). Even it was higher than the developing country average projected growth of 5% to 5.5%. However, provisional estimate of GDP growth for FY 2012-13 was 6.18% under the new base 2005/06.
- In the FY 2012-13, the agriculture sector growth declined to 2.17% from 3.11% in FY 2011-12. Service sector growth declined to 5.73% from 5.96%. However, overall industry growth increased to 8.99% from 8.90%.
- Lately, Government has revised down the GDP growth target for the current FY 2013-14 to 6.3% from its initial target of 7.2%. Bangladesh Bank (the Central Bank of Bangladesh) also forecasts growth rate for the FY 2013-14 around 6.2%. International donor agencies forecast lower growth rate for FY 2013-14 (ADB 5.8%, World Bank 5.7%, and IMF 5.5%)
- Point to Point Inflation rate decreased to 7.44% in February 2014 from 7.50% in January 2014. Non-food Inflation decreased to 5.37% in February 2014 from 5.53% in January 2014. However, Food Inflation slightly increased to 8.84% in February 2014 from 8.81% in January 2014 (using the 2005/06 base).
- 12 month average inflation for the FY 2012-13 declined to 7.7% from 8.6% in FY 2011-12. This figure was higher than the target of 7.5% set for that year. Besides, Bangladesh Bank has set lower inflation target of 7.0% for the current FY 2013-14 (using the 1995/96 base).
- In FY 2012-2013, Broad money growth has been higher than the target set at monetary policy because of high growth of net foreign assets in the form of remittances and aid. However, in December 2013, Broad Money Supply Year on Year (YOY) growth decreased to 15.6% from 16.7% in FY 2012-13. Lately, Bangladesh Bank has set the broad money supply growth of 17.0% by June 2014 to bring average inflation down to 7.0% in the current FY 2013-14 (using the 1995/96 base).
- The private sector credit growth continues to fall in the recent months due to political uncertainty. It was at 10.6% YOY in December 2013 which was significantly lower than the monetary policy target of 15.5% set for Dec 2013. Lately Bangladesh Bank has set private sector credit growth rate of 16.5% for June 2014.
- The Government's net borrowing from the banking system increased by 15.5% to BDT 247.8 billion in FY 2012-13 from BDT 214.6 billion in FY 2011-12. The borrowing exceeded the initial target of BDT 230 billion though it was lower than revised target of BDT 285 billion.
- Government projected BDT 260 billion net borrowing from the Banking system for the current FY 2013-14. In the first half of the year, Government borrowed only BDT 46 billion.
- Overall liquidity condition improved as call money interest rate declined to 7.2% in January 2014 from 10.3% in January 2013. In addition, weighted average bank lending rate declined to 13.5% in December 2013 from 13.8% in December 2012. Also, weighted average bank deposit rate declined to 8.4% in December 2013 from 8.7% in February, 2013.
- Bank interest spread was below 5.0% in October 2013 to November 2013 whereas it was 5.51% in 2012. However, it increased to 5.06% in January 2014.

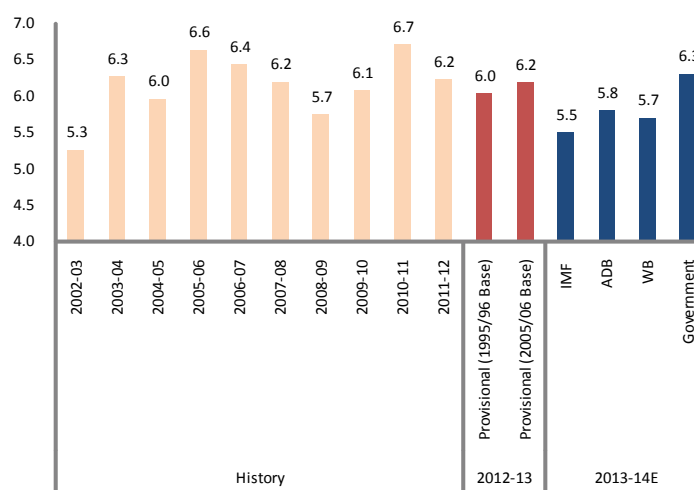
- Foreign Exchange Reserve increased to USD 18.1 billion in January 2014 from USD 13.1 billion in January 2012. Taka has been stable against US Dollar trading at BDT 77.8 in the last 7 months (July 2013 to January 2014).
- Remittance earning for the FY 2012-13 grew by 9.4% to USD 14.5 billion from USD 12.8 billion in 2011-12. Monthly remittance stands to USD 1.3 billion in January 2014, recorded a 5.0% YOY decline over January 2013, and 4.2% increase over the previous month December 2013.
- Export target for the FY 2013-2014 has been set at USD 30.5 billion, 12.8% higher than last FY 2012-2013. In the FY 2012-2013, Bangladesh export increased to USD 27.0 billion from 24.3 billion in 2011-2012, reflecting 11.2% growth.
- Monthly exports increased to USD 2.75 billion in January 2014 from USD 2.55 billion in January 2013, reflecting 7.8% YOY growth. It was also 1.0% higher than the previous month i.e. December 2013 (USD 2.73 billion).
- Monthly imports increased to USD 3.34 billion in December 2013 from USD 2.59 billion in December 2012, reflecting 29.0% YOY growth. It was also 3.2% higher than the previous month i.e., November 2013 (USD 3.24 billion).
- The country's Balance of Payments (BoP) saw a record surplus of USD 5.1bn in FY 2012 -13 Vs only USD 494.0mn surplus in FY 2011-12. The reasoning behind such soar in surplus can be explained due to the moderate increase in exports (11.2%) and comparatively marginal increase in imports (0.8%), which decreased the trade deficit by 24.8%
- The political uncertainty and lower oil prices could explain the decrease in imports. The import of capital machinery and industrial raw materials fell 15.9% and 2.5% respectively in FY 2012-13 over FY 2011-12. Besides, every year the country has to spend a big chunk of foreign currency on fuel imports that dropped by around 2%. Food imports fell as well, by 28.0% due to a good production at home.
- Current account surplus increased to USD 2.52 billion in FY 2012-13 Vs USD 447 million current account deficits in FY 2011-12.
- BoP surplus eroded by 4% to USD 2.62 billion in the 1st half of FY 2013-14 (July to December), on the back of sliding remittance. However, current account surplus increased by 124% to USD 2.65bn in the 1st half of FY 2013-14 (July to December) compared to same period of last FY 2012-13 despite 8.5% fall of remittance. Major causes of the jump were 16.6% increase in export and 0.1% fall in imports during the period.
- Besides, Trade deficit declined by 58% to USD 1.53bn in the 1st half of FY 2013-14 (July to December) compared to same period of last FY 2012-13.
- Net Foreign Direct Investment (FDI) increased by 9.2% to USD 1.3bn in FY 2012-13 from USD 1.19bn in FY 2011-12. Net Portfolio Investment increased by 19.6% to USD 287mn in FY 2012-13 from USD 240mn in FY 2011-12. In addition, Foreign Aid increased by 37% in FY 2012-13 over FY 2011-12.
- Foreign investment in the capital market witnessed a 145% increase in 2013. In 2013, foreign investors bought shares worth BDT 26.5bn and sold shares worth BDT 7.1bn, to take their net investment for the year to BDT 19.4bn.

GDP growth at Constant Market Prices by Broad Industry Sector (%)						
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13(p)
Agriculture	3.2	4.1	5.2	5.1	3.1	2.2
Industry	6.8	6.5	6.5	8.2	8.9	9.0
a) Manufacturing	7.2	6.7	6.5	9.5	9.4	9.3
of which small scale	7.1	6.9	7.8	5.8	6.5	6.8
b) Construction	5.7	5.7	6.0	6.5	7.6	8.1
Services	6.5	6.3	6.5	6.2	6.0	5.7
GDP at constant market prices	6.2	5.7	6.1	6.7	6.2	6.0

Source: Bangladesh Bureau of Statistics and IL Capital

GDP:

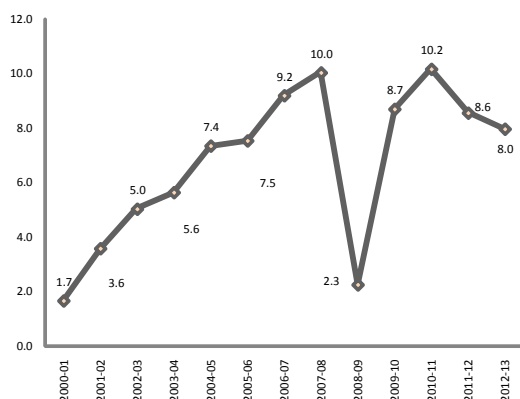
GDP Growth Rate (%)



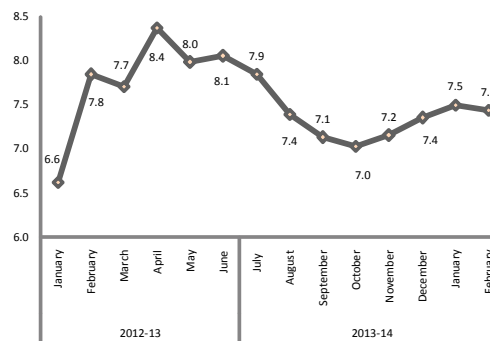
Source: Bangladesh Bureau of Statistics, IMF, ADB, WB and IL Capital Research

Inflation:

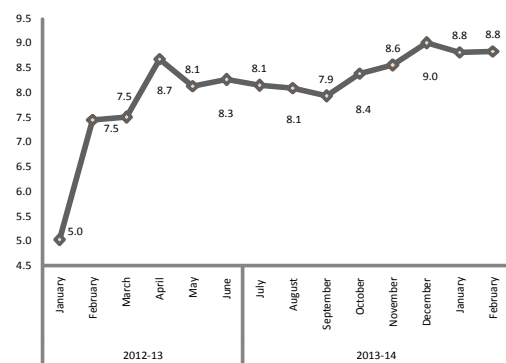
Annual Inflation (%) Base 1995-96



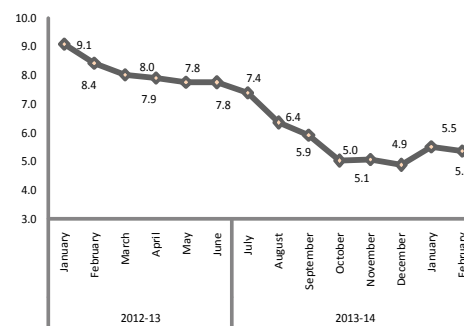
Monthly Inflation Rate (%) Base 2005-06



Monthly Food Inflation (%) Base 2005-06



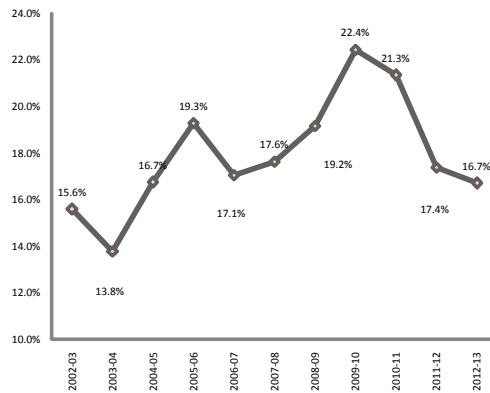
Monthly Non-Food Inflation (%) Base 2005-06



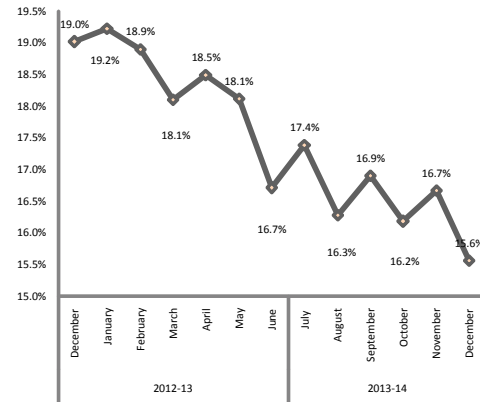
Source: Bangladesh Bank and IL Capital Research.

Money Supply:

Annual Broad Money Supply (M2) Growth Rate (%)



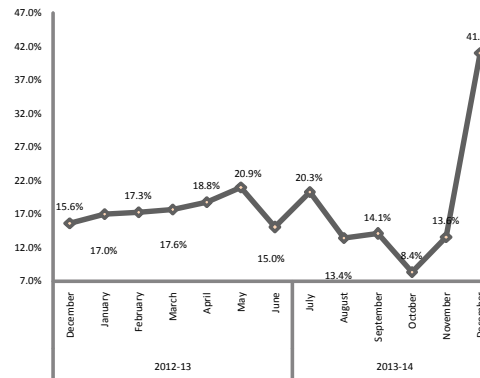
Monthly Broad Money Supply (M2) Growth yoy %



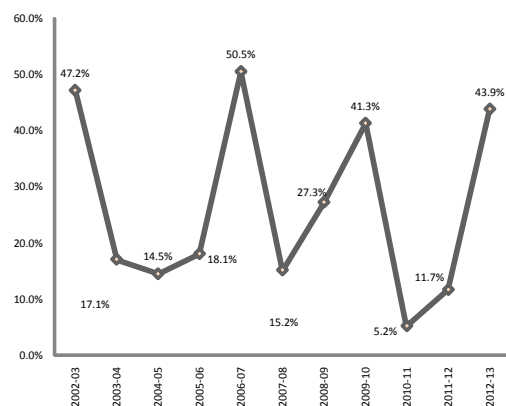
Annual Reserve Money Growth Rate (%)



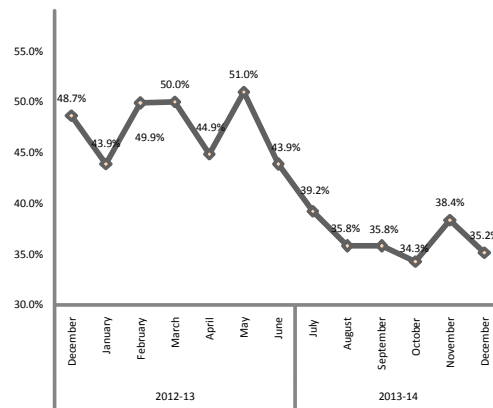
Reserve Money Growth yoy %



Annual Net Foreign Assets Growth Rate (%)



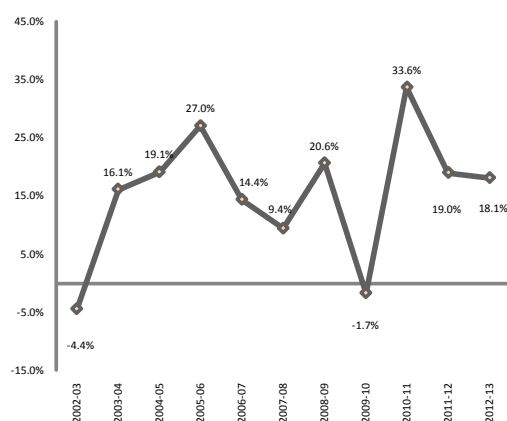
Net Foreign Asset Growth yoy %



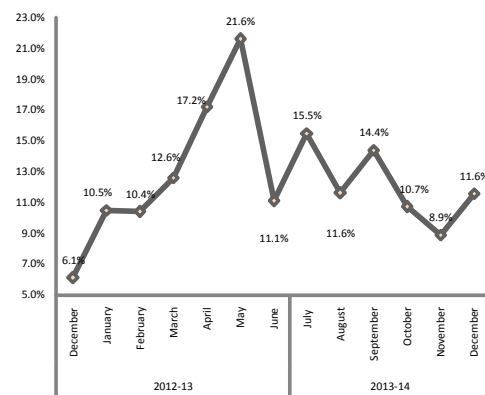
Source: Bangladesh Bank and IL Capital Research.

Money Supply (Continued):

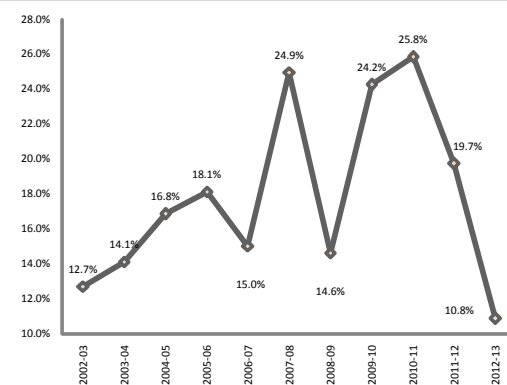
Annual Public Sector Credit Growth Rate (%)



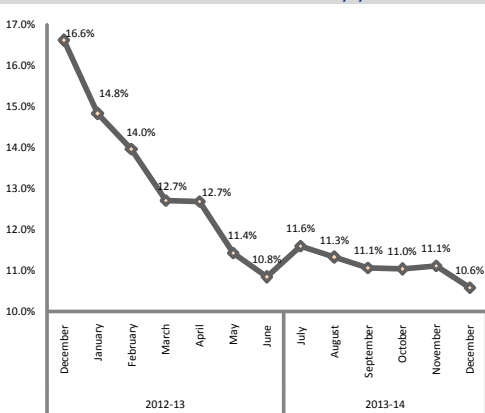
Public Sector Credit Growth yoy %



Annual Private Sector Credit Growth Rate (%)



Private Sector Credit Growth yoy %



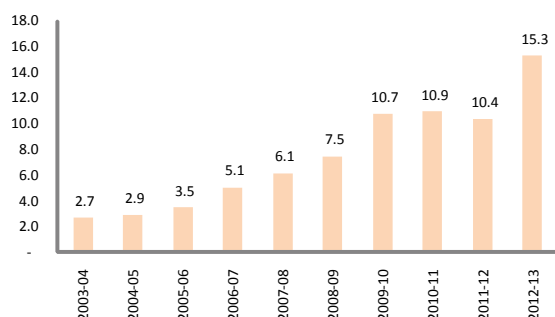
Monetary Aggregates Y-o-Y Growth (%)

Items	Actual				Program	
	FY10	FY11	FY12	FY13	Dec-13	Jun-14
Net Foreign Assets	41.0	6.2	7.2	50.4	19.3	10.0
Net Domestic Assets	19.0	24.7	19.3	11.0	16.8	18.6
Domestic Credit	17.5	28.2	19.2	10.9	19.3	17.8
Cr. to the Pub. Sect. (incl. Govt.)	4.2	38.3	17.4	11.1	33.7	22.9
Credit to the private sector	24.2	25.8	19.7	10.8	15.5	16.5
Broad money	22.4	21.4	17.4	16.7	17.2	17.0
Reserve money	18.1	21.0	9.0	15.0	15.5	16.2

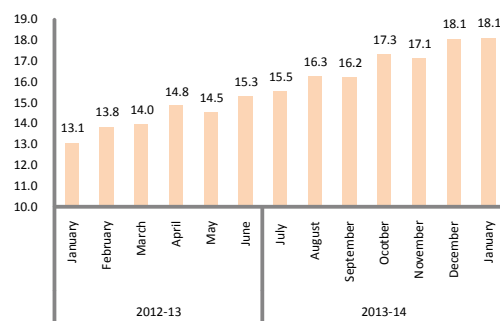
Source: Bangladesh Bank and IL Capital Research.

Reserve:

Annual Movement of Reserve (USD Bn)

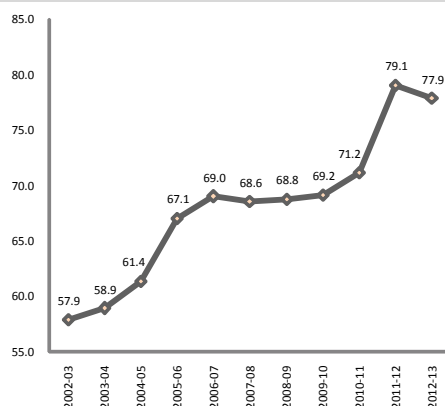


Monthly Movement of Reserve (USD Bn)

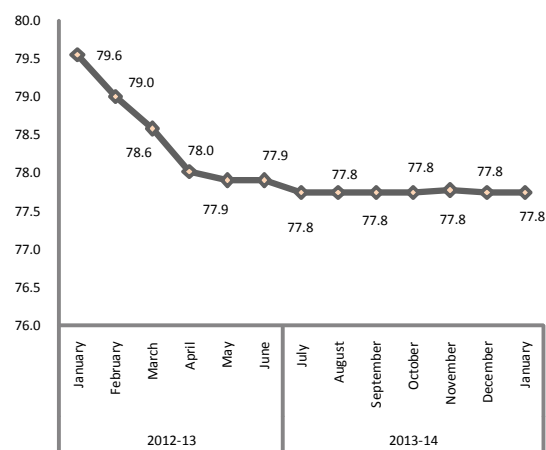


Exchange Rate:

Exchange Rate USD : BDT

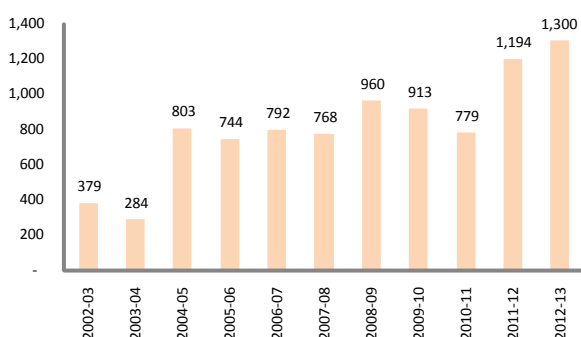


Exchange Rate USD : BDT

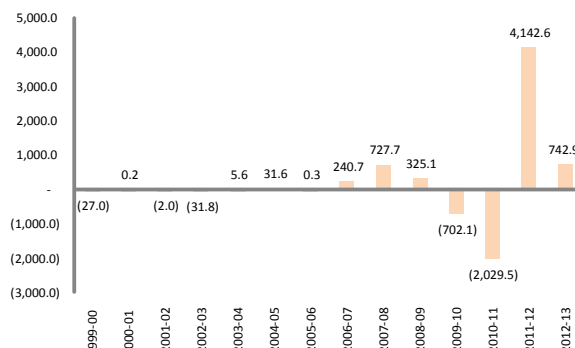


FDI Inflow and Portfolio Investment:

FDI Inflow (USD Mn)

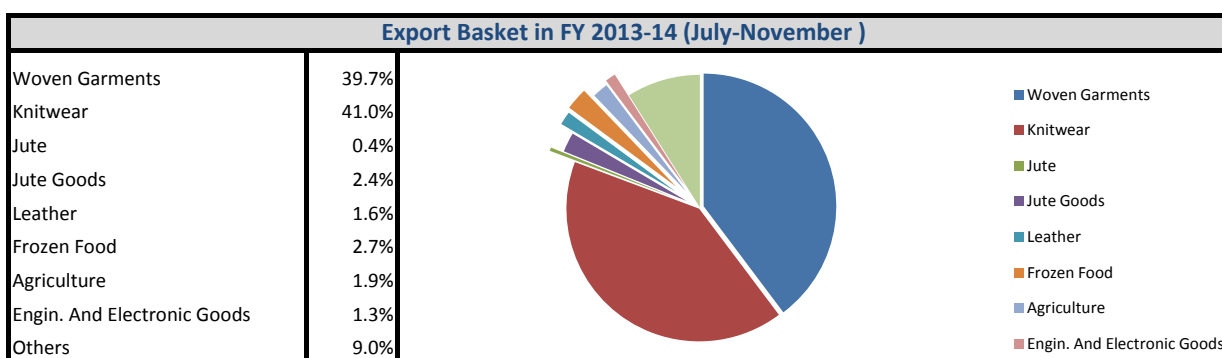
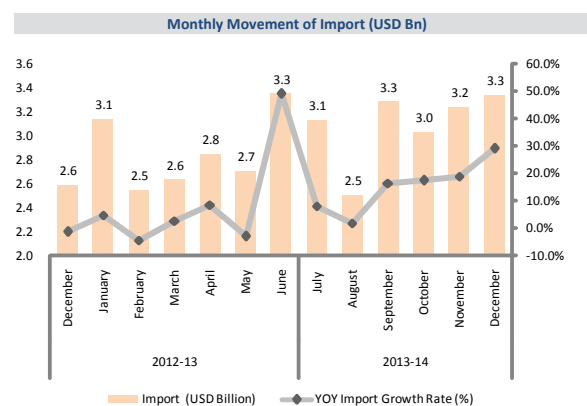
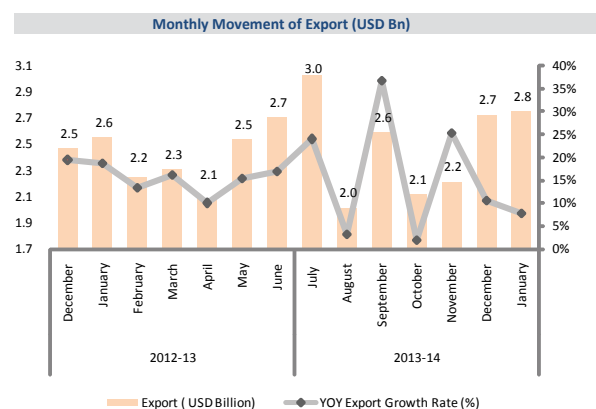
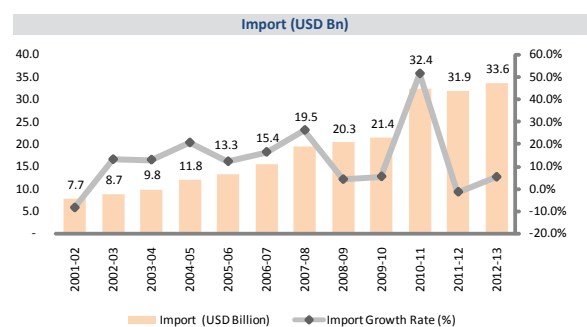
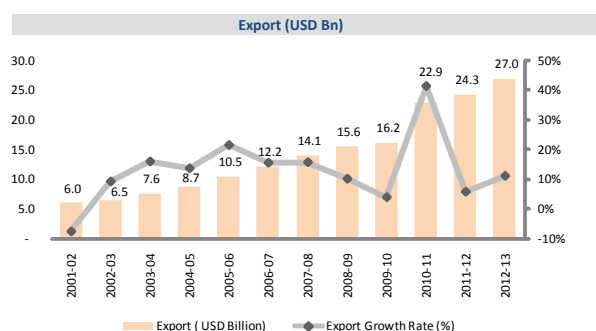
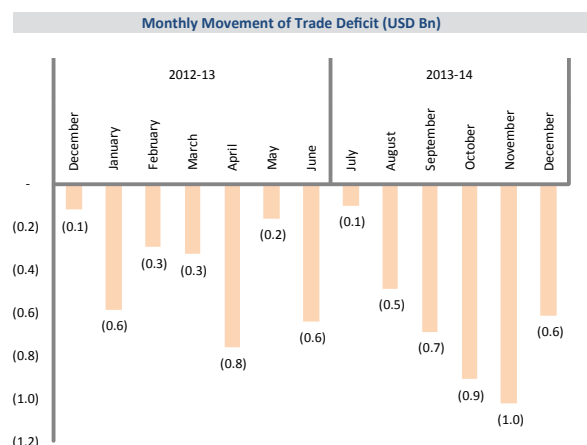
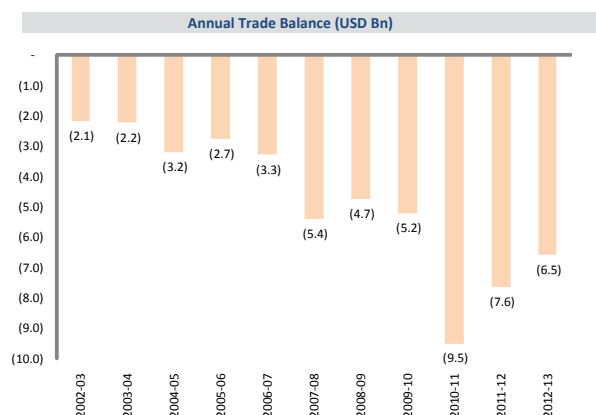


Portfolio Investment (BDT Crores)



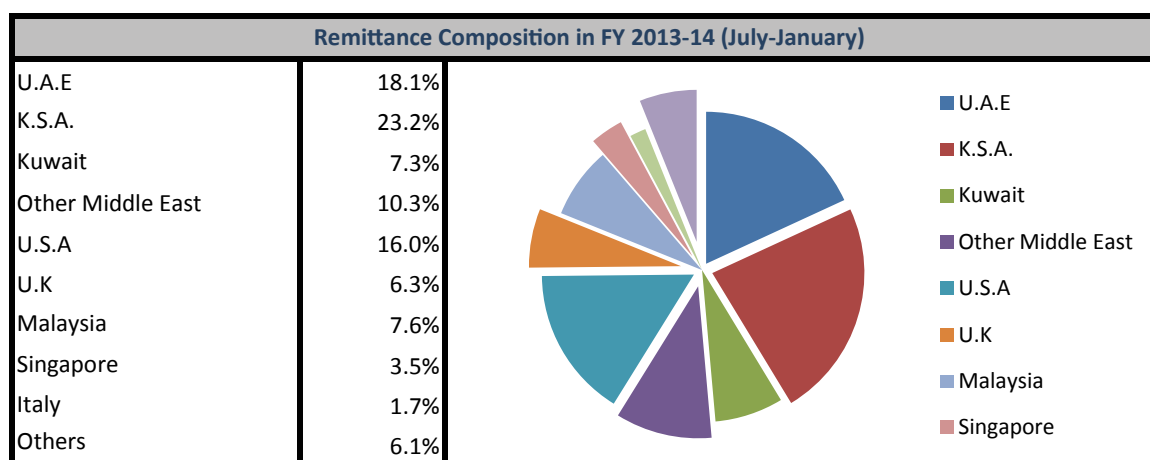
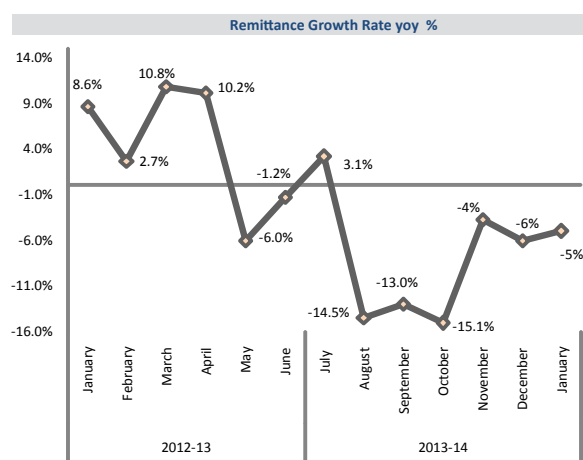
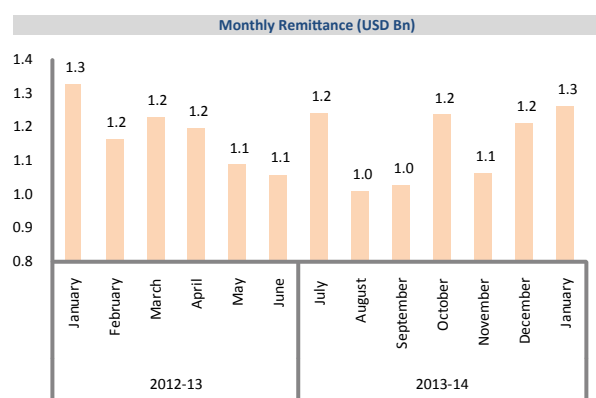
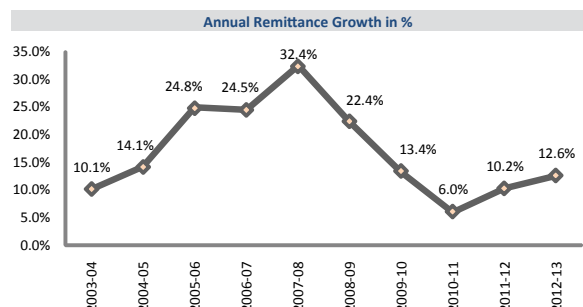
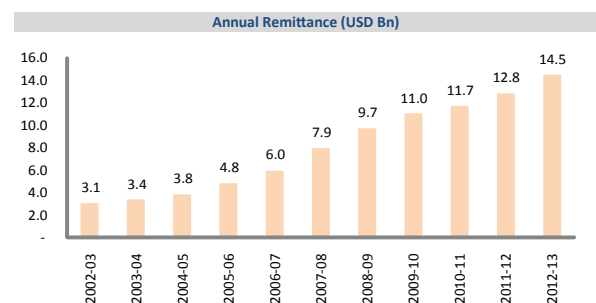
Source: Bangladesh Bank and IL Capital Research.

International Trade:



Source: Bangladesh Bank and IL Capital Research.

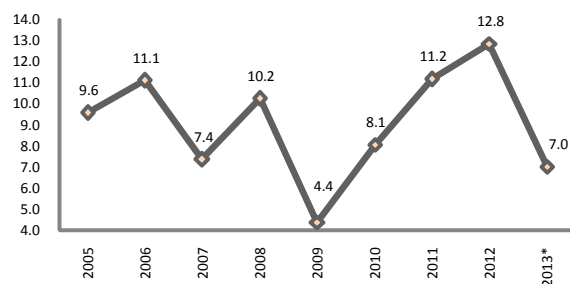
Remittance:



Source: Bangladesh Bank and IL Capital Research.

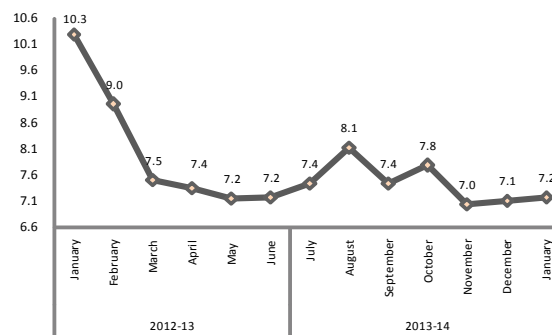
Interest Rate:

Annual Call Money Interest Rate (%)

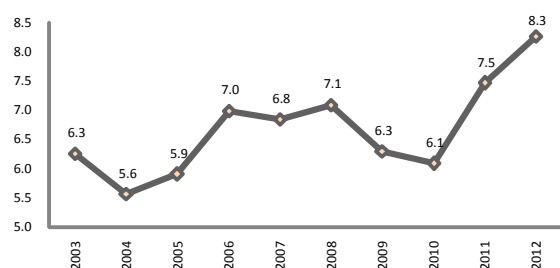


* Data Up to November 2013

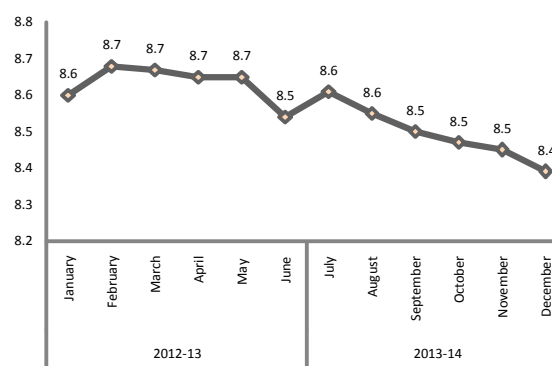
Monthly Movement of Call Money Rate (%)



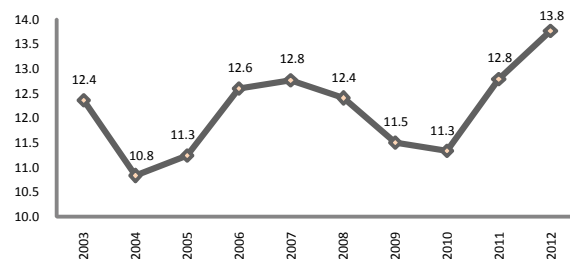
Annual Bank Deposit Interest Rate (%)



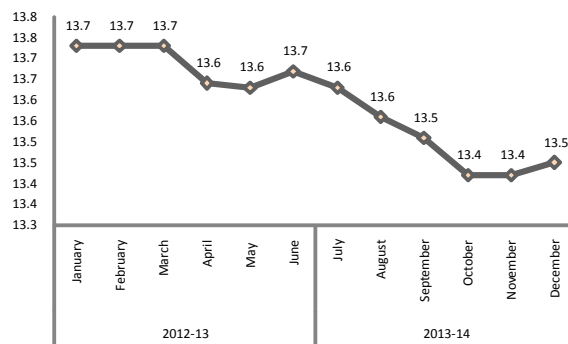
Monthly Movement of Bank Deposit Interest Rate (%)



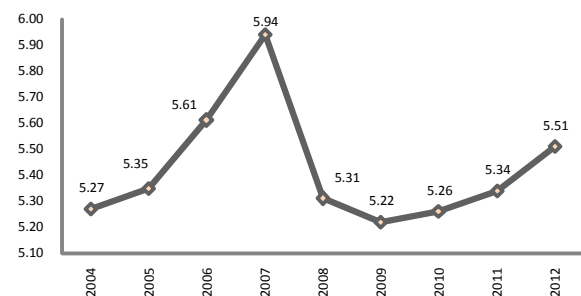
Annual Bank Lending Interest Rate (%)



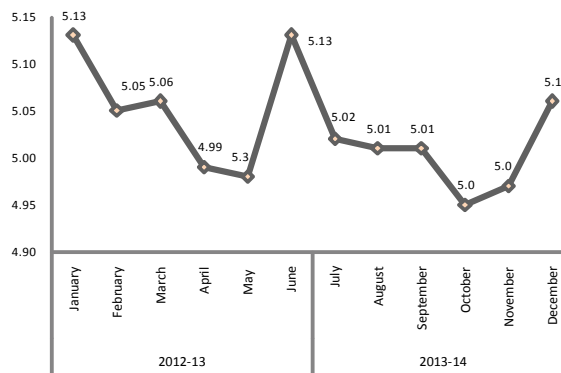
Monthly Movement of Bank Lending Interest Rate (%)



Spread (%)



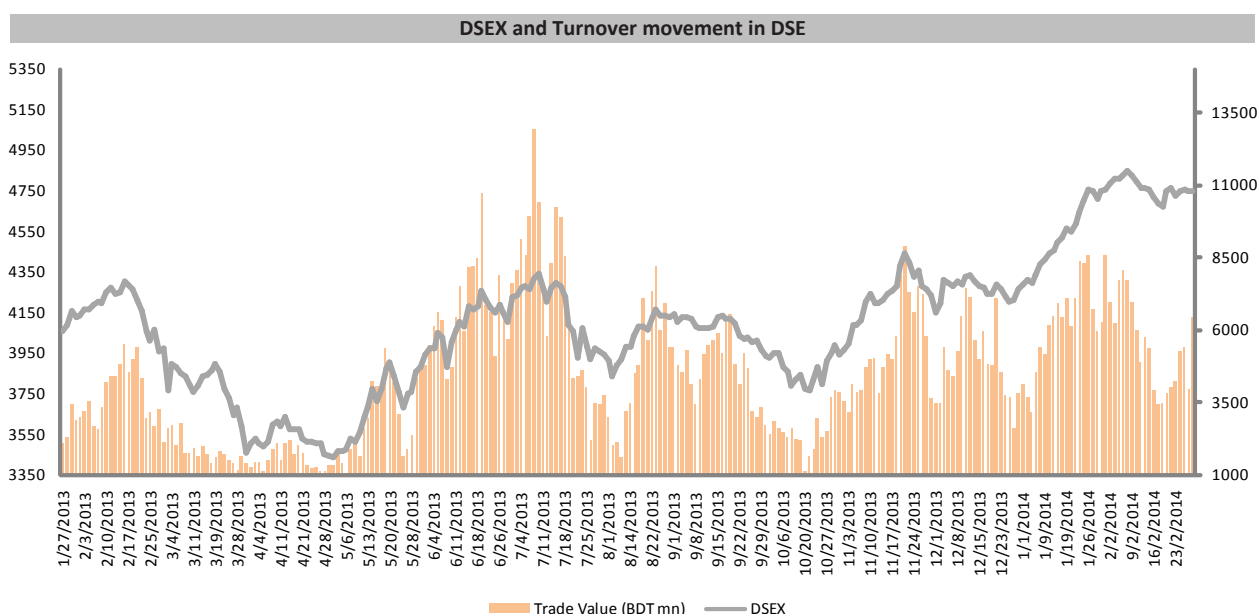
Last Twelve Months Movement of Spread (%)



Source: Bangladesh Bank and IL Capital Research.

MARKET UPDATE

- The benchmark index of Dhaka Stock Exchange (DSEX) gained 11.3% as of February 27, 2014 this year.
- During the month of February 2014, Market (DSEX) closed at 0.1% down on month to month basis due to price fall of the major industries such as Banks, Textiles, NBFIs, Engineering, and General Insurance. On the contrary, Pharma & Chemical, Foods, Tannery & Footwear and Life Insurance experienced uptrend in market capitalization for the same period.
- The major sectors who gained during the month of February 2014 were Foods (17.1%), Tannery & Footwear (14.6%) and Pharma & Chemical (10.8%). On the other hand, the major losers were General Insurance (-7.6%), Textiles (-6.6%) and Banks (-3.9%).
- Among the companies traded in the Dhaka Stock Exchange (DSE) during this month, Al-Haj Textile (83%), Desh Garmants (39%), BSC (39%), Renwick Jajneswar & Co. (31%) and Bangladesh Submarine Cable (30%) were the top gainers on month to month basis. On the other hand, major losers were GSP Finance (-20%), IPDC (-19%) and S. Alam Cold Rolled Steels (-18%).
- During the month of February 2014 the average turnover of Dhaka Stock Exchange was BDT 5,340.0 mn, a 14.5% down, compare to the average turnover of previous month of BDT 6,246.6 mn. Among the average sector turnovers Telecommunication witnessed the highest growth of 80.7% followed by Tannery & Footwear 60.1%, Corporate Bonds & Debentures 59.0%, Ceramics 33.1% and ITs 28.4%
- There are sectors who have outperformed the DSEX namely Foods by 25.9%, Tannery & Footwear by 21.9%, Pharma & Chemicals by 15.3%, Cement by 6.0% and Fuel & Power by 3.9% this year.
- On the other hand, Textiles, ITs, Banks and Engineering have underperformed the DSEX this year by 16.8%, 8.6% 5.7% and 4.6% respectively.
- Market capitalization of DSE gained by 1.3% and reached at BDT 2.92 trillion or USD 37.31 billion, where Equity, Debt and Mutual Funds represents 79.7%, 19.0% and 1.3% respectively, which was BDT 2.87 trillion or USD 36.82 billion in the previous month.



Sources: DSE and IL Capital Research

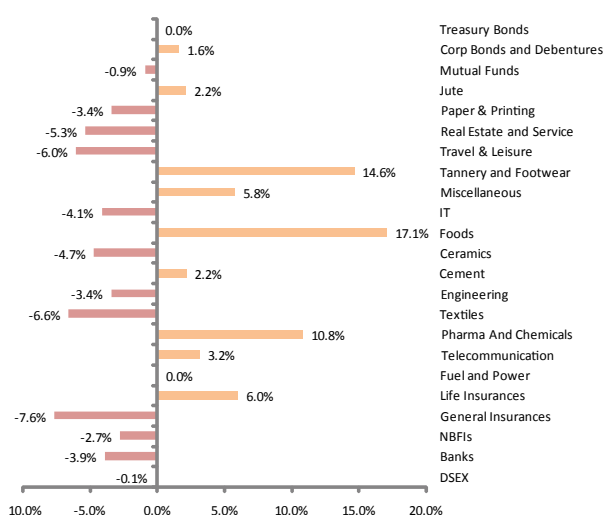
Market Capitalization of DSE

Instruments	27-Feb-14			30-Jan-14			Change (%)
	BDT mn	USD mn	Weight (%)	BDT mn	USD mn	Weight (%)	
Equity	2,322,951.6	29,724.3	79.7%	2,284,192.9	29,228.3	79.4%	1.7%
Debt Securities	554,977.8	7,101.4	19.0%	554,860.2	7,099.9	19.3%	0.0%
Mutual Fund	38,228.2	489.2	1.3%	38,573.2	493.6	1.3%	-0.9%
Total	2,916,157.7	37,314.9	100.0%	2,877,626.3	36,821.8	100.0%	1.3%

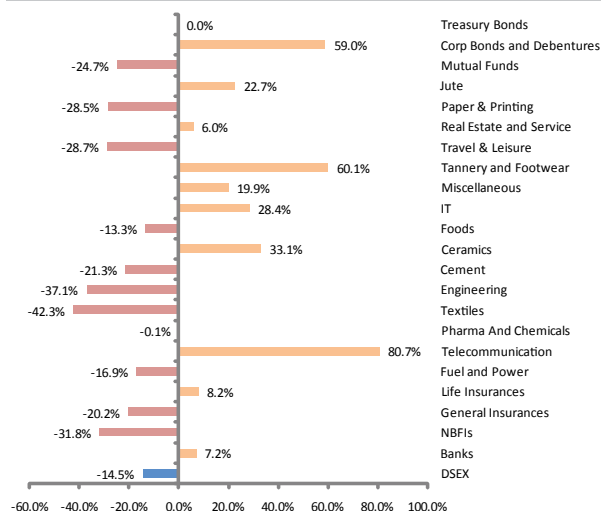
Note: Exchange Rate USD 1 : BDT **78.15**

Source: DSE and IL Capital Research

DSEX and Sectors Movement in DSE (Monthly)



Average Turnover Movement in DSE (Monthly)



Source: DSE and IL Capital Research

Top Gainers This Month

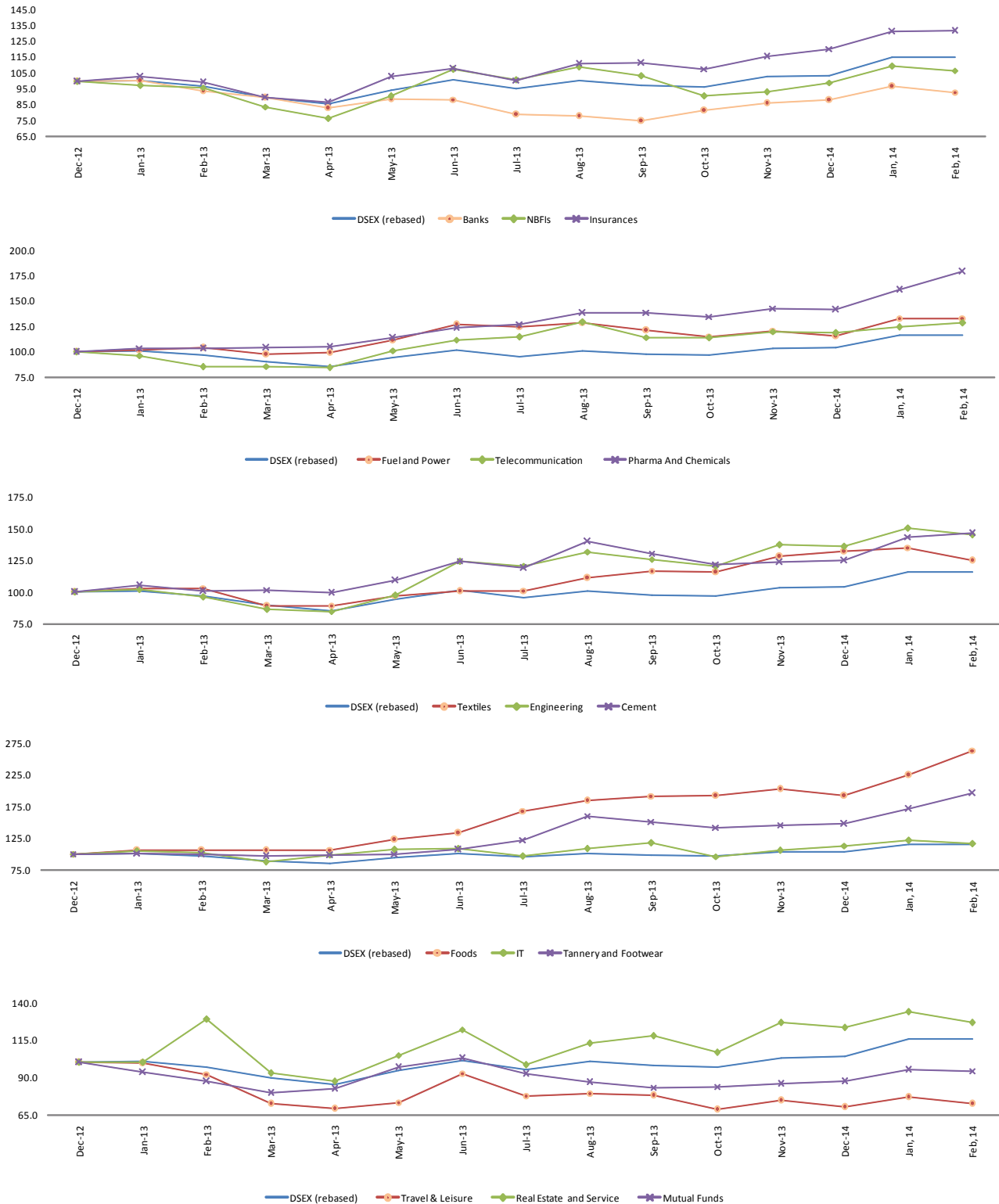
AL-HAJTEX	83%
DSHGARME	39%
BSC	39%
RENWICKJA	31%
BSCCL	30%
LINDEBD	26%
GEMINISEA	26%
ECABLES	25%
EASTRNLU	25%
POPULARLIF	25%

Top Losers This Month

GSPFINANCE	-20%
IPDC	-19%
SALAMCRST	-18%
APOLOISPAT	-17%
MEGCONMILK	-17%
MAKSONSPIN	-17%
MIRACLEIND	-16%
ARGONDENIM	-16%
ISLAMICFIN	-15%
KAY&QUE	-15%

Source: DSE and IL Capital Research

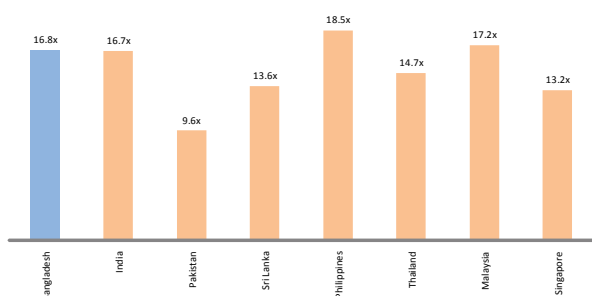
DSEX Vs Sectors Movement (Base Value:100)



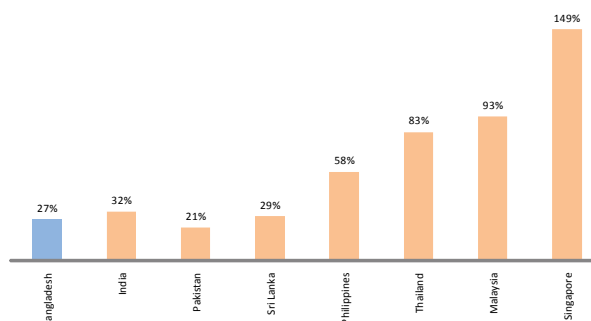
Note: The sector indices are market capitalization weighted indices. Should you require any further clarification over index calculation methodology; please don't hesitate to contact IL Capital Research Team.

Sources: DSE and IL Capital Research

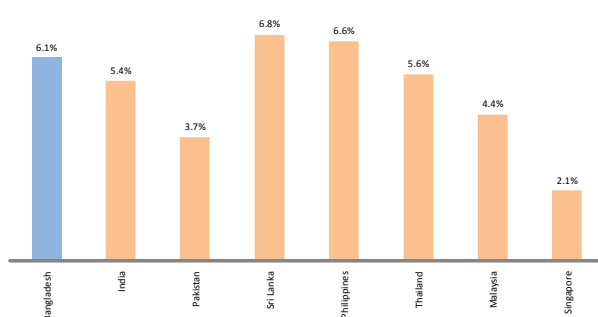
Price to Earning Ratio



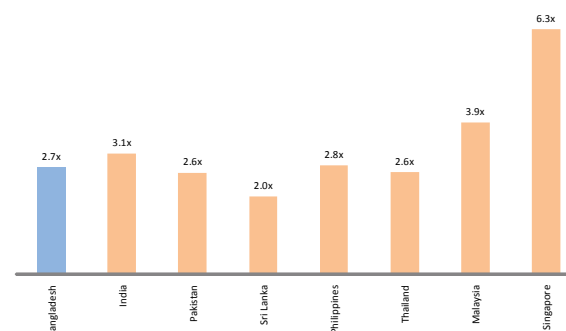
Market Cap. To GDP Ratio (%)



GDP Growth Rate in 2012 (%)



PEG Ratio (PE Ratio to GDP Groth Rate)



PEG ratio = PE ratio of the major stock exchange of the country / GDP Growth of the country in 2012. We assume that listed companies' aggregate earnings growth is reflected in GDP growth rate of the country.

Source: www.bloomberg.com, www.imf.org, wikipedia.com

- As on February 2014, Bangladesh (DSE) is trading at 16.8x P/E, lower than Malaysia (17.2x), Philippines (18.5x). However, Bangladesh (DSE) is trading higher than Pakistan (9.6x), Singapore (13.2x) and Sri Lanka (13.6x).
- The PEG (Price Earning Growth) Ratio of Bangladesh as on February 2014 is 2.7x which is lower compare to India (3.1x), Philippine (2.8x), Malaysia (3.9x) and Singapore (6.3x).

Regional Markets' Comparables

Country	Index Symbol	Index Point	52-Week High	52-Week Low	52-Week Return	PE Ratio	PEG Ratio	M. Cap (USD bn)
Bangladesh	DSEX	4,749.9	4,845.1	3,438.0	16.7%	16.8x	2.7x	37.3
India	SENSEX	20,986.0	21,483.0	17,448.0	12.3%	16.7x	3.1x	554.4
Pakistan	KSE100	25,500.0	27,213.0	17,388.0	52.3%	9.6x	2.6x	50.8
Sri Lanka	CSEALL	5,872.0	6,528.0	5,604.0	6.6%	13.6x	2.0x	18.6
Philippines	PCOMP	6,351.0	7,403.0	5,562.0	-1.7%	18.5x	2.8x	156.7
Thailand	SET	1,307.0	1,649.0	1,205.0	-11.1%	14.7x	2.6x	352.6
Malaysia	FBMKLIC	1,828.0	1,882.0	1,613.0	16.3%	17.2x	3.9x	316.3
Singapore	FSSTI	3,093.0	3,464.0	2,953.0	-2.3%	13.2x	6.3x	402.3

Source: www.bloomberg.com, www.imf.org, wikipedia.com

Non-Bank Financial Institution Sector Overview

Financial Institutions contribute significantly for economic development of a country. Bangladesh is not any different. Here, both Banks and Non-Bank Financial Institutions (NBFIs) perform their parts to achieve the goal.

NBFI sector in Bangladesh is regulated under Financial Institution Act, 1993 and Financial Institution Regulation, 1994. The main activities of NBFIs consist of syndicated financing, bridge financing, lease financing, securitization instruments, private placement of equity etc. NBFIs have significant contribution to country's Capital Market through its separate subsidiaries – Merchant Banks and Brokerage houses. A few NBFIs specialize in Real Estate sector financing.

The country's earliest NBFI started its journey in 1981. Since then, the sector experienced remarkable progress. At present, 31 NBFIs are functioning of which 3 are fully government owned, 18 are private domestic initiatives and 10 are joint ventures with total 170 branches. Recently, two new NBFIs got approval from Bangladesh Bank.

NBFI Sector's Progression					
	2009	2010	2011	2012	2013*
Govt. Owned	1	1	2	3	3
Joint-Venture	8	8	8	10	10
Private	20	20	20	18	18
Total NBFIs	29	29	30	31	31
Total Branches	88	108	161	169	170

Source: Bangladesh Bank *Up to 30 June

Since the origin of Bangladesh, NBFI sector has gone through many transformations. The sector commenced to provide lease financing. Over time, it has diversified its business models and products. The sector is now also involved in giving term-loans and syndicated loans. Since 2006, most NBFIs are heavily involved in the capital market.

The Bangladesh Bank (BB), the regulatory body, undertook several policy and regulatory measures time to time to improve the financial strength of the sector. BB has issued a guideline namely Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) to cope up with the international best practices and to make the capital of NBFIs more risks based as well as more shock resilient. Basel-II has been implemented in the NBFIs from 1 January 2012. To increase the capital base and lessen underlying risks, Bangladesh Bank had increased capital requirement in three phases. Initially paid up capital requirement for NBFIs was BDT 10

crore which was increased to BDT 25 crore in phase one then in phase two to BDT 50 crore and finally in phase three it increased to BDT 100 crore (DFIM circular no: 05; 24-07-2011).

In Bangladesh, business scope of NBFIs is narrow in comparison with Banks. There are certain boundaries for the NBFIs to operate in the financial sector in Bangladesh. NBFIs cannot receive demand deposits. It also cannot issue cheques, pay-orders or demand drafts. Earlier, it could not also be involved in foreign exchange financing. However, in 2012, BB has relaxed foreign exchange regulations so that now NBFIs can provide term loans in local currency to foreign companies through authorized dealer (AD) banks.

Major sources of funds of NBFIs are Term Deposit, Credit Facility from Banks and other NBFIs, Call Money as well as Bond and Securitization. Recently, BB has eased the term deposit tenure from six months to three months (DIFM Circular no: 9, dated 01-Dec-2013) for NBFIs.

To run business, NBFIs face tough competition from commercial banks and development financing institutions. Here banks have advantages over NBFIs; as they can obtain funds from cheaper sources. On the other side, NBFIs have to offer, in general, higher deposit rate than that of banks to attract customers as mass people prefer banks over NBFIs for deposit purpose. NBFIs have to depend on the Borrowing from other banks and NBFIs to fulfill its financing needs. This source of fund is logically costlier than deposit.

Snapshot of NBFI Sector				
	2010	2011	2012	2013*
Assets (BDT bn)	251.5	288.4	333.9	378.5
Assets Growth	29.8%	14.7%	15.8%	13.4%
Liabilities (BDT bn)	206.8	235.7	274.3	316.3
Liabilities Growth	26%	14%	16%	15%
Liability-asset ratio	82.2	81	82.2	83.6
Loan/lease (BDT bn)	178.1	209.7	252.1	273.6
Loan/lease Growth	53%	18%	20%	9%
Deposit (BDT bn)	94.4	112.6	145.4	174
Deposit Growth	17%	19%	29%	20%
Deposit as % of Liabilities	46%	48%	53%	55%
Classified loan (BDT bn)	10.5	10.3	13.7	16.8
Classified as % of total Loan/Lease	5.90%	4.90%	5.40%	6.20%
ROE	24.4	11.7	10.4	8.1
ROA	4.3	2.14	1.9	1.5

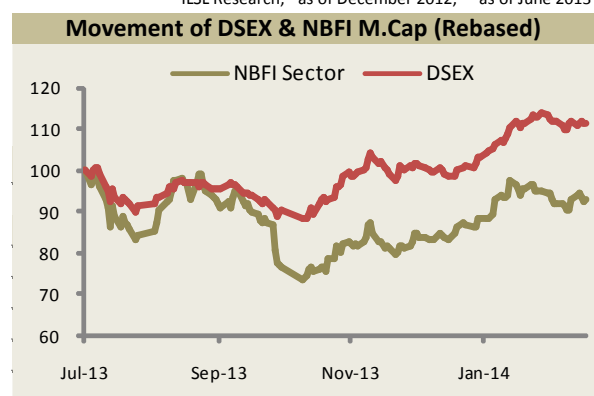
Source: Bangladesh Bank * Up to June 30

NBFIs in Stock Market

23 NBFIs got enlisted to Dhaka Stock Exchange (DSE) so far. This sector accounts for more than 7% of DSE market capitalization.

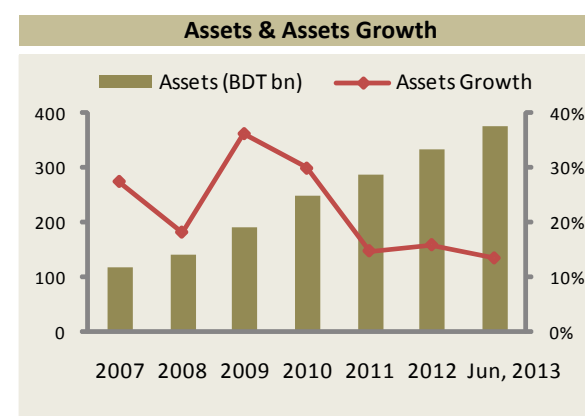
NBFI Sector in DSE			
Market Capitalization of Sector (BDT bn)		172	
Market weight of Sector (based on Market Cap)		7%	
3-month Avg Turnover (BDT mn)		423	
3-month Return		15%	
NBFI Sector Trailing P/E		19.6	
NBFI Sector Forward P/E		25.7	
NBFI Sector P/B		2.1	
No of Listed Stocks		23	
Listed NBFIs at a Glance			
	Weight (based on M.Cap)	Asset* (BDT mn)	Equity* (BDT mn)
BAYLEASING	2.70%	6,784	2,909
BDFINANCE	1.20%	6,595	956
BIFC	0.60%	8,732	1,188
DBH**	4.40%	33,004	2,569
FAREASTFIN	1.30%	6,728	1,391
FASFIN	1.00%	3,058	985
FLEASEINT	1.70%	4,929	1,051
GSPFINANCE	0.80%	3,318	1,340
ICB**	43.70%	77,929	25,639
IDLC	7.10%	37,784	4,693
ILFSL	1.70%	16,591	2,085
IPDC	1.20%	7,115	2,027
ISLAMICFIN	1.10%	5,718	1,299
LANKABAFIN	8.40%	25,337	6,474
MIDASFIN**	1.00%	6,986	614
NHFIL	1.90%	5,467	915
PHOENIXFIN	2.30%	13,076	2,142
PLFSL	3.30%	16,495	4,126
PREMIERLEA	0.60%	6,982	1,218
PRIMEFIN	4.10%	16,020	5,107
ULC	2.40%	11,817	1,954
UNIONCAP	1.90%	10,495	1,869
UTTARAFIN	5.40%	19,365	4,936
	100.00%	350,323	77,484

Source: 2012 Annual Report of respective companies, ILSL Research; *as of December 2012; **as of June 2013

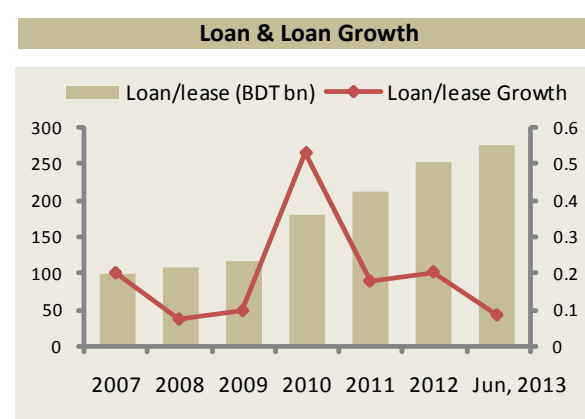


Assets: Loans & Advances; Investments

Asset size of the NBFI sector stood at BDT 378.5 bn in June 2013. Aggregate assets stood at BDT 333.9 bn in 2012, which was BDT 288.4 bn in 2011 shows a growth of 15.8%.

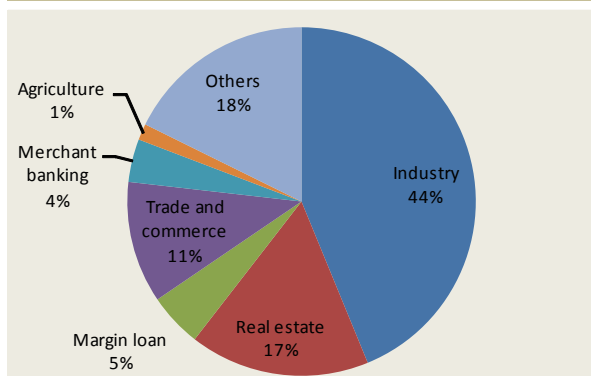


Loans & Advances – Loans and advance is the major component of the NBFI's asset base consists of approximately 73% of total assets in 2013. On June, 2013 aggregate loan and lease was BDT 273.6 bn grew by 8.53% from December 2012. Over last 5 year, Loan portfolio of the sector grew at a CAGR (Compound Annual Growth Rate) of 20.8%. In the mid of 2013, political turmoil created hindrance in all kind of business activities, that slowed down the overall growth rate of the sector's assets. Consequently, loan growth rate dropped to 9% in June 2013, which was 20% in Dec 2012.



Major investments of the industry are mainly concentrated in industrial sector (43.8%) that shows a 6.2% growth in June 2013 compared to December 2012.

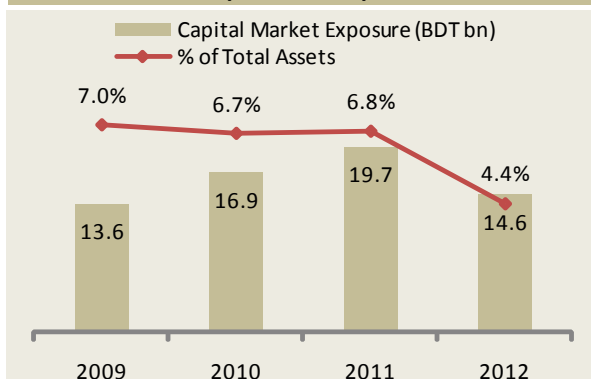
Loan Portfolio Distribution, June 2013



Source: Bangladesh Bank, ILSL Research

Investments in Capital Market – According to Financial Institutions Act, 1993, section 16, NBFIs are allowed to invest in the capital market up to 25% of its paid-up capital and reserves for the acquisition or holding of any kind of shares of financial, commercial, agricultural or industrial or of any similar institution. At the end of the December 2012, total investment in capital market of the sector was BDT 14.6 bn whereas it was BDT 19.7 bn in 2011.

Sector's Exposure in Capital Market



Source: Bangladesh Bank, ILSL Research

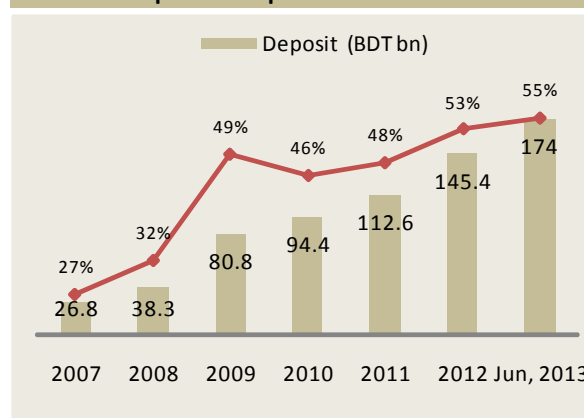
NBFIs extend margin loan to the clients through its capital market subsidiaries. At present margin loan ratio is 1:1. In September 30, 2012, BSEC issued a directive regarding margin loan ratio. In the directive, BSEC instructed the brokerage houses to limit the maximum margin loan from 1:2 to 1:0.5 in four phases within July 2014. This will reduce the capital market exposure of the sector to some extent.

Liabilities: Deposits & Bank Borrowing

The aggregate liabilities of the industry in 2012 increased to BDT 274.3 bn from BDT 235.7 bn in 2011, showing overall increase of 16.4%. In June 2013, total liabilities stood at BDT 316.3 bn. Major financing source of NBFIs are term deposit and borrowing from other banks & financial institutions.

Deposits – Around 55% of total liabilities consists of deposit. Aggregate deposit of NBF sector was BDT 174 bn in 2013 increased by 19.67% from 2012. 5-year CAGR of the sector deposit was 21.10%. Previously, NBFIs were not eligible to take term deposit for less than 6-month. Recently, BB has eased the term deposit tenure from six months to three months (DIFM Circular no: 9, dated 01-Dec-2013) for NBFIs.

Deposit & Deposit % of Liabilities



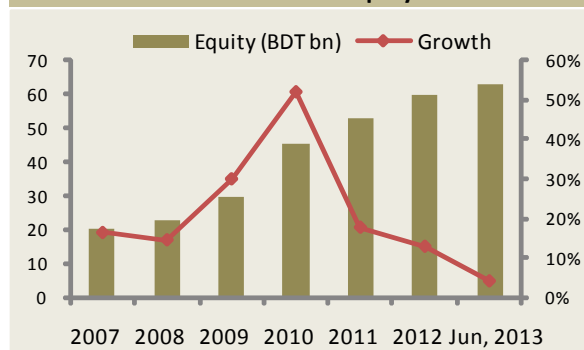
Source: Bangladesh Bank, ILSL Research

Bank Borrowing – Bank borrowings is another source of fund for the NBFIs. In 2012, 31.76% of financing of the NBF sector came from this source. At the same period, NBFIs bank borrowings were BDT 84.8 bn increased by 8.16% from BDT 78.40 bn in 2011.

Shareholders' Equity

Sector's aggregate equity increased to BDT 59.6 bn in 2012 compared with BDT 52.7 bn in 2011, showed a growth rate of 13.1%. To help consolidate their capital base for minimizing risks, BB increased the minimum paid-up capital requirement of the financial institutions to BDT 1.0 bn from the existing BDT 500 million. Almost all NBFIs have complied to the rule, except – GSP Finance company (Bangladesh) Limited (BDT 67.5 crore), Bangladesh Industrial Finance Company Limited (BDT 63.9 crore) and MIDAS Finance Limited (BDT 60.1 crore), among the listed stocks.

Shareholders' Equity



Source: Bangladesh Bank, ILSL Research

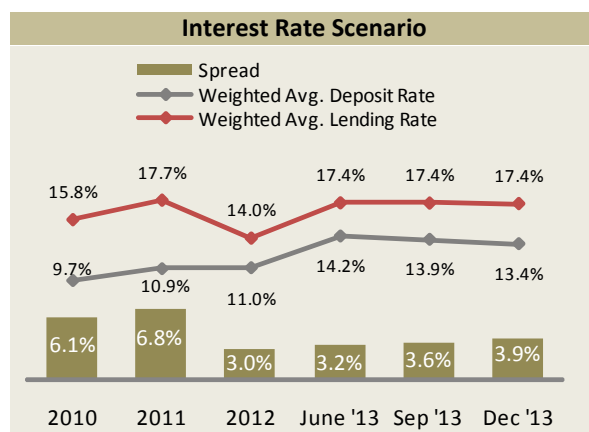
Operating Income

Operating income of the sector is mainly generated from net interest income, investment income, income from commission & brokerage and other operating income.

Operating Income & its Components				
	2009	2010	2011	2012
Operating Income (BDT bn)	11.2	19.9	14.7	14.9
% of Total Operating Income				
Net interest Income	54%	38%	59%	65%
Investment Income	22%	36%	18%	15%
Commission & Brokerage	4%	7%	3%	1%
Others	20%	20%	20%	18%

Source: Bangladesh Bank, ILSL Research

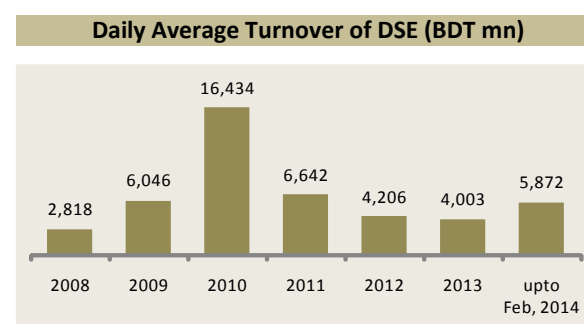
Net Interest Income – This is the prime source of operating income for NBFIs. Net interest income is generated from difference between interest income earned from interest-bearing assets and interest paid out for servicing liabilities. To promote transparency in product pricing and encourages healthy competition in the economy, BB has recently introduced Cost of Fund Index (CoFI) for NBFIs' (DFIM Circular No: 06, dated August 20, 2013) to track movement of cost data and serve as reference rate for floating rate loan/lease products. For this purpose, NBFIs must calculate their base rate, which is the minimum rate to lend, and report to BB.



Source: Bangladesh Bank, ILSL Research

As on 2012, net interest income of the industry was BDT 9.7 bn which was BDT 8.7 bn in CY 2011. Although interest spread declined in CY 2012 than that of CY 2011, boost in loan portfolio generated the additional net interest income.

Commission, Exchange & brokerage – Commission & Brokerage income is directly related with capital market's turnover situation. NBFIs' generate this income from its subsidiary which provides stock brokerage service, underwriting service etc. Debacle of capital market dried up this income source. In 2010, DSE's average daily turnover was BDT 16.43 bn and NBFIs reported BDT 1.3 bn as commission & brokerage income. This situation reversed later; as in 2012, DSE's average daily turnover fell down to BDT 4.20 bn and NBFIs' reported commission & brokerage income dropped to BDT 0.2 bn.

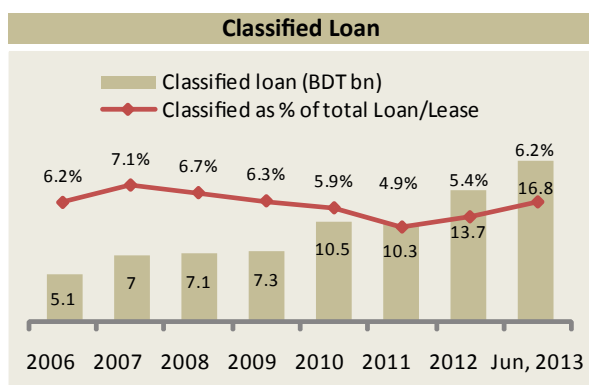


Source: DSE, ILSL Research

Investment Income – NBFIs' investment income component consists of capital gain and dividend income from capital market investment. This income can come from NBFIs own investment or from its subsidiaries' investment in capital market. The income source, by default, is volatile as it depends on country's capital market condition. As evident, in 2010 NBFIs' investment income was BDT 7.2 bn which came down to BDT 2.3 bn in 2012.

Asset Quality & Provision

The ratio of non-performing loans/lease to total loans/lease is one of the key indicators to identify problems with asset quality in the loan portfolio. Total classified loan of all NBFIs stood at BDT 13.7 bn in December 2012 which is 5.4% of total industry loan. However, the default loan increased to 6.2% in the 1st half of 2013 mainly due to sluggish business environment amidst political unrest.

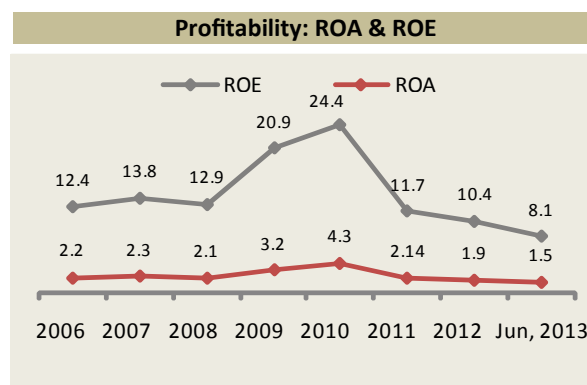


Source: Bangladesh Bank, ILSL Research

For maintaining provision against the classified loan, BSEC (Bangladesh Securities and Exchange Commission) had issued a directive allowing merchant banks and stockbrokers to keep provision of the unrealized losses against their own portfolio investments in the capital market incurred in 2012 in five installments - 20% provision in each installment. In December 2013, BB has extended the deadline by one year to December 31, 2014 for keeping the provision against the loss including 2013. According to BSEC directive, the organizations which will take the facility will not be allowed to declare any cash dividend for their shareholders. This initiative will provide room to the fellow organizations to smoothen their profitability.

Profitability: ROA & ROE

ROA (Return on Asset) and ROE (Return on Equity) measure profitability relative to asset and equity. Aggregate ROA and ROE of the NBFIs skyrocketed to 4.3 and 24.4 respectively in 2010 due to buoyant profitability resulted from bubbled capital market. Later on, that bubblebusted consequently both ratios dropped to its normal level. Over time, ROA and ROE ratios plunged gradually and stood at 1.5% and 8.1% respectively in June 2013 mainly because of the high borrowing costs, tightening monetary policy, poor repayment of the borrowers, lower revenue from the capital market and increasing provisioning requirements for prolonged bear-run of the capital market.



Source: Bangladesh Bank, ILSL Research

Capital Adequacy

Capital Adequacy Ratio (CAR) measures capital (both tier I & II) as a percentage of the risk weighted credit exposures. It helps absorb major financial risks (credit risk, market risk, interest rate risk etc.). In 2011 the NBFIs in Bangladesh were instructed under the Basel Accord to maintain a minimum of 10% Capital Adequacy Ratio (CAR) with at least 5% in core capital, which came into effect on January 1, 2012.

CAR of the NBFIs was 18.3% in 2011 (under Basel I) and 19.4% in 2012 (under Basel II), which was well in excess of the regulatory minimum requirement of 10%.

Liquidity: CRR & SLR

NBFIs are permitted to mobilize term deposits only. At present term liabilities are subject to a Statutory Liquidity Requirement (SLR) of 5% inclusive of an average 2.5% (at least 2% in each day) Cash Reserve Ratio (CRR) on bi-weekly basis. The SLR for the NBFIs operating without taking term deposit is 2.5%. The Infrastructure Development Company Limited (IDCOL), established by the Government of Bangladesh, is exempted from maintaining the SLR.

In this issue we covered four particular stocks of the NBFI sector. These are: IDLC Finance Ltd. (DSE: IDLC), LankaBangla Finance Ltd. (DSE: LANKABAFIN), Delta Brac Housing Finance Corporation Ltd. (DSE: DBH), Prime Finance & Investment Ltd. (DSE: PRIMEFIN).

IDLC Finance Limited

Company Overview

IDLC Finance Ltd. was incorporated on May 23, 1985 and commenced its operation on February 22, 1986. The firm started its operations with Lease Financing later it has changed its focus in Corporate, Retail and SME sectors. It has 26 branches in country's major cities. It has two fully owned subsidiaries – IDLC Investment Ltd. & IDLC Securities Ltd.

As on 31 Dec 2012, firm's loan portfolio was BDT 32.60 bn stating a 3 year CAGR (Compound Annual Growth Rate) of 15.3% and total deposit was BDT 23 bn with 3 year CAGR of 20.9%. Up to 30 Sep 2013, 74.5% of total operating income generated from net interest income, 10.6% from Commission and brokerage, 2.5% from investment income and rest 12.4% from other operating income. As on December 2012, the company's capital market exposure was around BDT 5.0 bn or 13.2% of its total asset which was around BDT 5.3 bn in 2011.

Currently, around 63.27% of shares are held by Sponsors whereas 21.74% and 14.44% of shares are held by General and Institutional Investors respectively.

Investment Insight

- IDLC Finance Ltd. has established itself as market leader and is recognized as a reliable brand name in country's financial sector.
- As of 30 Sep 2013, the firm holds a Loan Portfolio of BDT 40.0 bn, which is the highest in size among all other sector players. Up to 30 Sep 2013, the portfolio increased by 25% compared to last year. Loan Diversification was also ensured as SME got 26% of loan followed by industrial loan (24%) and real estate (22%).
- It has maintained its NPL at 2.09% of total loan in 2012 whereas the industry average was 5.4%.
- Interest rate Spread (Difference between lending and borrowing rate), on an average, has declined up to Q3 of 2013 compared to last year interest rate spread.
- Up to 30 Sep 2013, firm reported 35.5% decline in net profit than that of 30 Sep 2012 due to higher provision as BB has enforced stricter loan rescheduling and provisioning policy.
- Compared to year 2012, costly funding (borrowing from other banks and financial institutions) increased by 87% as on Sep 30, 2013, which consisted around 23% of total funding.

Company Fundamentals

Market Cap (BDT mn)	10,956
Market weight	0.5%
No. of Share Outstanding (in mn)	160.9
Free-float	36.2%
Paid-up Capital (BDT mn)	1609
3 Months Average Turnover (BDT mn)	35.2
3 Months Return	17.0%
Current Price (BDT)	58.0
52-week price range (BDT)	52.7 - 107.2
Sector Forward P/E	24.3

	2010	2011	2012	2013 (9M Ann.)
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Financial Information (BDT mn):

Operating Income	3,027	2,160	2,403	2,679
Profit After Tax	1,319	500	713	482
Equity	3,690	3,980	4,693	5,055
Deposit	13,001	17,639	22,999	27,712
Loans and Advances	21,254	26,357	32,595	40,667
Total Asset	26,930	31,165	37,784	47,388
Div. % (C/B)	35/65	-/25	-/30	-/-

Margin:

Operating Profit	68.7%	57.7%	56.0%	54.3%
Net Profit	43.6%	23.2%	29.7%	18.0%

Growth:

Loans & Advances	8.7%	24.0%	23.7%	24.8%
Deposits	25.5%	35.7%	30.4%	20.5%
Equity	54.2%	7.9%	17.9%	7.7%
Operating Income	58.3%	-28.6%	11.3%	11.5%
Net Profit	60.5%	-62.1%	42.5%	-32.3%

Financial Indicators:

Credit/Deposit	1.6	1.5	1.4	1.5
Asset/Equity	7.3	7.8	8.1	9.4
Capital Adequacy Ratio	N/A	13.6	13.9	N/A
NPL	2.8%	2.3%	2.1%	N/A
Cost to Income	31.3%	42.3%	44.0%	45.7%

Profitability:

ROE	43.4%	13.0%	16.4%	9.9%
ROA	5.3%	1.7%	2.1%	1.1%

Valuation:

Price/Earnings	8.73	23.02	16.16	23.88
Price/BV	3.12	2.89	2.45	2.28
EPS (BDT)	8.20	3.11	4.43	3.00
NAVPS (BDT)	22.9	24.7	29.2	31.4

Last 5 Year's Price Movement (BDT)



Source: Annual Reports, DSE Website, the Financial Express, the Daily Star, ILSLResearch, IDLC website

LankaBangla Finance Limited

Company Overview

LankaBangla Finance Limited was incorporated and commenced its operation on November 05, 1996. The principal activities of the Company are providing integrated financial services including corporate financial services, retail financial services, SME financial services, stock broking, corporate advisory and wealth management services. The firm has 19 branches (including subsidiaries').

As on 31 Dec 2012, firm's loan portfolio was BDT 18.70 bn stating a 3-year CAGR (Compound Annual Growth Rate) of 25.5% and total deposit was BDT 7.61 bn with 3-year CAGR of 18.6%. As on 30 Sep 2013, around 52% of financing originated from Deposits and 48% came from borrowing from other banks & NBFIs. Up to 30 Sep 2013, 45.0% of total operating income generated from net interest income, 23.9% from Commission and brokerage, 20.6% from investment income and rest 10.5% from other operating income.

The firm has three subsidiaries – LankaBangla Investment Ltd. (99%), LankaBangla Securities Ltd. (90%) and LankaBangla Asset Management Company Ltd. (99%). As on December 2012, the company's capital market exposure was around BDT 5.7 bn or 22.5% of its total asset which was around BDT 5.5 bn or 24.6% in 2011. Currently, around 38.67% of shares are held by Sponsors and 61.33% of shares are held by General Investors.

Investment Insight

- LankaBangla Finance Ltd. has successfully established its brand name in Country's financial sector. Moreover, LankaBangla Securities Ltd., one of its subsidiaries, maintained constantly the top position as the most active brokerage house in DSE & CSE.
- In 30 Sep 2013, the Company has reported around 30% growth in its loan portfolio compared over December 2012.
- As on 31 Dec 2012, 3.9% of total loan was considered as Non-Performing Loan; whereas industry average was 5.4%.
- The Company obtained around 48% of its total funding from bank's borrowing which is more costly means of financing compared to deposit.
- Around 40% of its operating income (Commission and brokerage & investment income) is dependent on capital market condition which is volatile in nature.

Company Fundamentals

Market Cap (BDT mn)	14,939
Market weight	0.70%
No. of Share Outstanding (in mn)	208.3
Free-float	61.3%
Paid-up Capital (BDT mn)	2,083
3 Months Average Turnover (BDT mn)	120.2
3 Months Return	7.0%
Current Price (BDT)	61.9
52-week price range (BDT)	32-81.9
Sector Forward P/E	24.3

	2010	2011	2012	2013 (9M Ann)
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Financial Information (BDT mn):

Operating Income	3,160	2,014	1,390	1,907
Profit After Tax	1,839	859	348	588
Equity	5,133	6,087	6,667	6,926
Deposit	4,560	5,310	7,616	11,019
Loans and Advances	9,472	15,515	18,702	24,215
Total Asset	19,322	22,380	25,337	31,455
Div. % (C/B)	-/55	-/30	-/10	15/5*

Margin:

Operating Profit	84.3%	68.9%	42.9%	56.2%
Net Profit	58.2%	42.7%	25.0%	30.8%

Growth:

Loans & Advances	17.5%	63.8%	20.5%	29.5%
Deposits	2.9%	16.4%	43.4%	44.7%
Equity	144.4%	18.6%	9.5%	3.9%
Operating Income	112.0%	-36.3%	-31.0%	37.2%
Net Profit	147.2%	-53.3%	-59.5%	68.9%

Financial Indicators:

Credit/Deposit	2.1	2.9	2.5	2.2
Asset/Equity	3.8	3.7	3.8	4.5
Capital Adequacy	N/A	10.3%	19.6%	N/A
NPL	9.5%	8.4%	3.9%	N/A
Cost to Income	15.7%	31.1%	57.1%	27.6%

Profitability:

ROE	11.2%	4.1%	1.5%	2.1%
ROA	50.9%	15.3%	5.5%	8.7%

Valuation:

Price/Earnings	8.2	17.5	43.1	15.7*
Price/BV	2.9	2.5	2.3	2.2*
EPS (BDT)	8.8	4.1	1.7	2.8
NAVPS (BDT)	24.6	29.2	32.0	33.2

Last 5 Year's Price Movement (BDT)



Source: Annual Reports, DSE Website, the Financial Express, the Daily Star, ILSL Research, LankaBangla website

Delta Brac Housing Finance Corporation Limited

Company Overview

Delta Brac Housing Finance Corporation Limited (DBH) was incorporated on May 11, 1996 and commenced its operation on early 1997. The core activities of DBH is mainly comprised of home loan operations - construction of houses, purchases of flats and housing plots, extension and improvement of houses etc. It also provides services for purchase, sale and transfer of real estate assets. They offer various deposit schemes like monthly deposit, quarterly deposit, profit deposit etc. The firm has total five branches in Dhaka, Chittagong and Sylhet.

As per 2012-13 Annual Report, Company's loan portfolio was BDT 25.27 bn stating a 3 year CAGR (Compound Annual Growth Rate) of 11.84% and total deposit was BDT 19.54 bn with 3 year CAGR of 15.66%. As on 31 Dec 2013, around 73% of financing originated from Deposits and 27% came from borrowing from other banks & NBFIs. Up to 6 months of 2013-14, 90.5% of total operating income generated from net interest income, 5.8% from Commission and brokerage, 1.4% from investment income and rest 2.3% from other operating income.

On June 2012-13, the firm's capital market exposure was around BDT 358.0 mn or 1.1% of its total asset which was around BDT 450.6 mn or 1.6% in 2011-12.

Currently, around 75.48% of shares are held by Sponsors whereas Institutional Investors, general investors and foreign investors held 12.25%, 7.03% and 5.24% of shares respectively.

Investment Insight

- The Company achieved highest credit rating award (AAA for long term and ST-1 for short term) from CRAB (Credit Rating Agency of Bangladesh Ltd.) for eight consecutive years which reflects good financial strength.
- Up to 6 months of 2013-14, the Company reported 23.70% growth in operating income than that of first 6 months of 2012-13. Improved net interest condition supported this growth.
- DBH showed excellent performance regarding its NPL over the years. In 2012-13, NPL was BDT 64.43 mn which was only 0.26% of total loan portfolio whereas industry average was 6.20%.
- The Company's loan portfolio is not diversified. As on 30 June 2013, around 97.46% of its total loan was confined on real estate sector. Therefore, any setback in real estate industry will affect its earnings.

Company Fundamentals

Market Cap (BDT mn)	7,566.4
Market weight	0.3%
No. of Share Outstanding (in mn)	116
Free-float	24.5%
Paid-up Capital (BDT mn)	1,160
3 Months Average Turnover (BDT mn)	9.6
3 Months Return	18.0%
Current Price (BDT)	65.1
52-week price range (BDT)	48.5-74.0
Sector Forward P/E	24.3

	2010-11	2011-12	2012-13	2013-14 (HY Ann.)
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Financial Information (BDT mn):

Operating Income	1,265	1,129	1,417	1,614
Profit After Tax	502	404	528	412
Equity	1,756	2,151	2,569	2,479
Deposit	13,309	15,751	19,540	19,143
Loans and Advances	21,669	24,039	25,267	22,714
Total Asset	24,501	27,641	33,004	31,409
Div. % (C/B)	-/100	10/15	25/-	---

Margin:

Operating Profit	78.7%	77.0%	79.9%	81.7%
Net Profit	39.7%	35.8%	37.3%	25.5%

Growth:

Loans & Advances	20.0%	10.9%	5.1%	1.8%
Deposits	5.4%	18.4%	24.1%	-2.0%
Equity	34.6%	22.4%	19.4%	-3.5%
Operating Income	22.0%	-10.8%	25.5%	13.9%
Net Profit	63.4%	-19.5%	30.7%	-22.1%

Financial Indicators:

Credit/Deposit	1.63	1.53	1.29	1.34
Asset/Equity	14	12.9	12.8	12.7
Capital Adequacy Rati	N/A	15.8%	15.7%	N/A
NPL	0.1%	0.1%	0.3%	N/A

Profitability:

ROE	2.2%	1.6%	1.7%	1.3%
ROA	32.8%	20.7%	22.4%	16.3%

Valuation:

Price/Earnings	15.1	18.7	14.3	18.4
Price/BV	4.3	3.5	3.0	3.1
EPS (BDT)	4.3	3.5	4.6	3.6
NAVPS (BDT)	18.5	22.1	19.5	21.4

Last 5 Year's Price Movement (BDT)



Source: Annual Reports, DSE Website, the Financial Express, the Daily Star, ILSL Research, REHAB.

Prime Finance & Investment Limited

Company Overview

Prime Finance & Investment Limited (PFIL) commenced its operation in 1996. The company covers diversified products and services that include lease finance, term finance, real estate finance, hire purchase, bridge finance, depository custody, investment services etc. Only subsidiary of PFIL – Prime Finance Capital Management Ltd. (60% holding) provides full-fledged Merchant Banking services. It has three associated companies – PFI Securities Ltd. (46.15%), Prime Finance Asset Management Company Ltd. (49%) and Prime Prudential Fund Ltd. (40%). It has three branches.

The 3-year CAGR of loans and advances was 16% and for deposit it was 7%. Up to 9 months of 2013, 34% of total operating income generated from net interest income, 15% from Commission and brokerage, 13% from investment income and the rest 37% from other operating income. The firm's capital market exposure was around BDT 4.4 bn or 27% of its total asset in December 2012 which was BDT 4.2 bn or 28% in 2011. Currently, around 68.71% of shares are held by Sponsors whereas 19.5% and 11.79% of shares are held by Public and Institutions respectively.

Investment Insight

- Company's loan portfolio (BDT 12.46 bn) increased by 9% up to 9 months of 2013 compared to that of last year. PFIL has a diversified loan portfolio composed of trade and commerce (34%) merchant banking (16%), textile (7%), engineering (7%) and others (17%).
- Up to 9 month of 2013, the firm reported 73% growth in net profit from the same period of 2012, which mainly came from the increase in investment income (63%), other operating income (40%) and also from decrease in the provision (65%).
- The company's NPL stood at 9.89% of total loan in 2012 which was 6.48% in 2011 where industry average NPL was 5.4% in December 2012.
- PFIL is heavily exposed to capital market which is volatile in nature. The company's capital market exposure was 27% of total assets whereas sector exposure was 4.4% in Dec 2012.
- The company's operating expense to operating income ratio increased to 34.4% up to 3rd quarter of 2013 from 26.6% in December 2012 mainly due to increase in operating expense.

Company Fundamentals

Market Cap (BDT mn)	7969
Market weight	0.4%
No. of Share Outstanding (in mn)	272.9
Free-float (Public +Inst.)	31.3%
Paid-up Capital (BDT mn)	2729
3 Months Average Turnover (BDT mn)	19.1
3 Months Return	-5.0%
Current Price (BDT)	24.4
52-week price range (BDT)	20.5 - 44.9
Sector Forward P/E	24.3

	2010	2011	2012	2013 (9M Ann.)
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Financial Information (BDT mn):

Operating Income	2,265	1,238	642	676
Profit After Tax	1,730	773	300	261
Equity	3,894	4,684	5,107	5,075
Deposit	3,760	4,316	5,615	6,719
Loans and Advances	8,721	10,397	11,434	12,466
Total Asset	12,912	15,116	16,020	17,877
Div. % (C/B)	-/80	-/40	20-Oct	15/-*

Margin:

Operating Profit	92.7%	84.6%	73.4%	65.6%
Net Profit	76.3%	62.4%	46.8%	38.7%

Growth:

Loans & Advances	20.5%	19.2%	10.0%	9.0%
Deposits	-18.8%	14.8%	30.1%	19.7%
Equity	113.2%	20.3%	9.0%	-0.6%
Operating Income	150.0%	-45.3%	-48.2%	5.4%
Net Profit	153.2%	-55.3%	-61.2%	-12.9%

Financial Indicators:

Credit/Deposit	2.3	2.4	2	1.9
Asset/Equity	3.3	3.2	3.1	3.5
NPL	6.23%	6.48%	9.89%	-
Cost to Income	7%	15%	27%	34%

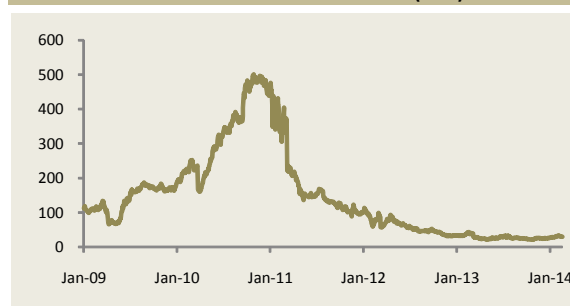
Profitability:

ROE	14.9%	5.5%	1.9%	1.5%
ROA	60.5%	18.0%	6.1%	5.1%

Valuation:

Price/Earnings	4.5	10.1	26.0	23.6*
Price/BV	2.0	1.7	1.5	1.4*
EPS (BDT)	6.3	2.8	1.1	1.1*
NAVPS (BDT)	14.3	17.2	18.7	19.2*

Last 5 Year's Price Movement (BDT)



Source: Annual Reports, DSE Website, the Financial Express, the Daily Star, ILSL Research, PFIL's website

Mutual Fund : Monthly Update

Performance of Mutual Funds

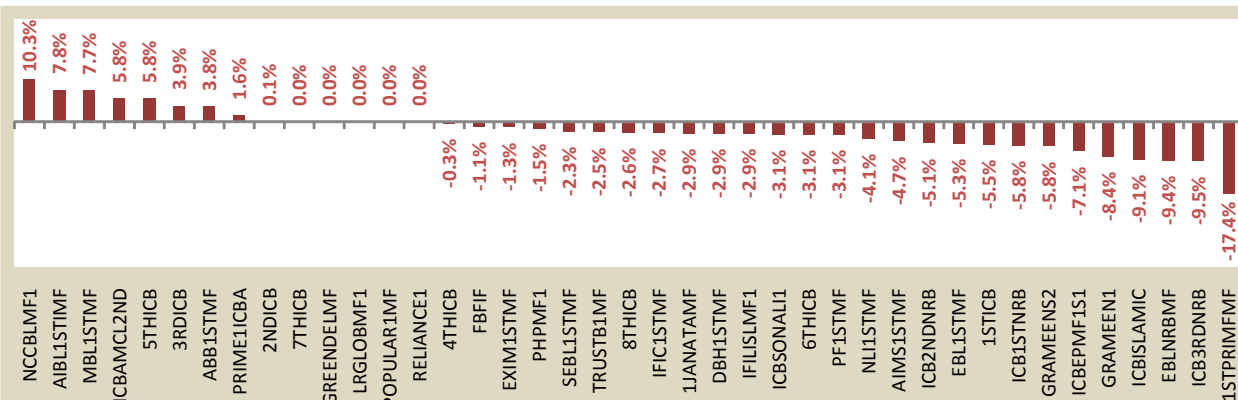
Mutual Fund Sector of DSE posted 2.2% loss over the month (26 Jan - 23 Feb, 2014), while the prime index of the bourse, DSEX, decreased by 0.65%. Price of 9 Mutual Funds increased, 27 Mutual Funds decreased & 5 Mutual Funds remain unchanged over the period. On the other hand, NAV @ Market Price of 35 Mutual Funds increased, 5 Mutual Funds decreased and 1 Mutual Fund remain unchanged. Out of 41 Mutual Funds, 36 were traded below their respective NAV. PHPMF1 had the lowest Price/NAV ratio (59.8%) whereas 1STPRIMFMF was traded at highest Price/NAV ratio (181.4%). Price of NCCBL Mutual Fund gained 10.3% against increase in NAV by 0.2%.

Name of Fund	NAV Per Unit @		Price 23 Feb, 2014	Close Price/ NAV per Unit	% Change in NAV	% Change in Price	52-Week Price Range	Avg Monthly Turnover (BDT mn)	Year of Redemption	Asset Manager
	Market Price	Cost Price								
AIMS1STMF	51.38	17.11	44.7	87.0%	↑ 2.6%	↓ -4.7%	27 - 63.4	16.37	30/Jun/15	AIMS
GRAMEEN1	34.04	20.83	45.7	134.3%	↑ 1.4%	↓ -8.4%	29.4 - 84	12.65	4/Sep/15	AIMS
GRAMEENS2	18.48	12.79	17.8	96.3%	↑ 1.2%	↓ -5.8%	10.7 - 29.8	12.79	2/Sep/23	AIMS
RELIANCE1	12.69	11.71	9.8	77.2%	↑ 0.9%	→ 0.0%	7.7 - 13	5.77	7/Jul/21	AIMS
1STICB	1315.21	145.07	850.1	64.6%	↑ 7.9%	↓ -5.5%	775 - 960	0.07	31/Dec/14	ICB
2NDICB	287.23	100.65	288.8	100.5%	↑ 5.9%	↑ 0.1%	175.1 - 352	0.12	31/Dec/14	ICB
3RDICB	305.17	66.24	212.4	69.6%	↑ 9.2%	↑ 3.9%	127 - 224.4	0.15	31/Dec/14	ICB
4THICB	278.58	72.58	204.0	73.2%	↑ 3.0%	↓ -0.3%	122.1 - 242.1	0.12	31/Dec/14	ICB
5THICB	234.71	50.55	186.7	79.5%	↑ 6.2%	↑ 5.8%	100 - 235	0.20	31/Dec/14	ICB
6THICB	66.02	27.55	62.3	94.4%	↑ 4.0%	↓ -3.1%	40.5 - 77	1.65	31/Dec/14	ICB
7THICB	114.75	36.75	91.0	79.3%	↑ 2.8%	→ 0.0%	66 - 115.9	0.04	31/Dec/14	ICB
8THICB	76.84	31.2	64.1	83.4%	↑ 5.3%	↓ -2.6%	45.8 - 72.4	0.72	31/Dec/14	ICB
1STPRIMFMF	11.52	15.91	20.9	181.4%	↓ -8.1%	↓ -17.4%	8.8 - 35.7	13.64	17/Mar/16	ICB AMCL
ICB1STNRB	26.99	34.31	27.8	103.0%	↓ -0.8%	↓ -5.8%	21.5 - 37.7	1.01	28/Mar/17	ICB AMCL
ICB2NDNRB	11.8	14.89	11.1	94.1%	↓ -0.6%	↓ -5.1%	8.4 - 16.5	1.93	27/Jul/18	ICB AMCL
ICB3RDNRB	8	11.17	5.7	71.3%	→ 0.0%	↓ -9.5%	4.7 - 10.8	2.56	24/May/20	ICB AMCL
ICBAMCL2ND	8.86	12.82	7.3	82.4%	↓ -0.4%	↑ 5.8%	5 - 11.7	1.07	28/Oct/19	ICB AMCL
ICBEPMF1S1	8.08	11.47	6.5	80.4%	↓ -0.5%	↓ -7.1%	5.4 - 13.5	1.53	18/Jun/20	ICB AMCL
ICBISLAMIC	18.52	23.96	22.0	118.8%	↑ 1.6%	↓ -9.1%	16 - 28	2.46	5/Jan/15	ICB AMCL
ICBSONALI1	10.8	11.09	9.5	88.0%	↑ 1.4%	↓ -3.1%	6 - 13.2	4.68	12/Jun/23	ICB AMCL
IFILISLMF1	10.04	11.18	6.8	67.7%	↑ 1.4%	↓ -2.9%	4.1 - 9.4	4.67	22/Nov/20	ICB AMCL
PF1STMF	7.78	11.27	6.2	79.7%	↑ 0.1%	↓ -3.1%	4.6 - 12.4	1.74	9/May/20	ICB AMCL
PRIME1ICBA	8.13	11.38	6.3	77.5%	↑ 0.2%	↑ 1.6%	4.9 - 10.6	2.24	2/Feb/20	ICB AMCL
AIBL1STMF	10.91	10.69	8.3	76.1%	↑ 1.5%	↑ 7.8%	4.7 - 10.2	1.99	10/Jan/21	LR Global
DBH1STMF	10.62	10.49	6.8	64.0%	↑ 0.4%	↓ -2.9%	4.9 - 11.2	5.60	7/Feb/20	LR Global
GREENDELMF	10.22	10.33	6.2	60.7%	↑ 0.8%	→ 0.0%	4.4 - 10.3	5.88	28/Sep/20	LR Global
LRGLOBMF1	11.26	11.08	7.6	67.5%	↑ 0.4%	→ 0.0%	6.3 - 10.6	0.77	19/Sep/21	LR Global
MBL1STMF	10.69	10.51	8.4	78.6%	↑ 0.4%	↑ 7.7%	4.8 - 9.8	5.66	8/Feb/21	LR Global
NCCBLMF1	11.92	11.55	10.7	89.8%	↑ 0.2%	↑ 10.3%	7.4 - 13.6	6.46	24/May/22	LR Global
1JANATAMF	10.96	11.49	6.8	62.0%	↑ 3.1%	↓ -2.9%	4.9 - 10.3	3.31	20/Sep/20	RACE
ABB1STMF	12	10.89	8.1	67.5%	↑ 3.6%	↑ 3.8%	6.4 - 12.5	8.47	29/Jan/22	RACE
EBL1STMF	10.63	11.39	7.2	67.7%	↑ 0.2%	↓ -5.3%	6.3 - 14.8	2.20	19/Aug/19	RACE
EBLNRBMF	11.37	10.77	7.7	67.7%	↑ 2.6%	↓ -9.4%	6 - 11	0.13	23/May/21	RACE
EXIM1STMF	11.27	11.09	7.9	70.1%	↑ 0.9%	↓ -1.3%	6.5 - 11.5	0.05	16/Jul/23	RACE
FBFIF	11.19	10.74	9.1	81.3%	↑ 2.3%	↓ -1.1%	8 - 10.6	0.02	19/Mar/22	RACE
IFIC1STMF	11.11	11.22	7.1	63.9%	↑ 1.8%	↓ -2.7%	5.8 - 11.8	4.47	1/Apr/20	RACE
PHPMF1	10.7	11.55	6.4	59.8%	↑ 1.8%	↓ -1.5%	4.5 - 10.4	7.46	29/Nov/20	RACE
POPULAR1MF	11.15	11.99	6.9	61.9%	↑ 2.0%	→ 0.0%	4.8 - 10	8.16	19/Oct/20	RACE
TRUSTB1MF	11.43	10.92	7.8	68.2%	↑ 1.5%	↓ -2.5%	5.8 - 12.8	5.69	27/Jan/20	RACE
NLI1STMF	11.99	11.77	9.4	78.4%	↑ 0.8%	↓ -4.1%	7.6 - 15.7	5.23	27/Feb/22	VIPB
SEBL1STMF	11.59	11.31	8.5	73.3%	↑ 1.0%	↓ -2.3%	7.6 - 12.6	3.99	23/May/21	VIPB

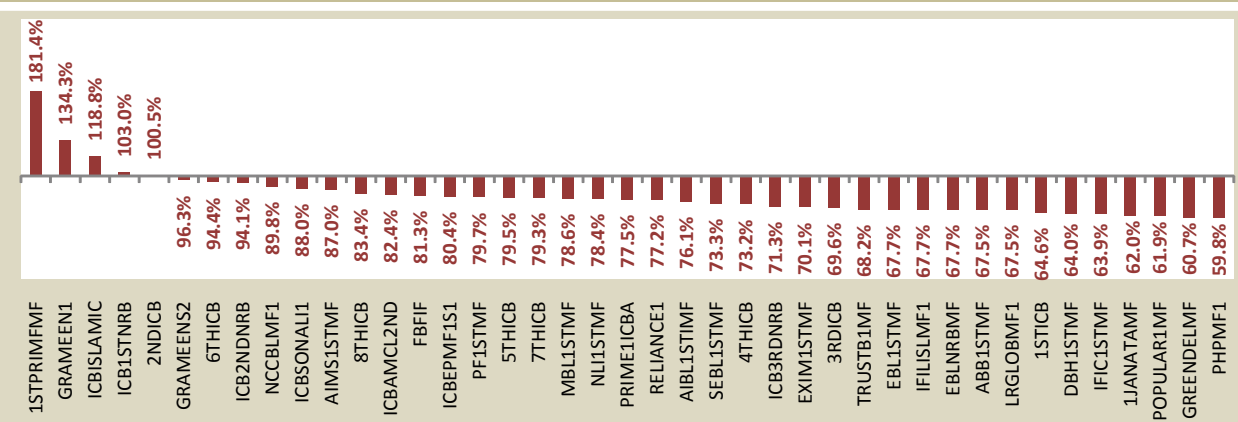
Weekly Top 10 Analysis

Highest Return	% Change in NAV	Lowest Return	% Change in NAV	Turover Leader	Avg Turnover (BDT mn)
3RDICB	9.2%	1STPRIMFMF	-8.1%	AIMS1STMF	16.4
1STICB	7.9%	ICB1STNRB	-0.8%	1STPRIMFMF	13.6
5THICB	6.2%	ICB2NDNRB	-0.6%	GRAMEENS2	12.8
2NDICB	5.9%	ICBEPMF1S1	-0.5%	GRAMEEN1	12.6
8THICB	5.3%	ICBAMCL2ND	-0.4%	ABB1STMF	8.5
6THICB	4.0%	ICB3RDNRB	0.0%	POPULAR1MF	8.2
ABB1STMF	3.6%	PF1STMF	0.1%	PHPMF1	7.5
1JANATAMF	3.1%	NCCBLMF1	0.2%	NCCBLMF1	6.5
4THICB	3.0%	EBL1STMF	0.2%	GREENDELMF	5.9
7THICB	2.8%	PRIME1ICBA	0.2%	RELIANCE1	5.8

Monthly Price Return



Mutual Funds Trading at Premium/Discount

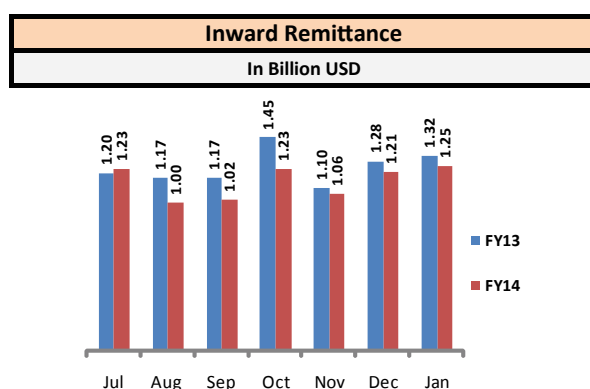


Performance of Asset Managers

Asset Manager	Assets Under Management (AUM) (BDT mn)	% of Total AUM	Monthly Return on Portfolio	NAV @ Market Price/ Cost Price	Paid-Up Capital (BDT in mn)
AIMS	6,306	12.3%	1.7%	1.70	2,595
ICB	3,124	6.1%	6.0%	4.02	178
ICB AMCL	7,078	13.9%	0.0%	0.78	7,250
LR Global	9,792	19.2%	0.6%	1.01	8,896
RACE	23,018	45.1%	2.1%	1.01	20,386
VIPB	1,760	3.4%	1.0%	1.02	1,501

BUSINESS NEWSFLASH**Economy****Remittance continues its slide in January**

The Daily Star, February 4, 2014



Source: BB

Remittance flow to Bangladesh continues to slide, dropping 5.3% in January on the back of declining numbers of migrant workers. The country received USD 1.25 billion in remittance last month against USD 1.32 billion in January 2013, according to Bangladesh Bank data. The drop is in keeping with the trend since last August, when it turned negative after slow growth since the first half of fiscal 2012-13. Only 4.5 lakh migrants managed overseas jobs in 2013, down by more than 33% from 2012, according to the Refugee and Migratory Movements Research Unit (RMMRU). Moreover, the decline is accompanied by a large number of returning migrants. The organization accounted the fall to the government's failure in stimulating labour markets in Saudi Arabia, the United Arab Emirates and Kuwait through diplomatic channels into accepting Bangladeshi migrants. World Bank in Dhaka said workers residing in countries such as Saudi Arabia, the UAE and Malaysia, whose visas have expired, are failing to send money home, which has affected the remittance flow. Besides, the flow of the portion of remittances sent for investment purposes might have fallen due to currency appreciation, as the value of taka rose 6 percent against the US dollar over the last one year.

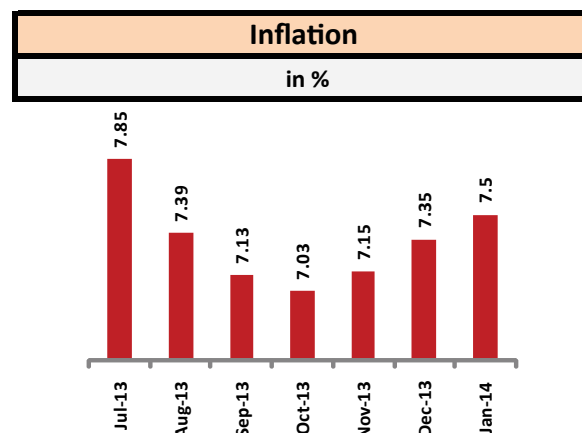
<http://www.thedailystar.net/business/remittance-continues-its-slide-in-january-9783>

Inflation rises to 7.5%: Non-food price hike fuelled the figure

The Daily Star, February 6, 2014

Inflation edged up 15 basis points to 7.5% in January on the back of a non-food price hike, making it harder

for the central bank to curb price pressures. The figure comes less than two weeks after the central bank admitted it would face challenges in bringing down inflation to the desired 7% in the second half of the fiscal year. The concerns over inflation prompted the regulator to keep the policy rates unchanged.



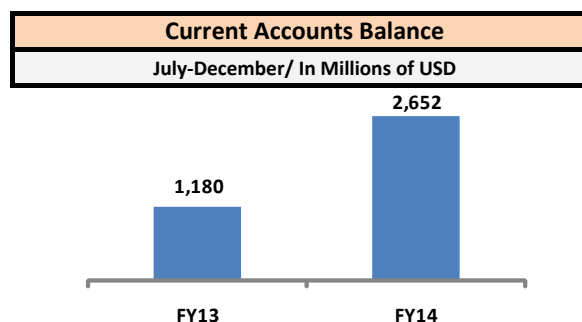
Source: BB

Food inflation went down 19 basis points last month to 8.81%, while non-food inflation increased 65 basis points to 5.53%, according to data from the Bangladesh Bureau of Statistics. The price hike in non-food items is responsible for the latest rise in inflation, reversing the recent trend. Bangladesh Bank said non-food inflation rose due to resumption of normal economic activity and wage increases in the manufacturing sector. The World Bank in Dhaka said the rise in inflation in January was expected and was driven entirely by an increase in non-food inflation in both rural and urban areas. The BB's monetary policy statement for January-June urged the government to keep its bank borrowing for fiscal 2013-14 within the target of BDT 26,000 crore.

<http://www.thedailystar.net/business/inflation-rises-to-7-5pc-10084>

Surplus in current account soars despite a fall in remittances

The Daily Star, February 9, 2014



Source: BB

The current account surplus rose by 124% to USD 2.65 billion in July-December this fiscal year, compared to the same period a year ago, despite a fall in remittances. The surplus came due to higher exports and a decline in petroleum import. However, the central bank in its recent monetary policy statement (MPS) apprehended that the surplus may decrease in the next six months. The World Bank's Dhaka office agree with the BB that there will be some risks of pressure on the balance of payments in the next fiscal year due to a low export growth and a decline in remittance inflow. In the first six months of the current fiscal year, remittances declined by 8.5% over the same period a year ago, when such earnings increased by 21.97%. But exports grew by 16.56% during the July-December period when overall import fell by 0.11%. The fall in import was 23.38% in December alone which caused a huge surplus in the current account balance. Though import of food grains, capital machinery and industrial raw materials increased during July-December, import of petroleum products decreased by 16.14%, according to LC (letter of credit) settlement data of the central bank. However, the WB economist said import may go up again as political stability is prevailing now.

<http://www.thedailystar.net/business/surplus-in-current-account-soars-despite-a-fall-in-remittances-10486>

Foreign Direct Investment hits record high in 2013

The Daily Star, February 11, 2014

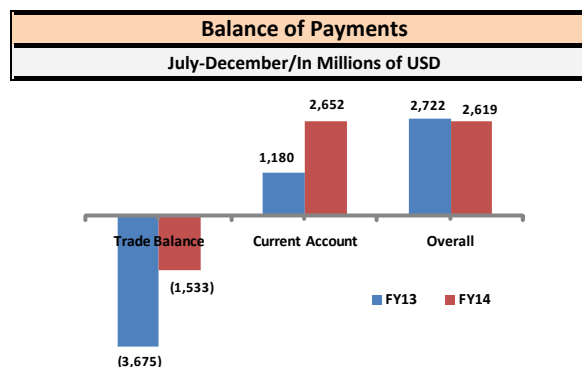
Bangladesh recorded the highest ever foreign direct investment in 2013 exceeding official expectation despite gloomy global economic climate and volatile domestic politics. The country received around USD 1.61 billion in FDI in the first 11 months last year, overwhelmingly surpassing the full-year record of 2012 at USD 1.30 billion. The latest figures came after FDI rose 1.36% or USD 9 million in the first five months of the current fiscal year of 2013-14 compared to the same period a year ago, according to Bangladesh Bank. The net FDI inflows were recorded at USD 673 million from July through November, which was USD 664 million in the same period a year earlier. The central bank put the FDI flow in the first 11 months of 2013 at USD 1.61 billion, after the Board of Investment (BoI)

said Bangladesh received FDI worth of USD 933 million in January-June of 2013. The FDI flow in the first half of 2013 was up by more than 88 percent compared to the same period of 2012 when the country received USD 495 million, according to the BoI and the central bank.

<http://www.thedailystar.net/business/fdi-hits-record-high-in-2013-10783>

Balance of Payment surplus erodes 4% in first half

The Daily Star, February 16, 2014



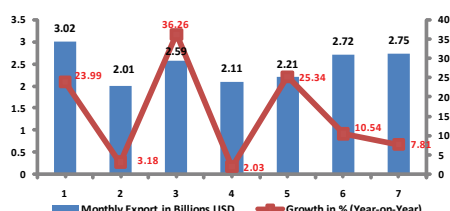
Source: BB

Balance of payments surplus eroded about 4% to USD 2.62 billion in the first six months of the fiscal year on the back of sliding remittance. Between July and December last year, remittance dropped 8.3% year-on-year, according to data from the central bank. The surplus though is still at a high level, due to the squeezing trade deficit and higher flow of foreign direct investment. Trade deficit narrowed 58% to USD 1.53 billion, while net foreign direct investment flow into the country rose 5.4% to USD 844 million. Exports grew 17.15%, while imports dropped 0.11%. Bangladesh Bank, however, forecast further erosion of the BoP surplus in the second half, as there will be a correction in the pace of export growth due to a possible slowdown in apparel orders, along with a pick-up in imports as investor confidence grows. Bangladesh Bank projects overall export growth of 8%, import growth of 9% and remittance growth of -4%, which will lead to a healthy balance of payment surplus, according to the monetary statement.

<http://www.thedailystar.net/business/bop-surplus-erodes-4pc-in-first-half-11498>

Exports buoyant

The Daily Star, February 17, 2014



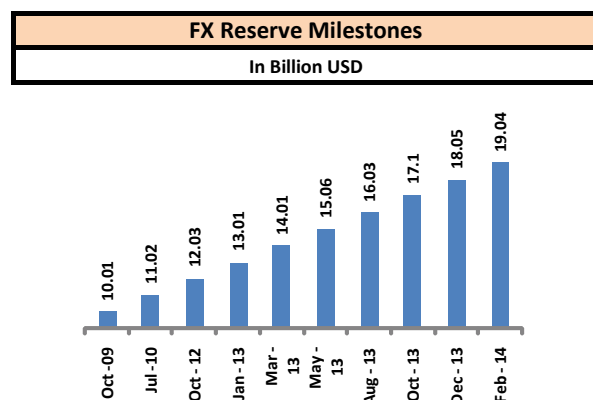
Source: BB

Exports continued to soar in January, showing no signs of hangover from the political instability of the past three months. In January, exports raked in USD 2.75 billion, an increase of 7.8%, and 0.73% December's takings, according to data from the Export Promotion Bureau. Last month's export receipt is also 2.62% above the month's target of USD 2.68 billion. The demand for the country's garment products is rising as sourcing countries can enjoy competitive prices compared to other countries. Garment exports, which typically account for 80% of the earnings, continue to go from strength to strength. In January, garment products brought in USD 2.24 billion, a 7.18% year-on-year increase but a slight drop of 1.75% from December's takings.

<http://www.thedailystar.net/business/exports-buoyant-11641>

Foreign Exchange reserves surge past USD 19b: Rising remittances and exports give the boost

The Daily Star, February 20, 2014



Source: The Daily Star

Foreign currency reserves continued its unprecedented growth to reach USD 19.04 billion on the back of a rise in remittances and exports and a fall in imports. This was the first time in the history that the reserves have surged past the USD 19 billion mark, which placed Bangladesh second only to India in the subcontinent, the central bank said. Exports have continued to grow and remittance flow is also on the rise despite the slowdown in the initial period of the current fiscal year. The reserves might cross USD 20 billion by June if the current trend continues. The World Bank's Dhaka office said there is a huge surplus in the balance of payments, thanks to rising exports and falling imports. The central bank has bought foreign currencies from the local market to prevent the local currency from appreciating, in order to protect the interests of exporters. Export earnings rose 15.04% in July-January of the current fiscal year. The country received around USD 1.61 billion in foreign direct investment in the first 11 months last year, overwhelmingly surpassing the full-year record of 2012 at USD 1.30 billion. Remittances saw a growth of 3.29% to USD 1.25 billion in January compared to the previous month.

<http://www.thedailystar.net/business/forex-reserves-surge-past-19b-12119>

Billion-dollar project for 3 economic zones

The Daily Star, February 24, 2014

A new study has identified Sherpur in Maulvibazar and Mirershorai and Anwara in Chittagong as potential locations for economic zones to be built at an estimated cost of USD 1.17 billion by investors. The study, commissioned by Bangladesh Economic Zones Authority, advised the government to roll out the Sherpur Economic Zone first as required infrastructure—power, water and gas—is in place. Japan Development Institute, Maxwell Stamp and Sheltech Private Ltd jointly conducted the study with financing from the World Bank and the British government's DFID. The country particularly needs the economic zones for the unemployed and the underemployed and people from the rural areas who are still living in poverty. The zones will be leased out for 30 years, with scope for renewal. The Sherpur economic zone, which is proposed to be set up on 353 acres of land, will be 55 kilometers from MAG Osmani International Airport, 435km from the Chittagong port and 208km from Dhaka. The economic zone will accommodate industrial plants

for textile, ceramic, pharmaceutical, paint and food processing plants and create jobs for 40,706 workers. The price of land will be USD 50 per square metre. The government plans to start the construction of the Sherpur EZ in 2015 and complete the work by 2018. It will cost USD 90 million, with only five households to be relocated to accommodate the economic zone.

<http://www.thedailystar.net/billion-dollar-project-for-3-economic-zones-12690?archive=2014-02-24>

Foreign aid spending continues to stagger

The Daily Star, February 27, 2014

Foreign aid disbursement target of USD 3.37 billion for the fiscal year is unlikely to be met after the country dispatched about 47% of the sum in the first seven months. Between July last year and January, aid disbursement rose 1.22% year-on-year to USD 1.57 billion. Political unrest in the last three months of 2013 has been blamed for the slow disbursement, according to an official from the Economic Relations Division. Disbursement is directly related to the implementation of projects and the political unrest delayed many projects, he said, adding that fiscal 2013-14's target is unlikely to be met even if implementation is accelerated in the second half. Subsequently, the target is set to be trimmed by USD 400-500 million in the revised budget, the official added. Foreign aid disbursement stood at USD 2.79 billion last fiscal year, the highest in the nation's history. Meanwhile, the development partners committed USD 1.55 billion during the period, down 45% year-on-year.

<http://www.thedailystar.net/business/foreign-aid-spending-continues-to-stagger-13164>

Stock Market

CDBL sees 61,000 new BO accounts

The Financial Express, February 2, 2014

More than 61 thousand BO (beneficiary owner's) accounts were opened in January, 2014 following the continuous rally in secondary market and good returns from primary market. The market insiders said a significant number of fresh investors opened BO accounts mainly because of stability being observed in

the secondary market. The data which is available in the Central Depository Bangladesh Limited (CDBL) have said the number of BO accounts was around 2.79 million at the end of December, 2013. And the number of BO accounts stood at 2.85 million on January 30 last. As a result, the number of accounts increased by 2.1% or above 61 thousand. According to CDBL, at the end of the December, 2013 the number of active BO accounts stood at 2.79 million whereas the number was 2.47 million at the end of December, 2012. Over the last three months the country's capital markets showed a steady trend riding on investors' buying spree. A significant rise in foreign portfolio investment was also another reason behind the continuous rally observed in the secondary market.

<http://www.thefinancialexpress-bd.com/2014/02/02/16665>

Deadline for share credit applications extended: Investors can seek loans from BDT 900cr scheme

The Daily Star, February 3, 2014

The surveillance committee of a government refinancing scheme for affected stockmarket investors once again extended the deadline for credit applications by two months to March 31. Retail investors, who lost money to stockmarket downswings in 2011, can apply for credit from the government's BDT 900-crore scheme. The finance ministry approved the guideline of the refinancing scheme in August last year. The panel, comprising representatives from the central bank, BSEC and Investment Corporation of Bangladesh, is responsible for monitoring the scheme operations and submitting a report to the finance ministry every quarter. The affected retail investors with smaller than BDT 10 lakh in exposure from January 2009 to November 2011 are eligible for the fund. The state-run investment company received the fund at 5% interest from Bangladesh Bank and lent it to merchant banks and stockbrokers at 7%. The merchant banks and the stockbrokers then disbursed the funds among retail investors at 9% interest. The borrowers will have to repay the loans every three months.

<http://www.thedailystar.net/business/deadline-for-share-credit-applications-extended-9644>

Foreign net investment jumps 328% in January on DSE

The Financial Express, February 4, 2014

Foreign net investments in the Dhaka bourse increased 328 cent in January 2014, compared to a month ago, as foreign fund managers now consider the market lucrative for long-term investment due to low prices of fundamentally strong stocks. Foreign investors bought shares worth BDT 4.03 billion, while they sold stocks worth BDT 1.24 billion in January 2014, to take their net investment for the month to BDT 2.78 billion, according to statistic from the Dhaka Stock Exchange (DSE). It is also the eight months highest net investments in DSE since June last year. In June, 2013, net investment by foreign investors was BDT 3.36 billion. In December, 2013, net foreign investments was BDT 649.46 million as foreign investors bought shares worth BDT 1.12 billion and sold shares worth BDT 478.49 million, the DSE data showed.

<http://www.thefinancialexpress-bd.com/2014/02/04/17073>

CSE elects 4 directors

The Daily Star, February 16, 2014

Four shareholders were elected to the first board of the demutualised Chittagong Stock Exchange. Mirza Salman Ispahani, managing director of ISPI Securities, bagged the highest number of votes: 92 out of 113 valid votes, the bourse said. Mohammad Khairul Anam Chowdhury, director and chief operating officer of LankaBangla Securities, won the second highest 86 votes, followed by Mohammed Mohiuddin, managing director of Island Securities, with 58 and Md Shamsul Islam, chairman and chief executive officer of Be Rich, with 57 votes. The four new directors, out of nine contenders, were elected from the bourse's existing shareholders, in line with the demutualisation scheme approved by Bangladesh Securities and Exchange Commission (BSEC) on September 26 last year.

<http://www.thedailystar.net/business/cse-elects-4-directors-11503>

Commodity exchange a new priority to BSEC

The Financial Express, February 18, 2014

The securities regulator is giving first priority to the introduction of commodity exchange and clearing corporation by relevant formulating rules and conducting required feasibility study. The necessity of introducing the commodity exchange and clearing corporation has become stronger following the pressure of International Organization of Securities Commissions (IOSCO) as a demutualised exchange cannot run based on sole product.

A top official of the Bangladesh Securities and Exchange Commission (BSEC) has said that it may take one year to introduce the proposed commodity exchange and clearing corporation. The section 32 (A) of the SEC Act reads: The business of Commodity Futures Contract or Options Contract, in the Commodity Exchange, shall be regulated in such manner and on payment of such fees and charges as may be prescribed. Presently, the Central Depository Bangladesh Limited (CDBL) is performing the job of clearing corporation. BSEC said that within very short span of time, the BSEC officials will be given responsibility of conducting feasibility study on commodity exchange. They look into the infrastructure while conducting the feasibility study prior to the introduction of commodity exchange.

<http://www.thefinancialexpress-bd.com/2014/02/18/19337>

Investors to access shariah index info for a fee

The Daily Star, February 26, 2014

Institutional investors will now be able to get information about the companies under the newly launched shariah-compliant index of the Dhaka Stock Exchange for a fee. An institutional investor or a TREC (trading right entitlement certificate) holder will have to pay non-refundable fee of BDT 5 lakh first and a further BDT 10,000 a month. The institutions and the TREC holders will also have to sign non-disclosure agreements with the premier bourse before knowing the companies under the DSES Index launched on January 19. Also, the institutional investors or TREC holders will be barred from reselling or displaying the companies of the index to others. The fees and the criteria were

set at a board meeting of the prime bourse, said Swapan Kumar Bala, managing director of the DSE. The DSES Index, designed and developed by the S&P Dow Jones Indices Methodology, a global leader in providing investable and benchmark indices for financial markets, is aimed at meeting the requirements of Islamic fund investors.

<http://www.thedailystar.net/business/investors-to-access-shariah-index-info-for-a-fee-13076>

LRGB Unit Fund okayed

The Financial Express, February 26, 2014

The securities regulator has approved the prospectus of the open-end mutual fund--LRGB Unit Fund (LUF). The approval came on February 25, 2014, at a commission meeting held at the office of the BSEC. As per the BSEC approval, the initial size of the LUF is of BDT 100 million and the offer price of the units is of BDT 10 each. Of BDT 100 million, BDT 10 million will be collected from the sponsors and the remaining BDT 90 million will be collected from all kinds of investors.

<http://www.thefinancialexpress-bd.com/2014/02/26/20613>

Banks

Classified loans to fall soon: Atiur

The Daily Star, February 17, 2014

Banks' nonperforming loans will soon come down to a tolerable level due to relaxed policies, Bangladesh Bank Governor Atiur Rahman said. On average, the banking sector's NPL rose to 12.79% of the total loans at the end of September 2013, but the figures of December last year would be at a tolerable level. In September, NPL, also known as classified loans, was 28.76% in state banks, 29.39% in specialized banks, 7.3% in private banks and 6.02% in foreign banks, according to the central bank. In line with the relaxed policies of the BB, banks will be able to fulfill some loan provisioning requirements in 2014 on a case-to-case basis instead of 2013 set earlier. The governor asked banks not to take advantage of the relaxed policies as bankers said some habitual defaulters may cash in on the benefit. Banks' capital increased by 145% to BDT 50,329 crore during the period. The number of

depositors' accounts rose by 63% to 6.12 crore, while savings and loans rose by 134% and 116% respectively between 2009 and 2013.

<http://www.thedailystar.net/business/classified-loans-to-fall-soon-atiur-11639>

BB warns banks against excessive exposure to stocks

The Daily Star, February 19, 2014

The central bank warned banks against excessive exposure to the capital market, in a bid to ward off a bubble burst witnessed in the previous terms of Awami League. Bangladesh Bank Governor Atiur Rahman came up with the warning at his first meeting with the chief executives of banks after a new government led by Awami League assumed power last month. The money market and the capital market will complement each other within the law, and the central bank will strictly monitor all activities to prevent any deviation, he said. Some banks are investing in the capital market beyond their permissible limit, which goes against the spirit of the recently amended banking law. The governor discussed various issues, including the capital market, default loans and the overall macro-economic situation. Banks cannot invest more than 20% of their capital in the stock market, according to the amended banking companies act. The previous law allowed banks to invest 10% of their capital. In line with the new law, the banks that invested more than the limit were asked to bring down the amount below the ceiling by July 2016.

<http://www.thedailystar.net/business/bb-warns-banks-against-excessive-exposure-to-stocks-11946>

11 lenders' credit growth negative

The Daily Star, February 25, 2014

Eleven banks' lending registered negative growth, reflecting depressed demand for money, according to Bangladesh Bank data. Of these banks, three are state-owned, four are private and four are foreign commercial banks, data released on January 16 showed. Bankers, however, said demand for money started rising slowly, riding on hopes for political calm. As of January 16, 56 banks operating in the country

had deposits worth BDT 620,270 crore, of which, banks lent out BDT 460,882 crore or 71.55%. Overall deposit in the banking sector grew 16.46% in the 12 months to January this year, and credit grew 7.73% in the same period. Four state banks—Sonali, Agrani, Janata and Rupali—that witnessed deposit growth of 18.48% year-on-year, faced an aggregate of 4.44% negative credit growth. Among the local private commercial banks, Brac Bank, ICB Islamic, Prime and Shahjalal Islami banks registered negative growth in lending in January this year compared to the same time a year ago. Three of the banks (except Prime Bank) faced negative growth in deposits. Of the foreign banks, Citibank, HSBC, State Bank of India and Bank of Ceylon also posted negative credit growth. Lower credit growth by the banks meant that a majority of the scheduled banks are sitting on excess funds worth around BDT 90,000 crore.

<http://www.thedailystar.net/business/11-lenders-credit-growth-negative-12891>

NBFI

LankaBangla profit soars, shares fall

The Daily Star, February 18, 2014

LankaBangla Finance's net profits rose 174% last year, powered by a rise in earnings from core business and capital gains from equity investment. On the back of the huge profit, the listed firm announced higher dividends this year than the previous year. But the higher profit and dividends fell short of the investors' expectations and the share price of the company declined 1.27% on the trading board. LankaBangla on recommended 15% cash dividends and 5% stock dividends for 2013. The joint venture company, listed on the stock market in 2006, had disbursed 10 percent stock dividends for 2012. On the Dhaka Stock Exchange, each LankaBangla share traded between BDT 73.5 and BDT 68.8, before closing at BDT 69.5. In 2013, LankaBangla made net profits of BDT 95.45 crore with earnings per share of BDT 4.58, up from BDT 34.80 crore with EPS of BDT 1.67 a year earlier.

<http://www.thedailystar.net/business/lankabangla-profit-soars-shares-fall-11790>

Textile

Stimulus drives RMG exports to new destinations: Apparel shipments to non-traditional markets rise to USD 3.5b in 2013 from USD 800m in 2008

The Daily Star, February 3, 2014

Emerging Destination	
* India	* China
* Russia	* Japan
* South Africa	* Turkey
* Brazil	* Chile
* Mexico	* South Korea
* Malaysia	* Australia
* New Zealand	

Source: The Daily Star

Garment exports to non-traditional markets advanced more than four times over the last six years following the government's incentive package in 2008 to offset the impact of the global financial crisis on the sector. The financial crisis started off in the US and then spread to the European Union—both of which happen to be the chief destinations of the country's garment exports. In a bid to offset any significant drop in garment export figures, the government in 2009 introduced a financial package to encourage garment manufacturers to explore new destinations. Under the scheme, the government gave 5% cash incentive to garment exporters in fiscal 2009-10, 4% in fiscal 2010-11 and 2% in fiscal 2011-12. The exporters are still receiving 2% cash incentive for exporting to the new destinations. Subsequently, exports to India, China, Russia, Japan, South Africa, Turkey, Brazil, Chile, Mexico, South Korea, Malaysia, Australia and New Zealand, took off.

<http://www.thedailystar.net/business/stimulus-drives-rmg-exports-to-new-destinations-9638>

Tung Hai Knitting allowed going public

The Financial Express, February 19, 2014

The securities regulator approved the IPO (initial public offering) proposal of the Tung Hai Knitting and Dyeing (THKD) to raise a fund worth BDT 350 million to boost running capital and repay term loans. The regulator has also approved the prospectus of the ICB AMCL Converted First Unit Fund (IACFUF) and the proposal of discontinuing the Padma Islami Life 1st

Mutual Fund (PILFMF). As per the regulatory approval, the THKD will offload 35 million ordinary shares at an offer price of BDT 10 under the fixed price method. According to the financial statement for the year ended December 31, 2012 the company's earnings per share (EPS) and net asset value (NAV) are BDT 1.15 and BDT 13.73 respectively. AFC Capital and Imperial Capital have been appointed the THKD's issue manager and co-issue manager respectively. As per the regulatory approval to the prospectus of the IACFUF, the initial size of the open-end fund will be BDT 500 million.

<http://www.thefinancialexpress-bd.com/2014/02/19/19521>

Cotton use may rise 8% next fiscal year

The Daily Star, February 27, 2014

Cotton consumption in Bangladesh may rise 8.75% to 870,000 tonnes in fiscal 2014-15 with higher demand for garments, according to a report by Economist Intelligence Unit (EIU). At the end of the current fiscal year, cotton consumption will reach 800,000 tonnes, the same quantity that Bangladesh consumed in fiscal 2012-13, the report added. Cotton consumption started picking up after fiscal 2011-12 when consumption had declined to 700,000 tonnes for volatility in the global cotton market. In fiscal 2010-11, Bangladesh consumed 840,000 tonnes of cotton.

For the sudden rise in cotton demand by China in 2011 to build stocks, prices reached a height of USD 2.5 a kilogram from 60-90 cents previously.

<http://www.thedailystar.net/business/cotton-use-may-rise-8pc-next-fiscal-year-13162>

Pharmaceuticals

Square Pharma's profits rise 33.61%

The Daily Star, February 3, 2014

Square Pharma experienced a 33.61% year-on-year rise in profits in the October-December period last year on the back of higher operating efficiency. Revenue growth and lower cost of sales also accounted for the profit of BDT 159 crore during the quarter. The medicine manufacturer saw revenue growth of 13.4%, while cost of sales went down to 51.1%. The earnings per share stood at BDT 3.30 during

the quarter in contrast to BDT 2.48 a year ago. The price earnings ratio of the company stood at 20.88. Amongst the top ten stocks by market capitalization, the company's net profit after tax rose 26.5% year-on-year to BDT 410 crore in the nine months to December. The company's shares traded at BDT 237 yesterday, with some 6.16 lakh shares worth BDT 14 crore exchanged on the trading floor.

<http://www.thedailystar.net/business/square-pharmas-profits-rise-33-61pc-9643>

Ecneec approves pharma park after revision

The Daily Star, February 5, 2014

The Executive Committee of National Economic Council approved the second revision of the pharmaceuticals park project, raising the cost by 42% from the first revision. The cost of the revised project stands at BDT 332 crore and is expected to be complete by 2015. The pharmaceutical park will accommodate industrial units on 42 plots to produce active pharmaceutical ingredients. The cost was increased to BDT 233 crore in the first revision in 2012 from BDT 213 crore originally earmarked in 2008. The cost revisions and time extensions were needed as a result of delays in land acquisition and adding new components to the project, the planning ministry said in a statement. Under this project, a pharmaceutical industrial park would be built on 200 acres at Baushia and Laxmipur Mouza beside the Dhaka-Chittagong highway under Gazaria upazila in Munshiganj. The park will directly employ 25,000 people. Ecneec approved this and four other projects at a total cost of BDT 640 crore.

<http://www.thedailystar.net/business/ecneec-approves-pharma-park-after-revision-9921>

Energy

Rahimafrooz to produce solar power for national grid

The Daily Star, February 5, 2014

Rahimafrooz Renewable Energy will produce solar electricity for Dhaka Power Distribution Company after installing a 50kw panel on the rooftop of Bangladesh secretariat. Rahimafrooz, the nation's largest solar power system provider, will design, install, operate and maintain the project for 20 years with photovoltaic materials and technology. The panel will be set up in

six months. After installation of the grid-tied solar system, Rahimafrooz will sell the generated power from the system to state-run DPDC at BDT 19.95 per unit. The system will generate 75 megawatt hours of electricity per year and reduce carbon emissions by around 50 tonnes annually. This is the first solar power purchase contract in the country.

<http://www.thedailystar.net/business/rahimafrooz-to-produce-solar-power-for-national-grid-9920>

ADB to give USD 310m to boost power supply

The Daily Star, February 12, 2014

The Asian Development Bank is set to provide a loan of USD 310 million to enhance the country's power supply system and reduce power outages and shortages. Deficiencies in power generation, supply and distribution are constraining businesses and undermining people's quality of life, with the poor suffering the most. The increased access to power and energy is critical for further growth and development of Bangladesh. The funds would be used to increase power transfer from Ghorashal to Tongi and boost transmission capacity to meet the increasing demand in Dhaka, Chittagong and Sylhet areas. The investments will also allow improved distribution networks in the Dhaka region by 2018 to minimise load-shedding caused by network constraints.

<http://www.thedailystar.net/business/adb-to-give-310m-to-boost-power-supply-10936>

Telecommunication

GP's net profit slides for second year

The Daily Star, February 12, 2014

Grameenphone's net profit fell by 16% year-on-year in 2013, the second year of depressed business, after the operator paid higher corporate taxes along with 3G spectrum and 2G renewal fees, while political unrest came as a fresh blow. The country's largest mobile phone operator saw a net profit of BDT 1,470 crore in 2013, against BDT 1,750 crore in the previous year. Last year's political unrest, especially in the fourth

quarter, was a reason behind the downward trend. A hike in corporate taxes also impacted the company's profit in the last 18 months. Bangladesh has 45% telecom penetration and still there is scope for growth, especially in rural areas. GP added 71 lakh new users, taking its subscriber base to 4.71 crore at the end of 2013 with a 41.4% market share. With a 17.7% growth in subscriber against the industry average of 17.1%, GP managed to strengthen its leadership position further. However, its revenue grew by 5.1% to BDT 9,660 crore last year, compared to that in the previous year. As the net profit declined, its earnings-per share (EPS) fell to BDT 10.89, which was BDT 12.96 at the end of 2012.

<http://www.thedailystar.net/business/gps-net-profit-slides-for-second-year-10928>

Tele companies' investment jumps manifold

The Daily Star, February 18, 2014

The mobile industry invested BDT 33,515 crore last year on the purchase of 3G spectrum and networking equipment, while investment was 'zero' in 2012. The mobile industry invested more than BDT 84,000 crore in the last 17 years, according to data from the Association of Mobile Telecom Operators of Bangladesh, the operators' lobbying group. The operators may invest a further USD 1 billion to expand networks in the current year if the regulatory environment becomes flexible and friendly. The tax administrator did not make the environment friendly for the operators, although they are the largest taxpayers. The regulatory environment has improved compared to previous years but the telecom law of 2001, which was amended in 2010, needs to be revised as the law puts investors at risk. License violations by any telecom retailer may make the operator itself liable to a fine of up to BDT 300 crore. The industry invested BDT 10,099 crore in 2011 and BDT 5,569 crore in 2010, which was only BDT 300 crore in 1997 when the industry made a debut in Bangladesh, according to a study by AMTOB.

<http://www.thedailystar.net/business/telcos-investment-jumps-manifold-11788>



Editorial Panel

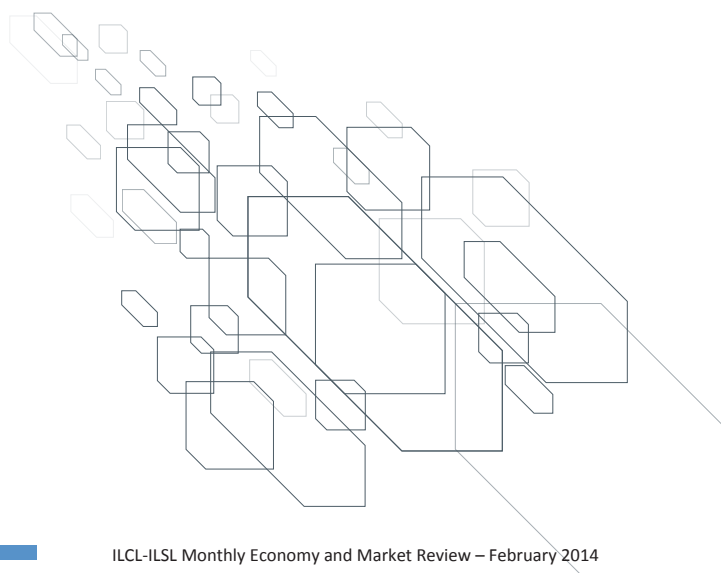
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Investors' Awareness Program was arranged at the Head Office and Agrabad & Khatunganj Branches of International Leasing Securities Limited, on February 2014 regarding the current Capital Market scenario, Analysis of a particular sector along with some stocks followed by a question & answer session. Among others, Chief Operating Officer and Head of Operation of the company were present.





International Leasing Securities Limited started its journey to provide diversified services to a wide range of customers.

International Leasing Securities Limited offers full-fledged high standard brokerage service with margin loan facility. It is also a full service Depository Participant (DP) of Central Depository Bangladesh Ltd. (CDBL). The brokerage service is designed to provide customers with necessary support in the stock market.

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Value for our clients

We have formed a dedicated and professionally qualified research team so that our clients can have proper understanding of market dynamics and take informed investment decision.

To meet the objective we deliver plenty of enriched products and services to our clients. Our research coverage includes but not limited to listed company analysis, sector analysis and economy analysis of Bangladesh.

Currently our research basket has:

- Daily Market Update: Clients can get information on market movement along with the clarifications on overall market pulse.
- Equity Note: Provide brief company insights based on fundamental analysis
- Valuation Report: Deliver extended fundamental analysis on particular stock
- IPO Note: Cover information regarding respective upcoming issue
- Performance of mutual fund: Contain information about NAV of all Mutual Funds with comparison of previous week.
- Corporate declaration: Includes information related to listed company (from DSE Website)
- Monthly Publication: Comprises of economic update, market update, overview on any particular sector and snapshot over few stocks under the covered industry and business news
- Macroeconomics Update: Offer review on Monetary Policy Statement (MPS), Budget etc.



We Promise Customized and Efficient Investment Solutions ...



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