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Stocks

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(Week-on-week)		

Asian Markets

MUMBAI	▲ 0.56%	17,117.69
TOKYO	▼ 0.13%	9,901.19
SINGAPORE	▲ 0.47%	2,806.51
(Friday closings)		

Commodities

Gold	▼	\$1,206
(per ounce)		
Oil	▼	\$71.51
(per barrel)		
SOURCE: AFP (As of Friday)		

News in Brief

Green light to Reliance mutual fund

BSS, Dhaka

AIMS of Bangladesh has received Securities and Exchange Commission's approval to launch the Reliance Insurance Mutual Fund.

The approval, which came last week, now paves the way for Reliance Insurance to go ahead with its mutual fund proposal.

Bangladesh General Insurance Company Ltd and Standard Chartered Bank will be the fund's trustee and custodian.

According to AIMS, it is a multi-scheme mutual fund, where the first scheme would be a Tk 55 crore closed-end balanced growth fund.

The mutual fund is likely to be launched in the second half of this year.

3 more US banks shut

AP, Washington

Regulators on Friday shut down a Nebraska bank that has struggled under the weight of soured loans and drawn scrutiny from federal authorities since early last year. Two small banks in Illinois and Mississippi were also shuttered, boosting the number of US bank failures this year to 81. The banks are TierOne, First National Bank and Arcola Homestead Savings Bank.

Summit buys ICB bank stake

\$55m deal signed

SAJJADUR RAHMAN

ICB Banking Group that acquired Oriental Bank and renamed it ICB Islamic Bank Bangladesh has decided to sell its entire shareholding for \$55 million to a group of Bangladeshi buyers.

The Switzerland-based, Malaysian-owned ICB Banking Group currently holds 50.1 percent or 3,506,743 ordinary shares in the bank.

ICB signed a sale and purchase agreement with Summit Industrial and Mercantile Corporation, Cosmopolitan Traders, Alliance Holdings, Summit Alliance Port Ltd and Shore Cap Holdings Ltd on Thursday.

Of the buyers, Summit Industrial and Mercantile Corporation, Cosmopolitan Traders and Summit Alliance Port are owned by Summit Group. Alliance Holdings incorporated in 1998 has business in container terminals, pre-engineered steel building, beverage, financial institutions, real estate, gas pipeline laying/construction, textiles, IT and dairy sectors.

"The bank requires further capital to meet its huge demand for provisioning due to the loss incurred during the Oriental management," a member of the bank's board of directors said, requesting anonymity.

Masihul Huq Chowdhury, managing director of the bank, said: "The previous management of the bank did not keep adequate provisioning against bad loans."

Bangladesh Bank (BB) in June 2006 dissolved Oriental Bank's board of directors after detecting massive corruption. To safeguard the interest of the depositors, the central bank took over the management and appointed a BB executive direc-

tor as the bank's administrator.

"ICB Group doesn't want to inject the additional capital," said the director.

ICB Islamic Bank incurred a loss of \$5.9 million or around Tk 41 crore for the year that ended on December 31, 2009, according to ICB statistics.

The MD of the bank said the extra money used for pro-visioning has mainly caused the losses.

Earlier in February 2008, ICB Group had entered into a share sale and purchase agreement with the BB and The Oriental Bank Ltd to acquire a 50.1 percent equity interest in The Oriental for a total cash of Tk 350 crore (approximately \$51.2 million). The acquisition completed in March 2008.

Of the remaining 49.9 percent shares, general shareholders own 25 percent. Different government organisations and financial institutions, including the BB, Bangladesh Export Processing Zones Authority and Power Development Board, own the rest.

The group on its website said the proposed disposal is subject to the approval of the central bank and is expected to be complete by September.

About the takeover of the once 'problem bank', Chairman of Summit Group Aziz Khan said: "We'll focus more on the rural unbanked people and infrastructure financing."

ICB Financial Group Holdings AG is the holding company of ICB Banking Group (ICB), an international commercial banking business that was listed on the London Stock Exchange in May 2007. ICB Banking Group has presence in 14 countries of Africa, Asia and Europe. sajjad@thedailystar.net

KEY FACTS

- 2006: Bangladesh Bank dissolves Oriental Bank's board of directors on corruption charges
- 2007: BB floats a tender to sell the bank's 50.1 percent stake
- 2007: Two bidders participate in the bidding and ICB Group wins
- 2008: ICB signs a share sale and purchase agreement with BB and Oriental Bank
- 2008: ICB starts massive restructuring
- 2009: The bank incurs a loss of \$5.9 million or nearly Tk 41 crore
- 2010: ICB Group signs a sale and purchase agreement with a group of Bangladeshi buyers to sell its entire stake in the bank

FBCCI polls shift to June 19

STAR BUSINESS REPORT

The biennial elections of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) will now be held on June 19 instead of June 17.

The polling date has been shifted because the Chittagong mayoral election is scheduled for the same date, a press release issued by the apex trade body said yesterday.

The FBCCI voting will start from 9 in the morning to continue up to 5 in the afternoon without any break.

Meanwhile, AK Azad, managing director of Ha-Meem Group and a presidential candidate, yesterday introduced the panel to journalists at a function at Purbani Hotel in Dhaka.

Azad also identified 28 other candidates vying for support against his panel. From the chamber group, the other candidates vying for directorship include Mamataz Uddin from Bogra Chamber of Commerce and Industry, Monowara Hakim Ali from Chittagong Women Chamber of Commerce and Industry, Jalal Uddin Ahmed Yameen from Madaripur Chamber of Commerce and Industry, Shamsul Haque from Naogaon Chamber of Commerce and Industry and Mostafa Azad Chowdhury Babu from Rangpur Chamber of Commerce and Industry.

The candidates from the associations group include Jasim Uddin from Bangladesh Plastic Goods Manufacturers and Exporters Association, MA Momen from Bangladesh Ink Manufacturers Association, Abdur Razzaque from Bangladesh Engineering Industries Owners Association and KM Aktaruzzaman from Bangladesh Furniture Industries Owners Association.

Flawed computation in indices: DSE hearing tomorrow

SARWAR A CHOWDHURY

The stockmarket regulator has asked the Dhaka Stock Exchange to explain at a hearing set for tomorrow why the prime bourse went for trade before transaction hours while absorbing fresh companies.

The DSE will also clarify its position on flawed computation in indices as per a show-cause notice served on it recently.

A senior official of the Securities and Exchange Commission said, "The commission has served notice on the bourse asking it to explain its grounds on non-compliance with securities laws over the execution of trade and calculation of index."

Earlier, the SEC in an investigation found that the bourse executed trade of Grameenphone shares at 10:59:17am on November 16 last year. The exchange also executed another trade of AIMS Mutual Fund at 10:59:12am on February 25.

But the trading session starts at 11am sharp and as per Dhaka Stock Exchange Automated Trading Regulations, 1999 no entry order is allowed or permitted before the opening of the trading session.

The SEC in another move found that the DSE violated a regulator's directive on index calculation while incorporating the newly listed issues like Grameenphone and Marico Bangladesh.

The DSE counted the index on the first day adjusting market capitalisation for the concerned securities multiplying the face value with outstanding shares instead of previous day's closing price.

On the other hand, incorporating new securities under direct listing rules, the DSE did not also follow its own method of calculation of index.

Jamuna Oil Company shares were

first traded on January 9, 2008, but were included in the benchmark index on January 13, the third trading day. Similar thing happened in the case of ACI Formulations and Shinepukur Ceramics, and these two were included in the index on their fourth trading day.

In contrast, Meghna Petroleum and Navana CNG were included in the index on their debut day.

The DSE activities appeared to the commission as 'deliberate and clear contravention' of securities rules.

The flawed calculation in indices came to the light through media reports in January this year following the trade debut of Grameenphone shares on the stockmarket on November 16, 2009.

On the day, the benchmark index of the DSE skyrocketed by more than 764 points.

This abnormal jump, which created confusion in the market, was due to faulty index counting. DSE adjusted the index from the first day of Grameenphone's trade based on the face value of Tk 10 each.

The SEC opened an investigation into the matter and directed the two bourses to start counting index points from the second day of a company's trade, as the debut day does not reflect the real picture.

Until the GP debut, the DSE was following IOSCO-recommended guidelines in index counting, while the Chittagong Stock Exchange was following the Laspeyres index calculation method.

Meanwhile, the SEC has initiated a move to introduce a common index of stocks so that accurate picture of share transactions would be reflected.

The new indices would be introduced in the next four months that will replace the indices currently in place in the country's two bourses.

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Delegates leave for Kunming fair

STAR BUSINESS DESK

Two delegations left the country on Friday to attend the 18th Kunming Import and Export Commodities Fair.

The delegates are members of Dhaka Chamber of Commerce and Industry (DCCI) and Bangladesh Indenting Agents Association (BIAA).

DCCI Vice President M Shahjahan Khan is the leader of the 32-member chamber team, and BIAA President Shabbir Ahmed Khan is leading another 10-member team, according to separate statements.

Members of DCCI, co-organiser of the fair, will return on June 11.

The BIAA delegation went to the fair on an invitation of China Council for Promotion of International Trade (CCPIT). It will also attend the fifth Asian Business Forum after the commodities fair that ends on June 10.

The BIAA chief will present a keynote paper on trade collaboration at the forum and is expected to renew the existing memorandum of understanding between his organisation and CCPIT.

"Bangladesh will have unique opportunities to display handicrafts and cottage products and readymade garments, leather and leather goods, artificial jewelleryes and jute goods in the fair," the DCCI statement said.

The show will expand the Bangladeshi products' market and strengthen the bilateral trade between the two countries, the chamber added.

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