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PROJECT WORK ON

BUS-498



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Date of Submission: 20th August, 2007

EAST WEST UNIVERSITY BANGLADESH

Letter of Transmittal

20th August 2007

Mr. Sayeed Alam
Senior Lecturer
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East West University.

Subject: Submission of the project work.

Sir,

I would like to submit the term paper, which was done on Investment Corporation of Bangladesh and economic growth of financial market of Bangladesh. The paper has given me the opportunity to combine my theoretical knowledge with practical experiences. And encourage me for further project work.

The paper contains a descriptive study on "Investment Corporation of Bangladesh". I have provided the findings I have derived from my exploration in this field.

Your valuable advice, suggestion and guidance have helped me to prepare the paper with ease. I will be very glad, if you kindly accept this report.

Yours truly,

Mainul Islam

MD. Mainul Islam



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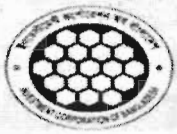


“AN APPRAISAL OF THE ACTIVITIES OF INVESTMENT CORPORATION OF BANGLADESH”

1.0 INTRODUCTION

Investment Corporation of Bangladesh (ICB) the national investment house established in 1976, till now is the lone organization to perform the activities of creating demand for securities and on the other hand to ensure the supply of securities in Bangladesh capital markets. The establishment of ICB was a major step in a series of measures undertaken by the government to accelerate the pace of industrialization and develop a well-organized and vibrant capital market. Investment Corporation of Bangladesh (ICB) the national investment house is the long organization to perform the activities of creating demand for securities in Bangladesh capital markets. In recent years with the changing economic climate, the Government of Bangladesh has emphasized the development of ICB. Government is also trying to develop the ICB through different policy measures, even though the rate of development is not up to expectation. Thus, the situation warrants detailed examination of the activities of ICB.



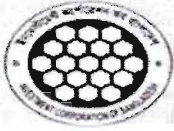


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1.1 Overview of ICB

As part of the on going restructuring program of ICB under Capital Market Development Program (CMDP) initiated by Govt. of Bangladesh and the Asian Development Bank (ADB), three subsidiary companies, e.g. the ICB Capital Management Limited, ICB Asset Management Company Limited and ICB Securities Trading Company Limited have been created to carry out merchant banking, mutual fund operations and securities trading functions respectively. The Companies were incorporated under the Company Act, 1994 with the Registrar of Joint Stock Companies on December 5, 2000. Certificates of Commencement were also obtained on the same day. Preliminary registrations of the companies with the Securities and Exchange Commission (SEC) were obtained on 19 December 2000 under certain terms and conditions. Subsequently, Government of Bangladesh was approached to provide Tk 5.25 core soft loan to ICB to enable it as the holding company to inject equities of the subsidiary companies. An arrangement in this behalf was signed between Government of Bangladesh & ICB on 14 June 2001.

Earlier, independent Board of Directors for the three companies was constituted with 50% directors from ICB and the rest from private sector, with no interlocking of the Boards. as per relevant provision of the ICB ordinance, their own Memorandum and the Articles of Association, Companies Act, 1994 and other relevant laws applicable to them, shall guide the subsidiary companies, ICB shall carry out only the old business while the new organization of business shall be undertaken by the respective subsidiary companies. The creation of subsidiaries under ICB is one of the major events in the annals of ICB. it is expected that as a result of this fundamental and strategic change in modus operandi of ICB, the country's capital market and in particular ICB will be strengthened.

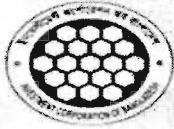


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1.2 Objective of the study

The present study is an attempt to evaluate the performance of ICB with special emphasize on ICB mutual funds, ICB unit fund, ICB investors' scheme, its contribution as one of the institutional investors for the development of stock markets and the financial performance of ICB. The relevant data and information for this study were collected from ICB, Stock Exchanges, Stock Markets Reports, and Securities and Exchange Commission (SEC). Relevant articles and literatures have also been consulted. The article considers last twelve years relevant data for evaluating the performance of ICB. The collected data has been analyzed through the various statistical measures like growth percentage, average growth.





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2.0 APPRAISAL OF THE ICB ACTIVITIES

2.1 Objective of the ICB:

- To encourage and broaden the base of investment.
- To develop the capital market.
- To provide for matters ancillary thereto.
- To mobilize savings.
- To promote and establish subsidiaries for business development.

2.2 Business Policy of the ICB:

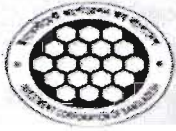
- To act on commercial consideration with due regard to the interest of industry, commerce, depositors, investors and to the public in general.
- To provide financial assistance to projects subject to their economic and commercial viability.
- To arrange consortium of financial institutions including merchant banks to provide equity support to projects and thereby spread the risk of underwriting.
- To develop and encourage entrepreneurs.
- To diversify investments.
- To induce small and medium savers for investment in securities.
- To create employment.
- To encourage Investment in IT sector.
- To encourage Investment in joint venture capital/project.



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2.3 Basic Functions of the ICB:

- Underwriting of initial public offering of shares and debentures
- Underwriting of right issue of shares
- Direct purchase of shares and debentures including Pre-IPO placement and equity participation
- Providing lease finance to industrial machinery and other equipments singly or by forming syndicate
- Managing investors' Accounts
- Managing Open End and Closed End Mutual Funds
- Operating on the Stock Exchanges
- Providing investment counsel to issuers and investors
- Participating in Government divestment Program
- Participating in and financing of, joint-venture projects
- Dealing in other matters related to capital market operations
- Trusty, Custodian, Bank Guarantee
- Consumer Credit



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2.5 Product of ICB:

2.6 Private Placement:

ICB is authorized to act as an agent of the issuers and investors for private placements of securities. Under this arrangement, ICB places securities to individuals /institutions on behalf to the issuer for which it charges fees. ICB also acquires Share/securities.

2.7 Custodian and Banker to the Issues:

To act as the custodian in the public issue of opened –end & closed end mutual funds, ICB provides professional services. It also acts as the banker to the issues and provides similar services through the network of its branches fees in this regard are negotiable.

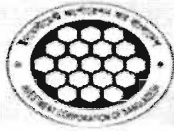
2.9 Merger and Acquisitions:

Companies willing to expand their business through mergers or acquisitions or to divest projects that no longer fit into present scale of operation contact the corporation. ICB provides professional services &advices in respect of shaping up the cost and financial structure to ensure best possible operation results. Besides, in case of divestment, the corporation, through network and established business relationship, bring buyers and sellers together, help them negotiable final agreement and advice on the emerging corporation structure.

2.10 Corporate Financial Advice:

Companies and Government enterprises intending to go public often seek professional & financial advice on corporate restructuring &reengineering .ICB through its expensive provide such services.





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TEN YEARS ACTIVITIES OF ICB AT A GLANCE : 1995-96 to 2004-05

(Tk in crore)

Sl. no.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Cumulative Up to 30 June 2005
1.	Resources (as on 30 June)											
	Authorized Capital	20.00	20.00	20.00	20.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	Paid up Capital	20.00	20.00	20.00	20.00	46.60	46.60	46.60	46.60	50.00	50.00	50.00
	Reserves	29.25	34.45	36.55	39.31	42.51	46.51	52.51	59.11	60.11	84.11	84.11
	Retained Profit	2.74	0.61	0.62	0.16	0.39	0.86	1.48	1.74	4.73	5.36	5.36
	Government Loan	6.24	4.20	2.80	1.40	0.18	5.25	5.25	5.25	5.25	5.25	5.25
	Debenture Loan	72.17	68.40	141.02	135.87	115.20	103.53	97.87	89.67	76.03	61.80	61.80
	Others	13.89	15.11	19.40	24.84	31.15	35.81	32.40	29.83	27.40	24.89	24.89
2.	Financial assistance of project (commitment)											
	No. of projects	12	9	10	5	6	7	10	36	17	11	431
	Amount	40.13	34.12	29.64	18.39	8.25	23.92	22.95	62.82	45.51	149.05	536.87
3.	Disbursement of project loan											
	No. of projects	7	5	3	3	1	1	1	-	-	-	308
	Amount	4.20	4.05	7.18	6.57	0.54	0.30	0.10	-	-	-	114.52
4.	Trustee to the debenture issue											
	No. of companies	2	1	1	1	1	-	-	-	-	5	17
	Amount	16.50	20.00	21.25	5.00	2.00	-	-	-	-	140.00	184.15
5.	Trustee to the issue of bonds											
	No. of company	-	-	-	-	-	-	-	1	-	4	5
	Amount	-	-	-	-	-	-	-	30.00	-	104.86	134.86
6.	Custodian/trustee to the issue of mutual fund											
	No. of company	-	-	-	-	-	-	-	2	-	2	4
	Amount	-	-	-	-	-	-	-	20.00	-	20.00	60.00
7.	Manager to the issue											
	No. of company	12	3	1	3	3	0	2	-	-	-	41
	Amount	78.16	18.08	2.00	15.40	13.90	0	3.00	-	-	-	104.99
8.	Advance against ICB Unit and Mutual Fund certificates											
	Disbursement	-	-	-	2.83	2.92	2.73	1.85	3.12	3.89	4.66	22.00
9.	Lease Financing											
	No. of project	-	-	-	1	6	5	5	8	7	2	34
	Amount sanctioned	-	-	-	0.90	6.53	4.33	6.18	13.23	11.21	50.55	92.93
10.	Overdue Loans											
	Principal	39.14	40.46	38.92	40.33	37.60	52.20	49.01	113.64	101.43	33.62	33.62
	Interest	320.07	348.85	390.94	402.09	411.51	427.38	437.60	387.13	397.47	423.36	423.36
	Total	359.21	389.31	429.86	442.42	449.11	479.58	486.61	500.77	500.90	456.98	456.98
11.	Not due loans											
	Principal	15.59	16.55	23.92	27.87	28.40	12.97	13.52	14.41	18.33	9.42	9.42
	Interest	-	-	-	-	-	0.92	0.48	2.26	0.57	0.40	0.40
	Total	15.59	16.55	23.92	27.87	28.40	13.89	14.00	16.67	18.90	9.82	9.82
12.	Outstanding loans as on 30 June (10111)											
	Principal	54.73	57.01	62.84	68.20	66.00	65.17	62.53	128.05	121.76	43.04	43.04
	Interest	320.07	348.85	390.94	402.09	411.51	428.30	438.08	389.39	398.04	423.76	423.76
	Total	378.80	405.86	453.78	470.29	477.51	493.47	500.61	517.44	519.80	466.80	466.80
13.	Recovery of project loans											
	Principal	2.38	1.91	1.22	1.18	2.68	1.02	2.46	2.96	5.91	9.55	71.96
	Interest	1.97	2.52	1.97	2.45	3.72	4.79	4.26	4.47	3.86	3.13	97.11
	Premium	0.01	0.01	0.01	-	-	0.26	-	0.02	0.07	0.22	1.39
	In suspense account	1.22	2.03	1.68	1.14	0.28	0.69	0.78	0.12	0.33	0.39	6.34
	Loan loss written-back	-	-	-	-	-	-	-	0.10	0.50	0.81	1.41
	Total	5.58	6.47	4.88	4.77	6.68	6.76	7.50	7.67	10.67	14.10	178.21
14.	Legal Action											
	No of cases filed	3	4	-	1	6	3	5	3	51	11	267
	No of decrees obtained	2	24	10	10	3	4	5	9	6	6	170
15.	Public Issue (ICB assisted)											
	No. of companies	2	4	1	2	3	2	4	2	7	8	111
	Size issue (general public)	15.50	39.83	1.00	18.75	6.25	6.00	8.80	17.00	74.20	80.75	368.43
	Public subscription	87.63	195.26	0.60	14.33	21.66	3.91	21.66	118.24	1666.61	984.65	3259.20



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TEN YEARS ACTIVITIES OF ICB AT A GLANCE (Contd.): 1995-96 to 2004-05

											(Tk in crore)	
Sl. no.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Cumulative Up to 30 June 2005
16. ICB Investors' Scheme												
	No. of accounts opened	2588	16801	1251	460	236	759	794	-	-	-	77207
	No. of accounts closed	2058	2797	3044	2820	2002	1535	1432	932	774	807	28327
	Net operative accounts	44722	58726	56933	54573	52807	52031	51393	50461	49687	48880	48880
	Deposits received	22.27	88.81	18.72	7.61	5.44	13.36	19.77	13.91	27.31	22.77	314.87
	Loans disbursed	37.40	156.16	31.52	10.57	6.53	44.59	45.98	27.36	58.73	159.50	707.68
	Investment made	56.02	163.78	47.52	17.79	9.23	46.64	55.04	41.11	62.91	118.26	760.82
17. ICB Mutual Funds												
	Numbers	7	8	8	8	8	8	8	8	8	8	8
	Capital Fund	12.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50
	Investments at cost	18.25	28.82	29.07	36.56	43.57	34.23	34.21	40.12	48.13	51.99	51.99
	Total market value of investments	45.61	73.69	47.20	49.29	49.88	43.98	33.99	39.93	58.63	67.66	67.66
Dividend per certificate (Tk.)												
	1 st ICB Mutual Fund	60	70	70	100	125	170	175	180	200	210	
	2 nd ICB Mutual Fund	42	45	30	32	35	40	42	45	50	55	
	3 rd ICB Mutual Fund	28	38	35	38	40	45	50	50	50	52	
	4 th ICB Mutual Fund	41	45	32	35	36	38	40	40	45	48	
	5 th ICB Mutual Fund	30	35	22	20	21	23	24	24	24	27	
	6 th ICB Mutual Fund	20	24	18	15	16	17	17.50	17.50	17.50	18.50	
	7 th ICB Mutual Fund	18	21	14	13	13.50	14	14.50	14.50	15	16	
	8 th ICB Mutual Fund	-	18	12	12	12.50	13	13.50	13.50	14	15	
18. ICB Unit Fund												
	Gross sale	147.86	149.89	98.06	45.82	30.33	30.14	30.67	18.12	17.97	17.09	940.28
	Repurchase	12.63	38.87	34.57	65.71	80.99	41.98	34.54	18.59	20.79	23.46	477.19
	Net sale	135.23	111.02	63.49	-19.89	50.66	-11.84	-3.87	-0.47	-2.12	-6.37	463.09
	Investment, at cost	260.04	343.79	403.76	422.88	407.92	419.70	397.13	431.33	604.59	637.09	637.09
	Total market value of investments	413.33	556.32	432.96	413.33	345.57	376.76	270.22	314.75	626.63	700.89	700.89
	Rate of dividend (Tk)	17	17.5	14	12	12	12	12.30	12.30	11.50	12	
19. ICB's transactions in the stock exchanges												
	DSE	150.25	412.70	175.36	152.67	300.06	366.99	225.82	728.91	631.26	796.90	
	CSE	0.64	49.09	13.28	7.68	4.03	10.27	334.51	512.08	426.33	268.73	
20. Financial Results												
	Income	24.45	43.89	39.59	39.75	48.50	73.49	100.76	113.80	137.35	170.38	
	Expenditure	19.70	35.87	35.18	35.43	42.56	65.32	90.33	103.12	119.21	148.45	
	Net profit	4.75	8.02	4.13	4.32	5.94	8.16	10.43	10.68	18.14	21.93	
	Dividend (Tk. per share)	10	11	7	7	5	7	8	8	10	12	
21. Manpower												
	Officer	201	230	242	248	242	251	239	241	234	254	254
	Employee	125	129	137	132	152	139	138	131	131	142	142
	Total	326	359	379	380	394	390	377	372	365	396	396
22. No. of shareholders												
		574	587	612	613	631	669	693	799	1054	955	955
23. Branches												
		5	5	7	7	7	7	7	7	7	7	7
24. Subsidiaries												
		-	-	-	-	-	-	3	3	3	3	3



3.0 International Activities of the ICB:

3.1 ICB's involvement with South Asian Development Fund (SADF):

SAARC Fund for Regional Projects (SFRP) and SAARC Regional Fund (SRF) were established in 1991 with the collaboration of member countries of the SAARC. The establishment of SADF was officially declared by dissolving SFRP and SRF in a meeting of the member countries held in Dhaka in June 1 996. SADF is an Umbrella Fund comprising three windows:

(i) Window for Identification and Development of Projects.

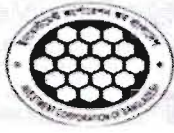
(ii) Window for Institutional and Human Resource Development, and

(iii) Window for Social

and Infrastructural Development. ICB being the nodal DFI has been representing Bangladesh in the governing board of SADF and contributed proportionately to the fund. UP to 30 June 2004, eight meetings of the Governing Board of SADF were held. The Managing Director of ICB performed the responsibilities of the first chairman of the Governing Board of SADF and by rotation; the Chief Executive Officer of National Bank of Pakistan is the current Chairman of the Governing Board of SADF. Under Window-i of SADF, identification and feasibility studies of 14 projects have been completed of which 9 projects are in Bangladesh and under Window-ii a training programme was arranged in India.

3.2 South Asia Regional Fund (SARF):

Investment in South Asia Regional Fund (SARF) To facilitate investments in SAARC member countries a development fund of US\$ 200.0 million, namely, South Asia Regional Fund (SARF) was declared in the Commonwealth Summit held in 1 997. The fund is managed' by a wholly owned subsidiary of Commonwealth Development Corporation (CDC) incorporated in Mauritius. In addition, CDC has made equity investments to the tune of US\$ 50.0 Million in this fund. The objective of the fund is to achieve long term benefits through direct equity and equity related investments in private sector companies of SAARC countries.



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ICB made investments of US\$ 1.0 million in SARF from ICB Unit Fund, in exchange the SARF has issued 1000 Ordinary 'A' shares and 1000 Preference shares ((@ 8%) in favour of ICB Unit Fund. Up to 2003-04, 234 preference shares have been redeemed in full. After redemption of 234 preference shares, the net balance of these investments stood at US\$ 0.77 million as on 30 June 2004 which includes 1000 ordinary "A" shares and 8% preference shares nf 7AA nnq





4.0 Subsidiary Companies:

4.1 ICB Capital Management Limited (ICML)

4.1.1 Underwriting

In order to raise long term debt and equity from the primary market, the Government bodies, enterprises corporation or companies may seek intermediary assistance from ICML in the form of underwriting.

4.1.2 Issue Management

To act as the manager to the issue of shares and debentures, ICML provides professional services in respect of syndicate underwriters and bankers to the issue. Besides, it also helps in preparing prospectus, getting their approval from SEC and arranges publication of the same.

4.1.3 Placement of Shares

ICML acts as a placement agent.

4.1.4 Investment Counseling

ICML provides investment counsel to the issuers and investors' including financial engineering and corporate advisory services.

4.2 Managing Investment Accounts

ICML, at its discretion, may grant loan at a ratio of 1:1 against the assets of an account subject to a maximum limit of Tk.25.0 lac. An accountholder may use the combined balance of his/her equities and loan to buy shares/securities. To help the investors to develop diversified and balanced portfolio to minimize risk and earn a reasonable return. ICML provides professional advice and other support services.

ICB Asset Management Company Ltd. (IAMCL)



4.3 Mutual Funds:

ICB Asset Management Company Ltd. has so far floated two closed-end mutual funds and two open-end Mutual Funds through which the small and medium savers get opportunities to invest their savings in a balanced and relatively low risk portfolio. The aggregate size of these funds is around Tk. 60.0 crore. The closed-end mutual funds are, namely, ICB AMCL First Mutual Fund of Tk. 10.0 crore and ICB AMCL Islamic Mutual Fund of Tk. 10.0 crore. The open-end mutual funds are, namely, ICBAMCL Unit Fund of Tk. 30.0 crore and ICB AMCL pension Holders' Unit Fund of initial capital of Tk. 10.0 Crore. Investors have shown overwhelming interest in all the mutual funds. One can invest in the closed-end mutual funds through the stock exchanges. ICB AMCL Unit Certificates are sold and repurchased on the counters of ICB AMCL Head Office and the branch Offices of ICB. ICB AMCL pension Holders' Unit Certificates are sold exclusively to the retired pension holders.

4.4 ICB Securities Trading Company Ltd. (ISTCL)

ICB Securities Trading Company Ltd. performs stock brokerage activities. The Company maintains its activities to become the most active broker of both DSE and CSE. The Company has started trading of securities for general investors alongside the institutional investors from the beginning of 2003-2004. ISTCL has obtained license from SEC to act as the full service Depository participant(DP) in Central Depository Bangladesh Ltd.(CDBL)



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5.0 Development Activities:

5.1 Equity support through consortium arrangement

ICB invests in different companies through equity participation singly/under consortium arrangements by different Banks and financial institutions.

5.2 Counseling to the Government

In case of Govt. divestment program ICB provides professional & financial advice through analyzing the companies to be privatized and the attitude the prospective buyers. Government enterprises intending to go public often seek professional financial advice on corporate restructuring and reengineering, ICB through its expertise provides such advice.

Term deposit.

ICB receives deposit as term deposit from individuals/institutions offering attractive and negotiable interest rate which helps to mobilize savings for profitable investment in securities.

5.3 Disinvestment Program

ICB is actively associated with disinvestment process. With a view to off loading of Govt. share holding through the Stock Market ICB has been entrusted with the responsibility of selling Govt. owned shares of different listed Companies.



6.0 IT Management:

6.1 Information Technology:

ICB completed computerization of most of its business activities during the year under review with the help of its own computer setup. ICB developed a set of software's to automate and support its main business and management operations. The software's are: Merchandising Operation Management system, Stock Exchange Index Publication, IPO Management, Personnel Management Information System, Project Information Management system, Meeting Minutes Storage & Retrieval and Law Suite Tracking, Unit sale and Repurchase Management System, Financial Feasibility Analysis for Projects, Accounting Application, Unit Reconciliation, Share Reconciliation, etc.

Recently ICB inaugurated on test basis its own web site, telephonic transaction and inquiry system(TTIS). The site will facilitate investors at home and abroad to obtain information about ICB as well as its various schemes through the web site www.icb.gov.bd . The TTIS when fully implemented will facilitate investors to collect any information particularly that of investors account portfolios, current balance and other information from outside ICB premises. This, in turn will help investors to save time and money. The screen based online trading on DSE & CSE also continued smoothly during the year. With the implementation of computerization program of ICB, the standard of customer service, work efficiency of the employees and overall working environment have substantially improved. During the year ICB branches also started using the merchandising software. 11 PCs were procured during the fiscal year to mitigate the increasing work-load at Head office and branch office. To increase the efficiency in computer literature, Training course on Visual Basic Programming Language is under process. Commencement of internet based trading system with Chittagong Stock Exchange Ltd. is under consideration of ICB's management to help investors for carry out on-line trading by themselves.



6.2 IT Planning Process in ICB

ICB has emerged as one of the leaders in computerization and software developers in Bangladesh. ICB initiated computerization program in 1985. Thus it is one of the very first local financial institutions to adopt computers and computing software systems in Bangladesh. Since then ICB has been continuously upgrading the system according to specific long-term plans to keep pace with modern financial world. When planning for long-term sustainable IT framework throughout the organization the prime factors ICB always considered are:

- IT friendly process that is easily adaptable to computer technologies.
- A solid computerization environment and platform of choice which will serve for a long time and can be easily tailored for future enhancements/up-gradation.
- A solid hardware and network platform that is stable, scalable and have high performance with a special focus on future business diversification, mean-time-to-response.
- Scope of future enhancement both in terms of business process and in terms of IT infrastructure so that ICB can always keep pace with the fast changing world of financial operations.
- A separate division dedicated to IT with enough expertise to carry on future enhancement and development process and system support.
- The computerization plan should put emphasis on selection of hardware, network technology and platform software like RDBMS choice management support.





6.3 Computerization of Branch Offices:

Oracle based customized software's are installed in the ICB branch offices. Necessary training was given to officers/staff of branches offices for smooth operations of the installed software.

6.4 Customized Software

Thirteen (13) customized software's have been developed for total automation of the operational activities of ICB.

6.5 Web-page and Tele-Banking

ICB's own web-page was launched and TTIS (Telephonic Transaction and Inquiry System) Software was installed on test basis to provide better service to the investors of all levels at home and abroad.



7.0 Operational Activities:

7.1 Continued Activities:

- **Private Placement**
- **Custodian and Banker to the Issues**
- **Mergers and Acquisitions**
- **Corporate Financial Advice**
- **Lease Finance**
- **Portfolio Investment**
- **Advance Against Unit Certificates Scheme**
- **Advance Against Mutual Fund Certificates scheme**
- **Consumer Credit Scheme**
- **Bank Guarantee Scheme**
- **Training Program**
- **Trustee to the debenture and Securitized assets**

7.1.1 Private Placements

ICB is authorized to act as an agent of the issuers and investors for private placements of securities. Under this arrangement, ICB places securities to individuals/institutions on behalf of the issuer for which it charges fees. ICB also acquires shares/securities for its own portfolio both in pre-IPO placement and equity investment.

7.1.2 Custodian and Banker to the Issues

To act as the custodian to the public issue of Open-end & Closed-end Mutual Funds. ICB provides professional services. It also acts as the Banker to the issues and provides similar services through the network of its branches. Fees in this regard are negotiable.



7.1.3 Mergers and Acquisitions

Companies willing to expand their business through mergers or acquisitions or to Dis-investment projects that no longer viable into present capacity of operation can contact the Corporation. ICB provides professional services & advices in respect of shaping up the cost and financial structures to ensure best possible operational results. Besides, in case of divestment, the corporation, through network and established business relationship, bring buyers and sellers together, help them to negotiate final agreement and advice on the emerging corporate structure.

7.1.4 Corporate Financial Advice

Government enterprises and Companies intending to go public issue often seek professional & financial advice on corporate restructuring & reengineering. ICB through its expertise provide such services through its expertise.

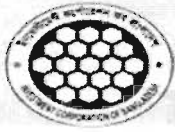
7.1.5 Lease Financing

ICB Provides lease finance mainly for procurement of industrial machinery, equipment and transport. ICB provides professional advice and financial assistance to the intending clients. The period of lease, rental, charges, and other terms and conditions are determined on the basis of type of assets and the extent of assistance required by the applicants. Since introduction of this scheme in 1999 good responses have been received from the intending lessees.

7.1.6 Investment Portfolio of ICB

Being the largest institutional investor ICB contributes significantly to the development of the country's cap ital market through active portfolio management which is one of the important functions of ICB.

During 2003-04 a total investment of Tk. 138.93 core has been made in the investment portfolio of ICB including Tk.O.2 crore in shares of a company through Pre-IPO placement, Tk. 7.0 crore in debentures of two companies, Tk. 0.3 crore in preference shares of a company and Tk. 5.0 crore in bonds of a company.



As a result of favorable market situation in 2003-04 ICB earned Tk. 42.25 crore as capital gain through sale of securities of Tk. 258.59 crore which was 53.58 per cent higher than the capital gains of Tk. 27.51 crore made in 2002-03. During 2003-04, an amount of Tk. 22.95 crore was earned as dividend on shares and interest on debentures as against Tk. 21.5 crore in 2002-03 registering an increase of 6.74 per cent. Dividend income has increased because of satisfactory dividend performance of some companies.

Up to 30 June 2004 ICB made a total investment of Tk 41.08 crore in 27 companies through purchase of preference shares, debentures, shares against pre-IPO placement and bonds of Tk.7.3 crore of 3 companies, Tk. 9.5 crore of 3 companies, Tk. 11.33 crore of 12 companies and Tk. 5.0 crore of a company respectively as well as through investment of Tk. 7.95 crore in 8 companies as direct equity participation

As on 30 June 2004, the market value of the securities of ICB's investment portfolio stood at Tk.521.62 crore against the net investment value of Tk. 378.82 crore resulting in capital appreciation of Tk. 142.8 crore. Details of the portfolio position are shown in Exhibit-'A'-

7.1.7 Advance Against Unit Certificates Scheme

Advance Against ICB Unit Certificates Scheme was introduced in 1998, especially designed for the ICB unit- holders to meet their emergency fund requirements. One can borrow maximum Tk. 85 per unit by despositing his/her unit certificates under lien arrangement from any of the ICB offices where from such unit certificates were issued. The rate of interest on the loan is reasonable and competitive.

7.1.8 Consumer Credit Scheme

As part of business diversification programme, ICB has introduced "Consumers Credit Scheme" in 2003-04 considering at the need of various household commodities of different employees of govt., semi-govt., autonomous bodies and some established private sector organizations. Under this scheme one can enjoy minimum Tk 1.0 lac but maximum 5 lac credit facilities. The rate of interest on the loan is reasonable and competitive which is fixed by the board of directors of ICB considering the bank rate and with the guidelines of Bangladesh Bank.



7.1.9 Bank Guarantee scheme

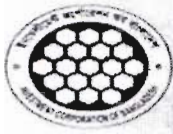
ICB introduced Bank Guarantee scheme in 2002-03. ICB provides (i) **Bid Bond** for enabling the business people to participate in any tender or bidding; (ii) **Performance Bond** for helping the business community to continue their business smoothly by fulfilling their obligations promised by them to their clients; and (iii) **Customs Guarantee** for solving different disagreements between the customs authority and the business classes at the initial stage. The maximum limit of guarantee is Tk. 2.00 crore and would be issued against at east 20% cash and 80% easily encashable securities or against 100% cash margin. Re-guarantee from other financial institution is required for guarantee against the amount exceeding Tk. 2.00 crore.

7.1.10 Training

7.1.10.1 Local Training

During 2003-04, as part of human resource development programme, ICB endeavoured to develop the skill, knowledge and professional competence of its manpower by arranging various in-house and local training courses. During the year, 26 officers and 09 employees of ICB received local training on different subjects including Policy towards investment and industrialization, VAT and Taxation, Performance Measurement of Financial Institutions-a Credit Rating Perspective, Web page Design and Development, Venture Financing and Factoring, Investment and Merchant Banking, Managing core risks in banking for senior bcinkers, Corporate Governance, Institutional Computer Training, Trade Union Training Course for Organiser, Young Leadership, Development of small and medium enterprises etc..





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7.1.10.2 Foreign Training

During 2003-04, no officer/staff participated in any foreign training course.

7.1.11 Trustee to the debenture and Securities assets

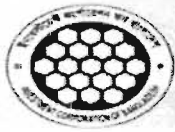
ICB is acting as trustee to the debenture issues and asset-backed securitised bonds. ICB acted as trustee to the issues of 17 companies of which 7 companies has been redeemed successfully.

7.2 Operations entrusted to Subsidiaries

- **Stock Exchange Operations**
- **Investors Scheme**
- **ICB Mutual Fund Scheme**
- **ICB Unit Fund Scheme**

7.2.1 Stock Exchange Operations:

CB Securities Trading Company Ltd. actively participates in the trading activities of securities on both the bourses as member. Over the years, ICB has been the largest trader on the exchange. ICB's investors scheme and the Mutual Fund/Unit Fund not only mobilize individuals savings but are also the source of demand for and supply of securities in the stock market.



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8.0 Investors Scheme

The Investors' Scheme was introduced in 1977 with the objective of broadening the base of equity investment through mobilising savings of small and medium size savers for investment in the securities market. In addition to Head Office, Investment Accounts are also operated at the 7 branch offices of ICB located at Dhaka , Chittagong , Rajshahi, Khulna , Barisal , Sylhet, and Bogra. However in view of strategic changes in policy reform, from 01 July 2002 'ICB Capital Management Ltd.' started opening and managing investment accounts. ICB will continue to provide services to its existing accounts only.

Further steps were undertaken to enhance the quality and speedy service under the scheme like computerization of all activities and installation of merchandizing operation management software. This enables the management to offer better and quick service to the investors including instant supply of the financial statement, portfolio, balance of the accounts, etc. Installation of telephone banking system in Investors' Account enabling investors to collect information and operate their account over telephone was at the final stage of operations. Besides, installation of Electronic display system of DSE online trading on the floor of ICB was in progress.

8.1 Authority of Operation

An account may be operated by the account holder himself/herself or he/she may authorize to another A/c. holder of investors account of ICB by written consent in the prescribed form, some one else to operate the account on his/her behalf. In case of joint account holders, account may be operated by single or joint signatories or by authorized operator.

8.2 Margin Loan

Presently ICB grants loan up to two times against the deposits of account holder(s) subject to a maximum of Tk. 3, 00,000.00 to an account. However, management of ICB, at its discretion, may limit such loan. Loans are repayable as per repayment schedule given by ICB. In the event of default of loan repayment, the outstanding amount may be recovered by sale of securities held in the account.

8.3 Portfolio Management

The account holder may use his/her equity and the loan to buy securities which ICB keeps as collateral. Purchase and sale orders are executed by ICB within the shortest possible time, subject to the availability of fund in the account and scope of matching of buyers/sellers and securities in



the stock exchanges.

An account holder or his/her authorized person may place purchase/sale execution order in the prescribed form, indicating whether, the order is a limit order i.e. an specifying the max./min. price at which he/she is willing to buy /sale, or at a market price i.e. without any limit of price. The purchase and sale orders are valid for seven and ten days respectively, if not revalidated / cancelled otherwise by the account operator.

8.4 Withdrawal of Securities/Funds

All or any amount of fund or securities may be withdrawn from an account subject to keeping of minimum credit balance of Tk. 5000.00 in cash or in securities to keep the account running alive.

8.5 Application Against IPO

All activities relating to application for securities and collection of allotment letter / refund warrant and certificates, as the case may be, against the IPO are done by ICB on behalf of account holder.

8.6 Collection of Securities and Benefits

Right shares, bonus shares, dividends, interest, converted shares etc. accruing to an account are collected by ICB from the respective companies.

8.7 Registration, etc.

Registration of shares/ securities with the company is made before the closure of the company's share / debenture transfer book, after completing all the required formalities, on behalf of the account holder.

8.8 Custodial Service

Volt and other custodial arrangement for assets of the account are provided by ICB.

8.9 Counseling

In order to develop diversified and balanced portfolio to minimize risk and maximize profit, ICB provides professional advice to its clients.

8.10 Data Support

Data support in the form of securities analysis sheet, daily purchase/ sale position, statement and portfolio of each account, etc. are provided on demand and on regular interval.

8.11 Income

Incomes from investments by way of dividend, interest, bonus shares, capital gains etc. are credited to the respective account.



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8.12 Expense

Interest on loan (currently-12.5%) and brokerage (0.5% for non CDS & 0.5250% for CDS) on sale/ purchase of securities are charged to the respective account. To encourage the small and medium savers, ICB at present does not charge fees for most of the services rendered by ICB to its customers, including fees for management, investment advice, custodial service(for non CDS securities),etc.

8.13 Closing of Account

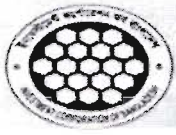
An account may be closed by written order subject to settlement of fees & dues, if any. There is no provision of revival of a closed account.

8.14 Risk Management

Risk of investments in the securities market are minimized through prudent & professional portfolio management.

8.15 Important

ICB, at its discretion, may change all or any of the rules and procedures of this scheme any time.



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9.0 Appraisal of performance evaluation of ICB Mutual funds:

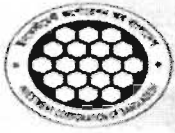
It is a recognized principle that diversification of investment reduces risk. An individual may not have the time, expertise and resources to undertake such diversification. Here arises the advantage of a Mutual Fund. Mutual Funds pool the savings of a great number of investors and make investments in a wide array of securities. In Bangladesh ICB has pioneered Mutual Funds for the sake of investors and of the capital market.

9.1 ICB Mutual Funds

Mutual Funds are also known as close ended Mutual Funds. The issued capital of a Mutual Fund is limited, that is, a Mutual Fund offers a limited number of certificates for sale to the public. The amount of capital and the number of certificates of each Mutual Fund remains unchanged. ICB Mutual Funds are independent of one another. A Mutual Fund being listed is traded on the Stock Exchanges. Price of Mutual Fund certificates after IPO is determined on the Stock Exchanges through interaction of supply and demand. The market price of a Mutual Fund certificates is available in Stock exchange quotations and in newspapers.

9.2 How to Buy existing Mutual Funds

An investor can purchase any of the existing eight ICB Mutual Funds certificates through the Stock Exchanges at the prevailing Market Price. However, if an investor buys Mutual Fund certificates through the Stock Exchanges he/she must be careful to submit the certificates along with duly filled-in transfer deed at ICB Head Office to ensure that the certificates are registered in his/her name.



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9.3 Management of the Funds

The Mutual Funds are managed by ICB as fund manager for which receives commission @1% .

9.4 Assets of ICB Mutual Funds

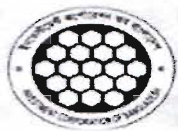
ICB Mutual Funds Certificates holders shall have unfettered ownership in the assets of the Fund to which they are related. In case of winding up of the Corporation the assets belonging to any ICB Mutual Fund shall not be treated as the assets of the Corporation.

9.5 Management Fee, Charge etc.

At present management fee @ 1% on the paid up capital of the Fund is charged annually. No amount is charged on account of custodial and trust services. Part of operating expenses are charged to the respective Mutual Funds on pro rata basis.

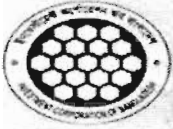
9.6 Declaration of Dividend

The net income received on investments of Funds on account of dividend, bonus, interest, capital gain etc. are distributed amongst the Certificate Holders as per decision of the Board of Directors of ICB. Board declares such income in the form of dividend at the end of July each year. Dividends declared by ICB in the past on the Mutual Funds were very attractive. The year-wise per certificate dividend performance of the Funds is given below. through the Stock Market ICB has been entrusted with the responsibility of selling Govt. owned shares of different listed Companies.

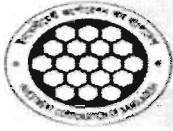


10.0 Overview of ICB Mutual Funds:

Milestones	Date/Establishment Commencement
Date of Establishment/ Commencement ICB	1st October 1976
Investors' Scheme	13th June 1977
First ICB Mutual Fund	25th April 1980
ICB Unit Fund	10th April 1981
Second ICB Mutual Fund	17 June 1984
Third ICB Mutual Fund	19 May 1985
Fourth ICB Mutual Fund	6 June 1986
Fifth ICB Mutual Fund	8 June 1987
Sixth ICB Mutual Fund	16 May 1988
Nomination as the country's Nodal DFI in SADF	7 May 1992
Seventh ICB Mutual Fund	30 June 1995
Eighth ICB Mutual Fund	23 July 1996
Purchase of own Land & Building	11 December 1997
Participation in Equity of SARF	16 January 1998
Advance Against ICB Unit Certificates Scheme	12 October 1998
Lease Financing Scheme	22 April 1999
"The Investment Corporation of	5 and 6 July 2000



Bangladesh (Amendment) Act, 2000" passed in the Jatiya Sangsad (Parliament) and Honourable President's assent thereof	
Formation and Registration of 3 Subsidiary Companies of ICB	5 December 2000
Computer Training Program	25 March 2001
Commencement of business operations of the subsidiary companies	
ICB Capital Management Ltd.	01 July 2002
ICB Asset Management Company Ltd.	01 July 2002
ICB Securities Trading Company Ltd.	13 August 2002
Registration as a Trustee with SEC	20 August 2002
Registration as a Custodian with SEC	20 August 2002
Bank Guarantee Scheme	21 June 2003
Advance Against ICB Mutual Fund Certificate Scheme	21 June 2003
Consumers Credit Scheme	15 February 2004
Received BASIS-SEDF Best IT Use Award in SOFTEXPO,2004	28 November 2004



11.0 Share Capital Ownership Pattern

Classification of Shareholders as on 1 January, 2004

Shareholder	No. of Shareholders	No. of Shares	Percentage
Government of Bangladesh	1	1350000	27.00
Nationalised Commercial Banks	4	1137220	22.74
Development Financial Institutions	2	681550	13.63
Insurance Corporations	2	628691	12.57
Bangladesh Bank	1	600000	12.00
Denationalised Private Commercial Banks	2	454262.5	9.09
Private Commercial Banks	4	28571	0.57
Foreign Commercial Banks	2	42830	0.86
First BSRS Mutual Fund	1	6900	0.14
Other Institutions	9	13024	0.26
General Public	1026	56951.5	1.14
Total	1054	5000000	100.00



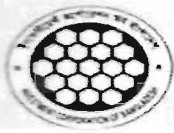
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12.0 ICB Mutual Funds Performance, Growth and Comparative cost:

12.1 Performance of the ICB Mutual Funds:

Name of the Mutual fund	Size of the fund	2005-06				2004-05			
		per certificate	as on 30 June 2006	per certificate	as on 30 June 2006	per certificate	as on 30 June 2006	per certificate	as on 30 June 2006
		income	dividend	market price per certificate on dse	market capitalization	income	dividend	market price per certificate on dse	market capitalization
First ICB	0.5	660.43	210	2670	13.35	640.71	210	2655	13.28
Second ICB	0.5	233.08	55	720	3.6	222.03	55	820	4.1
Third ICB	1	167.14	52	475	4.75	153.04	52	697	6.97
Fourth ICB	1	176.36	48	520	5.2	161.67	48	564	5.64
Fifth ICB	1.5	55.54	27	275	4.13	49.12	27	341	5.12
Sixth ICB	5	33.94	18.5	184	9.22	27.91	18.5	217.75	10.89
Seventh ICB	3	39.02	16	172	5.16	29.25	16	217.75	6.53
Eight ICB	5	33.77	15	172	8.6	28.86	15	205.25	10.26





12.2 Comparative cost of the ICB Mutual funds:

Comparative of ICB funds								
Name of the Mutual fund	Cost price of the portfolio		Market value of the portfolio		Ex-dividend Net assets value per certificate (tk.)		No. of certificate holders	
	2006	2005	2006	2005	2006	2005	2006	2005
First ICB	3.09	3.12	10.51	13.09	2059.55	2551.20	954	973
Second ICB	3.01	2.84	2.17	3.12	336.56	336.56	962	994
Third ICB	3.92	4.17	3.52	4.73	260.39	260.39	2680	2784
Fourth ICB	4.02	3.82	3.76	4.57	297.99	297.99	2061	2154
Fifth ICB	7.06	5.99	6.85	7.13	207.12	207.12	3789	3923
Sixth ICB	8.76	9.42	7.49	10.02	123.17	123.17	9307	9712
Seventh ICB	10.76	11.09	9.31	12.21	150.56	150.56	2926	3163
Eight ICB	11.16	11.54	9.46	12.79	138.76	138.76	7323	7671



12.3 The Growth of the ICB Mutual funds:

Particular	1776-77 to 1985-86	1786-87 to 1995-96	Growth (percentage)	1996-97 to 2005-06	Growth (percentage)	Average yearly growth (Percentage)
Paid-up capital	10.00	20.00	10.00	50.00	15.00	12.50
Reserve	17.85	31.99	7.92	104.31	22.61	15.26
Revenue	65.67	173.89	16.48	989.30	46.89	31.69
Net profit	28.15	27.86	-0.10	140.27	40.35	20.12
Dividend						
ICB	7.42	12.80	7.25	35.02	17.38	12.31
ICB Unit fund	20.73	318.62	143.70	552.40		75.52
First ICB	.80	2.23	17.88	7.56	23.90	20.89
Second ICB	.23	1.45	53.04	2.16	4.90	28.97
Third ICB	.21	2.34	101.43	4.50	9.23	55.35
Fourth ICB		2.66		4.07	5.30	5.30
Fifth ICB		2.67		3.72	3.93	3.93
Sixth ICB		4.74		8.98	8.95	8.95
Seventh ICB		0.54		4.55	74.26	74.26
Eight ICB				6.93		
Manpower:						
Officers	84	201	13.93	261	2.99	8.46
Employees	91	125	3.74	150	2.00	2.87
Total	175	326	8.63	411	2.61	5.62

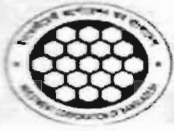


13.0 Financial Performance of ICB Mutual Funds:

13.1 FIRST ICB MUTUAL FUND:

The market price of certificate of TK.100 each was TK3090 as on 30th March 30, 2007. Outstanding Capital in Tk 5 million and total no. of Securities are 50000. Market categories is A and listing year is 1984 In 2005-2006 the 1st ICB Mutual Fund declared **210%** dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	233.29	549.66	11.66	6.30	125	8.50
2001	169.86	549.53	8.49	9.42	170	10.63
2002	197.61	572.14	9.88	7.74	175	11.44
2003	154.23	546.38	7.71	12.54	180	9.31
2004	190.89	537.27	9.54	14.41	200.00	7.27
2005	203.44	530.71	10.17	12.85	210.00	8.03
2006	n/a	n/a	n/a	n/a	n/a	n/a



13.2 SECOND ICB MUTUAL FUND

The market price of certificate of TK.100 each was **TK 899** as on 30th March 30, 2007. Outstanding Capital in Tk 5 million and total no. of Securities are 50000. Market categories is A and listing year is 1984 In 2005-2006 the 2nd ICB Mutual Fund declared **55%** dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	89.32	178.84	4.47	4.15	35	9.43
2001	70.75	209.59	3.54	5.53	40	10.22
2002	41.06	208.65	2.05	9.69	42	10.55
2003						
2004	78.77	241.28	3.94	20.36	50.00	5.88
2005	80.75	267.03	4.04	9.57	55.00	7.12
2006	n/a	n/a	n/a	n/a	n/a	n/a



13.3 THIRD ICB MUTUAL FUND

The market price of certificate of TK.100 each was TK 542 as on 30th March 30, 2007. Outstanding Capital in BDT* Tk 5 million and total no. of Securities are 50000. Market categories is A and listing year is 1984. In 2005-2006 the 3rd ICB Mutual Fund declared 52% dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	45.01	204.34	4.5	8.66	40	10.26
2001	54.04	213.38	5.4	7.61	45	10.95
2002	53.41	216.79	5.34	8.71	50	10.75
2003	42.74	209.53	4.27	12.28	50	9.52
2004	41.21	200.74	4.12	20.36	50.00	5.96
2005	52.31	201.04	5.23	11.30	52.00	8.80
2006	n/a	n/a	n/a	n/a	n/a	n/a



13.4 FOURTH ICB MUTUAL FUND

The market price of certificate of TK.100 each was TK570 as on 30th March 30, 2007. Outstanding Capital in Tk 10 million and total no. of Securities are 100000. Market categories is A and listing year is 1986. In 2005-2006 the 4th ICB Mutual Fund declared **48%** dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	37.32	144.33	3.73	10.05	36	9.6
2001	61.58	167.91	6.16	6.17	38	10
2002	46.52	174.42	4.65	7.95	40	10.81
2003	30.96	165.39	3.10	12.60	40	10.26
2004	69.99	190.38	7.00	8.39	45.00	7.66
2005	71.30	213.67	7.13	7.17	48.00	9.39
2006	n/a	n/a	n/a	n/a	n/a	n/a



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13.5 FIFTH ICB MUTUAL FUND

The market price of certificate of TK.100 each was TK 340 as on 30th March 30, 2007. Outstanding Capital in BDT* Tk 15 million and total no. of Securities are 150000. Market categories is A and listing year is 1987. In 2005-2006 the 5th ICB Mutual Fund declared 27% dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	16.81	105.63	2.52	12.61	21	9.91
2001	33.11	115.73	4.97	6.8	23	10.22
2002	24.32	116.05	3.65	9.36	24	10.55
2003	19.39	111.44	2.91	13.2	24	9.38
2004	21.01	108.45	3.15	17.83	24	6.41
2005	40.67	122.12	6.1	8.19	27	8.11
2006	n/a	n/a	n/a	n/a	n/a	n/a



13.6 SIXTHTH ICB MUTUAL FUND

The market price of certificate of TK.100 each was **TK 259** as on 30th March 30, 2007. Outstanding Capital in BDT* Tk 50 million and total no. of Securities are 50000. Market categories is A and listing year is 1988 In 2005-2006 the 6th ICB Mutual Fund declared **18.5%** dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	11.85	106.4	5.92	12.07	16	11.19
2001	17.89	107.28	8.94	9.31	17	10.21
2002	19.26	109.04	9.63	8.26	17.5	11.01
2003	14.84	106.38	7.42	11.10	17.50	10.62
2004	15.87	104.75	7.94	13.17	17.50	8.37
2005	23.16	109.41	11.58	7.86	18.50	10.16
2006	n/a	n/a	n/a	n/a	n/a	n/a



13.7 SEVENTH ICB MUTUAL FUND

The market price of certificate of TK.100 each was **TK 251** as on 30th March 30, 2007. Outstanding Capital in Tk 30 million and total no. of Securities are 300000. Market categories is A and listing year is 1995 In 2005-2006 the 7th ICB Mutual Fund declared **16%** dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	10.86	102.89	3.26	12.8	13.5	9.71
2001	15.9	104.79	4.77	9.94	14	8.86
2002	16.33	106.62	4.9	8.82	14.5	10.07
2003	14.60	106.72	4.38	10.27	14.50	9.67
2004	16.73	108.45	5.02	12.54	15.00	7.15
2005	20.91	113.35	6.27	8.85	16.00	8.65
2006	n/a	n/a	n/a	n/a	n/a	n/a



13.8 EIGHTH ICB MUTUAL FUND:

The market price of certificate of TK.100 each was **TK 241** as on 30th March 30, 2007. Outstanding Capital in Tk 50 million and total no. of Securities are 500000. Market categories is A and listing year is 1996 In 2005-2006 the 8th ICB Mutual Fund declared **15%** dividend.

Financial Performance:						
Year	Earning per share	Net Asset Value Per Share	Net Profit After Tax (mn)	Price Earning Ratio	% Dividend	% Dividend Yield
2000	10.14	103.45	5.07	12.65	12.5	9.75
2001	14.28	104.73	7.14	9.82	13	9.27
2002	15.86	107.1	7.93	8.46	13.5	10.06
2003	10.86	104.46	5.43	12.80	13.50	9.71
2004	17.09	107.55	8.55	12.29	14.00	6.67
2005	21.31	113.86	0.66	8.68	15.00	8.11
2006	n/a	n/a	n/a	n/a	n/a	n/a



14.0 Problems of ICB Mutual Funds:

- Limitation of time was one of the most important factors that shortened the present study. Due to time limitation many aspect could not by discussed in the present study.
- Rush hours and business was another reason that acts as an obstacle while gathering information.
- Most of the ICB investor's Accounts are now dormant/inoperative because of:
 - (a)Granting loan facility of the investor account holders and charging higher rate of interest against loan account.
 - (b)Lengthy & complicated transition process, lethargy in making credit entry, getting the share certificate in time etc.
 - (c)Lack of proper guidance to investors/accounts holders.





15.0 SUGGESTION FOR THE DEVELOPMENT OF INVESTMENT CORPORATION OF BANGLADESH (ICB).

In view of the foregoing analysis and in the light of the above mentioned problem the following suggestion are recommended for the improvement of ICB's activities.

- (1) It is suggested that ICB should change its risk aversion attitude and ICB should invest in primary as well as secondary stock market through the strategy of effective portfolio management.
- (2) Carefulness of ICB to maintain the interest of investors account holder be ensured. In this regard ICB may regularly send Yearly Financial Statement of investors Account to the ICB account holder. Large numbers of investors are attracted to investors Scheme and it become difficult to the operation of the scheme effectively and efficiently with manual handling of operation. This suggests the establishment of automation of process.
- (3) The regulatory environment of ICB should be improved. No change should give to the unscrupulous entrepreneurs to take any illegal advantage. In this regard ICB financed companies should be evaluated properly.
- (4) Investment Corporation of Bangladesh (ICB) carries out large inters fund trading of securities whose legality is questionable. It is imperative that the ICB no longer be permitted to transfer listed shares internally without going through stock Exchange.
- (5) To provide service at door step to the investor investment Corporation of Bangladesh (ICB) should strengthen its activities through increased network to branch office at district level.
- (6) In India Mutual Funds operations are supervised by Securities and Exchange Board of India (SEBI). In view of the reported lapses of ICB, it is recommended that Mutual Funds should be supervised by Securities and Exchange Commission (SEC) in Bangladesh.



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16.0 Conclusion

From the sequence of our analysis it is reflected that ICB has played a pivotal role to develop the country's Capital Market, ICB as the National Investment house, was the lone organization to perform the activities by creating demand for securities on the other hand to ensure the supply of securities in the Capital Market. ICB's investors Scheme helps to boost up domestic economy through facilitating to invest into the capital market. At a stage, this made an important effect on the capital market and excellent response from the investor's. the floatation of mutual funds and issuance of unit certificates by ICB strengthens the supply of attractive securities in Bangladesh Capital Market. It is also relected from the percentage in the turnover volume and market capitalization of Dhaka Stock Exchange. We are quite optimistic that if the given suggestions of this paper are implemented then ICB may be able to overcome its present problems and may contribute in the rapid development of Bangladesh Capital Market. It can be concluded that whatever development dynamics and momentum are gathered in Bangladesh Capital Market have been brought in by Investment Corporation of Bangladesh (ICB) largely



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