DHAKA (Reuters) - Bangladesh's highest court rejected on Tuesday an appeal by Nobel laureate Muhammad Yunus against his dismissal as managing director of Grameen Bank, the microlender he founded, lawyers said. Associates say Yunus's removal is prompted by government vendetta after he briefly considered a political career to challenge Prime Minister Sheikh Hasina. Yunus, 70, made the plea last month after the country's high court upheld a central bank order dismissing him from the post of managing director, saying he had overstayed in violation of bank law. The official retirement age for managing directors of commercial banks in Bangladesh is 60.

"The appellate division of the Supreme Court has rejected Muhammad Yunus's appeal challenging a High Court order that upheld his removal as head of operations of the Grameen Bank," one of his attorneys, Tamim Hussain Shawon, told Reuters.

Attorney General Mahbubey Alam told reporters the supreme court had upheld the high court verdict and Yunus no longer had the right to the office of managing director of Grameen Bank. "He has lost the battle," he said. Action against Yunus coincides with growing criticism of microlending in developing countries, including neighbouring India, with officials accusing bankers of exploiting the poor. But analysts said the dismissal would annoy the country's friends, including the United States.

Yunus, winner of the 2006 Nobel Peace Prize, set up Grameen, which means village in Bengali, and has been its managing director since 2000. Lauded abroad by politicians and financiers, he has been under attack by the government since late last year, after a Norwegian documentary alleged the bank was dodging taxes. Yunus has denied any financial irregularities and the Norwegian government found no evidence of misuse of funds or corruption.