

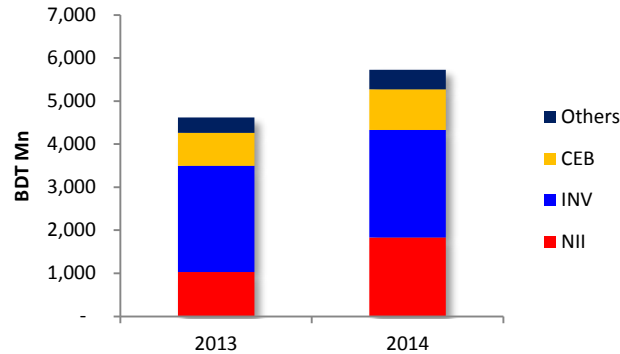
Flash Note: Mutual Trust Bank Limited - 2014 Performance

Summary

Mutual Trust Bank Limited (DSE: MTB) declared consolidated NPAT and EPS of BDT 961.6 Mn and BDT 3.12 for the year ended 2014, compared to BDT 573.3 Mn and BDT 1.86, respectively in 2013.

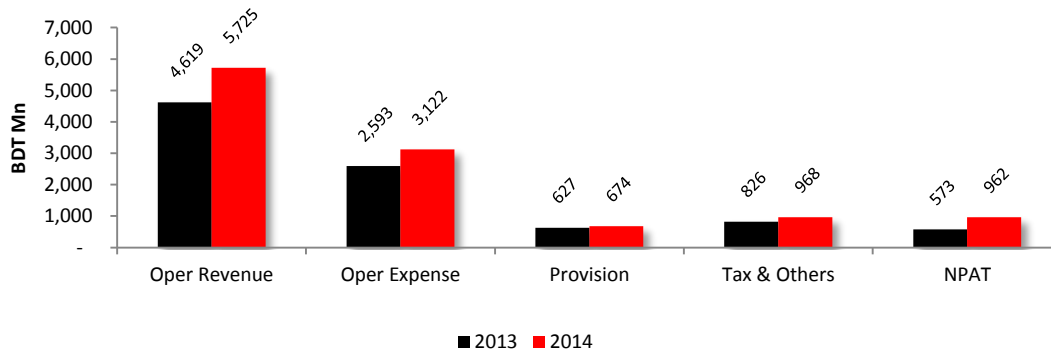
Performance Analysis:

A review of operational performance shows a strong growth in operating revenue of 23.9% YoY, driven by robust performance in NII (78.5% YoY). Despite the declined lending and deposits rate scenario, core banking performed well. As a consequence, the bank maintained a competitive edge in its spread management, fostering a NIM of 2.7% in 2014 compared to 1.8% in 2013. In the meantime, investment income (INV) stayed almost flat coupled with consistent investment yield (10.7%) despite declined portfolio size. However, off-balance sheet exposure amplified by 28.9% during 2014, translating into a 23.3% YoY growth in commission, exchange and brokerage (CEB) income. Overall, 2014 operating revenue growth originated from a strong performance in core banking business cum better spread management, specifically.



Source: MTB Financial Statements 2014 and Research, IDLC Investments Limited

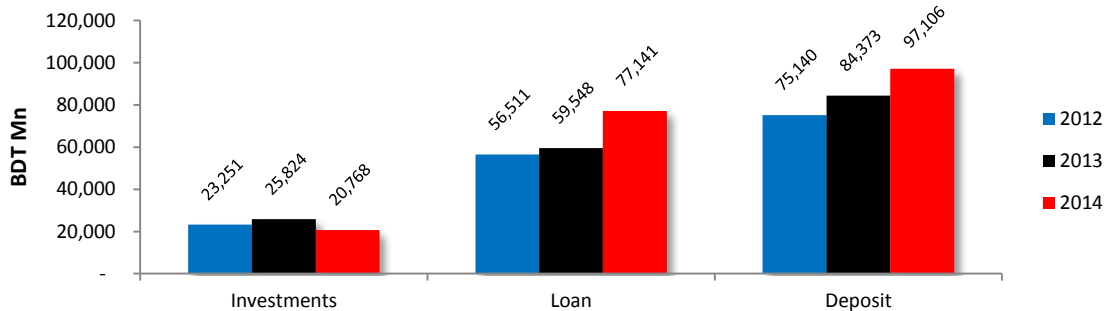
These assisted the bank to maintain a consistent and robust bottom line growth of 67.7% YoY in 2014. Despite the increment in opex, efficiency ratio improved slightly, giving additional support to bottom line growth. In spite of 7.5% and 17.2% respective YoY growth in total provisions and taxes, profitability stayed upbeat. Most importantly, total provisions of BDT 673.8 Mn consisted a provisions of BDT 243.8 Mn against investment in quoted shares. Overall, strong growth in net profit sourced from robust operating revenue growth surpassing pressures of costs and provisions.



Source: MTB Financial Statements 2014 and Research, IDLC Investments Limited

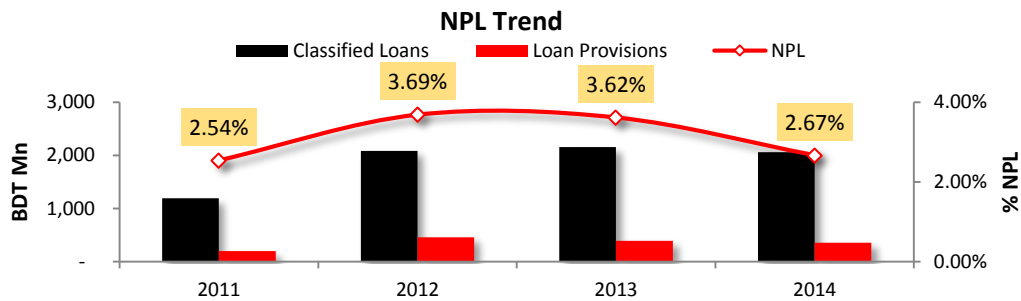
During 2014, the bank focused primarily on pure lending business. Hence, loan asset portfolio amplified significantly by 29.5% YoY while deposit added more by 15.1% YoY. Hence, AD ratio increased to 79.4% from that of 70.6% in 2013. However, MTB

shrank its investment basket to BDT 20,767.8 Mn in 2014 compared to BDT 25,824.4 Mn, shifting money to pure lending portfolio.



Source: MTB Financial Statements 2014 and Research, IDLC Investments Limited

In spite of increased loan asset portfolio, non performing loans (NPL) of MTB declined to 2.7% in 2014 which was 3.6% in 2013. During the year, classified loan moved to opposite direction of loan disbursement, declining by BDT 95.5 Mn compared to increment of BDT 70.8 Mn in 2013. Looking closer, it appears sub-standard & doubtful loans declined while bad loans increased significantly by BDT 375.9 Mn. Interestingly, special mention account (SMA) declined slightly to BDT 905.1 Mn.



Source: MTB Financial Statements 2014 and Research, IDLC Investments Limited

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