

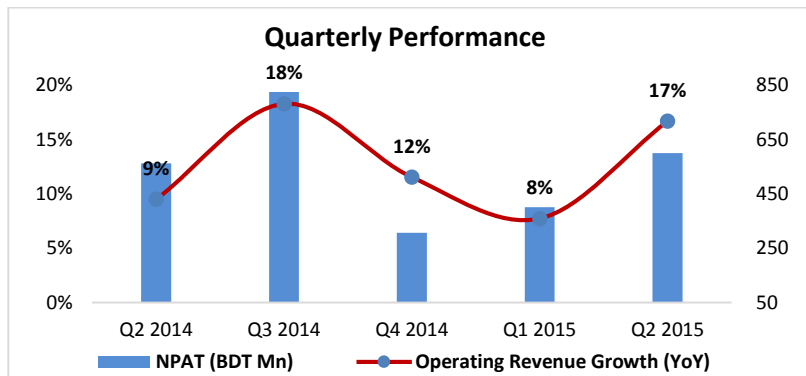
Flash Note: BRAC Bank Limited – Q2 2015 Performance

Summary

BRAC Bank Limited (DSE: BRACBANK) declared consolidated NPAT of BDT 1,000.2 Mn and EPS of BDT 1.44 for the half year ended 2015, compared to BDT 969.7 Mn and BDT 1.37 (fully diluted), respectively in 2014.

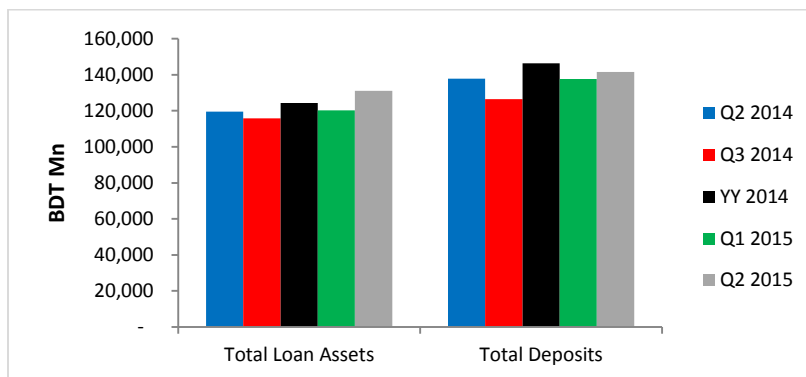
Performance Analysis:

- During Q2 2015 Interest Income grew by 2.6% while Interest Expense shrank by 4.2% to grow NII by 10.6% YoY.
- Operating Revenue grew by 16.7% YoY, primarily driven by better growth in non-funded commission based income.
- Operating Expenses and Provisions also increased significantly by 25.9% and 22.8% YoY, respectively in Q2 2015, stepping up Cost to Income ratio to 58.1% which was 53.9% in Q2 2014.
- Overall Q2 and HY 2015 NPAT grew minimal by 6.7% or 3.1% YoY, respectively.
- In HY 2015, standalone NPAT of BRACBANK was BDT 1,072.1 Mn while consolidated NPAT was BDT 1,000.2 Mn, indicating a loss of BDT 71.9 Mn from the subsidiary companies.



Source: BRACBANK Financial Statements and Research, IDLC Investments Limited

During HY 2015, Loan Assets portfolio grew by 5.5% while Deposits shrank marginally by 3.3% from that of YY 2014. However, the company liquidated almost 29.9% of its investments in govt. securities to BDT 14,403.5 Mn from 20,559.3 Mn of YY 2014.



Source: BRACBANK Financial Statements and Research, IDLC Investments Limited

Observation:

- HY 2015 performance improved broadly over spread management and improvement in non-funded income.
- Operating profit stayed upbeat, primarily from strong CEB income.

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