

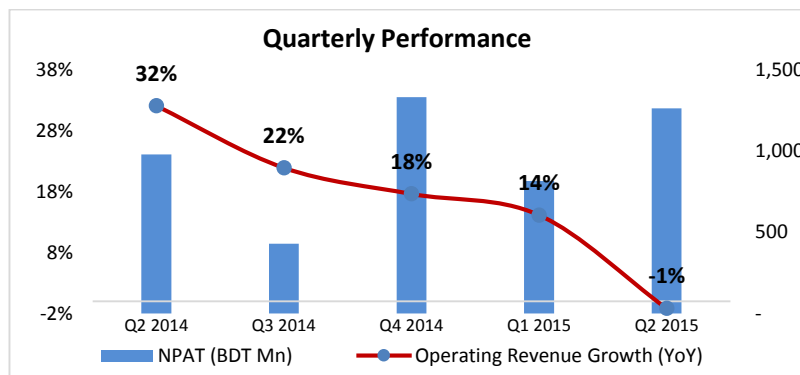
Flash Note: United Commercial Bank Limited – Q2 2015 Performance

Summary

United Commercial Bank Limited (DSE: UCBL) declared consolidated NPAT of BDT 1,261.6 Mn and EPS of BDT 1.26 for the half year ended 2015, compared to BDT 977.5 Mn and BDT 0.97, respectively in 2014.

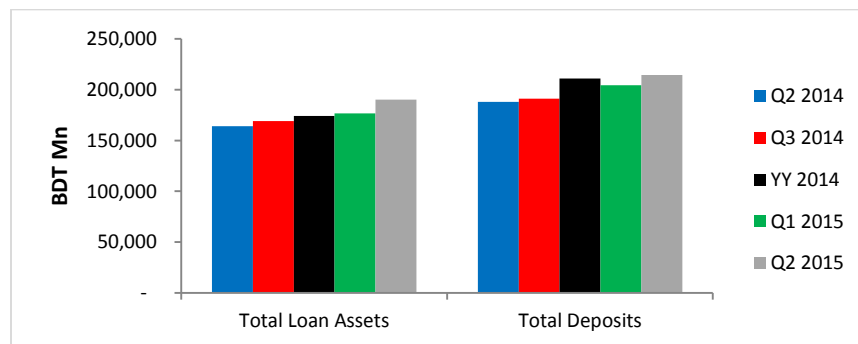
Performance Analysis:

- During Q2 2015 Interest Income grew by 3.0% YoY while Interest Expense shrank by 1.1% YoY to grow NII by 10.6% YoY.
- Operating Revenue declined by 1.2% YoY, primarily due to 11.6% YoY decline in INV and non-funded commission based income.
- Operating Expenses increased by 14.8% YoY, increasing Cost to Income ratio to 43.0% from that of 37.0% in Q2 2014.
- Total Provisions adjusted downward significant by 64.8% YoY in Q2 2015 which was supported mostly from a BDT 139.8 Mn Provisions release against diminution in value of investments.
- Overall Q2 NPAT grew robust of 29.1% YoY while HY 2015 NPAT grew on an average of 7.1% YoY.
- In HY 2015, standalone NPAT of UCBL was BDT 1,246.5 Mn while consolidated NPAT was BDT 1,261.6 Mn, indicating a minimal profit contribution of BDT 15.1 Mn from subsidiary companies.



Source: UCBL Financial Statements and Research, IDLC Investments Limited

During HY 2015, Deposit and Loan Asset portfolio remained almost unchanged and grew by 1.7% and 9.1%. Besides, Investments in Govt. Securities and Capital Market remained almost same, totaling to BDT 44,810.0 Mn which was BDT 44,804.4 Mn during YY 2014.



Source: UCBL Financial Statements and Research, IDLC Investments Limited

Observations:

- HY 2015 performance was overshadowed by increase in Total Provisions.
- Operating profit stayed flat as NII increased while INV & CEB income declined.

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