

BRAC Bank Limited (DSE: BRACBANK)

Current Price (June 09, 2016)	51.8
Total Number of Share (Mn)	710.4
Free Float (%)	50.0%
Annualized PE* – BRACBANK	13.2x
Trailing PE – BRACBANK	14.1x
Annualized PE – Bank	7.8x

*Based on annualized earnings of Q1, 2016

Financials (BDT Mn)	2014	2015	Q1, 2016
Net Interest Income	8,440	9,546	2,807
Income from Investments	2,486	2,496	651
Comm., Ex. & Brokerage	4,131	5,140	1,273
Operating Income	15,893	18,483	5,084
Operating Profit	7,218	8,080	2,355
Total Provisions	2,889	3,319	963
NPAT	2,037	2,335	622
Total Deposit	148,464	143,321	136,196
Total Loans & Advances	121,941	147,434	151,999

**Year ends on December 31

YoY Growth (%)	2014	2015	Q1, 2016
Operating Income	10.3%	16.3%	23.6%
Net Profit After Tax	52.1%	14.6%	55.4%

Per Share (BDT)	2014	2015	Q1, 2016
Restated EPS*	3.08	3.28	0.98
Book Value Per Share	24.99	26.48	29.53

*Restated EPS is attributable to the equity holders of BRAC Bank Limited

Others (%)	2014	2015	Q1, 2016
Capital Adequacy Ratio	15.1%	12.3%	-
Non-Performing Loan (NPL)	5.7%	6.0%	-
Return on Assets (ROA)	1.0%	1.1%	-
Return on Equity (ROE)	13.2%	12.8%	-
Stock Dividend	-	-	-
Cash Dividend	20.0%	25.0%	-

3 Years' CAGR	Peers			
	BRACBANK	UCB	CITYBANK	EBL
Op. Inc.	16.3%	15.4%	14.5%	5.5%
NPAT	49.4%	36.1%	65.4%	-1.6%

Source: DSE, Annual Reports/Financial Statements of BRACBANK, UCB, CITYBANK and EBL and Research, IDLC Investments Limited.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Annualized PE: Based on Annualized Earnings of the latest declared quarter

Trailing PE: Based on Latest 12 Months Earnings

Company Profile

BRAC Bank Limited (DSE: BRACBANK) was established in May 1999 and began its operations in June 2001. Later, it was listed in DSE and CSE in January 2007. Currently, the bank has 97 branches, 69 SME service centers, 145 zonal offices and 458 SME unit offices across the country.

During 2009, BRAC bank acquired 51.0% shares of Equity Partners Limited and Equity Partners Securities Limited. Later on, the ownership interest grew to 76.0% and 90.0% at the renamed companies, BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited, respectively. Besides those, other subsidiaries of the bank are BRAC IT Services Limited (51.0%), BRAC Saajan Exchange Limited (87.5%) and bKash Limited (51.0%). Meanwhile, the associate companies are BRAC Asset Management Company Limited (25.0%) and BRAC Impact Ventures Limited (24.0%).

Notably, IFC and Money in Motion ULC are included as equity partners and Bill & Melinda Gates Foundation as investor in bKash, the largest market shareholder of Mobile Financial Services (MFS) in Bangladesh.

Key Revenue Drivers & Company Insight

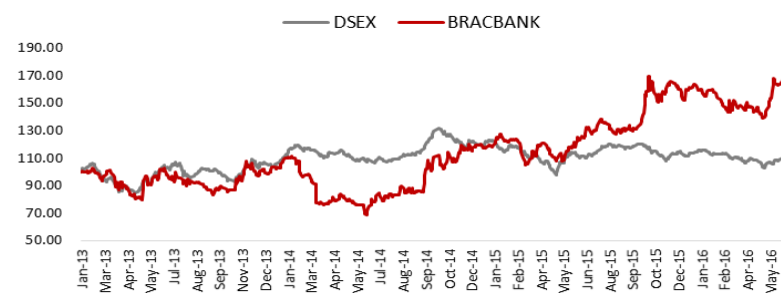
During 2015, Funded Income of the bank grew by 10.2% YoY. On the other hand, Non-Funded Income amplified by 29.7% YoY as commission income from bKash grew by 64.4% YoY. Despite the declined interest rate scenario, staggering 20.9% YoY growth in Loans and Advances assisted the interest income to grow by 13.1% in 2015. Overall, Operating Income saw an upsurge of 16.3% YoY. Consolidated deposit basket of the bank faced marginal erosion and stood at BDT 143.3 bn in 2015. Besides, Capital Adequacy Ratio (CAR) came down to 12.3% during 2015 compared to 15.2% in 2014. NPL ratio increased slightly to 6.0% which was 5.7% in 2014.

Consolidated Net Profit after Tax (NPAT) grew by 14.6% YoY in 2015, while the standalone NPAT of the bank increased by 16.4% YoY. Among its subsidiaries, BRAC EPL Stock Brokerage Limited and bKash posted 51.8% and 26.0% bottom line growth, respectively.

Financial Performance

During Q1 2016, Funded Income and Non-Funded Income of the bank registered a YoY growth of 29.1% and 13.3%, respectively. Consolidated Operating Profit grew by 46.3% YoY, while consolidated NPAT grew by 55.4% YoY. Notably, Deposit basket increased by 6.6% in Q1 2016 in comparison to Q1 2015.

As per the un-audited first quarter accounts (Jan'16 to Mar'16), consolidated net profit after tax was BDT 622.3 Mn with consolidated EPS of BDT 0.98 as against BDT 400.5 Mn and BDT 0.58, respectively for the same period of the previous year.



Source: DSE and Research IDLC Investments Limited

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