

Dutch-Bangla Bank Limited (DSE: DUTCHBANGL)

Current Price (August 24, 2016)	107.0
Total Number of Share (Mn)	200.0
Free Float (%)	13.0%
Annualized PE* – DUTCHBANGL	9.5x
Trailing PE – DUTCHBANGL	7.1x
Annualized PE – BANK	7.2x

*Based on annualized earnings of HY, 2016

Financials (BDT Mn)	2014	2015	HY, 2016** (audited)
Net Interest Income	8,334	9,788	4,949
Income from Investments	1,990	2,059	936
Comm., Ex. & Brokerage	1,349	1,503	765
Operating Income	13,869	15,609	7,797
Operating Profit	5,324	6,434	2,809
Total Provisions	806	167	410
NPAT	2,207	3,020	1,123
Total Deposit	166,762	186,765	203,135
Total Loans and Advances	124,423	152,270	156,356

**Year ends on December 31

YoY Growth (%)	2014	2015	HY, 2016
Operating Income	9.2%	12.5%	3.8%
Net Profit After Tax	10.3%	20.8%	0.7%

Per Share (BDT)	2014	2015	HY, 2016
Restated EPS	11.03	15.10	5.62
Book Value Per Share	72.59	83.77	85.38

Others (%)	2014	2015	HY, 2016
Capital Adequacy Ratio	13.8%	13.7%	-
Non-Performing Loan (NPL)	4.4%	3.7%	-
Return on Assets (ROA)	1.1%	1.3%	-
Return on Equity (ROE)	16.2%	19.3%	-
Stock Dividend	-	-	-
Cash Dividend	40.0%	40.0%	-

3 Years' CAGR	Peers			
	DUTCHBANGL	UCB	CITYBANK	BRACBANK
Op. Inc.	11.4%	15.4%	14.5%	16.3%
NPAT	9.3%	36.1%	65.4%	49.4%

Source: DSE, Annual Reports/Financial Statements of DUTCHBANGL, UCB, CITYBANK and BRACBANK; 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

Dutch-Bangla Bank Limited (DSE: DUTCHBANGL) was established as a joint venture between Bangladesh and The Netherlands during July 1995 and started its banking business in June 1996. Subsequently in 2001, it was listed both in DSE and CSE. The bank then made its ATM services as the Unique Selling Proposition (USP) in doing banking business. As of 2015, DBBL holds 155 branches, 524 Fast Tracks and 3,588 ATM units across the country. The bank holds the leading position in ATM network in Bangladesh.

Dutch-Bangla Bank has been providing mobile banking services throughout the country. Recently, the bank introduced Agent Banking service in January 2015 to add a new dimension to its mobile banking business. Besides commercial banking and mobile banking services, it also has two off-shore banking units which came into operation in 2010.

Key Revenue Drivers & Company Insight

During 2015, the bank observed almost the same growth of last year in Funded Income. Funded Income grew by 14.8% YoY in 2015 which was 14.6% YoY in 2014. Meanwhile, Non-Funded Income improved in a positive direction of 6.1% YoY in 2015 which was a decline of 3.9% YoY in last year. The improvement was mainly driven by its strong retail network. As a result, overall Operating Income amplified by 12.5% YoY in 2015.

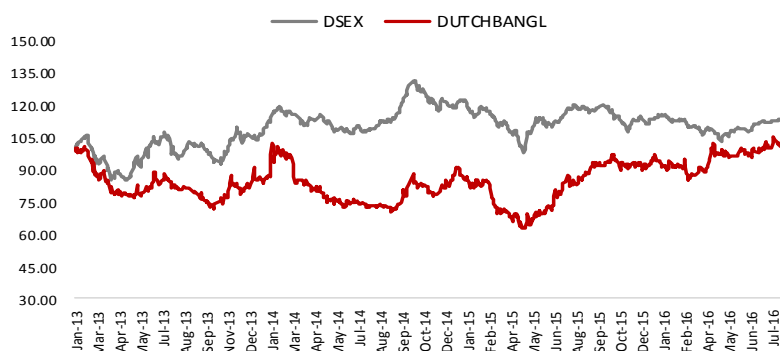
Deposit basket increased by 12.0% YoY to around BDT 187 Bn while Loan and Advances increased significantly by 22.4% YoY to BDT 152 Bn in 2015. Besides, Capital Adequacy Ratio (CAR) reduced slightly to 13.7% from that of 13.8% of last year while NPL improved to 3.7% from that of 4.4%.

Financial Performance

2015 was a successful year for DUTCHBANGL as it was able to sustain its growth in Operating Income and Operating Profit. Besides, improved quality loan basket assisted the bank to book lower provisions which consequently supported to demonstrate a massive 36.9% YoY growth in bottom line. Accordingly, ROA and ROE of the bank amplified to 1.3% and 19.3%, respectively.

DBBL observed several challenges in HY 2016. As a result, Operating Income grew slightly while Operating Profit declined by 12.0% YoY. Despite that, further decline in provision supported the NPAT again to remain intact as was in HY 2015.

As per audited six months' accounts (Jan'16 to Jun'16), consolidated net profit after tax was BDT 1,123.1 Mn with consolidated EPS of BDT 5.62 as against BDT 1,115.6 Mn and BDT 5.58, respectively for the same period of the previous year.



Source: DSE and Research, IDLC Investments Limited

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