

Company Profile

Dhaka Bank Limited (DSE: DHAKABANK) was established in April 1995. It was listed in DSE & CSE in 2000. Currently, the bank has 85 conventional banking branches, 2 Islamic banking branches, 3 SME service centers and 1 off-shore banking unit. It has two subsidiaries which are Dhaka Bank Securities Limited and Dhaka Bank Investment Limited. Though Dhaka Bank Securities Limited is operating through 6 country-wide branches but Dhaka Bank Investment Limited is yet to start its operation.

The Dhaka Bank currently activates through 53 ATMs and 19 ADMs.

Key Revenue Drivers & Company Insight

Significant decline in Net Interest Income (NII) deteriorated the overall financial performance of Dhaka Bank. NII was down further in 2015 by 29.7% YoY which was 14.7% YoY in 2014. During 2015, Funded Income decreased by 7.6% YoY while Non-Funded income grew by 10.4% YoY. Overall, Operating Income declined by 3.6% YoY in 2015 to BDT 6,994.0 Mn which was an increase of 8.7% YoY in 2014.

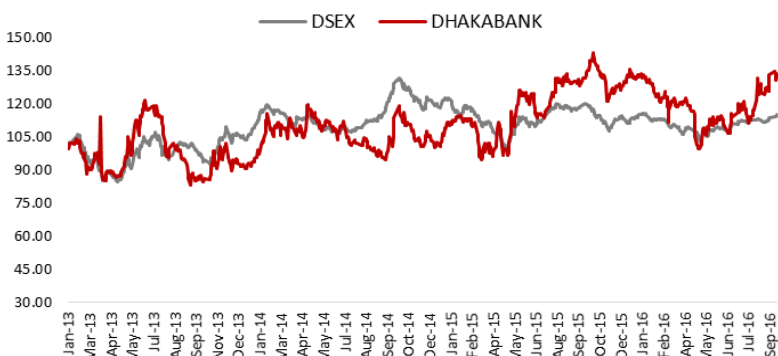
The bank's deposit basket experienced a YoY increase of 11.0% to BDT 138.6 Bn and Loans and Advances increased by 14.1% to BDT 118.2 Bn. Besides, the capital adequacy ratio shrank from 11.2% to 10.5% where NPL ratio experienced a favorable improvement from 5.5% in 2014 to 4.7% in 2015.

Financial Performance

2015 was a challenging year for DHAKABANK. Negative growth in Operating Income put an impact on the bank's bottom line shrinkage. Besides, cost to income ratio deteriorated further to 46.8% in 2015 from that of 43.0% in 2014. Moreover, the bank had to book a total provisions of BDT 1,230.3 Mn which was BDT 795.4 Mn in the previous year. Overall, lower operating profit, higher cost to income and higher provisions forced NPAT to drop significantly by 27.9% YoY to BDT 1,512.7 Mn from that of BDT 2,098.6 Mn in 2014. This decreased ROA and ROE to 0.9% and 10.7%, respectively.

During HY 2016, operating income increased by 3.1% YoY to BDT 3,963.8 Mn from that of BDT 3,845.2 Mn. Besides the total provisions amplified massively by 93.8% YoY which affected the NPAT to decline by 15.7% YoY.

As per unaudited half yearly accounts (Jan'16 to Jun'16), consolidated net profit after tax was BDT 831.3 Mn with consolidated EPS of BDT 1.21 as against BDT 985.9 Mn and BDT 1.43, respectively for the same period of the previous year.



Source: DSE and Research IDLC Investments Limited

Dhaka Bank Limited (DSE: DHAKABANK)	
Current Price (September 22, 2016)	17.6
Total Number of Share (Mn)	687.9
Free Float (%)	60.9%
Annualized PE* – DHAKABANK	7.3x
Trailing PE – DHAKABANK	8.9x
Annualized PE – BANK	7.6x

*Based on annualized earnings of HY, 2016

Financials (BDT Mn)	2014	2015	HY, 2016** (Unaudited)
Net Interest Income	2,864	2,022	1,801
Income from Investments	2,803	3,214	1,347
Comm., Ex. & Brokerage	1,229	1,373	662
Operating Income	7,258	6,994	3,964
Operating Profit	4,140	3,719	2,357
Total Provisions	795	1,230	971
NPAT	2,099	1,513	831
Total Deposit	124,854	138,592	144,084
Total Loans & Advances	103,604	118,184	128,964

**Year ends on December 31

YoY Growth (%)	2014	2015	HY, 2016
Operating Income	8.7%	-3.6%	3.1%
Net Profit After Tax	5.9%	-27.9%	-15.7%

Per Share (BDT)	2014	2015	HY, 2016
Restated EPS	3.36	2.42	1.21
Book Value Per Share	18.86	19.90	20.53

Others (%)	2014	2015	HY, 2016
Capital Adequacy Ratio	11.2%	10.5%	-
Non-Performing Loan (NPL)	5.5%	4.7%	-
Return on Assets (ROA)	1.3%	0.9%	-
Return on Equity (ROE)	15.9%	10.7%	-
Stock Dividend	10.0%	10.0%	-
Cash Dividend	14.0%	6.0%	-

3 Years'	Peers			
	DHAKABANK	UCB	DUTCHBANGL	BRACBANK
Op. Inc.	10.6%	15.4%	11.4%	16.3%
NPAT	-6.0%	36.1%	9.3%	49.4%

Source: DSE, Annual Reports/Financial Statements of DHAKABANK, UCB, DUTCHBANGL & BRACBANK 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

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