

**The City Bank Limited (DSE: CITYBANK)**

Current Price (October 20, 2016)	24.1
Total Number of Share (Mn)	875.8
Free Float (%)	69.1%
Annualized PE* – CITYBANK	5.2x
Trailing PE – CITYBANK	5.1x
Annualized PE – BANK	8.0x

\*Based on annualized earnings of HY, 2016

Financials (BDT Mn)	2014	2015	HY, 2016** (Unaudited)
Net Interest Income	5,058	5,405	3,188
Income from Investments	2,860	4,527	3,091
Comm., Ex. & Brokerage	1,969	2,143	1,141
Operating Income	10,758	13,087	8,131
Operating Profit	4,866	6,769	4,479
Total Provisions	1,725	2,207	1,734
NPAT	1,706	3,593	2,014
Total Deposit	118,442	143,405	153,550
Total Loans & Advances	116,490	143,015	162,097

\*\*Year ends on December 31

YoY Growth (%)	2014	2015	HY, 2016
Operating Income	23.2%	21.6%	31.3%
Net Profit After Tax	248.0%	110.6%	40.9%

Per Share (BDT)	2014	2015	HY, 2016
Restated EPS	1.95	4.10	2.30
Book Value Per Share	25.47	28.07	26.60

Others (%)	2014	2015	HY, 2016
Capital Adequacy Ratio	15.4%	14.0%	-
Non-Performing Loan (NPL)	5.9%	7.6%	-
Return on Assets (ROA)	1.1%	1.8%	-
Return on Equity (ROE)	8.4%	15.3%	-
Stock Dividend	5.0%	-	-
Cash Dividend	15.0%	22.0%	-

3 Years'	Peers			
	CITYBANK	UCB	EBL	BRACBANK
Op. Inc.	14.5%	15.4%	5.1%	16.3%
NPAT	65.4%	36.1%	-1.6%	49.4%

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

The City Bank Limited (DSE: CITYBANK) began its operations in March 1983 and was afterwards listed in the DSE and CSE in 1986. Currently, the bank has 120 branches, 287 ATMs, 30 Cash Deposits Machines and 4 Priority Centers countrywide. The subsidiaries include; The City Brokerage Limited, City Bank Capital Resources Limited and CBL Money Transfer SDN. BHD where it holds 99.9%, 99.9% and 87.2% ownership, respectively.

The City Bank also introduced walk-up ATMs and drive-through ATMs, both of which are the first of its kind in the country. The bank as well has an internet banking platform called 'Citytouch Internet Banking' and a mobile banking solution called 'City Wallet'.

**Key Revenue Drivers & Company Insight**

During 2015, City Bank has performed moderately well compared to the last year. Income from Investments demonstrated 58.3% YoY growth though it was 70.7% YoY in 2014. Gain on government securities supported this massive growth. The overall Funded Income grew by 25.4% YoY. Besides, Non-Funded Income also grew by 11.1% YoY. Overall, Operating Income observed an improvement of 21.6% YoY in 2015 which was 23.3% YoY in 2014. The bank's deposit basket and Loans & Advances experienced a YoY increase of 21.1% and 22.08% in 2015, respectively. In addition, the capital adequacy ratio declined from 15.4% to 14.0% and NPL ratio experienced further deterioration from 5.9% to 7.6% in 2015.

**Financial Performance**

Positive growth in Operating Income assisted The City Bank to maintain a significant amplification in bottom line. Besides, the improvement in Cost to Income ratio from 54.8% to 48.3% in 2015 supported the growth momentum. Notably, the bank had to book higher provisions during 2015, of BDT 2,206.9 Mn which was BDT 1,724.9 Mn in previous year. Despite higher provisions, growth in top line and improved operating efficiency pulled up NPAT by 110.6% YoY to BDT 3,593.1 Mn from that of BDT 1,706.1 Mn in 2014. This enlarged ROA and ROE to 1.8% and 15.3%, respectively.

The trend of improved profit growth prolonged to 2016 as well. During HY 2016, operating income increased by 31.3% YoY which amplified the NPAT by 40.9% YoY. Noteworthy to mention that, during Q2 2016, the bank booked a capital gain of BDT 1,591.9 Mn after offloading 35.7 Mn shares of IDLC.

**As per audited six months' accounts (Jan'16 to Jun'16), consolidated net profit after tax was BDT 2,014.3 Mn with consolidated EPS of BDT 2.30 as against BDT 1,429.4 Mn and BDT 1.63, respectively for the same period of the previous year.**



Source: DSE; IDLC Investments Limited

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