

## Islami Bank Bangladesh Limited (DSE: ISLAMIBANK)

Current Price (November 17, 2016)	30.2
Total Number of Share (Mn)	1,610.0
Free Float (%)	30.3%
Annualized PE* – ISLAMIBANK	8.7x
Trailing PE* – ISLAMIBANK	14.2x
Annualized PE – BANK	8.3x

\*Based on annualized earnings of 9M 2016

Financials (BDT Mn)	2014	2015	9M 2016** (Unaudited)
Net Investment Income	18,517	19,308	17,361
Comm., Ex. & Brokerage	5,883	6,213	4,158
Operating Income	27,471	28,065	23,479
Operating Profit	15,368	14,565	11,591
Total Provisions	4,824	5,520	2,852
NPAT	3,981	3,150	4,204
Total Deposits	559,714	614,877	667,433
Total Investments	460,385	525,105	568,003

\*\*Year ends on Dec. 31

YoY Growth (%)	2014	2015	9M 2016
Operating Income	8.4%	2.2%	22.2%
Net Profit After Tax	-20.9%	-20.9%	7.0%

Per Share (BDT)	2014	2015	9M 2016
Restated EPS	2.46	1.96	2.61
Book Value Per Share	28.94	29.37	30.79

Others (%)	2014	2015	9M 2016
Capital Adequacy Ratio	12.8%	11.7%	-
Non-Performing Loan	4.9%	4.2%	-
Return on Assets (ROA)	0.9%	0.6%	-
Return on Equity (ROE)	8.8%	6.7%	-
Stock Dividend	-	-	-
Cash Dividend	15.0%	20.0%	-

3 Years' CAGR	Peers			
	ISLAMIBANK	EXIMBANK	SHAHJABANK	SIBL
Op. Inc.	4.9%	10.4%	-5.9%	14.3%
NPAT	18.5%	0.1%	-8.9%	11.8%

Source: DSE, Annual Reports/Financial Statements of ISLAMIBANK, EXIMBANK, SHAHJABANK and SIBL; 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

Islami Bank Bangladesh Limited (DSE: ISLAMIBANK) began its operations on March 30, 1983 as the first Shari'ah based bank in South-East Asia. It was officially listed at the DSE in 1985 and at the CSE in 1996. It currently has 487 wholly owned ATMs along with 6,000 shared. The bank has opened 10 new branches during 2015, bringing its total tally of bank branches to 304.

Islami Bank also have two subsidiaries in Bangladesh; Islamic Bank Capital Management Limited (IBCML) and Islamic Bank Securities Limited (IBSL), and one subsidiary in Singapore, IBBL Exchange Singapore Pte. Ltd. The bank is also holding three off-shore banking units.

## Key Revenue Drivers & Company Insight

During 2015, Funded Income declined by 1.19% YoY. On the other hand, Non-Funded Income amplified by 11.8% YoY. As a consequence, overall Operating Income grew by 2.2% YoY. However, the bank had to take significant provisions of BDT 5,519.6 Mn in 2015 which was BDT 4,824.0 Mn during 2014. The growing provisions further deteriorated the overall bottom line by 20.9% to BDT 3,150.3 Mn by the year end.

As of 2015, Deposit basket was at BDT 615 Bn level while Investments observed a pretty good improvement. However, Capital Adequacy Ratio (CAR) deteriorated to 11.7% from that of 12.8% in last year. While, the NPL ratio improved to 4.2% which was 4.9% in 2014.

## Financial Performance

2015 was a year of consolidation for ISLAMIBANK. IBBL faced many challenges this year to maintain its growth. Additionally, due to the booking of heavy provisions and consequent shrinkage in NPAT, the ROA and ROE fell to 0.6% and 6.7%, respectively from that of 0.9% and 8.8% of last year.

2016, in contrast, is going well for Islami Bank. IBBL observed an increment of 22.2% YoY in Net Investment Income and 13.6% YoY in Operating Income which translated into a 7.0% YoY growth in overall NPAT during 9M, 2016.

As per un-audited nine months' accounts (Jan'16 to Sep'16), consolidated net profit after tax was BDT 4,204.2 Mn with consolidated EPS of BDT 2.61 as against BDT 3,927.7 Mn and BDT 2.44, respectively for the same period of the previous year.



Source: DSE; Research, IDLC Investments Limited

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