



Our shareholders are our universe | To Our Shareholders



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## Economic Contribution Report

The bank's overall mission is to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused bank that offers an array of products and services in search of excellence and to create impressive economic value. This section covers the value we deliver to our shareholders and the nation at large.

The bank's policy has been to deliver optimum value in a manner that is consistent with the highest levels of fairness and transparency. For the bank, it has not been a case of building financial value and enhancing the bottom line at any cost, but rather participating in a process of creating value through fair and ethical means. Building sustainable value for all stakeholders is an important corporate goal. Some of the measures taken to create, sustain and deliver optimum value are as follows:

### Capital Adequacy Ratio (CAR)

Capital adequacy indicates the financial strength and stability of a bank. It limits the extent up to which the bank can expand its business in terms of risk weighted assets. Like all commercial institutions, banks constantly look at ways of expanding their operations by acquiring property, plant & equipment and opening branches, in addition to mobilizing deposits, providing loans and investing in other assets.

Regulatory capital requirements are therefore necessary to prevent banks from expanding beyond their ability to manage (over-trading), to improve the quality of the bank's assets, to control the ability of the bank to leverage its growth and to lead to higher earnings on assets, leading to peace of mind for all the stakeholders. The bank keeps a careful check on its capital adequacy ratios.

### Minimum Capital Requirement (MCR) Under Risk Based Capital (Basel-II) as on December 31, 2014

BDT in million/Percentage

Particulars		2014	2013
A.	Eligible Capital Base:		
	1.Tier-I (Core Capital )	6,247.92	5,286.36
	2.Tier-II (Supplementary Capital)	2,464.49	2,850.20
	3.Tier-III (Eligible for market risk only)	-	-
	4.Total Eligible Capital (I+II+III)	8,712.41	8,136.56
B.	Total Risk Weighted Assets (RWA)	80,930.04	70,346.81
C.	Capital Adequacy Ratio (CAR)	10.77%	11.57%
D.	Core Capital to RWA	7.72%	7.51%
E.	Supplementary Capital to RWA	3.05%	4.06%
F.	Minimum Capital Requirement (MCR)	8,093.00	7,034.68

### Value Added Statements

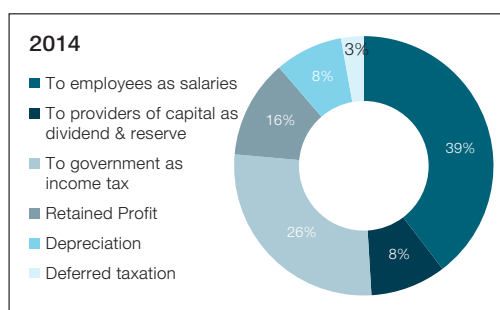
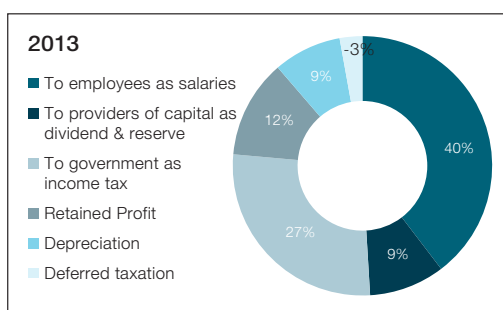
BDT in million

Particulars	2014	2013
Income from banking services	13,606	12,576
Less: Cost of services & supplies	9,203	9,058
Value added by banking services	4,404	3,518
Non-banking income	-	-
Provision for loans & off balance sheet items	(674)	(627)
Total	3,730	2,891

BDT in million

Distribution of value addition	2014		2013	
	Amount	%	Amount	%
To employee as salaries	1,496	40%	1,222	42%
To providers of capital as dividend & reserve	344	9%	279	10%
To government as income tax	968	26%	826	29%
To expansion & growth				
Retained profit	617	17%	294	10%
Depreciation	305	8%	270	9%
	<b>922</b>		<b>564</b>	
<b>Total Value Addition</b>	<b>3,730</b>	<b>100%</b>	<b>2,891</b>	<b>100%</b>

**Graphical Presentation**



**Economic Value Addition**

Economic Value Added (EVA) is the most successful performance metric used by the bank. It is a systematic approach to evaluating the performance attributes of the bank's products in relation to the resource expenditures required to enjoy its benefits. As a commercial banking company, we are committed to delivering maximum value to all of our shareholders/equity providers.

The EVA for the year 2014 is shown below:

BDT in million

Particulars	2014	2013
Average Shareholders' Equity	6,110	5,141
Add: Average Cumulative Provision for Loans & Advances	2,342	2,063
Average Equity of Shareholders	8,452	7,204

**Earnings**

BDT in million

Particulars	2014	2013
Profit after tax	962	573
Add: Provision for Loans	674	627
Earnings	1,635	1,200
Average cost of Equity (Shanchay patra rate + 2% premium)	15.19%	15.19%
Cost of average Equity	1,284	1,094
Economic value added	351	106
Growth over last year	232%	180%

to our shareholders

### Market Value Added Statement

Market Value Added (MVA) is the difference between the current market value of the bank and the capital contributed by investors. If MVA is positive, the bank has added value. If it is negative, the bank has destroyed value. The amount of value added needs to be greater than the bank's investors could have achieved investing in the market portfolio, adjusted for the leverage of the bank relative to the market. A high MVA denotes that the bank has maximized the wealth for shareholders. The calculation of market value added is tabled below.

Particulars	Number of Shares	Value per share	Total Value
Market Value	307,763,306	BDT 19.80	6,093.71
Book Value	307,763,306	BDT 10.00	3,077.63
Market value added		BDT 9.80	3,016.08

### Liquidity Policy

The liquidity policy of the bank has always been to carry a favorable mismatch in the interest earning assets and interest bearing liabilities in different buckets. Our liquidity remained at optimum levels during the year.

The Assets and Liabilities Committee (ALCO) of the bank monitors and maintains a satisfactory trade-off between liquidity and profitability.

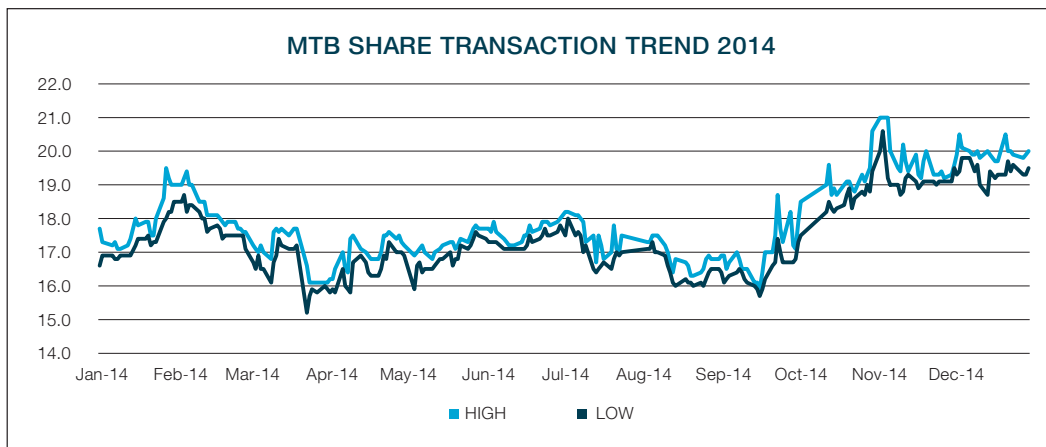
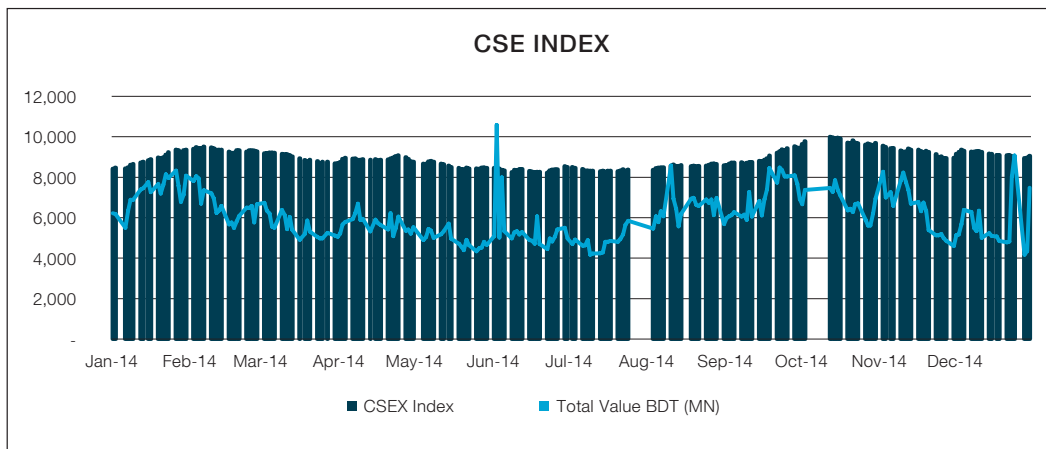
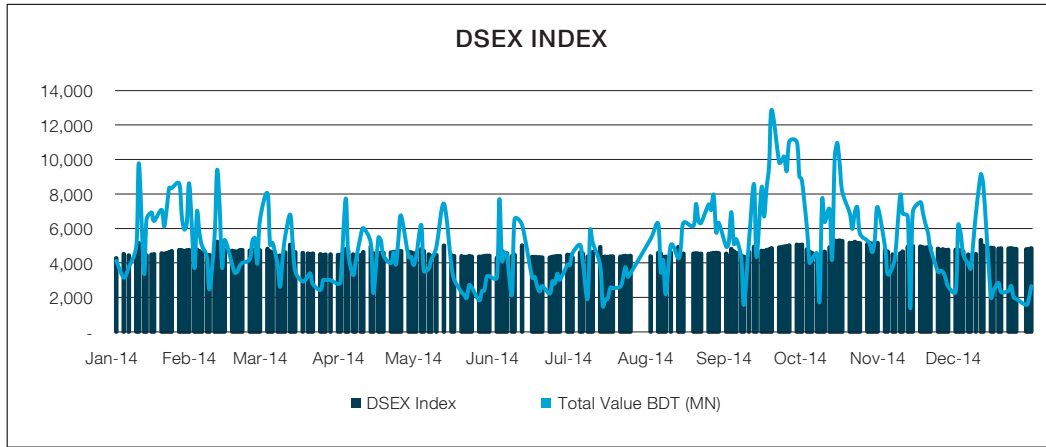
### Dividend Policy

The dividend policy of the bank has always been to pay a satisfactory dividend to its shareholders. As per Bangladesh Bank Guidelines, we have already built up the minimum paid up capital & reserve required by the Revised Risk Based Capital Adequacy 10% of Risk Weighted Asset (RWA) of the bank.

Considering the performance of the bank, the board has recommended stock dividend of 20% for the year 2014, maintaining a minimum capital requirement (MCR) as per Basel-II.

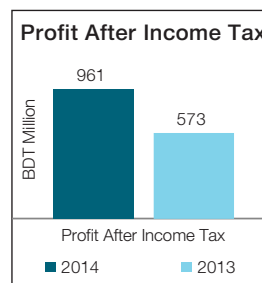
## Market Share Information

to our shareholders

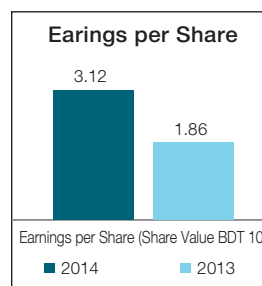


## Financials at a Glance

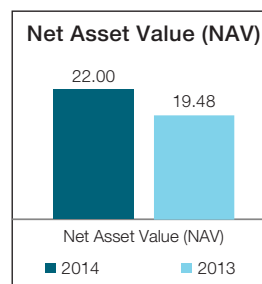
Results for the Year	2014	2013	% Change
Income	2,603	2,026	28.50%
Profit Before Income Tax	1,929	1,399	37.88%
Income Tax	968	826	17.19%
Profit After Income Tax	962	573	67.71%
Profit Available After Appropriation	617	294	109.86%



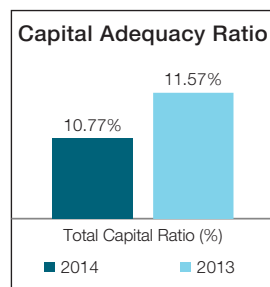
At the Year End	2014	2013	% Change
Shareholders Fund	6,770	5,449	24.24%
Total Deposits	97,106	84,373	15.09%
Total Loans and Advances	77,141	59,548	29.54%
Total Assets	116,301	101,172	14.95%



Information Per Ordinary Share	2014	2013	% Change
Earnings per Share (Share Value BDT 10)	3.12	1.86	67.74%
Dividend - Bonus	20%	10%	100.00%
Net Asset Value (NAV)	22.00	19.48	12.95%



Ratios	2014	2013
Return on Average Equity (%)	15.74%	11.15%
Liquidity Ratio (%)	79.44%	70.58%
Return on Average Assets (%)	0.88%	0.59%
Cost/Income Ratio (%)	54.53%	56.14%
Tier-I Capital Ratio (%)	7.72%	7.51%
Total Capital Ratio (%)	10.77%	11.57%



to our shareholders

## Five Year Statistical Summary

BDT million

SL#	Items	2014	2013	2012	2011	2010
1	Authorised Capital	10,000	10,000	10,000	10,000	10,000
2	Paid up Capital	3,078	2,798	2,543	2,543	2,120
3	Shareholder's Equity	6,770	5,449	4,834	4,815	4,379
4	Total Capital (Core+ Supplementary)	8,712	8,137	6,981	6,925	6,226
5	Total Assets	116,301	101,172	93,162	76,331	57,529
6	Total Deposits	97,106	84,373	75,140	59,051	45,129
7	Total Loans and Advances	77,141	59,548	56,511	47,005	39,676
8	Total Investment	20,768	25,823	23,251	20,149	9,216
9	Export	36,154	32,479	25,455	26,596	16,843
10	Import	51,593	44,273	39,427	36,945	27,653
11	Total Contingent Liabilities	30,802	23,896	17,676	17,211	15,499
12	Operating Income	5,725	4,619	3,507	3,104	3,399
13	Operating Expenditure	3,122	2,593	2,175	1,899	1,397
14	Profit before provision and tax	2,603	2,026	1,332	1,205	2,002
15	Profit after provision and tax	962	573	327	404	988
16	Total Provision maintained	2,388	2,297	1,828	1,483	1,283
17	Earning assets	98,026	85,324	78,807	66,665	51,185
18	Non-interest earning assets	18,275.14	16,140	14,356	9,666	6,344

Figure in BDT/Percentage

SL#	Items	2014	2013	2012	2011	2010
1	Earnings per Share (Figure in BDT)	3.12	1.86	1.17	1.59	3.89
2	Net Asset Value (NAV) per share (Figure in BDT)	22.00	17.71	19.01	18.93	17.22
3	Dividend - Cash	-	-	-	12%	-
4	Dividend - Stock	20.00%	10%	10%	-	20.00%
5	Return on Average Equity	15.74%	11.15%	6.80%	8.84%	24.52%
6	Return on Average Assets (ROAA)	0.88%	0.59%	0.39%	0.61%	1.79%
7	Classified Loans as % of Total Loans and Advances	2.67%	3.62%	3.69%	2.54%	2.28%
8	Lending - Deposit Ratio	79.44%	70.58%	75.21%	79.60%	87.92%
9	Capital Adequacy Ratio	10.77%	11.57%	10.71%	11.96%	11.49%
10	Market Value per Share	19.80	16.30	21.90	33.30	70.80
11	Price-Earning Ratio (Times)	6.34	7.96	18.74	20.95	18.22

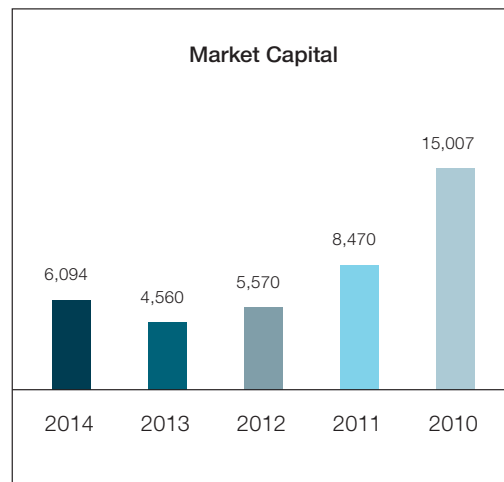
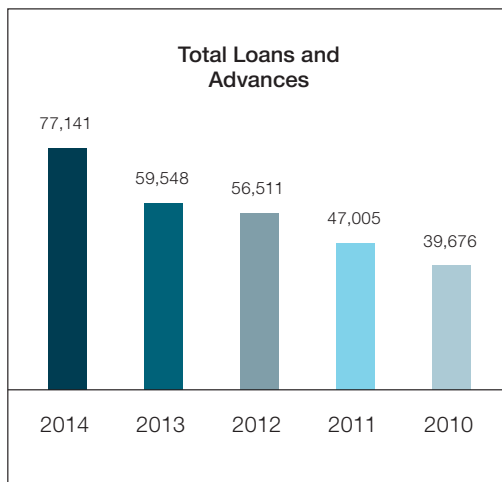
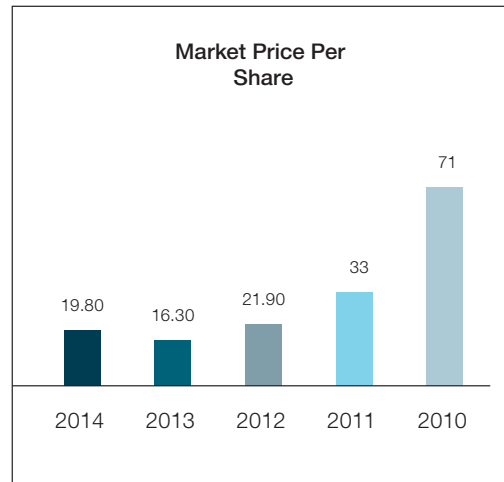
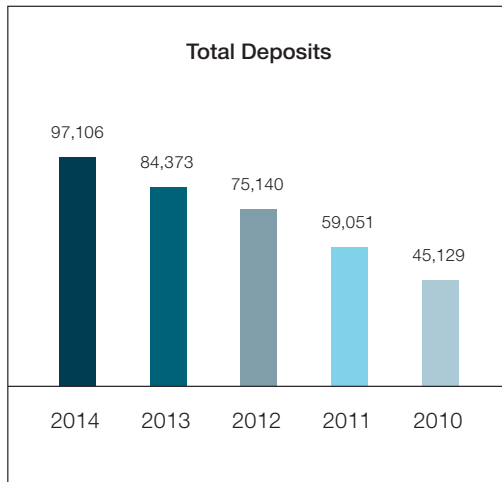
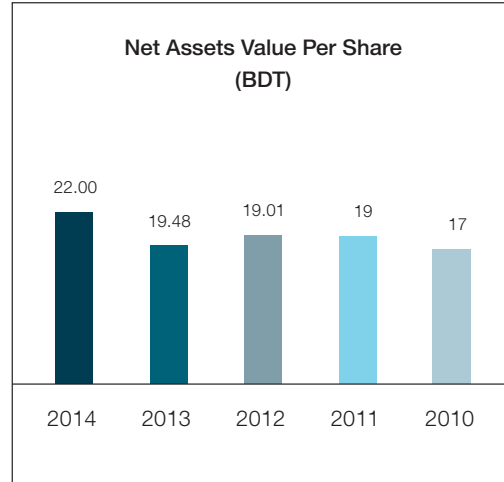
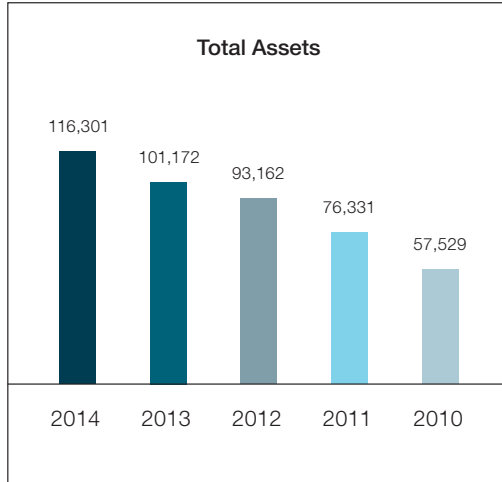
SL#	Items	2014	2013	2012	2011	2010
1	No. of Branches	103	92	86	76	67
2	No. of Employees	1586	1,378	1,317	1,269	1,050

to our shareholders



## Five Year Graphical Review

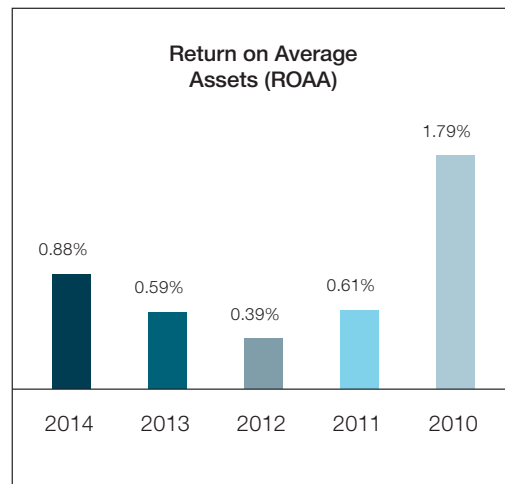
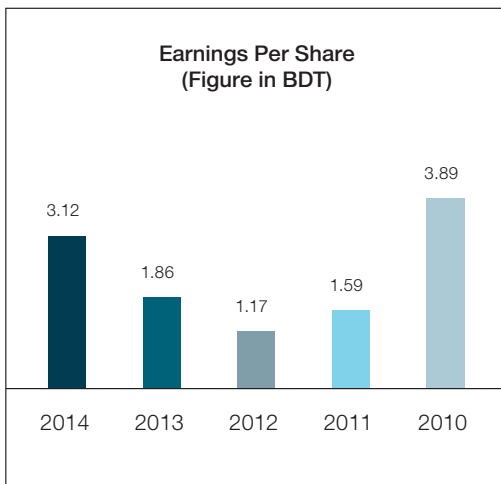
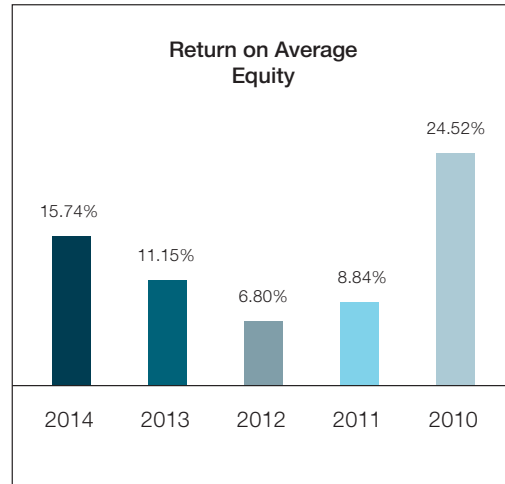
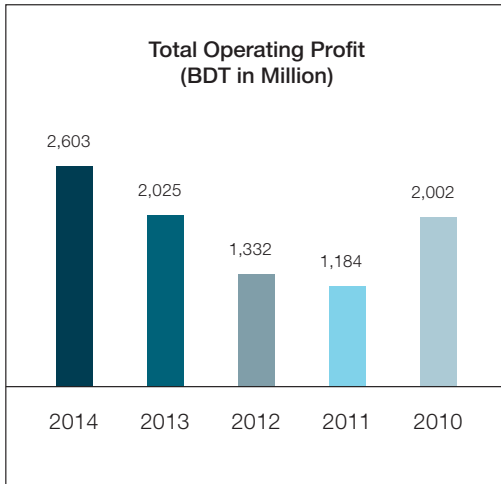
### Financial Performance



... to our shareholders



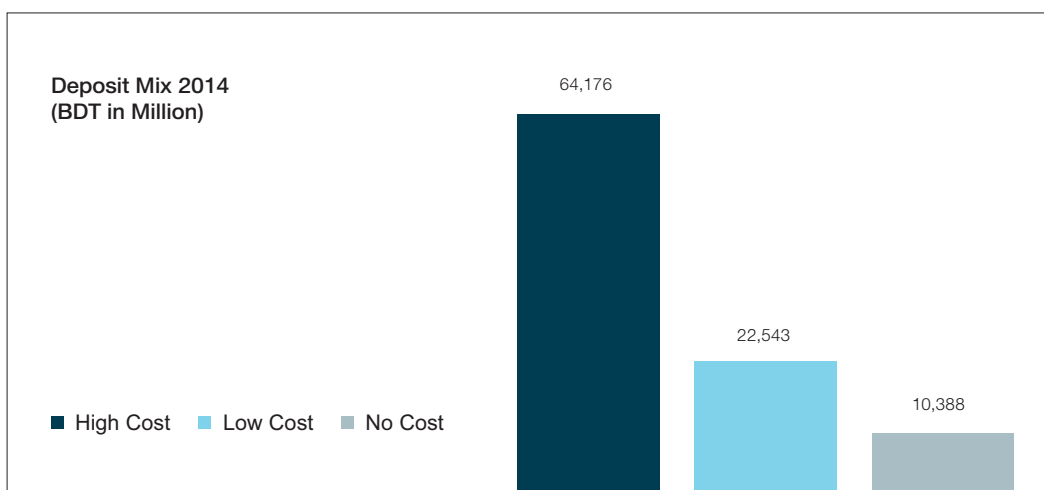
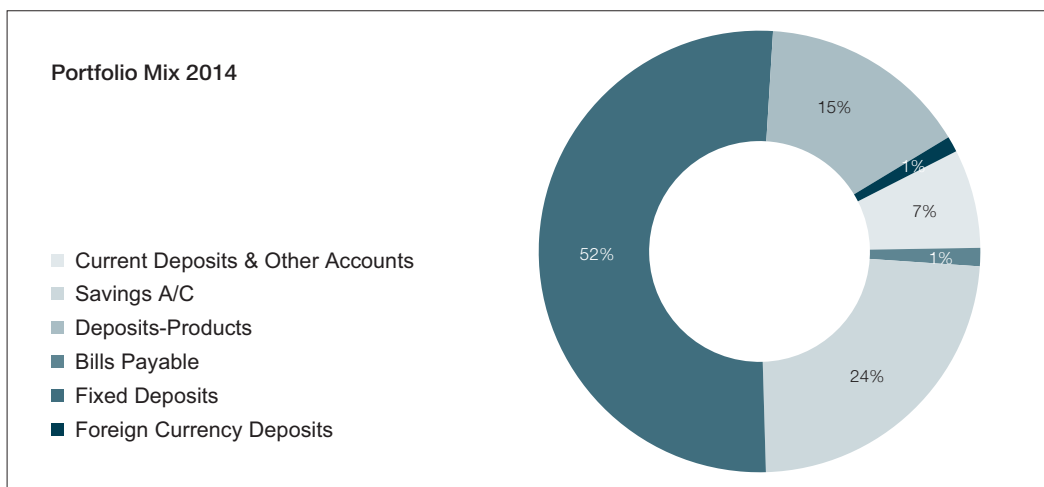
... to our shareholders



## Analysis of Deposits

BDT million

	2014	2013	2012	2011	2010
<b>Local Currency Deposits</b>					
Current Deposits & Other Accounts	6,953	9,786	8,372	8,059	7,495
Bills Payable	1,284	780	1,814	602	530
Savings A/C	22,543	11,098	9,224	7,840	6,356
Fixed Deposits	49,412	48,281	45,301	35,193	25,576
Deposits-Products	14,764	12,704	9,750	6,633	4,794
Foreign Currency Deposits	1,109	878	344	494	189
<b>Total Deposits excluding Refinance</b>	<b>96,065</b>	<b>83,528</b>	<b>74,805</b>	<b>58,821</b>	<b>44,940</b>
Refinance	1,042	845	335	230	190
<b>Total Deposits and Refinance</b>	<b>97,106</b>	<b>84,373</b>	<b>75,140</b>	<b>59,051</b>	<b>45,129</b>



... to our shareholders

## Analysis of Loans and Advances

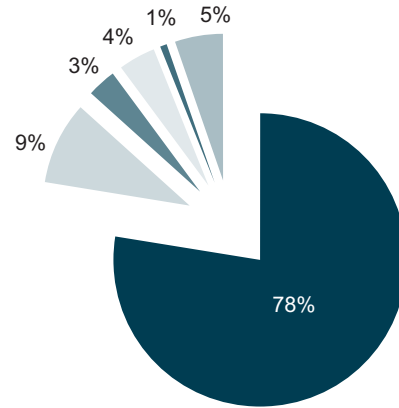
BDT million

	2014	2013	2012	2011	2010
Corporate	59,835	44,411	43,155	35,628	30,095
SME	7,028	4,869	2,269	2,942	2,647
Retail	2,454	2,343	3,323	1,960	1,425
Secured Overdraft (FO)	3,145	3,316	3,032	2,530	1,875
Employee	577	542	526	449	304
Margin loan	4,102	4,068	4,206	3,497	3,331
<b>Total</b>	<b>77,141</b>	<b>59,548</b>	<b>56,511</b>	<b>47,005</b>	<b>39,676</b>

to our shareholders

2014

- Corporate
- SME
- Retail
- Secured Overdraft (FO)
- Employee
- Margin loan



2013

- Corporate
- SME
- Retail
- Secured Overdraft (FO)
- Employee
- Margin loan

