COMPANY PROFILE OF STANDARD BANK LTD.

Standard Bank Limited (SBL) was incorporated as a Public Limited Company on May 11, 1999 under the Companies Act, 1994 and the Bank achieved satisfactory progress from its commercial operations on June 03, 1999. SBL has introduced several new products on credit and deposit schemes. It also goes for Corporate and Retail Banking etc. The Bank also participated in fund Syndication with other Banks. Through all these myriad activities SBL has created a positive impact in the Market. Standard Bank Limited carries out the following types of banking business:

- Wholesale Banking
- Retail Banking
- International Trade Financing
- Small and Medium Enterprises (SME) Banking
- NRB Banking
- Card Services
- Treasury Operations

KEY STATISTICS	Column1
Authorized Capital	15,000,000,000
Paid Up Capital	5,702,000,000
Total Market Capitalisation	7,013,575,000
Face Value	10
52 Weeks Range	10.5-15.5
Free Float Shares	44.22%

Figure: 1. (Source: DSE Website)

Source: http://www.standardbankbd.com/index.php/about

KEY REVENUE DRIVERS & FINANCIALS

Financials	2011	2012	2013	CAGR (3 years)
Consolidated NPAT	1,297,000,000	1,333,000,000	1,011,000,000	-12%
Net Interest Income	2,168,000,000	2,344,000,000	2,240,000,000	2%
Income from Investment	1,101,177,000	1,224,794,000	2,125,731,200	39%
Shareholder's Equity	6,871,000,000	8,220,000,000	9,289,000,000	16%
Total Deposit	63,821,000,000	76,077,000,000	87,962,000,000	17%
Total Loans and advances	55,332,000,000	61,528,000,000	74,181,000,000	16%
Total Investments	9,534,000,000	16,778,000,000	19,168,000,000	42%
Earning Per Share	2.66	2.73	1.77	-18%

Figure: 2. (Source: Annual Report Standard Bank Ltd)

In Figure 2 we can see the cumulative growth rate (CAGR) of all the important determinants. Standard Bank performed well in the increasingly competitive banking environment in Bangladesh although NPAT and EPS fell in 2013 showing a negative CAGR. Between 2011 and 2013 Net Profit after Tax has decreased at a compounded Annual Growth Rate of 12% while income from investments and total loans and advances grew 39% and 16% respectively.

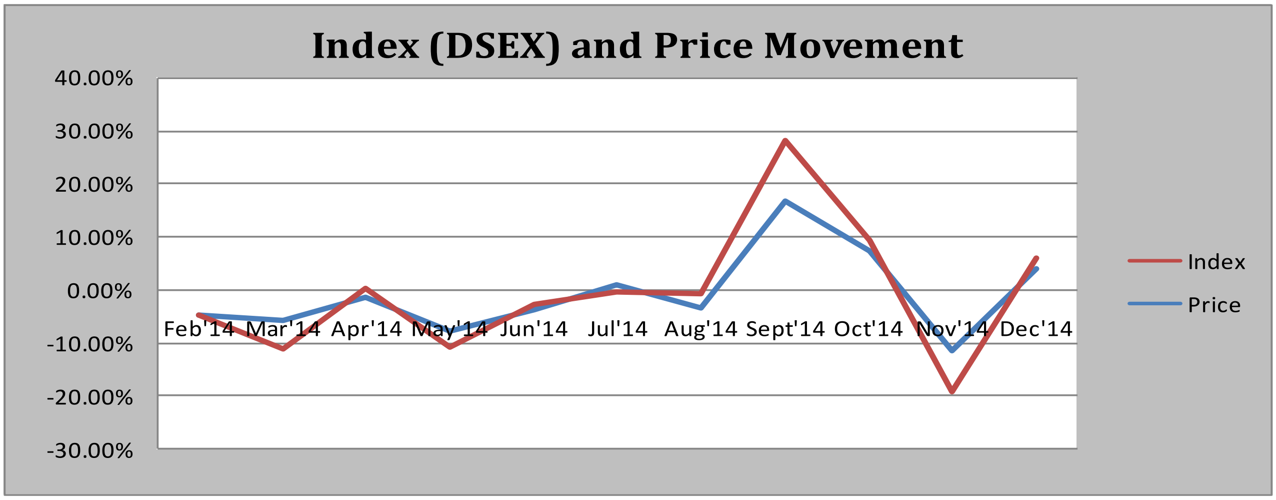

Figure: 3. (Source: DSE Website and Stock Bangladesh)

In figure 3 we can clearly see the correlation between the prices of Standard Bank with DSEX. The change in the index (DSEX) is somewhat positively correlated with the price movement except in the mid of 2014 where it underperformed compared to DSEX.

Future prospect of Standard Bank Ltd

Considering current EPS of Standard Bank Limited at the end of third quarter of Tk1.14 per share and operating income we have conducted the projection on the earnings, profitability and EPS for the year ended December 2014. With growth of 51% in net interest income, 18% in investment income and 20% in the operating expenses our projection estimates EPS at the end of year 2014 to be Tk2.05 The estimation of earnings per share is done by forecasting income of Standard Bank before and after payment of approximate provision and expenses as on December 2014. The Pro Forma statement of Standard Bank Limited is as below in Figure 4.

Particulars	Dec-13	Q3 2014	Dec-14 (Forecasted)
Total interest income	11,066,949,459	8,700,177,181	11,745,239,194
Net Interest Income	2,240,050,497	2,140,226,606	3,391,579,840
Investment Income	1,590,923,173	1,304,548,828	1,870,456,187
Commission and Charges	976,903,125	743,032,050	1,039,803,313
Total Operating Income	5,043,593,912	4,354,324,588	6,201,642,017
Total Operating Expenses	1,864,441,275	1,545,446,097	2,237,704,801
Profit before Taxation	2,330,981,880	1,552,141,303	2,716,247,280
Profit after Taxation	1,010,981,305	649,732,489	1,137,031,856
EPS	1.77	1.14	2.05

Figure: 4. (Source: Standard Bank Annual Report)

GRAPHICAL REPRESENTATION OF FINANCIALS (2011-2013)

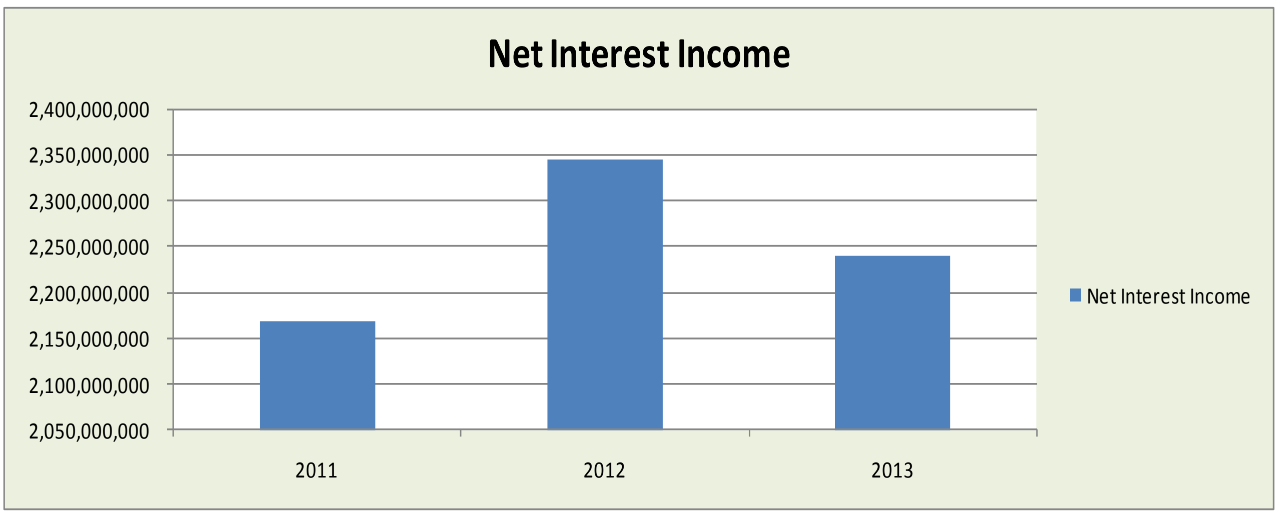

Figure: 5. (Source: Standard Bank Annual Report)

The cumulative average growth (CAGR) of net interest income in three years was 2%. In 2013 it showed a negative growth of -4% but is expected to recover in 2014 due to growth in loans and advances.

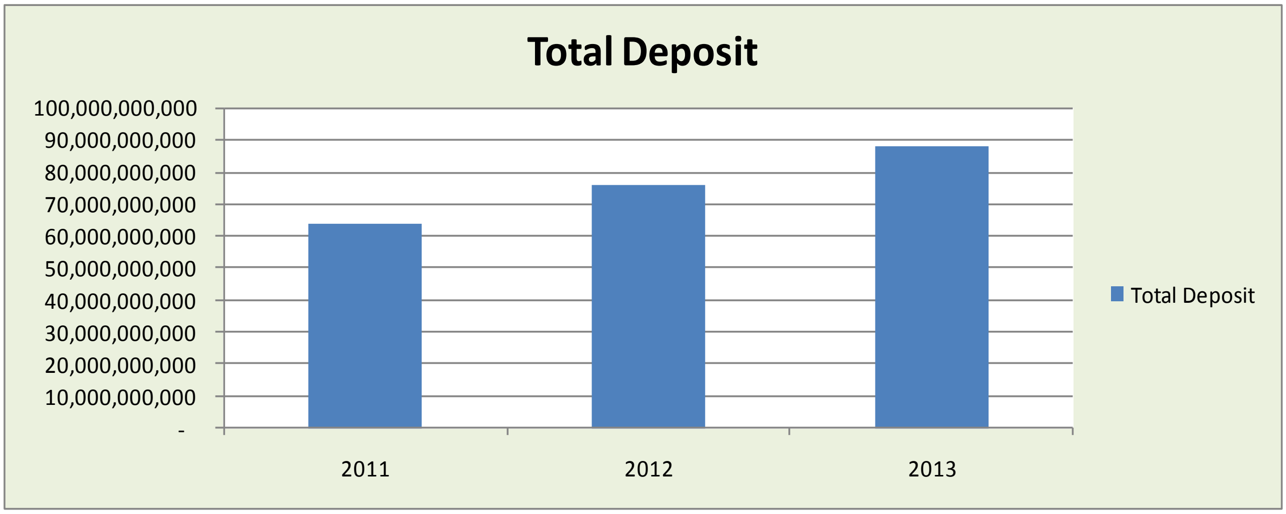

Figure: 6. (Source: Standard Bank Annual Report)

Total deposit grew at a CAGR of 17% by maintaining a healthy and uniform growth rate from 2011 to 2013.

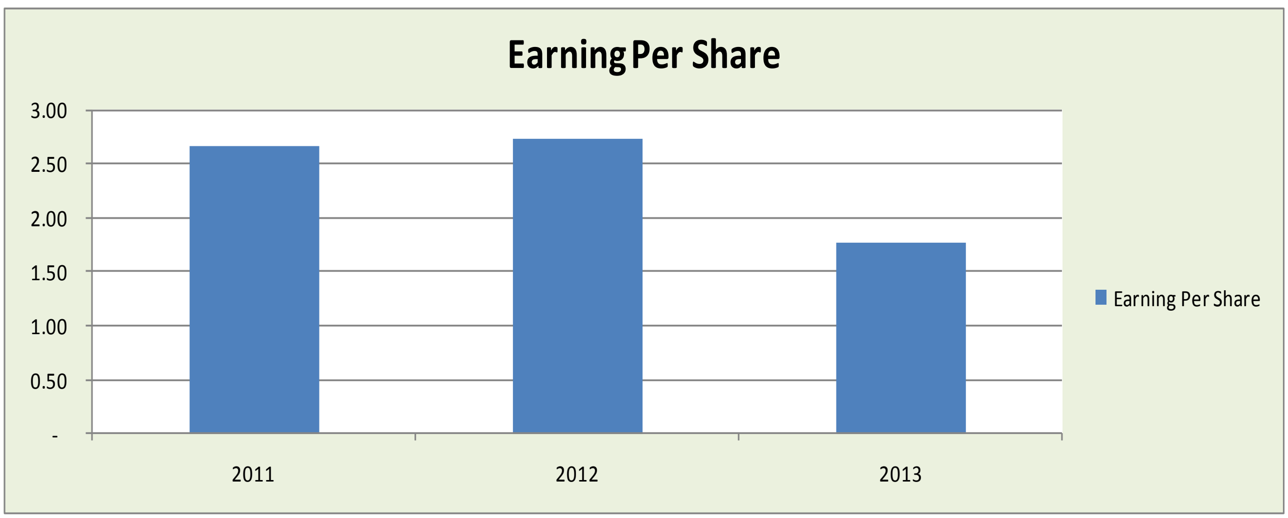

Figure: 7. (Source: Standard Bank Annual Report)

The CAGR of earning per share in these three years is -18%. The EPS fell in the year 2013 by 35% due to political turmoil's and other scandals which hit the banking industry hard.

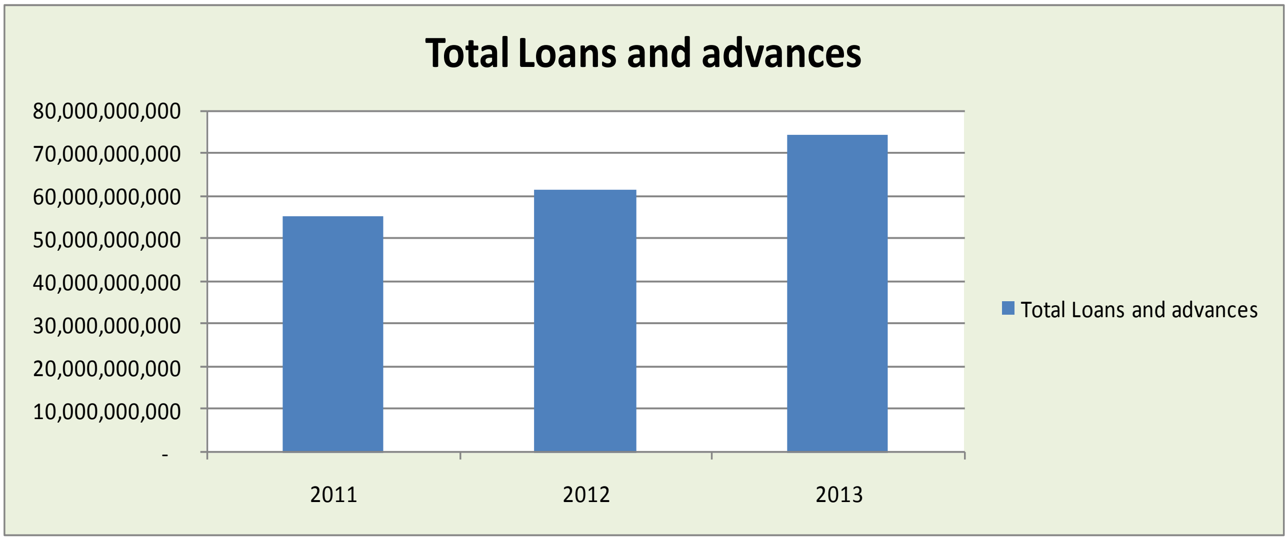

Figure: 8. (Source: Standard Bank Annual Report)

Loans and advances grew at a steady rate by CAGR of 16%.The year 2013 saw a rise in the growth rate as it registered 21% compared to the previous year whereas the growth rate was 11% in 2012.

PERFORMANCE OF STANDARD BANK IN COMPARISON WITH OTHER BANKS

Name of the Company	NPAT (YOY % Change) 2013-2014 Annualised	EPS Growth CAGR(4 years)	Forward PE (Current)	Sectoral PE 2014 (Current)
ABBANK(AB Bank Limited)	97%	2%	6.83	8.75
ALARABANK	2%	-13%	12.68	8.75
BANKASIA	66%	-12%	6.67	8.75
BRACBANK	61%	-5%	8.02	8.75
CITYBANK	90%	-20%	12.71	8.75
DHAKABANK	-61%	-40%	13.54	8.75
DUTCHBANGL	-3%	-3%	0.82	8.75
EBL(Eastern Bank)	-16%	-14%	8.14	8.75
EXIMBANK(Export Import (Exim) Bank of Bangladesh)	-22%	-19%	9.67	8.75
FIRSTSBANK(First Security Islami Bank Limited)	-37%	-12%	9.55	8.75
ICBIBANK(ICB Islamic Bank Limited)	-31%	-36%	-6.80	8.75
IFIC(IFIC Bank)	8%	4%	7.34	8.75
ISLAMIBANK(Islami Bank)	-66%	-39%	22.12	8.75
JAMUNABANK(Jamuna Bank Ltd.)	-62%	-39%	15.27	8.75
MERCANBANK(Mercantile Bank Ltd.)	-36%	-22%	7.76	8.75
MTBL(Mutual Trust Bank Ltd.)	101%	25%	6.19	8.75
NBL(NBL)	-16%	-46%	10.23	8.75
NCCBANK(NCCBL)	-35%	-37%	11.76	8.75
ONEBANKLTD(One Bank Limited)	-24%	-22%	8.00	8.75
PREMIERBAN(The Premier Bank Ltd.)	-77%	-38%	29.45	8.75
PRIMEBANK(Prime Bank)	24%	-23%	8.72	8.75
PUBALIBANK(Pubali Bank)	22%	2%	7.03	8.75
RUPALIBANK(Rupali Bank)	27%	-30%	18.82	8.75
SHAHJABANK(Shahjalal Islami Bank Ltd.)	-73%	-43%	24.14	8.75
SIBL(Social Islami Bank Limited)	54%	17%	5.80	8.75
SOUTHEASTB(Southeast Bank)	-11%	12%	6.00	8.75
STANDBANKL(Standard Bank Limited)	13%	-14%	7.96	8.75
TRUSTBANK(Trust Bank Limited)	286%	-6%	5.93	8.75
UCBL(United Commercial Bank Ltd.)	20%	2%	6.83	8.75
UTTARABANK(Uttara Bank)	-4%	-18%	7.54	8.75
Industry Average	**10%**	**-17%**	**9.96**	**10.17**

Figure: 9. (Source: Empire Capital Research)

NOTE: In figure 9 we have tried to come up with an industry analysis in comparison with Standard Bank (projected) where four aspects have been shown. Net profit after tax and EPS for 2014 has been annualized where necessary. Forward P/E is calculated by dividing market price with annualized EPS which is Forward EPS. The market price of shares is as of 23rd February. Sectoral P/E is calculated by dividing sum total market capitalization of bank sector with sum total annualized net profit of all companies.

From the above Figure 9 we can clearly see the winning banks when compared with its industry average. In terms of YOY change in NPAT there are 13 banks which showed positive change in growth out of which

Standard Bank has registered a growth of 13% from that of previous year while the industry average is 10%. In terms of 4 years CAGR growth in EPS, Standard Bank has not performed the best with a growth of -14% but better than the industry average of -17%. The Forward P/E of Standard Bank is based on 2014 projected NPAT, being 7.96 is still low compared to its Sectoral P/E of 8.75.

Name of the company	EPS	EPS Growth	PE Ratio	ROE
Commercial Bank of Ceylon (Srilanka)	9.1	6.68%	15.4	25.26%
Kasikom Bank (Thailand)	15.12	13.77%	11.26	34.70%
United Bank (Pakistan)	4.71	20.46%	9.18	19.91%
Standard Bank (Bangladesh)	2.05	-14%	7.89	23%
Axis Bank (India)	7.98	17.70%	22.8	36.24%
Mutual Trust Bank (Bangladesh)	3.12	20.00%	6.38	17.24%

Figure: 10. (Source: Financial Statements of respective banks) *All the above figures are based on Q3 disclosures of 2014 with Q3 (except Standard Bank where the projected EPS was taken into consideration and MTB) of the previous year 2013.

CREDIT QUALITY AND OTHER INFORMATION

Standard Bank Limited has been rated as AA3in the long term and ST-2 rating in the short term by credit rating agency of Bangladesh (CRAB) on the basis of Audited Financial Statement as on 31st December 2012. Commercial banks rated AA3 have very strong capacity to meet their financial commitments and commercial banks rated ST-2 in the short term are considered to have the strong capacity for timely repayment of obligation. Standard bank maintains an adequate capital adequacy ratio of more than 10% as required by Bangladesh Bank shown in Figure 11.

Particulars	2013
Capital Adequacy Ratio	10.99%
Requirement as per BB	10%
Capital Requirement % Held	9.57%
Capital Requiremnt % as per BB	5%

Figure: 11. (Source: Standard Bank Annual Report)

Standard bank has increased its authorized capital from Taka 880.00 crore to Taka 1500.00 crore by passing a special resolution in the banks 27th extra ordinary general meeting held on 14th November 2011. Out of total issued, subscribed and fully paid up capital of the bank of 3,300,000 ordinary shares of Tk.100 each amounting to Taka 3, 30,000,000 was raised through public offering of shares in 2003. It has increased its paid up capital by issuance of 2:1 right share at par on 8 November 2007.

Capital/Shareholders equity	Column1	Column2	Column3	Column4
Particulars	**2012**	**2013**	**2014 (Annualized)**	**Growth (CAGR)**
Paid Up Capital	4,874,000,000	5,702,000,000	6,670,661,469	16.99%
Statutory Reserve	2,489,734,034	2,911,544,725	3,882,059,633	24.87%
Revaluation Reserve on Investment	16,884,104	74,301,377	99,068,503	142.23%
Retained Earnings	840,161,243	601,192,584	801,590,112	-2.32%
Total Shareholders' Equity	8,220,000,000	9,289,000,000	12,385,333,333	22.75%

Figure: 12. (Source: Standard Bank Annual Report)

The bank sector has faced a number of hurdles in the past 5 years. A number of large loan scams shook the country's banking sector as it was already reeling right after the stock market crash in early 2011. After that Bangladesh Bank the central bank took a stern stand on the loan classification and asset quality of banks to offset the risk. Increased amounts of nonperforming loans had put Bangladesh Bank into a challenge to maintain the NPL at a tolerable level. Banks were extra cautious on disbursing loans due to such events. Credit to both private and public sector decreased. Political instability is also a major factor which affected the investment climate of the country. The banking sector being closely related to the business environment is directly beneficiary/victim of adverse political developments. The central bank of Bangladesh however has relaxed its loan classification, provisioning and rescheduling policies recently aiming to facilitate the country's overall business activities. The requirement of 5.0 percent provisioning on outstanding balance of loan under Special Mention Account (SMA) has been withdrawn and the rescheduling time has been re-fixed at six years instead of four-and-half-year earlier, according to the latest directives, issued by the Bangladesh Bank (BB) as stated on the national dailies. However Bangladesh Bank maintains its stance to migrate to BASEL III after fulfilling BASEL II requirements.

Provisioning Details	13-Dec	Q1 2014	Q2 2014	Q3 2014
Total Loans and Advances	74,180,749,551	77,875,254,733	78,778,505,726	81,348,999,805
Total Provision	848,170,758	390,800,168	723,949,570	1,256,737,289
% of Provision of total loans and advances	**1.14%**	**0.50%**	**0.92%**	**1.54%**

Figure: 13. (Source: Standard Bank Annual Report)

GRAPHICAL REPRESENTATION OF LOAN EXPOSURE AND DISBURSEMENT

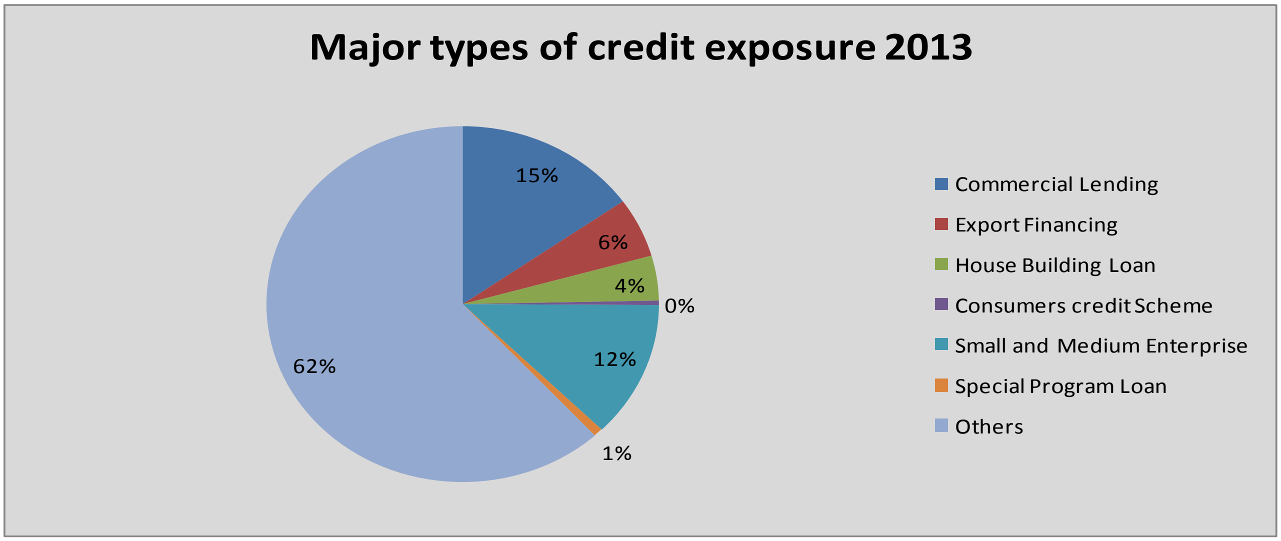

Figure: 14. (Source: Standard Bank Annual Report)

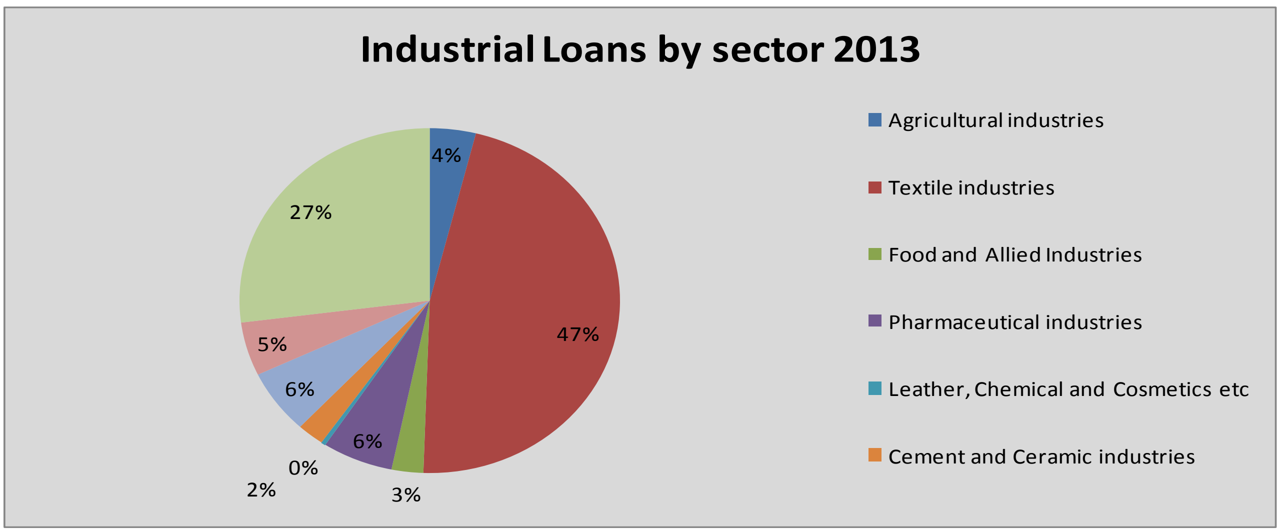

Figure: 15. (Source: Standard Bank Annual Report)

Name of the clients (List of large borrowers)	Outstanding as on 31.12.2013	Column1	Total amount (in crore)	Column2
	Funded	Non Funded	2013	2012
Chaity Group	139.93	99.27	239.2	217.57
Sinha Group	153.13	86.05	239.18	234.65
Paradise Group	176.93	40.66	217.59	201.24
Abul Khair Group	84.24	112.45	126.58	60.34
Union Group	81.21	113.53	194.74	177.5
Bashundhara Group	131.01	32.93	163.94	125.99
Saad Musa Group	116.99	20	136.99	121.56
Shahbuddin Trading Company	20.22	114.99	135.21	114.37
Nasir Group	85.15	39.68	124.83	90
Zaara Composite Textiles Ltd	94.34	19.14	113.48	112
IRIS Fabrics Ltd	13.21	93.61	106.82	85.27
Gemcon Group	79.84	26.42	106.26	36.46
Anowar Group	75.64	28.91	104.55	
Armana Group	10.53	91.97	102.5	104.5
Bang Jin Group	50.39	51.15	101.54	119
Everway Yarn Dyeing Industries	49.38	49.64	99.02	137.56
Aman Group	72.14	23.14	95.28	85.99
Total	**1434.28**	**1043.54**	**2407.71**	**2024**

Figure: 16. (Source: Standard Bank Annual Report)

In figure 16 we can see the detail of clients with large loans where the amount of outstanding and classified loans/investments sanctioned exceeds 10% of total capital of the bank. Total capital of the bank was Tk 1015.78 crore as at 31st December 2013.

PRICE SENSITIVE INFORMATION OF SHAREHOLDERS 2014

Trading Code:	STANDBANKL
News:	Mohammed Nurul Islam, one of the Sponsors of the Company, has expressed his intention to buy 37,00,000 shares of the Company at prevailing market price through Stock Exchange within next 30 working days.
Post Date:	2014-04-27
Trading Code:	STANDBANKL
News:	Mohammed Nurul Islam, one of the Sponsors of the Company, has further reported that he has completed his buy of 37,00,000 shares of the Company at prevailing market price through Stock Exchange as announced earlier.
Post Date:	2014-05-18
Trading Code:	STANDBANKL
News:	Tanveer Mostafa Chowdhury, Intishar Mostafa Chowdhury and Tazmeem Mostafa Chowdhury, all are Sponsors of the Company, have expressed their intention to buy 5,000 shares each at prevailing market price through Stock Exchange within next 30 working days.
Post Date:	2014-05-20
Trading Code:	STANDBANKL
News:	Sakina Islam, one of the Sponsors of the Company, has further reported that she has completed her transfer of 1,40,000 shares of the Company to her husband Mohammed Nurul Islam, another Sponsor of the Company, by way of gift outside the trading system of the Exchange as announced earlier.
Post Date:	2014-05-21
Trading Code:	STANDBANKL
News:	Tanveer Mostafa Chowdhury, Intishar Mostafa Chowdhury and Tazmeem Mostafa Chowdhury, all are Sponsors of the Company, have further reported that they have completed their buy of 5,000 shares each at prevailing market price through Stock Exchange as announced early.
Post Date:	2014-05-27
Trading Code:	STANDBANKL
News:	Tanveer Mostafa Chowdhury, Intishar Mostafa Chowdhury and Tazmeem Mostafa Chowdhury, all are Sponsors of the Company, have expressed their intention to buy 15,000 shares each at prevailing market price through Stock Exchange within next 30 working days.
Post Date:	2014-07-06
Trading Code:	STANDBANKL
News:	Moshfeque Mamun Rizvi, one of the Sponsors of the Company, has expressed his intention to sell 2,50,000 shares out of his total holding of 19,07,231 shares of the Company at prevailing market price through Stock Exchange within next 30 working days.
Post Date:	2014-07-07
Trading Code:	STANDBANKL
News:	Tanveer Mostafa Chowdhury, Intishar Mostafa Chowdhury and Tazmeem Mostafa Chowdhury, all are Sponsors of the Company, have further reported that they have completed their buy of 15,000 shares each at prevailing market price through Stock Exchange as announced earlier.
Post Date:	2014-07-10
rading Code:	STANDBANKL
News:	Moshfeque Mamun Rizvi, one of the Sponsors of the Company, has further reported that he has completed his sale of 2,50,000 shares of the Company at prevailing market price through Stock Exchange as announced earlier.
Post Date:	2014-07-10
Trading Code:	STANDBANKL

News:	Tanveer Mostafa Chowdhury, Intishar Mostafa Chowdhury and Tazmeem Mostafa Chowdhury, all are Sponsors of the Company, have expressed their intention to buy 10,000 shares each at prevailing market price through Stock Exchange within next 30 working days.
Post Date:	2014-08-06
Trading Code:	STANDBANKL
News:	Tanveer Mostafa Chowdhury, Intishar Mostafa Chowdhury and Tazmeem Mostafa Chowdhury, all are Sponsors of the Company, have further reported that they have completed their buy of 10,000 shares each at prevailing market price through Stock Exchange as announced earlier.
Post Date:	2014-08-20
Trading Code:	STANDBANKL
News:	Farzana Yousuf, one of the Sponsors of the Company, has expressed her intention to sell 5,75,000 shares out of her total holding of 6,00,439 shares of the Company at prevailing market price through Stock Exchange within October 31, 2014.
Post Date:	2014-10-19
Trading Code:	STANDBANKL
News:	Farzana Yousuf, one of the Sponsors of the Company, has further reported that she has completed her sale of 5,75,000 shares of the Company at prevailing market price through Stock Exchange as announced earlier.
Post Date:	2014-11-02

In summary it may be said, that Standard Bank is one of the safer listed banks to invest in Bangladesh right now. With a positive CAGR in both NPAT, Standard is currently trading at a discount of 35% to the industry Forward PE of listed banks in Bangladesh. We consider that holding this stock will yield a positive return of more than 15% in the next three months from the publication of this report. However investor discretion is advised in interpretation of the financial statements and other information presented here. With very low NPL compared to industry average, it can be fairly expected that Standard Bank offers potential value to investors in the coming days. Generally if the political climate in the country does not escalate further, this may be a good time to take long time position in good banking scrips like Standard Bank in the Bangladesh Stock Market. With a positive CAGR in NPAT, Standard Bank is currently trading at a discount of to its book value of 17 as of end of Q4, 2014.