# City Bank PLC



**Timeframe: 1 year** | **Expected Price: BDT 42** | EQUITY NOTE | 20th July, 2026

## COMPANY INSIGHT

| | |
|---|---|
| Market Price (BDT) | 31.5 |
| 52 Week Price Range (BDT) | 12.60-33.90 |
| Market Capitalization | 52,657.1 |
| Category | A |
| Sector | Bank |
| Year End | December |
| Paid Up Capital (BDT MN) | 17,494.05 |
| Reserve & Surplus | 42,782.1 |
| TTM EPS | 9.6 |
| Company P/E | 3.20 |
| Sector P/E | 5.57 |
| NAV | 43.31 |
| Free Float | 69.63% |
| Free Float Shares | 1218.11 |
| Shareholding (%) | |
| Director | 30.37% |
| Foreign | 4.79% |
| Inst. | 15.00% |
| Public | 49.84% |

## COMPANY BACKGROUND

| | |
|---|---|
| Date of Incorporation | 14 March 1983 |
| No. of Branches | 135 Branches + 81 Sub-branches |
| Registered Office | City Bank Center, 28 Gulshan Avenue, Gulshan-1, Dhaka-1212 |

## SUBSIDIARY INFORMATION

| Company | % Own | Net Profit (In MN) | |
|---|---|---|---|
| | | 2026 | 2025 |
| City Brokerage Limited | 99.9982% | 63.36 | 57.86 |
| City Bank Capital Resources Limited | 99.998% | 402.91 | -580.92 |
| CBL Money Transfer Sdn. Bhd | 100% | 0.54 | 1.11 |
| City Hong Kong Limited | 100% | 2.82 | 1.15 |

## INTERIM UPDATE

| Particulars | Q1 2026 | Q1 2025 |
|---|---|---|
| Net Interest Income (MN) | 627.6 | 1584.7 |
| Net Profit (MN) | 2407.9 | 920.8 |
| EPS | 1.58 | 0.61 |
| NAV | 43.31 | 40.67 |

## 5-YEAR PERFORMANCE HIGHLIGHT

| Particulars | FY 2025 ▲ | FY 2024 | FY 2023 | FY 2022 | FY 2021 |
|---|---|---|---|---|---|
| Deposit (MN) | 631,700 | 514,363 | 392,597 | 331,886 | 282,207 |
| Growth (%) | *23%* | *31%* | *18%* | *18%* | |
| Loans & Advances (MN) | 506,161 | 445,760 | 397,446 | 356,295 | 288,317 |
| Growth (%) | *13.55%* | *12.16%* | *11.55%* | *23.58%* | |
| Net Interest Income (MN) | 2,909 | 14,941 | 16,076 | 12,607 | 8,457 |
| Growth (%) | *-80.53%* | *-7.06%* | *27.52%* | *49.07%* | |
| Net Profit (MN) | 13,242 | 10,143 | 6,385 | 4,781 | 5,494 |
| EPS | 8.71 | 6.67 | 5.22 | 3.98 | 5.41 |
| NAV | 40.20 | 34.20 | 31.42 | 27.66 | 30.68 |
| Cost of Fund | 6% | 5% | 4% | 4% | 5% |
| Classified loans (CL) | 12,669 | 16,569 | 14,385 | 13,672 | 13,906 |
| % Classified Loan | 2.50% | 3.72% | 3.63% | 4.20% | 4.90% |
| Provision for unclassified loan | 10,162 | 8,796 | 7,656 | 6,911 | 4,973 |
| Provision for classified loan | 4,386 | 7,246 | 6,233 | 5,451 | 5,602 |
| Deposit to Loan (MN) | 1.25 | 1.15 | 0.99 | 0.93 | 0.98 |

## FINANCIAL PERFORMANCE

| Particulars | Q1 FY2026 | FY 2025 | FY 2024 | FY 2023 | FY 2022 |
|---|---|---|---|---|---|
| Interest Income | 13,335 | 54,836 | 45,244 | 34,065 | 25,833 |
| Net Interest Income | 628 | 2,909 | 14,941 | 16,076 | 12,608 |
| Investment income | 10,148 | 35,998 | 16,914 | 4,911 | 3,768 |
| Commission, excg, brokerage | 2,530 | 9,603 | 8,693 | 7,335 | 8,998 |
| Other Operating Income | 74 | 372 | 281 | 228 | 286 |
| Total Operating Income | 13,380 | 48,881 | 40,830 | 28,550 | 25,659 |
| Total Operating Expenses | 5,955 | 21,609 | 17,316 | 14,644 | 13,292 |
| Profit Before Provision | 7,426 | 27,272 | 23,514 | 13,906 | 12,367 |
| Total Provision | 2,535 | 8,154 | 6,285 | 2,820 | 2,989 |
| **Net Profit** | **2,408** | 13,242 | **10,143** | **6,385** | **4,781** |
| Property,Plant & Equipments | 14,481 | 13,660 | 11,753 | 11,059 | 10,937 |
| Loans & Advances | 522,427 | 506,161 | 445,760 | 397,446 | 356,295 |
| Investment | 244,465 | 207,918 | 140,454 | 78,486 | 66,140 |
| **Total Asset** | **880,189** | 847,202 | **711,288** | **564,930** | **514,912** |
| Deposit | 658,903 | 631,700 | 514,363 | 392,597 | 331,886 |
| Borrowings from banks, NBFI | 33,440 | 37,701 | 26,961 | 18,807 | 35,797 |
| Subordinated Bond | 11,000 | 11,080 | 11,920 | 13,635 | 16,225 |
| Paid up Capital | 15,212 | 15,212 | 13,471 | 12,246 | 12,006 |
| Statutory reserve | 14,657 | 13,692 | 11,966 | 10,742 | 10,502 |
| Retained Earnings | 25,875 | 24,669 | 17,477 | 12,349 | 8,165 |
| **Shareholders' Equity** | **65,878** | 61,871 | **46,631** | **38,476** | **33,874** |
| Total Liabilities | 814,236 | 785,256 | 664,657 | 526,454 | 481,038 |
| Classified Loan | | 12,669 | 16,569 | 14,385 | 13,672 |
| Total Equity & Liabilities | 880,189 | 847,202 | 711,288 | 564,930 | 514,912 |
| Dividend Payout Ratio | | 35% | 31% | 50% | 32% |
| Operating Profit Margin | 55% | 56% | 58% | 49% | 48% |
| Net Profit Margin | 18% | 27% | 25% | 22% | 19% |
| Credit-Deposit Ratio | 79% | 80% | 87% | 101% | 107% |
| Liquidity Coverage Ratio (LCR) | | 232% | 194% | 175% | 220% |
| Return on Asset | 0.27% | 2% | 2% | 1% | 1% |
| Return on Equity | 3.66% | 24% | 24% | 18% | 14% |
| Cost of Fund | 8% | 8% | 6% | 5% | 4% |
| % of Classified Loans | 0% | 3% | 4% | 3.87% | 4.21% |
| EPS (*Annualized) | 6.32* | 8.71 | 6.67 | 5.21 | 3.90 |
| NAV | 43.31 | 40.67 | 30.65 | 31.42 | 28.21 |

## INVESTMENT INSIGHTS

### INVESTMENT POSITIVES

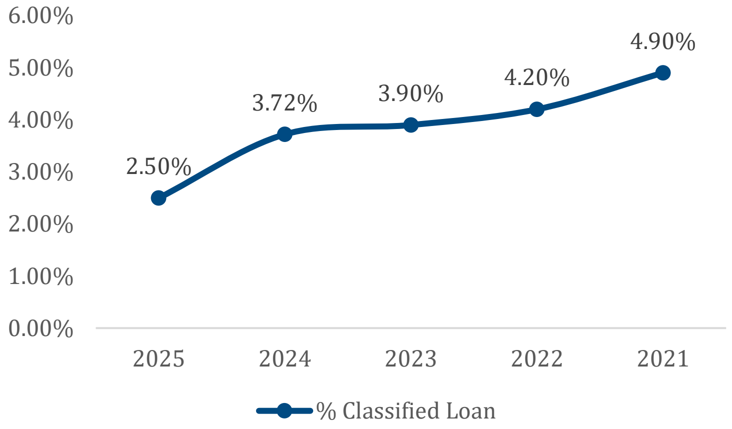
| | |
|---|---|
| **1. Strong Earnings Momentum** | Net profit surged 30.6% YoY to BDT 13,242 MN in FY2025 (EPS: 8.71), driven by a 6.1× jump in investment income (BDT 35,998 MN) from HFT securities revaluation gains and robust treasury operations. Q1 2026 continued the trend with BDT 2,408 MN net profit (EPS 1.58), implying an annualised EPS of ~6.32 ,tracking well towards full-year targets. |
| **2. Rapid Asset & Loan Book Growth** | Total assets grew 19.1% to BDT 847,202 MN in FY2025, and further expanded to BDT 880,189 MN by Q1 2026. The consolidated loan book rose 13.6% to BDT 506,161 MN (FY2025) with Q1 2026 already at BDT 522,427 MN, reflecting healthy credit demand across corporate, SME, retail and offshore segments. |
| **3. Significant Asset Quality Improvement** | Non-performing loans declined sharply from BDT 16,569 MN (3.72% NPL ratio) in FY2024 to BDT 12,669 MN (2.50% NPL ratio) in FY2025, a 500 bps improvement; well below the industry average. Provision coverage improved materially with excess general provision of BDT 3,421 MN, reflecting a well-provisioned and resilient credit book. |
| **4. Deposit Franchise Strength & CASA Growth** | Total deposits expanded 22.8% YoY to BDT 631,700 MN in FY2025 and reached BDT 658,903 MN in Q1 2026. Savings deposits grew to BDT 118,773 MN and CASA balances remained robust at BDT 145,002 MN, providing a stable low-cost funding base. Agent banking (454 outlets) and City Touch digital platform continue to drive low-cost deposit mobilisation. |

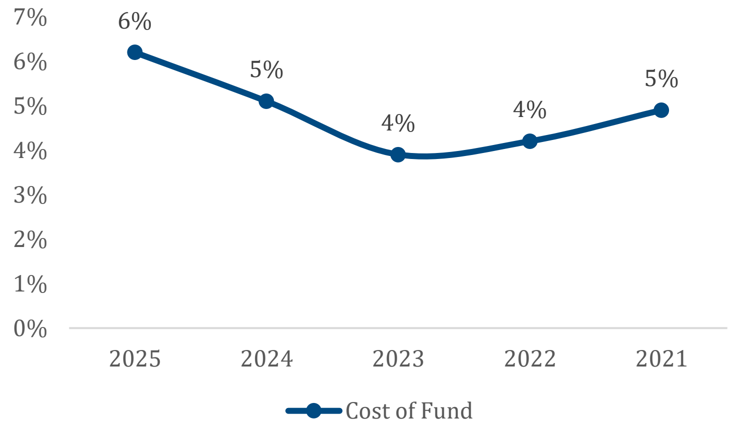
# City Bank PLC

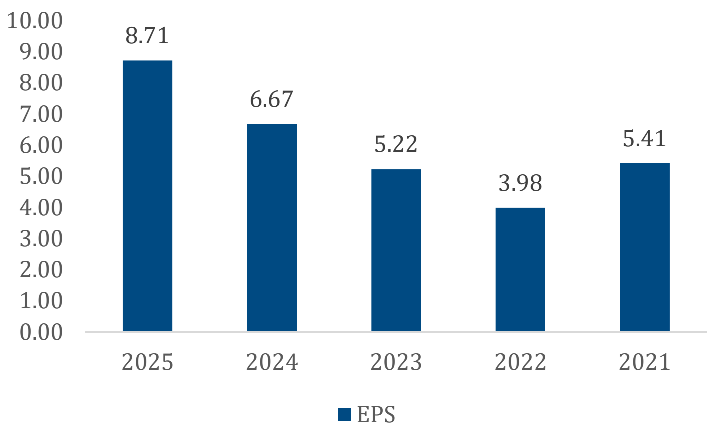


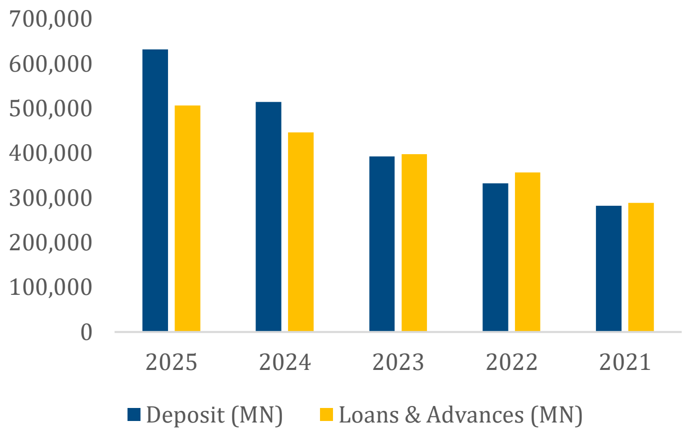
## INVESTMENT NEGATIVES

| | |
|---|---|
| **1. High Dependence on Investment Income & Mark-to-Market Risk** | FY2025 profitability was heavily driven by a BDT 6,097 MN gain on government securities (HFT revaluation) and BDT 29,437 MN in treasury bill/bond income, together contributing ~72.7% of total operating income. This creates earnings vulnerability; a reversal in the interest rate cycle or falling bond prices would materially reduce investment income and may not be offset by loan book growth alone. |
| **2. Concentrated Large Borrower Exposure** | As at FY2025, 37 borrower groups had exposures exceeding 10% of total capital (vs 31 in FY2024), with funded outstanding of BDT 133,932 MN. Concentration risk remains elevated; any stress in a single large account could trigger provisioning spikes given the current loan classification framework under BRPD circular updates. |
| **3. Rising Operating Cost Base** | Total operating expenses grew 24.8% YoY to BDT 21,609 MN in FY2025, driven by salary inflation (+34.5%), depreciation on right-of-use assets, and digital investment costs. The cost-to-income ratio, while improving at the profit before provision level, remains a medium-term pressure point as the bank continues expanding its branch and SME network (135 branches, 247 SME offices, 549 ATMs). |
| **4. Regulatory & Macro Environment Uncertainty** | Bangladesh Bank is transitioning banks to IFRS 9 ECL-based provisioning by 2027, which may require significantly higher provisions on the existing loan book. Additionally, Moody's maintained a B2 Negative outlook on City Bank (latest surveillance dated 02-Dec-2025), reflecting sovereign-level risks. Currency depreciation risk (USD/BDT at 122.30 in 2025 vs 120.00 in 2024) also creates FX translation and offshore funding cost pressures. |



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