

Flash Note

Wednesday, 21 October 2020

Commercial Banks

Bank Al-Habib Limited (BAHL)

Pre-provisions profits increased 2.5x led by multiple improvements; EPS up 2.3x to PKR 5.3/share; Cash dividend –nil–

- On an unconsolidated basis, Bank Al-Habib Limited (BAHL) posted earnings of PKR 5.9bn or PKR 5.3/share up by 2.3x y/y for 3q 2020. On a quarterly basis profitability is up by +35%q/q. This takes 9m'20 cumulative earnings to PKR 13.1bn or PKR 11.8/share up by +87%y/y.
- Bank did not announce any cash dividend.
- For the Sep-20 ending quarter, bank's total revenue increased by a +58% y/y to PKR ~19.8bn led by +35% and +62%y/y growth in non-interest income and interest income respectively. Fee income increased to PKR 1.7bn up by +28% and treasury income increased +40% to PKR 0.8bn helped by healthy FX income to the tune of PKR 0.6bn. Interest earned increased by +16% to PKR 33.2bn, whereas interest expense dropped by 16%. Nevertheless, bank's admin expenses increased by +11%y/y to PKR 8.3bn, which brings bank's C/I to ~43% (60% in 3q 2019). Bank's pre-provisioning profit increased significantly PKR 11.2bn compared to PKR 5.0bn last year (up by +2.2x/y). On a 9m basis total PPOP is up by +62%. Net provisioning charge reduced by PKR 1.3bn from last qtr to PKR 1.8bn.

Exhibit: Bank Al- Habib Limited (BAHL) Financial highlights													
Period end (Dec) - PKRbn	3q/20	2q/20	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Income	17.0	15.8	11.3	41.2	11.2	10.5	9.7	9.8	30.9	8.4	7.6	7.9	7.0
NII Growth YoY	62%	63%	14%	33%	33%	38%	23%	40%	19%	25%	18%	21%	13%
Fee Income	1.7	1.4	1.6	6.1	1.7	1.3	1.6	1.4	4.8	1.1	1.0	1.1	0.9
Treasury Income	0.8	0.6	0.5	2.7	1.0	0.6	0.8	0.4	2.1	0.7	0.5	0.5	0.3
-- Capital Gain	0.0	-	0.0	(0.0)	0.0	0.0	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0
-- Fx Income	0.6	0.4	0.4	2.3	0.8	0.4	0.8	0.3	1.6	0.6	0.4	0.4	0.2
-- Dividend Income	0.2	0.1	0.1	0.5	0.1	0.2	0.1	0.1	0.4	0.1	0.2	0.1	0.1
Non-Interest Income	2.8	2.0	2.3	9.5	2.9	2.1	2.6	1.9	7.3	2.1	1.8	1.8	1.5
NFI Growth YoY	35%	-23%	22%	30%	42%	16%	45%	25%	-10%	29%	4%	-37%	-25%
Total Revenue	19.8	17.8	13.5	50.7	14.1	12.6	12.3	11.7	38.2	10.4	9.4	9.7	8.5
Total Revenue Growth YoY	58%	45%	15%	33%	35%	34%	27%	37%	12%	26%	15%	3%	4%
Admin	(8.3)	(8.5)	(8.3)	(27.7)	(7.2)	(7.4)	(6.6)	(6.4)	(23.4)	(5.9)	(6.2)	(5.8)	(5.4)
Operating Expenses	(8.5)	(8.7)	(8.4)	(28.3)	(7.5)	(7.6)	(6.8)	(6.4)	(23.7)	(6.0)	(6.3)	(5.8)	(5.4)
OPEX Growth YoY	13%	28%	31%	19%	24%	21%	16%	19%	18%	17%	19%	15%	14%
Cost-To-Income Ratio	-43%	-49%	-62%	-56%	-53%	-60%	-55%	-55%	-62%	-58%	-67%	-60%	-63%
PPOP	11.2	9.1	5.1	22.4	6.6	5.0	5.5	5.3	14.5	4.4	3.1	3.9	3.1
PPOP Growth YoY	125.8%	65.4%	-2.9%	54.4%	49.6%	60.2%	42.6%	68.5%	4.1%	39.2%	7.1%	-11.6%	-9.4%
Provisioning Charge	(1.3)	(1.8)	(0.3)	(3.4)	(0.5)	(0.6)	(1.4)	(0.8)	(0.2)	0.4	(0.3)	(0.2)	0.3
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	10.0	7.3	4.8	19.0	6.1	4.3	4.1	4.4	14.3	4.9	2.8	3.7	3.4
Taxation	(4.1)	(2.9)	(1.9)	(7.8)	(2.0)	(1.8)	(1.7)	(2.4)	(5.8)	(1.8)	(1.1)	(1.6)	(1.3)
Effective Tax Rate	-41%	-40%	-40%	-41%	-32%	-41%	-41%	-54%	-41%	-38%	-40%	-43%	-39%
Profit After Tax	5.9	4.4	2.9	11.2	4.2	2.6	2.4	2.1	8.4	3.0	1.7	2.1	2.1
PAT Growth YoY	132%	82%	39%	33%	37%	50%	14%	-1%	-2%	38%	-8%	-6%	-11%
EPS	5.3	3.9	2.6	10.05	3.7	2.3	2.2	1.9	7.57	2.7	1.5	1.9	1.9
DPS	-	-	-	3.50	3.5	-	-	-	2.50	2.5	-	-	-
Interest Earned growth	16%	40%	50%	74%	78%	86%	66%	63%	21%	37%	23%	13%	9%
Interest Expense growth	-11%	24%	81%	116%	118%	131%	120%	89%	22%	49%	29%	5%	4%
Source: PSX, IGI Research													No. of shares: 1111.4mn

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