

Flash Note

Wednesday, 29 January 2020



Securities

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Commercial Banks

Bank Al-Habib Limited (BAHL)

Higher non-interest income in 4q and stable growth in NII pushed 4q earnings to PKR 3.75/share; up +37%y/y; Cash dividend of PKR 3.5/share.

- ✓ On an unconsolidated basis, bank posted earnings of PKR 11.2bn or PKR 10.05/share up by +25% y/y for 2019. On a quarterly basis, earnings up by +37%y/y to PKR 4.2bn or PKR 3.75/share.
- ✓ The bank announced a final cash dividend of PKR 3.5/share
- ✓ Bank's total revenue increased by a hefty +33% y/y to PKR 50.7bn (+36% y/y in 4q) led by a +33% y/y growth in net interest income and non-funded income. Interest earned increased by a +74% y/y (+78% y/y in 4q) compared to interest expense up by +1.2x y/y, (1.12x y/y in 4q). Break-up wise of NFI shows fee income up by +48% y/y with majority of growth coming in 4q (+73%y/y in 4q). Apart from fee income, FX income also improved to PKR 0.8bn during the 4q, from PKR 0.4bn in previous 3q. Operating expenses growth remained in-line with industry, increasing by +20% y/y to PKR 28.3bn (+25%y/y in 4q). As a result of improved revenue stream and curtailed opex, C/I flattened out to 56% (53% in 4q) compared to 62% in 2018. On pre-provisioning profits basis, bank reported a growth of +54% y/y (52% in 4q). Cumulative provision charge for the year stood at PKR 3.4bn (PKR 1.3bn in 2q 2019) up from reversal of PKR 0.2bn last year.

Exhibit: Bank Al-Habib Limited (BAHL) Financial highlights											
Period end (Dec) - PKRbn	2019	4Q'19	3Q'19	2Q'19	1Q'19	2018	4Q'18	3Q'18	2Q'18	1Q'18	2017
Interest Earned	105.6	31.9	28.7	23.5	21.5	60.7	17.9	15.5	14.2	13.2	50.3
Interest Expense	64.4	20.7	18.2	13.9	11.7	29.8	9.5	7.9	6.3	6.2	24.4
Interest Income	41.2	11.2	10.5	9.7	9.8	30.9	8.4	7.6	7.9	7.0	25.9
NII Growth YoY	33%	33%	38%	23%	40%	19%	25%	18%	21%	13%	5%
Fee Income	6.1	1.9	1.3	1.5	1.4	4.1	1.1	1.0	1.1	0.9	3.2
Other NFI	3.4	1.2	0.7	1.0	0.5	3.0	1.0	0.8	0.7	0.6	5.0
Non-Interest Income	9.5	3.1	2.1	2.5	1.9	7.1	2.1	1.8	1.8	1.5	8.1
NFI Growth YoY	33%	49%	16%	36%	25%	-12%	29%	4%	-37%	-25%	61%
Total Revenue	50.7	14.2	12.6	12.1	11.7	38.0	10.4	9.4	9.7	8.5	34.0
Non-II / Total Revenue	19%	22%	16%	20%	16%	19%	20%	19%	19%	18%	24%
Total Revenue Growth YoY	33%	36%	34%	25%	37%	12%	26%	15%	3%	4%	15%
Admin	27.7	7.4	7.4	6.5	6.4	23.2	5.9	6.2	5.8	5.4	19.8
Operating Expenses	28.3	7.5	7.6	6.7	6.4	23.5	6.0	6.3	5.8	5.4	20.1
OPEX Growth YoY	20%	25%	21%	15%	19%	17%	17%	19%	15%	14%	17%
Cost-To-Income Ratio	56%	53%	60%	55%	55%	62%	58%	67%	60%	63%	59%
PPOP	22.4	6.7	5.0	5.4	5.3	14.5	4.4	3.1	3.9	3.1	13.9
PPOP Growth YoY	54%	52%	60%	39%	69%	4%	39%	7%	-12%	-9%	11%
Provisioning Charge	3.4	0.6	0.6	1.3	0.8	(0.2)	(0.4)	0.3	0.2	(0.3)	(0.0)
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	19.0	6.1	4.3	4.1	4.4	14.8	4.9	2.8	3.7	3.4	14.0
Taxation	7.8	2.0	1.8	1.7	2.4	5.8	1.8	1.1	1.6	1.3	5.4
Effective Tax Rate	41%	32%	41%	42%	54%	40%	38%	40%	43%	39%	39%
Profit After Tax	11.2	4.2	2.6	2.4	2.1	8.9	3.0	1.7	2.1	2.1	8.6
PAT Growth YoY	25%	37%	50%	13%	-1%	4%	38%	-8%	-6%	-11%	6%
EPS	10.05	3.75	2.30	2.15	1.85	8.05	2.73	1.53	1.90	1.88	7.74
DPS	3.50	3.50	-	-	-	2.50	2.50	-	-	-	3.00
BVPS	52.4	53.3	49.6	46.5	44.5	44.6	44.6	42.9	41.7	40.2	41.3
Interest Earned	105.6	31.9	28.7	23.5	21.5	60.7	17.9	15.5	14.2	13.2	50.3
Interest Expense	64.4	20.7	18.2	13.9	11.7	29.8	9.5	7.9	6.3	6.2	24.4
Interest Earned growth	74%	78%	86%	66%	63%	21%	37%	23%	13%	9%	5%
Interest Expense growth	116%	118%	131%	120%	89%	22%	49%	29%	5%	4%	5%

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