

Flash Note

Thursday, 25 October 2018

Commercial Banks

Habib Bank Limited (HBL)

Multiple trouble for the bank, earnings down to PKR 1.15/share for 3QCY18; DPS maintained at PKR 1.0/share

- On consolidated basis, Habib Bank Limited (HBL) posted earnings of PKR 1.15/share down by 48%QoQ. On PPOP basis, bank reported a decline of 64%YoY during the quarter under review. Nevertheless, HBL 9MCY18 now comes at PKR 6.57/share compared to PKR 0.87/share last year same period. On a pre-tax basis, 9MCY18 showed a decline by 6%YoY to PKR 17.7bn compared to PKR 18.8bn. The bank along with the result also announced a cash dividend of PKR 1.0/share taking total payout during CY18 so far to PKR 3.0/share (PKR 7.0/share last year in 9MCY17).
- On a quarterly basis, a) higher loss provisions against investments PKR 1.8bn, b) higher tax charge and, c) 34%YoY decline in bank's fee income led to a disappointing quarter result. Bank's opex continue to erode bank's PPOP owing to pension related costs, in our view.

Exhibit:

HBL Result Highlights

PKRmn (Period end=Dec)	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY	2QCY18	QoQ
Interest Earned	41,542	37,087	12%	117,071	109,390	7%	38,506	8%
Interest Expensed	20,703	16,513	25%	55,950	47,414	18%	18,187	14%
Net Interest Income	20,839	20,574	1%	61,121	61,976	-1%	20,319	3%
Fee Income	3,491	5,319	-34%	12,709	15,520	-18%	4,709	-26%
Capital Gain & Div. Income	222	3,334	-93%	994	5,901	-83%	548	-59%
Non-Interest Income	4,750	9,861	-52%	15,492	26,295	-41%	5,578	-15%
Total Revenue	25,588	30,435	-16%	76,613	88,270	-13%	25,897	-1%
Operating Expenses	20,339	15,761	29%	57,214	44,718	28%	18,912	8%
Pre-Provisioning Profits	5,249	14,674	-64%	19,399	43,553	-55%	6,985	-25%
Provision (Rev.) / Charge	1,696	(83)	n.m.	1,718	1,078	59%	226	6.49x
Pre-Tax Profits	3,553	(8,960)	n.m.	17,682	18,757	-6%	6,759	-47%
Extraordinary Item	-	23,717	n.m.	-	23,717	n.m.	-	n.m.
Taxation	1,771	5,163	-66%	7,771	17,203	-55%	3,318	-47%
Profit After Tax	1,782	(14,123)	n.m.	9,910	1,554	5.37x	3,440	-48%
EPS (PKR)	1.15	(9.70)		6.57	0.87		2.29	
DPS (PKR)	1.0	-		3.0	7.0		1.0	
BVPS (PKR) Est.	133.8	119.2					133.7	

Key Ratio

Cost-To-Income Ratio	79%	52%		75%	51%		73%	
Effective Tax Rate	50%	-58%		44%	92%		49%	
Non-II / Total Income	19%	32%		20%	30%		22%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1466.85

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