

Flash Note

Thursday, 18 October 2018

Commercial Banks

Bank Al-Habib Limited (BAHL)

Absence of capital gains and higher opex led to a 9%YoY drop in 9MCY18 earnings; 3QCY18 EPS at +1.53/share

- Bank Al-Habib Limited (BAHL) posted earnings of PKR 1.5/share down by 8%YoY (down by 19% on a quarterly basis). This takes 9MCY18 cumulative earnings to PKR 5.3/share compared to PKR 5.8/share same period last year, a decline of 9%.
- Total revenue of the bank declined by 4%QoQ to PKR 7.6bn owing to a +25% growth in interest expense, compared to +9% growth in interest earned. Non-interest income of the bank also declined by 2% on a quarterly basis and also down by 12% during 9MCY18, led by lower capital gains. As a result, total revenue during the quarter decline by 4%QoQ. Bank's operating expenses also witnessed an increase of +7%QoQ and +16%YoY growth during 9MCY18. Bank's provisioning charge remain in-line with expectations.

Exhibit:

BAHL Result Highlights

PKRmn (Period end=Dec)	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY	2QCY18	QoQ
Interest Earned	15,456	12,564	23%	42,844	37,217	15%	14,181	9%
Interest Expensed	7,866	6,108	29%	20,327	18,020	13%	6,288	25%
Net Interest Income	7,590	6,456	18%	22,516	19,197	17%	7,893	-4%
Fee Income	1,016	790	29%	3,024	2,371	28%	1,091	-7%
Capital Gain & Div. Income	154	320	-52%	354	2,879	-88%	98	58%
Non-Interest Income	1,771	1,700	4%	3,274	3,708	-12%	1,812	-2%
Total Revenue	9,361	8,156	15%	27,602	25,802	7%	9,705	-4%
Operating Expenses	6,252	5,253	19%	17,480	15,051	16%	5,826	7%
Pre-Provisioning Profits	3,109	2,902	7%	6,243	6,363	-2%	3,879	-20%
Provision (Rev.) / Charge	271	38	6.21x	201	166	21%	200	36%
Pre-Tax Profits	2,838	2,865	-1%	6,243	6,527	-4%	3,679	-23%
Extraordinary Item	-	-	n.m.	-	-	n.m.	-	n.m.
Taxation	1,136	1,024	11%	4,019	4,131	-3%	1,566	-27%
Profit After Tax	1,702	1,841	-8%	5,903	6,454	-9%	2,113	-19%
EPS (PKR)	1.5	1.7		5.3	5.8		1.9	
DPS (PKR)	-	-		-	-		-	
BVPS (PKR) Est.	43.2	39.9					41.7	
Key Ratio								
Cost-To-Income Ratio	67%	64%		63%	58%		60%	
Effective Tax Rate	40%	36%		64%	63%		43%	
Non-II / Total Income	19%	21%		12%	14%		19%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1111.43

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