

Flash Note

Monday, 17 August 2020

Commercial Banks

Bank Al- Habib Limited (BAHL)

Pre-provisioning income up by +65%y/y hampered by higher provisioning charge, EPS 3.93/share (up by +82 y/y); Cash dividend -nil-

- ✓ On an unconsolidated basis, Bank Al-Habib Limited (BAHL) posted earnings of PKR 4.4bn or PKR 3.9/share up by a +82x y/y for 2q 2020. On a quarterly basis and up by 1.1x on q/q basis.
- ✓ The bank did not announce any cash dividend.
- ✓ From result bank's total revenue increased by a +45% y/y to PKR ~18bn led by +63% y/y growth in net interest income, while non-interest income declined by 23%y/y to PKR 2.0bn. Under non-funded income, treasury income recorded an income of PKR 0.6bn whereas fee income recorded an income of 1.4bn down by 15%y/y (15%q/q). Bank's admin expenses increased by +28%y/y to PKR 8.5bn, which given a robust income pulled down its C/I to ~49% (62% in previous qtr). On pre-provisioning profit basis, bank reported an increase of +65% y/y to PKR 9.1bn (PKR 22bn in 2019). Net provisioning charge crawled up to PKR1.8bn, possibly due to higher general provisioning.

Exhibit: Bank Al- Habib Limited (BAHL) Financial highlights												
Period end (Dec) - PKRbn	2q/20	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Income	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	63%	14%	33%	33%	38%	23%	40%	19%	25%	18%	21%	13%
-- Fee Income	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	0.6	0.5	2.7	1.0	0.6	0.8	0.4	2.1	0.7	0.5	0.5	0.3
-- Other	0.1	0.2	0.7	0.2	0.2	0.2	0.1	0.4	0.3	0.2	0.2	0.2
Non-Interest Income	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	-23%	22%	30%	42%	16%	45%	25%	-10%	29%	4%	-37%	-25%
Total Revenue	17.8	13.5	50.7	14.1	12.6	12.3	11.7	38.2	10.4	9.4	9.7	8.5
Non-II / Total Revenue	11%	17%	19%	21%	16%	21%	16%	19%	20%	19%	19%	18%
Total Revenue Growth YoY	45%	15%	33%	35%	34%	27%	37%	12%	26%	15%	3%	4%
Admin	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	8.7	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	28%	31%	19%	24%	21%	16%	19%	18%	17%	19%	15%	14%
Cost-To-Income Ratio	49%	62%	56%	53%	60%	55%	55%	62%	58%	67%	60%	63%
PPOP	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	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	1.8	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	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	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	40%	40%	41%	32%	41%	41%	54%	41%	38%	40%	43%	39%
Profit After Tax	4.37	2.86	11.2	4.16	2.55	2.40	2.06	8.4	3.0	1.7	2.1	2.1
PAT Growth YoY	82%	39%	33%	37%	50%	14%	-1%	-2%	38%	-8%	-6%	-11%
EPS	3.93	2.57	10.05	3.74	2.30	2.16	1.85	7.57	2.73	1.53	1.90	1.88
DPS	-	-	3.50	3.50	-	-	-	2.50	2.50	-	-	-
BVPS	58.34	54.41	55.34	55.34	49.57	46.52	44.47	44.61	44.58	42.89	41.67	40.17
Interest Earned growth	40%	50%	74%	78%	86%	66%	63%	21%	37%	23%	13%	9%
Interest Expense growth	24%	81%	116%	118%	131%	120%	89%	22%	49%	29%	5%	4%

No. of shares: 1111.4mn

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