Flash Note

Tuesday, August 4, 2026

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Commercial Banks

Habib Bank Limited (HBL)

Earnings: Habib Bank Limited (HBL) announced its financial result for the second quarter of the year 2026. As per the financial result, the Bank reported consolidated earnings attributable to equity holder of PKR 18.35bn (PKR 12.51/share) during 2QCY26 compared to PKR 17.78bn (PKR 12.12/share) last year, up by +3%y/y and up by +14%q/q. This bring total profitability for 1HCY26 to PKR 34.49bn (PKR 23.51/share), up by +0.3%y/y, compared to PKR 34.39bn (PKR 23.44/share) in the same period last year.

Dividend/Payout: The Bank announced a cash dividend of PKR 6.0/share along with the result bringing total cash payout for 1HCY26 to PKR 12/share.

Operating Performance: During the 2QCY26 period under review, the Bank reported net-interest income of PKR 68.9bn flattish on yearly basis and non-interest income of PKR 26.1bn (increasing by +15y/y). As a result, the bank's total revenue stood at PKR 95.0bn (up by +4%y/y). Moreover, HBL recorded operating expenses of PKR 54.7bn (up by +7%y/y), with the bank's cost/income ratio clocking in at 58% (2QCY25: 56%). The bank booked a provision charge of PKR 1.0bn during 2QCY26 compared to a provision charge of PKR 1.9bn in the same period last year. The tax charge for this quarter was recorded at PKR 21.0bn (effective tax rate of 53% compared to 54% in 2QCY25) bringing total effective tax rate for 1HCY26 to 53% against 54% in the same period last year.

Recommendation: We maintain a 'BUY' stance on HBL with our Dec-26 Target Price of PKR 365/share offering 18% upside from last close. The bank is trading at CY27 P/B of 0.8x and offers DY of 7.8%.

Exhibit: Financial Highlights Habib Bank Limited (HBL)

Latest result published for 2Q'/26

Period (PKRbn)	2Q'/26	2Q'/25	1Q'/26	1H'26	1H'25
Net Interest Income	68.9	68.9	71.4	140.3	137.6
Fee Income	13.2	10.7	12.6	25.8	22.3
Treasury Income	9.5	4.5	6.1	15.6	13.0
Non-Interest Income	26.1	22.7	20.5	46.6	44.3
Total Revenue	**95.0**	**91.6**	**91.9**	**186.9**	**181.9**
Op. Exp.	(54.7)	(51.0)	(53.8)	(108.5)	(101.9)
Provision charge	(1.0)	(1.9)	(4.3)	(5.3)	(4.6)
Profit Before Tax	39.4	38.7	33.7	73.1	75.3
Tax	(21.0)	(20.9)	(17.6)	(38.6)	(40.9)
Profit After tax	**18.4**	**17.8**	**16.1**	**34.5**	**34.4**
EPS	**12.5**	**12.1**	**11.0**	**23.5**	**23.4**
DPS	**6.0**	**4.5**	**6.0**	**12.0**	**9.0**

Source: Company accounts, IGI Research. No. of shares: 1,466.9mn

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Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

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- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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