

Flash Note

Wednesday, 30 January 2019

Commercial Bank

Bank Al-Habib Limited (BAHL)

2018 profitability remain steady at PKR 7.57/share; however, lower payout is rather disappointing at PKR 2.5/share

- Bank AL Habib Limited (BAHL) reported its full year earnings for 2018 of PKR 7.57/share down by mere 1%. However, on a quarterly basis, earnings are up by +48% to PKR 2.3/share, thanks to a +10% growth in interest income and +15% growth in non-interest income – restricted only by lower capital gains. Moreover, banks cost-to-income came off sharply during the quarter to 58% from previous quarter of 67%.
- Bank declared a dividend of PKR 2.5/share lower than market and our consensus of PKR ~3.0/share.

Exhibit:

BAHL Result Highlights

PKRmn (Period end=Dec)	4QCY18	4QCY17	YoY	CY18	CY17	YoY	3QCY18	QoQ
Interest Earned	17,890	13,093	37%	60,733	50,309	21%	15,456	16%
Interest Expensed	9,512	6,366	49%	29,839	24,387	22%	7,866	21%
NII	8,377	6,726	25%	30,894	25,923	19%	7,590	10%
Fee Income	1,091	782	40%	4,115	3,153	31%	1,016	7%
FX Income	598	250	1.39x	1,632	914	79%	389	54%
Capital Gain and Dividend Income	76	309	-75%	430	3,188	-87%	154	-51%
NFI	2,031	1,513	34%	7,117	8,118	-12%	1,771	15%
Operating Expenses	6,021	5,051	19%	23,500	20,102	17%	6,252	-4%
Pre-Provisioning Profits	4,388	3,188	38%	14,511	13,939	4%	3,109	41%
Provision (Rev.) / Charge	47	(118)	n.m.	247	49	4.09x	271	-83%
Pre-Tax Profits	4,342	3,306	31%	14,264	13,890	3%	2,838	53%
Extraordinary Item/Assoc.	-	-	n.m.	-	-	n.m.	-	n.m.
Taxation	1,827	1,258	45%	5,846	5,389	8%	1,136	61%
Profit After Tax	2,515	2,047	23%	8,418	8,501	-1%	1,702	48%
EPS (PKR)	2.26	1.84		7.57	7.65		1.53	
DPS (PKR)	2.5	3.0		2.5	3.0		-	
BVPS (PKR)	42.7	41.3					42.9	
Cost-To-Income Ratio	58%	61%		62%	59%		67%	
Effective Tax Rate	42%	38%		41%	39%		40%	
Non-II / Total Income	4%	20%		6%	39%		9%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1111.43

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