

Flash Note

Wednesday, 17 February 2021

Commercial Banks

Habib Bank Limited (HBL)

Higher opex, provision charge and absence of capital gains, restricted 4q eps to PKR 3.8; 2020 eps clocks in at PKR 21.1 (up by +102%); Cash dividend PKR 3.0/share (1q PKR 1.25/share)

- On consolidated basis, Habib Bank Limited (HBL) posted earnings of PKR 31bn or PKR 21.1/share up by +102% y/y for full year ending 2020. On a quarterly basis profitability is down by +44%q/q to PKR 5.6bn or PKR 3.8/share.
- Bank announced a final cash dividend of PKR 3.0/share along with interim cash dividend of PKR 1.25/share taking total payout to PKR 4.25/share.
- For the year 2020, bank's total revenue increased by a +28% y/y to PKR 161bn led by a +28% increase in interest income and +27% increase in non-interest income. Fee income reported at PKR 18.8bn (down by +8% y/y) and treasury income rose to PKR 7.4bn. Interest earned increased by 5%, whereas interest expense dropped by 10%, pushing the net interest income to PKR 130bn. Bank's admin expenses showed a growth of +3% y/y to PKR 95bn, taking its C/I 59%. Bank's pre-provisioning profit increased to PKR 66bn compared to PKR 32bn last year (up by +105%y/y). Net provisioning charge during the year came at PKR 12bn (PKR 3.7bn in 4q) compared to PKR 3.3bn last year.

Exhibit: Habib Bank Limited (HBL) Financial highlights											
Period end (Dec) - PKRbn	2020	4q/20	3q/20	2q/20	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018
Interest Income	130.1	31.3	35.7	35.1	28.0	101.3	27.3	26.4	24.3	23.4	81.7
NII Growth YoY	28%	15%	35%	44%	20%	24%	33%	26%	20%	19%	0%
Fee Income	18.8	5.4	4.5	4.2	4.7	20.4	5.0	4.8	5.4	5.3	18.0
Treasury Income	7.4	(0.6)	1.5	5.5	0.9	(0.6)	0.6	2.1	(3.6)	0.4	(1.3)
- - Capital Gain	7.1	(0.9)	1.0	5.0	2.0	(2.8)	(1.0)	0.1	(1.7)	(0.2)	0.1
- - Fx Income	(0.2)	0.2	0.4	0.5	(1.2)	1.7	1.4	1.9	(2.1)	0.5	(2.4)
- - Dividend Income	0.5	0.2	0.1	0.1	0.1	0.6	0.2	0.1	0.2	0.1	1.0
Non-Interest Income	30.6	6.5	7.4	10.9	5.8	24.2	8.4	7.8	1.3	6.6	19.9
NFI Growth YoY	27%	-22%	-5%	724%	-13%	21%	90%	65%	-77%	22%	-42%
Total Revenue	160.7	37.8	43.1	45.9	33.8	125.5	35.7	34.2	25.7	30.0	101.6
Total Revenue Growth YoY	28%	6%	26%	79%	13%	24%	43%	34%	-1%	19%	-12%
Admin	(94.8)	(24.5)	(22.6)	(22.0)	(25.6)	(92.2)	(23.3)	(24.0)	(23.5)	(21.4)	(77.4)
Operating Expenses	(94.8)	(23.4)	(23.0)	(22.4)	(26.0)	(93.3)	(23.5)	(24.5)	(23.6)	(21.7)	(75.0)
OPEX Growth YoY	2%	-1%	-6%	-5%	20%	24%	32%	21%	25%	21%	20%
Cost-To-Income Ratio	59%	62%	53%	49%	77%	74%	66%	72%	92%	72%	74%
PPOP	65.9	14.5	20.1	23.5	7.8	32.2	12.1	9.7	2.1	8.4	26.6
PPOP Growth YoY	105%	20%	108%	1047%	-7%	21%	69%	84%	-71%	15%	-50%
Provisioning Charge	(12.2)	(3.7)	(3.0)	(4.8)	(0.6)	(3.3)	(1.5)	(1.3)	(0.6)	0.1	(5.0)
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	53.0	10.1	17.1	18.7	7.1	28.9	10.6	8.4	1.5	8.4	21.6
Taxation	(22.1)	(4.5)	(7.0)	(7.6)	(3.0)	(13.4)	(3.9)	(3.5)	(0.7)	(5.3)	(9.1)
Effective Tax Rate	-42%	-44%	-41%	-41%	-42%	-46%	-37%	-42%	-49%	-62%	-42%
Profit After Tax	30.9	5.6	10.1	11.1	4.1	15.3	6.7	4.9	0.7	3.2	12.1
PAT Growth YoY	102%	-16%	106%	1378%	29%	27%	164%	175%	-78%	-32%	42%
EPS	21.1	3.8	6.9	7.6	2.8	10.5	4.6	3.3	0.5	2.2	8.2
DPS	4.25	3.0	-	-	1.3	5.00	1.3	1.3	1.3	1.3	4.00
Interest Earned growth	5%	-16%	-9%	18%	41%	56%	57%	72%	55%	39%	12%
Interest Expense growth	-10%	-15%	-56%	1%	59%	88%	74%	118%	92%	63%	26%
Source: PSX, IGI Research	No. of shares: 1466.9mn										

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