

# Flash Note

Thursday, 23 April 2020

## Commercial Banks

### Bank Al- Habib Limited (BAHL)

#### Strong revenue growth marred by higher opex growth, EPS PKR 2.57/share up by 39%/y; Cash dividend (nil)

- ✓ On an unconsolidated basis, bank posted earnings of PKR 2.9bn or PKR 2.57/share up by a +39% y/y for 1q 2020. On a quarterly basis, earnings are down by 31%/q.
- ✓ The bank did not announce any cash dividend.
- ✓ From result bank's total revenue increased by a +16% y/y to PKR 13.5bn led by a growth of +14% y/y in net interest income and +22%/y/y in non-interest income. Breakup wise, Fee income increased by +18%/y/y and treasury income (fx, dividend and capital gains) is up by +24%/y/y. Moreover, bank's admin expenses showed +29% y/y growth to PKR 8.3bn, taking C/I to ~62% (56% and 62% in 2019 / 2018 respectively). On pre-provisioning profits basis, bank reported a decline of 3% y/y and recorded a net provisioning charge of PKR 0.3bn.

| Exhibit: Bank Al- Habib Limited (BAHL) Financial highlights |              |              |              |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Period end (Dec) - PKRbn                                    | 1q/20        | 2019         | 4q/19        | 3q/19        | 2q/19        | 1q/19        | 2018         | 4q/18        | 3q/18        | 2q/18        | 1q/18        |
| Interest Earned   | 32.4         | 105.6        | 31.9         | 28.7         | 23.5         | 21.5         | 60.7         | 17.9         | 15.5         | 14.2         | 13.2         |
| Interest Expense  | 21.1         | 64.4         | 20.7         | 18.2         | 13.9         | 11.7         | 29.8         | 9.5          | 7.9          | 6.3          | 6.2          |
| <b>Interest Income</b>                                      | <b>11.3</b>  | <b>41.2</b>  | <b>11.2</b>  | <b>10.5</b>  | <b>9.7</b>   | <b>9.8</b>   | <b>30.9</b>  | <b>8.4</b>   | <b>7.6</b>   | <b>7.9</b>   | <b>7.0</b>   |
| NII Growth YoY  | 14.3%        | 33.3%        | 33.4%        | 38.2%        | 22.6%        | 40.0%        | 19.2%        | 24.6%        | 17.6%        | 20.8%        | 13.4%        |
| -- Fee Income   | 1.6          | 6.1          | 1.9          | 1.3          | 1.5          | 1.4          | 4.8          | 1.1          | 1.0          | 1.1          | 0.9          |
| -- Treasury Income  | 0.5          | 2.7          | 1.0          | 0.6          | 0.8          | 0.4          | 2.1          | 0.7          | 0.5          | 0.5          | 0.3          |
| -- Other  | 0.7          | 0.6          | 1.2          | 0.7          | 1.0          | 0.5          | 2.5          | 1.0          | 0.8          | 0.7          | 0.6          |
| <b>Non-Interest Income</b>                                  | <b>2.3</b>   | <b>9.5</b>   | <b>3.1</b>   | <b>2.1</b>   | <b>2.5</b>   | <b>1.9</b>   | <b>7.3</b>   | <b>2.1</b>   | <b>1.8</b>   | <b>1.8</b>   | <b>1.5</b>   |
| NFI Growth YoY  | 21.7%        | 30.5%        | 49.2%        | 16.4%        | 36.0%        | 25.2%        | -10.5%       | 29.2%        | 4.2%         | -37.5%       | -25.2%       |
| <b>Total Revenue</b>  | <b>13.5</b>  | <b>50.7</b>  | <b>14.2</b>  | <b>12.6</b>  | <b>12.1</b>  | <b>11.7</b>  | <b>38.2</b>  | <b>10.4</b>  | <b>9.4</b>   | <b>9.7</b>   | <b>8.5</b>   |
| Non-II / Total Revenue                                      | 16.9%        | 18.7%        | 21.6%        | 16.4%        | 20.3%        | 16.0%        | 19.0%        | 19.7%        | 18.9%        | 18.7%        | 17.6%        |
| Total Revenue Growth YoY                                    | 15.5%        | 32.8%        | 36.5%        | 34.1%        | 25.1%        | 37.4%        | 12.1%        | 25.5%        | 14.8%        | 2.9%         | 3.9%         |
| Admin   | 8.3          | 27.7         | 7.4          | 7.4          | 6.5          | 6.4          | 23.4         | 5.9          | 6.2          | 5.8          | 5.4          |
| <b>Operating Expenses</b>                                   | <b>8.4</b>   | <b>28.3</b>  | <b>7.5</b>   | <b>7.6</b>   | <b>6.7</b>   | <b>6.4</b>   | <b>23.7</b>  | <b>6.0</b>   | <b>6.3</b>   | <b>5.8</b>   | <b>5.4</b>   |
| OPEX Growth YoY   | 30.5%        | 19.5%        | 24.8%        | 21.1%        | 15.5%        | 19.4%        | 17.7%        | 17.1%        | 19.0%        | 15.5%        | 13.7%        |
| Cost-To-Income Ratio  | 62%          | 56%          | 53%          | 60%          | 55%          | 55%          | 62%          | 58%          | 67%          | 60%          | 63%          |
| <b>PPOP</b>   | <b>5.1</b>   | <b>22.4</b>  | <b>6.7</b>   | <b>5.0</b>   | <b>5.4</b>   | <b>5.3</b>   | <b>14.5</b>  | <b>4.4</b>   | <b>3.1</b>   | <b>3.9</b>   | <b>3.1</b>   |
| PPOP Growth YoY   | -2.9%        | 54.4%        | 52.4%        | 60.2%        | 39.5%        | 68.5%        | 4.1%         | 39.2%        | 7.1%         | -11.6%       | -9.4%        |
| Provisioning Charge   | 0.3          | 3.4          | 0.6          | 0.6          | 1.3          | 0.8          | 0.2          | (0.4)        | 0.3          | 0.2          | (0.3)        |
| EO/one-offs   | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Pre-Tax Profits</b>                                      | <b>4.8</b>   | <b>19.0</b>  | <b>6.1</b>   | <b>4.3</b>   | <b>4.1</b>   | <b>4.4</b>   | <b>14.3</b>  | <b>4.9</b>   | <b>2.8</b>   | <b>3.7</b>   | <b>3.4</b>   |
| Taxation  | 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  | 40.3%        | 41.3%        | 32.1%        | 41.2%        | 41.6%        | 53.6%        | 41.0%        | 37.5%        | 40.0%        | 42.6%        | 38.7%        |
| <b>Profit After Tax</b>                                     | <b>2.9</b>   | <b>11.2</b>  | <b>4.16</b>  | <b>2.55</b>  | <b>2.39</b>  | <b>2.06</b>  | <b>8.4</b>   | <b>3.0</b>   | <b>1.7</b>   | <b>2.1</b>   | <b>2.1</b>   |
| PAT Growth YoY  | 38.7%        | 32.7%        | 37.0%        | 49.9%        | 13.2%        | -1.3%        | -2.1%        | 38.4%        | -7.6%        | -6.3%        | -11.5%       |
| <b>EPS</b>  | <b>2.57</b>  | <b>10.05</b> | <b>3.75</b>  | <b>2.30</b>  | <b>2.15</b>  | <b>1.85</b>  | <b>7.57</b>  | <b>2.73</b>  | <b>1.53</b>  | <b>1.90</b>  | <b>1.88</b>  |
| <b>DPS</b>  | <b>-</b>     | <b>3.50</b>  | <b>3.50</b>  | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>2.50</b>  | <b>2.50</b>  | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| <b>BVPS</b>   | <b>54.41</b> | <b>55.34</b> | <b>55.34</b> | <b>49.57</b> | <b>46.52</b> | <b>44.47</b> | <b>44.61</b> | <b>44.58</b> | <b>42.89</b> | <b>41.67</b> | <b>40.17</b> |
| Interest Earned growth                                      | 50%          | 74%          | 78%          | 86%          | 66%          | 63%          | 21%          | 37%          | 23%          | 13%          | 9%           |
| Interest Expense growth                                     | 81%          | 116%         | 118%         | 131%         | 120%         | 89%          | 22%          | 49%          | 29%          | 5%           | 4%           |

No. of shares: 1111.4mn

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