

Flash Note

Wednesday, 22 April 2020

Commercial Banks

Habib Bank Limited (HBL)

Higher opex pushed Cost/Income ratio to 77%; limiting EPS to 2.79/share (up by +34% y/y); Cash dividend PKR 1.25/share

- ✓ On a consolidated basis, bank posted earnings of PKR 4.1bn or PKR 2.79/share up by a +34% y/y for 1q 2020. On a quarterly basis, earnings are down by 39%q/q.
- ✓ The bank announced a cash dividend of PKR 1.25/share.
- ✓ From result bank's total revenue increased by a +13% y/y to PKR 33.8bn led by a growth of +20% y/y in net interest income, while non-interest income reported a decline of 13% y/y. PKR 1.2bn loss on FX income and slowdown in Fee income, held back bank's non-interest income. Moreover, bank's admin expenses also shot up by +20% y/y to PKR 26bn, taking C/I to ~77% (74% and 74% in 2019 / 2018 respectively). On pre-provisioning profits basis, bank reported a decline of 7% y/y and recorded a net provisioning charge of PKR 0.6bn.

Exhibit: Habib Bank Limited (HBL) 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	72.6	258.1	75.5	71.5	59.6	51.5	165.3	48.2	41.5	38.5	37.0
Interest Expense	44.6	156.8	48.2	45.2	35.2	28.2	83.6	27.7	20.7	18.3	17.3
Interest Income	28.0	101.3	27.3	26.4	24.3	23.4	81.7	20.6	20.8	20.2	19.7
NII Growth YoY	19.9%	24.1%	32.6%	26.5%	20.4%	18.6%	-0.2%	3.5%	1.3%	-5.0%	-2.1%
-- Fee Income	4.7	20.4	5.0	4.8	5.4	5.3	18.0	5.3	3.5	4.7	4.5
-- Fx Income	(1.2)	1.7	1.4	1.9	(2.1)	0.5	(2.4)	(1.8)	0.5	0.3	(0.4)
-- Dividend Income	0.1	0.6	0.2	0.1	0.2	0.1	1.0	0.3	0.1	0.3	0.2
Other NFI	1.0	1.5	3.4	3.0	(4.0)	1.3	1.9	(0.9)	1.3	1.0	0.9
Non-Interest Income	5.8	24.2	8.4	7.8	1.3	6.6	19.9	4.4	4.7	5.7	5.4
NFI Growth YoY	-12.9%	21.5%	90.5%	64.7%	-76.8%	22.4%	-41.7%	-43.7%	-51.8%	-29.9%	-34.8%
Total Revenue	33.8	125.5	35.7	34.2	25.7	30.0	101.6	25.0	25.6	25.9	25.1
Non-II / Total Revenue	17.1%	19.3%	23.5%	22.9%	5.1%	22.1%	19.6%	17.6%	18.6%	22.0%	21.6%
Total Revenue Growth YoY	12.6%	23.6%	42.8%	33.6%	-0.9%	19.4%	-12.4%	-9.8%	-15.9%	-11.9%	-11.7%
Admin	25.6	92.2	23.3	24.0	23.5	21.4	77.4	21.1	20.1	18.5	17.7
Operating Expenses	26.0	93.3	23.5	24.5	23.6	21.7	75.0	17.8	20.3	18.9	17.9
OPEX Growth YoY	20.2%	24.4%	32.4%	20.5%	24.8%	21.2%	20.2%	0.6%	29.0%	27.0%	27.0%
Cost-To-Income Ratio	77%	74%	66%	72%	92%	72%	74%	71%	79%	73%	71%
PPOP	7.8	32.2	12.1	9.7	2.1	8.4	26.6	7.2	5.2	7.0	7.3
PPOP Growth YoY	-7.1%	21.1%	68.6%	84.1%	-70.6%	15.1%	-50.4%	-28.2%	-64.2%	-51.9%	-49.5%
Provisioning Charge	0.6	3.3	1.5	1.3	0.6	(0.1)	5.0	3.3	1.7	0.2	(0.1)
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	7.1	28.9	10.6	8.4	1.5	8.4	21.6	3.9	3.6	6.8	7.4
Taxation	3.0	13.4	3.9	3.5	0.7	5.3	9.1	1.4	1.8	3.3	2.7
Effective Tax Rate	42.4%	46.3%	37.0%	41.6%	48.6%	62.3%	42.4%	35.2%	49.8%	49.1%	36.4%
Profit After Tax	4.1	15.3	6.7	4.9	0.7	3.1	12.1	2.5	1.7	3.4	4.5
PAT Growth YoY	34.1%	27.2%	164.6%	185.9%	-80.6%	-32.8%	-179.2%	-115.4%	-82.0%	-49.1%	-49.9%
EPS	2.79	10.45	4.56	3.36	0.44	2.08	8.22	1.73	1.18	2.29	3.10
DPS	1.25	5.00	1.25	1.25	1.25	1.25	4.00	1.00	1.00	1.00	1.00
BVPS	154.76	153.22	153.22	145.53	142.98	139.18	135.84	135.84	133.06	133.65	133.68
Interest Earned growth	41%	56%	57%	72%	55%	39%	12%	25%	12%	3%	6%
Interest Expense growth	59%	88%	74%	118%	92%	63%	26%	47%	25%	14%	17%

No. of shares: 1466.9mn

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