

# Flash Note

Wednesday, 19 February 2020

## Commercial Banks

### Habib Bank Limited (HBL)

#### Full year EPS stands at 10.5/share (+27%/y/y); Cash dividend of PKR 1.25/share (total payout 5.0/share)

- ✓ On a consolidated basis, bank posted earnings of PKR 15.3bn or PKR 10.5/share up by +27% y/y for 2019. On a quarterly basis, earnings are up by 1.6x y/y to PKR 6.7bn or PKR 4.6/share.
- ✓ The bank announced a final cash dividend of PKR 1.25/share in addition to PKR 3.75/share interim dividend taking total payout to PKR 5.00/share.
- ✓ Bank's total revenue increased by a +24% y/y to PKR 125.5bn (+43% y/y in 4q) led by a +24% y/y growth in net interest income and a 21.5%/y/y increase in non-funded income. Interest earned increased by a +56% y/y (+57% y/y in 4q) compared to interest expense up by +88% y/y, (+74% y/y in 4q). Break-up wise of NFI shows fee income is up by +13% y/y (6%/y/y decline in 4q) and FX income recorded at PKR 1.7bn (PKR 2.4bn loss in 2018). Admin expenses recorded a +19% y/y growth (+10%/y/y in 4q), taking overall opex to PKR 93.3bn (up by +24%/y/y) and C/I coming-off to stand at ~74% in 2019 (66% in 4q) compared to ~74% in 2018. Nevertheless, on pre-provisioning profits basis, bank reported an increase of +21% y/y (+69%/y/y in 4q). Cumulative provision charge for the year stood at PKR 3.3bn (PKR 1.5bn in 4q 2019) compared to PKR 5.0bn last year.

Exhibit: Habib Bank Limited (HBL) Financial highlights										
Period end (Dec) - PKRbn	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Earned	258.1	75.5	71.5	59.6	51.5	165.3	48.2	41.5	38.5	37.0
Interest Expense	156.8	48.2	45.2	35.2	28.2	83.6	27.7	20.7	18.3	17.3
<b>Interest Income</b>	<b>101.3</b>	<b>27.3</b>	<b>26.4</b>	<b>24.3</b>	<b>23.4</b>	<b>81.7</b>	<b>20.6</b>	<b>20.8</b>	<b>20.2</b>	<b>19.7</b>
NII Growth YoY	24.1%	32.6%	26.5%	20.4%	18.6%	-0.2%	3.5%	1.3%	-5.0%	-2.1%
-- Fee Income	20.4	5.0	4.8	5.4	5.3	18.0	5.3	3.5	4.7	4.5
-- Fx Income	1.7	1.4	1.9	(2.1)	0.5	(2.4)	(1.8)	0.5	0.3	(0.4)
-- Dividend Income	0.6	0.2	0.1	0.2	0.1	1.0	0.3	0.1	0.3	0.2
Other NFI	1.5	3.4	3.0	(4.0)	1.3	1.9	(0.9)	1.3	1.0	0.9
<b>Non-Interest Income</b>	<b>24.2</b>	<b>8.4</b>	<b>7.8</b>	<b>1.3</b>	<b>6.6</b>	<b>19.9</b>	<b>4.4</b>	<b>4.7</b>	<b>5.7</b>	<b>5.4</b>
NFI Growth YoY	21.5%	90.5%	64.7%	-76.8%	22.4%	-41.7%	-43.7%	-51.8%	-29.9%	-34.8%
<b>Total Revenue</b>	<b>125.5</b>	<b>35.7</b>	<b>34.2</b>	<b>25.7</b>	<b>30.0</b>	<b>101.6</b>	<b>25.0</b>	<b>25.6</b>	<b>25.9</b>	<b>25.1</b>
Non-II / Total Revenue	19.3%	23.5%	22.9%	5.1%	22.1%	19.6%	17.6%	18.6%	22.0%	21.6%
Total Revenue Growth YoY	23.5%	42.8%	33.6%	-0.9%	19.4%	-12.4%	-9.8%	-15.9%	-11.9%	-11.7%
Admin	92.2	23.3	24.0	23.5	21.4	77.4	21.1	20.1	18.5	17.7
<b>Operating Expenses</b>	<b>93.3</b>	<b>23.5</b>	<b>24.5</b>	<b>23.6</b>	<b>21.7</b>	<b>75.0</b>	<b>17.8</b>	<b>20.3</b>	<b>18.9</b>	<b>17.9</b>
OPEX Growth YoY	24.4%	32.4%	20.5%	24.8%	21.2%	20.2%	0.6%	29.0%	27.0%	27.0%
Cost-To-Income Ratio	74%	66%	72%	92%	72%	74%	71%	79%	73%	71%
<b>PPOP</b>	<b>32.2</b>	<b>12.1</b>	<b>9.7</b>	<b>2.1</b>	<b>8.4</b>	<b>26.6</b>	<b>7.2</b>	<b>5.2</b>	<b>7.0</b>	<b>7.3</b>
PPOP Growth YoY	21.1%	68.6%	84.1%	-70.6%	15.1%	-50.4%	-28.2%	-64.2%	-51.9%	-49.5%
Provisioning Charge	3.3	1.5	1.3	0.6	(0.1)	5.0	3.3	1.7	0.2	(0.1)
EO/one-offs	-	-	-	-	-	-	-	-	-	-
<b>Pre-Tax Profits</b>	<b>28.9</b>	<b>10.6</b>	<b>8.4</b>	<b>1.5</b>	<b>8.4</b>	<b>21.6</b>	<b>3.9</b>	<b>3.6</b>	<b>6.8</b>	<b>7.4</b>
Taxation	13.4	3.9	3.5	0.7	5.3	9.1	1.4	1.8	3.3	2.7
Effective Tax Rate	46.3%	37.0%	41.6%	48.6%	62.3%	42.4%	35.2%	49.8%	49.1%	36.4%
<b>Profit After Tax</b>	<b>15.3</b>	<b>6.7</b>	<b>4.9</b>	<b>0.7</b>	<b>3.1</b>	<b>12.1</b>	<b>2.5</b>	<b>1.7</b>	<b>3.4</b>	<b>4.5</b>
PAT Growth YoY	27.2%	163.8%	185.9%	-80.6%	-32.8%	-179.2%	-115.4%	-82.0%	-49.1%	-49.9%
<b>EPS</b>	<b>10.5</b>	4.6	3.4	0.4	2.1	<b>8.2</b>	1.7	1.2	2.3	3.1
<b>DPS</b>	<b>5.0</b>	1.3	1.3	1.3	1.3	<b>4.0</b>	1.0	1.0	1.0	1.0
<b>BVPS</b>	<b>150.1</b>	150.1	145.5	143.0	139.2	<b>135.8</b>	135.8	133.1	133.7	133.7
Interest Earned growth	56%	57%	72%	55%	39%	12%	25%	12%	3%	6%
Interest Expense growth	88%	74%	118%	92%	63%	26%	47%	25%	14%	17%

No. of shares: 1466.9mn

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