

Ticker	PLATINUM
Sector	Banking
Yr of Incorporation	9-Feb-89
Date of Listing	7-Dec-05
Financial End	June
Number of Shares	8,043,781,166
Capitalisation	229,971,703,536
NSE Mkt Cap.(N)	12,268,325,411,968
NSE Mkt Cap.(US\$)	105,100,020,663
% of NSE Cap.	1.87
52 Wk High	35.2
52 Wk Low	5.43
52 Wk Return	84.28
YTD	13.68
52 Wk Ave. Trade	6,909,564
Beta value	0.62
Current EPS	2.24
Current PE	12.75

Equity Research Report *Medium BUY*

Result Period: Q3, 2008
Date: 09, April, 2008
Fair Value: N32.26
Bank PHB Plc

Growing Through Innovation:

The unaudited Q3, 08 result of **Bank PHB** for the period ended 31st March, 2008 released recently shows that its Gross Earnings (GEs) grew by 166.59% to N55.18billion in 2008, compared with N20.70billion in the corresponding period of 2007. Profit Before Tax (PBT) grew by 229.01% between 2007 and 2008 to N19.03billion from N5.79 billion in the corresponding period of 2007. The bank's provision for tax which increased by 229.2% between 2007 and 2008 to N4.19billion from N1.27billion in 2007 brought about a Profit After Tax (PAT) of N14.85billion as against N4.51billion in 2007, representing a growth of 229%.

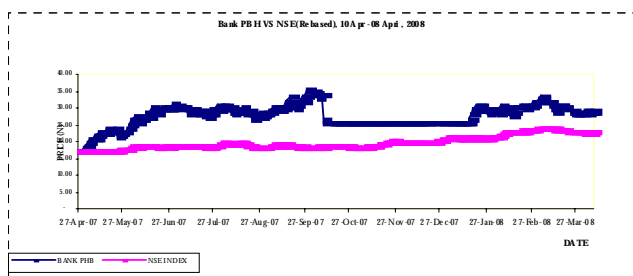
A cursory look at the bank's profit margins shows that its cost management strategy is working well to increase return to its shareholders. This is reflected in the improvement in its PBT margins which increased to 34.49% in Q3, 08 from 27.95% as at Q3, 07, and from 28.45% as at the end of the financial year in June, 2007. This shows that the bank was able to reduce its total costs as a percentage of GEs to 65.51% in Q3, 08 down from 72.05% in FY 07. PAT Margin currently stands at 26.91% up from 21.80% in the corresponding period in 2007 and up from 21.27% as at FY, 07.

Q3	2008	2007	Ch (%)
Ges	55,179	20,698	166.59
PBT	19,033	5,785	229.01
PAT	14,846	4,512	229.03
PBT Margin	34.49	27.95	6.54
PAT Margin	26.91	21.80	23.42

Full Year	2007	2006	Ch (%)
GEs	36,200	13,300	172.18
PBT	10,300	3,500	194.29
PAT	7,700	2,400	220.83
PBT Margin	28.45	26.32	2.14
PAT Margin	21.27	18.05	17.88

The result also shows that the percentage of the GEs, PBT, and PAT in the Q3 result to the Full Year Audited GEs, PBT and PAT for the period ended June, 2007 are 152.43%, 167.48% and 192.81%, respectively. This shows that the bank has been able to achieve more than 75% of the previous year's results, an indication that its current year's performance would exceed its 2007 performance with a wide margin.

The bank approached the capital market to raise N85bn last year by issuing additional 5billion ordinary shares through a Public Offering. Preliminary investigation revealed that the Offer was heavily oversubscribed. It is most likely that the bank will seek approval from the Securities and Exchange Commission (SEC) to accept additional 25% of the offer size. Growing the bottom line at above 200% will mean that the Diluted Earning Per Share (DEPS) at the end of the current financial year will be an improvement over the previous year.



Valuation/Analyst Recommendation

We project a PAT of N23.52bn for FYE 2008, based on the assumption that it will generate 1.55x of the 9months result to end the year. The 1.55x represents the average of the banks' performance for the same period in the last two consecutive years. This will generate a forward EPS of N1.61 and a DPS of N0.48 based on a payout of 30%. The forecast dividend is a decline over the previous year's figure of 70kobo. Applying Forward PE ratio of 20x, on the DEPS generates **N32.26** per share which is our fair value. We recommend the stock for medium-term investors as we are confident about its future earnings.

Company	GEs (N bn)	PBT (N bn)	PAT (N bn)	PAT Marg. (%)	ROE (%)	EPS*	P/E*
Bank PHB	36.16	10.28	8.52	23.56	5.08	2.24	12.75
Diamond	39.48	9.01	7.09	17.96	13.11	0.91	22.59
Access	27.88	8.04	6.08	15.41	21.43	0.73	29.29
FCMB	24.97	7.57	5.95	23.83	19.43	0.69	27.05
AfriBank	27.54	7.29	5.20	18.87	16.88	1.64	15.66
Stanbic IBTC	21.12	7.43	5.76	27.28	13.99	0.37	58.92

* Current Note: Result as at Audited 2007 with different Yr End. Some have share to be listed.

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