

Flash Note

Thursday, 25 October 2018

Commercial Banks

Faysal Bank Limited (FABL)

3QCY18 earnings display fortifies bank's ongoing superior performance; EPS at PKR 0.77/share

- On unconsolidated basis, Faysal Bank Limited (FABL) posted earnings of PKR 0.77/share up by +21%YoY (down by 2% on a quarterly basis). This takes 9MCY18 cumulative earnings of the bank to PKR 2.36/share compared to PKR 2.52/share same period last year, a decline of 6%YoY.
- During 9MCY18, bank's interest income increased by a decent +7% thanks to a better interest earning growth of 13% versus interest expense growth of 18%. Moreover, fee income also depicted a considerable growth rate of +20%YoY while a 69% decline in capital gains as expected limited total revenue support from non-interest income to just 9%YoY. Bank's opex showed a +14%YoY growth to PKR 10.3bn, which despite bank posting net reversal of PKR 0.83bn (PKR 0.77bn) during the period dented bank's bottom-line.

Exhibit:

FABL Result Highlights

PKRmn (Period end=Dec)	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY	2QCY18	QoQ
Interest Earned	8,710	7,126	22%	24,006	21,307	13%	8,071	8%
Interest Expensed	4,872	3,777	29%	12,970	10,947	18%	4,254	15%
Net Interest Income	3,839	3,349	15%	11,036	10,359	7%	3,817	1%
Fee Income	814	733	11%	2,547	2,116	20%	968	-16%
Capital Gain & Div. Income	41	(32)	n.m.	338	1,082	-69%	14	1.86x
Non-Interest Income	1,456	1,092	33%	4,694	4,326	9%	1,714	-15%
Total Revenue	5,295	4,441	19%	15,730	14,685	7%	5,531	-4%
Operating Expenses	3,524	3,172	11%	10,316	9,080	14%	3,581	-2%
Pre-Provisioning Profits	1,771	1,270	39%	5,414	5,605	-3%	1,951	-9%
Provision (Rev.) / Charge	(218)	(240)	-9%	(825)	(765)	8%	(294)	-26%
Pre-Tax Profits	1,986	1,508	32%	6,230	6,350	-2%	2,241	-11%
Extraordinary Item/Assoc.	3	1	32%	9	19	32%	4	-28%
Taxation	815	543	50%	2,648	2,525	5%	1,048	-22%
Profit After Tax	1,171	966	21%	3,584	3,825	-6%	1,193	-2%
EPS (PKR)	0.77	0.64		2.36	2.52		0.79	
DPS (PKR)	-	-		-	-		-	
BVPS (PKR) Est.	28.1	25.0					27.3	

Key Ratio

Cost-To-Income Ratio	67%	71%		66%	62%		65%	
Effective Tax Rate	41%	36%		43%	40%		47%	
Non-II / Total Income	27%	25%		30%	29%		31%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1517.7

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