

# Flash Note

Wednesday, 23 August 2017

## Commercial Banks

### FABL: Decline in capital gains and provision of super-tax brings down profitability by 47%QoQ

- Faysal Bank Limited (FABL) reported unconsolidated earnings for 2QCY17 of PKR 1.0bn (or PKR 0.75/share) down by 47%QoQ (or down by 32%YoY) bringing 1HCY17 total unconsolidated earnings to PKR 2.9bn (or PKR 2.17/share), up by +1%YoY.
- During the quarter, the bank reported 93%QoQ decline in Capital gains and +8%QoQ higher operating expenses which counteracted the +8%QoQ rise in fee income to pull down the bottom-line.
- Additionally, +13%QoQ rise in taxation due to one-time provision of super-tax dented profitability, wherein, profit after tax declined by 47%QoQ.

Exhibit:

### FABL Result Highlights

PKRmn (Period end=Dec)	2QCY17	2QCY16	YoY	1QCY17	QoQ	1HFY17	YoY
Interest Earned	7,272	6,513	12%	6,909	5%	14,181	7%
Interest Expensed	3,775	3,597	5%	3,396	11%	7,171	-1%
<b>Net Interest Income</b>	<b>3,497</b>	<b>2,916</b>	<b>20%</b>	<b>3,513</b>	<b>0%</b>	<b>7,010</b>	<b>16%</b>
Fee Income	719	768	-6%	663	8%	1,383	3%
Capital Gain & Div. Income	138	1,524	-91%	977	-86%	1,114	-52%
<b>Non-Interest Income</b>	<b>1,238</b>	<b>2,636</b>	<b>-53%</b>	<b>1,996</b>	<b>-38%</b>	<b>3,233</b>	<b>-25%</b>
Total Revenue	4,735	5,552	-15%	5,509	-14%	10,244	-1%
Operating Expenses	3,061	2,928	5%	2,847	8%	5,908	6%
Pre-Provisioning Profits	1,673	2,624	-36%	2,662	-37%	4,335	-10%
NPL (Rev.) / Prov.	(248)	347	n.m	(277)	n.m	(525)	n.m
Pre-Tax Profits	1,912	2,277	-16%	2,930	-35%	4,842	11%
Taxation	920	816	13%	1,063	-13%	1,983	28%
<b>Profit After Tax</b>	<b>992</b>	<b>1,461</b>	<b>-32%</b>	<b>1,868</b>	<b>-47%</b>	<b>2,859</b>	<b>1%</b>
EPS (PKR)	0.75	1.11		1.42		2.17	
DPS (PKR)	-	-		-		-	
BVPS (PKR)	28.29	24.44		27.53		28.29	

#### KEY RATIOS

Cost-To-Income Ratio	65%	53%		52%		58%	
Effective Tax Rate	48%	36%		36%		41%	
Non-II / Total Income	26%	47%		36%		32%	

SOURCE: IGI Research, Company accounts, PSX notifications

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