

Flash Note

Wednesday, 25 April 2018



Commercial Banks

FABL: Profits up by +75%QoQ supported by cost cutting and provision reversals

- Faysal Bank Limited (FABL) reported earnings of PKR 0.80/share or PKR 1.2bn for the 1QCY18, compared to PKR 0.46/share or PKR 691mn last quarter, posting a growth of +75%QoQ. On a yearly basis, earnings are down 35%
- Although net interest income and fee income fell by 6%QoQ and 21%QoQ respectively, yet total revenues remained flat due to PKR 283mn capital gains and dividend income compared to a loss of PKR 81mn last quarter.
- Operating expenses are down 13%QoQ as the bank continues to focus on cost reductions, with resultant cost-to-income ratio down by 1100bps to 65%.
- The bottom-line was also supported by PKR 313mn provision reversal compared to a charge of PKR 258mn in the last quarter.

Exhibit:

FABL Result Highlights

PKRmn (Period end=Dec)	1QCY18	1QCY17	YoY	4QCY17	QoQ
Interest Earned	7,224	6,909	5%	7,485	-3%
Interest Expensed	3,844	3,396	13%	3,884	-1%
Net Interest Income	3,380	3,513	-4%	3,601	-6%
Fee Income	766	663	15%	971	-21%
Capital Gain & Div. Income	283	977	-71%	(81)	n.m
Non-Interest Income	1,524	1,996	-24%	1,288	18%
Total Revenue	4,904	5,509	-11%	4,890	0%
Operating Expenses	3,212	2,847	13%	3,699	-13%
Pre-Provisioning Profits	1,692	2,662	-36%	1,191	42%
Provision (Rev.) / Charge	(313)	(277)	13%	258	n.m
Pre-Tax Profits	1,993	2,930	-32%	920	1.16x
Taxation	785	1,063	-26%	229	2.42x
Profit After Tax	1,210	1,868	-35%	691	75%
EPS (PKR)	0.80	1.23		0.46	
DPS (PKR)	-	-		-	
BVPS (PKR) Est.	26.65	24.73		25.85	

KEY RATIOS

Cost-To-Income Ratio	65%	52%	76%
Effective Tax Rate	39%	36%	25%
Non-II / Total Income	31%	36%	26%

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1517.7

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