

Flash Note

Thursday, 21 February 2019

Commercial Banks

Faysal Bank Limited (FABL)

Net interest income increased by +17%, while higher operating cost kept earnings in check; EPS at PKR 3.2/share (up by +7%), DPS NIL

- Faysal Bank Limited (FABL) reported its 4QCY18 unconsolidated earnings at PKR 1.2bn (EPS: PKR 0.82), up by +82%YoY or 6%QoQ. This brings full year CY18 earnings to PKR 4.8bn (EPS PKR 3.2), up by +7%YoY.
- For CY18, bank's net interest income increased significantly by +22%YoY to PKR 16.3bn (PKR 5.2bn in 4Q, highest) while non-interest income increased by +11% on account of +15% and +51% fee and FX income respectively. As a result, total revenue of the bank increased by +15%. Bank reported net provisioning reversals of PKR 0.4bn (PKR 0.4bn provisioning charge) in CY18, compared to PKR 0.5bn last year.

Exhibit:

FABL Result Highlights

PKRmn (Period end=Dec)	4QCY18A	4QCY17A	YoY	CY18A	CY17A	YoY	3QCY18	QoQ
Interest Earned	11,194	7,460	50%	35,200	28,766	22%	8,710	29%
Interest Expensed	5,955	3,884	53%	18,925	14,831	28%	4,872	22%
Net Interest Income	5,239	3,576	47%	16,275	13,935	17%	3,839	36%
Fee Income	1,000	971	3%	3,547	3,087	15%	814	23%
FX Income	624	457	36%	2,089	1,385	51%	513	22%
Capital Gain and Dividend Income	(118)	(174)	-33%	221	908	-76%	41	n.m.
Non-Interest Income	1,566	1,314	19%	6,260	5,639	11%	1,456	8%
Total Revenue	6,805	4,890	39%	22,535	19,574	15%	5,295	29%
Operating Expenses	4,439	3,694	20%	14,755	12,774	16%	3,524	26%
Pre-Provisioning Profits	2,366	1,195	98%	7,780	6,800	14%	1,771	34%
Provision (Rev.) / Charge	403	273	48%	(422)	(492)	-14%	(218)	n.m.
Pre-Tax Profits	1,963	922	1.12x	8,202	7,292	12%	1,989	-1%
Extraordinary Item/Assoc.	-	-	n.m.	-	-	n.m.	-	n.m.
Taxation	716	237	2.02x	3,365	2,763	22%	815	-12%
Profit After Tax	1,247	685	82%	4,837	4,530	7%	1,174	6%
EPS (PKR)	0.82	0.45		3.19	2.98		0.77	
DPS (PKR)	-	-		-	-		-	
Cost-To-Income Ratio	65%	76%		65%	65%		67%	
Effective Tax Rate	36%	26%		41%	38%		41%	
Non-II / Total Income	-8%	-13%		4%	16%		3%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1517.7

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