

Faysal Bank Limited - FABL

Quick Financials

PSX CODE	FABL
Bloomberg Code	FABL.PA
Reuters Code	FYBL.KA
Current Price (PKR/sh)	24.96
Year High - Low (PKR/sh)	26.88 - 18.16
Market Capital (PKR mn)	32,941
Market Capital (USD mn)	299
P/E (TTM)	7.21
Free Float (%)	30%
Free Float Market Capital (PKR mn)	9,882

Data Source: PSX

Result Review

Faysal Bank (FABL) has announced its financial results for CY17, according to which the bank's earnings increased 5%YoY translating into an EPS of PKR 3.42 against PKR 3.26 same period last year. Furthermore, the bank has also announced to issue Bonus Shares (15%) in the proportion of 15 shares for every 100 shares held by the shareholders.

On the markup income front, FABL posted net interest income of PKR13.960bn in CY17, an inclination of +16%YoY. Similarly, on the provisioning side, the bank's net mark-up income after provisions shows a significant increase of +26%YoY which recorded at PKR 14.457bn versus PKR 11.502bn.

Nevertheless, total non-mark-up interest income recorded a decline of -19%YoY which can be attributed to lower gain on sale of securities as compared to last year which was 0.846bn in CY17 against PKR 2.093bn in CY16 and also due to dented other income which decreased -71%YoY in this year.

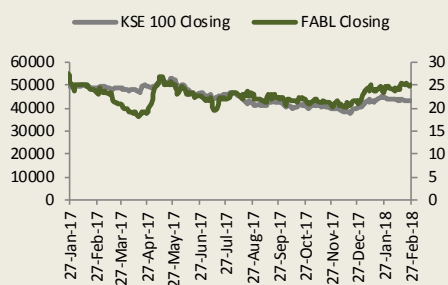
Faysal Bank showed a growth of 9%YoY when it comes to PBT which clocked in at PKR 7.269bn in CY17 versus PKR 6.659bn in CY16. Therefore, NPAT recorded a 5%YoY surge which was PKR 4.515bn in CY17 as compared to PKR 4.302bn in CY16.

Company's Financials

PKR MN	CY17	CY16	%YoY
Interest income	28,791	26,201	10%
Interest expense	14,831	14,134	5%
Net interest income	13,960	12,066	16%
Net mark-up after provisions	14,457	11,502	26%
Gain on sale of securities - net	846	2,093	-60%
Other income	141	491	-71%
Total non mark-up income	5,614	6,954	-19%
Operating expenses	12,774	11,618	10%
Profit before taxation	7,269	6,659	9%
Taxation - Total	2,755	2,357	17%
Profit after taxation	4,515	4,302	5%

Earnings per share - basic	3.42	3.26	5%
----------------------------	------	------	----

Relative Performance



Analyst - Saad Pervez

research@darsononline.com

+92-21-32467224 Ext: 125

Information & Data Sources:

PSX, NFDC, Company Accounts SBP, PBS,
Pakistan Economic Survey, Darson Research



Important disclosures

This report has been prepared by Darson Securities (Pvt) Ltd. and is provided for information purposes only. Under no circumstances it is to be used or considered as an offer to sell, or a solicitation of any offer to buy. This information has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. All opinions and estimates expressed in this report constitute our present judgment only and are subject to change without notice. This report is intended for persons having professional experience in matters relating to investments.

Research Dissemination Policy:

Darson Securities (Pvt.) Ltd. endeavors to make all rightful efforts to disseminate research to all eligible clients in a timely manner through either electronic or physical distribution such as email, mail and/or fax. However, it is worth mentioning that, not all clients may receive the material at the same time.

Analyst Certification & Financial Interest Disclosure:

The research analyst(s), if any, denoted by AC on the cover of this report, who exclusively reports to the research department head, primarily involved in the preparation, writing and publication of this report, certifies that the expressed views in this report are unbiased and independent opinions of the analyst(s). The observations presented also accurately reflect the personal views of the analyst(s) based on the research about the subject companies/securities and in any case, no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. It is also important to note that the research analyst(s) or any of its close relatives do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company. Additionally, the research analyst or its close relative have neither served as a director/officer in the past 3 years nor received any compensation from the subject company in the past 12 months. The Research analyst or its close relatives have not traded in the subject security in the past 7 days and will not trade in next 5 days.

Darson Securities (Pvt.) Ltd. or any of its officers and directors does not have a significant financial interest (above 1% of the value of the securities of the subject company). Darson Securities (Pvt.) Ltd., their respective directors, officers, representatives, employees and/or related persons may have a long or short position in any of the securities or other financial instruments mentioned or issuers described herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise.

Risk Associated with Target Price:

Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices.

Rating System:

- If;
- **Expected return >15%** - Buy Call
 - **Expected Return is in between 0% to 15%** - Neutral/Hold Call
 - **Expected Return <0%** - Sell Call

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

Frequently Used Acronyms

TP - Target Price	DCF - Discounted Cash Flows
FCF - Free Cash Flows	FCFE - Free Cash Flows to Equity
FCFF - Free Cash Flows to Firm	DDM - Dividend Discount Model
SOTP - Sum of the Parts	P/E - Price to Earnings ratio
P/Bv - Price to Book ratio	P/S - Price to Sales
EVA - Economic Valued Added	BVPS - Book Value per Share
EPS - Earnings per Share	DPS - Dividend per Share
DY - Dividend Yield	ROE - Return on Equity
ROA - Return on Assets	JPB - Justified Price to Book