

Earning Review

FABL: 4QCY21 EPS clocked in at Rs1.41, up 85% YoY

Event

- Faysal Bank Limited (FABL PA) announced its 4QCY21 result with consolidated earnings of Rs2.1bn (EPS Rs1.41/sh), up by 85/0% YoY/QoQ. This translates into CY21 earnings of Rs8.4bn (EPS Rs5.5/sh), up by 25% YoY.
- The result was accompanied by dividend of Rs1.0/sh, taking total payout during CY21 to Rs1.5/sh.
- The result was in line with our expectations.

Impact

- The bank posted a PAT of Rs2.1bn in 4QCY21 (up by 85/0% YoY/QoQ), mainly due to (1) higher Net interest income and (2) higher non-funded income. This accumulated into profitability of Rs8.4bn, increasing by 25% YoY, which was mainly due to lower provisioning during the year.
- Net interest income clocked in at Rs6.9bn showing increase of 25% YoY in 4QCY21, however on sequential basis, NII marginally declined by 1% due to lag in asset repricing amid hike in interest rate during the quarter. On cumulative basis NII increased by 5% YoY in CY21.
- Bank reported Non-funded income (NFI) of Rs2.2bn which increased by 16% YoY (↓3% QoQ) in 4QCY21 mainly supported by Fee income (↑/↓ 8/1% YoY/QoQ) and higher FX income (↑43/29% YoY/QoQ). Similarly, on cumulative basis, NFI inclined by 7% YoY.
- Operating expense inclined by 1/3% YoY/QoQ to Rs5.7bn in 4QCY21. This translated into Cost/income of 63% (down/up by 11/3ppts YoY/QoQ).
- The bank recorded provision reversal of Rs171mn in 4QCY21 as compared to provision expense of Rs173/227mn in 4QCY20/3QCY21.
- The cumulative provision expense for CY21 was Rs45mn (↓98% YoY).
- Effective tax rate for 4QCY21 clocked in at 40% (↑4ppts YoY), translating cumulative CY21 ETR at 39%.

Outlook

- FABL profitability outlook remains strong as Islamic conversion and increasing ADR would come into play in CY22. We have outperform stance on the stock with Dec-22 target price of Rs36.0.

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Table 1: Consolidated Earnings Review FABL 4QCY21

	4QCY21	4QCY20	YoY	QoQ	CY21	CY20	YoY
Interest Earned	15,574	11,626	34%	13%	53,872	55,926	-4%
Interest Expensed	8,665	6,104	42%	28%	28,033	31,378	-11%
Net Interest Income (NII)	6,909	5,521	25%	-1%	25,839	24,548	5%
Fee Income	1,461	1,357	8%	-1%	5,583	4,085	37%
Dividend Income	145	(2)	-7488%	41%	435	282	54%
Foreign Exchange Income	763	534	43%	29%	2,379	2,093	14%
Gain on Securities	(189)	382	-150%	-332%	291	1,714	-83%
Other Income	61	(334)	-118%	8%	227	177	28%
Total Non-Markup Income	2,241	1,938	16%	-3%	8,916	8,352	7%
Share of Profit from Associates	(25)	156	-116%	-256%	58	156	-63%
Total Income	9,124	7,616	20%	-2%	34,814	33,056	5%
Non-Markup Expense	5,740	5,641	2%	3%	21,076	19,911	6%
Operating Expense	5,673	5,602	1%	3%	20,795	19,570	6%
WWF	65	31	109%	-13%	274	227	21%
Other Charges	2	8	-72%	67%	8	114	-93%
Profit Before Provisions	3,384	1,974	71%	-9%	13,737	13,145	5%
Provisions	(171)	173	-199%	-175%	45	2,254	-98%
Profit Before Taxation	3,555	1,802	97%	2%	13,692	10,891	26%
Taxation	1,408	644	119%	3%	5,339	4,210	27%
Profit After Taxation	2,147	1,158	85%	0%	8,353	6,681	25%
PAT Attributable to Shareholders	2,147	1,158	85%	0%	8,353	6,681	25%
EPS	1.41	0.76			5.50	4.40	
DPS	1.00	-			1.50	-	
Cost/Income	63%	74%			61%	60%	
Effective tax rate	40%	36%			39%	39%	

Source: Company Accounts, Foundation Research, Feb 2022

Important disclosures:

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If	
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Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.