

Earnings Review

FABL: 1QCY22 EPS clocked in at Rs1.46/sh

Event

- Faysal Bank Limited (FABL PA) announced its 1QCY22 result with consolidated earnings of Rs1.46/sh (up by 5/3% YoY/QoQ).

Impact

- The bank posted a PAT of Rs2.2bn in 1QCY22 (up by 5/3% YoY/QoQ). The increase was mainly because of higher Net Interest Income (NII) (↑4/19% YoY/QoQ), higher FX income (↑2.1x YoY), and lower effective taxation.
- During 1QCY22, interest income increased by 44/11% YoY/QoQ. On the other hand, interest expense registered an increase of 54/17% YoY/QoQ. This has translated into NII for the quarter clocking in at Rs7.18bn (↑32/4% YoY/QoQ).
- Non-funded income came in at Rs2.3bn (↑3/2% YoY/MoM). NFI was mainly lifted by increase from Fee income of 35/12% YoY/QoQ, however the increase was restricted by gain on securities reporting loss of 113mn as compared to Rs351mn income SPLY. Similarly on sequential basis FX income declined by 25% which restricted the NFI for the quarter.
- Operating expense clocked in at Rs5.9bn translating into an increase of 28/4% YoY/QoQ. This translated to cost/income increasing by 2/0ppt YoY/QoQ to stand at 63%.
- The bank reported a reversal of provisioning expense amounting to Rs147mn this quarter compared to provisioning expense reversal of Rs171mn in 1QCY22.

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.

Analyst

Foundation Research
+92 21 3561 2290-94

research@fs.com.pk
Ext: 313

Table 01: Earnings Review FABL 1QCY22

	1QCY22	1QCY22	YoY	4QCY21	QoQ
Interest Earned	17,303	12,029	44%	15,574	11%
Interest Expensed	10,120	6,581	54%	8,665	17%
Net Interest Income (NII)	7,183	5,448	32%	6,909	4%
Fee Income	1,638	1,216	35%	1,461	12%
Dividend Income	119	83	44%	145	-18%
Foreign Exchange Income	569	512	11%	763	-25%
Gain on Securities	(113)	351	-132%	(189)	-40%
Other Income	78	65	21%	61	28%
Total Non-Markup Income	2,292	2,226	3%	2,241	2%
Share of Profit from Associates	(1)	52	-102%	(25)	-97%
Total Income	9,474	7,726	23%	9,124	4%
Non-Markup Expense	5,999	4,718	27%	5,740	5%
Operating Expense	5,923	4,642	28%	5,673	4%
WWF	74	76	-4%	65	13%
Other Charges	2	0	-	2	8%
Profit Before Provisions	3,475	3,008	16%	3,384	3%
Provisions	(147)	(533)	-72%	(171)	-14%
Profit Before Taxation	3,621	3,540	2%	3,555	2%
Taxation	1,412	1,425	-1%	1,408	0%
Profit After Taxation	2,210	2,115	4%	2,147	3%
PAT Attributable to Shareholders	2,210	2,115	5%	2,147	3%
EPS	1.46	1.39		1.41	
DPS	-	-		1.00	
Cost/Income	0.63	0.61	0.02	0.63	0.00
Effective tax rate	39%	40%		40%	

Source: Company Accounts, Foundation Research, Apr 2022

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Recommendations definitions

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