



## MEBL: 2QCY25 Result beat expectation on lower profit on deposits and curtailed expenses



AKD Securities Limited

Meezan Bank Ltd (MEBL) announced its 2QCY25 financial results earlier today, wherein the bank posted NPAT of Pkr24.1bn (EPS: Pkr13.4) for the quarter, down 9%YoY/up 9%QoQ. The result is higher than our expectations, primarily due to lower than expected profit on deposits along with lower admin expenses. In addition to the result, bank announced an interim cash payout of Pkr7.0/sh, in line with our expectation, taking half year cash payout to Pkr14.0/sh.

- Net spread earned was recorded at Pkr64.0bn in 2QCY25, down by 9%YoY/up 4%QoQ, due to increase in investment book on a sequential basis.
- Profit on Islamic financing was recorded at Pkr101.9bn, down by 22%YoY/5% QoQ, while profit on deposits was recorded at Pkr37.9bn (down 37%YoY/17% QoQ). Notably, the bank's estimated NIMs inclined to 7.2% in 2QCY25 compared to 7.1% in the previous quarter.
- Non-Interest Income clocked in at Pkr8.2bn in 2QCY25, up 54%YoY while remained flat on a sequential basis. We attribute increase in Non-interest income to higher fee income (up 21%YoY/down 3%QoQ), higher fx income (up 16.2x YoY/ 3%QoQ) and higher gain on sale of securities (up 12.0x YoY/ 58.9x QoQ).
- Operating expenses were recorded at Pkr16.7bn, down 25%YoY/15%QoQ. This resulted in a cost-to-income ratio of 21.5% compared to 28.1%/26.6% in 2QCY24 and 1QCY25, respectively.
- Credit-Allowance/Provisioning expense amounted to Pkr1.5bn, compared to a reversal of Pkr935mn in 2QCY24 and an expense of Pkr1.9bn in 1QCY25.
- Effective tax rate for the quarter stood at 55.3% (vs. 51.0%/54.5% in 2QCY24/1QCY25).
- The script is currently under review.

### MEBL: Income Statement (Unconsolidated)

(Pkrmn)	2QCY25	2QCY24	YoY	1QCY25	QoQ	1HCY25	1HCY24	YoY
Profit / return on Islamic Financing	101,909	130,463	-22%	107,617	-5%	209,526	249,668	-16%
Profit on Deposits	37,944	60,234	-37%	45,826	-17%	83,770	112,177	-25%
<b>Net Spread Earned</b>	<b>63,965</b>	<b>70,230</b>	<b>-9%</b>	<b>61,790</b>	<b>4%</b>	<b>125,756</b>	<b>137,491</b>	<b>-9%</b>
Total Other Income	8,215	5,324	54%	8,178	0%	16,393	11,681	40%
Credit Loss Allowance	1,520	-935	-263%	1,858	-18%	3,379	-672	-603%
Total Other Expenses	16,697	22,362	-25%	19,631	-15%	36,328	43,570	-17%
<b>Profit Before Tax</b>	<b>53,964</b>	<b>54,127</b>	<b>0%</b>	<b>48,479</b>	<b>11%</b>	<b>102,442</b>	<b>106,274</b>	<b>-4%</b>
<b>Profit After Tax</b>	<b>24,116</b>	<b>26,502</b>	<b>-9%</b>	<b>22,048</b>	<b>9%</b>	<b>46,164</b>	<b>51,444</b>	<b>-10%</b>
EPS - Basic	13.4	14.8	-	12.3	-	25.7	28.7	-
DPS	7.0	7.0	-	7.0	-	14.0	14.0	-

Source: PSX &amp; AKD Research

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- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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