



MEBL: 3QCY25 Result in line with our expectation with maintained cash payout



AKD Securities Limited

Meezan Bank Ltd (MEBL) announced its 3QCY25 financial results earlier today, wherein the bank posted NPAT of Pkr21.1bn (EPS: Pkr11.7) for the quarter, down 18%YoY/13%QoQ. The result is inline with our expectations. In addition to the result, bank announced an interim cash payout of Pkr7.0/sh, in line with our expectation, taking 9MCY25 year cash payout to Pkr21.0/sh.

- Net spread earned was recorded at Pkr62.4bn in 3QCY25, down by 19%YoY/2% QoQ, due to lower yields on investments and advances.
- Profit on Islamic financing was recorded at Pkr102.6bn, down by 20%YoY/up 1% QoQ, while profit on deposits was recorded at Pkr40.1bn (down 23%YoY/up 6% QoQ). Notably, the bank's estimated NIMs declined to 7.0% in 3QCY25 compared to 7.2% in the previous quarter.
- Non-Interest Income clocked in at Pkr9.4bn in 3QCY25, up 44%YoY/14%QoQ. We attribute increase in Non-interest income to higher fx income (up 97xYoY/67%QoQ) of Pkr2.7bn.
- Operating expenses were recorded at Pkr26.4bn, up 13%YoY/58%QoQ. This resulted in a cost-to-income ratio of 36.8% compared to 28.0%/23.1% in 3QCY24 and 2QCY25, respectively.
- Credit-Allowance/Provisioning expense amounted to Pkr255mn, compared to a expense of Pkr2.6bn in 3QCY24 and an expense of Pkr1.5bn in 2QCY25.
- Effective tax rate for the quarter stood at 53.4% (vs. 55.3% in both 3QCY24/2QCY25).
- We have a 'Buy' stance on MEBL with Jun'26 target price of Pkr588.0/sh. Our liking for MEBL stems from; i) strong deposit growth, ii) High CASA ratio, and iii) impeccable asset and efficiency indicators.

MEBL: Income Statement (Unconsolidated)

(PkrMn)	3QCY25	3QCY24	YoY	2QCY25	QoQ	9MCY25	9MCY24	YoY
Profit / return on Islamic Financing	102,587	128,665	-20%	101,909	1%	312,113	378,333	-18%
Profit on Deposits	40,116	52,012	-23%	37,944	6%	123,886	164,189	-25%
Net Spread Earned	62,472	76,653	-19%	63,965	-2%	188,228	214,144	-12%
Total Other Income	9,376	6,527	44%	8,215	14%	25,769	18,208	42%
Credit Loss Allowance	255	2,572	-90%	1,520	-83%	3,634	1,900	91%
Total Other Expenses	26,408	23,280	13%	16,697	58%	62,736	66,849	-6%
Profit Before Tax	45,185	57,329	-21%	53,964	-16%	147,627	163,603	-10%
Profit After Tax	21,062	25,619	-18%	24,121	-13%	67,226	77,063	-13%
EPS - Basic	11.7	14.2	-18%	13.4	-13%	37.4	42.8	-13%
DPS	7.0	7.0	0%	7.0	0%	21.0	21.0	0%

Source: PSX & AKD Research

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To arrive at our period end target prices, AKDS uses different valuation techniques including:

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

New Rating Definitions

Buy > 15% expected total return
Neutral > 0% to < 15% expected total return
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