

Faysal Bank Limited

Corporate Briefing Takeaways

Management Conference Call

Arif Habib Limited hosted FABL's analyst briefing session today, during which the FABL management discussed the CY24 results and offered valuable insights into the bank's forthcoming strategy. Here are the key highlights from the session.

Brief Takeaways

- FABL announced 4QCY24 earnings, posting a Profit After Tax (PAT) of PKR 3.5bn (EPS: PKR 2.3), down 55% YoY and 48% QoQ (4QCY23 EPS: PKR 5.2). This took full-year CY24 earnings to PKR 23.9bn (EPS: PKR 15.7), marking an 18% YoY growth, largely driven by an increase in total income. Alongside the results, the bank declared a final cash dividend of PKR 2.5/share, bringing the total payout for CY24 to PKR 7.0/share.
- On the deposit front, FABL's CASA ratio improved significantly to 85.5% in CY24, compared to 75.1% last year. Currently, 57% of total deposits come from the private sector, followed by 21% from individuals. While total deposits saw a slight decline in the last quarter, primarily due to the bank's Advances-to-Deposits Ratio (ADR) dipping below 50%, FABL remains focused on outperforming industry deposit growth. The bank is actively working to enhance its deposit base, particularly through its retail and current account segments.
- Importantly, FABL continues to maintain a healthy ADR of 64.6%, setting it apart from peers that are more heavily invested in government securities. This reflects FABL's strategic emphasis on private sector lending and its ongoing commitment to supporting real economic activity.
- The Infection ratio of the bank improved to 3.6% during CY24 (CY23: 3.8%)
- Cost-to-Income Ratio (CIR) remained contained at 51.0% in CY24 (CY23: 49.0%) despite substantial branch expansion (+133 branches in CY24) and elevated inflationary pressures.
- Looking ahead, FABL plans a significant expansion of its branch network. The bank aims to open 45 new branches in CY25, taking the total branch count to 900, with a target of reaching 1,000 branches by CY26.
- As for the Ithimaar transaction, discussions remain at a preliminary stage.
- On the capital and profitability front, the bank's Return on Equity (ROE) stood at 23.2% in CY24, compared to 25.0% in CY23, while the Capital Adequacy Ratio (CAR) was recorded at 16.5%, down from 17.5% last year, yet comfortably above regulatory requirements.

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