

Commercial Banks: Faysal Bank Limited

Result Review: EPS clocked in at PKR 3.3 in 2QCY25

REP-300

Result Highlights

- FABL posted earnings of PKR 5.0bn (EPS: PKR 3.3) in 2QCY25, down 28% YoY. This brought 1HCY25 profitability to PKR 10.4bn, reflecting a 23% YoY decline. Alongside the results, the bank announced a cash dividend of PKR 1.5/share, taking cumulative payout for 1HCY25 to PKR 3.0/share.
- Earnings contraction stemmed from a decline in net profit earned (NII) and higher operating costs.
- Net profit earned stood at PKR 17.2bn (-12% YoY), as profit earned fell 30% YoY while profit expensed declined 39% YoY.
- On the non-funded side, income grew 35% YoY (10% QoQ), driven by strong fee income (+38% YoY to PKR 4.1bn) and a surge in FX income (+69% YoY to PKR 2.0bn). Dividend income increased 11% YoY, whereas gains on securities plunged 60% YoY to PKR 164mn.
- Provisions reversal amounted to PKR 1.2bn, versus a reversal of PKR 834mn in 2QCY24 and PKR 2.3bn in 1QCY25.
- Operating expenses rose 18% YoY to PKR 13.9bn, pushing the cost-to-income ratio to 58.6% (vs 48.0% SPLY).
- Effective tax rate climbed to 54.6% (vs 49.0% in 2QCY24).
- On the balance sheet front, deposits hit an all-time high of PKR 1.24trn.

Valuation

- We maintain our BUY stance on FABL with a target price of PKR 89.7/share by Jun'26, offering a total return of 21.3%. The stock is currently trading at a PB multiple of 1.0x for both CY25e and CY26f. It offers a compelling dividend yield of 8.8% in CY25e and 10.0% in CY26f.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1HCY25a	1HCY24a	YoY	2QCY25a	2QCY24a	YoY	QoQ
Income Statement							
Profit earned	83,999	120,245	-30%	41,891	59,819	-30%	-1%
Profit expensed	49,547	81,745	-39%	24,656	40,136	-39%	-1%
Net profit / return	34,451	38,500	-11%	17,236	19,683	-12%	0%
NFI	12,201	9,793	25%	6,396	4,739	35%	10%
Total Income	46,652	48,293	-3%	23,632	24,422	-3%	3%
Total provisions	(3,514)	(798)	nm	(1,204)	(834)	nm	nm
OPEX	27,743	22,935	21%	13,854	11,711	18%	0%
PBT	22,548	26,338	-14%	11,059	13,624	-19%	-4%
Taxation	12,123	12,777	-5%	6,044	6,672	-9%	-1%
Profit after tax*	10,425	13,561	-23%	5,016	6,952	-28%	-7%
EPS (PKR)	6.87	8.94		3.30	4.58		
DPS (PKR)	3.0	3.0		1.5	2.0		
Balance Sheet							
Net Advances	719,452	576,313	25%				12%
Deposits	1,243,418	1,048,652	19%				12%
Investments	702,108	646,007	9%				1%
Borrowings	210,823	245,133	-14%				-27%
Ratio Analysis							
BVPS (PKR)	74.00	62.14		74.00	62.14		
ADR	57.86%	53.57%		57.86%	53.57%		
IDR	56.47%	58.12%		56.47%	58.12%		
NIMs	5.82%	7.05%		5.82%	7.05%		
Cost to Income	59.47%	47.49%		58.62%	47.96%		
Effective Tax Rate	53.77%	48.51%		54.65%	48.97%		

Source (s): Company Financials, AHL Research, *profit attributable to equity shareholders of the bank, EPS @current number of shares

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