

# AHL Brief Note: Commercial Banks

## Meezan Bank Limited

### Corporate Briefing Takeaways

#### Management Conference Call

MEBL senior management held an analyst briefing today to discuss financial performance of 2QCY24 and the future outlook

#### Brief Takeaways

- To recall, MEBL announced earnings (PAT) for 2QCY24 at PKR 26.7bn (EPS: PKR 14.9), depicting an increase of 54% YoY | 5% QoQ (2QCY23 EPS: PKR 9.66). This jump in overall QoQ earnings was mainly on the back of higher total income and provisioning reversal. The bank announced a dividend of PKR 7/share along with 2Q result.
- There was a 52% YoY increase in net spread earnings, largely due to elevated interest rates throughout the year, contributing 80% to the growth. The remaining 20% was driven by increased deposit volumes.
- MEBL's market share of deposits has reached 7.8%, with a YoY deposit growth of 26%, totaling PKR 2.4trn. The CASA ratio increased to 90% compared to 88% in the SPLY.
- The bank's investment portfolio stands at PKR 1.64trn, with PKR 1.48trn invested in GoP Sukuks. This portfolio comprises 80% variable sukuk and 20% fixed sukuk. The weighted average yield on fixed portfolio is 11% with a duration of 2 years.
- The cost-to-income ratio improved to 29% in 1HCY24, down from 31.5% in SPLY.
- ROE of the bank stands at 52.9% as at 2QCY24 end compared to 56.3% in Dec'23. MEBL has the highest ROE in the banking sector.
- MEBL recorded a CAR ratio of 24.68% by Jun'24 end, well above the minimum requirement of 11.5%.
- Infection ratio stood at 1.45% while coverage ratio was 192%, by 2QCY24 end.
- The bank aims has opened 6 branches in 1HCY24, and aims to open further 30-40 branches by the end of CY24.
- The current ADR stands at 47.7% as of 1HCY24. The bank aims to increase this ratio to between 50-52% by the end of CY24 to avoid ADR-related taxes.
- However, to remain prudent in case it does not achieve an ADR above 50%, MEBL has created a provision of PKR 2.5bn.

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