

MEBL Corporate Briefing Takeaways

Oct 27, 2026

Meezan Bank Limited (MEBL) held its corporate briefing today to discuss the financial results for 9MCY26 and the future outlook of the bank. The key takeaways of the briefing are listed below:

- MEBL reported an unconsolidated PAT of PKR 74.5bn (EPS: PKR 41.35) in 9MCY26, up 11% YoY (vs. PKR 67.2bn, EPS: PKR 37.42 in 9MCY25). The improvement was supported by higher net spread earned, growth in non-funded income and a lower provisioning charge. During 3QCY26, PAT stood at PKR 25.7bn (EPS: PKR 14.20), up 1% QoQ (vs. PKR 25.5bn in 2QCY26).
- On deposit growth, management highlighted that the bank continued to record consistent inflows despite broadly flat industry deposits, with year-to-date deposit growth improving to 19.1% from 13% as of June. Management expects the bank to continue outpacing the industry, although competition for deposits has intensified as the overall industry deposit pool is not growing on a consistent basis.
- Management expects newly opened branches to contribute more meaningfully to deposit mobilisation over the coming quarters. Branches added last year have started contributing, while the 81 branches added this year were opened earlier in the year, allowing contributions to begin sooner, although the major share will emerge after the initial gestation period.
- On costs, management indicated that the cost-to-income ratio could rise to around 36-37% over the next one to two quarters, as branch expansion costs are incurred upfront ahead of the associated revenue contribution, with inflation, particularly fuel prices, also a factor. Management reiterated that the ratio will not be allowed to cross 40%, against an industry ratio of around 50% as of June 2026.
- On a sequential basis, operating expenses rose 23% QoQ to PKR 27.1bn in 3QCY26, partly due to lower reversals of prior-year variable compensation accruals. Management clarified that PKR 2.2bn was reversed in 3QCY26 against PKR 5.5bn in 2QCY26, taking cumulative reversals in 9MCY26 to PKR 10.7bn, broadly similar to PKR 10.9bn in 9MCY25. Excluding these reversals, operating expenses increased by around 6% QoQ.
- On provisioning, management noted that the bank previously held PKR 13.6bn in general provisions over and above IFRS 9 requirements, of which PKR 2.8bn was adjusted against the required ECL charge for the period, leaving a balance of PKR 10.8bn. SBP guidelines do not allow banks to carry general provisions in excess of IFRS 9 requirements beyond December 31, 2026. The bank has requested SBP's approval to carry forward the remaining balance and utilise it only against additional ECL requirements in future periods. The request remains pending; if not approved, the excess balance cannot be carried forward beyond the stipulated deadline.
- On MDR, management indicated that the latest rate distributed on savings deposits covered by the minimum deposit rate requirement stood at around 6.87%. Around 50% of the bank's savings deposits fall under MDR, implying roughly PKR 800bn against savings deposits of approximately PKR 1.6trn as of September 2026.
- On the investment portfolio, management indicated that the fixed-rate GIS portfolio carries a yield of around 11.65%, with a duration of approximately 14 months.

MEBL Corporate Briefing Takeaways

Oct 27, 2026

- On remittances, management estimated that the withdrawal of SBP remittance incentives from August 2026 could result in an annual cost of around PKR 6bn, assuming the current volume growth trajectory continues.
- Management noted that, with limited growth in industry exports, home remittances remain a key source of dollar liquidity for trade business. The bank is therefore growing its trade business cautiously and assessing it alongside home remittances on a combined net profitability basis.
- Net spread earned increased 5% YoY to PKR 197.7bn in 9MCY26, despite the average policy rate declining to 11.1% from 11.7% in 9MCY25. Management attributed the improvement primarily to deposit growth, with an increase of around PKR 700bn in average deposits contributing a positive volume variance of approximately PKR 46bn, partially offset by adverse rate movements. In 3QCY26, net spread earned rose 2% QoQ to PKR 68.9bn, with the average policy rate at 11.5% compared to 11.0% in 2QCY26.
- Investments crossed PKR 3.0trn, up 17% during 9MCY26 and 21% YoY. GoP Ijarah Sukuk (GIS) of PKR 2.6trn constituted around 86% of the portfolio, up 20% from December 2025. The GIS mix remained weighted towards variable-rate instruments at 76% (PKR 2.0trn), with the remaining 24% (PKR 632bn) in fixed-rate instruments. Variable-rate and fixed-rate GIS yields stood at around 11.4% and 11.65%, respectively.
- Gross financing stood at PKR 1.65trn, down 2% from December 2025 but up 40% YoY, while gross ADR declined to 41.9% (Dec 2025: 51.1%) against an industry average of around 38%, with financing market share at 10.7%. Management attributed the decline during 9MCY26 to subdued private-sector credit demand and seasonal borrowing patterns, and expects financing to improve in 4QCY26, supported by transactions already in the pipeline.
- The capital adequacy ratio stood at 17.7% (Dec 2025: 19.2%), around 6.2% above the minimum requirement of 11.5%. Management attributed the decline primarily to revised SBP guidelines for calculating capital adequacy, effective during the quarter. CET-1 and Tier-1 ratios stood at 15.95% and 16.33%, against requirements of 7.5% and 9.0%, respectively.
- The branch network reached 1,186 branches across 381 cities, with 81 branches added during 9MCY26 and 115 YoY. Digital adoption continued to rise, with 95.3% of transactions (by count) routed through digital channels in 3QCY26, while mobile app active users increased to 4.28mn.
- Trade business volumes increased 5% YoY to PKR 2.24trn (\$7.4bn) in 9MCY26, with imports at 59% (PKR 1.33trn) and exports at 41% (PKR 917bn) of the total. Home remittance volumes stood at slightly over \$2bn in 9MCY26, representing a market share of around 6.3%.
- Al Meezan Investment Management posted PAT of PKR 2.0bn in 9MCY26, with an annualised ROE of 37.5%. AUMs (incl. discretionary portfolio) rose 18% YoY to PKR 781bn as of September 2026.