# Flash Note

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IGI Securities
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Commercial Banks

## Faysal Bank Limited (FABL)

**Earnings:** Faysal Bank Limited (FABL) announced its financial result for the second quarter of the year 2026. As per the financial result, the Bank reported unconsolidated earnings of PKR 4.85bn (PKR 3.2/share) during 2QCY26, remaining flat on a y/y basis as earnings were reported at PKR 4.86bn (PKR 3.2/share) in the same period last year also. This brings total profitability for 1HCY26 to PKR 10.01bn (PKR 6.60/share), flat on y/y basis, against PKR 10.0bn (PKR 6.59/share) in the same period last year.

**Dividend/Payout:** The Company announced a cash dividend of PKR 1.5/share along with the result bringing total cash payout for 1HCY26 to PKR 3.0/share.

**Operating Performance:** During the 2QCY26 period under review, the Bank reported net-interest income of PKR 17.5bn (up by +2%y/y) while non-interest income clocked in at PKR 6.6bn (up by +17%y/y) mainly due to a surge in treasury income by +21%y/y. As a result, the bank's total revenue stood at PKR 24.1bn increasing by +5%y/y. Moreover, FABL recorded operating expenses of PKR 14.7bn (up by +10%y/y), with the bank's cost/income ratio clocking in at 61% (up from 58% in 2QCY25). The bank booked a provision reversal of PKR 0.3bn during 2QCY26 compared to a provision reversal of PKR 1.2bn in the same period last year. The tax charge for this quarter was recorded at PKR 4.9bn (effective tax rate of 50% against 55% in 2QCY25) bringing total effective tax rate for 1HCY26 to 51% (1HCY25: 54%).

**Recommendation:** We maintain a 'HOLD' stance on FABL with our Dec-26 Target Price of PKR 112/share offering 9% upside from last close. The bank is trading at CY27 P/B of 1.1x and offers DY of 6.8%.

**Exhibit: Financial Highlights Faysal Bank Limited (FABL)**

Latest result published for 2Q'/26

| Period (PKRbn) | 2Q'/26 | 2Q'/25 | 1Q'/26 | 1H'26 | 1H'25 |
|---|---|---|---|---|---|
| Net Interest Income | 17.5 | 17.2 | 15.6 | 33.1 | 34.4 |
| Fee Income | 3.7 | 3.4 | 3.8 | 7.5 | 6.5 |
| Treasury Income | 2.8 | 2.3 | 5.4 | 8.2 | 4.1 |
| Non-Interest Income | 6.6 | 5.7 | 9.1 | 15.7 | 10.6 |
| **Total Revenue** | **24.1** | **22.9** | **24.7** | **48.8** | **45.0** |
| Op. Exp. | (14.7) | (13.3) | (14.3) | (29.0) | (26.7) |
| Provision (charge) / reversal | 0.3 | 1.2 | 0.4 | 0.7 | 3.5 |
| Profit Before Tax | 9.8 | 10.7 | 10.8 | 20.5 | 21.9 |
| Tax | (4.9) | (5.9) | (5.6) | (10.5) | (11.8) |
| **Profit After tax** | **4.9** | **4.9** | **5.1** | **10.0** | **10.0** |
| **EPS** | **3.2** | **3.2** | **3.4** | **6.6** | **6.6** |
| **DPS** | **1.5** | **1.5** | **1.5** | **3.0** | **3.0** |

Source: Company accounts, IGI Research. No. of shares: 1,517.7mn

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# 9Important Disclaimer and Disclosures

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