

**Financial Highlights**

- AKBL reported profitability of PKR 6.6bn (EPS: PKR 4.54) for 1QCY26, declining by 8% YoY and growing by 37% QoQ. Alongside the results, the bank also announced a dividend of PKR 2/sh, taking its payout ratio to 44% for the quarter.
- Earnings improved on the back of stronger NFI, along with stable NII and provisioning reversals.
- Net Interest Income remained largely stable compared to previous period, settling at PKR 22bn (+1% YoY, -2% QoQ). Interest earned declined by 2% to reach PKR 75bn, while interest expensed declined by 3% YoY to reach PKR 53bn.
- Major drivers for NFI included substantial fee income (PKR 2.2bn, +25% YoY), higher capital gains (PKR 1.9bn, +135% YoY) and FX Income (PKR 837mn, +18% YoY). This took overall NFI to PKR 5.4bn, which grew by 45% YoY.
- The bank recognized a provisioning reversal of PKR 82mn in 1QCY26, compared to a net provisioning expense of PKR 256mn in SPLY. Meanwhile, operating expenses increased by 37% YoY to PKR 13.9bn, taking the cost-to-income ratio to 50% (vs 39% in 1QCY25).
- The effective taxation remained stable at prior levels, and was recorded at 52% for the quarter.
- In terms of balance sheet dynamics, the bank reported deposit levels at PKR 1.7trn (+22% YoY), while advances increased 9% YoY to reach PKR 601mn and investments grew by 34% YoY to reach PKR 2.2trn.
- This took ADR and IDR to 35.6% and 130.5% respectively.

**Valuation**

- The stock is currently trading at a P/B of 0.9x and a Dividend Yield of 6.2% for CY26e, based on LDCP.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1QCY26	1QCY25	YoY	4QCY25	QoQ
<b>Income Statement</b>					
Interest Earned	74,677	75,936	-2%	75,732	-1%
Interest Expensed	52,526	54,012	-3%	53,543	-2%
NII	22,151	21,923	1%	22,189	0%
NFI	5,390	3,708	45%	5,038	7%
Total Income	27,541	25,632	7%	27,227	1%
Total provisions	(82)	256	nm	1,011	nm
OPEX	13,875	10,102	37%	16,160	-14%
PBT	13,747	15,274	-10%	10,056	37%
Taxation	7,163	8,118	-12%	5,229	37%
Profit after tax*	6,560	7,125	-8%	4,773	37%
EPS (PKR)	4.53	4.92		3.29	
DPS (PKR)	2.00	-		1.75	
<b>Balance Sheet</b>					
Net Advances	601,937	551,136	9%		3%
Deposits	1,689,250	1,386,654	22%		4%
Investments	2,204,647	1,651,016	34%		9%
Borrowings	1,278,191	938,467	36%		29%
<b>Ratio Analysis</b>					
BVPS (PKR)	96.85	85.20			
ADR	35.63%	39.75%			
IDR	130.51%	119.06%			
NIMs	3.41%	3.40%			
Cost to Income	50.38%	39.41%		59.35%	
Effective Tax Rate	52.10%	53.15%		51.99%	

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

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# Commercial Banks: Askari Bank Limited

## Result Review: EPS @ PKR 4.5 in 1QCY26



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