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## AKBL: 3QCY24 EPS clocks in at PKR 4.11, up 4% YoY

### Askari Bank Limited

PSX: AKBL | Bloomberg: AKBL: PA | Reuters: ASBK.PSX

- AKBL announced the 3QCY24 result today wherein the bank recorded an EPS of PKR 4.11, up 4% YoY.
- Net interest income for 3QCY24 arrived at PKR 18.4bn (up 17% YoY). Interest expense clocked in at PKR 86.1bn and interest income arrived at PKR 104.5bn (up by 18% YoY).
- Non-interest income increased by 10% YoY to PKR 3.5bn on the back higher FX income of PKR 1.2bn (up 36% YoY) and capital gains of PKR 425mn (2.2x YoY).
- AKBL booked a provision expense of PKR 1.7bn, versus a provision expense of PKR 73mn in SPLY.
- Admin expenses for 3QCY24 increased by 18% YoY to PKR 8.7bn, translating into a cost-income ratio of 40% versus 39% in 3QCY23.
- Effective tax rate clocked in at 48% in 3QCY24 compared to 50% in 3QCY23.
- We have a 'Buy' rating on the scrip with Dec-25 price target of PKR 40/share, providing an upside of 33% along with a dividend yield of 12%.

#### Key Data

PSX Ticker	AKBL
Target Price (PKR)	40
Current Price (PKR)	30
Upside/(Downside) (%)	33%
Dividend Yield (%)	12%
Total Return (%)	45%
12-month High (PKR)	31
12-month Low (PKR)	18
Outstanding Shares (mn)	1,449
Market Cap (PKR mn)	44,203

Source: Company Accounts, Akseer Research

Financial Highlights (PKR mn)	3QCY23	3QCY24	YoY	9MCY23	9MCY24	YoY
M/up Earned	88,828	104,477	18%	216,840	309,819	43%
M/up Expense	73,131	86,064	18%	176,321	266,642	51%
<b>Net Interest Income</b>	<b>15,698</b>	<b>18,413</b>	<b>17%</b>	<b>40,519</b>	<b>43,177</b>	<b>7%</b>
Non-Interest Income	3,137	3,463	10%	9,899	10,968	11%
Total Provisions	73	1,686	2206%	690	1,232	78%
Admin Expenses	7,393	8,693	18%	21,355	25,209	18%
<b>Profit Before Tax</b>	<b>11,368</b>	<b>11,497</b>	<b>1%</b>	<b>28,373</b>	<b>27,705</b>	<b>-2%</b>
Tax	5,641	5,546	-2%	13,809	13,682	-1%
<b>Profit After Tax</b>	<b>5,727</b>	<b>5,951</b>	<b>4%</b>	<b>14,564</b>	<b>14,023</b>	<b>-4%</b>
EPS	3.95	4.11	-	10.05	9.68	-
DPS	0.00	0.00	-	0.00	0.00	-

Source: Company Accounts, Akseer Research

Key Financial Ratios	CY21A	CY22A	CY23A	CY24E	CY25F	CY26F
EPS	6.7	9.7	14.8	13.5	11.8	10.9
EPS Growth	-10.2%	44.9%	52.4%	-8.6%	-2.1%	-7.2%
DPS	0.0	0.0	2.0	3.8	3.5	4.3
BVPS	38.6	50.6	67.0	76.2	83.8	91.3
PER	4.5	3.1	2.0	2.2	2.6	2.8
Dividend Yield	0.0%	0.0%	6.6%	12.4%	11.6%	14.1%
P/B	0.8	0.6	0.4	0.4	0.4	0.3
ROE	17.6%	21.8%	25.2%	18.9%	14.8%	12.5%

Source: Company Accounts, Akseer Research

### Valuation Basis

Our PT for Askari Bank Limited (AKBL) has been computed on the dividend discounting method using Justified P/B for the calculation of terminal value. We have used sustainable ROE of 14% to arrive at exit P/B, along with a risk-free rate of 14%, a beta of 1.0 and a market risk premium of 6% to arrive at a cost of equity of 20%.

### Investment Thesis

We have a BUY recommendation on the stock based on our Dec-25 PT of 40/share. Our price target provides a capital upside of 33% along with a dividend yield of 12%. Our investment case on AKBL is based on (1) NIMs expansion on the back of strong balance sheet growth (2) balance sheet ideally positioned to benefit from the monetary easing.

### Risks

Key risks to our investment thesis are 1) cost to income ratio remaining elevated longer than anticipated, 2) more than anticipated decline in interest rates 3) lower than anticipated growth in advances and deposits 4) higher than the forecasted increase in NPLs.

### Company Description

Askari Bank was incorporated in Pakistan on October 9, 1991, as a public limited company. The bank operates through 660 branches; 659 in Pakistan and Azad Jammu and Kashmir and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain. The Fauji Consortium is the major shareholder in the bank.

### Financial Highlights - AKBL

Income Statement (PKR mn)	CY21A	CY22A	CY23A	CY24E	CY25F	CY26F
Mark-up/interest earned	77,550	165,796	305,636	398,486	275,159	226,529
Mark-up/interest expensed	45,140	125,834	246,214	341,245	218,471	170,400
<b>Net interest income</b>	<b>32,410</b>	<b>39,962</b>	<b>59,423</b>	<b>57,241</b>	<b>56,688</b>	<b>56,129</b>
<b>Non-interest income</b>	<b>9,370</b>	<b>11,620</b>	<b>12,938</b>	<b>14,444</b>	<b>13,853</b>	<b>14,577</b>
Provision charged	4,940	1,042	967	385	1,233	1,249
Operating expenses	21,194	23,080	29,348	33,909	35,826	38,403
<b>Profit after tax</b>	<b>9,701</b>	<b>14,062</b>	<b>21,436</b>	<b>19,590</b>	<b>17,077</b>	<b>15,840</b>

Source: Company Accounts, Akseer Research

Balance Sheet (PKR mn)	CY21A	CY22A	CY23A	CY24E	CY25F	CY26F
Cash & Treasury Balances	92,887	80,627	173,876	196,480	202,375	222,612
Investments	616,361	762,531	1,182,538	1,180,432	1,023,783	1,129,116
Advances	477,588	583,811	633,133	755,232	832,516	917,722
Operating Fixed Assets	45,789	65,352	95,770	123,804	127,518	140,270
Other Assets	26,518	33,813	38,689	130,079	128,374	133,715
<b>Total Assets</b>	<b>1,259,144</b>	<b>1,526,134</b>	<b>2,124,006</b>	<b>2,386,026</b>	<b>2,314,566</b>	<b>2,543,435</b>
Borrowings from FIs	123,564	233,432	643,363	730,627	602,037	662,241
Deposits	1,015,430	1,142,575	1,293,146	1,461,254	1,505,092	1,655,601
Other Liabilities	64,248	76,805	90,375	83,770	85,923	93,315
<b>Total Liabilities</b>	<b>1,203,242</b>	<b>1,452,811</b>	<b>2,026,883</b>	<b>2,275,651</b>	<b>2,193,052</b>	<b>2,411,157</b>
Equity	55,902	73,322	97,123	110,375	121,515	132,278
<b>Total Liabilities &amp; Equity</b>	<b>1,259,144</b>	<b>1,526,134</b>	<b>2,124,006</b>	<b>2,386,026</b>	<b>2,314,566</b>	<b>2,543,435</b>

Source: Company Accounts, Akseer Research

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Rating	Expected Total Return
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Hold	Between -5% and +15%
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