

Askari Bank Limited**Result review: EPS @ PKR 2.56 in 1QCY24**

- AKBL announced earnings (PAT) today for 1QCY24 at PKR 3.7bn (EPS: PKR 2.56), depicting a decrease on both YoY and QoQ basis by 21% and 46%, respectively (1QCY23 EPS: PKR 3.25).
- The decrease in overall profitability was mainly caused by increased provisioning compared to the reversals recorded in the same period previous year. QoQ, the decline in markup income, coupled with higher provisioning, led to the overall earnings decrease.
- In the 1QCY24, the bank recorded a Net Interest Income of PKR 12.9bn, reflecting an 8% rise compared to the same period in the previous year, but experiencing a 32% decrease QoQ.
- Interest earned saw a significant surge of 76% compared to the previous year and a 13% increase from the previous quarter. However, interest expenses witnessed a whopping 94% increase compared to the same period last year, along with a 25% rise QoQ.
- During the outgoing quarter, Non-Markup income experienced a 23% YoY growth and a 19% QoQ jump. This YoY surge was mainly propelled by a 9% growth in Fee Income, a 13% rise in FX income, and a gain on the sale of securities amounting to PKR 274mn, compared to a loss of PKR 91mn recorded in the same period last year. However, on a QoQ basis, Fee income decreased by 10%, and gains on the sale of securities decreased by 51%.
- In the 1QCY24, the bank reported total provisioning of PKR 1.17bn, compared to a provisioning reversal of PKR 58mn recorded in the same period last year. Additionally, on a QoQ basis, provisioning witnessed a significant increase of 325%.
- The bank's operating expenses during 1QCY24 totaled PKR 8.2bn, reflecting a 21% increase compared to the same period last year, while experiencing a meagre 1% jump from the previous quarter. With this, the Cost/Income ratio stood at 49% for 1QCY24, up from 45% in the same period last year.
- The effective tax rate for the bank was set at 49% during 1QCY24, showing an increase from 44% in the same period last year.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1QCY24	1QCY23a	YoY	QoQ
Mark-up/interest revenue	100,495	57,147	76%	13%
Mark-up/interest expense	87,577	45,212	94%	25%
Net markup-up/interest income	12,917	11,936	8%	-32%
Total non-mark-up/interest income	3,849	3,141	23%	19%
- Fees, comm. & Brokerage	1,832	1,675	9%	-10%
- Dividend Income	178	186	-4%	5%
- Income fee dealing in foreign currencies	1,452	1,280	13%	457%
- Gain/(loss) on sale of securities	274	(91)	nm	-51%
Total Revenue	16,767	15,076	11%	-24%
Total provisions	1,174	(58)	nm	325%
Operating Expense	8,210	6,783	21%	1%
Profit before tax	7,383	8,352	-12%	-46%
Total taxation	3,643	3,650	0%	-47%
Effective Tax	49%	44%		
Profit after tax*	3,715	4,702	-21%	-46%
EPS (PKR)	2.6	3.2		
DPS (PKR)	-	-		

Source (s): Company Financials, AHL Research, *profit attributable to equity shareholders of the bank

Sana Tawfik

D: +92 21 32462589

UAN: +92 21 111 245 111, Ext: 248

F: +92 21 32420742

E: sana.tawfik@arifhabibltd.com

Askari Bank Limited

Result review: EPS @ PKR 2.56 in 1QCY24

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.