



AKBL — CY25 Analyst Briefing Takeaways

Askari Bank Ltd (AKBL) held its analyst briefing earlier today, where-in the management discussed the following:

- Company's standalone NPAT for CY25 stood at PKR22.8bn (EPS: PkR15.7), up 8%YoY, while total asset/equity base as of Dec'25 were PkR2.9tn/PkR151.7bn (up 16%/25% YTD).
- Bank's CAR improved to 21.6% as of Dec'25 vs 21.4% in SPLY.
- Net mark-up income rose 38%YoY to PkR87.4bn during CY25, while the cost-to-income ratio stood at 48% compared to 46% in SPLY.
- Management expects the cost-to-income ratio to normalize going forward, as the current elevation reflects aggressive branch expansion and transformation initiatives starting CY25, including investments in HR, IT, consumer banking, cards, and home remittances.
- Despite the near-term uptick, management emphasized that the bank's cost-to-income ratio remains below that of comparable peers in the industry.
- During the year, the bank added 37 new branches, taking the total network to 757 branches, of which 365 are Islamic.
- With around 50% Islamic conversion already completed, management aims to achieve 100% conversion over the next 2–2.5 years, subject to Islamic asset availability and market dynamics; Islamic services/windows have already been introduced across all branches.
- Branch expansion resulted in a 12%YoY increase in headcount to 10,584 employees as of Dec'25. Operating expenses increased 39%YoY to PkR50.1bn, driven by branch additions and continued investments in technology.
- CASA deposits account for 90% of total deposits, with current accounts forming 31%. Management expects continued growth in current accounts (up 29% in CY25), as the bank's focus shifts toward zero-cost deposits.
- Total deposits increased 20% from Dec'24 to PkR1.6tn, while ADR declined to 36% from 51% in Dec'24, as advances fell 16%YoY to PkR587bn.
- The investment book grew 34%YoY to PkR2.0tn and is largely composed of PIBs, of which 92% are floating-rate and 8% fixed-rate instruments. Fixed PIBs carry an average maturity of ~2.5 years with a yield of ~12%.
- The infection ratio improved from 6.5% to 5.3% as of Dec'25 on a comparable basis, while provision coverage increased to 116.5% from 108.4% in Dec'24.
- Bank's investment–borrowing mismatch is close to three months, with repo book generating a spread of 70–100bps. While the near-term focus was on deposit growth, management now aims to reduce reliance on borrowings, while continuing to capitalize on OMO-related arbitrage opportunities.
- On dividends, management highlighted that the bank now has the capacity to maintain and potentially improve payouts, having resumed half-yearly dividends after seven years, with the continuation of quarterly payouts subject to profitability.
- We have a 'BUY' stance on AKBL with Dec'26 target price of PkR116.0/sh. Our liking for AKBL stems from i) high CASA ratio and ii) clean and diversified loan book.

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79.2	1,449.3
Price (PkR/sh)	Shares (mn)
	
114,770.0	410.8
Market Capitalization (PkRmn)	Market Capitalization (USDmn)
	
3.327	342.7
3M Avg Turnover (mn)	3M Avg DT Value(PkRmn)



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- Discounted Cash Flow (DCF, DDM)
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NEUTRAL > 0% to < 15% expected total return

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