

AKBL Askari Bank Ltd.

PSX · BANK

With non-core income doing the heavy lifting this quarter, is AKBL's core earnings engine still the story we should be watching, or has the equity base become the real anchor for a long-term holding?

THE STORY

AKBL's second quarter delivered a **3%** QoQ growth in earnings, with EPS reaching **PKR 4.67/sh** versus **PKR 4.53/sh** reported in 1Q. That takes 1HCY26 EPS to **PKR 9.20/sh**, and we think it's worth unpacking where that improvement actually came from.

The uplift was primarily driven by a **42%** QoQ surge in non-core income to **PKR 7.3bn**, even as core income slipped a slight **1%** to **PKR 21.8bn**. We see core earnings remaining solid despite that dip, and we don't read the non-core surge as displacing the underlying franchise.

On the balance sheet side, AKBL notches book value per share of **PKR 104.5/sh**, up from **PKR 96.2/sh** reported in 1Q. That leaves the stock yielding a P/BV of **1.0x** and a P/E of **5.7x**, alongside an expected dividend yield of **7.4%**.

The total shareholders' equity stands at a staggering **PKR 151 bn** in 2Q, and we remain positive on AKBL due to a sound equity base. The main ownership of AKBL comes from FFC, and we're also tracking that AKBL is vying for Islamic banking branches, as per CBS presentation notes.

THE NUMBERS

QoQ earnings growth, 2Q
3%

EPS, 2Q
PKR 4.67/sh
 vs. PKR 4.53/sh in 1Q

1HCY26 EPS
PKR 9.20/sh

Non-core income, QoQ surge
42% QoQ
 to PKR 7.3bn

Core income, QoQ change
-1%
 to PKR 21.8bn

Book value per share, 2Q
PKR 104.5/sh
 vs. PKR 96.2/sh in 1Q

Total shareholders' equity, 2Q
PKR 151 bn

P/BV
1.0x

P/E
5.7x

Expected dividend yield
7.4%

WHAT WE ARE WATCHING

- ▶ Whether core income stabilises or resumes growth after this quarter's slight decline, given non-core income drove the QoQ improvement.

- ▶ Any further moves by AKBL on Islamic banking branches, as flagged in the CBS presentation notes.
- ▶ Continued trend in book value per share growth and what it implies for the equity base we see as a key strength.
- ▶ Any signals from FFC as the main owner regarding capital allocation or strategic direction at AKBL.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Core vs. non-core income

A bank's earnings are generally split into core income, which comes from its ongoing lending and deposit-taking business, and non-core income, which includes items like capital gains, fee income spikes, or other non-recurring sources. Analysts watch this split closely because core income tends to be more stable and repeatable, while non-core income can be lumpy from one period to the next. A quarter where non-core income drives the improvement while core income is flat or slightly down is read differently than one where both are growing together.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Book value per share and P/BV

Book value per share represents a company's net worth (assets minus liabilities) divided by its number of shares outstanding, and it is a common way to gauge how much shareholder equity stands behind each share. The price-to-book value (P/BV) ratio then compares the market price to that book value, giving investors a sense of whether a stock is trading above, at, or below its accounting net worth. For banks in particular, a strong and growing book value is often seen as a marker of balance sheet resilience.