

## RESULT REVIEW

## Allied Bank Limited – 1QCY26

Tuesday, April 21, 2026

ABL reported a PAT of PKR 8,308mn in its first reporting of CY26, a marginal 2.0% decline Y/Y, with EPS clocking in at PKR 7.26 against PKR 7.40 in the comparable period. The Board has announced an interim cash dividend of PKR 4.00 per share (40%) for 1QCY26. The result was broadly dragged by NIM compression, softer non-funded income, and a substantially higher credit loss charge — partially offset by a lower effective tax rate.

**Net Interest Income:** NII grew 9.5% Y/Y to PKR 27,825mn, though the headline figure masks underlying margin pressure. Mark-up income expanded 16.9% Y/Y, however interest expense outpaced it at +20.8%, reflecting a higher-cost funding mix as deposit repricing continues to weigh on spreads in the current rate environment.

**Non Mark-up Income:** The non-funded income stream contracted 2.5% Y/Y to PKR 7,652mn, weighed down by a sharp decline in foreign exchange income (-26.8% to PKR 1,274mn) and near-elimination of gains on securities (PKR 216mn vs PKR 745mn in 1QCY25). Fee and commission income held up relatively well at PKR 4,840mn (+9.2% Y/Y), while dividend income rose 42.6% to PKR 1,212mn, providing partial support.

**Operating Expenses:** Non mark-up expenses rose 10.5% Y/Y to PKR 17,426mn, outpacing total income growth of 6.7% and nudging the cost-to-income ratio higher to ~49.1% from ~47.4% — a modest but notable deterioration in operating leverage.

**Credit Loss Allowance:** The standout pressure point below the operating line was a substantial provisioning charge of PKR 1,047mn, compared to just PKR 135mn in 1QCY25 — a ~7x increase Y/Y. This charge was the primary driver of the PBT decline, with profit before taxation settling at PKR 16,946mn, down 4.3% Y/Y.

**Bottom line:** Taxation eased slightly, with the effective tax rate moderating to ~51.0% from ~52.1%, providing a degree of bottom-line relief. PAT for the quarter came in at PKR 8,308mn.

Financials (PKR in mn)	1QCY26	1QCY25	Y/Y
Mark-up/ return/ interest earned	83,771	71,685	16.86%
Mark-up/ return/ interest expensed	55,892	46,281	20.77%
<b>Net Mark-up/ interest income</b>	<b>27,825</b>	<b>25,404</b>	<b>9.53%</b>
<b>Non Mark-up/ Interest Income</b>			
Fee and commission income	4,840	4,431	9.23%
Dividend income	1,212	850	42.54%
Foreign exchange income	1,274	1,740	-26.78%
(Loss)/ Gain on securities - net	(216)	745	-71.01%
Other income	542	86	533.39%
<b>Total non mark-up/ interest income</b>	<b>7,652</b>	<b>7,851</b>	<b>-2.54%</b>
<b>Total income</b>	<b>35,477</b>	<b>33,255</b>	<b>6.68%</b>
<b>Non Mark-up/ interest expenses</b>			
Operating expenses	16,946	15,336	10.49%
Workers welfare fund	375	370	1.39%
Other charges	105	68	54.94%
Total non mark-up/ interest expenses	17,426	15,774	10.47%
Share of (loss)/ profit of associates	(58)	95	-38.99%
<b>Profit before credit loss allowance</b>	<b>17,993</b>	<b>17,576</b>	<b>2.37%</b>
Credit loss allowance and write	1,047	(135)	676.59%
<b>Profit before taxation</b>	<b>16,946</b>	<b>17,711</b>	<b>-4.32%</b>
Taxation	8,639	9,234	-6.45%
<b>Profit after taxation</b>	<b>8,308</b>	<b>8,477</b>	<b>-2.00%</b>
<b>Earnings per share</b>	<b>7.26</b>	<b>7.4</b>	

Source: Company Financials, HMFS Research

\* Consolidated

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<b>HOLD</b>	Between 15% Upside & 15% Downside
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