BOP – EOGM Takeaways

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The Bank of Punjab (BOP) held its EOGM today, key takeaways are as follows:

- BOP posted record half-yearly profitability of PkR9.5bn (EPS: PkR2.9) in 1HCY26, up 40%YoY, mainly driven by growth in Net Interest Income (NII) and non-markup income.
- NII grew by 29%YoY to PkR46.0bn, with Interest Income declining by only 3%YoY, while Interest expense fell by 15%YoY. The drop in interest expense is attributed to drop in borrowings and supported by low cost deposits growth.
- Non-Interest income inclined 5%YoY during 1H, mainly due to 50%/3x YoY growth in fee and FX income, respectively, which outweighed capital losses.
- Cost-to-Income ratio improved to 62.5% in in 1HCY26 from 64.6% in SPLY.
- Banks deposits increased by 5% during 1H to PkR2.2tn as of Jun'26. However, average current accounts mix remained at 26% during 1HCY26, with management targeting to increase CA mix to 33% by the end of next year.
- Meanwhile, borrowing reduced by 90% during 1H to PkR60.4bn as of Jun'26, supported by growth in deposit base and 23% drop in investments to PkR1.2tn during the period.
- Net advances increased by 8% during 1H to PkR951bn as of Jun'26. NPL ratio stood at 4.8%, unchanged from Dec'25.
- Management guided that only 18% of total loan portfolio comprises lending under govt. of Punjab schemes, a substantial portion of which is secured by govt. guarantee. Additionally, the recovery ratio on these products is ~99%.
- Bank's CAR declined to 13.7% as of Jun'26 from 14.2% in Dec'25.
- Management apprised that the proposed PkR30bn equity injection from the Govt. of Punjab would strengthen bank's capital buffer, primarily to support substantial and sustainable future growth.
- Management also guided that an equity injection from the parent was preferred over right share issuance, due to certainty regarding the amount, timing, and execution.
- On dividend policy, management indicated that the bank's dividend profile remains strong in medium to long term.
- The scrip is not under our formal coverage.

34.6 Price (PkR/sh)	3,271.6 Shares (mn)
113,294.4 Market Capitalization (PkRmn)	408.4 Market Capitalization (USDmn)
24.590 3M Avg Turnover (mn)	862.5 3M Avg DT Value(PkRmn)

Price Performance

36.5 HIGH	-5.0% 1 Month	32.6 LOW
43.1 HIGH	76.2% 52 Week	17.8 LOW

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- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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NEUTRAL > 0% to < 15% expected total return

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