

- BOP's senior management hosted an analyst briefing to discuss the bank's 9MCY25 performance and future outlook. **REP-300**
- To recall, The Bank of Punjab (BOP) reported earnings of PKR 5.0bn (EPS: PKR 1.54) for 3QCY25, reflecting a robust 41% YoY and a 6% QoQ increase. This took the bank's 9MCY25 profitability to PKR 11.5bn, up 39% YoY.
- On the balance sheet side, deposits have reached PKR 1.8trn as of Sep'25. There was a modest QoQ dip in deposits, which is seasonal. Meanwhile, average current account balances increased 13.3% over six months, and non-MDR averages grew 10.5%, generating a PKR 7.7bn revenue impact. Current accounts grew by PKR 350bn and non-MDR by PKR 420bn. BOP is targeting a 27% current account share for next year.
- SME flood affected exposure is just 1.09%, fully government-backed, while agriculture exposure is negligible at PKR 650–700mn, fully collateralized.
- 85% of high-cost TDRs, about PKR 427bn of the roughly PKR 500bn have matured, mostly between Q2 and Q3. Since many of these matured late in the period, the full impact will be reflected in Q4. Repricing has sharply reduced the weighted average TDR cost from 16.39% to 9.65%, and with interest rates now stabilizing, this will meaningfully strengthen the bottom line.
- The PKR 60bn Kissan Card portfolio matured on 15 October, with 85% recovered by 13 November. Recovery would reach 98–99% soon. The portfolio is projected to grow to PKR 100bn over the next two cycles.
- Branch expansion plans aim to grow the network from 900 to around 1,000 branches by 2027, with 50 new branches each in 2026 and 2027.
- BOP's cost to income ratio has improved to around 60% as returns from earlier IT-focused capital investments have begun to materialize. BOP expects to bring it below 60% next year. Key drivers of sustainable profitability include asset quality, operational efficiency, governance and compliance, deposit growth, funding transition, and ongoing digital transformation.
- The bank's NPLs are primarily concentrated in its legacy portfolio. Of the total PKR 51bn NPLs, PKR 40bn relate to legacy assets, with the remainder reflecting minor credit deterioration. The NPL-to-book ratio stands at 6.5%, near the market average of 5.5%, while net NPLs for the current nine months amount to PKR 2,125mn, only 0.22% of book.
- The bank's investment portfolio consists of roughly 60–65% floating-rate bonds and 20–22% split evenly between fixed-rate bonds and T-bills, with floating-rate bonds earning about 75–80 bps above the benchmark, T-bills yielding 11.2–11.3%, and fixed-rate bonds yielding 12%, while durations of around 2–2.25 years are well-aligned with balance sheet risk management.
- The stock is currently trading at P/B multiple of 1.2x.

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In order to avoid any conflict of interest, we hereby disclosed that;
Arif Habib Limited (AHL) has a shareholding in BOP.