Flash Note

Monday, August 10, 2026

Commercial Banks

The Bank of Punjab (BOP)

Punjab Government to Inject Equity of PKR 30bn by Jun-27

The Bank of Punjab (BOP) has announced that Board of Directors in their emergent meeting has proposed the issuance of ordinary shares by way of other than right to Government of Punjab which holds 57.5% stake in BOP. The proposed equity injection of PKR 30bn will be done in 2 tranches with first tranche of PKR 20bn by Dec-26 and second tranche of PKR 10bn by Jun-27. The proposed issuance is subject to obtaining regulatory and shareholder approval through EoGM.

The issue price has been set at PKR 38.2/share which is at a premium of 5% to its last day closing price of BOP. However, incase if prevailing market price exceeds PKR 38.2/share at the time of issuance, the purchase price shall be equivalent to prevailing market price plus 5% additional premium.

Based on issue price of PKR 38.2/share, we estimate 785mn new shares will be issued which includes premium of PKR 28.2/share above the par value. As a result, this would increase the paid up capital by 24% to 4,057mn share from current 3,272mn shares leading to potential dilution of 24%. However, if share price exceeds PKR 38.2/share at time of issuance, the dilution will likely be lower. Total equity injection will likely increase book value by PKR 30bn or 31% from current unconsolidated book value of PKR 97.4bn.

The said equity injection is likely to improve Bank's capital adequacy ratios and strengthen capital base. This should help in boosting growth in core business while expanding low-cost deposit without capital constraints. ROE is expected to drop initially due to share dilution, however, assuming entire equity injection is deployed on asset side, earnings are likely to increase going forward. This impact may likely be visible after 1HCY27. Banks current Tier-1 and Total CAR ratio as of Mar-26 stands at 10.99% and 13.37% which is likely to improve post issuance to 14.26% and 16.64% respectively.

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