

BOP

CY21 Result Review: Stance Downgraded to HOLD

Equity Research | Commercial Banks | Monday, 21 February, 2022

BOP has announced its CY21 result where it posted a profit after tax of Rs12.44bn (EPS: Rs4.71) as compared to profit after tax of Rs6.94bn (EPS: Rs2.63) in the same period last year, up by 79.2% YoY.

The company has posted a net interest income of R29.88bn against Rs23.33bn in SPLY, recording a growth of 28% YoY due to an increase in interest rate.

Non-interest income has been decreased by 39.4% YoY to Rs7.90bn as compared to Rs13.05bn during SPLY, mainly due to the decline in gain on securities.

The operating cost to income ratio has been increased to 54.6% as compared to 46.4% during SPLY. Lastly, the bank has charged a reversal of Rs1.6bn as compared to a provision of Rs6.86bn during SPLY.

Despite tremendous growth in the bottom line, the result proved to be disappointing for investors as the bank didn't announce any cash dividend. The reason for this in our view is the liquidity requirement due to the probable acquisition of NRSP Micro Finance bank. Therefore, we suggest our investors to **HOLD** the scrip until further clarity as the publication of the detailed annual report would clarify the status of the bank's deposits amid the formation of the Treasury Single Account (TSA) as per the instructions of the IMF. It is pertinent to mention here that government deposits constitute around 49% of the total deposits of the bank as per the CY20 annual report.

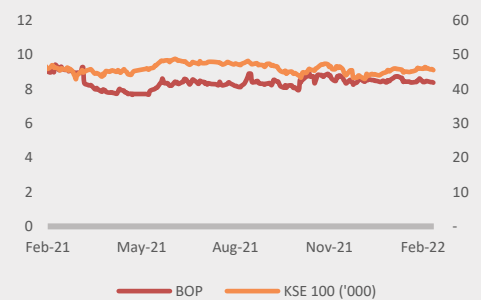
Rupees' millions	4QCY21	4QCY20	YoY	CY21	CY20	YoY
Interest earned	21,847	19,515	11.9% ▲	81,651	86,019	5.1% ▼
Interest expensed	-13,883	-13,338	4.1% ▲	-51,775	-62,694	17.4% ▼
Net Interest Income	7,964	6,178	28.9% ▲	29,876	23,325	28.1% ▲
Fee and commission income	1,252	944	32.7% ▲	5,103	3,732	36.7% ▲
Dividend income	165	45	267.5% ▲	377	137	174.9% ▲
Foreign exchange income	276	91	203.4% ▲	577	328	75.7% ▲
(Loss) / gain on securities	158	166	4.8% ▼	1,786	8,466	78.9% ▼
Other income	8	238	96.5% ▼	61	382	84.0% ▼
Non-Interest Income	1,860	1,484	25.4% ▲	7,904	13,046	39.4% ▼
Operating expenses	-5,393	-4,612	16.9% ▲	-20,637	-16,880	22.3% ▲
Workers' Welfare Fund	-112	-66	70.4% ▲	-363	-335	8.5% ▲
Other charges	-13	0	3747.3% ▲	-13	-304	95.6% ▼
Profit Before Provisions	4,307	2,983	44.4% ▲	16,766	18,852	11.1% ▼
Provisions	1,739	-1,006	273.0% ▼	1,642	-6,862	123.9% ▼
Profit Before Taxation	6,046	1,977	205.7% ▲	18,408	11,989	53.5% ▲
Taxation	-2,323	-862	169.7% ▲	-5,968	-5,046	18.3% ▲
Profit After Taxation	3,723	1,116	233.6% ▲	12,440	6,944	79.2% ▲
Earnings Per Share	1.41	0.42	233.6% ▲	4.71	2.63	79.2% ▲
Dividend	0.00	1.00	100.0% ▼	0.00	1.00	100.0% ▼
Bonus	12.5%	0%		12.5%	0%	
Closing Period: 24 Mar 2022 – 30 Mar 2022						
Operating Cost to Income	-54.9%	-60.2%	5.3% ▼	-54.6%	-46.4%	8.2% ▲
Effective Taxation	-38.4%	-43.6%	5.1% ▼	-32.4%	-42.1%	9.7% ▼

Source: ACPL Research, Company Financials

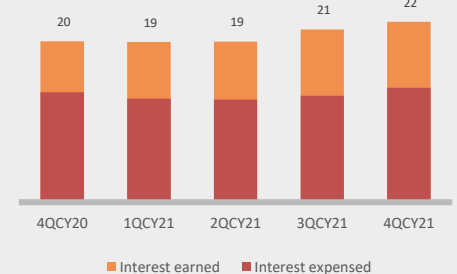
Key Statistics

Symbol	BOP
LDGP	8.26
Free Float ('mn)	1,116
Market Cap. (Rs.'mn)	21,889

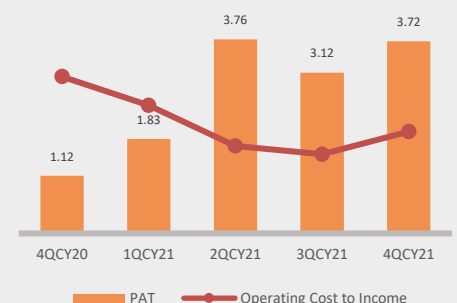
BOP vs KSE 100



Interest Earned vs Expensed (Rs'bn)



PAT (Rs'bn) vs Operating Cost To Income



Sources: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
Overweight	Positive
Market Weight	Neutral
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