Investment Analysis & Stock Valuation

Stocks	Total Shares	EPS(A) FY-26	Book value	Market Price	P/E multiple	Dividend Yield	Dividend Payout	P/BV multiple	Fair value P/B based	Fair value P/E based	Target Price	Stocks
	Bn	Rs	Rs	Rs	x	%	%	x	Rs	Rs	Rs	
ABL	1.15	27.44	225	171.21	6.24	5	58	0.76	309	185	304	ABL
AKBL	1.45	18.40	104	108.66	5.91	4	43	1.04	143	124	170	AKBL
BAFL	3.15	13.52	62	56.24	4.16	5	44	0.91	84	91	112	BAFL
BAHL	1.11	27.16	162	159.87	5.89	4	52	0.98	223	183	257	BAHL
BOP	3.25	5.82	32	34.88	5.99	5	55	1.08	44	39	58	BOP
FABL	1.52	13.20	76	94.48	7.16	3	45	1.25	104	89	123	FABL
HBL	1.47	45.74	303	313.68	6.86	4	52	1.04	414	309	456	HBL
MCB	1.19	44.68	264	399.58	8.94	5	81	1.51	362	302	421	MCB
MEBL	1.80	53.94	160	565.46	10.48	3	57	3.53	220	364	N.A (overpriced)	MEBL
NBP	2.13	30.46	219	186.77	6.13	0	0	0.85	300	206	316	NBP
UBL	2.50	67.86	208	440.83	6.50	4	47	2.12	284	458	504	UBL
Average					6.75	4	49	1.37				

S·A·B·A·A
Stock Analysis of Business & Academic Advisory

Advances to Deposits Ratio of the Banks

Banks	Deposits	Deposits	Change	Advances	Advances	Change	ADR Jun-26	ADR Dec-25	Change
(Amount in Rs Bn)	Jun-26	Dec-25	%	Jun-26	Dec-25	%	%	%	%
ABL	2,618	2,346	12	757	790	-4	28.92	33.66	-4.74
AKBL	1,847	1,631	13	701	586	20	37.94	35.93	2.00
BAFL	2,659	2,496	7	1,113	1,105	1	41.85	44.26	-2.42
BAHL	2,881	2,599	11	863	792	9	29.96	30.47	-0.52
BOP	2,154	2,052	5	951	881	8	44.17	42.96	1.21
FABL	1,562	1,427	9	807	872	-7	51.67	61.11	-9.44
HBL	5,589	5,231	7	1,905	1,849	3	34.08	35.35	-1.26
MCB	2,604	2,261	15	756	690	10	29.04	30.53	-1.49
MEBL	3,735	3,303	13	1,592	1,641	-3	42.63	49.68	-7.05
NBP	4,216	4,429	-5	1,314	1,338	-2	31.18	30.21	0.97
UBL	6,119	5,168	18	1,534	1,369	12	25.07	26.50	-1.43
Average			10			4	36.05	38.24	-2.20

SABA
Stock Analysis of Business & Academic Advisory

All banks have less than 50% ADR which is below standard (at least 70% is appropriate & 80% to 90% are aggressive and efficient). When a bank keeps an advances-to-deposits ratio below 50% that is essentially channelling less than half of its deposit base into lending, keeping the majority either idle or parked in safer avenues such as government securities. While this strategy strengthens liquidity and cushions against sudden withdrawals, it also reflects a cautious risk appetite, limiting exposure to potential defaults or economic volatility. However, the under-utilization of deposits constrains interest income and dampens profitability, signalling a conservative stance that prioritizes stability over aggressive growth.

Core Earnings and Profitability

Financials	Interest	Income	Growth	Non-Interest	Income	Growth	Total	Income	Growth	Profit	Before Provisions	Growth
(Amount in Rs Bn)	HY 26	HY 25	%	HY 26	HY 25	%	HY 26	HY 25	%	HY 26	HY 25	%
Allied Bank	53.07	51.65	3	15.65	14.13	11	68.72	65.78	4	32.97	33.66	-2
Askari Bank	43.96	42.46	4	12.57	6.74	86	56.53	49.20	15	27.46	28.39	-3
Bank Al Falah	70.80	67.43	5	35.34	24.21	46	106.14	91.64	16	44.62	34.83	28
Bank Al Habib	64.96	66.33	-2	18.68	15.34	22	83.64	81.67	2	31.45	36.44	-14
Bank of Punjab	46.05	35.81	29	9.94	9.48	5	55.99	45.29	24	20.52	15.52	32
Faysal Bank	33.08	34.42	-4	15.74	10.61	48	48.82	45.03	8	19.82	18.34	8
Habib Bank	126.32	125.01	1	41.08	37.95	8	167.40	162.96	3	72.58	73.25	-1
MCB Bank	75.29	71.35	6	18.67	17.52	7	93.96	88.87	6	55.84	53.73	4
Meezan Bank	128.79	125.76	2	21.63	15.92	36	150.42	141.68	6	105.15	105.82	-1
National Bank	100.06	130.56	-23	27.57	26.57	4	127.63	157.13	-19	62.09	97.99	-37
United Bank	189.70	175.40	8	71.06	30.76	131	260.76	206.16	26	173.20	144.80	20

S·A·B·A·A
Stock Analysis of Business & Academic Advisory

Financials	Profit before Tax		Growth	Profit After Tax		Growth		EPS (Rs)	Growth	2Q Dividend	HY Dividend
(Amount in Rs Bn)	HY 26	HY 25	%	HY 26	HY 25	%	HY 26	HY 25	%	Rs	Rs
Allied Bank	32.05	36.97	-13	15.71	17.46	-10	13.72	15.25	-10	4.00	8.00
Askari Bank	28.09	27.75	1	13.33	10.63	25	9.20	7.33	26	2.00	4.00
Bank Al Falah	45.20	33.93	33	21.33	15.27	40	6.76	4.84	40	1.50	3.00
Bank Al Habib	31.43	39.08	-20	15.09	19.32	-22	13.58	17.39	-22	3.50	7.00
Bank of Punjab	20.45	15.16	35	9.53	6.80	40	2.91	2.08	40	1.60	1.60
Faysal Bank	20.52	21.85	-6	10.01	10.01	0	6.60	6.59	0	1.50	3.00
Habib Bank	70.22	70.64	-1	33.54	31.42	7	22.87	21.42	7	6.00	12.00
MCB Bank	55.13	58.07	-5	26.48	27.31	-3	22.34	23.04	-3	9.00	18.00
Meezan Bank	102.55	102.44	0	48.88	46.16	6	26.97	25.57	5	8.00	15.50
National Bank	67.35	93.23	-28	32.41	43.47	-25	15.23	20.43	-25	0.00	0.00
United Bank	177.40	148.70	19	84.97	63.79	33	33.93	25.69	32	8.00	16.00

S·A·B·A·A
Stock Analysis of Business & Academic Advisory

Financial Position as on June 30, 2026

Financials	*Capital*	*Reserves*	*Equity*	*Assets*	*Investments*	*ROE (F)*	*ROA (F)*	*Investments/Assets*
	Rs Bn	*Rs Bn*	*Rs Bn*	*Rs Bn*	*Rs Bn*	*%*	*%*	*%*
ABL	*11.45*	*246*	*258*	*3,735*	*2,483*	*12*	*0.84*	*66*
AKBL	*14.49*	*137*	*151*	*3,247*	*2,229*	*18*	*0.82*	*69*
BAFL	*15.77*	*178*	*194*	*4,025*	*2,336*	*22*	*1.06*	*58*
BAHL	*11.11*	*169*	*180*	*3,681*	*2,269*	*17*	*0.82*	*62*
BOP	*32.45*	*73*	*105*	*2,504*	*1,199*	*18*	*0.76*	*48*
FABL	*15.18*	*100*	*115*	*1,852*	*708*	*17*	*1.08*	*38*
HBL	*14.67*	*429*	*444*	*7,602*	*4,417*	*15*	*0.88*	*58*
MCB	*11.85*	*301*	*313*	*3,430*	*2,067*	*17*	*1.54*	*60*
MEBL	*18.01*	*271*	*289*	*5,142*	*2,903*	*34*	*1.90*	*56*
NBP	*21.28*	*444*	*466*	*7,840*	*5,665*	*14*	*0.83*	*72*
UBL	*12.52*	*507*	*520*	*15,145*	*11,915*	*33*	*1.12*	*79*
Industry Average						*20*	**1.06*	*61*

**Return on Assets range for banks must be from 0.80% to 1.50%*

SABAA Stock Analysis of Business & Academic Advisory

The half-year financial results (2026) of Pakistan's major banks highlight a sector that remains profitable, liquid, and expansionary, yet faces uneven growth. Most institutions, including Allied, Askari, Alfalah, Al Habib, MCB, Meezan, HBL, and UBL reported higher assets, deposits, and earnings, supported by strong interest income and generous interim cash dividends. As Dividend policies signal confidence in stability, while reserves and capital buffers remain firm. However, challenges persist: Bank of Punjab posted weaker results with asset contraction, and National Bank's profit after tax declined under heavier taxation. Rising operating expenses and cautious lending temper overall momentum.

Recommendation: AKBL, BAFL, BOP, HBL