

Flash Note

Tuesday, 23 October 2018

Commercial Banks

National Bank of Pakistan (NBP)

Lower taxation saves the day, 9MCY18 EPS up by +10%YoY to PKR 7.60/share; 3QCY18 EPS down by 51% on a quarterly basis to PKR 1.73/share

- On unconsolidated basis, National Bank of Pakistan (NBP) posted earnings of PKR 1.73/share down by 40%YoY (down by 51% on a quarterly basis). This takes 9MCY18 cumulative earnings to PKR 7.60/share compared to PKR 6.91/share same period last year, a growth of 10%.
- During 9MCY18, bank's interest income improved by +13%YoY, however lower capital gain led to a meagre decline of 1%YoY in non-interest income, subsequently leading to +8%YoY growth in total revenue. Nevertheless, operating expenses remained intact showing a flattish growth of 1%YoY, however higher provision charge of PKR 4.4bn (PKR 0.02bn last year same period) led to flattish before tax profits of PKR 23.1bn. Effective tax rate for 9MCY18 came at 34% versus 37%, boosting bank's bottom-line by +10%YoY to PKR 16.2bn compared to PKR 14.7bn last year same period.

Exhibit:

NBP Result Highlights

PKRmn (Period end=Dec)	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY	2QCY18	QoQ
Interest Earned	38,809	31,290	24%	105,217	88,189	19%	35,017	11%
Interest Expensed	25,402	19,031	33%	61,666	49,508	25%	18,998	34%
Net Interest Income	13,407	12,259	9%	43,551	38,681	13%	16,019	-16%
Fee Income	3,552	3,930	-10%	12,549	11,182	12%	5,061	-30%
Capital Gain & Div. Income	1,657	2,784	-40%	5,222	8,757	-40%	2,359	-30%
Non-Interest Income	7,238	7,305	-1%	22,492	22,614	-1%	9,359	-23%
Total Revenue	20,645	19,564	6%	66,043	61,294	8%	25,379	-19%
Operating Expenses	12,729	11,735	8%	38,485	38,048	1%	13,122	-3%
Pre-Provisioning Profits	7,916	7,829	1%	27,558	23,246	19%	12,257	-35%
Provision (Rev.) / Charge	1,960	(1,779)	n.m.	4,441	24	186.x	2,665	-26%
Pre-Tax Profits	5,956	9,608	-38%	23,117	23,222	0%	9,591	-38%
Extraordinary Item	-	-	n.m.	-	-	n.m.	-	n.m.
Taxation	2,271	3,456	-34%	6,939	8,517	-19%	1,994	14%
Profit After Tax	3,686	6,152	-40%	16,177	14,705	10%	7,598	-51%
EPS (PKR)	1.73	2.89		7.60	6.91		3.57	
DPS (PKR)	-	-		-	-		-	
BVPS (PKR) Est.	90.1	81.6					88.4	

Key Ratio

Cost-To-Income Ratio	62%	60%		58%	62%		52%	
Effective Tax Rate	38%	36%		30%	37%		21%	
Non-II / Total Income	35%	37%		34%	37%		37%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 2127.51

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