

Flash Note

Tuesday, 27 October 2020

Commercial Banks

National Bank of Pakistan (NBP)

Higher capital gains and Lower provisioning charge pushed profitability to PKR 5.2/share (up by +2.0xy/y); Cash dividend –nil–

- On an unconsolidated basis, National Bank of Pakistan (NBP) posted earnings of PKR 10.9bn or PKR 5.1/share up by 2.0x% y/y for 3q 2020. On a quarterly basis profitability is down by 1%q/q. This takes 9m'20 cumulative earnings to PKR 26.1bn or PKR 12.3/share up by +60%y/y.
- Bank did not announce any cash dividend.
- For the Sep-20 ending quarter, bank's total revenue increased by a +59% y/y to PKR ~41bn led by a +72% increase in interest income and +27% increase in non-interest income. Fee income declined to PKR 4.1bn (down by 1%) and treasury income rose significantly to PKR 4.5bn (up 2.6xy/y) led by PKR 3.6bn in capital gains. Bank's Interest earned decreased by 13%, whereas interest expense dropped by 43%. Nevertheless, bank's admin expenses increased by 15%y/y to PKR 15.5bn, which brings bank's C/I to ~38% (52% in 3q 2019). Bank's pre-provisioning profit increased to PKR 17.7bn compared to PKR 8.8bn last year (up by 2.0xy/y). On a 9m basis total PPOP is up by +2%. Net provisioning charge reduced to PKR 7.7bn from last qtr PKR 11.6bn.

Exhibit: National Bank Limited (NBP) Financial highlights													
Period end (Dec) - PKRbn	3q/20	2q/20	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Income	31.4	31.9	16.6	71.9	18.0	18.3	20.0	15.6	60.7	17.1	13.4	16.0	14.1
NII Growth YoY	72%	59%	6%	19%	5%	36%	25%	10%	12%	10%	9%	13%	15%
Fee Income	4.1	4.2	4.5	19.1	5.1	4.2	5.8	4.0	17.5	6.0	3.6	5.1	3.9
Treasury Income	4.5	4.6	2.5	11.3	4.0	1.7	2.6	3.0	16.0	6.8	3.0	3.8	1.5
-- Capital Gain	3.6	2.0	1.4	2.1	1.5	0.3	0.3	0.1	3.9	0.8	0.7	1.5	0.9
-- Fx Income	0.7	2.0	0.7	6.0	1.7	0.8	1.7	1.9	9.5	5.5	1.3	1.4	0.3
-- Dividend Income	0.3	0.6	0.4	3.2	0.8	0.7	0.7	1.0	2.6	0.6	0.9	0.8	0.3
Non-Interest Income	9.4	10.0	8.3	36.2	10.6	7.4	9.9	8.3	36.2	13.8	7.2	9.4	5.9
NFI Growth YoY	27%	1%	0%	0%	-23%	2%	6%	40%	17%	63%	-1%	18%	-20%
Total Revenue	40.8	41.9	24.9	108.1	28.7	25.7	29.9	23.8	96.9	30.9	20.6	25.4	20.0
Total Revenue Growth YoY	59%	40%	4%	12%	-7%	24%	18%	19%	14%	29%	6%	15%	2%
Admin	15.5	15.7	13.5	65.7	24.5	13.4	15.0	12.8	55.7	17.8	12.5	13.0	12.5
Operating Expenses	15.5	15.7	13.8	65.9	24.5	13.5	15.0	12.9	55.9	17.4	12.7	13.1	12.6
OPEX Growth YoY	15%	5%	7%	18%	40%	6%	15%	2%	15%	41%	8%	-2%	-3%
Cost-To-Income Ratio	38%	38%	56%	61%	85%	52%	50%	54%	58%	57%	62%	52%	63%
PPOP	25.3	26.2	11.1	42.3	4.2	12.2	14.9	11.0	41.0	13.4	7.9	12.3	7.4
PPOP Growth YoY	107.6%	75.8%	0.7%	3.1%	-68.9%	54.1%	21.5%	48.7%	11.4%	15.0%	1.1%	41.0%	9.8%
Provisioning Charge	7.7	11.6	4.1	14.3	5.4	3.4	3.2	2.3	11.3	6.9	2.0	2.7	(0.2)
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	17.7	14.6	7.0	28.0	(1.2)	8.8	11.7	8.7	29.7	6.6	6.0	9.6	7.6
Taxation	6.7	3.5	2.9	12.2	(0.7)	3.6	4.7	4.5	9.7	2.7	2.3	2.0	2.7
Effective Tax Rate	38%	24%	41%	44%	56%	41%	41%	52%	33%	42%	38%	21%	35%
Profit After Tax	10.9	11.1	4.1	15.8	(0.5)	5.2	6.9	4.2	20.0	3.8	3.7	7.6	4.9
PAT Growth YoY	109%	60%	-2%	-21%	-114%	42%	-9%	-15%	-13%	-54%	-40%	75%	16%
EPS	5.1	5.2	1.9	7.43	(0.2)	2.5	3.3	2.0	9.41	1.8	1.7	3.6	2.3
DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Earned growth	-13%	40%	58%	60%	61%	80%	48%	46%	22%	28%	24%	18%	15%
Interest Expense growth	-43%	28%	85%	88%	96%	102%	68%	75%	30%	43%	33%	23%	15%

Source: PSX, IGI Research

No. of shares: 2127.5mn

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