Flash Note

Thursday, August 27, 2026

Commercial Banks

National Bank of Pakistan (NBP)

Earnings: National Bank of Pakistan (NBP) announced its financial result for the second quarter of the year 2026. As per the financial result, the Bank reported unconsolidated earnings of PKR 15.7bn (PKR 7.37/share) during 2QCY26 compared to PKR 22.0bn (PKR 10.35/share) last year, down by -29%y/y/-6%q/q. The earnings for 1HCY26 clocked in at PKR 32.4bn (PKR 15.23/share), down by -25%y/y, as compared to PKR 43.5bn (PKR 20.43/share).

Dividend/Payout: The bank did not announce any dividend along with the result.

Operating Performance: During the 2QCY26 period under review, the Bank reported net-interest income of PKR 48.1bn (down by -21%y/y) while non-interest income clocked in at PKR 18.1bn up by +17%y/y. As a result, the bank's total revenue stood at PKR 66.2bn (down by -13%y/y). Moreover, NBP recorded operating expenses of PKR 35.5bn (up by +15%y/y), with the bank's cost/income ratio inclined to 54% (2QCY25: 40%). The bank booked a provision reversal of PKR 1.8bn during 2QCY26 compared to a provision reversal of PKR 1.6bn in the same period last year. The tax charge for this quarter was recorded at PKR 16.8bn (effective tax rate of 52% against 53% in 2QCY25). The total tax charge for 1HCY26 clocked in at PKR 34.9bn with an effective tax rate of 51% compared to 53% in the same period last year.

Recommendation: We have 'BUY' stance on NBP with our Dec-26 Target Price of PKR 291/share offering 44% upside from last close. The bank is trading at CY27 P/B of 0.9x and offers DY of 13.9%.

Exhibit: Financial Highlights National Bank Of Pakistan (NBP)

Latest result published for 2Q'/26

Period (PKRbn)	2Q'/26	2Q'/25	1Q'/26	1H'26	1H'25
Net Interest Income	48.1	61.0	52.0	100.1	130.6
Fee Income	6.8	7.3	6.9	13.6	14.7
Treasury Income	11.4	8.1	2.5	13.9	11.8
Non-Interest Income	18.1	15.5	9.4	27.6	26.6
Total Revenue	**66.2**	**76.4**	**61.4**	**127.6**	**157.1**
Op. Exp.	35.5	30.9	30.0	65.5	59.1
Provision charge	1.8	1.6	3.5	0.0	0.0
Profit Before Tax	32.5	47.1	34.9	193.2	216.3
Tax	16.8	25.1	18.1	34.9	49.8
Profit After tax	**15.7**	**22.0**	**16.7**	**32.4**	**43.5**
EPS	**7.4**	**10.4**	**7.9**	**15.2**	**20.4**
DPS	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**

Source: Company accounts, IGI Research. No. of shares: 2,127.5mn

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- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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