

## National Bank of Pakistan (NBP)

- NBP announced its 9MCY18 result wherein posted consolidated profit after tax of Rs16.24bn (EPS: Rs7.64) as compared to profit after tax of Rs14.83bn (EPS: Rs6.97) in same period last year, up by 10% YoY. The increase in earning is mainly due higher net interest income (up by 13% YoY)
- On quarterly basis NBP posted PAT of Rs3.5bn (EPS: Rs1.65) in 3QCY18 as compared to Rs6.1bn (EPS: Rs2.91) in 3QCY17, down by 43% due to provision charges of Rs1.9bn as compared to reversal in last year and lower non interest income
- NBP interest income increased by 20% YoY but the increase is offset by 25% increase in interest expense result in 13% increase in net interest income
- NBP posted Rs4.4bn provision charges in 9MCY18 as compared to reversal of Rs320mn in 9MCY17
- Non interest income remain flat during 9MCY18, however FX of NBP increase by 111% but this increase is offset by lower dividend income (down by 17%), capital gain (down by 48%) and loss from JV and associates
- NBP admin cost increased by 4.39% YoY

| Rs in Mn               | 9MCY18   | 9MCY17   | YoY %Δ | 3QCY18   | 3QCY17   | YoY %Δ |
|------------------------|----------|----------|--------|----------|----------|--------|
| Interest Income        | 105,391  | 88,128   | 20%    | 38,864   | 30,972   | 25%    |
| Interest Expense       | (61,657) | (49,492) | 25%    | (25,398) | (19,024) | 34%    |
| Net Interest Income    | 43,733   | 38,636   | 13%    | 13,466   | 11,948   | 13%    |
| Provision              | (4,419)  | 320      | N/A    | (1,959)  | 1,752    | -212%  |
| Non Interest Income    | 23,657   | 23,763   | 0%     | 7,451    | 8,078    | -8%    |
| Operating expense      | (39,653) | (39,186) | 1%     | (13,157) | (12,084) | 9%     |
| Profit before taxation | 23,318   | 23,532   | -1%    | 5,802    | 9,694    | -40%   |
| Tax                    | (7,072)  | (8,701)  | -19%   | (2,299)  | (3,508)  | -34%   |
| Profit after taxation  | 16,246   | 14,832   | 10%    | 3,503    | 6,187    | -43%   |
| EPS                    | 7.64     | 6.97     |        | 1.65     | 2.91     |        |

Source: Co. Financials, ASL Research

\*Consolidated

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**Valuation Methodology**

To arrive at period end target price, Abbasi Securities uses different valuation methodologies:

- Comparable Method ( P/E, P/B etc.)
- Discounted Cash flow Method
- Equity and Asset based valuation

**Rating**

|        |                                                                          |
|--------|--------------------------------------------------------------------------|
| BUY    | Total return more than 20% from last closing of market price             |
| HOLD   | Total return is in between 10% and 20% from last closing of market price |
| REDUCE | Total return is less than 10% from last closing market price             |