

NBP Statistics

Last Trade	20-Aug-13
Avg Volume (52 Weeks)	4.5mn
52 Weeks High	61.25
52 Weeks Low	37.4
Market Capitalization	107bn
Beta	1.09
Total No of Shares	1.85bn
Free-Float Shares	318mn

Source: SCS Research

NBP	CY12	CY11	CY10	CY09	CY08
EPS(Rs)	7.60	9.52	10.44	13.54	17.23
DPS	7.00	7.50	7.50	6.50	7.50
Bonus	15%	10%	25%	25%	20%

Source: Bank records & SCS Research

NBP 2Q earnings to rise: Cumulative EPS Rs3.9/sh

NBP could report 2Q EPS of Rs 2.28/sh amid lower provisioning. The profit figure could be Rs 4.225bn in 2Q. The cumulative earnings could be Rs 3.9/sh which is awesome considering erosion in 1Q earnings.

The net interest income could increase in 2Q to Rs 9 bn from Rs 7.6bn reported in 1Q (given higher diminution in the value of investment). The cumulative profits could increase since NIMs of the bank has increased despite attrition in deposit base wherein ADR has gone to 70%. However, noncore income could reinforce NBP earnings wherein we forecast Rs 6.5bn as against Rs 5.5bn reported in 1Q.

NBP - CY13 quarterly snapshot

(In Billion Rs.)	1Q	2Q
Net income after netting off	7.6	9
Total non core income	5.6	6.5
Total NBP income	13.2	15.5
Non core expenditure	8.9	9
Profit before tax	4.3	6.5
Profit after tax	3.0	4.2
EPS	1.64	2.28

Source: Standard Capital Research

Future in CY13

National Bank of Pakistan (NBP) is basking on 3Q top line growth just in case if benchmark interest rates could be revised upwards owing to expediency of dealings of MoF with IMF. Pakistan has negotiated FCY loans with multilateral institutions and hence may increase benchmark interest rates. Hence NBP shall give yield better profitability in 3Q.

Valuations

NBP offers CY13 PE of 6.5x with our forecast of Rs 8.4/sh EPS in full year.

NBP also offers good dividend yield of 12.9% and hence we recommend BUY.

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