

NBP : Creating a Distinctive Brand

Identity

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National Bank of Pakistan (NBP) is the biggest commercial Bank in Pakistan. NBP's services are rate entities. NBP continues to act as trustee of public funds and as the agent to SBP. The Bank has diversified its commerce portfolio and is a major leading player in the retail and consumer banking, corporate investment banking, agricultural financing, debt equity market, treasury services and is showing growing interest in developing and promoting SMEs in Pakistan and at the same duration completing its social works, as a corporate occupant. Presently, NBP has inked home remittance arrangement with Bank Al-Jazira and the services will be introduced soon. Bank Al-Jazira (BAJ) is a Joint Stock Company organized in Saudi Arabia and is recognized as one of the leading Shariah compliant fast growing financial institution in Saudi Arabia. This collaboration of BAJ and NBP will more increase remittance business and will give choice to remitters to send money from Saudi Arabia to Pakistan in minutes.

The Bank's registered after tax-profit in Q 1 of 2014, was at Rs.3.1 billion, which is showed improvement as compared to Q4 of 2013 in which it posted an after-tax-loss of Rs.743 million. The pre tax profit of the Bank was Rs.4.4. billion during the quarter, which is higher by 2.2 percent from the same period previous year. Earning per share (EPS) of March 2014 was Rs.1.48as compared toRs.1.42 of previous year, a rise of 3.7 percent. The after tax and pre tax return on equity stood at 12.6 percent and 17.7 percent whereas pre tax and after tax return on assets were at 1.3 percent and 0.9 percent respectively. Despite rise in discount rates by 100 bps in previous quarter of 2013, margins rose remained muted because of linking

NATIONAL BANK IN KSE (JUNE, 2014) (Rs)		
DATE	OPEN RATE	CLOSING RATE
2	60.76	59.91
3	59.91	60.1
4	60.1	59.89
5	59.89	59.45
6	59.45	59.02
9	59.02	58.5
10	58.5	59.21
11	59.21	61.32
12	61.32	61.64
13	61.64	61.74
16	61.74	61.7
17	61.7	61.31
18	61.31	59.68
19	59.68	59.28
20	59.28	59.83

of deposits with policy rate as well as alter in profit payment computation. Seasonal rise in agriculture in dusty non-performing loans (NPLs) also impacted the interest income, along with rise in NPL. However, this is predicted to be regularized in second quarter. Net interest income also remained under pressure because of non-accrual drag of certain GoP guaranteed public sector loans. During the partially offset the above pessimistic aspects. The management of the ban is strategizing itself to offset the above impacts by NPL reduction and low cost deposit mobilization. Non interest/markup income rose by Rs.474 million or 8.5 percent as compared to the same period previous year. Fees/commission income is showing marginal

increase due to downward revision in the agency commission, however, going forward we expect to offset the downward revision through higher volumes. Exchanged income remained robust with progress of 1.2 percent as the management of the bank took benefit of the opportunities obtainable in the currency market. The Bank remained selective in its functions in the stock exchange during the quarter to takes benefit of higher rates and resultant capital gains in the future. With pressure on revenues, the management is focusing on managing administrative expenses. Administrative expenses rose by 5.5 percent from March 2013 with security and staff related costs being the key factors. NBP will be focusing on declining NPLs by restructuring soon. During the quarter registered slight rise in NPLs because of seasonal rise in agriculture loans. However, these are predicted to be regularized in second quarter. NBP is in process of computerizing government pension payments, which will decline turn around time in contracting with such payments and will consequently get better the client service at the branch level.

Furthermore, to make strong presence in Islamic banking industry in the country and to increase Islamic banking business, the Bank has developed inclusive business strategy incorporating plans and targets.

The plan proposes to raise the country broad network of dedicated Islamic banking branches to 150 during 2014 by adopting policy of starting fresh branches as well as converting conventional into Islamic branches.

CONCLUSION

In overseas operations the management is working on restructuring of loans. Going forward, the management hopes their attempts will yield in reduction in NPLs and consequent release of provision in the coming 2 to 3 years. No doubt, the year 2014 will be a challenging year for NBP because of lack of good governance I the country while this major reason will also impact negatively on the balance sheet indicators of the bank.