



Date

23-Jun-25

Analyst

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Applicable Criteria

- Methodology | Financial Institution Rating | Oct-24
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-25
- Methodology | Rating Modifiers | Apr-25

Related Research

- Sector Study | Commercial Banks | Jun-25

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PACRA Maintains the Entity Ratings of National Bank of Pakistan

| Rating Type | Entity | |
|--------------|-------------------------|--------------------------|
| | Current (23-Jun-25) | Previous (22-Jun-24) |
| Action | Maintain | Maintain |
| Long Term | AAA | AAA |
| Short Term | A1+ | A1+ |
| Outlook | Stable | Stable |
| Rating Watch | - | - |

The assigned ratings reflect that National Bank of Pakistan (NBP) demonstrates a strong position within the domestic commercial banking sector, supported by a sound financial risk profile and a significant share of the national deposit base. Its substantial risk absorption capacity and systemic importance contribute meaningfully to its high credit ratings. Additionally, the ratings are reinforced by its strong ownership structure, with the Government of Pakistan (GoP) holding a majority stake. National Bank of Pakistan (NBP) has undertaken a comprehensive digital transformation, including the upgrade of its Core Banking Application, deployment of robust cybersecurity across 6,000+ network points, and replacement of obsolete equipment. The Bank has expanded its digital offerings through new ATMs, mobile apps (conventional and Islamic), EMV/contactless debit cards, Roshan Digital Accounts, Huawei Pay, and API development. Additionally, NBP enhanced its digital infrastructure with an Internet Payment Gateway and became the first Bank to go live on SBP's RAAST instant payment system. As of December 2024, the Bank's total deposits increased by 5%, reaching PKR 3,865 billion compared to PKR 3,674 billion at the end of 2023. A substantial portion of the Bank's funding 94% is derived from stable customer deposits. Current deposits stood at PKR 1,948 billion, representing 50.4% of total deposits, supporting the Bank's strong liquidity position. The Bank maintained a high CASA ratio of 79.5%. The Bank's advances rose slightly and reached at PKR 1,405 billion from PKR 1,398 billion in 2023. This growth was broad-based across key segments, including SME and commercial, agriculture, Islamic, consumer finance, and lending to women, as well as women-owned and managed enterprises. As a result, the advances-to-deposits ratio was 43.3% at year-end 2024. Non-performing loans (NPLs) increased by 21.9%, reaching PKR 269 billion (2023: PKR 221 billion), leading to an infection ratio of 16.1%. This increase was primarily attributable to a single large borrower, which is expected to regularize shortly and does not require provisioning. With credit loss allowances of PKR 225.8 billion, the Bank maintained a strong NPL coverage ratio of 83.9%. The Bank's investments grew by nearly 5% to PKR 4,612 billion, supported by a well-diversified portfolio aligned with its effective yield, interest rate risk, and liquidity management strategy. The Bank's equity base grew by 19% to PKR 457 billion, up from PKR 383 billion in the previous year, supported by a robust Capital Adequacy Ratio (CAR) of 27.8% the highest in the industry. NBP has enhanced its cybersecurity framework and is in the process of upgrading and implementing a new core banking application in 2025. The Bank currently operates on the "Fidelity Information Services" (FIS) core banking platform. These developments reflect NBP's continued focus on operational resilience, technological advancement, and prudent financial management. Collectively, they position the Bank to sustain its leadership in Pakistan's commercial banking sector while navigating emerging risks and opportunities.

Bank demonstrated significant revenue growth through effective management of its assets, maintaining or improving profit margins will be crucial for sustainable financial health in the future.

About the Entity

National Bank of Pakistan (NBP), Pakistan's second largest public sector commercial Bank, operates over 1,503 branches domestically and 16 branches internationally as of Dec'24. Majority-owned by the Government of Pakistan through the State Bank of Pakistan, NBP manages approximately 12.16% of the country's total deposits and plays a key role in government treasury operations. Mr. Rehmat Ali Hasnie, with over 27 years in Investment Banking and Risk Management, is the CEO/President since May 2022.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.