

NBP declares profit of Rs22.3bn for 6 months

Written by Parvez Jabri
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KARACHI: National Bank of Pakistan (NBP) on Friday declared pre-provision profit of Rs 22.3 billion for six months period January to June 2015; showing increase of Rs 6.7 billion or 43 percent. Over the same period of last year, this profit was Rs 15.6 billion.

Pre-tax profit amounted to Rs 15 billion which is higher by 23% from the corresponding period last year, NBP statement said. NBP's Board of Directors, in their meeting, approved the financial statements of the bank for the six months period ending June 30, 2015.

Due to recent budgetary changes, NBP had to record prior year tax charge of Rs 2.3 billion due to which pre-tax profit growth was not translated into after-tax profit growth. After tax profit was Rs 7.5 billion as compared to Rs 8.1 billion for the same period last year.

Earnings per share are Rs 3.54 as against Rs 3.82 of the corresponding period of last year.

Despite reduction in interest rates, net interest income (NII) increased from Rs 19.4 billion in the first quarter of 2014 to Rs 24.1 billion in the same period of 2015 reflecting a healthy increase of 24% due to increase in balance sheet size and high yielding investments.

The current and savings account (CASA) ratio improved to 75% compared to 72% at December 31, 2014 which helped in reducing the cost of funds and in improving NII of the bank. Non-interest income amounted to Rs 19 billion, higher by Rs 3.8 billion or 24.5% mainly due to increase in capital gains.

Compared to June 2014, deposits increased by Rs 135 billion. The bank is focusing on reducing the non-performing loans through restructuring.

The bank is strongly capitalized with capital and reserves of Rs 168 billion, which translates into break-up value per share of Rs 79 per share. M/s JCR-VIS Credit Rating Company and Pakistan Credit Rating Agency (PACRA) has re-affirmed the bank's standalone rating of 'AAA / A1+o, one of the highest by the company for any bank in Pakistan. Mobilizing low cost deposit

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especially CASA with major emphasis on increasing current accounts is one of the top focus areas and we believe that the bank can significantly improve the growth by leveraging its existing customer base and improving existing products delivery.

The bank is focusing on consolidation and recoveries to bring down non-performing loans. Core Banking Application (CBA) roll out in 1,100 plus remaining NBP branches is under implementation in 2015 to utilize maximum benefit of automation and facilitating NBP customers with enhanced services.

This year , NBP has converted 178 additional branches on CBA taking total branches on the new platform at 451 on June 30, 2015. The bank plans to add 1,000 ATMs to its network by 2015, out which 250 ATM project is under implementation and remaining 750 ATMs are planned to be installed in the near future.

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