



9M 2021 Results

Profit After Tax of PKR 24.1 Bn 27% Growth in Balance Sheet; 8.4% in Net Assets

Karachi, October 27, 2021 – The Board of Directors of National Bank of Pakistan “NBP” “the Bank” met today to review the financial performance of the Bank and approve the condensed interim financial statements for the nine-month period ending September 30, 2021.

The Board observed that despite the economic challenges amidst the pandemic, the Bank has maintained its robust performance momentum across all business fronts. In pursuit of its vision to be the Nation’s leading bank enabling sustainable growth and inclusive development, the Bank made significant progress in organisational transformation, product digitalization and initiatives for promoting financial inclusion with a focus on commercial and rural segments.

The Bank has reported profit after-tax for the nine-month period ending September 30, 2021 of PKR 24.1 Billion “Bn”, or PKR 11.35 per share, on total revenue of PKR 99.5 Bn. This is compared to profit after-tax of PKR 26.1 Bn, or PKR 12.28 per share, on total revenues of PKR 107.6 Bn for the corresponding nine-month period of 2020. Notably this after substantial additional provisions of about PKR 12.2Bn taken in 2021.

In line with the industry-wide margin compressions, revenues of the Bank decreased 7.5% to close at PKR 99.5 Bn (Sep’20:PKR 107.6 Bn), primarily reflecting the impact of drop in the policy rate and normalization of yield on investment. The Bank recorded a net interest income of PKR 72.4 Bn, driven by a PKR 240 Bn growth in average earning portfolio. While gross mark-up/interest income of the Bank closed at PKR 166.5 Bn (19.2% down YoY), the interest/ mark-up expense also dropped significantly by 25.4% to PKR 94.1 Bn. Despite the subdued trade activity during most of the period under review, non-mark-up / non-interest earning of the Bank remained high at PKR 27.1 Bn (Sep’20: PKR 27.7 Bn). Consequently, total revenue of the Bank closed at PKR 99.5 Bn (September ‘20: PKR 107.6 Bn).

Despite inflationary pressures and higher operating costs (as the Bank continues uninterrupted delivery of services delivery during the pandemic contributing to Pakistan’s economic growth and development), administrative expenses remained well controlled and recorded a marginal increase of 4.5% YoY to close at PKR 47.0 Bn. This translates into a cost-to-income ratio of 47.3%, slightly up from 41.8% in 9M’20. During the period, NPLs of the Bank increased by 17.7% to close at PKR 201.7 Bn (Dec’20: PKR 171.3 Bn). To make its balance sheet more resilient in the prevailing circumstances, the Bank created a provision charge of PKR 12.2 Bn during the period.

On the balance sheet side, NBP has one of the industry’s largest balance sheets which further increased by 27.1% to PKR 3.8 Trillion, in the nine months of 2021 from PKR 3.0 Trillion level at the beginning of 2021. The Bank’s Balance Sheet has grown on the back of stable deposit base expansion, leveraged with money market borrowings. Gross loans & advances of the Bank amounted to PKR 1,207.7 Bn depicting a 4.1% increase from the year end 2020 levels.

Major share of the Bank’s total funding comes from core customer deposits that contribute 87.2% (PKR 2,224.6 Bn) of the Bank’s total deposits that stood at PKR 2,551.6 Bn. Compared to Dec 31, 2020 level, customer deposits have increased by 10.1% or PKR 204.0 Bn.

The Bank's capital base continues to be enhanced as total Capital Adequacy Ratio improved to 22.20% (Dec'20:19.78%). Strength of the capital is evident from the Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 16.70% (Dec'20:14.99%) against the requirement of 9.50%. The Bank's capitalization translates into a healthy leverage ratio of 3.6% which is well above the regulatory limit of 3.0%. This capital position enables the Bank to absorb shocks in the foreseeable future and leverage emerging business opportunities to create value for its shareholders. The Bank's Liquidity Ratio and Net Stable Funding Ratio improved to 170% and 270%, respectively. With the continued healthy value generation for its shareholders, Net Assets at end Sep'21 stood at PKR 290.0 Bn, translating into break-up value per share at Rs. 136.3, which is 40% up from Rs. 97.2 at the beginning of 2019.

The Bank enjoys highest local credit ratings of AAA / A1+ categories for long term and short term respectively as reaffirmed by both PACRA and VIS Credit Rating Company.

NBP's Islamic Banking is operating a network of over 200 dedicated branches throughout the country. Islamic Banking continues to focus on Commercial and SME businesses by expanding trade hubs to provide ease of service to these segments.

During Q3 2021, NBP won multiple awards from international and local publications/platforms. These include, among others, Best Bank for Agriculture Award, Corporate & Investment Bank of the Year – Pakistan, Corporate Client Initiative of the Year – Pakistan, Debt Deal of the Year – Pakistan, Project Infrastructure Finance Deal of the Year – Pakistan, Project Finance House of the Year for the year, Best Trade Finance Bank in Pakistan for 2021 and Best Corporate Reporting Award – 2021.

The BoD also deliberated on the impact of COVID 19 pandemic and its specific implications for the banking industry in Pakistan. Being categorized as a systemically important bank in Pakistan, NBP has demonstrated a strong resolve to serve its customers across the country despite facing significant operational challenges.

The Bank has made considerable progress on its strategy across its consumer and institutional businesses and for playing its systemically important role in the economy while maintaining a strong and resilient balance sheet to deliver performance for shareholders. The management is committed to modernising the Bank to achieve excellence in risk and control environment, business processes and service quality to clients. The Bank's business strategy will increase its focus on financing and supporting underserved sectors including SME, Microfinance, Agriculture Finance and the PM's Low-Cost Housing initiative on a priority basis.

Financial Control Group

4th Floor, NBP Head Office.

I.I. Chundrigar Road, Karachi – 74000, Pakistan.

PABX: (92-21) 9922 0100 (50 Lines)

investor.relations@nbp.com.pk