

NBP Announces its Highest Ever 80% Dividend Payout Reports Pre-Tax Profit of PKR 56.7 Bn Despite an Extraordinary Cost in Pension Case

Karachi, March 04, 2025 – The Board of Directors of National Bank of Pakistan (“NBP” or “the Bank”) convened on February 28, 2025, to approve the audited annual financial statements for the year ended December 31, 2024.

NBP has achieved yet another year of robust financial performance, reporting a pre-tax profit of PKR 56.7 Bn. This came despite recognizing an extraordinary cost of PKR 68.0 Bn in compliance with the judgment of the Honourable Supreme Court of Pakistan regarding pension litigation.

Amid a challenging operating environment, NBP generated a gross mark-up income of PKR 1,089.4 Bn, making it among the highest revenue-generating banks in Pakistan. While PKR 918.5 Bn was paid to depositors, the Bank’s cost of funds improved to 15.84%. Net interest income increased by 1.3% YoY to PKR 170.9 Bn, reflecting a net spread of 2.37%. Meanwhile, the Bank’s non-mark-up/non-interest income surge by 61.1% to PKR 65.4 Bn, a testament to its proactive revenue diversification strategy. The Bank’s business as usual operating expenses stood at PKR 119.8 Bn, reflecting a 17% YoY increase. While profit before tax closed at PKR 56.7 Bn, after-tax profit stood at PKR 26.9 Bn.

Since 2017, the Bank had retained its entire profits to safeguard capital adequacy, ensuring financial stability and long-term sustainability in line with regulatory expectations. This prudent approach has strengthened the Bank’s capital base, enabling it to absorb the impact of pending litigation. In view of its improved financial position and strong balance sheet, the Board has recommended a final cash dividend of PKR 8 per share (i.e., 80%) for the year ended December 31, 2024, subject to shareholder approval at the 76th Annual General Meeting. This dividend is not just a distribution of profits—it reflects the Bank’s commitment to delivering sustainable shareholders’ value, while simultaneously maintaining robust capital adequacy as a domestic systemically important bank in Pakistan’s financial sector.

Standard & Poor’s recently ranked NBP among the top 10 best-performing stocks in 2024 among Asia Pacific lenders. With increasing investor confidence, the Bank’s market capitalisation has increased to circa PKR 175 Bn, reflecting a remarkable 170% growth since February 28, 2024.

The implementation of IFRS 9 was a major transition for banks in Pakistan during 2024. NBP successfully adopted IFRS 9, ensuring compliance with SBP regulations. Despite a significant impact of PKR 12.0 Bn (net of tax) on its opening equity, the Bank strengthened its financial soundness indicators. Total eligible capital increased by 27.4% to PKR 479.8 Bn, while Common Equity Tier 1 (CET 1) and total Capital Adequacy Ratio stood at 20.51% and 27.80%, respectively. The Bank’s leverage ratio stood at 3.88%, while its Liquidity Coverage Ratio and Net Stable Funding Ratio improved to 206% (2023: 176%) and 174% (2023: 159%), respectively.

On the balance sheet side, gross loans and advances stood at PKR 1,672.8 Bn, reflecting a YoY increase of 2.5% or PKR 41.1 Bn, with an Advance-to-Deposit Ratio of 43.3%. The Bank’s investments (at cost) amounted to PKR 4,475.4 Bn, with a carrying value of PKR 4,612.3 Bn. The Bank maintained credit loss allowances of PKR 225.8 Bn, resulting in a high Non-Performing Loan (Stage-3) coverage ratio of 83.8%. With 19.4% YoY growth, net assets reached PKR 457.0 Bn, translating into book value per share of PKR

215. Total deposits amounted to PKR 3,865.6 Bn, of which 94.2% came from stable customer deposits. While current deposits constituted 50.4% of total deposits, the Bank's Current and Savings Account (CASA) ratio remained high at 79.5%. NBP emerged as the top agricultural credit performer bank in FY'23 and FY'24 among large banks in the country as per SBP ratings. During 2024, SME financing by the bank grew to ~PKR 99.0 Bn, depicting a 12% growth, YoY.

Embedding ESG considerations into its strategic decision-making framework, the Bank is actively working to establish a robust Environmental & Social Management System. During 2024, the Bank invested PKR 150 Mn into CSR initiatives and had PKR 30.1 Bn of green financing facilities.

NBP expanded its Islamic banking network in 2024 by adding 100+ Islamic Banking Windows, reaching 251. Islamic banking remains one of the fastest-growing segments within the Bank. NBP Aitemaad's total assets surged to PKR 333.4 Bn in 2024, up from PKR 140.2 Bn at the end of 2023, marking a record 137.9% YoY growth. On the asset side, the launch of *NBP Aitemaad Advance Salary*, an Islamic alternative to the Bank's flagship retail lending product, marks a significant milestone. The Bank remains committed to introducing Shariah-compliant alternatives to ensure a seamless transition while strengthening its position as a leader in Islamic banking. In line with the Federal Shariat Court's directives and the State Bank of Pakistan's mandate for a full transition to Shariah-compliant banking by 2027, NBP is accelerating its transformation by establishing another 100 IBWs and converting over 100 conventional branches to Islamic banking in 2025.

Providing insights into the Bank's performance, Mr. Rehmat Ali Hasnie, President & CEO, commented that the role of NBP extends beyond traditional banking services—it is a partner in economic development and financial well-being, supporting individuals and businesses, particularly in SME, commercial, and rural sectors.

This deep-rooted sense of responsibility defines the Bank's inclusive mission and its enduring commitment to its tagline: ***Ek Azm Aur Ek Pehchan – National Bank Aur Pakistan.***

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