

## **NBP Records Total Income of 96.8 Bn, Up 5.1% YoY** **6.6% YTD Growth in Total Assets to Reach PKR 7 Trillion Milestone**

**Karachi, August 29, 2024** – The Board of Directors of National Bank of Pakistan “NBP” “the Bank” met yesterday to approve the interim condensed financial statements of the Bank for the half-year ended June 30, 2024.

Demonstrating yet another period of a remarkable performance, the Bank reported a total income of PKR 96.8 Bn, a 5.1% increase from PKR 92.2 Bn in H1'23. The Bank's performance was particularly stronger during Q2'24, with total income of PKR 54.4 Bn compared to PKR 42.5 Bn earned during Q1'24. These results were driven by a strong performance across both fund-based and non-fund-based earning streams.

In a stable interest rate environment, the Bank's gross interest income surged by 30.1% YoY to close at PKR 562.2 Bn, an increase of PKR 130.3 Bn from PKR 432.3 Bn for the same period in 2023. Similarly, the Bank's cost of funds also rose by 36.7% YoY, reaching PKR 490.8 Bn. Consequently, net interest income closed at PKR 71.8 Bn, reflecting a small decrease of 2% YoY. In the booming performance of the stock market during most of the period under review, the Bank recorded gain on securities amounting to PKR 5.8 Bn, taking the total non-fund income to PKR 25.1 Bn, which is 31.7% higher YoY. Equity investment of the Bank generated a divided income of PKR 3.0 Bn as against PKR 2.4 Bn for the half-year ended June 30, 2023. Fee & commission income earned through branch banking operations also stood high at PKR 12.1 Bn, showing a YoY increase of 14.7%.

Amidst high inflationary pressures, operating expenses of the Bank for the half-year period under review amounted to PKR 49.1 Bn (excluding extraordinary item) which is 11.3% higher YoY as compared to PKR 44.1 for the similar period last year. The Bank is currently investing significantly for a major upgrade of its IT systems & infrastructure.

A major development during the period was that the Honourable Supreme Court of Pakistan (in Review Jurisdiction), by its order dated 27<sup>th</sup> March 2024, dismissed all the civil review petitions filed by the Bank, as a result of which the Supreme Court's earlier decision dated 25<sup>th</sup> September 2017, in respect of the pension litigation, has now attained finality. This would bring a long-lasting uncertainty to an end. In compliance of the judgement, the Bank has recognised total expense of PKR 49.0 Bn as an extraordinary/unusual item, and has made payments to majority of petitioners as well as non-petitioners. Consequently, the Bank's profit before tax for the six-months period closed at PKR 514.8 Mn (Jun'23:PKR 47.7 Bn), whereas profit after tax closed at PKR 251.1 Mn (Jun'23:PKR 26.0 Bn).

Effective January 1, 2024, the Bank has adopted International Financial Reporting Standard IFRS 9. This resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. As the Bank is following a prudent risk-profiling strategy, net reversals in provision during the period amounted to PKR 1.8 Bn against a total charge of PKR 0.4 Bn for the corresponding half-year period of 2023. The key contributor towards this drop was the loans & advances that recorded a net reversal of PKR 1.8 Bn. Credit loss allowances held against Stage-3 NPLs stood at PKR 218.5 Bn (Dec'23:PKR 203.6 Bn). Thus, provision coverage at June 30, 2024 stood high at 100%.

With a 6.6% YTD growth in its assets base, the Bank achieved **PKR 7 TRILLION** milestone in its balance sheet as its total assets reached PKR 7.1 Trillion from PKR 6.7 Trillion at the YE'23. While investment (at cost) increased by 7.0% to reach PKR 4,699.9 Bn, gross advances recorded a 5.6% decrease to close at PKR 1,540.1 Bn. The Bank maintains a strong funding and liquidity profile through a well-diversified funding portfolio. As of June 30, 2024, total deposits amounted to PKR 4,103.5 Bn. While CASA ratio stood at 80.1%, Liquidity Coverage and Net Stable Funding also remained high at 197% and 174%, respectively. Total Capital Adequacy Ratio stood at 24.72%, against 25.47% at the YE'23. This drop in capital is mainly triggered by a one-off adjustment in the opening equity due to incremental provisioning as per IFRS 9. These ratios depict a strong resilience and financial soundness of the Bank. The Bank enjoys highest credit ratings of AAA / A1+ categories for both long term and short term respectively as reaffirmed by both PACRA and VIS Credit Rating Company in June 2024.

As of end of June 2024, the Bank achieved a major milestone in agriculture financing. The Bank became the largest lender to the agriculture sector by not only achieving a record disbursement of PKR 368 Bn as well as achieving an outstanding loan book of PKR 104 Bn. This is very much in line with the Bank's vision of serving the nation by focusing on improving access to finance to priority sectors.

The Bank's President & CEO, Mr. Rehmat Ali Hasnie, appreciated efforts & dedication demonstrated by the Bank's employees towards financial results and strategic delivery. The Bank is pursuing a major organizational and technological transformation, product enhancement, digitalization and initiatives for promoting financial inclusion with a focus on commercial and rural segments.

With delivery of the commendable financial results, the management's strategic focus remains on enhancing its service quality levels, diversifying its outreach through digitalization, and increasing its range of product and services. As the Nation's bank, enhancing access to financial services to all remains a goal of the Bank since its creation in 1949.

#### **Financial Control Group**

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