



NBP Records Pre-tax Profit of PKR 33.9 Bn, 21% up YoY

33% Growth in Assets to achieve PKR 5 Trillion Milestone

Karachi, August 18, 2022 – The Board of Directors of National Bank of Pakistan “NBP” “the Bank” met yesterday to approve the condensed interim financial statements for the six months period ended June 30, 2022.

With volumetric growth in average earning assets coupled with positive rate variance, NBP recorded 66% growth in gross interest income that reached PKR 179.4 Bn as against PKR 108.0 Bn for the same period last year. In the increasing interest rate scenario, cost of funds for the period amounted to PKR 126.3 Bn. Accordingly, net interest income closed at PKR 53.1 Bn, depicting a 12.0% increase YoY.

Despite the challenging business environment and lacklustre performance of the stock market the Bank generated total non-fund income amounting to PKR 18.4 Bn which is 2% higher YoY. Equity investment of the Bank generated dividend income of PKR 1.9 Bn, 33% higher YoY. Fee & commission income earned through branch banking operations stood at PKR 10.2 Bn i.e. 16% higher YoY and reflective of the Bank’s widespread market outreach. As the Bank provides FX solution to large number of companies, its forex income for the period amounted to PKR 4.3 Bn which is 61% higher YoY. Consequently, total income amounted to PKR 71.5 Bn which is PKR 6.0 Bn or 9.2% higher, YoY.

Reflecting the inflationary pressures and investment into its IT systems & infrastructure, operating expenses for the period amounted to PKR 35.8 Bn. NPLs increased marginally by 2.7% to reach PKR 203.3 Bn. As the Bank is pursuing a prudent assets growth strategy, NPL ratio that stood at 15.6% in Jun’21 improved to 14.9% in Jun’22. Positively, provision charge for the period amounted to PKR 1.7 Bn only i.e. PKR 5.0 Bn or 74% lower than PKR 6.8 Bn for H1’21. In line with the SBP guidelines, NBP maintains adequate provisions against NPLs to buttress its capital base. With PKR 187.9 Bn of specific provisions, NPL coverage ratio stood strong at 92.4%.

The Bank’s pre-tax profit increase by 21% YoY and amounted to PKR 33.9 Bn as against PKR 28.0 Bn for H1’21. The Finance Act-2022 brought in certain changes in Corporate Tax, which apart from increase in the statutory and super tax rate, also had a retrospective impact with reference to prior year’s earnings attributable to investments in the federal government securities. Consequently, effective tax rate increased from 39% in H1’21 to 64% for H1’22 and tax charge amounted to PKR 21.7 Bn against PKR 11.0 Bn for H1’21. Impact of the higher tax rate is reflected in the Q2’22 as total tax charge amounted to PKR 15.5 Bn against PKR 6.2 Bn for Q1’22. Resultantly, profit after tax for Q2’22 stood at PKR 2.3 Bn as against PKR 9.8 Bn of Q1’22 and profit after-tax for half year amounted to PKR 12.1 Bn.

With a massive 33% growth, the Bank has achieved **PKR 5 TRILLION** milestone in its balance sheet as its total assets reached PKR 5,119.8 Bn from PKR 3,846.7 Bn at the end of 2021. This makes NBP the largest Bank in Pakistan in terms of total assets. While investment increased by 68% to reach PKR 3,251.0 Bn, gross advances recorded 4.8% growth to PKR 1,367.3 Bn. The Bank maintains a strong funding and liquidity profile through a well-diversified funding portfolio. As of June 30, 2022, total deposits amounted to PKR 3,198.6 Bn. The Bank’s efforts towards mobilising low-cost deposits have resulted in 13.5% growth in average non-remunerative current deposits. While CASA ratio stood at 83%, Liquidity

Coverage and Net Stable Funding also remained high at 146% and 277%, respectively. Capital Adequacy Ratio improved to 22.04% from 20.39% at the YE'21 depicting strong 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 2022.

During the last couple of years, the Bank has pursued a major organizational transformation, product enhancement, digitalization and initiatives for promoting financial inclusion with a focus on commercial and rural segments. In parallel with its business growth initiatives, the Bank has continued to progress via remediation of legacy issues in the area of Core Banking System upgrade, International Franchise, Risk Management, Asset Quality, Operational Effectiveness and HR.

NBP's future strategy focuses 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

4th Floor, NBP Head Office.

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

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

investor.relations@nbp.com.pk