

NBP Records Pre-tax Profit of PKR 47.7 Bn, 41% up YoY 19% YTD Growth in Total Assets to achieve PKR 6 Trillion Milestone

Karachi, August 29, 2023 – Financial results of National Bank of Pakistan “the Bank” for the half-year ended June 30, 2023 were approved today (August 29, 2023) by the Board of Directors in their meeting held at the Bank’s Head Office. The meeting was chaired by the Chairman of the Board, Mr. Ashraf Mahmood Wathra. The President/CEO of the Bank Mr. Rehmat Ali Hasnie was also present in the meeting.

Recording yet another period of a remarkable performance, the Bank reported a profit before tax (PBT) of PKR 47.7 Billion, nearly 41% higher than PKR 33.9 Bn for H1’22. The Bank’s performance remained particularly strong during Q2’23 as the Bank earned a PBT of PKR 29.5 Bn as against PKR 18.2 Bn earned in Q1’23. These results were driven through a commendable performance in both the fund based and non-fund based earning streams. Despite a continued challenging environment during the period, the Bank’s profit after tax more than doubled to PKR 26.0 Bn depicting a massive increase of 114% over the PKR 12.1 Bn for H1 period of the previous year. Accordingly, Earnings Per Share closed at PKR 12.23 as against PKR 5.71 for H1’22. This excellent performance was driven through an efficient portfolio-mix, maturity profiling, effective risk management and maintaining a stable funding pool that is delivering sustainable and improved operating performance.

In the increasing interest rate environment, gross interest income recorded a 141% increase YoY to close at PKR 432.3 Bn being PKR 252.9 Bn higher than PKR 179.4 Bn for the same period of 2022. Similarly, the Bank’s cost of funds also recorded an increase of 184% YoY to close at PKR 359.2 Bn. Accordingly, net interest income closed at PKR 73.1 Bn, depicting a YoY increase of 38%. Despite the challenging business environment and lacklustre performance of the stock market during most of the period, the Bank generated total non-fund income amounting to PKR 19.0 Bn which is 4% higher YoY. Equity investment of the Bank generated a divided income of PKR 2.4 Bn (Jun’22:PKR 1.9 Bn), i.e. 22% higher YoY. Fee & commission income earned through branch banking operations stood at PKR 10.5 Bn i.e. 3% higher, YoY.

Amidst the high inflationary pressures and depreciation in Rupee, operating expenses of the Bank for the half-year period under review amounted to PKR 43.9 Bn which is 22.6% higher YoY as compared to PKR 35.8 Bn for the similar period last year. However, proactive cost management efforts contained expense growth to 19.2% over Q2’22, improving the cost/income ratio from 50.1% in H1’22 to 47.6% in H1’23. The Bank is currently investing significantly for a major upgrade of its IT systems & infrastructure.

As the Bank is following a prudent risk-profiling strategy, loan infection ratio stood at 14.5% slightly above the 14.3% as of Dec’22. Accordingly, net provision charge amounted to PKR 0.4 Bn i.e. significantly lower by 76.2% or PKR 1.3 Bn as compared to PKR 1.7 Bn for H1’22. The key contributor towards this drop was the loans & advances that recorded a net reversal of PKR 0.95 Billion. Specific and General provisions held against NPLs stood at PKR 204.1 Bn (Dec’22:PKR 190.7 Bn) and PKR 16.7 Bn (Dec’22:PKR 17.3 Bn), respectively. Thus, provision coverage at June 30, 2023 stood high at 92.9%.

With an 18.5% YTD growth in its assets base, the Bank achieved **PKR 6 TRILLION** milestone in its balance sheet as its total assets reached PKR 6.2 Trillion from PKR 5.2 Trillion at the end of 2022. This makes

NBP the largest Bank in Pakistan in terms of total assets. While investment (at cost) increased by 18.5% to reach PKR 4,156.9 Bn, gross advances recorded a 5.6% growth to reach PKR 1,519.8 Bn. The Bank maintains a strong funding and liquidity profile through a well-diversified funding portfolio. As of June 30, 2023, total deposits amounted to PKR 3,451.7 Bn. While CASA ratio stood at 79.6%, Liquidity Coverage and Net Stable Funding also remained high at 158% and 267%, respectively. Capital Adequacy Ratio further improved to 22.50% from 21.59% at the YE'22 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 2023.

The Bank is operating one of the largest branch networks with more than 1,500 branches in Pakistan and is aggressively pursuing a major organizational transformation programme through IT upgrade, digital product enhancement 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 international franchise, risk management, asset quality, operational effectiveness and HR.

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.

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