



Strong Performance with Pre-tax Profit of PKR 62.7 Bn, 18.7% up YoY With 36.2% YoY Growth, Total Assets reach PKR 5.2 Trillion

Karachi, February 28, 2023 – The Board of Directors of National Bank of Pakistan “NBP” “the Bank” met today to approve the annual financial statements for the year ended December 31, 2022.

The Bank has delivered yet another year of strong financial results, and posted a pre-tax profit of PKR 62.7 Bn, depicting an annual increase of 18.7%. With strong income momentum across its businesses segments, the Bank’s fund-based net interest income was particularly strong. Amidst the challenging macro environment, the Bank has continued to provide support for its customers and clients in line with its Vision.

The 40% growth in average earning assets, coupled with margin expansion through higher policy rates, generated gross interest income of PKR 503.3 Bn i.e. 117% higher than PKR 231.9 Bn for 2021. Pursuant to an effective fund mobilisation, average interest bearing liabilities of the Bank reached PKR 3,871.9 Bn (2021:PKR 2,692.9 Bn). Consequently, in the backdrop of higher average interest rate, the Bank’s cost of funds amounted to PKR 386.5 Bn. Accordingly, net interest income for the year closed at PKR 116.8 Bn, depicting a YoY increase of 19.7%.

Despite a challenging business environment and lower trade activity, the Bank maintained its non-fund income stream that amounted to PKR 36.7 Bn (2021:PKR 36.9 Bn). Equity investments of the Bank generated dividend income of PKR 5.2 Bn, 13.3% higher YoY. Fee & commission income earned through banking operations amounted to PKR 21.2 Bn i.e. 18.8% higher YoY and are reflective of the Bank’s widespread customer base and market outreach. As the Bank provides FX solutions to a large number of corporates, its forex income for the year amounted to PKR 7.4 Bn which is 14.4% higher YoY. However, due to a lacklustre performance of the stock market, the Bank could generate capital gains of PKR 1.1 Bn as compared to PKR 6.2 Bn last year. Consequently, total income for the year amounted to PKR 153.5 Bn, i.e. PKR 18.95 Bn or 14.1% higher, YoY.

Reflecting the inflationary impacts, ad hoc allowance allowed to the employees and the Bank’s investment into its IT systems and upgrade of business premises, operating expenses for the year amounted to PKR 78.2 Bn (2021: PKR 60.0 Bn). Pursuant to a prudent strategy to strengthen the capital base, a provision charge of PKR 12.6 Bn was created during the year. This is particularly important in the backdrop that IFRS 9 stands implemented effective January 01, 2023. As the Bank held PKR 190.7 Bn in specific provisions against NPL of PKR 205.3 Bn, depicting a high coverage ratio at 93%.

Accordingly, the Bank’s pre-tax profit for the year amounted to PKR 62.7 Bn i.e. 18.7% up against PKR 52.9 Bn for the prior year. As a result of retrospective taxation and increase of 10% in the income tax rates for banks (from 39% to 49%), tax charge amounted to PKR 32.3 Bn, translating into an effective tax rate of 51.5% as compared to 47.0% for the year 2021. Resultantly, profit after tax for the year amounted to PKR 30.4 Bn i.e. 8.6% higher than PKR 28.0 Bn for 2021.

This year, the Bank achieved **PKR 5 TRILLION** milestone in its balance sheet that grew by 36.2% to reach PKR 5,240.4 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 (net) increased by 79.4% to reach PKR 3,477.4 Bn, gross advances recorded 10.2% growth to reach PKR 1,438.6 Bn. With this growth, the Bank’s advances-to-deposits ratio improved to 54% as compared to 43% at the end of 2021. With a widespread and well-diversified market outreach, the Bank maintains a strong funding and liquidity profile. At the year end, total deposits amounted to PKR 2,666.2 Bn as compared to PKR 3,019.2 Bn at the end of 2021. This drop in deposits is based on the Bank’s focussed strategy to reduce high cost deposits so as to deliver higher after-tax profit to its shareholders. Major share of the Bank’s deposits comes from sticky customer deposits that contribute 98.1% of the total deposits. With current deposits amounting to PKR 1,310.2 Bn or 49.1% of the total deposits, the Bank maintains a strong liquidity profile. While CASA ratio stood at 79.4%, Liquidity Coverage and Net Stable Funding also remained high at 195% and 251%, respectively. While shareholders’ net assets increased by 5.1% YoY to PKR 300.8 Bn, capital adequacy ratio improved by 120bps to 21.59% from 20.39% at YE ‘21. The Bank enjoys highest credit ratings of AAA / A1+ for both long term and short term respectively as reaffirmed separately by both PACRA as well as VIS Credit Rating Company in June 2022.

Commenting on the annual performance, the Bank’s President/CEO(A), Mr. Rehmat Ali Hasnie, said that the excellent strategic delivery and financial results were testament to the efforts & dedication demonstrated by the Bank’s employees in serving the Nation through these challenging times. 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. In parallel with its business growth initiatives, the Bank has also continued to progress via remediation of legacy issues.

As **the Nation’s Bank**, going forward, NBP’s strategy focuses on enhancing its service quality levels, diversifying its outreach through digitalization, and increasing its products and services suite.

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