



Strong performance with Pre-tax Profit of PKR 48.3 Bn, 20.1% up YoY Achieves PKR 5 Trillion Milestone with 34.3% YTD Growth in Assets

Karachi, October 28, 2022 – The Board of Directors of National Bank of Pakistan “NBP” “the Bank” met today to approve the condensed interim financial statements for the nine months period ended September 30, 2022.

The Bank has delivered another quarter of strong returns, and posted Profit before Tax of PKR 14.5 Bn for 3Q’22. Consequently, total 9M profit before tax stood at PKR 48.3 Bn i.e. 20.1 % higher than PKR 40.2 Bn for the 9M period of 2021. With strong income momentum and returns across major businesses segments, the Bank’s fund-based net interest income was particularly strong. The Bank has continued to provide support for its customers and clients facing an uncertain economic environment and higher cost pressures amid the devastating floods.

The Bank achieved a 37% YoY growth in its average earning assets. This volumetric growth, coupled with the impact of higher comparative policy rate, generated gross interest income of PKR 332.2 Bn i.e. 100% higher than PKR 166.5 Bn for the 9M’21. Pursuant to an aggressive fund mobilisation, average interest bearing liabilities of the Bank reached PKR 3,680.0 Bn from PKR 2,610.0 Bn in 9M’21. Consequently, in the higher average interest rate scenario, the Bank’s cost of funds for 9M’22 amounted to PKR 251.6 Bn. Accordingly, net interest income closed at PKR 80.6 Bn, depicting a 11.3% increase YoY.

Despite a challenging business environment and lacklustre performance of the trade activity and stock market, the Bank generated total non-fund income amounting to PKR 25.3 Bn for the 9M period, which is 6.6% lower, YoY. Equity investment of the Bank generated dividend income of PKR 3.4 Bn, 23.2% higher YoY. Fee & commission income earned through branch banking operations stood at PKR 14.5 Bn i.e. 13.9% higher YoY and are reflective of the Bank’s widespread market outreach. As the Bank provides FX solution to a large number of corporates, its forex income for the period amounted to PKR 5.1 Bn which is 5.6% higher YoY. However, due to a sluggish performance of PSX, the Bank could generate capital gains of PKR 1.1 Bn only as compared to PKR 5.4 Bn earned in similar period last year. Consequently, total income for the 9M’22 period amounted to PKR 105.9 Bn, i.e. PKR 6.4 Bn or 6.4% higher, YoY.

Reflecting the inflationary impacts, ad hoc allowance recently allowed to the employees and the Bank’s investment into its IT systems & infrastructure, operating expenses for the period amounted to PKR 54.8 Bn i.e. 16.5% up YoY. NPLs increased marginally by 6.4% to reach PKR 210.6 Bn. As the Bank is pursuing a prudent assets growth strategy, NPL ratio that stood at 16.7% in Sep’21 improved to 14.9% in Sep’22. Positively, provision charge for the period amounted to PKR 2.8 Bn i.e. PKR 9.4 Bn or 77.1% lower than PKR 12.2 Bn for 9M’21. In line with the SBP guidelines, the Bank maintains adequate provisions against non-performing assets to strengthen its capital base. With PKR 192.2 Bn held as specific provisions, NPL coverage ratio stood high at 91.3%.

Accordingly, the Bank’s pre-tax profit for 9M’22 amounted to PKR 48.3 Bn i.e. 20.1% up against PKR 40.2 Bn for 9M’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. Resultantly, tax

charge amounted to PKR 29.2 Bn, translating into effective tax rate of 60.4% as compared to 40% for 9M'21. Resultantly, profit after tax for 9M'22 stood at PKR 19.2 Bn as against PKR 24.1 Bn for 9M'21.

This year, the Bank has achieved **PKR 5 TRILLION** milestone in its balance sheet as its total assets increased by 34.3% to reach PKR 5,168.0 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 73.2% to reach PKR 3,356.6 Bn, gross advances recorded 8.4% growth to reach PKR 1,415.4 Bn. With a widespread and well-diversified market outreach, the Bank maintains a strong funding and liquidity profile. As of September 30, 2022, total deposits amounted to PKR 3,010.8 Bn. Average non-remunerative current deposits recorded a 13.3% growth. While CASA ratio stood at 81.7%, Liquidity Coverage and Net Stable Funding also remained high at 137% and 255%, respectively. Capital Adequacy Ratio improved to 21.85% from 20.39% at the YE'21 depicting strong financial soundness of the Bank. 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.

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 range of product and services.

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