



Strong Performance Continues The Bank earns Pre-tax Profit of PKR 18.2 Bn, 13.2% up YoY

Karachi, April 27, 2023 – The Board of Directors of National Bank of Pakistan “NBP” “the Bank” met today to approve the interim condensed financial statements for the quarter ended March 31, 2023.

For Q1’23, the Bank generated gross interest income of PKR 192.4 Bn i.e. more than double the PKR 79.2 Bn for the similar period of 2022. The Bank’s investments portfolio averaged PKR 3,519.2 Bn (Mar’22:PKR 1,984.6 Bn) and generated mark-up/interest income of PKR 146.2 Bn. Whereas, the placements averaged PKR 66.2 Bn (Mar’22:PKR 110.6 Bn) and generated mark-up income of PKR 2.7 Bn (Mar’22: PKR 2.7 Bn). During the quarter, the Bank’s loan book averaged PKR 1,411.4 Bn and generated mark-up income of PKR 43.5 Bn i.e. PKR 17.3 Bn or 66.2% higher than PKR 26.2 Bn for Q1’2022. This significant growth in earnings was achieved through both, a volumetric growth, as well as the favourable YoY rate variance. Likewise, cost of funds for the period also recorded a significant YoY increase and amounted to PKR 159.9 Bn as against PKR 53.4 Bn for the corresponding period of 2022. Consequently, net interest income for the period closed at PKR 32.5 Bn, depicting a 26.1% increase against PKR 25.8 Bn of Q1’22. Non-fund income for the period stood at PKR 7.5 Bn which is PKR 0.6 Bn or 7.3% lower than PKR 8.1 Bn of Mar’22. Reflecting the inflationary pressures and the Bank’s continued investment into its IT systems & infrastructure, operating expenses amounted to PKR 21.2 Bn which is 26.3% higher YoY. The Bank is investing significantly to improve & strengthen its IT infrastructure & systems for creating synergies in business processes, rationalising operating costs and achieving higher efficiency. Overall, operating costs translate into a cost-to-income ratio at 52.9% which is in line with the industry norms. Positively, provision charge amounted to PKR 0.68 Bn as compared to PKR 1.1 Bn a charge for Q1’ 2022. As taxation charge amounted to PKR 7.5 Bn, profit after-tax stood at PKR 10.7 Bn i.e. PKR 0.85 Bn or 8.7% higher than PKR 9.8 Bn for Mar’22. This translates into Earnings per Share of Rs. 5.02 as compared to Rs. 4.62 for Mar’22.

Total assets of the Bank amounted to PKR 6,055.6 Bn, depicting a 15.6% increase from PKR 5,240.4 Bn levels of December 31, 2022. In the prevailing high interest rate scenario, the Bank is pursuing a prudent loan growth strategy for better credit risk management. Accordingly, the loans & advances of the Bank amounted to PKR 1,452.9 Bn i.e. slightly above the PKR 1,438.6 Bn at end of the year 2022. Given the limited quality loan growth market and a steady growth in customer deposits, excess liquidity with the Bank is mostly placed in shorter-term government securities to capitalize on price volatility in the currently hiking policy rate environment. The Bank is maintaining a diversified investment portfolio across zero risk weighted GoP instruments, high dividend yielding equities and other interest-bearing financial instruments. As at March 31, 2023, the Bank’s investments amounted to PKR 3,799.7 Bn. The Bank achieved approx. 12% growth in deposits that stood at PKR 2,976.2 Bn as compared to PKR 2,666.2 Bn of December 31, 2022. Major share of the Bank’s funding comes from customer sticky deposits that contribute PKR 2,706.5 Bn or 90.9% of the total deposits with CASA ratio at 79.4%. Liquidity Coverage Ratio and Net Stable Funding Ratio remained over the regulatory requirements as the same stood at 166% (Dec’22:147%) and 273% (Dec’22:251%), respectively vis-à-vis regulatory requirement of 100% for each.

Net Assets amounted to PKR 304.95 Bn translating into a break-up value of PKR 143.3 per share (YE’22: PKR 141.4). Total Capital Adequacy Ratio stood at 20.06% with Tier-1 capital adequacy ratio at 15.37%; as compared to 21.59% and 16.30%, respectively, at YE’22. Other financial soundness ratios are well compliant with applicable regulatory requirements. 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.

Commenting on the quarterly performance, the Bank’s President/CEO(A), Mr. Rehmat Ali Hasnie, appreciated that the strategic delivery and financial results were testament to the efforts & dedication demonstrated by the Bank’s employees. 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.