



NBP Records Pre-tax Profit of PKR 70.6 Bn, 46% up YoY 26.7% YTD Growth in Total Assets to achieve PKR 6 Trillion Milestone

Karachi, October 25, 2023 – The Board of Directors approved the results of the National Bank of Pakistan for the nine-month period ending September 30, 2023 in its meeting held on October 24, 2023.

The strong financial performance of the Bank is a consequence its continued efforts in serving the national agenda of extending financing to priority sectors as well as extending access to financial services to those segments of the country's populace that lack facilities. The Bank's results are a balance of a focus on prudent financial management and the Bank's tradition of serving the nation which has led to NBP being a Bank that is trusted by its stakeholders.

The Bank demonstrated an exceptional performance by reporting a profit before tax of PKR 70.6 Bn, depicting an impressive 46% increase YoY as compared to PKR 48.3 Bn for 9M'22. These results were driven by robust performance in revenue streams as well as an effective cost management. Despite a persistently challenging environment, the Bank's profit after tax doubled to PKR 38.2 Bn, reflecting a substantial increase of 99.1% over the PKR 19.2 Bn in the same period of the previous year. Consequently, Earnings Per Share closed at PKR 17.9, up from PKR 9.0 in 9M'22. This outstanding performance was a result of an efficient portfolio mix, mature risk profiling, effective risk management, and maintaining a stable funding pool that contributed to an improved and sustainable operating performance.

In an environment of rising interest rates, gross interest income recorded a YoY increase of 119.4% to close at PKR 728.7 Bn, a significant rise from PKR 332.2 Bn for the same period in 2022. Similarly, the Bank's cost of funds also increased by 141.7% YoY, closing at PKR 608.1 Bn. Consequently, net interest income closed at PKR 120.6 Bn, representing a YoY increase of 49.6%. Despite the challenging business environment and lackluster stock market performance for most of the review period, the Bank generated total non-fund income of PKR 24.7 Bn, slightly below the PKR 25.3 Bn of corresponding 9 month period of previous year. While equity investments of the Bank generated dividend income of PKR 3.4 Bn (9M22: PKR 3.4 Bn), a 1.2% decrease YoY, Fee and commission income earned through branch banking operations stood at PKR 14.9 Bn, marking a 3.4% increase YoY.

Amid the high inflationary pressures and Rupee depreciation, the Bank's operating expenses for the nine-month period under review amounted to PKR 65.2 Bn, a 19.2% YoY increase compared to PKR 54.7 Bn for the same period last year. However, proactive cost management efforts, leading to an improved cost/income ratio from 51.7% in 9M'22 to 44.9% in 9M'23. The Bank is presently making significant investments in a major upgrade of its IT systems and infrastructure.

Adhering to a prudent risk-profiling strategy and keeping in view the prevailing economic conditions, the Bank has prudently maintained general loan loss reserves to buttress its balance sheet. Hence, net provision charge for the period amounted to PKR 9.2 Bn, higher by 229.5% or PKR 6.4 Bn compared to PKR 2.8 Bn for 9M'22. Specific and General provisions held against NPLs were at PKR 204.7 Bn (Dec'22: PKR 190.7 Bn) and PKR 24.3 Bn (Dec'22: PKR 17.3 Bn) respectively. Thus, specific provision coverage as of September 30, 2023, stood at 92.6%.

With a YTD growth of 26.7% in its assets base, the Bank achieved the PKR 6 trillion milestone in its balance sheet, with total assets reaching PKR 6.6 trillion from PKR 5.2 trillion at the end of 2022. This establishes NBP as the largest bank in Pakistan in terms of total assets. While investments (at cost) increased by 19.5% to reach PKR 4,192 Bn, gross advances recorded a 6.0% growth to reach PKR 1,524.4 Bn. The Bank maintains a robust funding and liquidity profile through a well-diversified funding portfolio. As of September 30, 2023, total deposits amounted to PKR 3,345.0 Bn, with CASA ratio at 78.9%, and Liquidity Coverage and Net Stable Funding remaining high at 200% and 255% respectively. Capital Adequacy Ratio further improved to 23.16% from 21.59% at the YE'22, reflecting the strong financial soundness of the Bank. The Bank holds the highest credit ratings of AAA / A1+ categories for both long term and short term, as reaffirmed by both PACRA and VIS Credit Rating Company in June 2023.

The Bank operates one of the largest branch networks with over 1,500 branches in Pakistan and is aggressively pursuing a significant organizational transformation program through IT upgrades, digital product enhancements, and initiatives to promote financial inclusion, with a particular focus on commercial and rural segments. Simultaneously with its business growth initiatives, the Bank has continued to make progress in remediating legacy issues in the areas of international franchise, risk management, asset quality, operational effectiveness, and HR.

With the delivery of commendable financial results, the management's strategic focus remains on enhancing its service quality levels, diversifying its outreach through digitalization, and expanding its range of products and services. As the Nation's bank, enhancing access to financial services for all remains a key goal of the Bank, a commitment since its establishment in 1949.

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