

## NATIONAL BANK OF PAKISTAN

### ANALYST:

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### RATING DETAILS

RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	LONG-TERM	SHORT-TERM	LONG-TERM	SHORT-TERM
ENTITY	AAA	A1+	AAA	A1+
RATING OUTLOOK	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	June 30, 2026		June 30, 2025	

### SHAREHOLDING 5% OR MORE

Government of Pakistan (Through State Bank of Pakistan) – 75.6%  
General Public – 8.27%

### OTHER INFORMATION

**Incorporated in 1949**  
Public Limited Company (Listed)  
**President & Chief Executive Officer:** Mr. Rehmat Ali Hasnie  
**Chairman of the BOD:** Mr. Ashraf Mahmood Wathra  
**External Auditor:** A.F Ferguson & Co. Chartered Accountants and BDO Ebrahim & Co. Chartered Accountants

### APPLICABLE RATING CRITERIA

VIS Entity Rating Criteria Methodology – Financial Institutions  
<https://docs.vis.com.pk/Methodologies-2026/FI-Methodology-26.pdf>

### APPLICABLE RATING SCALE

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

### RATING RATIONALE

NBP's ratings reflect its status as one of the largest public sector commercial banks in the country, a systemically important financial institution with a market share of approximately 11.0% in terms of domestic deposits, and with a strategic role in handling government transactions and supporting public sector mandates. The ratings continue to draw strength from the Bank's strong franchise value reflected in ready access to funds, sustained earnings generation, sound asset quality, and sovereign ownership structure. Operationally, NBP continued to advance its digital transformation strategy during CY25, with further investments in core banking modernization, cybersecurity infrastructure, and digital customer onboarding platforms, improving operational efficiency and customer experience. Governance structures, including board oversight and Shariah compliance for Islamic banking operations, remained strong. The Bank has also further strengthened integration of environmental, social, and governance (ESG) considerations into its business model.

Asset quality metrics exhibited improvement during CY25, driven by sustained recoveries and resolution of legacy non-performing exposures. Gross infection ratio declined to 13.8% (CY24: 16.1%), reflecting improved credit discipline and recoveries from stressed segments. Provisioning coverage strengthened further to 98.6%, providing a robust buffer against potential credit losses. Overall, asset quality trends indicate gradual strengthening of the Bank's risk profile, although management continues to focus on reducing legacy stress assets.

NBP's liquidity position remained sound, underpinned by a strong and stable deposit base. Deposits increased to PKR 4.43 trillion during CY25, supporting liquidity buffers. The CASA ratio improved to 80.7%, reflecting a favorable low-cost deposit mix. Liquidity coverage and funding ratios remained well above minimum requirements, offering resilience against short-term volatility. The Bank's profitability

improved during CY25, supported by higher core banking income and the absence of one-off pension-related expenses that affected prior year earnings performance. Earnings were further supported by stable net interest margins and improved non-markup income contribution, while cost discipline remained a key focus area.

NBP's capitalization profile remained strong, although the Capital Adequacy Ratio moderated slightly due to faster growth in risk-weighted asset relative to capital accumulation during CY25. Nevertheless, capital levels remained comfortably above regulatory thresholds, supported by retained earnings and stable internal capital generation. The Bank continues to benefit from sovereign ownership, which provides an additional layer of capital strength and financial stability.

## COMPANY PROFILE

National Bank of Pakistan ('NBP' or 'the Bank') was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on the Pakistan Stock Exchange (PSX). The registered head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial and Islamic banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,503 branches in Pakistan, including 312 Islamic Banking branches and 14 overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students' loan scheme and IPS accounts.

## MANAGEMENT & GOVERNANCE

### CEO & PRESIDENT PROFILE

Mr. Hasnie, President of NBP since August 2023, has 27 years of financial sector experience, with expertise in economic research, capital markets, and investment banking. He holds an MA in Development Banking and has led NBP's Inclusive Development Group since 2019. He chairs the Pakistan Mortgage Refinance Company and has served on several boards, including First Credit & Investment Bank and Pakistan Mercantile Exchange. He is also a member of key banking associations in Pakistan.

### CHAIRMAN PROFILE

Mr. Naved A. Khan brings with him over 31 years of work experience, including 27 years of broad-based banking experience. During his career, he has served as the President & CEO of Faysal Bank Ltd., CEO of ABN AMRO Bank Pakistan, President of Overseas Investors Chambers of Commerce and Industry (OICCI), Chairman of Pakistan Banks' Association, Chairman of the Board of Directors, Faysal Asset Management Limited, President of Rotary Club, Karachi Metropolitan, Vice President of the Institute of Bankers Pakistan and Member of the Institute of Bankers' Council. He has also served in senior key positions at Bank of America, Pakistan. He currently serves on the boards of Sharmeen Khan Memorial Foundation, Naymat Collateral Management Company, Karachi Shipyard & Engineering Works, Pakistan Microfinance Investment Company, Gas & Oil Company Pakistan (GO) and the National Bank of Pakistan.

### BOARD COMPOSITION & PROFILE

S.No	Board of Directors	Designation
1	Mr. Naved Abid Khan	Chairman
2	Mr. Rehmad Ali Hasnie	President & CEO
3	Mr. Farid Malik, CFA	Non-Executive Director
4	Mr. Amjad Mahmood	Non-Executive Director
5	Mr. Ali Syed	Independent Director
6	Mr. Nasim Ahmad	Independent Director
7	Mr. Muhammad Sohail Tabba	Non-Executive Director
8	Ms. Aaiza Khan	Independent Director
9	Mr. Navaid Hasib Malik	Independent Director

The Board of Directors comprises nine (9) members, including one (1) female. The BOD consists of one (1) executive director (The President & CEO), four (4) non-executive directors (including the Chairman) and four (4) independent directors. During 1QCY26, the board underwent certain changes. Effective March 16, 2026 the federal government appointed Mr. Naved A. Khan as Chairman and non-executive director for a term of three years, replacing Mr. Ashraf Mahmood Wathra who retired on January 17, 2026. Furthermore, Mr. Nasim Ahmad and Mr. Ali Syed were reappointed as Independent Directors for three-year terms effective from March 16, 2026 and March 31, 2026, respectively. The Board composition remains in alignment with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Public Sector Companies (Corporate Governance) Rules, 2013, and the SBP's prudential regulations.

In order to facilitate specialized oversight and effective discharge of its responsibilities, the Board has constituted six key committees: the Board Audit Committee (BAC), Board Risk & Compliance Committee (BRCC), Board HR & Remuneration Committee (BHRR), Board Technology & Digitalization Committee (BTDC), Board Inclusive Development Committee (BIDC), and Board Strategy Committee (BSC). As at March 31, 2026, the BAC comprises four members and is chaired by Ms. Aaiza Khan (Independent Director). The BRCC is chaired by Mr. Ali Syed (Independent Director) and includes the President & CEO. The BHRR is chaired by an Independent Director (following the retirement of Mr. Ashraf Mahmood Wathra, the new chair is expected to be an Independent Director). The BTDC and BSC are both chaired by Mr. Farid Malik (Non-Executive Director) and include the President & CEO. The BIDC is chaired by Mr. Amjad Mahmood (Non-Executive Director) and also includes the President & CEO. The terms of reference of the aforesaid committees have been approved by the Board and communicated to the respective committees.

### MANAGEMENT TEAM

The management team is headed by Mr. Rehman Ali Hasnie, the President and CEO, and is supported by team of Group Chiefs, and further teams of SEVPs and EVPs. The overall Bank's management team comprises seasoned professionals possessing extensive experience across various areas of banking, finance, risk management, and strategic planning.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE

On the environmental and governance fronts, NBP has formalized its approach by securing Board approval for a Green Banking Policy, aligning its operations with the State Bank of Pakistan's (SBP) Green Banking Guidelines. As part of its preparatory framework, the Bank is positioning itself for the eventual adoption of IFRS Sustainability Disclosure Standards (IFRS S1 and S2). In terms of portfolio allocation, the Bank extended PKR 30.1 bn in green financing by end-CY25, which includes renewable energy initiatives to facilitate clean energy transitions. Concurrently, environmental and social risk considerations are being integrated into the Bank's credit underwriting processes.

Socially, NBP's inclusive development mandate remains a core operational pillar. The Bank's priority sector lending includes a collective outstanding portfolio of approximately PKR 200 bn under its Inclusive Development Group. This targets agriculture (with an outstanding portfolio of PKR 93 bn primarily supporting small, landless, and tenant farmers), SMEs, and low-cost housing. Efforts toward gender financial inclusion resulted in female borrower accounts increasing to approximately 81,000, with disbursements to women reaching nearly PKR 71 bn during the year.

On the human capital front, workplace diversity was further supported by the induction of over 200 female professionals and the active employment of 152 persons with disabilities. Community engagement included PKR 297.1 mn directed towards Corporate Social Responsibility (CSR) initiatives and participation in the SBP's National Financial Literacy Program, reaching approximately 13,000 citizens. While these ESG factors do not currently act as primary rating drivers, they reflect management's proactive alignment with emerging non-financial regulatory expectations and broader national development goals, thereby supporting long-term franchise sustainability.

## KEY DIGITAL INITIATIVES

The Bank continues to progress on its digital transformation agenda as a core strategic priority, having invested approximately PKR 114.0 bn into its IT systems and infrastructure during CY25. A notable milestone during the year was the scheduled rollout of the long-pending Core Banking application upgrade, alongside enhancements to the Bank's cybersecurity framework. While the liability side of the core banking system has been fully automated, the automation of the asset side remains pending and has been explicitly identified by the Shariah Board as a priority for timely execution. Governance of this technological roadmap is overseen by the Board Technology & Digitalization Committee (BTDC). In 1QCY26, NBP maintained its focus on system resilience, managed services, and strengthening digital capabilities.

On the consumer and business fronts, digital adoption exhibited measurable growth. By end-CY25, the Bank's active debit card base reached 2.9 million, primarily driven by PayPak and Union-Pay issuances, which facilitated a 42% YoY increase in Point-of-Sale (POS) throughput to PKR 32.7 bn. Similarly, the NBP Digital Mobile App expanded its reach to over 2.3 million registered users, processing 45 million transactions valued at PKR 859 bn. For corporate and G2P/P2G (Government-to-Person) collections, platforms such as SmartPay and Bulk Raast recorded multi-fold transaction volume expansion, while the rollout of Raast P2M and P2G QR codes resulted in the onboarding of over 3,000 merchants. Although these digital infrastructure upgrades require sustained expenditure, they progressively improve operational efficiency, lower per-transaction processing costs, support the mobilization of sticky low-cost deposits, and broaden the Bank's fee-based revenue streams.

## SHARIAH GOVERNANCE FRAMEWORK

The Bank has established a formal Shariah governance structure to support its regulatory-driven conversion from a conventional to a fully Shariah-compliant banking model by end-2027. A dedicated Shariah Board, comprising five members (including a Chairman and a Resident Shariah Board Member), provides independent oversight of products, processes, and operations. The framework is reinforced by a Shariah Compliance Department (SCD) and an Internal Shariah Audit Wing (ISAW), which conducts periodic reviews, sample-based transaction testing, and audits of branches, treasury operations, and pool management. To ensure strict adherence to these principles at the operational level, management has integrated a Shariah non-compliance Key Performance Indicator (KPI) within the staff appraisal system.

To systematically oversee the transition, the Board of Directors approved a Shariah Transformation Plan and constituted an Islamic Conversion Committee (ICC) tasked with monitoring the conversion of the branch network, commercial assets, and the overall balance sheet. The recent deployment of a unified core banking system across the Bank is positioned to further facilitate this transition by streamlining operational and technological complexities. Operationally, the Islamic banking footprint expanded during 1QCY26, reaching 312 dedicated branches and 399 Islamic banking windows (Dec'25: 350 windows). Concurrently, the Islamic deposit base grew to PKR 572.7 bn (13.9% of total deposits) by Mar'26 (Dec'25: PKR 559.0 bn - 12.6% of total deposits), while net Islamic financing increased to PKR 276.8 bn - 17.7% of GA (Dec'25: PKR 246.9 bn - 15.3% of GA).

The Shariah Board's annual report indicates that the Bank's overall environment, product offers, and pool management comply with established Shariah directives. This governance architecture mitigates non-compliance risk, supports depositor confidence, and aligns the institution with the State Bank of Pakistan's broader structural objectives for the financial sector.

## AUDIT OPINION

Yusuf Adil & Co. Chartered Accountants and BDO Ebrahim & Co Chartered Accountants, categorized as 'Category A' on SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified opinion.

## BUSINESS RISK

### INDUSTRY

The banking sector in 2025 demonstrated notable resilience and moderate growth, underpinned by strong capitalization, stable profitability, and improving asset quality. The sector maintained a robust capital adequacy ratio of approximately 20.6% as of December 2025, reflecting a solid buffer against potential financial shocks.

Profitability indicators remained stable, with return on assets (ROA) around 1.2% and return on equity (ROE) close to 19.8%, highlighting consistent earnings performance despite prevailing economic challenges. The sector also experienced significant expansion in its balance sheet, as deposits grew by nearly 25% year-on-year, indicating sustained public confidence in the banking system.

Asset quality showed improvement, with non-performing loans (NPLs) contained at approximately 6.0%, suggesting that credit risk remained manageable. Lending activity continued to be concentrated in the corporate and SME segments, which together accounted for more than half of total loans, reflecting banks' focus on productive sectors of the economy.

Overall, in 2025, the banking sector remained stable, liquid, and well-capitalized, playing a critical role in supporting economic activity and facilitating financial intermediation.

### ASSET MIX

Asset Mix (in PKR mn)	CY24	CY25	1QCY26
Cash and Cash Equivalent	401,071	454,486	403,165
	5.9%	6.4%	5.6%
Total Investments	4,612,334	4,922,100	5,159,437
	68.4%	69.6%	71.8%
Net Advances	1,404,868	1,338,086	1,290,423
	21%	19%	18%
Other Asset	325,806	352,309	331,720
	4.8%	5.0%	4.6%
<b>Total Assets</b>	<b>6,744,078</b>	<b>7,066,981</b>	<b>7,184,745</b>

As of Dec'25, the Bank's asset base expanded to PKR 7,067.0 bn (Dec'24: PKR 6,744.1 bn), representing approximately 11% of the total assets of Pakistan's banking industry. The expansion was predominantly reflected in higher deployment towards the investment portfolio, which grew to PKR 4,922.1 bn (Dec'24: PKR 4,612.3 bn) and constituting 69.7% (Dec'24: 68.4%) of assets. This balance sheet expansion was supported by core deposit mobilization, with total deposits increasing to PKR 4,429.3 bn (Dec'24: PKR 3,865.6 bn). The Bank utilized this liquidity influx to build its sovereign investment book and reduce its utilization of institutional borrowings, which decreased to PKR 1,689.7 bn (Dec'24: PKR 1,937.8 bn).

In contrast, the net advances portfolio inched down during CY25, decreasing to PKR 1,338.1 bn (Dec'24: PKR 1,404.9 bn), falling to 18.9% (Dec'24: 20.8%) of assets. The reduction was partly driven by a cautious lending approach in conventional corporate exposures and a strategic portfolio rebalancing toward Shariah-compliant financing and short-tenor trade financing. Consequently, the Bank's Gross Advances-to-Deposit Ratio (ADR) declined to 36.5% (Dec'24: 43.3%).

By Mar'26, the Bank's total assets grew by 1.7% quarter-on-quarter, closing at PKR 7,184.7 bn. This asset growth was entirely directed into the investment portfolio, which expanded to PKR 5,159.4 bn, raising its share in the overall asset mix to 71.8%. Funding for this asset expansion was supported by a resumption in market borrowings, which rose to PKR 2,215.2 bn, while the deposit base contracted to PKR 4,108.7 bn. Meanwhile, the net advances portfolio continued its downward trend, settling at PKR 1,290.4 bn. Despite lower absolute lending volumes, the Gross ADR rose to 38.0% in 1QCY26 as a result of the lower deposit baseline at the end of the quarter.

### LOAN PORTFOLIO

NBP's gross advances portfolio recorded a contraction of 3.5% during CY25, closing at PKR 1,614.8 bn (CY24: PKR 1,672.8 bn), which further reduced to PKR 1,562.3 bn by end-Mar'26. At the segment level, Corporate & Investment Banking (CIB) remains the primary core of the credit portfolio, representing PKR 566.2 bn at year-end, down from PKR 661.1 bn in CY24. The Agriculture, SME, and Commodity segment also contracted to PKR 276.2 bn (CY24: PKR 380.2 bn). Conversely, aligned with the Bank's structural Shariah Transformation Plan, financing within the Islamic banking segment expanded to PKR 250.5 bn (CY24: PKR 146.9 bn), while Retail Banking exposure rose to PKR 291.3 bn (CY24: PKR 259.5 bn), supported by consumer products.

Segments (Rs. in billions)	CY24		CY25	
	GA	GI	GA	GI
Retail Banking	260	1.6%	291	1.63%
Agriculture, SME, Commodity	380	20.4%	276	10.47%
Corporate & Investment Banking	661	3.9%	566	4.15%

International	130	47.1%	135	45.42%
Islamic	147	1.4%	250	0.87%
Others	95	103.7%	96	106.82%
<b>Total Advances</b>	<b>1,673</b>	<b>16.1%</b>	<b>1,615</b>	<b>13.81%</b>

In asset quality metrics, the aggregate Gross Infection (GI) ratio improved to 13.8% at end-CY25 (CY24: 16.1%) and stood at 14.1% by Mar'26. This trend was largely driven by a sharp reduction in non-performing loans within the Agriculture, SME, and Commodity segment, where the GI ratio dropped to 10.5% (CY24: 20.4%). The Islamic portfolio maintained a low infection rate of 0.87% (CY24: 1.4%), whereas the CIB segment experienced a minor increase to 4.15% (CY24: 3.9%). International operations continue to reflect significant legacy stress and structural provisioning dependencies, reporting a GI ratio of 45.4% (CY24: 47.1%).

From a regulatory standpoint, NBP's asset quality indicators continue to be supported by specific relaxations from the State Bank of Pakistan (SBP). Notably, the SBP extended a classification waiver up to December 31, 2025, for overdue loans of certain Public Sector Entities (PSEs) backed by Government of Pakistan sovereign guarantees; while a formal request for an extension is pending, markup on these exposures remains suspended in line with prudential criteria. Additionally, a permanent relaxation has been granted regarding the Expected Credit Loss (ECL) calculation against an overdue foreign currency loan of a specific public sector entity.

Sectors (in PKR million)	CY24		CY25	
	GA	GI	GA	GI
Agriculture Forestry Hunting & Fishing	115,101	51.8%	141,099	4.9%
Mining & Quarrying	2,997	6.4%	4,630	4.2%
Textile	158,393	24.3%	157,131	24.5%
Chemical & Pharmaceuticals	9,529	55.1%	10,275	79.9%
Cement	23,766	26.5%	23,159	0.0%
Sugar	32,495	47.6%	38,805	2.4%
Footwear and Leather garments	1,637	66.6%	3,705	22.3%
Automobile & Transportation Equipment	9,018	15.3%	14,454	2.7%
Electronics & Electrical Appliances	9,664	49.2%	7,614	62.6%
Construction	22,048	44.2%	21,562	44.8%
Oil & Gas	270,712	7.3%	210,013	9.8%
Power (electricity) Gas Water Sanitary	160,208	7.7%	183,637	2.9%
Wholesale and Retail Trade	59,878	19.8%	65,264	17.2%
Transport Storage and Communication	75,316	22.9%	71,617	19.3%
Financial	136,268	0.3%	22,856	1.2%
Services	44,263	2.9%	45,179	3.2%
Individuals	183,202	4.0%	194,863	8.3%
Fertilizer	2,896	48.0%	3,127	44.7%
Metal Products	72,997	44.5%	75,345	42.2%
Telecommunication	29,778	2.9%	36,594	2.6%
Public Sector Commodity Operations	154,241	0.0%	162,704	0.2%
Rice Trading & Processing	47,440	11.8%	51,664	11.3%
Food and Tobacco	22,199	39.5%	25,161	87.4%
Glass and Ceramics	6,570	4.5%	7,018	48.4%
Paper & Board	4,274	14.3%	8,058	7.6%
Engineering	3,661	35.7%	12,586	6.5%
Plastic Products	3,768	46.0%	4,493	32.8%
Media	399	38.0%	388	39.0%
Flour Mills	4,642	18.1%	6,313	0.0%
Sports Goods	1,536	2.2%	1,834	1.4%
Surgical equipment	903	1.5%	180	455.6%
Others	2,966	81.0%	3,518	401.5%
<b>Total Advances</b>	<b>1,672,763</b>	<b>16.1%</b>	<b>1,614,847</b>	<b>13.8%</b>

Sector-wise, the contraction in the loan book during CY25 was primarily driven by a sharp reduction in exposure to the financial sector (↓PKR 113.4 bn) and the Oil & Gas sector, which fell to PKR 210.0 bn (CY24: PKR 270.7 bn). These reductions were partially offset by credit growth in Power, Gas, Water & Sanitary (↑PKR 23.4 bn), Agriculture, Forestry, Hunting & Fishing (↑PKR 26.0 bn), and Individuals (↑PKR 11.7 bn). Public sector commodity financing also grew marginally to PKR 162.7 bn.

## PROFITABILITY

Profitability Indicators (Rs. in m)	CY24	CY25	1QCY26
ROAA	0.40%	1.24%	0.94%
ROAE	8.17%	23.07%	17.81%
Spread	2.39%	3.67%	3.00%
Return on earning asset	17.74%	12.56%	11.11%
cost of fund	15.35%	8.89%	8.11%
Efficiency	85.10%	41.88%	48.19%

In CY25, the Bank's profitability profile registered notable improvement, primarily driven by an expansion in net markup income and a reduction in operating expenses. Net markup income increased to PKR 248.5 bn (CY24: PKR 170.9 bn), as spreads widened to 3.7% (CY24: 2.4%), given that the reduction in the cost of funds to 8.9% (CY24: 15.3%) more than offset the decline in the return on earning assets, which fell to 12.6% (CY24: 17.7%). The moderation in funding costs was primarily attributable to a faster repricing of deposits during the monetary easing cycle, with the average cost of deposits dropping from 13.00% to 7.16%. Non-markup income remained relatively stable during the year, settling at PKR 63.2 bn (CY24: PKR 65.4 bn). Core fee generation and higher foreign exchange income effectively offset the normalization of capital gains and the non-recurring effect of the sale of United National Bank UK JV shares recorded in the prior year.

Operating expenses contracted to PKR 124.8 bn (CY24: PKR 177.4 bn). This baseline reduction reflects the resolution of the Bank's legacy pension case, which eliminated the PKR 57.5 bn non-recurring charge booked in CY24. Nevertheless, the Bank continued to allocate capital toward structural enhancements, investing approximately PKR 114.0 bn into its IT infrastructure. The combination of elevated top-line revenue and normalized administrative overhead resulted in a marked improvement in the efficiency ratio to 41.9% (CY24: 85.1%).

Further, the Bank recorded a higher net provisioning charge of PKR 8.0 bn in CY25 (CY24: PKR 2.3 bn) mainly due to higher provisioning against advances of Rs. 12.8b (FY24: 6.1b). However, provisions against investments, primarily GoP Eurobonds, saw a reduction due to the sovereign rating upgrade from 'CCC+' to 'B-'. Supported by core revenue growth and the resolution of pension case, Profit After Tax (PAT) increased to PKR 85.9 bn (CY24: PKR 26.9 bn). Consequently, the Bank's ROAA and ROAE improved to 1.2% and 23.1%, respectively. Reflecting its strengthened capital position and earnings capacity, the Bank resumed profit distribution by announcing a 350% (Rs. 35/share) dividend.

During 1QCY26, earnings momentum moderated. Net markup income stood at PKR 52.0 bn. Spreads compressed to 3.0% as asset yields continued to reprice downward to 11.1%—a lag effect of high-yielding government securities maturing and rolling over at lower rates—while the cost of funds decreased to 8.1%. The sharp reversal in interest rates in April may also compress total net returns in the treasury book funded by repo borrowings, likely causing a dip in Q2 and subsequently if interest rates rise further.

Non-markup income was recorded at PKR 9.4 bn for the quarter (1QCY25: PKR 11.1 bn). This decline was mainly due to lower Fee & commission and dividend income. Operating expenses increased to PKR 30.0 bn (1QCY25: PKR 28.2 bn) as the Bank maintained targeted investments in digital capabilities and system resilience. Against a lower gross revenue base, this led to an uptick in the efficiency ratio to 48.2%. The bottom line was supported by a net provisioning reversal of PKR 3.5 bn, resulting from improved asset quality and proactive recoveries. Resultantly, the Bank's PAT settled at PKR 16.7 bn in 1QCY26. Nevertheless, we expect moderation from prior year net earnings performance, given also the increased credit risk for the rest of the year.

## FINANCIAL RISK

### ASSET QUALITY

Asset Quality Indicators (in PKR mn)	CY24	CY25	1QCY26
NPLs	269,289	222,984	226,198
Gross Infection	16.1%	13.8%	14.5%
Net Infection	3.0%	0.2%	0.8%
Specific Provisioning Coverage	83.9%	98.6%	95.4%
General Provisioning Coverage	3.0%	4.1%	4.2%
Net NPL to Tier 1 Equity	11.0%	0.7%	2.6%

As of Dec'25, the Bank's Non-Performing Loans (NPLs) decreased by 17.2% to PKR 223.0 bn (Dec'24: PKR 269.3 bn). Consequently, despite the contraction in the total gross advances portfolio during the year, the Gross Infection (GI) ratio improved to 13.8% (CY24: 16.1%). This reduction in the absolute NPL stock was supported by active portfolio cleanup, strengthened recovery mechanisms, and structural improvements in the risk governance framework. While legacy stress persisted in the Textile sector, significant recoveries and settlement-led adjustments in the Agriculture and Power sectors supported the overall improvement in asset quality during the year.

During the first quarter of CY26, NPLs experienced a slight uptick, rising to PKR 226.2 bn. Coupled with further contraction in the loan book, the GI ratio increased to 14.5% by Mar'26. The marginal increase in NPLs and the overall contraction in lending during the quarter were attributed to seasonal factors, which management expects to reverse in subsequent quarters. However, given the generally heightened credit risk environment, there may be continued credit risk related pressures during the year. Specific provisioning coverage

improved to 98.6% (CY24: 83.9%), before adjusting to 95.4% by Mar'26. Furthermore, the Bank maintained a general provisioning buffer of PKR 57.0 bn against performing loans. This drove general provisioning coverage up to 4.1% in CY25 (CY24: 3.0%), remaining steady at 4.2% in 1QCY26. Moving into 1QCY26, the Bank recorded a net reversal of PKR 3.5 bn in credit provisions, which reflects improved asset quality, alongside a forward-looking assessment of portfolio risks under evolving sector-specific conditions.

Supported by these elevated provisioning levels, net infection fell to 0.2% as of Dec'25 (CY24: 3.0%) and remained contained at 0.8% by Mar'26. Similarly, the Bank's capital buffer against asset quality risks strengthened considerably. Net NPLs to Tier-1 Capital dropped to 0.7% at year-end (Dec'24: 11.0%), indicating adequate loss-absorption capacity, before recording a slight increase to 2.6% by Mar'26 as the coverage ratio dropped slightly.

## MARKET RISK

Investments by segments (in PKR mn)	CY24	CY25
Federal Govt Securities	4,358,337	4,701,106
- MTBs	1,206,109	1,305,930
- PIBs	3,015,912	3,082,964
- GoP Ijarah Sukuk	110,462	266,901
- Foreign Currency Debt Securities	25,855	36,844
- Other Federal Govt Securities	-	8,466
Shares	106,605	101,652
- Listed	105,072	92,257
- Unlisted	1,533	9,395
Non-Government Debt Securities	42,378	29,550
- Listed	42,378	11,366
- Unlisted	-	18,184
Foreign Securities	93,522	78,495
- Govt Debt Securities	40,951	39,020
- Other Securities	52,571	39,474
Associates & Subsidiaries	2,372	1,369
Others	9,119	9,929
<b>Total</b>	<b>4,612,334</b>	<b>4,922,100</b>

As of end-Dec'25, NBP's investment portfolio expanded to PKR 4,922.1 bn from PKR 4,612.3 bn at end-Dec'24. By Mar'26, the portfolio registered further growth, reaching PKR 5,159.4 bn. The portfolio remains highly concentrated in sovereign exposures, with Federal Government securities constituting the vast majority at 95.5% of total investments as of Dec'25 (Dec'24: 94.5%). This high concentration in sovereign instruments keeps the overall credit risk profile of the investment book low.

Within the sovereign portfolio, the Bank maintained a relatively stable strategy during the year, albeit with some notable shifts in composition. Exposure to Pakistan Investment Bonds (PIBs) increased slightly to PKR 3,083.0 bn (Dec'24: PKR 3,015.9 bn), continuing to represent the largest portion of the portfolio at 62.6% (Dec'24: 65.4%). Floaters constituted 69.2% as at December 31, 2025, which slightly decreased to 65.7% at March 31, 2026. The weighted average maturity of Floater PIBs stood at 2.93 years while Fixed PIBs weighted average maturity came in higher at 4.21 years (Dec'25: Floater PIBs: 2.84 years, Fixed PIBs: 3.80 years).

Nevertheless, the Bank also enhanced its allocation to shorter-duration Market Treasury Bills (MTBs), which grew to PKR 1,305.9 bn (Dec'24: PKR 1,206.1 bn). Furthermore, there was a substantial proportional increase in the holdings of GoP Ijarah Sukuk, which more than doubled to PKR 266.9 bn (Dec'24: PKR 110.5 bn). The balance of the investment portfolio consists of non-sovereign and foreign exposures, which collectively account for a minor fraction of the total mix. Equity investments (Shares) decreased slightly to PKR 101.7 bn (Dec'24: PKR 106.6 bn), largely driven by a reduction in listed equities, while non-government debt securities declined to PKR 29.6 bn (Dec'24: PKR 42.4 bn). Foreign securities also contracted to PKR 78.5 bn (Dec'24: PKR 93.5 bn).

Driven by the market yields and interest rate dynamics, the portfolio reported an overall net surplus on revaluation of assets (net of deferred tax) amounting to PKR 125.5 bn as of Dec'25 (Dec'24: PKR 118.2 bn). This surplus, however, moderated to PKR 86.7 bn by the end of 1QCY26. The decline was primarily attributable to adverse market developments, causing a sharp reduction in the surplus on revaluation of FVOCI debt securities, which decreased from PKR 72.1 bn to PKR 7.5 bn. Given the recent reversal of the interest rate trajectory, surpluses are likely to be largely eroded by June '26.

## FUNDING & LIQUIDITY

Breakup of Deposits (in PKR mn)	CY24	CY25	1QCY26
Current deposits	1,948,300	2,162,527	1,945,933
	50.4%	48.8%	47.4%
Saving deposits	1,124,369	1,413,255	1,402,951
	29.1%	31.9%	34.1%
Term deposits	781,176	827,465	742,005
	20.2%	18.7%	18.1%
Others	11,721	26,019	17,838
	0.3%	0.6%	0.4%
<b>Total</b>	<b>3,865,212</b>	<b>4,429,265</b>	<b>4,108,727</b>
Liquidity Indicators (Rs. in m)	CY24	CY25	1QCY26
Deposits	3,865,565	4,429,265	4,108,727
Liquid Assets	5,000,380	5,337,709	5,511,486
Borrowings	1,937,757	1,689,657	2,215,236
CASA	78.5%	80.7%	81.5%
Gross Advance to Deposit ratio	41.8%	35.5%	37.1%
Liquid assets to deposit and borrowing	79.7%	82.7%	80.6%
Liquid Coverage Ratio (%)	206.0%	215.0%	199.0%
Net Stable Funding Ratio (%)	174.0%	176.0%	153.0%

As of end-Dec'25, NBP's deposit base expanded markedly to PKR 4,429.3 bn (Dec'24: PKR 3,865.2 bn), exhibiting strong momentum primarily driven by a substantial influx of current accounts, which grew to PKR 2,162.5 bn. This growth propelled the CASA ratio to a robust 80.7% (Dec'24: 79.5%). During the first quarter of CY26, deposits dipped slightly, contracting to PKR 4,108.7 bn. The sustained high CASA ratio, well above 80%, reflects the Bank's strategy to maintain a low-cost and stable funding structure. By value, deposits are notably concentrated at the top, with just 421 customers in the > PKR 1,000 million bracket holding PKR 2,138.8 billion, representing roughly half of the PKR 4,302.8 billion total deposit base. Below this level, deposit base is diversified, supported by an expansive network of over 7.4 million individual retail customers holding accounts smaller than PKR 50 million, which together contribute PKR 1,286.4 billion to the funding mix. Repo borrowings were also utilized to generate higher treasury returns, and maximizing spreads from an expanding sovereign investment book.

Marked by stability in the funding profile, liquidity buffers have remained adequate, supported by liquid asset reserves which reached PKR 5,511.5 bn by Mar'26. Liquid assets to deposits and borrowings stood at 80.6% in 1QCY26 (CY25: 82.7%). Regulatory liquidity indicators continued to comfortably exceed minimum thresholds, with the Liquidity Coverage Ratio (LCR) reported at 199.0% and the Net Stable Funding Ratio (NSFR) at 153.0% as of Mar'26. Meanwhile, the Gross Advance-to-Deposit Ratio (ADR) fell to 35.5% by end-Dec'25 (Dec'24: 41.8%), reflecting a cautious credit expansion strategy. Although the ADR slightly adjusted to 37.1% in 1QCY26 due to the contracted deposit base, the level continues to reflect low credit exposure.

## CAPITALIZATION

Capitalization (in PKR mn)	CY24	CY25	1QCY26
Share capital	21,275	21,275	21,275
Reserves	82,412	82,914	85,852
Unappropriated profit	235,062	301,772	238,345
Shareholder's Equity (excl. revaluation reserve)	338,749	405,961	345,472
Tier 1 Equity (CAR Statement)	353,930	410,259	338,716
Tier-1 CAR (%)	20.51%	19.65%	16.74%
Total Eligible Capital	479,825	547,372	436,548
Risk Weighted Asset	1,726,061	2,088,113	2,023,929
Capital Adequacy Ratio (%)	27.80%	26.21%	21.57%
Leverage Ratio (%)	3.88%	4.37%	3.49%

NBP's shareholders' equity (excluding revaluation reserves) increased significantly to PKR 406.0 bn by end-Dec'25 (Dec'24: PKR 338.7 bn), primarily supported by strong internal capital generation and substantial growth in retained earnings. Unappropriated profits climbed to PKR 301.8 bn (Dec'24: PKR 235.1 bn). The Bank's total eligible capital rose to PKR 547.4 bn in CY25 (CY24: PKR 479.8 bn). Despite this increase in capital base, the Capital Adequacy Ratio (CAR) slightly moderated to 26.21% (CY24: 27.80%) and Tier-1 CAR dipped to

19.65% (CY24: 20.51%). This dilution in capital ratios was driven by a more rapid expansion in Risk Weighted Assets (RWAs), which grew to PKR 2,088.1 bn (Dec'24: PKR 1,726.1 bn) on account of increase in market risk component.

As of Mar'26, shareholders' equity recorded a contraction to PKR 345.5 bn (excl. revaluation reserves). This reduction was primarily driven by a decline in unappropriated profits, which dropped to PKR 238.3bn, due to the dividend payout announced, with the Board recommending a final cash dividend of Rs. 35 per share (350%) for 2025. Correspondingly, Tier-1 equity decreased to PKR 338.7 bn, while total eligible capital moderated to PKR 436.5 bn. Concurrently, RWAs experienced a slight decline to PKR 2,023.9 bn. As the reduction in capital outpaced the contraction in RWAs, the Bank's CAR further declined to 21.57% and Tier-1 CAR fell to 16.74%. The leverage ratio at 3.49% (Dec'25: 4.37%), also indicates relatively higher leverage. Nonetheless, the Bank's capitalization indicators remain comfortably above the minimum regulatory requirements, indicating robust and adequate capital buffers to support future operations, including the planned transition toward a fully Shariah-compliant banking framework.

FINANCIAL SUMMARY (Rs. in millions)					
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Mar-26
<b>BALANCE SHEET</b>					
Cash and Cash Equivalent	279,777	529,748	401,071	454,486	403,165
Total Investments	3,477,354	4,403,364	4,612,334	4,922,100	5,159,437
Net Advances	1,230,522	1,398,077	1,404,868	1,338,086	1,290,423
Fixed Asset	58,495	58,484	69,925	75,642	75,634
Other Asset	194,277	263,034	255,880	276,667	256,086
Total Assets	5,240,425	6,652,707	6,744,078	7,066,981	7,184,745
Borrowings	1,940,486	2,177,743	1,937,757	1,689,657	2,215,236
Deposits & other accounts	2,666,184	3,674,359	3,865,565	4,429,265	4,108,727
Other Liabilities	332,907	417,849	483,805	416,640	428,622
Total Liabilities	4,939,577	6,269,952	6,287,127	6,535,562	6,752,585
Paid Up Capital	21,275	21,275	21,275	21,275	21,275
Shareholder's Equity (excl. revaluation reserve)	257,931	319,101	338,749	405,961	345,472
Tier 1 Eligible Capital	231,191	283,307	353,930	410,259	338,716
Total Eligible Capital	306,227	376,704	479,825	547,372	436,548
<b>INCOME STATEMENT</b>					
Net Spread Earned	116,827	168,748	170,888	248,512	51,981
Net Provisioning / (Reversal)	-	-	2,258	8,015	-3,496
Non-Markup Income	36,684	40,606	65,426	63,233	9,437
Operating Expenses	78,100	93,346	177,338	124,777	30,023
Profit/ (Loss) Before Tax	62,737	101,253	56,677	178,914	34,872
Profit / (Loss) After Tax	30,410	51,840	26,866	85,912	16,725
<b>RATIO ANALYSIS</b>					
Market Share (Advances) (%)	10.4%	11.50%	8.9%	9.0%	8.83%
Market Share (Deposits) (%)	11.4%	12.6%	12.2%	11.2%	10.35%
Gross Infection (%)	14.27%	13.53%	16.10%	13.81%	14.48%
Net Infection (%)	1.17%	1.21%	3.00%	0.23%	0.77%
Specific Provisioning Coverage (%)	92.89%	92.19%	83.86%	98.56%	95.39%
General Provisioning Coverage (%)	1.41%	2.13%	3.00%	4.10%	4.20%
Net NPLs to Tier-1 Capital (%) (adj. for general prov.)	5.87%	5.51%	10.97%	0.69%	2.64%
Return on Earning Asset (%)	12.09%	18.39%	17.74%	12.56%	11.11%
Cost of Fund (%)	9.51%	15.57%	15.35%	8.89%	8.11%
NIM (%)	2.59%	2.82%	2.39%	3.67%	3.00%
Efficiency (%)	51.85%	45.94%	85.10%	41.88%	48.19%
ROAA* (%)	0.67%	0.87%	0.40%	1.24%	0.94%
ROAE* (%) (Net Shareholder Equity)	12.68%	17.97%	8.17%	23.07%	17.81%
Liquid Coverage Ratio (%)	147.00%	176.00%	206.00%	215.00%	199.00%
Net Stable Funding Ratio (%)	251.00%	159.00%	174.00%	176.00%	153.00%
Liquid Assets to Deposits & Borrowings** (%)	67.90%	74.52%	79.66%	82.73%	80.64%
Gross Advances to Deposits Ratio*** (%)	50.79%	42.38%	41.79%	35.50%	37.10%
Tier-1 CAR (%)	16.30%	19.16%	20.51%	19.65%	16.74%
Capital Adequacy Ratio (%)	21.59%	25.47%	27.80%	26.21%	21.57%

## REGULATORY DISCLOSURES Appendix II

<b>Name of Rated Entity</b>					
<b>Sector</b>					
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Entity Ratings				
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Short Term</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: ENTITY</b>				
	30-Jun-26	AAA	A1+	Stable	Reaffirmed
	30-Jun-25	AAA	A1+	Stable	Reaffirmed
	26-Jun-24	AAA	A1+	Stable	Reaffirmed
	23-Jun-23	AAA	A1+	Stable	Reaffirmed
	27-Jun-22	AAA	A1+	Stable	Reaffirmed
	28-Jun-21	AAA	A1+	Stable	Reaffirmed
	29-Jun-20	AAA	A1+	Stable	Reaffirmed
	28-Jun-19	AAA	A1+	Stable	Reaffirmed
29-Jun-18	AAA	A1+	Stable	Reaffirmed	
30-Jun-17	AAA	A1+	Stable	Reaffirmed	
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
<b>Probability of Default</b>	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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<b>Due Diligence Meetings Conducted</b>	<b>Name</b>	<b>Designation</b>			<b>Date</b>
	Mr. Abdul Wahid Sethi	SEVP & Group Chief Financial Control Group			June 17th 2026
	Mr. Muhammad Ismail Usuf	SEVP and Group Chief, Treasury & Capital Markets Group			
	Mr. Haroon Zamir Khan	SEVP & Group Chief/Chief Risk Officer			
	Mr. Usman Shahid	SEVP & Group Chief, Corporate and Investment Banking Group			