

National Bank of Pakistan

Pension case update

Update on NBP's pension case

- Today's court session, as per media reports, yielded a significant decision regarding the pension dues of retired employees.
- The court dismissed NBP's plea and ruled in favor of disbursing pensions to the ~11,500 retired employees.
- It was decided that NBP would allocate PKR 60bn for pension payments, to be disbursed within one month.

Impact on NBP's financials

- According to circulating media reports, NBP is expected to disburse ~PKR 60bn (pre-tax) to pensioners, while the reported liability in the books stands at PKR 98.5bn. As we await clarification on the agreed-upon amount, we have assessed the potential impact of both scenarios on EPS and CAR.
- In the event that NBP settles the amount at PKR 60bn (after tax, PKR 30.6bn net), the per-share negative impact on EPS is projected to be PKR 14. On the other hand, if the entire liability of PKR 98.5bn (after tax, PKR 50.2bn net) is settled, the per-share negative impact is estimated to be PKR 23.
- Furthermore, as of Dec'23, the Bank's CAR stood at 25.8%, exceeding the minimum requirement of 14%. Despite a pension liability of PKR 98.5bn (after tax, PKR 50.2bn net), the Bank possesses ample capital to cover the entire obligation.
- Even accounting for the full liability, the CAR is anticipated to remain comfortably above the minimum requirement, estimated at approximately 22.4%.
- If the total settlement amount, reported by media outlets as PKR 60bn (after tax, PKR 30.6bn net) materializes, the impact on the CAR will be 23.8%.
- Please note that these figures are subject to change pending further clarification and updates.

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Disclosure required under Research Analyst Regulations, 2015:

In order to avoid any conflict of interest, we hereby disclosed that; Arif Habib Limited (AHL) has shareholding in NBP.

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