

NBP: Update on Pensionary Benefits to Retired Employees Case

Flashnote: Commercial Banks – National Bank of Pakistan (NBP)

Thursday, September 17, 2026

- According to latest disclosures by the National Bank of Pakistan (NBP), the Honourable Supreme Court of Pakistan has concluded the hearing related to the Government increases in pension, and reserved the judgment in the matter.

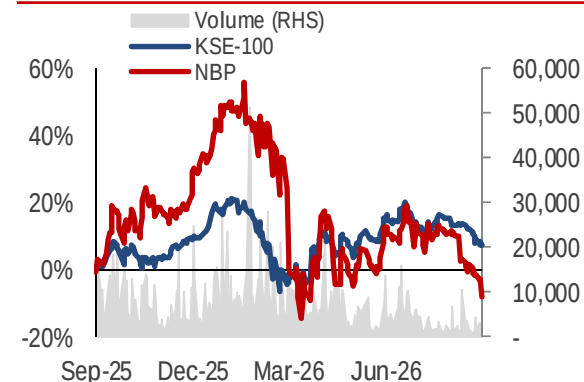
Background of the Case:

- The Honourable Supreme Court of Pakistan (in Review Jurisdiction) had by its order dated March 27, 2024 dismissed all the civil review petitions filed by the Bank in respect of the pension litigation. Accordingly, the Bank made payments to majority of petitioners as well as non-petitioners.
- The judgment above also directed NBP to pay the arrears of any Government increases in pension but to only pensioners who were directly involved and were parties to the aforesaid litigation. However, an off-shoot of the said litigation had been pending final judgment in the Supreme Court wherein a different class of pensioners were claiming payment of Government increases in pension from NBP.
- Subsequently, NBP had been granted interim relief by the Supreme Court, which suspended the operation of judgment of the Honourable Lahore High Court which had directed NBP to pay such pension increases. Nevertheless, hearings in this matter have now been concluded and the judgment has been reserved.

Financial Impact:

- As per NBP's Annual Report 2025, as a matter of abundant caution the Bank had already incorporated the financial impact of the litigation in its financial statements for the year ended December 31, 2024. Hence, we anticipate no further financial impact of the reserved judgment, unless the scope of the petitioners has widened from the earlier estimates. Even in case of latter, any incremental financial impact is likely to be quite minimal i.e. almost inconsequential for the Bank's financial outlook.

12 Month Relative Performance of NBP



Source: PSX and TSL Research

SECP Research Entity Notification Number: REP-040

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- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S, EV/EBITDA, EV/Revenue etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: <https://jamapunji.pk/>

Frequently Used Acronyms

TP	Target Price	DCF	Discounted Cash Flow	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/BVPS	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield
ROE	Return on Equity	ROA	Return on Assets	JPB	Justified Price to Book

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