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The National Savings Bank recorded a Profit before Tax 15 billion for the First Six Months of 2024



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National Savings Bank had already surpassed the previous year’s profit after Tax (PAT) by the second quarter of this year. The Bank registered a PBT of 15 billion for the six months of 2024, whereas the PAT for 2023 was 7.21 billion rupees.

Harsha Cabraal, Chairman of NSB said, “Our strong profitability in the first six months of this year is a testament to the strategic focus of our corporate manage- ment, the dedication and hard work of our employees, and the emerging eco- nomic stabilization following the recent crisis. Despite the challenging environ- ment, our team has remained resilient, and together, we have successfully navigated the complexities of the market. This collective effort has positioned the Bank to recover and thrive in the post- crisis landscape.”

Shashi Kandambi, GM, NSB comment- ed on the increased profitability: “Our net interest income saw a significant boost, primarily driven by our optimal treasury operations and exemplary li- quidity management. All key perfor- mance indicators of the Bank have shown improvement, reflecting the increased profitability supported by economic sta- bilization and the favorable impact of the declining interest rate environment. Our strong financial performance rein- forces our role in contributing to the na- tion’s recovery and growth, staying true to the Bank’s core

mission.”

Despite ongoing reductions in policy interest rates, the Bank benefited from liabilities being repriced at a lower cost. Although interest income for the first six months declined by seven percent to 103 billion rupees, interest expenses dropped by 29 percent to 71 billion rupees. This positive effect led to a 170 percent increase in Net Interest Income compared to last year’s period, reaching 32.5 billion rupees. Fee and commission income rose by 55 percent, mainly due to increased fees and commissions from cards, mobile app transactions, and Internet banking transactions compared to the same period last year. The net gain on derecognition from financial assets at fair value through other comprehensive income skyrocketed by 543 percent, fuelled by realized gains from treasury bonds and treasury bills amounting to 442 million rupees. Operating expenses increased by 32 percent, mainly due to the increase in salary costs from the 2024- 2026 collective agreement, while other expenditures grew by nine percent, mirroring global inflationary pressures.

The asset quality of the Bank improved mainly due to positive effects of economic recovery and declining interest rates, which have strengthened the financial position of borrowers previously impacted by repeated crises, allowing them to resume their loan repayments and allowing stronger recovery actions taken by the Bank. NSB reported an Impaired Loans (Stage 3) Ratio (net of Stage 3 impairment) and Impairment (Stage 3) to Stage 3 Loans Ratio of 2.50 percent and 53.54 percent, respectively, demonstrating the Bank’s financial resilience and prudent management of credit risk. These strategic measures have contributed to an improved bottom line, underscoring the Bank’s commitment to maintaining stability even in challenging economic conditions.

A drastic improvement was shown in operating profit before tax, which was 20.11 billion in the reporting period. A 360-degree turnaround was materialized with positive market conditions and tremendous dedication and collaboration. The Bank paid 1.2 billion rupees in taxes to the government during the year’s first half, including Value Added Tax (VAT) on financial services, Social Security Contribution Levy (SSCL) on financial services, and Income Tax.

Profitability metrics significantly improved in the year’s first half compared to the end of 2023. Net Interest Margin (NIM) increased by 207 basis points to 3.86 percent. At the same time, Return on Assets (ROA) and Return on Equity (ROE) were 1.78 percent and 20.74 percent, respectively, reflecting rises of 152 and 1,138 basis points. This substantial growth was achieved through strategic decisions made at optimal times.