Flash Note

Thursday, September 17, 2026

Commercial Banks

National Bank of Pakistan- Update on the Pension Case

As per the PSX notice issued by NBP, the Federal Constitutional Court of Pakistan on September 16, 2026, has announced a judgement with regards to entitlement of pensioners to receive government increases in their pension. The FCC has dismissed the Bank's appeal in this regard, thereby entitling the pensioners to the government increases in their pension.

Background of the Case

In 2024, the Supreme Court of Pakistan dismissed all the civil review petitions filed by the Bank in respect of the pension liabilities and ordered the Bank to pay approximate PKR 60bn in pension dues. Accordingly, the bank paid PKR 49bn settling the claims of majority of petitioners as well as non-petitioners. The judgement also directed the bank to pay the arrears of any government increases in pension. As disclosed in the Bank's annual report of CY25, an offshoot of the said judgement had been pending final judgement with a different class of pensioners claiming payment of Government increases in pension. NBP had been granted an interim relief by the Supreme Court in this regard which had also suspended the operation of the judgement of the Lahore High Court which directed NBP to pay such pension increases. Hearings in this matter have now been concluded.

Financial Impact

As per NBP's Annual Report 2025, the Bank had already recognized the financial impact of the litigation in its financial statements for the year ended December 31, 2024, as a matter of prudence. Accordingly, we do not expect any material incremental financial impact from the reserved judgment, unless the scope of the petitioners has expanded beyond the Bank's earlier estimates. Even if the estimates are changed, we believe that NBP has an adequate capital position with a strong total CAR of 22.3% as at June 2026, which provides sufficient capacity to absorb the associated cash outflow and the impact is expected to remain minimal on the Bank's overall financial outlook.

Recommendation:

Based on the expected minimal impact of current pension case update, we reiterate our BUY stance on the scrip and once provision amount is provided by the management we will revisit our investment case in case of substantial revision

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