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PRESS RELEASE

NBP Announces Annual Accounts

Board of Director's of National Bank of Pakistan in their meeting held on March 01, 2011 approved the Financial Statements of the Bank for the year ended December 31, 2010 and announced 25% Bonus and 75% (Rs. 7.5 per share) cash dividend payout to the share holder's for the year 2010.

In an already challenging environment, historic floods in the country intensified the effects on already fragile economy. The floods affected around 20.0 million people, majority of whom were subsistence farmers, and therefore not only there was a financial impact but also presented a social and humanitarian challenge. There was large scale damage to infrastructure as well as the irrigation system of the country. In wake of these floods the GDP growth target of the country was also revised from initial 4.5% to best estimates of 2.5% to 3.0%.

Year 2010 was a milestone year for the bank as NBP became the first financial institution in the country to surpass the '1.0 Trillion Rupee' mark. Total assets of the bank were at Rs.1.035 trillion at the year end up by 9.5% from year end 2009, an appreciable growth in a challenging economic environment. The pre- tax profit increased by 15% from Rs. 21.3 billion to Rs.24.4 billion despite making general provision of Rs. 1.7 billion against advances and non-repetition of capital gain on NIT Units of Rs.3.9 billion in 2009. The increase is owing to higher core revenues and lower provision charge. Earnings per share however remained at last year level of Rs.13.05 due to prior year tax reversal of Rs.4.1 billion in 2009.

The top line (operating revenue) increased by 7.8% from Rs. 56.5 billion in 2009 to Rs. 60.9 billion in 2010. Net interest income increased by 15.4% or Rs. 5.8 billion from the corresponding period last year due to higher balance sheet size and re-profiling of liability side. The bank's total deposits increased by Rs. 104.7 billion or 14.4%. The bank also managed to increase its CASA deposit ratio from 56% last year to 62%. The core revenue from fee business increased by 8% attributable to enhanced focus on trade business and higher revenue from general banking. Capital gains are lower by 45% mainly due to recording of Rs.3.9 billion capital gain last year on redemption of NIT Units. However, the bank took advantage of higher share prices and was able to realize capital gains of Rs.2.5 billion in 2010 which is higher by Rs. 1.4 billion from 2009 capital gains excluding NIT redemption.

Provision charge against advances decreased by Rs. 4 billion, from Rs. 11.0 billion in 2009 to Rs.7.0 billion in 2010 despite making general provision against advances of Rs1.7 billion in 2010 to further strengthen the balance sheet.

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The bank was reaffirmed “AAA” rating by JCR-VIS Credit Rating Company in June 2010. The bank was awarded “Bank of the Year” award for the year 2010. The bank has been ranked in “Top 500 banks” in the world by “The Banker Magazine” in its July 2010 edition.

Going forward the bank shall continue to focus on increasing its deposits with emphasis on increasing Current & Saving (CASA) deposit ratio. Efforts will be diverted towards recoveries and negotiated settlements will be speeded up to avoid lengthy litigations thereby achieving reduction in provisioning charge. Increase in non mark up income with particular focus on to fees and commission income shall be a high priority. Technology up gradation in the form of ongoing implementation of core banking, online connectivity and allied projects will be performed with commitment to complete the jobs on time.

Yours Sincerely,

Head of Marketing PR & Media