

# MOODY'S

## INVESTORS SERVICE

### COMPANY PROFILE

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## National Bank of Pakistan

Karachi, Pakistan

### Company Overview

National Bank of Pakistan (NBP) is the second-largest commercial bank in Pakistan, with market shares of 14% in terms of total deposits and 15% in terms of total loans as of 30 September 2016. As of that date, it reported total consolidated assets of PKR1.8 trillion (USD17.4 billion).

Together with its joint venture and subsidiaries, NBP provides commercial banking services, including *modaraba* management, broking, leasing, foreign currency remittances, exchange transactions, asset management and investment advisory services. As of 30 September 2016, the bank operated through a network of 1,409 domestic branches, 21 overseas branches and four overseas representative offices.

NBP was established in November 1949 under the National Bank of Pakistan Ordinance 1949. Its shares are listed on the Pakistan Stock Exchange (formerly known as the Karachi Stock Exchange; stock code, NBP). As of 30 September 2016, the Government of Pakistan and the State Bank of Pakistan (SBP) owned a combined stake of 75.6% of its total share capital.

Note: Currency converted using exchange rate of PKR–USD0.00947 as of 30 Sep 2016  
Source: *Company Reports (financial statements Sep 2016, annual report Dec 2015)*, Moody's research, [www.psx.com.pk](http://www.psx.com.pk), [www.oanda.com](http://www.oanda.com)

## Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on National Bank of Pakistan, please see <[National Bank of Pakistan page on moodys.com](#)>.

### EXHIBIT 1

#### Latest Full-Year Results

National Bank of Pakistan

(in PKR Billion)	31-Dec-15	31-Dec-14	31-Dec-13	% Change 15/14	% Change 14/13
PKR/USD, Period end	0.00942	0.00981	0.00936	-	-
Total Assets	1,712	1,550	1,372	10.47	12.93
Total Shareholders' Equity	172	183	161	(5.99)	13.65
Shareholders' Equity excluding Minority Interest	171	182	160	(6.02)	13.78
Total Regulatory Capital	135	142	131	(4.95)	8.11
Tier 1 Ratio (%)	13.05	12.25	11.02	80 bps	123 bps
Net Income	20	16	5	24.92	202.84
Net Income Attributable to Equity Holders	20	16	5	24.61	204.94

Note: Based on consolidated financial data

Source: Company Reports (financial statements Dec 2015 and Dec 2014), [www.oanda.com](#)

### EXHIBIT 2

#### Latest Nine-Month Results

National Bank of Pakistan

(in PKR Billion)	30-Sep-16	30-Sep-15	% Change 16/15
PKR/USD, Period end	0.00947	0.00953	-
Total Assets	1,835	1,548	18.55
Total Shareholders' Equity	172	170	1.08
Shareholders' Equity excluding Minority Interest	171	169	1.12
Total Regulatory Capital	N/A	N/A	N/A
Tier 1 Ratio (%)	N/A	N/A	N/A
Net Income	14	11	20.53
Net Income Attributable to Equity Holders	14	11	20.89

Note: Based on unaudited consolidated financial data

Source: Company Reports (financial statements Sep 2016 and Sep 2015), [www.oanda.com](#)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](#) for the most updated credit rating action information and rating history.

## Business Activities

NBP provides commercial banking services, including *modaraba* management, broking, leasing, foreign currency remittances, exchange transactions, asset management and investment advisory facilities. Furthermore, the bank acts as an agent for the SBP, and is responsible for administering treasury transactions on behalf of the Government of Pakistan. It also offers Islamic banking facilities and trustee services.

NBP organises its activities under the following eight business segments: Corporate Finance; Trading and Sales; Retail Banking; Commercial Banking; Payment and Settlement; Agency Services; Assets Management; and Retail Brokerage. For the financial year ended 31 December 2015 (2015), the largest contributor to the bank's total income was the Commercial Banking segment (75.1%).

**Corporate Finance:** This segment provides underwriting, privatisation, merger and acquisition, securitisation, research, debt (government and high-yield), equity, syndication and secondary private placement services, as well as initial public offering (IPO) facilities. In 2015, it accounted for 0.6% of the bank's total income.

**Trading and Sales:** This segment offers fixed-income, equity, foreign exchange, credit, commodity, funding, lending and repo, and broking services. As of 31 December 2015, it reported total consolidated assets of PKR1.5 billion (USD13.8 million), and accounted for 0.3% of the bank's total income in 2015.

**Retail Banking:** This segment provides retail and private loans, deposit facilities, banking, trust and estate investment advisory, merchant/commercial and private label, and retail services. As of 31 December 2015, it reported total consolidated assets of PKR254.7 billion (USD2.4 billion), and accounted for 13.0 % of the bank's total income in 2015.

**Commercial Banking:** This segment offers project, export and trade finance, as well as real estate, factoring, lending, guarantee, bill of exchange and deposit services. As of 31 December 2015, it reported total consolidated assets of PKR1.4 trillion (USD13.4 billion), and accounted for 75.1% of the bank's total income in 2015.

**Payment and Settlement:** This segment provides payment and collection, clearing and settlement, and fund-transfer services. It accounted for 2.6% of the bank's total income in 2015.

**Agency Services:** This segment offers escrow, securities-lending, depository receipt, corporate action, issuer and paying agent services. As of 31 December 2015, it reported total consolidated assets of PKR25.1 billion (USD236.6 million), and accounted for 6.9% of the bank's total income in 2015.

**Assets Management:** This segment provides asset management, *modaraba* management and investment advisory services. As of 31 December 2015, it reported total consolidated assets of PKR2.5 billion (USD23.8 million), and accounted for 1.4% of the bank's total income in 2015.

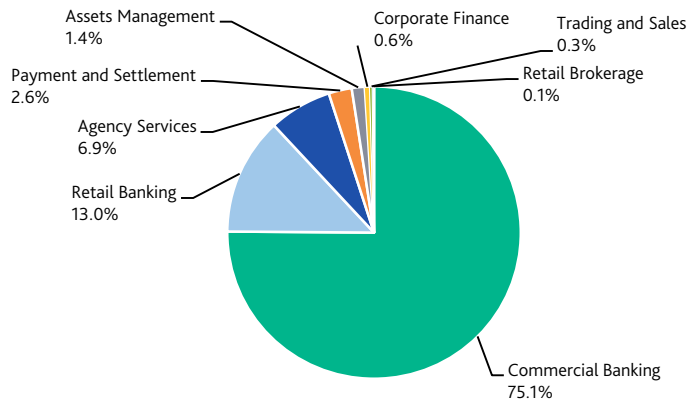
**Retail Brokerage:** This segment includes stock-broking, investment-advisory and fund-placement services. As of 31 December 2015, it reported total consolidated assets of PKR477.0 million (USD4.5 million), and accounted for 0.1% of the bank's total income in 2015.

Note: Currency converted using exchange rate of PKR–USD0.00942 as of 31 Dec 2015  
Source: *Company Reports (financial statements Dec 2015, annual report Dec 2015)*, [www.oanda.com](http://www.oanda.com)

EXHIBIT 3

**Business Segment**

(% of Total Income, consolidated, for 2015)

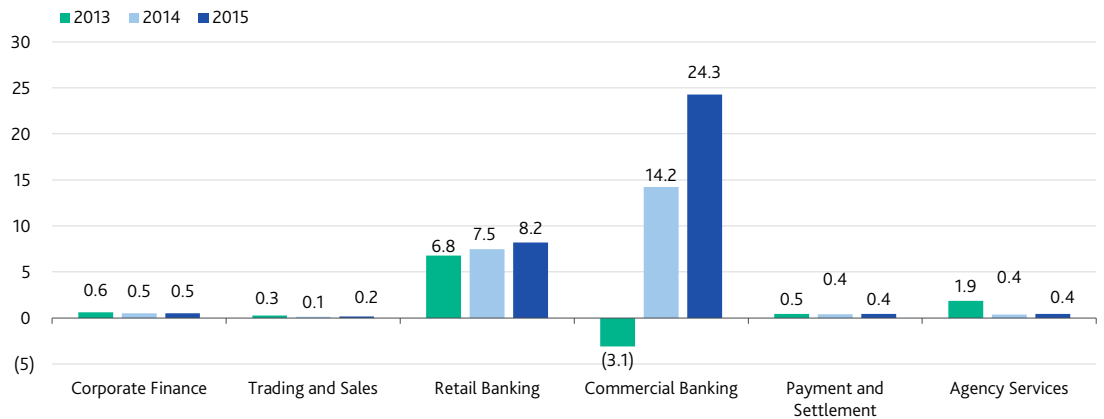


Source: Company Report (financial statements Dec 2015, Pg: 287)

EXHIBIT 4

**Net Income/(Loss) per Business Segment**

(consolidated, in PKR Billion)



Note: Excluding "Assets Management" and "Retail Brokerage" segments, due to their negligible contribution

Source: Company Reports (financial statements Dec 2015, Pg: 287 and Dec 2014, Pg: 273)

## Distribution Capacity and Market Share

As of 30 September 2016, the bank operated through a network of 1,409 domestic branches (31 December 2015, 1,403), 21 overseas branches (2015, 21) and four overseas representative offices. In addition, it provides products and services through alternative distribution channels, including ATMs and online banking.

The geographical breakdown of the bank's profit before tax was as follows:

EXHIBIT 5				
Region	Profit Before Tax (%)		Profit Before Tax (PKR Million)	
	2015	2014	2015	2014
Pakistan	99.6	99.8	38,034	34,240
Middle East	0.4	0.2	139	76
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>38,172</b>	<b>34,316</b>

\* Excluding Asia Pacific (including South Asia), the US and Europe, due to their negative contributions

As of 30 September 2016, NBP was the second-largest commercial bank and the largest government-owned bank in Pakistan, with market shares of 15% in terms of total loans and 14% in terms of total deposits.

Source: Company Reports (financial statements Sep 2016, annual report Dec 2015), Company data, Moody's research

## Ownership and Structure

As of 31 December 2015, NBP had 2,127,513,100 ordinary shares in issue, listed on the Pakistan Stock Exchange (formerly the Karachi Stock Exchange), which is regulated by the Securities and Exchange Commission of Pakistan. As of 30 September 2016, the Government of Pakistan and SBP owned 75.6% of its total share capital.

Source: Company Reports (financial statements Sep 2016 and Dec 2015), Securities and Exchange Commission of Pakistan, [www.psx.com.pk](http://www.psx.com.pk)

## Ownership Structure

As of 31 December 2015, the shareholding structure of the bank was as follows:

EXHIBIT 6				
National Bank of Pakistan				
Shareholder	No. of Shareholders	No. of Shares	% Share	
<b>Government of Pakistan</b>				
Privatisation Commission of Pakistan Ministry of Privatisations and Investment	1	1,656,788	0.08	
Federal Government of Pakistan	1	6,238,919	0.29	
Pakistan Atomic Energy Commission	1	679,424	0.03	
<b>Associated Companies, Undertakings and Related Parties</b>				
Taurus Securities Limited	2	11,475	0.00	
First Credit & Investment Bank Limited	1	70,000	0.00	

## EXHIBIT 6

**National Bank of Pakistan**

Shareholder	No. of Shareholders	No. of Shares	% Share
<b>State Bank of Pakistan</b>	<b>1</b>	<b>1,599,845,728</b>	<b>75.20</b>
<b>Mutual Funds</b>	<b>21</b>	<b>13,265,275</b>	<b>0.62</b>
<b>Directors, Chief Executive Officers and their Spouses and Minor Children</b>			
Syed Ahmad Iqbal Ashraf	1	50,000	0.00
Tariq Kirmani	1	44,168	0.00
<b>Executives</b>	<b>8</b>	<b>52,096</b>	<b>0.00</b>
<b>Public Sector Companies and Corporations</b>	<b>9</b>	<b>84,295,372</b>	<b>3.94</b>
<b>Banks, Development Financial Institutions, Non-banking Finance, Insurance, Takaful Companies and Modarabas</b>	<b>30</b>	<b>42,513,733</b>	<b>2.00</b>
<b>General Public</b>			
Local	12,225	91,117,072	4.28
Foreign	54	675,982	0.03
<b>Foreign Companies</b>	<b>68</b>	<b>216,615,260</b>	<b>10.18</b>
<b>Others</b>	<b>176</b>	<b>70,883,221</b>	<b>3.33</b>
<b>Total</b>	<b>12,599</b>	<b>2,127,513,026</b>	<b>100.00</b>

Source: Company data

**Subsidiaries**

As of 30 September 2016, the bank had investments in the following subsidiaries:

## EXHIBIT 7

**National Bank of Pakistan**

Company	% Held
<b>Subsidiaries</b>	
CJSC Subsidiary Bank of NBP in Kazakhstan	100.00
CJSC Subsidiary Bank of NBP in Tajikistan	100.00
NBP Leasing Limited	100.00
NBP Exchange Company Limited	100.00
NBP Modaraba Management Company Limited	100.00
Taurus Securities Limited	58.32
NBP Fullerton Asset Management Limited	54
First National Bank Modaraba	30
Cast-N-Link Products Limited	76.51

Source: Company Reports (financial statements Sep 2016, consolidated financial statements Dec 2015)

## Company Management

Company Management	Current Title
Masood Karim Shaikh*	NBP: Acting President and Chairman; Institute of Chartered Accountants of Pakistan: Member; NBP: Senior Executive Vice President and Group Chief – International Banking
Aamir Sattar	NBP: Senior Executive Vice President and Chief Financial Officer, Financial Control Division

As of 31 Dec 2016

\*As of 21 Jan 2017

Board of Directors	Affiliation
Farrakh Qayyum	NBP: Director; Economic Advisory Committee, Ministry of Finance: Member; GEI Pakistan Pvt. Ltd.: Chief Executive Officer
Tariq Kirmani	NBP: Director; United Bank Fund Managers, National Academy of Performing Arts, and Green Star Social Marketing: Chairman; Family Education Services Foundation and Professional Education Foundation: Director
Iftikhar A. Allawala	NBP: Director
Muhammad Naeem	NBP: Director
Mir Balakh Sher Marri	NBP: Director; M/s Bolan Security (Pvt) Ltd., M/s Surveillance Security Solutions and M/s Index Pakistan (Pvt) Ltd.: Financial Advisor; M/s SFM Hasni Traders & Industries (Pvt) Ltd.: Technical Advisor
A. Akbar Sharifzada	NBP: Director
Syed Muhammad Ali Zamin	NBP: EVP, Secretary Board of Directors

As of 31 Dec 2016

Source: Company Report (annual report Dec 2015)

## Company History

NBP was established in November 1949 under the National Bank of Pakistan Ordinance 1949, with issued capital of PKR15 million. The government owned 25% of its issued share capital and the general public the remainder. In 1974, NBP and all other banks in Pakistan were nationalised.

Between 1995 and 2001, the assets, liabilities and operations of the former National Development Finance Corporation and Mehran Bank Limited were amalgamated with NBP, following a decision by the Government of Pakistan.

The bank was wholly owned by the Government of Pakistan until 2001, when the state sold a 10% stake to the general public through an IPO. Subsequently, the bank was listed on the Karachi Stock Exchange. In 2002, the government sold a further 10% stake in NBP to the general public. As of 30 September 2016, the Government of Pakistan directly and indirectly retained a 75.6% stake in the bank.

Source: Company Report (financial statements Sep 2016), Moody's research

## Related Websites and Information Sources

For additional information, please see:

- » the company's website: [www.nbp.com.pk](http://www.nbp.com.pk)
- » NBP Investor Relations: [investor.relations@nbp.com.pk](mailto:investor.relations@nbp.com.pk)
- » the regulator's website: [www.sbp.org.pk](http://www.sbp.org.pk)

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## Moody's Related Research

### Credit Opinion:

- » [National Bank of Pakistan, December 2016 \(1050924\)](#)

### Analysis:

- » [Pakistan, Government of, April 2016 \(1025061\)](#)

### Banking System Outlook:

- » [Pakistan, October 2016 \(1031983\)](#)

### Country Statistic

- » [Pakistan, Government of, November 2016](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.



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