

ISSUER PROFILE

29 March 2018

Rate this Research



TABLE OF CONTENTS

Company overview	1
Financial highlights	2
Business description	2
Distribution channels	4
Ownership structure	4
Subsidiaries	5
Company management	5
Company history	6
Peer group	6
Related websites and information sources	6
Moody's related research	7

Contacts

Constantinos +357.2569.3009
Kypreos
Senior Vice President
constantinos.kypreos@moodys.com

Corina Moustra +357.2569.3003
Associate Analyst
corina.moustra@moodys.com

Savina R Joseph +357.2569.3045
Associate Analyst
savina.joseph@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
EMEA 44-20-7772-5454

National Bank of Pakistan

Key Facts and Statistics - FY December 2017

Company overview

[National Bank of Pakistan](#) (NBP) is the second-largest commercial bank in [Pakistan](#), with market shares of 13% in terms of total deposits and 12% in terms of total loans as of 30 September 2017. As of 31 December 2017, it reported total consolidated assets of PKR2.4 trillion (\$21.4 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 31 December 2017, the bank operated through a network of 1,498 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 31 December 2017, the Government of Pakistan, via 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-\$0.00901 as of 31 Dec 2017

Source: Company report (annual report Dec 2017), company data, Moody's research, [www.psx.com.pk](#), [www.oanda.com](#)

Financial highlights

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-17	31-Dec-16	31-Dec-15	% Change 17/16	% Change 16/15
PKR/\$, Period end	0.00901	0.00953	0.00942	-	-
Total Assets	2,376	1,981	1,712	19.91	15.75
Total Shareholders' Equity	180	180	172	(0.26)	4.94
Shareholders' Equity excluding Minority Interest	179	179	171	(0.30)	4.95
Total Regulatory Capital	144	139	135	3.70	2.98
Tier 1 Ratio (%)	12.01	12.29	13.05	(28) bps	(76) bps
Net Income	23	23	20	1.12	15.00
Net Income Attributable to Equity Holders	23	23	20	0.61	14.95

Note: Based on consolidated financial data

Source: Company reports (annual report Dec 2017 and consolidated financial statements Dec 2016), [www.oanda.com](#)

Business description

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 SBP, for the administration of 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 2017 (2017), the largest contributor to the bank's total income was the Commercial Banking segment (68.7%).

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 2017, it accounted for 1.3% 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 2017, it reported total consolidated assets of PKR685.7 billion (\$6.2 billion), and accounted for 12.6% of the bank's total income in 2017.

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 2017, it reported total consolidated assets of PKR184.9 billion (\$1.7 billion), and accounted for 3.8% of the bank's total income in 2017.

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 2017, it reported total consolidated assets of PKR1.5 trillion (\$13.5 billion), and accounted for 68.7% of the bank's total income in 2017.

Payment and Settlement: This segment provides payment and collection, clearing and settlement, and fund-transfer services. It accounted for 0.9% of the bank's total income in 2017.

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.

Agency Services: This segment offers escrow, securities-lending, depository receipt, corporate action, issuer and paying agent services. It accounted for 10.6% of the bank's total income in 2017.

Assets Management: This segment provides asset management, modaraba management and investment advisory services. As of 31 December 2017, it reported total consolidated assets of PKR2.2 billion (\$19.4 million), and accounted for 1.9% of the bank's total income in 2017.

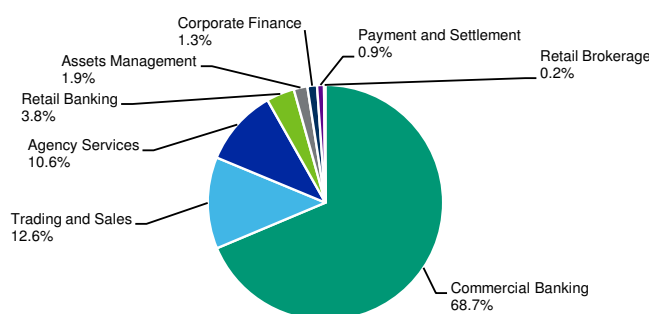
Retail Brokerage: This segment includes stock-broking, investment-advisory and fund-placement services. As of 31 December 2017, it reported total consolidated assets of PKR1.2 billion (\$11.0 million), and accounted for 0.2% of the bank's total income in 2017.

Source: Company report (annual report Dec 2017), www.oanda.com

Exhibit 2

Business segment

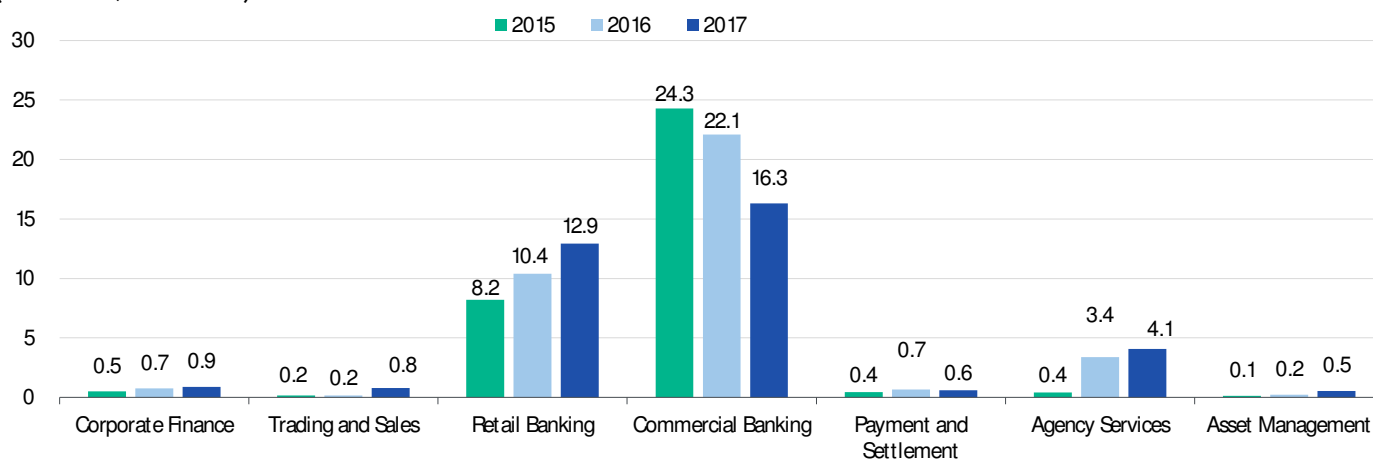
(% of total income, consolidated, for 2017)



Source: Company report (annual report Dec 2017, Pg: 261)

Exhibit 3

Net income/(loss) per business segment (consolidated, in PKR Billion)



Note: Excluding the Retail Brokerage segment, due to negligible contribution

Source: Company reports (annual report Dec 2017, Pg: 261 and Dec 2016, Pg: 294)

Distribution channels

As of 31 December 2017, the bank operated through a network of 1,498 domestic branches (31 December 2016, 1,448), 21 overseas branches (2016, 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 4

National Bank of Pakistan

Profit before tax (%)*

Region	2017	2016
Pakistan	96.2	95.4
Middle East	3.2	4.3
Asia Pacific (including South Asia)	0.6	0.3
Total	100.0	100.0

* Excluding the US and Europe, due to their negative contributions

As of 30 September 2017, NBP was the second-largest commercial bank and the largest government-owned bank in Pakistan, with market shares of 12% in terms of total loans and 13% in terms of total deposits.

Source: Company report (annual report Dec 2017), company data, Moody's research

Ownership structure

As of 31 December 2017, NBP had 2,127,513,026 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 the same date, the Government of Pakistan and SBP owned 75.6% of its total share capital.

As of 31 December 2017, the shareholding structure of the bank was as follows:

Exhibit 5

National Bank of Pakistan

Shareholder	Shareholder	No. of Shares	% Share
Government of Pakistan			
Federal Government of Pakistan	1	6,238,919	0.29
Pakistan Atomic Energy Commission	1	679,424	0.03
Privatisation Commission of Pakistan Ministry of Privatisations and Investment	1	1,656,788	0.08
Associated Companies, Undertakings and Related Parties			
First Credit & Investment Bank Limited	1	70,000	0.00
State Bank of Pakistan	1	1,599,845,728	75.20
Mutual Funds	14	9,927,255	0.47
Directors, Chief Executive Officers and their Spouses and Minor Children			
Farid Malik	1	1,000	0.00
Muhammad Imran Malik	1	11,270	0.00
Muhammad Naeem	1	23,500	0.00
Shahida Naeem	1	23,000	0.00
Executives	4	18,745	0.00
Public Sector Companies and Corporations	10	88,655,372	4.17
Banks, Development Financial Institutions, Non-banking Finance, Insurance, Takaful Companies and Modarabas	20	30,641,031	1.44
General Public			
Local	12,074	100,799,477	4.74
Foreign	58	743,812	0.03
Foreign Companies	94	203,169,923	9.55
Others	190	85,007,782	4.00
Total	12,473	2,127,513,026	100.00

Source: Company report (annual report Dec 2017), company data, www.psx.com.pk

Subsidiaries

As of 31 December 2017, the bank had investments in the following subsidiaries:

Exhibit 6

National Bank of Pakistan

Company	% Held
Subsidiaries	
CJSC Subsidiary Bank of NBP in Kazakhstan	100.00
CJSC Subsidiary Bank of NBP in Tajikistan	100.00
NBP Exchange Company Limited	100.00
National Bank Modaraba Management Company Limited	100.00
First National Bank Modaraba	30.00
Taurus Securities Limited	58.32
NBP Fullerton Asset Management Limited	54.00
Cast-N-Link Products Limited	76.51

Source: Company report (annual report Dec 2017)

Company management

Exhibit 7

National Bank of Pakistan

Company Management	Current Title*
Saeed Ahmad	NBP: President & Chief Executive Officer, Director; National Investment Trust Limited and Fauji Oil Terminal & Distribution Company Ltd.: Director; Pakistan Banks Association: Member Executive Committee; The Institute of Bankers Pakistan: Member of the Council; Friends of IBA Trust: Trustee Member; Karachi Education Initiative and Karachi Council on Foreign Relations: Member
Abdul Wahid Sethi	NBP: Senior Executive Vice President and Chief Financial Officer, Financial Control Group

*As of 31 Dec 2017

As of 12 Mar 2018

Exhibit 8

National Bank of Pakistan

Board of Directors	Affiliation*
Saeed Ahmad	NBP: President & Chief Executive Officer, Director; National Investment Trust Limited and Fauji Oil Terminal & Distribution Company Ltd.: Director; Pakistan Banks Association: Member Executive Committee; The Institute of Bankers Pakistan: Member of the Council; Friends of IBA Trust: Trustee Member; Karachi Education Initiative and Karachi Council on Foreign Relations: Member
Muhammad Naeem	NBP: Director; Pakistan Stock Exchange Limited, National Refinery Limited and National Clearing Company of Pakistan Limited: 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; The Ministry of Finance, Islamabad: Additional Finance Secretary; EXIM Bank of Pakistan, Civil Aviation Authority and Overseas Pakistani Foundation: Director
Farid Malik	NBP: Director; LSE Financial Services Limited (formerly Lahore Stock Exchange Limited): Chief Executive Officer/Managing Director; Central Depository Company of Pakistan Limited and National Clearing Company of Pakistan Limited: Director
Muhammad Imran Malik	NBP: Director; Universal Insurance Company Limited: Director
Asad Munir	NBP: Director; Pakistan Football Federation: Administrator

Syed Muhammad Ali Zamin

NBP: Secretary Board of Directors

*As of 31 Dec 2017

As of 12 Mar 2018

Source: Company report (annual report Dec 2017), company data

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 31 December 2017, the Government of Pakistan directly and indirectly retained a 75.6% stake in the bank.

Source: Company report (annual report Dec 2017), Moody's research

Peer group

[Allied Bank Limited](#)

[MCB Bank Limited](#)

[United Bank Ltd.](#)

[Habib Bank Ltd.](#)

Related websites and information sources

For additional information, please see:

The company's website

» www.nbp.com.pk

MOODY'S has provided links or references to third party World Wide Websites or URLs ("Links or References") solely for your convenience in locating related information and services. The websites reached through these Links or References have not necessarily been reviewed by MOODY'S, and are maintained by a third party over which MOODY'S exercises no control. Accordingly, MOODY'S expressly disclaims any responsibility or liability for the content, the accuracy of the information, and/or quality of products or services provided by or advertised on any third party web site accessed via a Link or Reference. Moreover, a Link or Reference does not imply an endorsement of any third party, any website, or the products or services provided by any third party.

Moody's related research

Issuer page on Moodys.com

» [National Bank of Pakistan](#)

Credit opinion

» [National Bank of Pakistan](#)

Industry outlook

» [Banking System Outlook, Pakistan February 2018 \(1109438\)](#)

Rating methodology

» [Banks](#)

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 on the issuer's page. All research may not be available to all clients.

© 2018 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454