

PRESS RELEASE

NBP ANNOUNCES PROFIT & PAYOUT RATIO OF 97.2% FOR THE YEAR 2012

Karachi: Board of Directors' of National Bank of Pakistan in their meeting held on February 25, 2013 at the bank's Head Office Karachi approved the financial statements of the Bank for the year ended December 31, 2012 and announced a payout of 15 % Bonus shares and 70% (Rs. 7.0 per share) cash dividend to the shareholder's as final dividend for the year 2012 which translates into payout ratio of 97.2%.

The Central bank reduced its policy rate by 250 bps in 2012 making reduction of 450 bps in the last 15 months. The State Bank of Pakistan increased the minimum profit rate on deposit from 5% to 6%. Due to these factors the bank's interest margin like all other banks remained under pressure. This reduction was partially offset through volume growth and improving deposit mix.

After tax profit stood at Rs. 16.2 billion, consequent to the adjustment in discount rate. Total assets of the bank increased to Rs.1.31trillion at the year end, up by 14% from year end 2011, an appreciable growth given the competition and growth in overall banking sector. The bank's total deposits increased by Rs. 110 billion or 12%. Despite the economic challenges the bank's non-performing loans (NPL) remained at the year 2011 level with NPL ratio improving to 12.2% from 14.9% last year. Provision coverage is at 82% which improved from 76% of year 2011.

During 2012 several major I.T. initiatives were undertaken including conversion of almost all the branches to the online network, expansion of ATM network, establishment of full fledged 24/7 call center .The benefits of the said I.T. initiatives coupled with ongoing I.T. improvement will be further explored in 2013 in the form of further market penetration and product development.

Going forward the bank will emphasize on reducing administrative and manpower cost, increasing Current & Saving (CASA) deposit ratio, reduction in NPLs, increase in agriculture, SME and consumer advances, capturing more trade business, and further improvement of I.T. infrastructure etc.

Regards

Ali Ahmed Zaib

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