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PRESS RELEASE

NBP Announces Profit & Payout For The Year 2011

Karachi: March 6, 2012: Board of Directors' of National Bank of Pakistan in their meeting held on March 6, 2012 at the bank's Head Office Karachi approved the Financial statements of the Bank for the Year ended December 31, 2011 and announced a payout of 10% Bonus shares and 75% (Rs.7.50 per share) cash dividend to the share holder's as final dividend for the year 2011 which translates into payout ratio of 81.18%.

Pakistan's economy is still facing the challenges of rising inflation, shortage of energy & power, law & order situation, increasing fiscal deficit and impact of international economic crisis. The Central bank reduced its policy rate by 200 bps from 14.0% to 12.0%, aimed at supporting the private credit investment and also to help in reducing the rising non performing loans but this will also impact the net interest margins of the banking industry.

Total assets of the bank increased to Rs.1.15 trillion at the year end, up by 10.8% from year end 2010, an appreciable growth especially in view of lower growth in the banking system deposits. Pre- tax profit increased by 7% from Rs. 24.4 billion to Rs. 26.0 billion. The increase is owing to higher core revenues. Net interest income increased by 8.3% from last year, while non interest mark up income was up by 9.7% on account of higher dividend and exchange income. After tax profit, however, remained at last year level of Rs.17.6 billion due to prior year's tax reversal of Rs.939 million in 2010.

Pre- tax return on equity stood at 24.3%, pre-tax return on assets at 2.5% with capital adequacy ratio at 16%. The top line (operating revenue) increased by 8.7% from Rs. 60.9 billion in 2010 to Rs. 66.1 billion in 2011. The bank's total deposits increased by Rs. 95 billion or 11.5%. Net advances also showed an increase of Rs. 48 billion or 10.0%.

During 2011 several major I.T. initiatives were undertaken including expansion of ATM network, establishment of full fledged 24/7 call center and conversion of more than 1000 branches onto the online network, remaining branches will also be converted on the online network in first quarter of 2012. The benefits of the said I.T. initiative coupled with ongoing I.T. up-gradation will also be further explored in 2012 in the form of further market penetration and product development.

Going forward the bank shall have renewed focus on reprofiling its liability portfolio with emphasis on increasing Current & Saving (CASA) deposit ratio. Reduction in NPLs and recoveries, increase in trade business and further I.T. upgradation and expense management will be area of focus.

Regards,
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