

## **NBP 65<sup>TH</sup> ANNUAL GENERAL MEETING**

National Bank of Pakistan held its 65<sup>th</sup> Annual General Meeting at Pearl Continental Hotel Karachi on Friday 28<sup>th</sup>, 2014. The meeting was well attended by the shareholders. The Chairman NBP, Mr. Muneer Kamal and President NBP Mr. Syed Ahmed Iqbal Ashraf also attended the meeting. The bank's performance during the year was highlighted in presentation to the shareholders. The shareholders were informed that Central bank reduced its policy rate by average 200 bps from 2012 besides linking minimum profit rate on deposit with SBP repo rate thereby increasing the minimum deposit rate to 7% from 6% last year. Calculation mechanism for profit payment was also changed. Due to these factors the bank's interest margin like other banks remained under pressure. The impact on net interest margin was partially offset through volume increase especially in high yielding advance salary, agriculture financing and gold loans. The bank posted operational profit (pre-provision profit) of Rs.27.5 billion compared to Rs.32.4billion (restated) last year registering a decline of Rs.4.9 billion mainly due to the above-mentioned factors. The bank's pre-tax profitability decreased toRs.7.1 billion compared to Rs.21.4 billion (restated) due to higher provision charge in overseas branches and lower net interest margins. Provision coverage is around 80%, which will strengthen the balance sheet and benefit the bank once recovery efforts yield results in years ahead. Administrative expenses were kept under strict check which increased by just 4%.

The bank's growth in balance sheet remained healthy. The bank's domestic deposits increased by over 10% in 2013 with CASA deposits constituting 69% of the total deposits. The bank is well capitalized with capital and reserves of Rs.156.3 billion and capital adequacy ratio of 15.24%.

The President also highlighted the initiatives that the bank is taking in terms of technology up gradation and the progress for implementation of Core banking application. NBP achieved a number of I.T milestones like the entire branch network coming online, expansion of ATM network to 375 and enhanced features at call center etc.

The President explained the bank's strategy and stated that the bank will give top priority to recoveries to reduce non-performing loans and write back of provisions. Low cost deposit mobilization, leveraging largest customer base in Pakistan, portfolio consolidation, cost management and capacity building through I.T. enhancement will be the other areas of focus.

The shareholders approved dividend payment of 20% cash dividend (Rs.2.00/- per share) as recommended in the Board of Director's meeting held on March 3, 2014.