

# Commercial Banking

## *Sector Overview*

**June 2020**

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# Banking Snapshot | Key Figures



## BANKING SECTOR 2020 AND BEYOND

As we sit today to analyse the banking industry, we know that these are unprecedented times. Our economy was going through a challenging phase. This was exacerbated by the ensuing and ever unfolding ramifications of the Pandemic Covid-19. We would try to formulate our view, though deep in our hearts we know that it is going to be not more than an informed conjecture.

### CONTEXTUAL ANALYSIS

With an asset size of PKR 22 trl, the bank industry can well boast of its significance in the economy of Pakistan. The industry achieved the deposit benchmark of PKR 16 trl by end of 2019 (approx. \$ 100bln). The deposit to GDP ratio is slightly above 35%. In the regional context, this is much smaller number when compared to India with a deposit size of \$1,866bln; the deposit to GDP ratio is approx. 65%. Bangladesh too is ahead of Pakistan not only in terms of absolute deposit size (\$144bln) but also ratio wise (~48%). Our GDP gap with Bangladesh is not significant. The gap in deposit base is sizeable. Assuming we bridge our gap with Bangladesh, the country's deposit base should see expansion close to \$40bln (PKR 6.5trl). Pakistan's deposits grew by 12% on YoY basis. This is largely aligned to the rupee devaluation that we experienced in the same period (11.5%). Consequently, the dollar denominated deposit base of the country saw a slight contraction as against growth. The regional peers witnessed expansion in deposit base in dollar terms. Hence our comparative metrics have diluted on YoY basis.

(\$ Bln)	2019			2018		
Countries	GDP (FY)	Deposits (CY)	GDP to Deposit (%)	GDP (FY)	Deposits (CY)	GDP to Deposit (%)
Pakistan	283.3	100	35	314.6	102	32
India	2935	1866	64	2719	1688	62
Bangladesh	302.6	144	48	274	130	47

*Ref: World Bank, Census and Economic Information Center*

### MAJOR INDICATORS

We can have a look on the slide 3 to be aware of the highlights of the industry. With a net advances book of 8.2 trl, the ADR of Pakistan banking industry is just above 50%. The rest of the liquidity, further fuelled by inter bank borrowings, is directed towards investments primarily represented by high yielding government papers. The deposit base growth had a fair share of devaluation of existing forex reserves lying with the commercial banks. We have huge support from remittances in our economy, though its conversion rate into domestic deposit base is yet to be established. The rising tide of the inflation also comes handy to supplement deposit growth. The weekly stats released by the State Bank of Pakistan depict continuing growth in the deposit base of the country. Advances track the trajectory of the economy with a slight tinge of laggard effect. This is visible in the growth pattern of the country's advances. The growth rate picked up in 2016 and peaked in 2018 (21%). A sudden though much anticipated collapse in 2019 (4%). Of the PKR 8.8 trl of gross advances, PKR 1.5 trl is given to energy sector and 1.2 trl given to Textile. No other business segment comes near them, reflecting the concentrated nature of the economy. For the corporate sector, long term versus working capital bifurcation of loan is almost 60:40 and half of working capital is given as trade finance. Profitability of the industry witnessed 25% jump on YoY basis, reaching to PKR 304bln. This is slightly short of the highest number (PKR 329bln) that was achieved in 2015.

### RISK – SHAPING THE FUTURE LANDSCAPE

We noted 2019 ended on a good note. Despite muted expansion in advances, the profitability of the industry went up by a very sizeable margin, given the heightened yield available on government papers. The worrisome indicator, which has been in the making over the last two years, was the rise in the non-performing loans. In two year time, the NPLs grew from PKR 593bln in 2017 to PKR 761bln in 2019 – a whopping PKR 168bln. This is unusual especially during those times when economic woes were not around or just started to come onto surface. In the corporate universe, we have the highest infection ratio of 23% in Sugar, followed by Textile (15%). It is notable



## BANKING SECTOR 2020 AND BEYOND

that working capital financing to corporate sector despite historic devaluation did not see much growth. This could affect future trends of NPLS. There was net reduction of PKR 25bln in SME financing, indicating another potential threat from funding starved SMEs.

Interest rates have taken a reverse mode. In slightly more than a year time, they are back from where they started increasing. This is harbinger of relief to the leveraged entities and would play a critical role in sustaining the asset quality. We must however not forget that the bank's internal capital generation was also taking positive benefit from the high tide of interest rates. Looking at slide number 19, it is obvious that the interest expense did not witness much rise as did interest income. It was net beneficial position for the banks, given a huge portion of current accounts available. Another indicator becomes important here that is the operating expenses of the industry. It is continuously increasing. The expenses grew by an unusual margin of 16.2% in 2019. In average years, we have had a delta of PKR 100bln approximately between net interest income and operating expenses. Should the growth in income stall and expenses rise, the industry's profitability would only be determined by the non-interest income largely, adjusting provision expenses.

### PANDEMIC INDUCED RISK ENVIRONMENT

The State Bank of Pakistan has taken several measures to contain the fall-out from the pandemic. These are quite comprehensive and multi-pronged. We have talked about the downward adjustment in the interest rates of the country. Another important and relevant factor is the permission of loan deferment and restructuring. One dimension of this is that this would alleviate the short term cash flow shocks, arising from the lockdown and muted economic activity. This would aid in the management of the financial risk. Business risk goes much beyond the financial risk easing. Business has to stand on two pillars: volumes and margins. They function hand in hand, lending support to each other through the cycles. The looming risk to the asset quality is expected to materialize in either loss of volume or loss of margin. The loss in volume necessarily takes toll on given margins. The drive to deferment or to restructure require a lot of sensibility, as pending of today's issues to tomorrow may complicate the tomorrow itself. A sudden and significant deterioration in asset quality must be avoided. Secondly, the new interest rate regime requires rethinking the entire equation again. This is especially challenging when the demand for finances is almost evaporated and there would be genuine reluctance to lend. How to sustain the profits is the second and biggest challenge, as it also creates room to absorb the impact of provisioning.

The third challenge is the rising operating cost. It becomes more relevant as the pandemic has challenged the foundations of the exclusive brick and mortar banking channels. Technology requires time investment and money investment. Given these uncertain times, it becomes a question mark: who can dare. The banks would have to work towards demand creation. This could be done either through deepening of existing relationships or coming up with altogether a new and different product suite. It has to be relevant and efficient. Tedious procedural requirements and duplications would need be ceded. FATF is a major compliance target. The kind of penalties and successive penalties by the regulator on AML explain a lot where the industry need to pay attention. Overdoing compliance is loss of efficiency and profitability. Non-compliance is a cardinal sin. The industry is entirely in a new paradigm. Evolution is the name of the game and it comes into play with a long term vision and the right strategy in hand.

# DEPOSIT ANALYSIS

## As at Dec 31, 2019

### Large Banks

PKR bln

Position	Banks	Customer Deposits		Increase/ (Decrease)		CA		SA		CASA %		System Share	
		CY19	CY18	Amount	%	CY19	CY18	CY19	CY18	CY19	CY18	CY19	CY18
<b>Extra Large</b>													
1	<b>HBL</b>	2,169	1,971	198	10.0%	35.9%	37.7%	48.3%	45.9%	84.2%	83.6%	15.0%	15.2%
2	<b>NBP</b>	1,797	1,674	123	7.4%	54.8%	54.8%	27.0%	26.7%	81.8%	81.5%	12.4%	12.9%
3	<b>UBL</b>	1,375	1,299	76	5.9%	40.0%	41.6%	35.4%	34.1%	75.5%	75.7%	9.5%	10.0%
<b>Sub Total/ Average</b>		<b>5,342</b>	<b>4,944</b>	<b>397</b>	<b>8.0%</b>							<b>37.0%</b>	<b>38.1%</b>
4	<b>MCB</b>	1,111	1,021	90	8.8%	34.9%	35.3%	53.3%	52.7%	88.3%	88.0%	7.7%	7.9%
5	<b>ABL</b>	963	904	59	6.5%	37.0%	33.7%	43.7%	45.2%	80.7%	78.9%	6.7%	7.0%
6	<b>Meezan</b>	925	775	150	19.3%	35.8%	36.2%	37.4%	36.1%	73.3%	72.3%	6.4%	6.0%
7	<b>AL Habib</b>	890	773	117	15.1%	35.3%	36.3%	29.4%	29.9%	64.6%	66.2%	6.2%	6.0%
8	<b>Alfalah</b>	734	654	80	12.2%	43.4%	40.9%	32.4%	34.5%	75.9%	75.4%	5.1%	5.0%
<b>Sub Total / Average</b>		<b>4,622</b>	<b>4,127</b>	<b>495</b>	<b>12.0%</b>							<b>32.0%</b>	<b>31.8%</b>
<b>Grand Total</b>		<b>9,964</b>	<b>9,071</b>	<b>892</b>	<b>9.8%</b>							<b>69.0%</b>	<b>69.8%</b>

On the basis of Customer Deposit Banks are categorized: Extra Large >10%, Large >5%, Medium 2%~5% and Small <2%

# DEPOSIT ANALYSIS

## As at Dec 31, 2019

### Medium Banks

PKR bln

Position	Banks	Customer Deposits		Increase/ (Decrease)		CA		SA		CASA %		System Share	
		CY19	CY18	Amount	%	CY19	CY18	CY19	CY18	CY19	CY18	CY19	CY18
9	<b>BOP</b>	681	589	92	15.6%	19.8%	21.1%	48.4%	43.3%	68.2%	64.5%	4.7%	4.5%
10	<b>Askari</b>	674	570	104	18.3%	28.7%	28.7%	53.4%	55.2%	82.0%	83.9%	4.7%	4.4%
11	<b>Metro</b>	559	516	43	8.3%	28.7%	26.9%	32.9%	30.2%	61.6%	57.2%	3.9%	4.0%
12	<b>Standard Chartered</b>	436	401	35	8.7%	37.8%	40.8%	47.0%	45.6%	84.8%	86.5%	3.0%	3.1%
13	<b>Faysal</b>	431	380	50	13.3%	32.3%	32.3%	37.7%	35.9%	70.1%	68.2%	3.0%	2.9%
14	<b>JS Bank</b>	335	277	58	21.0%	21.0%	24.3%	24.3%	28.5%	45.3%	52.7%	2.3%	2.1%
<b>Total / Average</b>		<b>3,115</b>	<b>2,732</b>	<b>383</b>	<b>14.0%</b>							<b>21.6%</b>	<b>21.0%</b>

On the basis of Customer Deposit Banks are categorized: Extra Large >10%, Large >5%, Medium 2%~5% and Small <2%

# DEPOSIT ANALYSIS

## As at Dec 31, 2019

### Small Banks

PKR bln

Position	Banks	Customer Deposits		Increase/ (Decrease)		CA		SA		CASA %		System Share	
		CY19	CY18	Amount	%	CY19	CY18	CY19	CY18	CY19	CY18	CY19	CY18
15	Soneri Bank	262	235	26	11.3%	23.3%	23.3%	38.8%	35.5%	62.0%	58.8%	1.8%	1.8%
16	Bank Islami	218	175	43	24.6%	29.6%	32.1%	28.9%	36.7%	58.5%	68.8%	1.5%	1.3%
17	Dubai	189	166	23	13.8%	25.0%	28.3%	41.7%	41.7%	66.7%	70.0%	1.3%	1.3%
18	Bank of Khyber	181	171	10	5.9%	19.2%	20.1%	39.1%	33.1%	58.3%	53.2%	1.3%	1.3%
19	Sindh	129	110	19	17.3%	32.7%	42.9%	43.5%	40.0%	76.2%	83.0%	0.9%	0.8%
20	AlBaraka Bank	124	92	31	33.9%	20.4%	24.1%	36.0%	51.9%	56.5%	76.0%	0.9%	0.7%
21	Silk*	106	98	8	8.1%	21.8%	20.4%	47.4%	33.5%	69.2%	53.9%	0.7%	0.8%
22	MCB Islamic	76	62	14	22.0%	27.2%	30.2%	43.6%	50.8%	70.9%	81.0%	0.5%	0.5%
23	Samba	69	61	8	13.2%	23.4%	25.4%	22.3%	29.3%	45.7%	54.7%	0.5%	0.5%
24	First Women Bank	18	18	-1	-3.0%	43.6%	61.7%	33.7%	32.4%	77.3%	94.1%	0.1%	0.1%
<b>Total / Average</b>		<b>1,371</b>	<b>1,190</b>	<b>182</b>	<b>15.3%</b>							<b>9.5%</b>	<b>9.2%</b>

\*Silk Bank is updated on Jun-19 numbers, The Bank has requested for extension from SBP till 30<sup>th</sup> Jun 20 for the approval and disclosure of annual accounts CY19. Note that Summit Bank has not been publishing its Accounts since Mar'18.

On the basis of Customer Deposit Banks are categorized: Extra Large >10%, Large >5%, Medium 2%~5% and Small <2%

# ADVANCES AND CAR

## As at Dec 31, 2019

### Large Banks

		<i>PKR bin</i>							
Position	Banks	Net Advances		Increase/Decrease		ADR		CAR	
		CY19	CY18	Amount	% Change	CY19	CY18	CY19	CY18
<b>Extra Large</b>									
1	HBL	1,073	1,016	57	5.6%	46.6%	50.3%	17.1%	16.4%
2	NBP	1,008	926	82	8.9%	45.9%	46.0%	15.5%	16.4%
3	UBL	636	716	-80	-11.1%	43.4%	52.4%	18.9%	17.7%
Sub Total / Average		2,717	2,658	60	2.2%				
4	MCB	497	504	-7	-1.4%	43.4%	48.0%	18.9%	18.1%
5	ABL	485	438	47	10.7%	46.2%	44.5%	21.7%	22.2%
6	Meezan	494	513	-19	-3.7%	52.9%	65.3%	16.6%	14.6%
7	AL Habib	489	478	10	2.2%	54.1%	60.0%	14.4%	13.4%
8	Alfalah	511	502	10	1.9%	65.4%	71.4%	16.9%	14.9%
Sub Total / Average		2,475	2,434	41	1.7%				
Grand Total / Average		5,193	5,092	101	2.0%				

# ADVANCES AND CAR

## As at Dec 31, 2019

### Medium Banks

*PKR bln*

Position	Banks	Net Advances		Increase/Decrease		ADR		CAR	
		CY19	CY18	Amount	% Change	CY19	CY18	CY19	CY18
9	<b>BOP</b>	383	382	1	0.4%	55.5%	64.1%	14.8%	13.2%
10	<b>Askari</b>	373	343	30	8.7%	54.9%	59.8%	13.4%	12.5%
11	<b>Metro</b>	264	227	37	16.4%	43.1%	41.7%	14.6%	13.1%
12	<b>Standard Chartered</b>	218	170	49	28.6%	46.8%	39.9%	16.9%	19.1%
13	<b>Faysal</b>	310	296	13	4.4%	67.6%	72.4%	19.1%	16.8%
14	<b>JS Bank</b>	243	252	-9	-3.6%	65.7%	78.4%	12.9%	12.0%
<b>Total / Average</b>		<b>1,791</b>	<b>1,670</b>	<b>121</b>	<b>7.3%</b>				

# ADVANCES AND CAR

## As at Dec 31, 2019

### Small Banks

Position	Banks	Net Advances		Increase/Decrease		ADR		CAR	
		CY19	CY18	Amount	% Change	CY19	CY18	CY19	CY18
15	Soneri Bank	205	186	18	9.9%	67.8%	71.1%	15.8%	14.7%
16	Bank Islami	132	119	13	11.1%	57.6%	64.2%	15.0%	15.0%
17	Dubai	178	153	25	16.1%	84.7%	84.1%	17.1%	14.0%
18	Bank of Khyber	110	95	15	15.5%	60.2%	55.5%	15.3%	12.3%
19	Sindh	61	74	-13	-17.0%	45.6%	64.8%	13.2%	8.0%
20	AlBaraka Bank	75	75	0	0.6%	58.2%	75.1%	13.3%	11.8%
21	Silk*	106	98	8	8.1%	71.7%	74.1%	10.4%	10.9%
22	MCB Islamic	51	63	-12	-18.4%	62.7%	85.8%	13.8%	13.2%
23	Samba	61	54	8	14.5%	85.4%	82.2%	18.0%	19.0%
24	First Women Bank	10	9	1	9.2%	57.7%	51.3%	34.8%	46.1%
<b>Total / Average</b>		<b>990</b>	<b>926</b>	<b>64</b>	<b>6.9%</b>				

\*Silk Bank is updated on Jun-19 numbers, The Bank has requested for extension from SBP till 30<sup>th</sup> Jun 20 for the approval and disclosure of annual accounts CY19. Note that Summit Bank has not been publishing its Accounts since Mar'18.

# Advances Book | Sectoral & Segmental Analysis

PKR Bln

Sectors	Infection Ratio	Advances		Increase/(Decrease)	
	CY19	CY19	CY18	Amount	%
Energy	3%	1,493	1,435	58	4%
Textile	15%	1,206	1,156	49	4%
Individuals	8%	764	739	24	3%
Agribusiness	9%	705	691	14	2%
Chemicals	5%	311	291	20	7%
Financial	4%	252	228	24	10%
Sugar	23%	221	235	-14	-6%
Cement	2%	191	167	24	14%
Automobile	10%	177	130	47	36%
Others	10%	3,550	3,452	98	3%
<b>Total</b>	<b>9%</b>	<b>8,869</b>	<b>8,525</b>	<b>344</b>	

Dec-14		Increase/(Decrease)	
Advances	Infection Ratio	Amount	%
621	5%	813	131%
792	25%	364	46%
433	12%	307	71%
394	9%	297	75%
190	9%	101	53%
125	6%	103	82%
138	4%	96	70%
46	20%	121	266%
72	13%	57	79%
2,118	13%	1,335	63%
<b>4,930</b>	<b>12%</b>	<b>3,595</b>	

Segments	Infection Ratio	Advances		Increase/(Decrease)	
	CY19	CY19	CY18	Amount	%
<b>Corporate Sector</b>	9%	6,357	6,031	326	5%
i. Fixed Investments	10%	2,802	2,654	149	6%
ii. Working Capital	9%	2,307	2,228	80	4%
iii. Trade Finance	7%	1,247	1,149	98	9%
<b>Commodity financing</b>	1%	799	864	-65	-8%
<b>Consumer sector</b>	5%	573	535	37	7%
i. Auto loans	1%	220	210	9	4%
ii. Mortgage loans	12%	93	95	-2	-2%
iii. Credit cards	6%	49	41	8	20%
iv. Consumer durable	6%	1	1	0	31%
v. Other personal loans	5%	210	188	21	11%
<b>Agriculture Sector</b>	18%	345	324	20	6%
<b>SMEs Sector</b>	16%	480	505	-25	-5%
i. Fixed Investments	12%	105	118	-13	-11%
ii. Working Capital	17%	331	337	-6	-2%
iii. Trade Finance	18%	44	50	-6	-12%
<b>Staff Loans</b>	1%	151	127	24	19%
<b>Others</b>	15%	165	139	26	19%
<b>Total</b>	<b>9%</b>	<b>8,869</b>	<b>8,525</b>	<b>344</b>	

Dec-14		Increase/(Decrease)	
Advances	Infection Ratio	Amount	%
3,289	13%	2,741	83%
1,257	17%	1,397	111%
1,251	12%	977	78%
782	10%	367	47%
549	1%	315	58%
294	12%	241	82%
71	5%	139	197%
52	27%	43	82%
23	11%	18	80%
0	20%	1	151%
148	10%	41	28%
264	12%	60	23%
299	31%	206	69%
38	32%	81	213%
221	32%	116	52%
40	23%	9	24%
94	1%	33	36%
141	11%	-2	-2%
<b>4,930</b>	<b>12%</b>	<b>3,595</b>	

Source: SBP-Monetary Information Compendium & Banking Compendium

# Credit Risk | Scheduled Banks

PKR bln

	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
<b>Gross Advances</b>	<b>8,869</b>	<b>8,525</b>	<b>7,029</b>	<b>6,013</b>	<b>5,330</b>	<b>4,930</b>
Growth YoY	4%	21%	17%	13%	8%	8%
<b>Advances (net of Provision)</b>	<b>8,249</b>	<b>7,955</b>	<b>6,512</b>	<b>5,499</b>	<b>4,816</b>	<b>4,447</b>
Growth YoY	4%	22%	18%	14%	8%	8%
<b>NPLs</b>	<b>761</b>	<b>680</b>	<b>593</b>	<b>605</b>	<b>605</b>	<b>605</b>
Growth YoY	12%	15%	-2%	0%	0%	0%
<b>Provision</b>	<b>-620</b>	<b>-570</b>	<b>-517</b>	<b>-514</b>	<b>-514</b>	<b>-483</b>
Growth YoY	9%	10%	1%	0%	7%	3%
<b>Net NPLs</b>	<b>141</b>	<b>110</b>	<b>76</b>	<b>90</b>	<b>91</b>	<b>122</b>
<b>Equity incl. Rev Surplus</b>	<b>1,658</b>	<b>1,406</b>	<b>1,381</b>	<b>1,353</b>	<b>1,323</b>	<b>1,207</b>
Growth YoY	18%	2%	2%	2%	10%	28%
<b>Risk Weighted Assets</b>	<b>9,329</b>	<b>8,681</b>	<b>8,282</b>	<b>7,800</b>	<b>6,865</b>	<b>6,260</b>
	<b>Dec-19</b>	<b>Dec-18</b>	<b>Dec-17</b>	<b>Dec-16</b>	<b>Dec-15</b>	<b>Dec-14</b>
<b>Infection Ratio</b>	8.6%	8.0%	8.4%	10.1%	11.4%	12.3%
<b>Coverage</b>	81.4%	83.8%	87.2%	85.0%	84.9%	79.8%
<b>Drag on Equity (incl Rev Surplus)</b>	8.5%	7.8%	5.5%	6.7%	6.9%	10.1%
<b>CAR</b>	17.0%	16.2%	15.8%	16.7%	17.3%	17.5%
<b>ADR</b>	51.7%	55.8%	50.1%	46.6%	46.4%	48.2%
<b>Liquid Assets / Deposits</b>	68.4%	67.2%	76.1%	72.1%	73.3%	64.5%

Source: SBP-Monetary Information Compendium & Banking Compendium

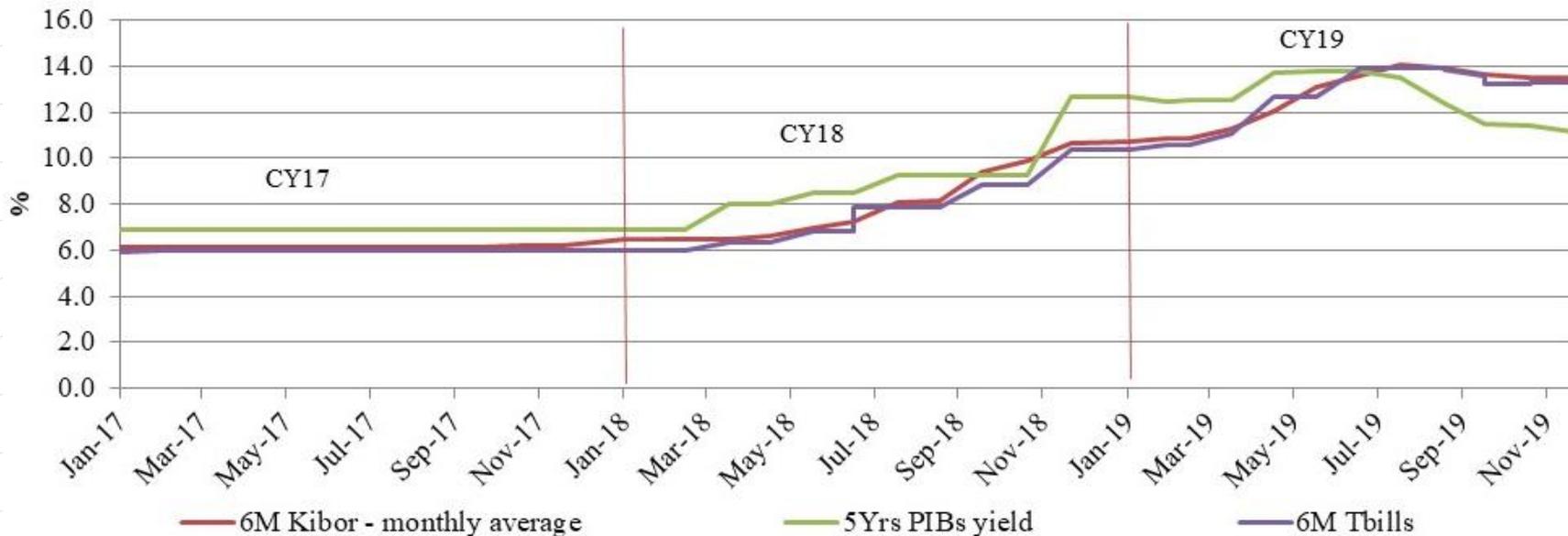
# NPL | Snapshot

Position	Banks	PKR bln			
		NPL		Increase/ (Decrease)	
		CY19	CY18	Amount	%
<b>Extra Large</b>					
1	HBL	72	72	1	1%
2	NBP	149	133	15	12%
3	UBL	77	69	8	12%
<b>Sub Total</b>		<b>298</b>	<b>273</b>	<b>24</b>	
4	MCB	49	49	0	1%
5	ABL	16	16	0	-1%
6	Meezan	9	8	1	9%
7	AL Habib	7	5	2	39%
8	Alfalah	22	19	4	19%
<b>Sub Total</b>		<b>104</b>	<b>97</b>	<b>7</b>	
<b>Grand Total</b>		<b>402</b>	<b>371</b>	<b>31</b>	

Position	Banks	PKR bln			
		NPL		Increase/ (Decrease)	
		CY19	CY18	Amount	%
<b>Medium Banks</b>					
9	BOP	51	49	2	4%
10	Askari	28	27	1	6%
11	Metro	18	18	0	-1%
12	Standard Chartered	18	17	0	2%
13	Faysal	30	27	4	14%
14	JS Bank	10	8	2	25%
<b>Total</b>		<b>156</b>	<b>146</b>	<b>9</b>	
<b>Small Banks</b>					
15	Soneri Bank	11	11	0	-4%
16	Bank Islami	8	8	-1	-10%
17	Bank of Khyber	5	5	0	8%
18	Dubai	5	3	2	55%
19	Sindh	32	25	7	27%
20	Silk*	7	7	0	7%
21	AlBaraka Bank	9	7	2	32%
22	MCB Islamic	0	0	0	0%
23	Samba	3	2	0	12%
24	First Women Bank	0	0	0	0%
<b>Total</b>		<b>79</b>	<b>68</b>	<b>11</b>	

\*Silk Bank is updated on Jun-19 numbers, The Bank has requested for extension from SBP till 30<sup>th</sup> Jun 20 for the approval and disclosure of annual accounts CY19. Note that Summit Bank has not been publishing its Accounts since Mar'18.

# Interest Rate



	CY17				CY18				CY19			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
6M Kibor - monthly average	6.13	6.16	6.16	6.21	6.51	6.97	8.17	10.66	10.89	13.06	13.96	13.50
5Yr PIB yield - period end	6.90	6.90	6.90	6.90	6.90	8.48	9.25	12.70	12.54	13.77	12.38	11.15
6M Tbills - period end	5.99	6.01	6.01	6.01	6.01	6.83	7.85	10.35	10.60	12.70	13.91	13.29

## Spreads | Scheduled Banks



	CY17				CY18				CY19			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Avg. WA Lending Rate	7.75	7.61	7.73	7.64	7.59	7.76	8.26	9.38	10.78	11.47	12.99	13.48
Avg. WA Deposits rate	2.86	2.75	2.79	2.77	2.79	2.82	3.27	4.04	4.87	5.39	6.27	6.63
Avg. Spread	4.89	4.86	4.94	4.87	4.80	4.94	4.99	5.34	5.91	6.08	6.72	6.85
Avg. KIBOR	6.13	6.16	6.15	6.19	6.51	6.68	7.76	9.45	10.83	12.13	13.86	13.54

Source: SBP-Monetary Information Compendium

# PROFITABILITY ANALYSIS

## As at Dec 31, 2019

### Large Banks

PKR bln

Position	Banks	PAT		PBT		Change YoY		Equity		ROE	
		CY19	CY18	CY19	CY18	PAT	PBT	CY19	CY18	CY19	CY18
<b>Extra Large</b>											
1	HBL	15	12	27	20	3	7	201	179	7.9%	6.7%
2	NBP	16	20	28	30	-4	-2	233	207	7.2%	10.5%
3	UBL	19	15	34	25	4	9	169	151	11.9%	9.8%
<b>Sub Total / Average</b>		<b>50</b>	<b>47</b>	<b>89</b>	<b>74</b>	<b>3</b>	<b>15</b>	<b>603</b>	<b>537</b>		
4	MCB	24	21	40	32	3	8	169	149	15.1%	14.1%
5	ABL	14	13	24	21	1	3	115	107	12.7%	12.0%
6	Meezan	15	9	26	15	6	11	59	40	30.7%	23.8%
7	AL Habib	11	8	19	14	3	5	62	50	20.1%	17.6%
8	Alfalah	13	11	22	18	2	5	88	76	15.5%	15.0%
<b>Sub Total / Average</b>		<b>77</b>	<b>62</b>	<b>132</b>	<b>100</b>	<b>15</b>	<b>32</b>	<b>493</b>	<b>422</b>		
<b>Grand Total / Average</b>		<b>127</b>	<b>109</b>	<b>221</b>	<b>174</b>	<b>18</b>	<b>47</b>	<b>1,096</b>	<b>959</b>		

# PROFITABILITY ANALYSIS

## As at Dec 31, 2019

### Medium Banks

*PKR bln*

Position	Banks	PAT		PBT		Change YoY		Equity		ROE	
		CY19	CY18	CY19	CY18	PAT	PBT	CY19	CY18	CY19	CY18
9	<b>BOP</b>	8	8	14	12	1	2	47	38	19.5%	22.4%
10	<b>Askari</b>	7	4	10	7	3	4	42	34	18.5%	13.4%
11	<b>Metro</b>	7	6	11	10	0	1	44	37	16.2%	15.9%
12	<b>Standard Chartered</b>	16	11	27	18	5	9	73	67	22.9%	17.3%
13	<b>Faysal</b>	6	5	10	8	1	2	55	43	12.2%	11.7%
14	<b>JS Bank</b>	0.02	0.56	0.13	0.90	(0.54)	(0.77)	17	16	0.1%	3.5%
<b>Total / Average</b>		<b>44</b>	<b>35</b>	<b>73</b>	<b>57</b>	<b>-38</b>	<b>16</b>	<b>279</b>	<b>235</b>		

# PROFITABILITY ANALYSIS

## As at Dec 31, 2019

### Small Banks

PKR bln

Position	Banks	PAT		PBT		Change YoY		Equity		ROE	
		CY19	CY18	CY19	CY18	PAT	PBT	CY19	CY18	CY19	CY18
15	Soneri Bank	1.91	1.78	3.25	2.90	0.12	0.34	20	18	10.0%	9.8%
16	Bank Islami	1.09	0.21	1.83	0.40	0.87	1.43	20	15	6.4%	1.5%
17	Dubai	3.35	2.51	5.69	4.12	0.84	1.57	22	17	17.2%	15.9%
18	Bank of Khyber	1.31	4.66	2.26	7.07	(3.35)	(4.80)	14	12	10.1%	34.4%
19	Sindh	(8.26)	(1.21)	(13.76)	(1.42)	(7.05)	(12.34)	17	11	-58.3%	-8.8%
20	AlBaraka Bank	(0.19)	(0.25)	0.01	(0.25)	0.06	0.25	13	11	-1.6%	-2.4%
21	Silk*	0.12	1.33	0.25	1.88	(1.21)	(1.62)	15	14	0.8%	9.6%
22	MCB Islamic	0.24	(1.10)	0.37	(1.68)	1.34	2.05	10	10	2.4%	-11.5%
23	Samba	0.69	0.68	1.10	1.11	0.00	(0.01)	14	13	5.1%	5.4%
24	First Women Bank	0.25	(0.25)	0.28	(0.10)	0.49	0.39	4	4	6.8%	-6.8%
<b>Total / Average</b>		<b>0.49</b>	<b>8.38</b>	<b>1.28</b>	<b>14.03</b>	<b>7.10</b>	<b>(12.76)</b>	<b>6.93</b>	<b>19.86</b>		

\*Silk Bank is updated on Jun-19 numbers, The Bank has requested for extension from SBP till 30<sup>th</sup> Jun 20 for the approval and disclosure of annual accounts CY19. Note that Summit Bank has not been publishing its Accounts since Mar'18.

## Profitability | Scheduled Bank

	PKR bln					
	CY19	CY18	CY17	CY16	CY15	CY14
<b>Net Interest Income (PKR bln)</b>	696	545	499	485	496	415
Growth YoY	27.6%	9.3%	2.9%	-2.3%	19.6%	24.9%
<b>Non- Interest Income (PKR bln)</b>	182	178	188	196	209	167
Growth YoY	2.2%	-5.1%	-4.1%	-6.2%	24.7%	19.2%
<b>Expenses (PKR bln)</b>	506	435	392	361	337	310
Growth YoY	16.2%	10.9%	8.6%	7.1%	8.7%	14.4%
<b>(Provisions) / Reversals</b>	-68	-36	-4	-5	-39	-25
Growth YoY	87.8%	876.8%	-30.1%	-86.4%	53.5%	-30.1%
<b>Profit (Loss) Before Tax (PKR bln)</b>	304	243	267	314	329	247
Growth YoY	25.2%	-9.0%	-15.0%	-4.6%	33.2%	52.5%
<b>Cost to Total Net Revenue</b>	57.6%	60.1%	57.1%	53.1%	47.8%	53.3%
<b>ROE</b>	11.1%	11.3%	11.5%	14.2%	15.7%	15.2%

Source: SBP-Banking Compendium

# Listed Banks | Stock Performance

## Performance | Banking Industry Vs. KSE-100



# Islamic Banking | Snapshot

PKR bln

		Dec-19	Dec-18	Dec-17	Dec-16	Dec-15
<b>P&amp;L</b>	Net Profit Income (Markup)	131	83	64	50	48
	Non - Profit Income (Non-Markup)	22	16	15	12	11
	Profit / (Loss) After Tax	45	25	16	12	12
<b>Share of Islamic banks in the Islamic Banking Industry</b>						
<b>P&amp;L</b>	Net Profit Income	59%	58%	58%	63%	63%
	Non - Profit Income	71%	78%	80%	75%	69%
	Profit / (Loss) After Tax	43%	42%	54%	57%	42%

<b>Islamic Banking Share in Domestic Banking Industry</b>						
<b>P&amp;L</b>	Net Profit Income	19%	17%	13%	10%	10%
	Non - Profit Income	12%	9%	8%	6%	5%
	Profit / (Loss) After Tax	27%	9%	6%	6%	6%

PKR bln

		Dec-19	Dec-18	Dec-17	Dec-16	Dec-15
<b>B/S</b>	Financing - Net	1,623	1,511	1,207	821	645
	Deposits and Other Accounts	2,652	2,203	1,885	1,573	1,375
	Total Equity	223	168	137	116	103
<b>Islamic Banking Share in Domestic Banking Industry</b>						
<b>B/S</b>	Financing - Net	20%	19%	19%	15%	13%
	Deposits And Other Accounts	19%	15%	14%	13%	13%
	Total Equity	16%	12%	11%	9%	9%

Source: SBP- Banking Compendium

## Top 5 Profitable Islamic Windows

*PKR bln*

Position	Banks	PAT		Deposits		Net Financing		Total Equity	
		CY19	CY18	CY19	CY18	CY19	CY18	CY19	CY18
1	HBL	5	3	243	203	153	103	17	11
2	Standard Chartered	4	3	48	43	42	49	8	6
3	Alfalah	3	1	122	114	88	86	15	12
4	NBP	2	0	63	51	34	27	5	3
5	BOK	1	1	50	46	46	35	7	5
<b>Total</b>		<b>16</b>	<b>7</b>	<b>526</b>	<b>457</b>	<b>362</b>	<b>301</b>	<b>51</b>	<b>38</b>

*Source: Financial Statements*

<p><b>Muhammad Noor ul Haq</b> <b>Senior Financial Analyst</b> noorulhaq@pacra.com</p>		<p><b>Jhangeer Hanif</b> <b>Unit Head Ratings</b> jhangeer@pacra.com</p>
<p><b>Contact Number: +92 42 3586 9504</b></p>		

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