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NBP Performance at a Glance

#### **Editor's Corner**

Dear Readers,

Growing public debt is one of the major economic issues facing the government. With public debt having crossed Rs12 trillion by end March 2012, it has led to serious macroeconomic consequences for the economy. High level of debt (both domestic and external) acts as a major impediment to growth and hence to employment creation and poverty alleviation. It implies a high level of interest payments which consumes a large chunk of government expenditure, and places extra burden on limited government resources resulting in costs in the shape of foregone public investment or cutback of expenditure in other sectors, like social development and infrastructure.

High level of public debt has resulted from the failure of the government over the years to collect enough revenues to finance its budget. Pakistan's budget has been constrained by low revenue and rising expenditures, as the economy continues to suffer from a narrow tax base and widespread tax evasion. During the last fiscal year, tax GDP ratio was recorded at less than 10 percent. Low tax ratio not only reflects large scale tax evasion but also shows the presence of a sizeable parallel economy with unrecorded or undisclosed income. Pakistan lacks in an efficient tax system that can raise enough revenues in a way that is equitable and which improves social welfare but minimizing its disincentive effects on economic activities.

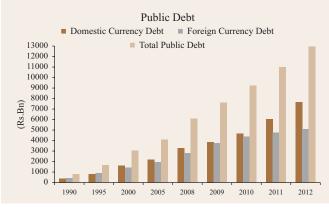
Growing budget deficits and the need for financing it gives rise to borrowings by the government, thus creating a liability for itself known as public debt. Public debt is a means of bridging financing gap, which is done either through borrowings domestically or from external sources. Developments in the economy during the last few years have further strained the government's budget. Increased demands for purpose of security, lower GDP growth, acute energy shortages, deteriorating law and order situation have affected industrial activity in the country and put additional burden on fiscal operations. Slippages in both revenues and expenditures have led to growing fiscal deficits and hence increased borrowings.

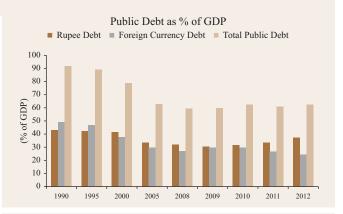
Provisionally estimated figures for FY12 show that government's domestic debt has risen to Rs7.63 billion or 37.0 percent of GDP and external debt stood at Rs5.97 billion or 29 percent of GDP. Over the last decade there has occurred a change in the composition of internal debt. The share of permanent debt in domestic debt is continuously declining, while the share of floating debt in total domestic debt has increased from 31 percent in 2002 to 53 percent in 2012. Investment in treasury bills alone is provisionally estimated at Rs2.38 trillion in FY12. Meanwhile, the share of unfunded debt (various national saving schemes) has fallen from 44.6 percent to 23 percent. Within the public debt it is the domestic debt which has grown at a faster pace than external debt. Interest payment on domestic debt is the single largest component of budgetary expenditure and is relatively more expensive. Persistence of large fiscal deficit and decline in external flows has forced the government to rely heavily on domestic sources to finance the budgetary gap in recent years.

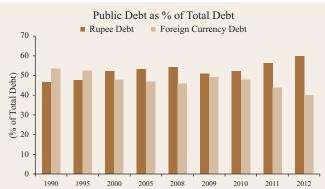
Public debt can play a positive role for the economy if the borrowed amount is used prudently or it could become a constraint on growth and development. There is a need to invest in projects like power generation, infrastructure development, social sector development and not incur expenses for unproductive purposes which do not bring any return. High level of accumulated debt adversely effects the rate of investment and economic growth. If there is a likelihood that in future, debt will be larger than the country's repayment ability than anticipated debt service costs will depress further investment. Also debt servicing costs can crowd out public investment expenditure. We have seen that in Pakistan high debt servicing costs leaves little resources to be spent on other sectors of the economy. The growing debt burden highlights the importance of enhancing revenue generation domestically. There is a need to focus on raising tax collection by bringing the untaxed sectors of the economy within the tax ambit. By reducing borrowings and subsequent debt servicing costs, would leave more resources at the disposal of the government to be utilized for enhancing investment and economic performance.

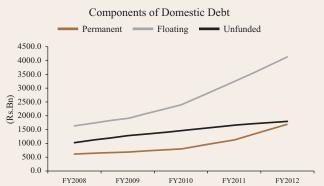
## ECONOMIC BULLETIN

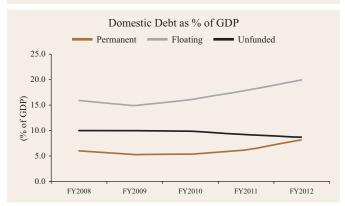
#### **Trends in Public Debt**

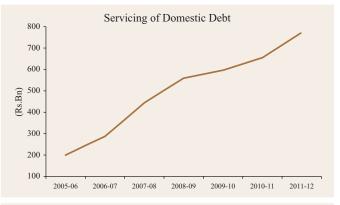




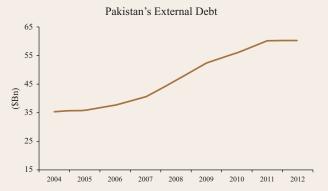












### Performance of Commercial Banks Operating in Pakistan

Pakistan's banking sector remained relatively strong in 2011 due to improved capital adequacy and solvency indicators, contributed by higher level of profits and equity injections made during the year. While the sector has shown resilience, it remains vulnerable to the risks faced by the economy. The later has been impacted by slowing down of GDP growth, rising budget and trade deficits, deteriorating law and order situation and persistent energy crisis. The government continued to rely on the banking sector for funding the budget deficit, subsequently banks overall exposure to government securities reached new levels. The flow of banks' credit to the private sector remained sluggish because of dampened demand and banks faced increasing credit risk and the choice of alternative risk free option. Banks also contained lending to risky segments like SMEs and consumer finance, which led to further decline in their share in overall lending portfolio. Accumulation of nonperforming loans (NPLs) also slowed down, as banks added up NPLs of Rs12.4 billion during H2CY2011 against an increase of Rs31.4 billion in H1CY2011.

A challenge faced by some banks, particularly the smaller ones, is to meet the minimum capital requirements that is to grow gradually to Rs10 billion by 2013. Some banks remain short of meeting the regulatory requirement. Given the uncertain macroeconomic and political outlook of the country, it is getting tougher for these banks to attract funds to further enhance their capital base, states the State Bank of Pakistan in its Financial Stability Review for the second half of 2011.

This paper summarizes the performance of commercial banks operating in Pakistan during the year 2011. Data has been obtained from the published consolidated financial statements of the banks.

Assets increase

Risks

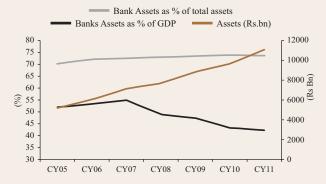
facing the

economy

During the year net assets of commercial banks operating in Pakistan increased by 15.5

percent. The growth of assets of major banks, private & provincial banks and foreign banks was 13.9 percent, 19.4 percent and 7.0 percent respectively. The assets of foreign banks rose despite the descheduling of al-Baraka Islamic Bank and its subsequent merger with Emirates Global Islamic Bank and the merger of RBS with Faysal Bank Ltd. However, there was a 20 percent rise in the assets of Barclays Bank and 27 percent increase in assets of Deutsche Bank. Banks assets as a percentage of total assets has hovered around 73 percent during the last four years.

#### Assets of the Financial Sector



There has been substantial increase in investments and with continued stagnancy in advances, the composition of banking assets is now made up more of investments. Over the last few years, because of increasing credit risk and sluggish business environment, banks have opted to invest heavily in government securities. Banks overall exposure to government securities have reached new levels. Share of treasury securities has risen to 86 percent of the total investments and 33 percent of the total assets base.

Profits show healthy growth

Invest-

ments

increase

The profit before tax of banks included in this report showed a healthy growth in 2011. Banks posted before tax profit of Rs167 billion against Rs98 billion a year earlier. Major banks were the main contributors to the increase; Habib Bank Ltd (HBL) with Rs6.9 billion, United Bank Ltd (UBL) with Rs6.3 billion, MCB Bank with Rs5.2 billion, and Bank

private bank rise

RoE

increases

al-Falah (BAF) Rs4 billion. Foreign banks recorded an increase of Rs3.74 billion in their profits, led by Citibank, HSBC and Barclays. Among private/provincial banks, Bank al Habib registered higher profits Rs7.1 billion, growing by 26.5 percent from a year earlier, Soneri Bank's profit rose from Rs140 million in 2010 to Rs1.07 billion in 2011, Askari Commercial saw a 89.6 percent growth, Silkbank turned around from a loss of Rs1.2 billion (2010) to a profit of Rs1.36 billion, while Meezan Bank's profit doubled in a year, Dubai Islamic, Bank Islami and al-Baraka showed substantial gains in profit before tax. NIB showed substantial decrease in losses, while Bank of Punjab (BoP) posted profit against losses a year earlier.

The increase in profitability during the year was mainly due to increase in spread, increase in non-markup/interest income, and low provisioning. Banks mainly invested in risk free government papers offering higher returns, so contributing to the profits.

Return on Equity (RoE) increased to 17.1 percent in 2011 from 10.5 percent in 2010. RoE of major banks increased by 2.1 percent to 21.0 percent in 2011. For private/provincial banks it increased to 7.8 percent from negative 8.5 percent, mainly due to decrease in losses of NIB and BoP. For foreign banks the ratio increased to 10.3 percent from 2.5 percent a vear earlier.

Profits were driven by large increase in net interest income which grew by 20 percent in 2011 compared with 8.9 percent in 2010. Foreign banks showed a growth of 20.0 percent, against a decline of 33.3 percent a year earlier, while private/provincial banks showed growth of 32.5 percent, and major banks 16.8 percent. Except for BoP, KASB Bank and Oman International all other banks enjoyed higher interest income over interest expenses.

Non-interest income which had decreased in 2010 showed an increase of 14 percent for all banks in 2011. For major banks it grew by

Noninterest income rises

Deposit

growth

14.5 percent over a decline of 3.1 percent in 2010 and for private/provincial banks it grew by 15.4 percent. This, along with the increase in overall spread of the industry, plus decrease in provisions were factors responsible for the increase in profitability.

Deposit growth remained subdued in 2011, growing by 14.6 percent against 14.5 percent a year earlier. For major banks category deposits grew by 13.3 percent, against 12.2 percent a year earlier, for private/provincial banks category it slowed to 17.8 percent against 26.5 percent a year earlier, while there was much improvement in the deposit mobilisation of foreign banks which grew by 6.6 percent against a decline of 30.6 percent in 2010. In the major banks category, deposits of HBL grew by 21.4 percent, of MCB by nearly 14 percent, while of NBP and UBL by 11 percent each. In the private/provincial banks category, deposits of Meezan Bank grew by 29.8 percent, of Bank al-Habib by 21 percent, of Askari Commercial Bank by 13.6 percent, BoP by 14 percent, Habib Metropolitan by 15.5 percent.

While the major banks raised the main share of deposit mobilisation, private/provincial banks also contributed to a sizeable growth. This shows that competitiveness in the industry in terms of resource mobilisation has increased and also goes to show that they are providing efficient services.

Some sluggishness of deposit growth is attributed to attractive National Saving Schemes rate and increasing investment into Investors Portfolio Securities Account, says the Financial Stability Review. Workers remittances supported increase in banking sector deposits. Pakistan Remittance Initiative a joint effort by the SBP, Ministry of Finance and Ministry of Overseas Pakistanis has been able to channel substantial workers remittances to the country.

The Financial Stability Review shows that the composition of incremental customer deposits came from remunerative and large

size fixed and saving deposits. In addition, foreign currency deposits also rose.

Advances slowdown

Invest-

grow

Advances of all banks declined by 0.1 percent in 2011 after growing by 4.6 percent a year earlier. HBL advances fell by 4.3 percent, UBL 2.5 percent, MCB 11.3 percent, ABL 3.4 percent, Bank al-Falah 4.2 percent, and Standard Chartered (SCB) by 6.9 percent. NBP was the only bank in the major banks category which recorded an increase of nearly 10 percent in its advances in 2011.

Meanwhile, investments grew by 41.7 percent for all banks. HBL and ABL posted above 60 percent growth, MCB and Bank al-Falah above 46 percent. Private/provincial banks recorded growth of 46.1 percent, with all banks in this category recording increases except for NIB. Investments of Bank al-Habib grew by Rs85.2 billion over the year to Rs223.0 billion in 2011, of Habib Metropolitan by Rs46.5 billion and BoP by Rs36.2 billion. Foreign banks investments grew by 40.2 percent.

Over the last few years, banks have invested heavily in government securities, given the rising credit risk and sluggish business environment. This has led to an increase in the investment to deposit ratio.

Advances to deposit ratio has declined. Our

analysis shows the ratio to have fallen from 68.2 percent in 2009 to 55.8 percent in 2011 for all banks. For foreign banks, the ratio fell to 40.9 percent from 68.3 percent, for private/provincial banks to 56.8 percent from 65.6 percent and for major banks to 56.1 percent from 69.3 percent. (Details given in ADR falls the tables). This situation requires diligent monitoring since continuous decline in advances deposits ratio indicates the undesirable deleveraging of private sector credit. Further, continuing investment in government securities can expose banks to reinvestment risk in a declining interest rate scenario, states the SBP Financial Stability Review for the second half 2011.

> The ratio of non-performing loans as percentage of gross advances of all banks

**NPLs** grew

increased to 15.2 percent in 2011 compared to 14.5 percent in 2010. The deterioration in economic conditions in the economy, led to growth in NPLs. During the period July-December 2011 saw an addition of Rs12.4 billion to infected assets. NPLs of all banks stood at Rs609.73 billion by end December 2011; with public sector commercial banks share of 30.6 percent, local private banks 62.4 percent and foreign banks 1.2 percent. The ratio of NPLs to gross advances increased slightly from 11.9 to 12.5 percent for major banks and from 6.1 percent to 10.5 percent for foreign banks, but declined from 21.5 percent to 20.4 percent for private banks. This ratio was as high as 48.5 percent for BoP, 39.7 percent for Summit Bank and 35.1 percent for KASB. Barclays Bank had a ratio of 3.3 percent, Bank Islami Pakistan 4.3 percent and Bank al-Habib 2.6 percent.

Administrative expenses of all banks grew by 14.9 percent in 2011 against a growth of 9.3 percent a year earlier. For major banks the growth was 14.7 percent (12.6% in 2010), while for private/provincial banks, the growth had slowed down to 17.4 percent against 23.6 percent a year earlier, as admn expenses of NIB Bank declined by 32.2 percent and of Samba Bank by 4.4 percent. Some of the other banks showed substantial increase in admn expenses. For instance admn expenses of Faysal Bank grew by 62.7 percent, of Bank of Khyber by 55.5 percent, Soneri Bank 31.4 percent, Meezan Bank 33.6 percent and Bank al-Habib 23.1 percent.

expenses rise

No. of and branches grow

The total number of employees of all banks has risen to nearly 113 thousand in 2011 increasing by 2.7 percent over a year earlier. It grew by 3.33 percent for the major banks, 2.3 percent for private/provincial banks and employees showed a fall for foreign banks. The total number of branches have risen to 9505 by end December 2011, where private/provincial banks added 266 branches, major banks 163 branches and foreign banks showed no change in their branch network. The profit after tax per branch improved to Rs11.5 million against Rs6.8 million in 2010.

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#### Key Performance Indicators – All Banks

(Rs. Bn)

		Major Bank	S	Private	& Provinci	al Banks	F	oreign Bank	TS .		All Banks	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Assets Net	4015	4376	4985	1977	2330	2781	334	233	249	6326	6939	8015
Equity	370	414	465	160	147	182	43	35	40	573	596	687
Deposits	3101	3481	3944	1419	1795	2115	225	156	166	4745	5432	6225
Advances(Net)	2065	2100	2065	909	1091	1124	139	66	66	3113	3257	3255
Investments	1008	1291	1797	631	770	1125	80	80	112	1719	2141	3034
Gross Advances	2204	2261	2248	1035	1231	1266	151	71	73	3390	3563	3587
Non Performing Loans (NPLs)	229	266	282	192	243	254	16	7	8	437	516	544
Interest Income	369	393	458	171	199	253	34	20	24	574	612	735
Interest Expense	175	179	208	125	144	180	19	11	12	319	334	400
Net Interest Income	194	214	250	47	55	73	15	10	12	256	279	335
Non Interest Income	64	62	71	21	25	29	8	5	5	93	92	105
Revenue	258	275	321	69	81	105	24	15	17	351	371	443
Admn Expense	103	116	133	51	63	74	18	9	9	172	188	216
Profit/(Loss) B.T	91	113	143	-20	-17	18	-3	2	6	68	98	167
Profit/(Loss) A.T	63	74	92	-14	-13	13	-2	1	4	47	62	109
Employees (Nos)	66558	67498	69748	37912	40843	41788	4125	1671	1456	108595	110012	112992
Branches (Nos)	6260	6416	6579	2341	2611	2877	163	49	49	8764	9076	9505

#### Growth Rates – All Banks

(In %)

	]	Major Banks	S	Private	& Provincia	ıl Banks	F	oreign Banl	KS .		All Banks	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Assets Net	12.7	9.0	13.9	24.3	17.9	19.4	-2.6	-30.2	7.0	15.1	9.7	15.5
Equity	16.7	11.9	12.3	-7.0	-8.1	23.8	0.0	-18.6	13.4	7.7	4.0	15.2
Deposits	11.4	12.2	13.3	18.9	26.5	17.8	-0.9	-30.7	6.6	12.9	14.5	14.6
Advances	2.6	1.7	-1.7	-0.1	20.0	3.0	-18.2	-52.5	0.0	0.6	4.6	-0.1
Investments	44.2	28.1	39.2	89.5	22.1	46.1	90.5	0.0	40.0	60.0	24.6	41.7
Interest Income	23.4	6.5	16.5	19.6	16.7	27.1	13.3	-41.2	20.0	21.6	6.7	20.1
Interest Expense	34.6	2.3	16.2	28.9	15.5	25.0	26.7	-42.1	9.1	31.8	4.8	19.8
Net Interest Income	14.8	10.3	16.8	2.9	16.3	32.5	0.0	-33.3	20.0	11.5	8.9	20.0
Non Interest Income	6.7	-3.1	14.5	-10.5	17.0	16.0	-20.0	-37.5	0.0	-0.6	-1.4	14.0
Revenue	12.7	6.6	16.7	-2.9	17.5	29.6	0.0	-37.5	13.3	8.3	5.7	19.4
Admn Expense	12.0	12.6	14.7	13.3	23.6	17.4	5.9	-50.0	0.0	11.7	9.3	14.9

#### Selected Ratios – All Banks

	]	Major Banks	S	Private	& Provincia	ıl Banks	F	oreign Banl	KS .		All Banks	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Cost of Funds	5.5	5.1	5.3	8.2	7.2	7.9	7.4	6.0	6.7	6.3	5.8	6.3
Intermediation Cost	3.3	3.3	3.4	3.2	3.1	3.3	7.0	4.4	5.3	3.4	3.3	3.4
Pre Tax Margin	21.0	24.8	27.0	-11.4	-7.4	6.1	-6.5	8.1	20.3	9.8	13.9	19.8
Non Interest Income Ratio	24.8	22.4	22.1	31.2	31.3	28.6	35.0	32.4	27.4	26.8	24.7	23.8
Gross Spread Ratio	52.5	54.4	54.5	27.0	27.6	28.7	44.8	48.5	49.4	44.3	45.5	45.6
Cost/Income Ratio	40.1	42.1	41.4	76.8	78.4	72.5	74.0	64.0	56.8	49.7	50.9	49.2
Income/Expenses Ratio (IER)	1.3	1.3	1.4	0.9	0.9	1.1	1.2	1.2	1.3	1.1	1.2	1.2
Return on Equity	18.5	18.9	21.0	-9.5	-8.5	7.8	-5.0	2.5	10.3	8.2	10.5	17.1
Return on Assets	1.7	1.8	2.0	-0.9	-0.6	0.5	-0.6	0.3	1.6	0.8	0.9	1.5
Return on Deposits	2.2	2.2	2.5	-1.2	-0.8	0.6	-0.1	0.5	2.4	1.0	1.2	1.9
Earning Assets/Deposits	105.4	104.8	103.8	114.9	114.5	112.8	117.9	119.6	118.8	105.4	104.8	103.8
Capital Ratio	9.0	9.3	9.4	9.3	7.2	6.3	12.6	13.7	15.4	9.3	8.8	8.5
Deposits Time Capital	7.5	7.3	7.4	7.5	10.2	11.5	5.1	4.7	4.3	7.3	7.6	8.1
Equity Multiplier (Time)	11.1	10.7	10.6	10.7	14.2	16.2	7.9	7.3	6.5	10.7	11.3	11.7
Capital to Risk Assets (CRA)	16.8	18.8	21.1	19.4	16.3	14.5	27.7	37.9	56.4	18.1	18.7	19.6
Advances+Investment/Assets	76.3	77.0	77.5	75.0	76.5	80.5	63.5	64.1	67.1	75.2	76.3	78.2
Earning Assets/Assets	81.2	82.2	82.3	114.9	114.5	112.8	78.6	80.2	79.4	82.4	83.2	83.7
Advances/Deposits(CDR)	69.3	63.3	56.1	65.6	59.0	56.8	68.3	53.7	40.9	68.2	61.6	55.8
Avg.Liabilities/Avg.Assets	89.7	89.2	89.3	90.2	92.0	92.9	86.9	86.1	84.4	89.7	89.9	90.3
Liabilities/Equity (Time)	9.9	9.6	9.5	10.3	12.8	14.9	6.9	6.3	5.5	9.6	10.2	10.6
Net Profit Margin	24.6	26.9	28.8	-23.0	-16.4	12.3	-9.0	6.6	23.1	12.9	16.7	24.8
Net Interest Margin (NIM)	6.2	6.2	6.5	3.1	3.0	3.3	5.7	4.3	6.2	5.2	5.0	5.3
Cost of Funding Earning Assets	5.6	5.2	5.4	8.3	7.8	8.7	7.0	4.6	6.3	6.6	6.0	6.4
Yield on Earning Assets	11.9	11.4	11.9	11.6	10.8	11.4	12.7	9.0	12.5	11.8	11.1	11.7
Interest Spread	6.4	6.3	6.3	3.8	3.5	2.2	5.3	4.0	5.0	4.7	4.7	4.1
NPLs/Gross Advances	10.6	11.9	12.5	19.0	21.5	20.4	9.8	6.1	10.5	12.9	14.5	15.2
NPLs Provisions/Net Advances	8.5	9.7	11.1	11.5	13.9	12.9	7.8	5.7	10.3	9.3	10.7	11.7
Admn Expenses/Employee (Rs.Mn)	1.6	1.7	2.0	1.4	1.5	1.8	4.3	5.6	6.5	1.6	1.7	2.0
Staff/Branch (Nos)	11	11	10	16	16	15	25	34	30	12	12	12
Profit After Tax/Branch (Rs.Mn)	10.1	11.5	14.0	-6.7	-5.1	4.4	-13.2	19.6	78.5	5.1	6.8	11.5

#### Key Performance Indicators – Major Banks

(Rs. Bn)

D 1		Assets			Equity			Deposits			Advances		I	nvestment	S
Banks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	944.6	1037.7	1149.6	94.8	103.8	110.5	727.5	832.2	927.4	475.2	477.5	525.0	217.6	301.3	319.5
HBL	821.1	887.1	1063.9	71.2	81.8	93.5	653.5	721.1	875.3	432.3	435.0	416.3	209.4	245.0	399.9
UBL	619.7	699.8	778.1	52.3	60.2	70.6	492.0	550.6	613.0	354.1	333.7	325.3	136.1	224.6	294.4
MCB Bank	509.2	567.6	653.2	61.1	69.2	78.9	367.6	431.4	491.2	253.2	254.6	225.8	167.1	213.1	316.7
ABL	418.4	449.9	515.7	25.9	31.2	37.6	328.9	371.3	399.6	237.3	253.1	244.4	94.8	121.2	195.7
Bank AlFalah	389.1	411.5	468.2	19.8	19.7	22.8	324.8	354.0	401.2	188.0	207.2	198.5	99.2	113.4	166.5
Standard Chartered Bank	312.8	321.9	356.4	44.6	48.1	51.3	207.0	220.3	236.0	124.4	139.3	129.6	83.8	72.6	104.4
Total	4014.9	4375.5	4985.1	369.7	414.0	465.2	3101.3	3480.9	3943.7	2064.5	2100.4	2064.9	1008.0	1291.2	1797.1

2 1	Int	erest Inco	me	Inte	erest Expe	nse	Net l	Interest Inc	come	Non	Interest In	come		Revenue	
Banks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	77.9	88.5	95.3	40.5	45.2	48.5	37.5	43.2	46.8	19.0	17.6	19.3	56.5	60.8	66.1
HBL	74.8	80.0	96.4	33.1	34.1	41.6	41.7	45.9	54.9	9.9	11.0	12.1	51.6	56.9	67.0
UBL	61.1	59.3	70.4	28.2	25.0	31.0	32.9	34.3	39.4	11.4	10.1	12.7	44.3	44.4	52.1
MCB Bank	51.6	54.8	68.1	15.8	18.0	23.6	35.8	36.8	44.5	5.6	6.3	8.1	41.4	43.1	52.6
ABL	41.1	45.0	51.8	22.4	22.4	26.6	18.7	22.6	25.2	6.0	5.7	6.9	24.7	28.3	32.1
Bank AlFalah	35.6	37.5	44.3	24.7	23.9	25.7	10.9	13.7	18.6	5.2	4.7	5.4	16.1	18.4	24.0
Standard Chartered Bank	26.7	28.0	32.0	10.4	10.7	11.4	16.3	17.3	20.5	6.9	6.2	6.2	23.2	23.5	26.7
Total	368.8	393.1	458.3	175.1	179.3	208.4	193.8	213.8	249.9	64.0	61.6	70.7	257.8	275.4	320.6

D 1	Ad	mn Expen	ses	Op	erating Pro	ofit	Provisio	ns/Other I	Expenses	Pro	fit/Loss (E	3.T)	Pro	fit/Loss (A	1.T)
Banks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	22.6	26.2	30.1	33.9	34.6	36.0	12.6	10.2	10.0	21.3	24.4	26.0	17.6	17.6	17.6
HBL	21.7	23.1	27.1	29.9	33.8	39.9	10.4	8.8	8.0	19.5	25.1	32.0	12.3	15.6	20.7
UBL	16.6	17.8	19.8	27.7	26.6	32.3	13.7	8.7	8.1	14.0	17.9	24.2	9.2	11.2	15.5
MCB Bank	10.1	12.2	15.6	31.3	30.9	37.0	8.2	4.7	5.6	23.2	26.3	31.5	15.5	16.9	19.4
ABL	9.4	11.2	13.2	15.3	17.1	18.9	4.8	4.7	3.8	10.5	12.3	15.1	7.1	8.2	10.1
Bank AlFalah	10.9	12.6	13.8	5.2	5.8	10.2	4.1	4.4	4.8	1.0	1.4	5.4	0.9	1.0	3.5
Standard Chartered Bank	12.1	12.9	13.2	11.1	10.6	13.5	9.7	5.0	5.1	1.4	5.6	8.4	0.7	3.6	5.4
Total	103.4	116.0	132.8	154.4	159.4	187.8	63.5	46.5	45.4	90.9	113.0	142.6	63.3	74.1	92.2

NBP National Bank of Pakistan

HBL Habib Bank Limited
UBL United Bank Limited
ABL Allied Bank Limited

Source: Annual Reports of the Banks

## ECONOMIC BULLETIN

#### Selected Ratios – Major Banks

Banks	C	ost of Fur	ıd	Inter	mediation	Cost	Pre	e-Tax Marg	gin	Non Intere	st Income F	Ratio (NIR)	Gross S	pread Rati	o (GSR)
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	5.6	5.6	5.4	3.1	3.2	3.3	22.0	23.0	22.7	33.7	29.0	29.2	48.1	48.9	49.1
HBL	5.0	4.7	5.0	3.3	3.2	3.3	23.0	27.5	29.5	19.3	19.4	18.0	55.7	57.4	56.9
UBL	5.3	4.5	4.9	3.1	3.2	3.1	19.4	25.6	29.1	25.7	22.7	24.4	53.9	57.8	56.0
MCB Bank Ltd	4.1	4.1	4.8	2.6	2.8	3.2	40.4	43.0	41.3	13.6	14.5	15.4	69.3	67.2	65.3
ABL	6.5	5.9	6.3	2.7	3.0	3.1	22.4	24.4	25.7	24.2	20.1	21.6	45.5	50.2	48.6
Bank Al-Falah	7.5	6.7	6.5	3.3	3.5	3.5	2.5	3.2	10.9	32.2	25.6	22.4	30.7	36.4	42.0
Standard Chartered Bank	5.1	4.7	4.7	6.0	5.6	5.4	4.1	16.3	22.1	29.7	26.4	23.2	61.1	61.8	64.2
Total	5.5	5.1	5.3	3.3	3.3	3.4	21.0	24.8	27.0	24.8	22.4	22.1	52.5	54.4	54.5

Banks	Cost	/ Income	Ratio	Incom	ne Expense	Ratio		ROE			ROA			ROD	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	40.0	43.1	45.5	1.3	1.3	1.3	20.0	17.7	16.4	2.0	1.8	1.6	2.6	2.3	2.0
HBL	42.1	40.5	40.5	1.3	1.4	1.4	18.6	20.4	23.7	1.6	1.8	2.1	2.0	2.3	2.6
UBL	37.4	40.4	37.9	1.2	1.3	1.4	19.5	19.8	23.7	1.2	1.4	2.1	1.9	2.1	2.7
MCB Bank Ltd	24.4	28.2	29.6	1.7	1.8	1.7	27.3	25.9	26.2	3.3	3.1	3.2	4.4	4.2	4.2
ABL	38.2	39.8	41.0	1.3	1.3	1.3	30.5	28.8	29.5	1.8	1.9	2.1	2.3	2.3	2.6
Bank Al-Falah	67.9	68.4	57.7	1.0	1.0	1.1	5.2	4.9	16.5	0.2	0.2	0.8	0.3	0.3	0.9
Standard Chartered Bank	52.3	54.7	49.5	1.0	1.2	1.3	1.7	7.8	11.0	0.3	1.1	1.6	0.4	1.7	2.4
Total	40.1	42.1	41.4	1.3	1.3	1.4	18.5	18.9	21.0	1.7	1.8	2.0	2.2	2.2	2.5

				Solv	vency Ra	itios				Equity	Multiplian	(Time)	Comital Dia	lr Assata D	atio (CRA)
Banks	Earnin	g Assets/D	eposits	C	apital Rat	io	Depo	sit Time C	apital	Equity	Multiplier	(Time)	Capitai Kis	sk Assets K	allo (CKA)
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	102.1	100.9	99.4	10.0	10.0	9.8	6.1	6.2	6.7	10.0	10.0	10.2	19.8	20.8	21.4
HBL	104.3	103.5	102.7	8.6	9.0	9.0	8.5	8.2	8.4	11.6	11.2	11.1	15.3	17.6	20.6
UBL	106.3	106.2	106.1	6.2	6.9	8.9	2.4	2.4	7.9	16.1	14.4	11.3	13.0	16.3	19.8
MCB Bank Ltd	114.1	113.0	110.5	11.9	12.1	12.1	5.4	5.4	5.5	8.4	8.3	8.2	22.0	25.7	30.8
ABL	107.8	106.8	107.6	5.9	6.6	7.1	12.0	10.6	9.7	16.8	15.2	14.0	10.4	11.7	13.8
Bank Al-Falah	98.7	98.4	97.1	4.7	4.9	4.8	16.0	15.3	15.7	21.5	20.3	20.7	9.1	10.0	10.5
Standard Chartered Bank	109.8	111.0	109.7	15.4	14.6	14.6	4.2	4.3	4.3	6.5	6.8	6.8	35.5	35.2	37.0
Total	105.4	104.8	103.8	9.0	9.3	9.4	7.5	7.3	7.4	11.1	10.7	10.6	16.8	18.8	21.1

				Liq	uidity R	atio					Debt M	anageme	ent Ratio	(DMR)	
Banks	Adva	nces+Inv./	Assets	Earni	ng Assets/	Assets	Adv	ances/Dep	osits	Avg.Lia	bilities/Av	g.Assets	Liabilit	ies/Equity	(Time)
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	72.5	74.3	74.2	78.3	79.4	80.0	65.7	61.1	57.0	87.5	87.4	87.9	8.8	8.8	9.0
HBL	78.3	77.4	76.7	83.1	83.3	84.0	70.8	63.1	53.3	90.6	90.1	90.2	10.5	10.1	10.0
UBL	64.1	64.7	79.7	68.0	68.4	83.5	74.3	66.0	56.6	73.5	73.5	90.0	11.9	10.6	10.2
MCB Bank Ltd	81.7	82.5	82.7	83.6	83.9	83.5	73.9	63.6	52.1	86.5	86.2	86.2	7.3	7.1	7.1
ABL	80.0	81.3	84.3	86.0	86.1	85.9	71.9	69.9	64.4	93.3	92.4	91.8	15.7	14.1	12.9
Bank Al-Falah	75.2	75.9	77.9	83.7	83.5	83.4	60.7	58.2	53.7	94.7	94.4	94.5	20.3	19.1	19.5
Standard Chartered Bank	62.9	66.2	65.7	72.6	74.7	73.8	65.5	61.7	58.9	84.3	84.4	84.4	5.5	5.8	5.8
Total	76.3	77.0	77.5	81.8	82.2	82.3	69.3	63.3	56.1	87.7	89.2	89.2	9.9	9.6	9.5

Banks	Net	Profit Ma	rgin	Net Inte	rest Margi	n (NIM)	Cost of F	und Earnii	ng Assets	Yield o	n Earning	Assets	Int	terest Spre	ead
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	31.1	28.9	26.6	5.4	5.5	5.4	5.9	5.8	5.5	11.3	11.2	10.9	5.7	5.7	5.5
HBL	23.8	27.4	31.0	6.5	6.5	6.7	5.2	4.8	5.1	11.7	11.2	11.8	6.7	6.6	6.8
UBL	20.7	25.2	29.7	6.4	6.2	6.4	5.4	4.5	5.0	11.8	10.7	11.4	6.5	6.3	6.5
MCB Bank Ltd	37.4	39.2	36.9	9.0	8.2	8.7	4.0	4.0	4.6	13.0	12.1	13.4	8.8	8.0	8.6
ABL	28.9	29.1	31.6	5.5	6.0	6.1	6.6	6.0	6.4	12.2	12.0	12.5	5.7	6.1	6.2
Bank Al-Falah	5.6	5.3	14.6	3.5	4.1	5.1	8.0	7.1	7.0	11.5	11.2	12.1	4.0	4.5	5.6
Standard Chartered Bank	3.2	15.4	20.4	7.8	7.3	8.2	5.0	4.5	4.6	12.7	11.8	12.8	7.6	7.1	8.1
Total	24.6	26.9	28.8	6.2	6.2	6.5	5.6	5.2	5.4	11.9	11.4	11.9	6.4	6.3	6.6

Banks	NPLs/	Gross Ad	vances	NPLs Pro	visons/Net	Advances	Admi	n Exp./Emp	oloyee (Rs.Mn)	S	taff/Branc	h	Profi	it (A.T)/Bı	ranch (Rs.Mn)
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
NBP	14.3	16.2	15.6	12.5	12.8	13.4	1.4	1.6	1.8	13	13	13	13.6	13.6	13.5
HBL	9.7	10.8	12.1	7.7	9.6	11.4	1.7	1.8	2.0	9	9	9	8.2	10.4	14.0
UBL	10.1	12.9	13.9	7.8	10.2	12.4	2.0	2.1	2.2	7	7	7	8.1	9.8	12.6
MCB Bank Ltd	8.6	9.0	10.2	6.4	7.7	9.3	1.1	1.3	1.5	9	9	9	14.3	14.9	16.6
ABL	6.9	7.2	7.7	5.6	6.3	7.1	1.1	1.2	1.3	11	11	12	9.1	10.2	12.1
Bank Al-Falah	8.2	8.8	8.9	4.9	5.7	6.4	1.5	1.7	1.8	23	20	19	2.8	2.5	8.6
Standard Chartered Bank	15.3	14.8	16.6	13.4	14.1	16.4	4.1	4.2	4.4	18	19	21	4.6	22.3	38.1
Total	10.6	11.9	12.5	8.5	9.7	11.1	1.6	1.7	1.9	11	11	11	10.1	11.5	14.0

### $Key\ Performance\ Indicators-Private/Provincial/Government\ Banks$

(Rs.Bn)

Banks		Assets			Equity			Deposits			Advances	3	It	ivestmen	ts
Danks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	254.3	314.7	343.8	13.1	14.8	16.5	206.0	255.9	291.5	135	152.8	150.7	67.0	102.3	133.8
Soneri Bank	95.3	108.1	129.7	7.2	8.4	10.2	73.5	82.0	99.7	48.7	54.7	65.3	29.5	35.0	45.8
Bank Al-Habib	249.8	301.6	384.3	12.3	14.7	17.8	189.3	249.8	302.1	106.0	125.8	114.9	111.0	137.2	223.0
Bank of Khyber	38.8	50.8	68.4	5.0	5.6	9.7	26.3	37.0	45.5	11.8	18.2	22.5	17.9	19.9	36.7
Bank of Punjab	216.7	229.2	281.0	-4.5	-8.1	-6.9	190.9	208.2	238.0	121.3	120.8	127.1	58.0	56.4	92.6
Sindh Bank <sup>a</sup>	-	-	47.7	-	-	10.7	-	-	23.5	-	-	7.3	-	-	26.1
KASB Bank	59.2	56.7	71.3	4.8	2.1	2.7	43.9	46.3	61.3	29.5	29.5	28.4	16.0	13.9	16.9
Habib Metropolitan Bank Ltd	237.4	252.2	288.2	18.9	21.0	24.2	142.5	160.5	185.4	102.3	119.8	109.7	111.7	101.0	147.5
Faysal Bank	180.9	267.3	292.6	11.3	16.6	17.8	123.7	195.3	214.6	91.3	133.7	148.2	56.5	86.4	93.4
mybank*	35.5	39.5	-	4.2	3.2	-	26.8	29.5	-	17.4	19.6	-	10.0	9.4	-
SILKBANK	68.7	72.6	90.7	0.2	4.8	5.6	49.6	55.7	64.1	32.1	44.4	49.9	20.2	13.2	17.5
Meezan Bank	124.2	154.8	200.5	9.1	10.7	13.3	100.3	131.1	170.0	41.7	54.2	59.2	23.3	55.0	98.5
NIB Bank	208.1	164.3	154.8	41.6	13.7	13.6	93.9	99.2	85.5	84.0	74.6	60.8	62.4	51.8	49.6
Dubai Islamic Bank	35.4	39.9	48.2	6.0	6.0	6.2	28.0	31.4	38.5	20.6	22.8	23.3	2.8	5.9	12.9
Bank Islami Pakistan	34.3	45.0	58.8	4.7	4.7	5.1	28.0	38.2	50.6	10.5	16.7	20.1	6.8	13.7	21.1
Summit Bank	38.2	72.3	119.6	4.1	3.6	5.5	31.3	61.6	89.6	18.5	38.8	57.3	12.4	20.5	36.3
JS Bank	32.9	39.4	53.9	5.7	5.8	7.5	21.3	26.3	41.5	11.7	14.0	18.0	9.5	13.7	22.6
Al-Baraka Bank	19.8	60.8	72.5	3.5	6.1	6.5	15.1	49.3	61.6	9.4	26.9	27.6	3.4	15.6	26.2
Burj Bank**	13.1	17.7	27.6	4.8	4.3	5.8	6.8	12.6	20.3	4.8	5.6	10.5	2.9	5.1	10.0
Samba Bank Limited	23.7	30.5	31.3	7.1	7.9	8.2	12.5	14.9	17.7	9.7	12.1	15.8	5.8	11.1	9.7
First Women Bank	10.3	12.7	16.1	1.1	1.1	1.7	8.8	10.2	13.8	3.3	6.3	7.7	4.1	3.4	4.7
All Private/Prov.Banks	1976.6	2330.1	2781.0	160.2	147.0	181.7	1418.5	1795.0	2114.8	909.6	1091.3	1124.3	631.2	770.5	1124.9

(Rs.Mn)

Banks	Inte	erest Inco	me	Inte	rest Expe	nse	Net I	nterest In	come	Non I	nterest In	come		Revenue	
Danks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	22586	27329	32766	13554	17937	22700	9033	9392	10067	2544	2800	2903	11577	12192	12970
Soneri Bank	9337	10250	12895	6603	7204	8997	2734	3047	3898	1168	1228	1955	3902	4275	5853
Bank Al-Habib	22120	27475	36503	13053	16679	22374	9067	10797	14129	1836	2129	2594	10903	12926	16723
Bank of Khyber	3390	4207	6947	2390	2925	4552	1000	1282	2395	384	60	730	1384	1671	3125
Bank of Punjab	15642	18220	20685	19022	18801	21073	-3381	-581	-388	2219	1883	1990	-1162	1302	1846
Sindh Bank <sup>a</sup>	-	-	3704	-	-	2241	-	-	1463	-	-	222	-	-	1685
KASB Bank	5062	5017	4517	5490	5064	5053	-428	-47	-536	555	623	673	126	576	137
Habib Metropolitan Bank Ltd	21376	23380	27248	14665	16433	19548	6711	6947	7699	3702	4429	5187	10413	11376	12886
Faysal Bank	16958	19710	28825	11968	13919	19619	4990	5791	9206	2813	4012	4070	7803	9803	13276
mybank*	3368	2887	-	2882	2332	-	486	555	-	384	409	-	870	970	-
SILKBANK	5913	6776	8386	5855	5926	6515	58	849	1871	662	1185	847	720	2170	5348
Meezan Bank	10102	12290	18032	4970	6606	8666	5132	5684	9366	1598	2475	2505	6730	8159	11871
NIB Bank	18272	16482	14246	12872	13533	12167	5400	2949	2079	1682	1715	2152	7082	4664	4231
Dubai Islamic Bank	3647	4072	4633	1806	2130	2396	1841	1942	2237	365	366	457	2206	2308	2694
Bank Islami Pakistan	2177	3807	5502	1222	2057	2883	955	1750	2619	343	207	227	1298	1964	2846
Summit Bank	3514	7071	9531	2947	6102	9025	567	968	506	265	582	744	832	1550	1250
JS Bank	2527	3300	4312	1807	2255	2583	721	1045	1729	339	333	762	1060	1378	2642
Al-Baraka Bank	1914	2199	6699	1235	1659	5001	679	540	1698	302	247	482	981	787	2407
Burj Bank**	1132	1263	2376	651	726	1423	481	537	952	57	64	188	538	601	1140
Samba Bank Limited	1879	2385	3352	1259	1350	1944	620	1034	1408	142	321	152	762	1355	1606
First Women Bank	896	1374	1919	408	764	1176	488	611	742	67	57	254	555	668	996
All Private/Prov.Banks	171812	199494	253078	124659	144402	179936	47154	55092	73140	21427	25125	29094	68580	80695	105532

Banks	Ad	lmn Expe	nse	Ope	erating Pr	ofit	Provisio	n/Other I	Expenses	Prof	fit/Loss (I	3.T)	Prof	fit/Loss (A	A.T)
Danks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	6996	7813	8639	4581	4379	4331	2949	3107	1918	1642	1273	2413	1097	943	1627
Soneri Bank	2114	2624	3448	1788	1651	2405	1599	1511	1327	190	140	1078	145	125	783
Bank Al-Habib	5046	6162	7585	5857	6764	9138	1345	1108	1983	4512	5656	7155	2856	3602	4533
Bank of Khyber	719	944	1468	665	727	1657	1463	13	371	-799	713	1285	-162	563	872
Bank of Punjab	3028	3426	3954	-4190	-2124	-2108	10184	4061	-2632	-14374	-6186	523	-10069	-4029	348
Sindh Bank <sup>a</sup>	-	-	514	-	-	1171	-	-	31	-	-	1140	-	-	750
KASB Bank	2379	2495	2323	-2253	-1919	-2186	2549	1536	814	-5943	-3455	-3000	-4228	-2711	-2370
Habib Metropolitan Bank Ltd	3524	4173	4924	6889	7203	7962	2676	3176	3332	4214	4026	4630	2739	2818	3281
Faysal Bank	4284	6644	10814	3519	3159	2462	2219	2332	985	1300	827	1478	1200	1190	1280
mybank*	1064	1110	-	-194	-140	-	1962	938	-	-2156	-1078	-	-1640	-1043	-
SILKBANK	2748	3154	3779	-2028	-984	1569	2225	253	209	-4252	-1235	1359	-2903	-1131	695
Meezan Bank	3530	4461	5959	3200	3698	5912	1460	1571	1557	1740	2127	4356	1025	1650	3391
NIB Bank	5345	6955	4715	1737	-2291	-484	1092	10331	2996	644	-12622	-3480	691	-10112	-2044
Dubai Islamic Bank	1724	2096	2337	482	212	357	130	194	41	352	18	316	227	8	190
Bank Islami Pakistan	1755	1896	2147	-457	69	699	122	23	89	-579	46	609	-489	47	410
Summit Bank	1065	2736	3782	-233	-1186	-2532	2053	2690	511	-2286	-3876	-3043	-2067	-3018	-1537
JS Bank	1735	1847	2098	-675	-469	544	774	154	8.0	-1449	-623	536	-595	-407	360
Al-Baraka Bank	1411	1509	1911	-430	-722	496	369	851	16	-799	-1572	481	-564	-1040	410
Burj Bank**	686	987	1229	-148	-386	-89	257	439	258	-405	-825	-347	-293	-535	-288
Samba Bank Limited	1415	1457	1393	-653	-102	213	415	29	13	-1068	-130	201	-593	-120	236
First Women Bank	452	534	601	103	134	395	190	80	-5	-86	55	400	-80	24	258
All Private/Prov.Banks	51020	63023	73620	17560	17673	31912	36033	34397	13822	-19602	-16722	18090	-13703	-13176	13185

<sup>\*</sup> mybank was descheduled and amalgamated with Summit Bank

<sup>\*\*</sup> Formerly Dawood Islamic Bank

<sup>&</sup>lt;sup>a</sup> Commenced Business on December 14, 2010

# $\stackrel{\mathrm{Economic}}{B} \stackrel{\mathrm{DULLETIN}}{\mathrm{DULLETIN}}$

#### Selected Ratios – Private/Provincial Banks

D1	C	ost of Fu	nd	Inter	mediation	Cost	Pre	-Tax Mar	gin	Non Intere	st Income	Ratio(NIR)	Gross S	pread Rat	io(GSR)
Banks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	6.6	7.1	7.7	3.4	3.1	2.9	6.5	4.2	6.8	22.0	23.0	22.4	40.0	34.4	30.7
Soneri Bank	8.6	8.1	8.6	2.8	3.0	3.3	1.8	1.2	7.3	29.2	28.7	33.4	29.3	29.7	30.2
Bank Al-Habib	6.9	6.7	7.2	2.7	2.5	2.5	18.8	19.1	18.3	16.8	16.5	15.5	41.0	39.3	38.7
Bank of Khyber	8.4	8.2	9.5	2.5	2.6	3.1	-21.2	16.7	16.7	27.7	4.5	23.4	29.5	30.5	34.5
The Bank of Punjab	6.3	5.9	8.7	1.0	1.1	1.6	-80.5	-30.8	2.3	-191.0	144.6	107.8	-21.6	-3.2	-1.9
KASB Bank	11.7	9.7	8.6	5.1	4.8	3.9	-105.8	-61.3	-57.8	440.5	108.2	491.2	-8.5	-0.9	-11.9
Habib Metropolitan Bank	7.9	7.6	8.2	1.9	1.9	2.1	16.8	14.5	14.3	35.6	38.9	40.3	31.4	29.7	28.3
Faysal Bank	8.7	7.2	8.1	3.1	3.4	4.5	6.6	3.5	4.5	36.1	40.9	30.7	29.4	29.4	31.9
mybank	9.3	7.3	0.0	3.4	3.5	0.0	-57.5	-32.7	-	44.1	42.4	-	14.4	19.2	-
SILKBANK	10.2	9.1	8.8	4.8	4.8	5.1	-64.7	-15.5	14.7	91.9	54.6	31.2	1.0	12.5	22.3
Meezan Bank	5.4	5.4	5.5	3.9	3.6	3.8	14.9	14.4	21.2	23.7	30.3	21.1	50.8	46.2	51.9
NIB Bank	9.0	9.1	8.9	3.8	4.7	3.4	3.2	-69.4	-21.2	23.8	36.8	50.9	29.6	17.9	14.6
Dubai Islamic Bank	6.7	7.0	6.6	6.4	6.9	6.4	8.8	0.4	6.2	16.5	15.9	17.0	50.5	47.7	48.3
Bank Islami Pakistan	6.0	6.2	6.4	8.6	5.7	4.8	-23.0	1.1	10.6	26.4	10.6	8.0	43.9	46.0	47.6
Summit Bank	11.5	12.2	10.3	4.1	5.5	4.3	-60.5	-50.6	-29.6	31.9	37.5	59.5	16.1	13.7	5.3
JS Bank	5.9	7.8	6.8	8.2	6.4	5.5	-50.6	-17.1	10.6	32.0	24.2	30.6	28.5	31.7	40.1
Al-Baraka Bank	9.2	4.9	7.4	10.6	4.5	2.8	-36.1	-64.3	6.7	30.8	31.4	22.1	35.5	24.6	25.3
Burj Bank	10.0	7.0	85.6	10.6	9.5	7.3	-34.1	-62.2	-13.5	10.6	10.6	16.5	42.5	42.5	40.1
Samba Bank	9.7	7.3	9.0	10.9	7.9	6.5	-52.8	-4.8	57.1	18.6	23.7	9.7	33.0	43.4	42.0
First Women Bank	5.5	7.7	8.5	6.1	5.4	4.3	-8.9	3.8	18.4	12.1	8.5	25.5	54.5	44.5	38.7
Total	7.7	7.2	7.9	3.2	3.1	3.3	-11.4	-7.4	6.1	31.2	31.3	28.6	27.0	27.6	28.7

Banks	Cost	/Income I	Ratio	Incom	e/Expense	e Ratio		ROE			ROA			ROD	
Daliks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	60.4	64.1	66.6	1.1	1.0	1.1	8.7	6.7	10.4	0.5	0.3	0.5	0.6	0.4	0.6
Soneri Bank	52.8	61.4	58.9	1.1	1.0	1.1	2.0	1.6	8.4	0.2	0.1	0.7	0.2	0.2	0.9
Bank Al-Habib	46.3	47.7	45.4	1.2	1.2	1.2	25.7	26.7	27.9	1.3	1.3	1.3	1.7	1.6	1.6
Bank of Khyber	52.0	70.3	47.0	1.2	1.2	1.2	-11.9	10.6	11.4	-1.8	1.3	1.5	-2.5	1.8	2.1
The Bank of Punjab	-260.6	263.1	214.2	0.6	0.8	1.0	-3430.7	69.9	-5.0	-5.0	-1.8	0.1	-5.7	-2.0	0.2
KASB Bank	1888.1	433.2	1695.6	0.5	0.6	0.6	-62.2	-78.6	-98.0	-7.6	-4.7	-3.7	-10.7	-6.0	-4.4
Habib Metropolitan Bank	33.8	36.7	38.2	1.2	1.2	1.2	15.6	14.1	14.5	1.3	1.2	1.2	2.0	1.9	1.9
Faysal Bank	54.9	67.8	81.5	1.1	1.0	1.0	11.2	8.5	7.4	0.8	0.5	0.5	1.1	0.7	0.6
mybank	122.3	115.1	-	0.9	0.8	-	-32.5	-28.0	0.0	-4.4	-2.8	-	-6.0	-3.7	-
SILKBANK	381.7	145.3	139.0	0.6	0.9	1.2	-176.6	-45.1	13.5	-4.7	-1.6	0.9	-6.4	-2.1	1.2
Meezan Bank	52.5	54.7	50.2	1.2	1.2	1.3	13.3	16.6	28.2	1.0	1.2	1.9	1.2	1.4	2.3
NIB Bank	75.5	149.1	111.4	1.0	0.6	0.8	1.7	-41.3	-19.6	0.4	-5.4	-1.3	0.7	-10.5	-2.2
Dubai Islamic Bank	78.2	90.8	86.7	1.1	1.0	1.1	4.1	0.1	3.1	0.7	0.0	0.4	0.8	0.03	0.5
Bank Islami Pakistan	135.2	96.8	75.4	0.8	1.0	1.1	-9.9	1.0	8.3	-1.8	0.1	0.8	-2.4	0.1	0.9
Summit Bank	128.0	176.5	302.6	0.6	0.7	0.8	-40.5	-78.8	-33.8	-6.6	-5.5	-1.6	-8.6	-6.5	-2.0
JS Bank	163.7	134.0	84.2	0.9	0.9	1.1	-10.4	-7.1	5.4	-2.2	-1.1	0.8	-3.3	-1.7	1.1
Al-Baraka Bank	143.8	191.7	87.7	0.7	0.6	1.1	-15.0	-21.7	6.5	-3.1	-2.6	0.6	-4.3	-3.2	0.6
Burj Bank	127.5	164.2	107.8	0.7	0.6	0.2	-6.6	-11.8	-5.7	-2.6	-3.5	-1.3	-4.9	-5.5	-1.7
Samba Bank	185.7	107.5	89.3	0.7	1.0	1.1	-9.5	-1.6	2.9	-2.9	-0.4	0.8	-5.3	-0.9	1.5
First Women Bank	81.4	79.9	60.3	0.9	1.0	1.2	-7.3	2.2	18.9	-0.9	0.2	1.8	-1.1	0.3	2.1
Total	76.8	78.4	72.5	0.9	0.9	1.1	-9.5	-8.5	7.8	-0.9	-0.6	0.5	-1.2	-0.8	0.6

				Sol	vency R	atio				Б. 1	N. C. 11: 11:	(TD: )	G : 10:	1 4 · D	.: (CD 4)
Banks	Earning	g Assets/[	eposits	С	apital Rat	io	Depos	sit Time (	Capital	Equity	Multiplie	r (11me)	Capitai Kis	K Assets K	atio (CRA)
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	103.8	104.6	102.3	5.5	4.9	4.8	13.4	14.9	16.2	18.3	20.4	21.0	9.5	9.7	10.32
Soneri Bank	112.5	113.2	113.6	8.0	7.7	7.8	9.1	9.3	9.1	12.5	13.1	12.8	14.7	15.1	15.5
Bank Al-Habib	112.1	111.1	110.7	5.2	4.9	4.7	13.0	14.6	15.4	19.2	20.4	21.1	10.8	11.6	13.5
Bank of Khyber	120.1	120.3	126.8	15.3	11.9	12.8	4.8	4.1	4.2	6.5	8.4	7.8	43.8	35.4	37.6
The Bank of Punjab	95.7	103.2	114.4	0.1	-2.6	-2.7	35.8	40.5	30.9	685.8	-38.7	-36.7	0.4	-8.7	-5.6
KASB Bank	113.9	100.3	92.4	12.2	5.9	3.8	5.6	12.1	18.7	8.2	16.8	26.5	22.0	11.7	8.3
Habib Metropolitan Bank	141.7	147.3	141.7	8.3	8.1	8.4	8.0	7.8	7.7	12.0	12.3	12.0	16.6	17.9	19.7
Faysal Bank	126.7	122.0	115.2	6.7	6.2	6.2	9.6	10.9	11.5	14.9	16.0	16.3	12.3	12.4	12.2
mybank	112.0	105.5	-	13.4	9.9	-	4.9	6.1	7.1	7.5	10.1	-	26.3	20.1	-
SILKBANK	108.3	106.5	108.0	2.6	3.5	6.3	14.7	16.0	11.4	37.8	28.2	15.8	5.2	6.6	11.0
Meezan Bank	104.5	101.3	97.5	7.4	7.1	6.8	11.3	11.4	12.1	13.6	14.1	14.8	19.0	20.7	21.2
NIB Bank	143.4	151.0	142.1	21.4	13.1	6.5	2.4	3.5	6.8	4.7	7.6	15.3	50.3	30.9	15.4
Dubai Islamic Bank	101.3	103.7	106.4	16.5	16.1	13.9	4.8	4.9	5.7	6.1	6.2	7.2	28.7	27.9	26.6
Bank Islami Pakistan	91.5	88.7	92.0	18.5	11.9	9.5	4.1	7.0	8.8	5.4	8.4	10.5	58.7	34.7	26.9
Summit Bank	113.2	99.8	103.0	16.2	6.9	4.7	4.9	12.5	15.8	6.2	14.4	21.1	29.8	13.4	9.5
JS Bank	118.6	123.0	113.5	20.9	15.8	14.3	3.3	4.1	6.0	4.8	6.3	7.0	53.4	45.1	36.7
Al-Baraka Bank	110.1	101.0	84.9	20.8	11.9	9.5	3.4	6.7	8.8	4.8	8.4	10.5	43.8	26.4	23.2
Burj Bank	162.5	127.7	110.5	39.4	29.6	22.2	1.3	2.1	3.3	2.5	3.4	4.5	85.4	87.4	62.3
Samba Bank	143.0	164.9	160.3	31.2	27.7	26.0	1.8	1.8	2.0	3.2	3.6	3.8	79.0	68.7	57.6
First Women Bank	104.9	107.4	107.7	12.5	9.3	9.5	6.7	8.6	8.5	8.0	10.7	10.6	33.4	22.4	19.5
Total	114.9	114.5	112.8	9.3	7.2	6.3	7.5	10.2	10.7	10.7	14.1	16.2	19.4	16.3	14.5

## ECONOMIC BULLETIN

#### Selected Ratios – Private/Provincial Banks

			CICCI					. , 1110	iai Da	-1110	n .	. 3.6			(111 %)
				Liq	uidity R	atıo					Deb	t Manag	gement R		
Banks	Advances	+Investm	ent/Assets	Earni	ng Assets/.	Assets	Adv	ances/Dep	posits	Lial	bilities/As	sets	Liabilit	ies/Equity	(Time)
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	79.6	80.3	81.9	103.8	104.6	102.3	70.6	62.3	55.4	93.9	94.6	94.9	17.2	19.2	19.9
Soneri Bank	79.6	82.6	84.4	112.5	113.2	113.6	71.2	66.5	66.0	93.9	94.6	94.9	11.4	12.0	11.7
Bank Al-Habib	85.6	87.0	87.6	112.3	111.1	110.7	61.8	52.8	43.6	94.0	94.5	94.8	18.0	19.3	20.0
Bank of Khyber	73.3	75.7	81.6	120.1	120.3	126.8	48.0	47.5	49.4	84.8	82.9	83.4	5.6	7.0	6.5
The Bank of Punjab	55.8	55.5	77.8	95.7	103.2	114.4	40.6	33.4	55.6	97.5	97.8	97.2	668.9	-37.8	-35.6
KASB Bank	77.8	75.9	69.3	113.9	100.3	92.4	78.2	65.5	53.9	87.2	93.6	95.5	7.1	15.7	25.3
Habib Metropolitan Bank Faysal Bank	89.5 83.8	88.8 82.1	88.4 82.5	141.7 126.7	147.3 122.0	141.7 115.2	77.7	73.3 70.6	66.4 68.8	92.0 92.6	92.0 93.5	91.7 93.6	11.0 13.8	11.3 15.0	11.0 15.2
mybank	78.0	75.4	-	112.0	105.5	-	69.9	65.8	-	85.1	87.7	-	6.3	8.8	-
SILKBank	76.7	77.5	76.4	108.3	106.5	108.0	69.7	72.6	78.7	95.0	95.3	93.6	35.9	26.9	14.8
Meezan Bank	56.8	62.4	75.1	104.5	101.3	97.5	47.6	41.4	37.6	92.8	92.7	93.0	12.6	13.0	13.7
NIB Bank Dubai Islamic Bank	67.7 66.0	73.2 69.3	74.2 73.8	143.4 101.3	151.0 103.7	142.1 106.4	82.8 72.3	82.1 73.0	73.3 66.0	79.0 83.5	85.2 83.9	91.4 86.1	3.7 5.1	6.5 5.2	14.0 6.2
Bank Islami Pakistan	53.7	60.1	68.9	91.5	88.7	92.0	41.5	41.0	41.4	81.4	88.0	90.3	4.4	7.4	9.5
Summit Bank	82.3	81.7	79.6	113.2	99.8	103.0	71.5	61.6	63.5	84.3	93.3	95.0	5.2	13.4	20.0
JS Bank	66.1	67.3	58.0	118.6	123.0	113.5	58.4	53.4	53.6	80.0	84.1	87.9	3.8	5.3	6.2
Al-Baraka Bank	64.3	68.7	72.2	110.1	101.0	84.9	66.3	56.4	41.6	79.2	88.1	90.5	3.8	7.4	9.5
Burj Bank Samba Bank	67.8 63.5	59.6 71.5	68.8 78.8	162.5 143.0	127.7 164.9	110.5 160.3	87.8 71.0	53.4 79.8	48.9 86.0	60.5 68.8	70.1 72.3	77.6 74.0	1.5 2.2	2.4 2.6	3.5 2.8
First Women Bank	73.6	74.4	76.9	104.9	104.9	100.3	44.8	79.8 50.6	58.3	87.5	90.4	90.2	7.0	2.6 9.7	2.8 9.5
Total	75.0	76.5	80.5	114.9	114.5	112.8	65.6	59.0	56.8	90.2	92.0	92.9	10.3	12.8	14.9
	+									***					
Banks	Net	Profit Ma	ırgin	Net	Interest M	argin	Cost of F	und Earni	ing Assets	Yield o	n Earning	Assets	Int	terest Spre	ead
Zaino	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	9.5	7.7	12.6	4.7	3.9	3.6	7.0	7.4	8.1	11.6	11.3	11.7	5.0	4.2	4.004
Soneri Bank	3.6	2.9	13.4	3.6	3.5	3.8	8.7	8.2	8.7	12.3	11.6	12.5	3.7	3.5	3.9
Bank Al-Habib Bank of Khyber	26.2 -46.0	27.9 42.0	27.1 27.9	4.8 3.3	4.4 3.4	4.6 4.6	7.0 7.8	6.8 7.7	7.3 8.7	11.8 11.1	11.3 11.1	12.0 13.3	5.0 2.7	4.5 2.8	4.7 3.8
The Bank of Punjab	866.5	-309.4	18.9	-2.0	-0.3	-0.2	10.7	9.1	8.3	9.2	8.9	8.1	2.7	2.8	-0.6
KASB Bank	-3355.6	-470.7	-1729.9	-1.0	-0.1	-1.1	12.2	11.2	10.2	11.3	11.1	9.1	-0.5	1.4	0.5
Habib Metropolitan Bank	26.3	24.8	25.5	3.5	3.1	3.1	7.6	7.4	8.0	11.1	10.5	11.1	3.2	2.9	2.9
Faysal Bank	15.4	12.1	9.6	3.5	3.0	3.9	8.3	7.2	8.3	11.8	10.1	12.2	3.1	3.0	4.1
mybank SILKBank	-188.5 -403.2	-108.2 -52.1	25.6	1.6 0.1	1.9 1.5	2.9	9.4 11.9	7.8 10.6	10.1	11.0 12.0	9.7 12.1	13.0	1.7 1.8	2.4 3.0	4.1
Meezan Bank	15.2	20.2	28.6	5.8	4.9	6.4	5.6	5.6	5.9	11.3	10.5	12.3	5.9	5.1	6.8
NIB Bank	9.8	-216.8	-48.3	3.8	2.0	1.6	9.0	9.3	9.3	12.8	11.3	10.9	3.8	2.2	2.0
Dubai Islamic Bank	10.3	0.3	7.1	6.8	6.3	6.0	6.7	6.9	6.4	13.5	13.2	12.5	6.7	6.2	5.9
Bank Islami Pakistan Summit Bank	-37.8 -248.4	2.4 -194.7	14.4 -123.0	5.2 2.1	6.0 2.1	6.4 0.6	6.6	7.0 13.2	7.1 11.6	11.8 13.0	13.0 15.3	13.5 12.2	5.8 1.5	6.8 3.0	7.1 1.9
JS Bank	-56.1	-194.7	14.5	3.3	3.6	4.5	5.7	7.7	6.7	11.6	11.3	11.2	5.8	3.5	4.4
Al-Baraka Bank	-57.5	-132.1	18.8	4.7	1.7	3.1	8.6	5.1	9.0	13.4	6.8	12.1	4.1	1.8	4.7
Burj Bank	-54.5	-89.0	-25.3	5.0	4.3	5.2	6.8	5.9	79.1	11.8	10.2	13.0	1.7	3.2	-72.5
Samba Bank	-77.8	-8.9	15.1	3.9	4.6	5.4	7.9	6.0	7.5	11.7	10.6	12.8	2.0	3.3	3.8
First Women Bank Total	-14.4 -23.0	3.6 -16.4	25.9 12.3	6.3	6.0 3.0	5.7 3.3	5.3 8.3	7.5 7.8	9.1 8.7	11.6 11.6	13.5 10.8	14.8 11.4	6.1 3.8	5.8 3.5	6.4 2.2
Total	-23.0	-10.4	12.3	l						11.0	10.0	11.7			
Banks	NPLs/	Gross Ad	vances	NPLs Pr	ovision/Net	Advances	Admn Exp	enses/Emplo	oyee(Rs.Mn)	Staff	Branch (	Nos)	Profit(A.	T)/Branch	h(Rs.Mn)
Danks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Askari Commercial Bank	12.3	13.7	14.1	9.5	10.9	11.0	1.1	1.2	1.4	27	27	24	4.9	4.0	6.6
Soneri Bank	9.9	12.8	13.7	6.7	8.9	9.6	1.1	1.2	1.5	13	12	11	0.9	0.7	3.7
Bank Al-Habib	2.0 30.0	2.5 22.8	2.6 16.9	2.3 24.4	2.9 20.2	4.3 14.8	1.4 0.9	1.5 0.8	1.6 1.1	14 19	15 24	16 22	11.2 -15.5	13.0 11.3	15.6 14.1
Bank of Khyber The Bank of Punjab	50.8	51.3	48.5	23.9	24.2	21.2	0.9	0.8	0.8	16	24 16	16	-15.5	-14.8	14.1
KASB Bank	21.4	28.1	35.1	13.4	18.0	20.2	2.1	2.1	2.1	11	12	11	-42.3	-26.1	-22.8
Habib Metropolitan Bank	5.9	9.4	12.5	4.4	6.8	8.7	1.7	1.8	2.0	18	17	18	22.8	20.9	23.8
Faysal Bank	11.4	19.8	16.4	8.0	15.6	12.3	2.1	1.9	3.1	15	16	13	9.0	5.3	5.0
mybank SILKBank	34.8 30.2	39.7 26.4	20.4	19.4 26.9	25.1 22.4	- 11.4	1.1 2.2	1.2 2.5	2.9	12 15	11 15	- 15	-20.5 -35.4	-13.0 -13.3	8.2
Meezan Bank	8.6	8.4	7.6	6.2	8.0	9.4	1.1	1.2	1.4	16	17	15	5.1	-13.3 7.5	12.3
NIB Bank	23.7	35.0	37.4	19.4	30.0	34.9	1.1	2.4	2.0	22	16	13	3.1	-56.8	-11.4
Dubai Islamic Bank	3.7	8.4	8.9	1.9	2.6	2.4	3.1	3.6	3.0	16	11	10	6.5	0.2	2.5
Bank Islami Pakistan	9.1	4.8	4.3	2.9	2.4	1.9	1.2	1.4	1.5	14	13	14	-4.8	0.5	4.0
Summit Bank JS Bank	26.7 7.8	34.8 14.3	39.7 16.8	15.0 4.5	20.0 4.1	23.1 3.2	1.7 2.1	2.5 2.2	2.6 2.2	15 8	14 7	9 7	-51.7 -5.9	-37.7 -3.2	-9.3 2.4
Al-Baraka Bank	13.8	22.6	15.3	3.7	12.3	7.3	2.1	1.4	1.8	10	12	12	-3.9 -9.4	-3.2 -11.7	4.6
Burj Bank	1.8	20.5	11.4	4.6	12.0	9.7	1.5	2.1	2.3	9	9	11	-5.9	-10.7	-5.8
Samba Bank	26.0	20.0	15.8	33.0	23.9	18.2	3.4	3.4	3.2	15	15	16	-21.2	-4.3	8.4
First Women Bank	9.6	8.6	7.2	6.3	4.8	2.9	0.8	0.9	1.0	15	15	17	-2.1	0.6	6.8
Total	19.0	21.5	20.4	11.5	13.9	12.9	1.4	1.5	1.8	16	16	15	-6.7	-5.9	4.4

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#### Key Performance Indicators – Foreign Banks

(Rs. Mn)

Banks		Assets			Equity			Deposits			Advances		I	nvestment	S
Danks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Royal Bank of Scotland Ltd*	93438	-	-	6936	-	-	63636	-	-	48502	-	-	27358	-	-
Citibank	89781	97354	96903	8652	9140	10919	58147	68305	61678	28245	19244	18820	33122	50236	60399
HSBC	51734	56939	59356	5512	6206	7502	40797	46461	46171	23248	22242	20793	5432	6513	22120
Deutsche Bank	15183	17435	22242	5169	5274	6047	6005	6056	11119	3457	3246	2987	491	2046	5587
Oman International	3945	4201	4403	2848	3001	3122	690	848	721	387	478	571	-	-	-
Bank of Tokyo	8546	9044	8396	4088	4700	5155	2740	2350	1992	2199	2981	2215	-	-	-
Al Baraka Islamic Bank**	29305	-	-	2740	-	-	22636	-	-	14755	-	-	1703	-	-
Barclays	42543	48281	58024	6840	6477	6922	29920	32302	44665	18034	17437	20998	11625	21014	23791
All Foreign Banks	334475	233254	249324	42785	34798	39667	224571	156322	166346	138827	65628	66384	79731	79809	111897

Banks	Int	erest Inco	me	Into	erest Expe	nse	Net I	nterest In	come	Non	Interest In	come		Revenue	
Danks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Royal Bank of Scotland Ltd*	11583	-	-	6386	-	-	5198	-	-	2789	-	-	7987	-	-
Citibank	9983	9374	10280	4718	4241	4580	5263	5133	5700	2447	2054	2049	7710	7187	7749
HSBC	4704	5006	5849	2732	2714	2933	1971	2292	2916	1022	1006	1141	2993	3298	4057
Deutsche Bank	1111	1066	1680	242	325	557	869	741	1123	1599	1221	725	2468	1962	1869
Oman International	57	65	76	76	78	91	-19	-13	-15	18	13	15	-1	-	-
Bank of Tokyo	516	510	570	385	407	469	131	103	101	49	82	103	180	185	204
Al Baraka Islamic Bank**	2556	-	-	2041	-	-	515	-	-	267	-	-	782	-	-
Barclays	3336	4392	5517	2113	2757	3508	1223	1635	2009	186	360	518	1794	1995	2766
All Foreign Banks	33846	20413	23972	18693	10522	12138	15151	9891	11834	8377	4736	4551	23913	14627	16645

Banks	Ad	lmn Exper	ise	Op	erating Pr	ofit	Provisio	ns/Other I	Expenses	Pro	ofit/Loss(E	BT)	Pro	fit/Loss (A	(T.A
Danks	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Royal Bank of Scotland Ltd*	5797	-	-	2190	-	-	4088	-	-	-1898	-	-	-1338	-	-
Citibank	3987	3880	4003	3723	3307	3746	3423	2110	1222	302	1197	2524	89	423	1756
HSBC	2200	2171	2443	793	1127	1614	471	369	103	321	757	1511	262	492	971
Deutsche Bank	863	653	759	1605	1309	1110	362	25	7	1243	1284	1104	805	834	708
Oman International	55	59	69	-56	-59	-69	4	-22	-	-59	-37	-69	-59	-37	-69
Bank of Tokyo	112	113	140	68	72	64	2	1	2	66	70	62	46	48	34
Al Baraka Islamic Bank**	704	-	-	78	-	-	458	-	-	-381	-	-	-281	-	-
Barclays	3975	2484	2024	-2181	-489	742	163	736	89	-2344	-1225	653	-1671	-799	445
All Foreign Banks	17693	9360	9438	6220	5267	7207	8971	3219	1423	-2750	2046	5785	-2147	961	3845

<sup>\*</sup> Royal Bank of Scotland (RBS Pakistan) was descheduled wef close of business on December 31, 2010 and merged with Faysal Bank Ltd.

<sup>\*\*</sup> Al-Baraka Islamic Bank descheduled wef the close of business on October 29, 2010 and merged with Emirates Global Islamic Bank Ltd.

After merger, the name of the later was changed to Al-Baraka Bank (Pakistan) Ltd.

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#### Selected Ratios – Foreign Banks

Banks		Cost of Fur			mediation			e-Tax Mar			st Income R			pread Rat	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Citibank	7.1	6.2	6.3	6.0	5.7	5.5	2.4	10.5	20.5	31.7	28.6	26.4	52.74	54.8	55.4
HSBC	6.4	5.9	6.1	5.1	4.7	5.1	5.6	12.5	21.6	34.1	30.5	28.1	41.9	45.78	49.9
Deutsche Bank	2.7	4.8	7.3	9.6	9.6	7.9	46.2	56.1	45.9	64.8	62.2	39.2	78.2	69.5	66.8
Oman International	8.5	7.0	4.2	6.2	5.3	7.3	-78.7	-47.5	-75.9	-	-	-	-33.3	-20	-19.7
Bank of Tokyo	7.6	9.7	8.5	2.2	2.7	3.8	11.7	11.8	9.2	27.2	44.3	50.5	25.4	20.2	17.7
Barclays	8.5	7.6	7.9	15.9	6.9	4.6 <b>5.3</b>	-66.6	-25.8	10.8	10.4	18.0	18.7	36.7	37.2	36.4
Total	7.4	6.0	6.7	7.0	4.4	5.3	-6.5	8.1	20.3	35.0	32.4	27.4	44.9	48.5	49.4
Banks	Cost	/ Income	Ratio	Incom	ne Expense	e Ratio		ROE			ROA			ROD	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Citibank	51.7	54.0	51.7	1.4	1.4	1.4	1.0	4.8	17.5	0.1	0.5	1.8	0.1	0.7	2.7
HSBC	73.5	65.8	60.2	1.2	1.2	1.3	5.0	8.4	14.2	0.5	0.9	1.7	0.7	1.1	2.1
Deutsche Bank	35.0	33.3	41.1	2.5	2.3	1.8	16.4	16.0	12.5	4.4	5.1	3.6	9.9	13.8	8.2
Oman International	-	-	-	0.6	0.6	0.6	-2.1	-1.3	-2.3	-1.6	-0.9	-1.6	-9.6	-4.8	-8.8
Bank of Tokyo	62.2	61.1	68.6	1.1	1.1	1.1	1.1	1.1	0.7	0.5	0.5	0.4	2.1	1.9	1.6
Barclays	221.6	124.5	73.2	0.6	0.8	1.1	-25.4	-12.0	6.6	-5.0	-1.8	0.8	-7.5	-2.6	1.2
Total	74.0	64.0	56.8	1.2	1.2	1.3	-5.0	2.5	10.3	-0.6	0.3	1.6	-1.0	0.5	2.4
					vency R					Fanity	Multiplier	(Time)	Capital Ric	sk Assets D	Ratio (CRA)
Banks		g Assets/D			Capital Rat			sit Time C		_ ` `			•		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Citibank	118.8	123.8	126.2	9.5	9.5	10.3	7.0	7.3	6.6	10.5	10.5	9.7	25.9	37.5	52.7
HSBC	103.2	99.2	99.6	10.4	10.8	11.8	7.4	7.5	6.8	9.6	9.3	8.5	21.6	25.8	31.9
Deutsche Bank	145.2	173.8	161.8	26.6	32.0	28.5	1.7	1.2	1.5	3.8	3.1	3.5	100.1	155.8	181.7
Oman International	74.8	80.6	83.7	75.3	71.8	71.3	0.2	0.3	0.2	1.3	1.4	1.4	837.3	676.1	584.6
Bank of Tokyo	222.7	162.6	94.0	43.2	50.0	56.5	0.6	0.6	0.4	2.3	2.0	1.8	127.9	169.7	189.7
Barclays	130.2	127.5	121.8	19.6	14.7	12.6	3.4	4.7	5.7	5.1	6.8	7.9	47.5	37.5	34.9
Total	117.9	119.6	118.8	12.6	13.7	15.4	5.1	4.7	4.3	7.9	7.3	6.5	27.7	37.9	56.4
				Liq	uidity R	atio					Debt M	lanageme	nt Ratio	(DMR)	
Banks		nces+Inv./		-	ng Assets/			ances/Dep			bilities/Av			ties/Equity	
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Citibank	58.7	69.9	76.5	76.7	83.7	84.4	56.7	37.6	29.3	90.8	90.7	89.9	9.6	9.5	8.7
HSBC	55.6	52.9	61.6	79.8	79.6	79.3	62.4	52.1	46.5	89.6	89.2	88.2	8.6	8.3	7.5
Deutsche Bank	30.6	20.2	34.9	64.2	64.3	70.1	60.0	55.5	36.3	73.4	68.0	71.5	2.8	2.1	2.5
		28.3					E 1 0	56.2	66.9	24.7	28.2	13.9	0.3	0.4	0.2
Oman International	9.0	10.6	12.2	12.3	15.2	15.3	54.8				50.0				
Bank of Tokyo	9.0 33.8	10.6 29.4	29.8	12.3 53.3	47.1	23.4	141.2	101.8	119.7	56.8		43.5	1.3	1.0	0.8
Bank of Tokyo Barclays	9.0 33.8 72.5	10.6 29.4 75.0	29.8 78.3	12.3 53.3 86.3	47.1 87.3	23.4 88.2	141.2 62.3	57.0	49.9	80.4	85.3	87.4	4.1	5.8	6.9
Bank of Tokyo	9.0 33.8	10.6 29.4	29.8	12.3 53.3	47.1	23.4	141.2								
Bank of Tokyo Barclays	9.0 33.8 72.5 <b>63.5</b>	10.6 29.4 75.0	29.8 78.3 <b>67.1</b>	12.3 53.3 86.3 <b>78.6</b>	47.1 87.3	23.4 88.2 <b>79.4</b>	141.2 62.3 <b>68.3</b>	57.0	49.9 <b>40.9</b>	80.4 <b>86.9</b>	85.3	87.4 <b>84.4</b>	4.1 <b>6.9</b>	5.8	6.9 <b>5.5</b>
Bank of Tokyo Barclays Total	9.0 33.8 72.5 <b>63.5</b>	10.6 29.4 75.0 <b>64.1</b>	29.8 78.3 <b>67.1</b>	12.3 53.3 86.3 <b>78.6</b>	47.1 87.3 <b>80.2</b>	23.4 88.2 <b>79.4</b>	141.2 62.3 <b>68.3</b>	57.0 <b>53.7</b>	49.9 <b>40.9</b>	80.4 <b>86.9</b>	85.3 <b>86.1</b>	87.4 <b>84.4</b>	4.1 <b>6.9</b>	5.8 <b>6.3</b>	6.9 <b>5.5</b>
Bank of Tokyo Barclays Total	9.0 33.8 72.5 <b>63.5</b> Net	10.6 29.4 75.0 <b>64.1</b> Profit Ma	29.8 78.3 <b>67.1</b>	12.3 53.3 86.3 <b>78.6</b> Net Inte	47.1 87.3 <b>80.2</b> erest Marg	23.4 88.2 <b>79.4</b> in (NIM)	141.2 62.3 <b>68.3</b> Cost of I	57.0 <b>53.7</b> Fund Earni	49.9 40.9 ng Assets	80.4 <b>86.9</b> Yield (	85.3 <b>86.1</b> on Earning	87.4 <b>84.4</b> Assets	4.1 <b>6.9</b>	5.8 <b>6.3</b> terest Spre	6.9 <b>5.5</b>
Bank of Tokyo Barclays Total  Banks	9.0 33.8 72.5 <b>63.5</b> Net	10.6 29.4 75.0 <b>64.1</b> Profit Ma	29.8 78.3 <b>67.1</b> rgin	12.3 53.3 86.3 <b>78.6</b> Net Inte	47.1 87.3 <b>80.2</b> erest Marg	23.4 88.2 <b>79.4</b> in (NIM)	141.2 62.3 68.3 Cost of I	57.0 53.7 Fund Earni 2010	49.9 40.9 ng Assets	80.4 <b>86.9</b> Yield of 2009	85.3 <b>86.1</b> on Earning 2010	87.4 84.4 Assets 2011	4.1 <b>6.9</b> In:	5.8 6.3 terest Spre 2010	6.9 5.5 ead
Bank of Tokyo Barclays Total  Banks  Citibank	9.0 33.8 72.5 <b>63.5</b> Net 2009	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9	29.8 78.3 <b>67.1</b> rrgin 2011 22.7	12.3 53.3 86.3 <b>78.6</b> Net Inte	47.1 87.3 <b>80.2</b> erest Marg 2010 6.6	23.4 88.2 <b>79.4</b> in (NIM) 2011 7.0	141.2 62.3 68.3 Cost of F 2009 6.4	57.0 53.7 Fund Earni 2010 5.4	49.9 40.9 ng Assets 2011 5.6	80.4 86.9 Yield of 2009 13.6	85.3 <b>86.1</b> on Earning  2010  12.0	87.4 84.4 Assets 2011 12.5	4.1 6.9 In: 2009 6.5	5.8 6.3 terest Spro 2010 5.8	6.9 5.5 ead 2011 6.2
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5	29.8 78.3 <b>67.1</b> rgin 2011 22.7 23.9 38.3	12.3 53.3 86.3 <b>78.6</b> Net Inte 2009 7.2 4.9 7.3 -4.2	47.1 87.3 80.2 errest Marg 2010 6.6 5.3 7.1 -2.1	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9	80.4 86.9 Yield of 2009 13.6 11.7 9.4 12.6	85.3 86.1 on Earning  2010  12.0  11.6  10.2  10.5	87.4 84.4 2011 12.5 12.7 12.1 11.6	4.1 6.9 In 2009 6.5 5.3 6.7 4.0	5.8 6.3 terest Spro 2010 5.8 5.6 5.4 3.5	6.9 5.5 ead 2011 6.2 6.6 6.3 2.0
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9	29.8 78.3 67.1 rgin 2011 22.7 23.9 38.3 - 16.7	12.3 53.3 86.3 <b>78.6</b> Net Inte 2009 7.2 4.9 7.3 -4.2 2.6	47.1 87.3 80.2 erest Marg 2010 6.6 5.3 7.1 -2.1 2.5	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0	80.4 86.9 Yield of 2009 13.6 11.7 9.4 12.6 10.4	85.3 86.1 on Earning  2010  12.0  11.6  10.2  10.5  12.3	87.4 84.4 2011 12.5 12.7 12.1 11.6 27.9	4.1 6.9 In: 2009 6.5 5.3 6.7 4.0 2.8	5.8 6.3 terest Spro 2010 5.8 5.6 5.4 3.5 2.6	6.9 5.5 ead 2011 6.2 6.6 6.3 2.0 15.0
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6 - 25.6 -93.1	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1	29.8 78.3 67.1 rgin 2011 22.7 23.9 38.3 - 16.7 16.1	12.3 53.3 86.3 78.6 Net Inte 2009 7.2 4.9 7.3 -4.2 2.6 4.2	47.1 87.3 80.2 errest Marg 2010 6.6 5.3 7.1 -2.1 2.5 4.1	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8 7.3	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0	49.9 40.9 ang Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5	80.4 86.9 Yield of 2009 13.6 11.7 9.4 12.6 10.4 11.5	85.3 86.1 on Earning  2010  12.0  11.6  10.2  10.5  12.3  11.1	87.4 84.4 Assets 2011 12.5 12.7 12.1 11.6 27.9 11.8	4.1 6.9 In 2009 6.5 5.3 6.7 4.0 2.8 3.1	5.8 6.3 2010 5.8 5.6 5.4 3.5 2.6 3.5	6.9 5.5 ead 2011 6.2 6.6 6.3 2.0 15.0 3.8
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9	29.8 78.3 67.1 rgin 2011 22.7 23.9 38.3 - 16.7	12.3 53.3 86.3 <b>78.6</b> Net Inte 2009 7.2 4.9 7.3 -4.2 2.6	47.1 87.3 80.2 erest Marg 2010 6.6 5.3 7.1 -2.1 2.5	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0	80.4 86.9 Yield of 2009 13.6 11.7 9.4 12.6 10.4	85.3 86.1 on Earning  2010  12.0  11.6  10.2  10.5  12.3	87.4 84.4 2011 12.5 12.7 12.1 11.6 27.9	4.1 6.9 In: 2009 6.5 5.3 6.7 4.0 2.8	5.8 6.3 terest Spro 2010 5.8 5.6 5.4 3.5 2.6	6.9 5.5 ead 2011 6.2 6.6 6.3 2.0 15.0
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6 - 25.6 -93.1 - <b>9.0</b>	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1	29.8 78.3 67.1  rgin  2011 22.7 23.9 38.3 - 16.7 16.1 23.1	12.3 53.3 86.3 78.6 Net Inte 2009 7.2 4.9 7.3 -4.2 2.6 4.2 5.7	47.1 87.3 80.2 erest Marg 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8 7.3	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 6.3	80.4 86.9 Yield of 2009 13.6 11.7 9.4 12.6 10.4 11.5 12.7	85.3 86.1 on Earning  2010  12.0  11.6  10.2  10.5  12.3  11.1	87.4 84.4 84.4 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5	4.1 6.9 In 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3	5.8 6.3 2010 5.8 5.6 5.4 3.5 2.6 3.5	6.9 5.5 2011 6.2 6.6 6.3 2.0 15.0 3.8 5.0
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays Total	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6 - 25.6 -93.1 - <b>9.0</b>	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1 <b>6.6</b>	29.8 78.3 67.1  rgin  2011 22.7 23.9 38.3 - 16.7 16.1 23.1	12.3 53.3 86.3 78.6 Net Inte 2009 7.2 4.9 7.3 -4.2 2.6 4.2 5.7	47.1 87.3 80.2 erest Marg 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3 6.2	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8 7.3	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 <b>6.3</b>	80.4 86.9 Yield of 2009 13.6 11.7 9.4 12.6 10.4 11.5 12.7	85.3 86.1 2010 12.0 11.6 10.2 10.5 12.3 11.1 9.0	87.4 84.4 84.4 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5	4.1 6.9 In 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3	5.8 6.3 terest Spri 2010 5.8 5.6 5.4 3.5 2.6 3.5 4.0	6.9 5.5 ead  2011  6.2  6.6  6.3  2.0  15.0  3.8  5.0
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays Total	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6 - 25.6 -93.1 - <b>9.0</b>	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1 <b>6.6</b>	29.8 78.3 67.1 rgin 2011 22.7 23.9 38.3 - 16.7 16.1 23.1	12.3 53.3 86.3 <b>78.6</b> Net Inte 2009 7.2 4.9 7.3 -4.2 2.6 4.2 5.7	47.1 87.3 80.2 errest Marg 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3 6.2	141.2 62.3 68.3 Cost of I 2009 6.4 6.8 2.0 16.8 7.8 7.3 7.0	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 6.3 soloyee (Rs.Mn)	80.4 86.9 Yield of 2009 13.6 11.7 9.4 12.6 10.4 11.5 12.7	85.3 86.1 on Earning 2010 12.0 11.6 10.2 10.5 12.3 11.1 9.0	87.4 84.4 (Assets 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5	4.1 6.9 In 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3	5.8 6.3 terest Spro 2010 5.8 5.6 5.4 3.5 2.6 3.5 4.0	6.9 5.5 ead  2011  6.2  6.6  6.3  2.0  15.0  3.8  5.0  ranch (Rs.Mn)
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays Total  Banks	9.0 33.8 72.5 <b>63.5</b> Net 2009 1.2 8.8 32.6 - 25.6 -93.1 - <b>9.0</b> NPLs	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1 <b>6.6</b>	29.8 78.3 67.1 rgin 2011 22.7 23.9 38.3 - 16.7 16.1 23.1 vances	12.3 53.3 86.3 <b>78.6</b> Net Inte 2009 7.2 4.9 7.3 -4.2 2.6 4.2 5.7	47.1 87.3 80.2 errest Marg 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3 evisons/Ne	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3 6.2 t Advances	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8 7.3 7.0	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6 In Exp./Emp	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 6.3 oloyee (Rs.Mn) 2011	80.4 86.9 Yield (2009) 13.6 11.7 9.4 12.6 10.4 11.5 12.7	85.3 86.1 on Earning 2010 12.0 11.6 10.2 10.5 12.3 11.1 9.0 Staff/Banci	87.4 84.4 (Assets 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5 h	4.1 6.9 In 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3 Profi	5.8 6.3 2010 5.8 5.6 5.4 3.5 2.6 3.5 4.0 2010	6.9 5.5 2011 6.2 6.6 6.3 2.0 15.0 3.8 5.0 ranch (Rs.Mn) 2011
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays Total  Banks	9.0 33.8 72.5 63.5 Net 2009 1.2 8.8 32.6 - 25.6 -93.1 -9.0 NPLs 2009 8.4	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1 <b>6.6</b> //Gross Add	29.8 78.3 67.1 rgin 2011 22.7 23.9 38.3 - 16.7 16.1 23.1 vances 2011 22.9	12.3 53.3 86.3 <b>78.6</b> Net Inte  2009  7.2 4.9 7.3 -4.2 2.6 4.2 5.7  NPLs Pro 2009  8.4	47.1 87.3 80.2 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3 2010 18.9	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3 6.2 t Advances 2011 28.7	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8 7.3 7.0 Adm	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6 n Exp./Emp 2010 6.2	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 6.3 oloyee (Rs.Mn) 2011 7.4	80.4 86.9 Yield 6 2009 13.6 11.7 9.4 12.6 10.4 11.5 12.7 2009 36	85.3 86.1 on Earning 2010 12.0 11.6 10.2 10.5 12.3 11.1 9.0 Staff/Banci	87.4 84.4 (Assets 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5 h	4.1 6.9 Int 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3 Profit	5.8 6.3 terest Spri 2010 5.8 5.6 5.4 3.5 2.6 3.5 4.0 it (A.T)/B	6.9 5.5 2011 6.2 6.6 6.3 2.0 15.0 3.8 5.0 ranch (Rs.Mn) 2011 109.8
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays Total  Banks  Citibank HSBC	9.0 33.8 72.5 63.5  Net 2009 1.2 8.8 32.6 - 25.6 -93.1 -9.0  NPLs 2009 8.4 2.0	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1 <b>6.6</b> (Gross Additional Control of the Control	29.8 78.3 67.1  rgin  2011 22.7 23.9 38.3 - 16.7 16.1 23.1  vances  2011 22.9 4.7	12.3 53.3 86.3 <b>78.6</b> Net Inte  2009  7.2 4.9 7.3 -4.2 2.6 4.2 5.7  NPLs Pro  2009  8.4 1.9	47.1 87.3 80.2 errest Marg 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3 evisions/Ne 2010 18.9 2.1	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3 6.2 t Advances 2011 28.7 2.0	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.8 7.3 7.0 Adm	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6 n Exp./Emp 2010 6.2 4.2	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 6.3 oloyee (Rs.Mn) 2011 7.4 6.4	80.4 86.9 Yield 6 2009 13.6 11.7 9.4 12.6 10.4 11.5 12.7 2009 36 48	85.3 86.1 on Earning 2010 12.0 11.6 10.2 10.5 12.3 11.1 9.0 Staff/Banc 2010 39 47	87.4 84.4 (Assets 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5 h	4.1 6.9 Int 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3 Profit	5.8 6.3 terest Spring 2010 5.8 5.6 5.4 3.5 2.6 3.5 4.0 it (A.T)/B	6.9 5.5 ead  2011  6.2  6.6  6.3  2.0  15.0  3.8  5.0  ranch (Rs.Mn)  2011  109.8  88.3
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank	9.0 33.8 72.5 63.5  Net 2009 1.2 8.8 32.6 - 25.6 -93.1 -9.0  NPLs 2009 8.4 2.0 6.1	10.6 29.4 75.0 <b>64.1</b> Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1 <b>6.6</b> //Gross Address	29.8 78.3 67.1  rgin  2011 22.7 23.9 38.3 - 16.7 16.1 23.1  vances  2011 22.9 4.7 10.7	12.3 53.3 86.3 78.6  Net Inte 2009 7.2 4.9 7.3 -4.2 2.6 4.2 5.7  NPLs Pro 2009 8.4 1.9 7.8	47.1 87.3 80.2 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3 2010 18.9 2.1 12.5	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3 6.2 t Advances 2011 28.7 2.0 12.8	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.3 7.0 Adm 2009 5 4 12	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6 n Exp/Emp 2010 6.2 4.2 8.8	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 6.3 oloyee (Rs.Mn) 2011 7.4 6.4 9.7	80.4 86.9 Yield 6 2009 13.6 11.7 9.4 12.6 10.4 11.5 12.7 2009 36 48 25	85.3 86.1 on Earning 2010 12.0 11.6 10.2 10.5 12.3 11.1 9.0 Staff/Banc 2010 39 47 25	87.4 84.4 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5 h	4.1 6.9 Int 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3 Profit 2009 4.2 21.8 268.3	5.8 6.3 terest Spr 2010 5.8 5.6 5.4 3.5 2.6 3.5 4.0 it (A.T)/B 2010 26.4 44.7 278.0	6.9 5.5 2011 6.2 6.6 6.3 2.0 15.0 3.8 5.0 ranch (Rs.Mn) 2011 109.8 88.3 236.0
Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International Bank of Tokyo Barclays Total  Banks  Citibank HSBC Deutsche Bank Oman International	9.0 33.8 72.5 63.5  Net 2009 1.2 8.8 32.6 - 25.6 -93.1 -9.0  NPLs: 2009 8.4 2.0 6.1 22.4	10.6 29.4 75.0 64.1  Profit Ma 2010 5.9 14.9 42.5 - 25.9 -40.1 6.6  2010 18.2 3.3 9.6 10.5	29.8 78.3 67.1  rgin  2011 22.7 23.9 38.3 - 16.7 16.1 23.1  vances  2011 22.9 4.7 10.7 9.3	12.3 53.3 86.3 78.6 Net Inte 2009 7.2 4.9 7.3 -4.2 2.6 4.2 5.7 NPLs Pro 2009 8.4 1.9 7.8 11.4	47.1 87.3 80.2 2010 6.6 5.3 7.1 -2.1 2.5 4.1 4.3 2010 18.9 2.1 12.5 3.7	23.4 88.2 79.4 in (NIM) 2011 7.0 6.3 8.1 -2.3 4.9 4.3 6.2 t Advances 2011 28.7 2.0 12.8 3.1	141.2 62.3 68.3 Cost of F 2009 6.4 6.8 2.0 16.8 7.3 7.0 Adm 2009 5 4 12 2	57.0 53.7 Fund Earni 2010 5.4 6.3 3.1 12.6 9.8 7.0 4.6 10 10 10 10 10 10 10 10 10 10	49.9 40.9 ng Assets 2011 5.6 6.4 4.0 13.9 23.0 7.5 6.3 bloyee (Rs.Mn) 2011 7.4 6.4 9.7 2.8	80.4 86.9 Yield 6 2009 13.6 11.7 9.4 12.6 10.4 11.5 12.7 2009 36 48 25 11	85.3 86.1 on Earning 2010 12.0 11.6 10.2 10.5 12.3 11.1 9.0 Staff/Banc 2010 39 47 25 9	87.4 84.4 2011 12.5 12.7 12.1 11.6 27.9 11.8 12.5 h 2011 34 35 26 8	4.1 6.9 Int 2009 6.5 5.3 6.7 4.0 2.8 3.1 5.3 Profi 2009 4.2 21.8 268.3 -19.3	5.8 6.3 terest Spr 2010 5.8 5.6 5.4 3.5 2.6 3.5 4.0 it (A.T)/B 2010 26.4 44.7 278.0 -12.3	6.9 5.5 2011 6.2 6.6 6.3 2.0 15.0 3.8 5.0 ranch (Rs.Mn) 2011 109.8 88.3 236.0 -23.0

#### All Bank Employees and Branches

(Nos.)

D 1		Employees			Branches	
Banks	2009	2010	2011	2009	2010	2011
NBP	16248	16457	16924	1287	1289	1300
HBL	13122	13172	13495	1494	1501	1486
UBL	8466	8499	8811	1137	1141	1235
MCB	9445	9640	10154	1081	1132	1173
ABL	8855	9083	9772	779	806	837
Bank Al-Falah	7462	7571	7580	320	385	405
Standard Chartered	2960	3076	3012	162	162	143
Sub Total Major Banks	66558	67498	69748	6260	6416	6579
Askari Commercial Bank	6159	6442	5994	226	235	245
Soneri Bank	1958	2191	2372	154	184	214
Bank Al-Habib	3634	4097	4633	255	277	290
Bank of Khyber	762	1198	1384	41	50	62
Bank of Punjab	4279	4464	4674	272	273	284
Sindh Bank	-	_	506	-	_	50
KASB Bank	1118	1198	1126	100	104	104
Habib Metropolitan Bank Ltd	2117	2358	2499	120	135	138
Faysal Bank	2042	3582	3435	133	226	257
mybank	930	904	-	80	80	-
SILKBANK	1259	1261	1296	82	85	85
Meezan Bank	3204	3787	4242	201	220	275
NIB Bank	4955	2882	2325	223	178	179
Dubai Islamic Bank	549	581	768	35	51	75
Bank Islami Pakistan	1471	1347	1448	102	102	102
Arif Habib Rupali Bank	615	1113	1442	40	80	165
JS Bank	828	843	975	101	126	147
AlBraka Bank	593	1105	1061	60	89	89
Burj Bank	449	473	539	50	50	50
Samba Bank Limited	421	432	439	28	28	28
Sub Total All Private/Prov.Banks	37343	40258	40652	2303	2573	2839
First Women Bank	569	585	630	38	38	38
Sub Total	37912	40843	41788	2341	2611	2877
Royal Bank of Scotland	1643	-	-	79	-	-
Citibank	747	621	543	21	16	16
HSBC	576	522	384	12	11	11
Deutsche Bank	75	74	78	3	3	3
Oman International	32	27	25	3	3	3
Bank of Tokyo	32	32	32	1	1	1
Al Baraka Islamic Bank	528	-	-	29	_	_
Barclays	492	395	394	15	15	15
All Foreign Banks	4125	1671	1456	163	49	49
Grand Total	108595	110012	112992	8764	9076	9505

#### Quarterly Performance of Majors Banks

	National Bank of Pakistan	Habib Bank Limited	MCB Bank	United Bank Limited	Allied Bank
Intrest Income					
March 2012	24847	26568	17545	17696	11993
March 2011	23170	22520	15960	16709	12298
Change March Over March	7.24	17.98	9.93	5.91	-2.48
June 2012	25200	27410	16947	18562	12386
June 2011	23764	23090	16882	17368	12280
Change June Over June	6.04	18.71	0.39	6.87	0.86
Interest Expenses					
March 2012	14557	12329	6847	8095	7110
March 2011	12225	9261	5037	7553	6094
Change March Over March	19.08	33.13	35.93	7.18	16.67
June 2012	14391	12956	6740	8950	7309
June 2011	12025	9844	5578	7194	6103
Change June Over June	19.68	31.61	20.83	24.41	19.76
Net Interest Income					
March 2012	10290	14239	10698	9600	4883
March 2011	10946	13259	10923	9157	6204
Change March Over March	-5.99	7.39	-2.06	4.84	-21.29
June 2012	10810	14454	10207	9613	5077
June 2011	11740	13245	11304	10174	6178
Change June Over June	-7.92	9.13	-9.70	-5.51	-17.82
Non Interest Income					
March 2012	3928	3796	2413	4094	2889
March 2011	3657	3477	2008	3026	1447
Change March Over March	7.41	9.17	20.17	35.29	99.65
June 2012	6550	3167	2782	3586	3971
June 2011	6174	3423	2145	2872	1555
Change June Over June	6.09	-7.48	29.70	24.86	155.37
Admn Expenses					
March 2012	7901	6949	4123	5526	3348
March 2011	6565	6597	3669	4708	3293
Change March Over March	20.35	5.34	12.37	17.37	1.67
June 2012	8643	7565	4087	5760	3507
June 2011	7805	6843	3490	5034	3080
Change June Over June	10.74	10.55	17.11	14.42	13.86
Profit/Loss B.T			2,122		15.00
March 2012	6825	9849	8656	7230	4368
March 2011	6353	7691	7836	5012	3851
Change March Over March	7.43	28.06	10.46	44.25	13.43
June 2012	4855	8673	8603	6578	5047
June 2011	5306	7191	8326	5217	3713
Change June Over June	-8.50	20.61	3.33	26.09	35.93
Profit/Loss A.T	-0.50	20.01	5.55	20.09	33.73
March 2012	4645	6092	5644	4865	3044
March 2011	4220	5000	5024	3273	2511
Change March Over March	10.07	21.84	12.34	48.64	21.23
June 2012	3557	53455	5681	4453	3608
June 2012  June 2011					
Change June Over June	3871 -8.11	4587 1065.36	5547 2.42	3432 29.75	2522 43.06

### **State Bank of Pakistan Lowers Policy Rate**

**SBP** lowers

The State Bank of Pakistan (SBP) further eased the policy rate by 50 basis points to 10 percent w.e.f. October 8, 2012. The policy rate or the discount rate is the interest rate that the SBP charges commercial banks when they borrow money from its discount window to meet short term liquidity needs. The policy rate after policy rate remaining unchanged at 12 percent from October 10, 2011 to August 12, 2012, was lowered by 150 basis points to 10.5 percent in August and in the Monetary Policy decision announced early October, there has been a further reduction of 0.5 percentage.

> The 150 basis points reduction in the policy rate in August 2012 was primarily because of two factors — an improved inflation outlook and loans to private sector businesses had sharply declined. It was to revive private sector credit and investment in the economy that this decision was taken. Given a deceleration in inflation since May 2012 and to give a boost to private sector investment, SBP decided to continue with monetary easing.

Changes in SBP Policy Rate 16 14 § 12 10 1/11/2008 1/1/2009 21/4/2009 17/8/2009 25/11/2010 24/5/2010 24/5/2010 28/2010 30/9/2010 1/1/2011 1/8/2011 1/3/2011 1/3/2011 1/3/2011 1/3/2011 1/3/2012 8/6/2012

Continuous decline in investment as a percentage of GDP is a cause of concern. Investment plays an important role in the economic growth of the country, as it raises investment productive capacity of the economy, generates employment opportunities and promotes technological progress. Total investment has declined from 22.5 percent of GDP in 2006-07 to 12.5 percent in 2011-12. During the

period, private investment as a percent of GDP has fallen from 15.4 percent to 7.9 percent and public investment from 5.6 percent to 3.0 percent respectively. This decline is of concern as it essentially means decline in the future productive capacity of the economy. If the decline in investment goes unchecked it would not be possible to generate sustainable GDP growth in the medium term and contain inflation on a more permanent basis.

In recent months, there has been a moderation in overall inflation. Consumer price inflation has shown a gradual deceleration since May 2012, dropping from 12.3 percent to 8.8 percent in September 2012. Core inflation (non-food non-energy) has also come down a percentage point to 10.5 percent. The IMF Mission to Pakistan at the conclusion of their talks with Pakistani authorities issued a statement early October, which states, 'the ultimate goal of the State Bank of Pakistan should be to bring inflation down significantly by using its policy tools. Reduced recourse to central bank financing by the government is also critical for a durable reduction in inflation.'

Lower inflation

Borrow-

banking

system

ings from

Inflation can be contained effectively by limiting fiscal borrowings from the banking system, particularly the SBP. Borrowings from the banking system had risen substantially during FY12, Rs1098 billion from 1st July 2011 to 25th May FY12 with borrowing from SBP (on cash basis) expanding by Rs414 billion during the same period. These borrowings from the SBP are despite the commitments made and requirements of the SBP (Amendment) Act 2012 which requires zero quarterly borrowings and their retirement in the next seven years.

Government's dependence on banks have remained strong amid low tax collection, and lower contribution of external resources in deficit financing. A major portion (over 90 percent) of the rise in investment portfolio of the banking system in FY11 was placed in

government papers, including T-bills and Pakistan Investment Bonds. As banks exposure to government paper increased, the amount of investments (net of provision) more than doubled from Rs1.08 trillion in December 2008 to Rs2.62 trillion in June 2011.

While earlier SBP financed bulk of the deficit, later government shifted its borrowings towards commercial banks from November 2011 onwards. This was a positive development, as borrowings from SBP were highly inflationary in nature.

Given the sluggish demand for credit from the private sector and banks risk averse behaviour, investments have turned out to be the primary driver of profitability for the banking sector. Commercial banks have benefitted from government borrowings for budgetary support as it has given banks a risk free source of earning healthy returns. Banking sector profits rose to an all time high of Rs77.3 billion, a growth of 31 percent year-on-year in June 2011. The Financial Stability Review June 2011 states, 'the high concentration of interest earnings from government securities can make a serious dent to banks profits in case of a sharp cut in SBP discount rate. A decline in the yield of market treasury bills, implies lower income for banks and thus their profitability, as investment in government securities make up for a large portion of banks investment portfolio.

Government borrowings however, point to a major problem of greater significance —

2011

budget deficits. Pakistan has lagged behind in fiscal management with the government's revenue falling short of its expenditures. Higher interest payments, large subsidies specially food and energy, growing security spending needs, narrow tax base and rising international commodity prices have resulted in large fiscal and current account deficits. The financing of the deficit is a growing challenge.

To check government borrowings from SBP and the scheduled banks, comprehensive fiscal reforms are needed. This includes among others, broadening of the tax base and reduction in subsidies. If the government is able to keep the size of the fiscal deficit in check, their need to borrow from the banking sector would also be reduced. Banks which are presently lending to the government without any risk, would step up efforts and channel funds to the private sector. The year-on-year growth in loans to private sector businesses has declined from 22.4 percent in FY08 to 0.7 percent by the end of FY12.

Persistent energy shortages in the country has badly affected industrial output and thus the demand for fresh credit. Despite substantial subsidies to the energy sector (in FY12 subsidies to WAPDA/PEPCO/KESC amounted to Rs464.256 billion) problems persist. If the problems of the energy sector can be rectified, it would help in lowering the subsidy burden, which in turn would help in reducing the borrowing requirements and the extent of crowding out of the private sector.



#### ■ 12-Month 14.00 3-Month 6-Month 12.00 8 10.00 8.00 11 25 14 28 8 22 7 21 4 18 13 27 11 25 16 30 Oct Dec May Nov Jan Feb Mar Apr Jun Jul Aug

2012

Treasury Bills Cut off Yield

### **Market Analysis**

Market Review - September-October 2012

The market remained flattish during September with average volumes of 146m. The KSE-100 index growth remained flattish closing at 15,445 on September 28th, 2012. Volumes averaged at 179m (during the 1H 3rd Sept-14th Sept) with major developments being ECC decision of de-regularization of HSD prices which would benefit OMC in particular (PSO). During the second half of the month volumes averaged 110m, with some major developments taking place in the corporate sector, amongst which hefty payouts by Attock group and POL kept investors 'sentiments high. Petrol prices were raised by Rs6.82 per liter.

On the M&A front Dawood Group announced its decision to sell its stake in DFL (Dawood Fertilizer) to Pak-Arab Fertilizer. Although the deal is subject to regulatory approval. It's pertinent to mention that DFL receives its gas from SNGPL network and has an equity stake of over 5 percent in ECORP (Engro Corp). Domestic Urea producers pricing power has hammered with news of incoming imports (300K tons) and the subsequent decision to reduce urea prices by Rs10 per bag. Declining DAP prices on the international front resulted in lowering of DAP price by Rs100 per bag.

- OGRA detached itself from the price setting mechanism of petroleum products and delegated the authority to PSO while also deregulating the price of Diesel fuel.
- ENI announced that it had made a significant gas discovery onshore Pakistan, located in the Kirthar Fold Belt region, 350 kilometers north of Karachi. The size of the discovery is currently estimated at between 300 to 400 billion cubic feet of gas in place.
- The prices of cement in upcountry fell by Rs 10-15 per 50 kg bag to Rs 425-420 per bag during one week due to seasonal decline in dispatches caused by heavy rain falls in northern region.

• Technical level talks between Pakistan and IMF officials were held on Sep 23rd'12, while the policy level talks will be held during the first week of October'12.

- Pakistan Oilfields Limited (POL) has successfully completed Bela-01 well located in Meyal/Ucheri area. The well produced around 100 barrels of condensate per day and 4 million standard cubic feet of gas per day.
- Fifth installment of the Stand-By Arrangement (SBA) worth \$105 million to the International Monetary Fund (IMF) is due on October 1, 2012; State Bank of Pakistan has already made arrangements for timely payment of fifth installment.

Regional Valuation

The Pakistan market PE is 6.77x trading at a 46.0 percent discount to the regional average of 12.54 xs. Based on dividend yield, Pakistan is the most attractive at 7.11 percent as compared to the regional average of 2.63 percent, followed by Taiwan (3.46 percent) and Singapore (3.40 percent).

Regional Valuation Comparison

	12m F	12m F
Country	PEx	Dividend Yield (%)
China	9.94	2.34
Hong Kong	11.83	2.90
India	12.08	1.62
Indonesia	13.56	2.45
Malaysia	13.71	3.24
Pakistan	6.77	7.11
Philippines	14.09	2.10
Singapore	13.19	3.40
South Korea	9.22	1.42
Taiwan	15.79	3.46
Thailand	11.99	3.32

 $Source: Thomson\ One\ Analytics,\ Date:\ September\ 20,\ 2012$ 

Market remains positive

The market remained largely positive throughout the month of October on the back of ongoing result season. KSE-100 index gained 3.01 percent during October 2012 to close at 15,910 points, while the KSE-30 index surprisingly decreased by 1 percent to 13,025.

Market

remains

flat

events during the month

Significant

#### September - October, 2012

The average daily turnover during the month of October 2012 was 123m shares, as compared to 146m shares trading during the month of September, resulting in a decrease of 16 percent MoM. The net inflow of foreign funds according to NCCPL figures during the month under review was \$38m.

During the first half of October, average volume stood at around 125m share. A 50bps cut in the monetary policy was the key development during the time period. Amongst the other developments in the corporate sector, Lucky Cement's decision to inject Rs5.6bn equity in a SPV for the acquisition of ICI Pakistan was prevalent during the 1st two weeks, where as DGKC and NML revealed plans to venture in the dairy business.

During the third week, the most significant event was shifting of KSE-100 index to free float based mechanism, from the previous Market Cap weight mechanism. In consideration of corporate announcements, an unexpected loss by PTC was reported on account of VSS, and lower production of gas supply resulted in lower earnings being reported by POL.

In the latter half of the month, investors remained optimistic overall as the KSE-100 reached the record level of 15,866 on 24th October. The last weekly session was dominated by results of prominent companies like FFC, LUCK & DGKC (which were better than market expectations). PTC however, took a beating after Lahore High Court suspended collection of higher charges on incoming international charges.

• SBP cut discount rate by 50bps.

Important developments during the month

- US waiver of restrictions to allow \$2bn aid.
- ECC agreed in principal to lay down 1,000 km pipeline for 4 fertilizer plants.
- Maramzi II under went testing with positive results.

- LOTPTA to invest \$20m to upgrade its PTA plant.
- 1QFY13 remittances reached \$3.5bn.
- Tax evasion by cellular companies amounting to Rs47bn dispute: NAB opposes formation of ADRC.

At a P/E of 6.25x, the Pakistani market is trading at 50 percent discount to the regional average of 12.51x. Based on dividend yield, Pakistan continues to remain the most attractive at 7.55 percent, compared to the regional average of 2.62 percent, followed by Taiwan (3.58 percent) and Singapore (3.37 percent).

Regional comparison

#### Regional Valuation Comparison

	12m F	12m F
Country	PEx	Dividend Yield (%)
China	10.11	2.28
Hong Kong	11.95	2.85
India	12.18	1.59
Indonesia	13.86	2.42
Malaysia	13.11	3.28
Pakistan	6.25	7.55
Philippines	14.41	2.08
Singapore	13.25	3.37
South Korea	8.90	1.47
Taiwan	15.22	3.58
Thailand	12.07	3.29

Source: Thomson One Analytics, Date: October 18, 2012

With inflation continuing to remain low, a further discount rate cut looks eminent in the next monetary policy review. However, given the precarious external situation (repayment to IMF and delay in further receipt of CSF), we feel that the market will remain range bound from here on, especially given that the political front is also heating up. We therefore advise investors to invest in dividend plays such as HUBC, KAPCO and FFC. Our liking also continues for leveraged companies who stand to benefit from further rate cut such as DGKC, FCCL, EFOODS and FATIMA.

Future Outlook

> (Contributed by Taurus Securities Ltd, a subsidiary of National Bank of Pakistan)

### **Book/Report Reviews**

Pakistan A New History Ian Talbot Oxford University Press (2012)

This book is reflective of Pakistan's mounting problems. Starting with an insight of the land and people of Pakistan, it covers the major trends of Pakistan's history over the last six decades. It also explains the longer term economic, environmental and demographic challenges which are lost sight of in the preoccupation with current security challenges. Chapter 2 is an account of the first decade of Pakistan's development. The period 1947-58 was Pakistan's first experiment with democracy. It also explains what went wrong that led to democratic failure. Far from being a decade of promise and democratic consolidation, Pakistan's initial period of independence became the formative years for the creation of a path of dependency that has been responsible for the country's subsequent thwarted democratization, military interventions, and post-military withdrawal crisis.

Chapter 3 examines the rule of Pakistan's first military ruler, Ayub Khan. In the words of the author, the chapter has a threefold aim: firstly, to reveal Ayub's impact on Pakistan's foundational problems with respect to authoritarian traditions of governance, political institutionalization, centre-province relations, and the role of Islam in public life; secondly, to explain how the army expanded its reach into Pakistan's polity and society; and thirdly, to reveal how both diplomacy and the patronage of Islamic groups were deployed to counteract India's predominance in the enduring rivalry between the two states.

Chapter 4 covers the period of Zulfiqar Ali Bhutto, arguing that this was a missed opportunity for establishing Pakistan on a new path of democracy. During Bhutto's rule, much remained the same, and despite claims that he would abolish feudalism, the large landowners continued to wield power. Chapter

5 examines Zia ul Haq's rule (1977-88). His rule strengthened presidential authority and the army's entrenched political and economic role. It left the legacy of the kalashnikov culture, the linkage between the military and the Islamic extremists and increased sectarianism.

Chapter 6 explains why democracy was not consolidated in the decade which followed Zia's death. Chapter 7 is about Pakistan under Musharraf. Some of Pakistan's problems arose from the new international circumstances post 9/11. In the words of the author, 'the best summary of the Musharraf regime would run along the lines that much was promised but little was delivered.' Pakistan still had to resolve the issues which had blocked off its economic and political development since independence. Chapter 8 examines Zardari's regime. Some of the problems facing the country were of the government's making, others were external revealing the fragility of the state's economy and institutions. Last chapter is about the future long term challenges, prospects and the possibilities.

Export Barriers in Pakistan: Results from Firm Level Survey Pakistan Institute of Development Economics (July 2012)

Pakistan has not been able to accelerate the exports of manufactured goods, as it is generally believed that the goods are not competitive in the international market. As a result the country has been unable to expand its market share. The objective of the Report is to evaluate exporter's perceptions to the problems faced in exploiting their full competitive potential in the export market. It suggests policies that might be required to ensure that our exporters are able to take full advantage of increased market access brought about by new trading environment.

A number of institutional rigidities, market imperfection, weaknesses in physical

### ECONOMIC BULLETIN

infrastructure, lack of general business environment and energy shortages are features perceived by firms as hurdles in export competitiveness. Firms face shortage of skilled labour and if this becomes available they will be able to reduce their costs and thus enhance competitiveness. Cost of fuel also adversely affects their competitiveness and availability of electricity is essential to boost exports. Quality certification and adherence to health, labour and environmental standards which is a problem for exporters need to be addressed as it would result in significant gains and quality improvements.

The findings of the Report show that three fourths of the units surveyed are manufacturing firms, mainly textiles, food, garments and cement. Lack of institutional training is the most frequent reason cited for shortage of skilled labour, followed by low quality of eduction. Majority of firms do not avail long term credit. Quality certification and adherence to health, labour and environmental standards is still a problem for exporters; there is a need to increase awareness about these standards. Frequent load shedding and power failures have seriously affected the working of industries. Also cost of fuel puts a heavy burden on firms and adversely affects their competitiveness.

The State of
Food Insecurity in the World
Food and Agriculture Organization (2012)

The Report focuses on the importance of economic growth in overcoming poverty, hunger and malnutrition. Some of the developing countries have enjoyed high growth in recent decades. While high GDP growth rates are a key factor in reducing food insecurity and malnutrition, but they do not necessarily guarantee success. It has to be accompanied by active public policies to ensure that the fruits of economic growth are widely shared. Studies have shown that investment in agriculture, more so that investment in other sectors can generate economic growth that benefits large segments of society.

The Report discusses under nourishment around the world in 2012, how economic growth contributes towards reduction of hunger and malnutrition, the contribution of agricultural growth towards reduction of poverty, hunger and malnutrition, and the safety nets to improve food security and nutrition and for the protection of the poor and vulnerable.

The Report presents new estimates of under nourishment based on revised methodology. The new estimates show that progress in reducing hunger during the last 20 years has been better than previously believed. With greater efforts its possible to reach the MDG target at the global level by 2015.

With almost 870 million people chronically undernourished in 2010-12, the number of hungry people in the world remains unacceptably high. The vast majority lives in developing countries. The number of undernourished people in the world is estimated to have declined. As a result, the developing world is closer to achieving the MDG of reducing by half the percentage of people suffering from chronic hunger by 2015.

A key message of the Report, in order for economic growth to enhance the nutrition of the neediest, the poor must participate in the growth process and its benefits. There are three key steps in order for economic growth to enhance access to food that is adequate in quantity and in quality. First, growth needs to reach and involve the poor and provide increased employment and income-earning opportunities for the poor. Second, the poor need to use their additional income for improving the quantity and quality of their diet and third, governments need to spend additional public revenues on safety nets and key public goods and services.

Some of the chapters discuss how agricultural growth is particularly effective in reducing hunger and malnutrition, another is about social protection, how it helps in eliminating hunger.

### Pakistan Economy – Key Economic Indicators

	Unit	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 <sup>1</sup>
Output and Prices								<u> </u>
GNP Size (MP)	Rs.bn	7773	8831	10452	13070	15370	18853	21679
GDP Size (FC)	Rs.bn	7158	8235	9922	12110	14034	17093	19437
Income Per Capita	\$	823	904	1015	990	1068	1258	1372
Real Growth	(%)							
GNP	(,,,)	5.6	6.7	3.7	2.1	4.4	2.9	4.2
GDP		5.8	6.8	3.7	1.7	3.1	3.0	3.7
Agriculture		6.3	4.1	1.0	4.0	0.6	2.4	3.1
Manufacturing		8.7	8.3	4.8	-3.6	5.5	3.1	3.6
Services Sector		6.5	7.0	6.0	1.7	2.6	4.4	4.0
Prices*	(%)							
Consumer Price Inflation	(**)	7.9	7.8	12.0	20.8	10.1	13.7	11.0
Wholesale Price Inflation		10.1	6.9	16.4	18.2	13.8	21.2	10.4
Food Inflation CPI		6.9	10.3	17.6	23.7	12.9	18.0	11.0
Non Food Inflation CPI		8.6	6.0	7.9	18.4	8.3	10.7	11.0
Core Inflation <sup>†</sup>		7.5	5.9	8.4	17.6	7.6	9.4	10.6
GDP Deflator		10.5	7.7	16.2	20.0	12.4	18.2	9.7
Gold Tezabi (Karachi)	Rs./10 grams	10317	12619	16695	22195	29587	37658	50701
Petrol Super	Rs/Ltr	55.12	56.00	57.83	67.68	67.56	75.70	91.33
Kerosene Oil	Rs/Ltr	36.19	39.09	43.44	66.79	72.65	84.89	103.09
Wheat Flour (Avg. Quality)	Rs/Kg	13.06	13.64	18.07	25.64	28.77	29.56	30.15
Savings and Investment	% GDP							
National Savings		18.2	17.4	13.6	12.5	13.2	13.2	10.7
Domestic Savings		16.3	15.6	11.5	9.8	9.3	13.3	10.9
Gross Fixed Investment		20.5	20.9	20.5	16.6	13.8	11.5	10.9
Public Sector		4.8	5.6	5.4	4.3	3.6	2.9	3.0
Private Sector		15.7	15.4	15.0	12.3	10.2	8.6	7.9
Public Finance								
Revenue Receipts (Fed Govt)	% GDP	14.1	15.0	14.6	14.5	14.0	12.5	8.5
Tax Revenue	% GDP	10.5	10.2	10.3	9.5	10.1	9.5	6.7
Total Expenditure	% GDP	18.4	20.8	22.2	19.9	20.3	19.2	12.8
Fiscal Deficit	% GDP	4.3	4.4	7.6	5.3	6.3	5.9	4.3
FBR Tax Collection (Fed Govt)	Rs.bn	713.5	847.2	1008.1	1161.1	1327.4	1558.2	1952.0
Direct Taxes	% share	31.5	39.4	38.4	38.2	39.6	38.6	38.2
Indirect Taxes	% share	68.5	60.6	61.6	61.8	60.4	61.3	61.8
Internal Debt Outstanding	Rs.bn	2337	2610	3275	3859	4654	6015	7206
Funded Debt	% of Internal Debt	62.3	64.0	68.8	67.1	68.7	72.5	76.1
Unfunded Debt	% of Internal Debt	37.7	36.0	31.2	32.9	31.3	27.5	23.9
Monetary Sector								
Growth of Monetary Assets M2	%	15.1	19.3	15.3	9.6	12.5	15.9	8.1
Currency in Circulation	Rs.bn	740.4	840.2	982.3	1152.2	1295.4	1501.4	1650.8a

<sup>&</sup>lt;sup>P</sup> Provisional. \* The base for price indices have been changed as 2007-08 new base year. †non-food non-energy. <sup>a</sup>April.

### September - October, 2012

	Unit	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 <sup>P</sup>
Credit to Private Sector	Rs.bn	2114	2480	2890	2907	3020	3141	3373
Credit to Public Sector	Rs.bn	834	927	1510	2034	2441	3020	3938 <sup>b</sup>
Borrowings for Budgetary Support	Rs.bn	708	810	1365	1681	2011	2602	3613 <sup>b</sup>
Resident Foreign Currency Deposits	Rs.bn	196	207	263	280	345	375	412 <sup>b</sup>
Demand Deposits / Money Ratio	%	31.9	65.0	65.5	62.4	62.2	61.6	60.1
Capital Market (KSE)								
Listed Capital	Rs.bn	496	631	706	782	910	944	$1058^{\dagger}$
Market Capitalisation	Rs.bn	2801	4019	3778	2121	2732	3289	3528
Listed Companies at KSE	Nos	658	658	652	651	652	639	591 <sup>†</sup>
Banking Sector								
Scheduled Banks Deposits	Rs.bn	2817	3373	3812	4138	4693	5489	5688 <sup>c</sup>
Scheduled Banks Advances	Rs.bn	2071	2376	2816	3080	3174	3311	3310 <sup>c</sup>
Non-Performing Loans All Banks	Rs.bn	173	214	314	432	548	579	610 <sup>c</sup>
Lending and Deposit Rates	weighted average							
Deposits	% per annum	1.96	2.60	4.13	4.44	4.29	4.53	4.51 <sup>c</sup>
Advances	% per annum	10.61	11.55	12.49	14.25	13.63	13.46	13.68 <sup>c</sup>
<b>Open Market Operation</b>								
SBP Reverse Repo Rate	% end period	9.00	9.50	12.00	14.00	12.50	14.00	12.00
Treasury Bills Yield - 6 Months	% end period	8.49	8.90	11.47	12.00	12.30	13.70	11.90
KIBOR - 6 Months	% end period	9.36	9.75	13.95	12.65	12.25	13.65	11.90
Pakistan Investment Bonds - 5 yrs	weighted average	9.65	10.00	10.80	14.33	12.56	12.68	12.78
Interbank Call Rates (Overnight)	%	8.80	8.90	9.90	13.20	11.60	12.40	11.33
SBP Export Finance Rate	%	7.50	6.50	6.50	6.50	8.00	10.00	11.00
External Sector								
Exports*	\$ bn	16.45	16.98	19.05	17.69	19.29	24.81	23.64
Imports*	\$ bn	28.58	30.54	39.97	34.82	34.71	40.41	29.99
Balance	\$ bn	-12.01	-13.56	-20.92	-17.13	-15.42	-15.60	-11.60
Current Account Balance	\$ mn	-4990	-6878	-13874	-9261	-3946	214	-655
Workers' Remittances	\$ mn	4588	5491	6449	7811	8906	11201	13187
Foreign Investment in Pakistan	\$ mn	3872	6960	5454	3210	2739	2000	741.5
Direct	\$ mn	3521	5140	5410	3720	2151	1635	812.6
Portfolio	\$ mn	351	1820	44.3	-510	588	365	-71.1
Debts								
External Debt and Liabilities	\$ bn	37.6	40.5	46.2	52.3	55.9	60.1	60.3 <sup>a</sup>
Domestic Debt Outstanding	Rs.bn	2337	2610	3275	3859	4654	6016	7207 <sup>a</sup>
Internal Debt as % of GDP	%	30.7	30.1	32.0	30.3	31.4	33.4	34.9
National Saving Schemes	Rs.bn	936	1004	1094	1361	1586	1821	1932**
Total Reserves	\$ mn	14354	18890	13436	13971	17921	20942	17802**
Gold	\$ mn	1268	1344	1926	1935	2575	3117	3419**
Liquid Fx Reserves	\$ mn	13086	17546	11510	12036	15346	17825	14383**
Exchange Rate (Average for year)	Rs/US\$	59.8566	60.6342	62.5465	78.4983	83.8017	85.5017	90.8376**

<sup>†</sup> July-March a end March

Source: Pakistan Economic Survey 2011-12 Annual Report 2011-12, State Bank of Pakistan

<sup>&</sup>lt;sup>b</sup> April, 2012 <sup>c</sup> December, 2011

<sup>\*</sup> Trade data compiled by Federal Bureau of Statistics \*\* as of April, 2012