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NBP Performance at a Glance

Editor's Corner

Dear Readers,

Non-Performing loans (NPLs) are the bane for any bank as they measure the standard of corporate governance, the strength of its ability to withstand pressures from vested interest, in Pakistan particularly political and big business, and the weakness in its own internal system of evaluating request for loans. These NPLs are a major factor that undermines the performance of the financial sector, as it impacts profitability. Pakistan's banking sector today faces rising NPLs. It has in the past (1990s), also been a victim of NPLs, which had deprived institutions from their earning assets and the provisioning cost had dragged down profitability.

NPLs of the financial sector had risen during 1990s, primarily because of substantial loans provided by nationalized commercial banks on political grounds, that resulted in NPLs, poor quality of collateral, and the adoption of a vigorous standard of loan classification (as part of the reform process initiated in 1997) and its strict enforcement by SBP. Banks were earlier reporting only default or overdue portion of their NPLs instead of outstanding amount of such loans. The change in the reporting of NPLs resulted in the deterioration of asset quality indicators of financial institutions by 2000. The Earning assets to total assets ratio declined from 80.2 percent in 1990 to 70.6 percent by 1999, NPLs to gross advances rose from 18 percent to 27.7 percent, provisioning to gross advances rose from 6.6 percent to 12.7 percent, while loan defaults to gross advances rose from 10.7 percent to a high of 22 percent in 1997.

These conditions however, improved from 2002 as a multi pronged strategy was adopted to deal with the NPLs. The measures included among others, an acceleration in the recovery process, setting up of CIRC to acquire NPLs of nationalized banks and development finance institutions, NAB to prosecute wilful defaulters, etc. This strategy helped banks to clean their balance sheets, and in later years NPLs showed a continuous declining trend, falling from Rs290.2 billion in 2001 to Rs186.4 billion (all banks & DFIs) by December 2006.

The improvement in NPLs reflects the gains from improved credit appraisals processes in commercial banks, macroeconomic stability, higher earnings of the corporate sector, and improved restructuring policies of the banks. In addition, the low interest rate environment in the recent past, has been one of the major factors in the improvement in asset quality indicators of banks. The ratio of NPLs to total loans of commercial banks has fallen from 19.6 percent in 2001 to 5.7 percent by 2006, while the ratio of net NPLs to net loans fell substantially from 10.3 percent to 1.1 percent in the corresponding period.

A change in the interest rate scenario, as the State Bank of Pakistan tightened its monetary policy stance has had a negative impact on the repayment capacity of the borrowers. Rising interest rates alongwith an increase in fuel and electricity prices has added to the cost of doing business, as a consequence of which some businesses are facing problems on paying back their bank loans.

In the first half of 2008, the non-performing loans (NPLs) of Pakistan's banking sector (domestic and overseas operations) increased by nearly Rs25 billion to Rs241.3 billion against Rs216.4 billion registered on December 31, 2007. During these six months, the NPLs of commercial banks have risen by Rs28.7 billion to Rs212.36 billion, where the share of NPLs of local private banks is over 72 percent, while the share of public sector banks has risen to 27 percent due to a substantial (30.8 percent) rise in their NPLs. Net NPLs to Net Loans ratio for commercial banks increased to 0.91 percent at end June 08 compared with 0.83 percent at end December 07.

There has been an expansion of credit to the private sector, primarily as banks ventured into new areas of financing, like consumer financing, agriculture, SMEs. The aggressive credit growth, alongwith higher interest rates have had an impact on NPLs. The private sector credit grew by 20 percent in the first five months of 2008 to stand at Rs369.8 billion — Rs106.4 billion higher than in the same period of previous year. This acceleration is attributable to an increase in working capital requirements due to higher input cost and higher fixed investment in sectors like textiles, refineries and power.

Of the gross NPLs growth during FY07, the corporate sector had the largest contribution, while the quality of consumer loans appears to have deteriorated most. The gross NPLs in consumer loan category at end FY07 were more than double the same at end FY06. There has been a rising NPLs to loans ratio in almost all categories of consumer loans during March 08 compared to March 07. Overall for consumer loans, the ratio rose to 4.8 percent from 3.2 percent, while for auto loans to 5.9 percent from 2.6 percent, for durables from 3.2 percent to 14.8 percent and for mortgages from 2.3 percent to 4.2 percent.

Rising NPLs have impacted banks profitability. Banks have to make higher level of provisioning because of amendments in the State Bank of Pakistan's Prudential Regulations. The Bank had in October 2007 issued instructions to completely withdraw the benefit of Forced Sale Value against all NPLs for calculating provisioning requirements w. e. f December 31, 2007. As banks set aside more reserves out of the earnings to cover the increase in loans that have become non performing, profits are affected.

Figures available for 2007 show that profit (BT) for all banks declined by Rs15 billion to Rs107 billion against Rs122 billion recorded in 2006. There was a pronounced decline in the profitability of private/provincial banks and of foreign banks. The larger banks also showed a fall, primarily because of a decline in the profitability of one of the large privatized bank.

In the first half of 2008 profits have continued to decline, despite the fact that interest rate on loans has increased. As the banks make larger provisioning for NPLs, it has reduced their profits, affected their asset quality and is a cause of serious concern for the banks.

Ayesha Mahmood

Performance of Commercial Banks Operating in Pakistan — A Review of 2007

Reforms

The banking sector has achieved a remarkable turnaround in the last few years, as a result of the reforms introduced in the 1990s. Among other measures, banks were privatised, the government allowed entry of new banks, State Bank of Pakistan's independence was enhanced, Pakistan Banking Council was abolished, weaker banks were merged with relatively bigger banks, a large number of branches were closed, thousands of lay offs took place from public sector banks through GHS and VHS and a process was initiated for speedy recovery of loans.

Banks focus on more sectors

The banking sector has witnessed a change in the ownership structure with privatisation of some of the large commercial banks, setting up of private banks and more recently the acquisition of local banks by foreign banks. During the past few years, banks have made significant progress in serving less focused sectors like consumer finance, small & medium enterprises, agriculture and housing. In the recent past, the banking sector has seen an increase in the number of microfinance banks and their outreach.

There has been an encouraging growth in Islamic banking, as the number of full fledged Islamic banks have increased and also the number of conventional banks offering Islamic banking.

Banks comply with new standards

The State Bank of Pakistan is encouraging banks to adopt international best practices, in view of changing financial practices internationally and is itself continuously updating its regulations. Banks are now complying with the best practices of Corporate Governance, strengthening the Risk Management structure, adopting Basel II guidelines, having in place an efficient and effective internal control system, upgrading IT infrastructure etc. The State Bank is being strengthened, and the central bank's legislation is being brought in line with the international best practices.

Speaking at the 60th anniversary of SBP on July 1, 2008, the SBP Governor said, 'there is the need to launch comprehensive legislative reforms which would put in place an adequate framework for Consumer Protection, prevention of Financial Crimes, Financial Safety Nets and Lender of Last Resort Functions etc that now have been adopted by most developed and developing countries'.

Prudential Regulations

The State Bank of Pakistan has a broad set of prudential regulations for agriculture financing, Corporate/Commercial Banking, SME Financing, Consumer Financing and for Micro Finance Banks. The prudential regulatory regime seeks to promote and preserve financial sector stability. The regulatory framework encourages financial sector growth and competition and effective risk management.

Mergers and Acquisitions

The banking sector is witness to growing Mergers & Acquisitions activity during the last few years. By raising the minimum paid up capital requirement for banks from Rs500 million in 2001 to Rs6 billion by the end of 2009, the SBP encouraged mergers and ensured a strong capital base for banks. Foreign banks have also been part of this process. For example, at the end of August '07, ABN Amro Bank N.V. Pakistan branches merged with Prime Commercial Bank, while a year earlier, Standard Chartered Bank (Pakistan) Ltd had taken over Union Bank Ltd and Rupali Bank Ltd Pakistan was amalgamated with and into Arif Habib Rupali Bank Ltd and American Express Bank Ltd was merged into JS Bank Ltd.

Besides, M&A, some foreign banks have shown interest to set up branches in Pakistan, more recent instances being Malaysia's Maybank buying a minority stake in MCB and Barclays Bank beginning its operations in Pakistan.

To encourage further consolidation in the banking sector, the State Bank of Pakistan has

MCR &
CAR
raised

raised the minimum capital requirements for locally incorporated banks to Rs23 billion (net of losses) to be achieved in a phased manner by December 31, 2013. Foreign banks operating in the country are also required to increase their assigned capital to Rs23 billion in the same period, says the SBP.

Banks are also required to have minimum Capital Adequacy Ratio of 10 percent. This is to be achieved by the banks either by fresh capital injection or retention of profits.

Interest
rates rise

The monetary tightening measures by the State Bank of Pakistan have pushed interest rates up. The KIBOR rates have gone up to over 14 percent and as it is used as a benchmark for pricing most of the banks loans, its effect is visible in the Weighted Average Lending Rate. This rose to 12.8 percent in June 2008 from 10.9 percent recorded in April '08. At the same time, the SBP has set a floor on banks savings/PLS deposit rates at 5 percent. The banks now have to give this minimum rate to their depositors with effect from June 2008. As the share of PLS saving deposits in overall banks' deposits is around 56 percent, the introduction of this floor is expected to raise the return on deposits in the range of 2.0-2.2 percent.

As banks have to compete for deposits with the National Savings Centre, where recently a 2 percentage point increase was announced on the various saving schemes, the rise in deposit rate would help in channelizing people's savings towards banks deposits.

Banks loan
portfolio
enlarges

Commercial banks operating in Pakistan have been carrying on the broad basing of their loan portfolio, to diversify their credit risk and increase the financial services, besides generating alternative avenues of earnings. Besides financing corporate clients, commercial banks are increasingly focusing on the agriculture sector, small and medium enterprises and consumer financing. By December 2007 the portfolio of consumer financing had enlarged to Rs367 billion or 14 percent of the total advances of scheduled banks. In this category, personal loans make

Rising
NPLs

up for the bulk of consumer financing (39%), followed by transport (31%), housebuilding (17%) and credit cards (13%).

The policy of monetary tightening being pursued by the State Bank of Pakistan has raised interest rates and restricted the demand for consumer loans. Also banks have become more cautious while extending consumer loans, because of rising NPLs to loans ratio in almost all categories of consumer loans.

Over the last few years the performance of the banking sector has been impressive. The banks (local and foreign) operating in Pakistan have improved their operating performance, strengthened their human resources, improved internal controls, diversified their lending portfolios, undertaken major IT changes and other various initiatives to remain competitive.

2007 a
difficult
year

The year 2007 has been a rather difficult year for the banking industry. There has been a decline in profitability, as a consequence of the change in SBP's Prudential Regulations. The benefit of forced sales value of collateral was withdrawn by the State Bank of Pakistan against all non-performing loans. The banks are now required to make additional provisioning, which has eroded a portion of the profitability of the banks.

Profits
decline

Key performance indicators of all banks shows that besides profits being affected, deposits, equity growth has slowed, while investments, non-interest income, have grown. A review of the key performance indicators shows that profit (BT) of all banks declined in 2007 to Rs107 billion against Rs122 billion a year earlier, while profit (AT) fell to Rs75 billion against Rs83 billion in the same period.

RoA &
RoE falls

As a consequence of the decline in profits, the key profitability indicators were affected. Return on Assets (RoA) for all banks declined to 1.6 percent from 2.2 percent in 2006. As the foreign banks showed an after tax loss, their RoA was negative. Return on Equity dropped to 17.8 percent from 28.2 percent over the year, with substantial declines being registered for all categories of banks. This

was due to slower growth in the banks' equity base and lower profits.

NBP
record
profit

In the major banks category, National Bank of Pakistan, registered the highest profit (BT) of Rs28.1 billion. MCB followed at Rs21.3 billion, overtaking Habib Bank Ltd (HBL) whose profit declined by 19.7 percent to Rs15.1 billion. HBL's profitability has been affected by additional provisioning against non-performing loans due to a change in SBP's Prudential Regulations.

Profits
present a
mixed
picture

In the private/provincial banks category quite a few have registered losses during 2007, some have shown a decline in profits and there are a few like, Bank Al-Habib, Bank of Punjab, Habib Metropolitan, KASB Bank which have shown an increase in profits (BT). The profit (AT) have risen in cases of Askari Commercial Bank, Soneri Bank, Bank Al-Habib, Bank of Punjab and Habib Metropolitan and Meezan Bank.

Similar trend is witnessed with the foreign banks operating in Pakistan. Deutsche Bank and Al-Baraka Islamic Bank have shown an increase with respect to both before and after tax profits.

In 2007, the profitability ratios — RoA and RoE had been impacted and accompanying tables show a decline for most banks. While for some banks the RoA and RoE has fallen marginally, for others the drop is substantial, and for some of the private banks the ratio is negative.

Growth in
deposits

The growth in deposits of the banking sector in 2007 has remained at preceding year's level. Growing by 18.8 percent, deposits have reached Rs3.86 trillion, with the major banks here at 65.6 percent, private/provincial banks at 29.0 percent and foreign banks 5.4 percent. NBP surpasses all other banks with a deposit base of Rs592 billion, closely following is HBL at Rs531.3 billion, UBL Rs401.6 billion.

Deposits of Bank of Punjab registered a growth of nearly 40 percent, with the level rising to Rs192 billion, the highest in the private/

provincial banks category. NIB Bank's deposits have surged from Rs30.6 billion to Rs116.7 billion in 2007. Though ABN Amro has the highest deposits of Rs90.3 billion in the foreign banks category, these are however, lower by 3.7 percent over the previous year. Deposits of Citibank, HSBC, Deutsche Bank and Al-Baraka Islamic Bank have grown by 8.8 percent, 72.6 percent, 54.2 percent and 22.7 percent respectively.

It may be noted that the share of savings deposits in total deposits has declined from 46.1 percent in 2001 to nearly 36 percent in 2007, while the share of fixed deposits have grown from 23 percent to 29 percent and the share of current account deposits from 22 percent to 31 percent during this period. With enhanced rates of return now being offered by the banks, the share of fixed deposits may show a further rise.

Cost of
funds
increase

In 2007, the cost of funds ratio increased. In the major banks category, while the ratio for NBP was 3.0 percent, for Bank Al-Falah it was as high as 6.1 percent. This ratio was substantially higher for private/provincial banks, ranging between 3.7 percent for Arif Habib Rupali Bank to 8.9 percent for Crescent Bank, and in the foreign banks category it ranged between 4.4 percent for Deutsche Bank to 9.2 percent for Bank of Tokyo. Some banks are offering better returns on their long term deposits.

Growth in
advances
slows
down

Growth in advances slowed down to 11.4 percent for all banks in 2007, against a growth of 26.6 percent in 2006. The growth rate declined for banks like, Bank Al-Falah (registered a growth of 14.1% in 2007 against 26.2% in 2006). National Bank of Pakistan (7.8% against 17.1%), ABL (17.0% against 29.5%), Askari Commercial (1% against 15.3%), Bank Al-Habib (11.5% against 28.4%), Bank of Punjab (32.2% compared with 59.3%) and Deutsche Bank (11.6% against 120%). Advances declined in 2007 for banks like ABN Amro (-10.3%), Citibank (-4.3%), Saudi Pak (-10.7%); Advances have growth faster in 2007 compared to 2006 for banks like NIB (164%) and few others.

Advances deposit ratio for all banks is marginally lower at 70.4 percent in 2007 against 70.6 percent a year earlier. This ratio has risen among others for UBL, Bank Al-Falah, KASB Bank, Saudi Pak Commercial, Arif Habib Rupali, JS Bank, First Women Bank, Deutsche Bank, Oman International.

Advances deposit ratio lower

The cost to income ratio for all banks shows a slight increase to 40.3 percent against 39.6 percent in 2006. While this ratio declined for the major banks, an increase was seen for the other two categories of banks. In the major banks category, MCB tightened its operating expense with a cost to income ratio of 16.8 percent, one of the lowest in the industry, while Bank Al-Falah in this group had a higher ratio of 54.4 percent. In the private/provincial banks category, Crescent Commercial Bank, Atlas Bank, Dubai Islamic Bank had high cost/income ratios, while Bank of Punjab, Habib Metropolitan and Faysal Bank had relatively lower ratios.

Cost to income ratio slightly higher

Interest income continued to be the major contributor towards Banks' total income. Its growth however, slowed in 2007, except for foreign banks category which registered a substantial growth.

Income expense ratio declines

All Banks income/expense ratio has declined over the last three years, implying higher expenses incurred over the income earned. The ratio fell from 1.6 percent to 1.2 percent for the larger banks, from 1.3 percent to 1.1 percent for the private banks and from 1.4 to 1.3 percent for the foreign banks operating in Pakistan.

Interest spread falls marginally

Interest spread showed a marginal fall for all banks in 2007 to 4.3 percent from 4.7 percent in 2006. Major banks had a ratio of 6 percent, foreign banks 5.9 percent and much lower ratio of 2.7 percent for private/provincial banks.

Among the larger banks the ratio varied between 3.9 percent for Bank Al-Falah to 9.3 percent for Standard Chartered. The ratio was much smaller for a large number of private banks, around 2 - 4 percent, except First

Women Bank where it was 6.5 percent. In the foreign banks category, the ratio varied between 0.2 percent for Bank of Tokyo to 7.0 percent for Citibank.

Debt management Ratios

The Debt Management Ratios, liabilities/assets and liabilities/equity have decreased in the last two years, giving a positive signal. The decline in the liabilities/asset ratio is pronounced for major banks where the ratio has fallen from 81.2 percent to 72.2 percent. This implies that there was Re 0.812 liability on every Re 1 asset, which has reduced to Re 0.722 on every Re 1 asset.

Admn expenses rise

The administrative expenses witnessed an increase of nearly 24 percent to Rs119 billion against Rs96 billion in 2006. The intermediation cost ratio rose to 3.0 percent from 2.8 percent for all banks. The ratio increased for Standard Chartered from 3.8 percent to 6.7 percent, for Bank Al-Falah from 2.5 percent to 3.1 percent, but declined for NBP from 2.7 percent to 2.5 percent and for MCB from 2.4 percent to 1.6 percent. Some of the private/provincial banks like Bank of Punjab, Habib Metropolitan Bank have low intermediation cost ratios, while Dubai Islamic Bank has an intermediation cost ratio of 13.8 percent, Crescent Bank 9.5 percent, Deutsche Bank 6.6 percent, Bank Islami 8.3 percent.

Staff strength

For all banks, staff strength has increased by 7.7 percent, with the private/provincial banks hiring more people compared with the other categories of banks. Among the private banks, staff strength rose substantially for Askari Commercial, Meezan Bank, NIB, Atlas Bank, Bank Islami Pakistan, JS Bank among others, as the business operations of these banks increased with the opening of more branches.

Staff per branch ratio has remained stagnant for all banks. Profit per branch ratio declined for all banks. However, the ratio had risen for some banks the NBP, MCB, Bank Al-Falah, Bank of Punjab, Habib Metropolitan etc. The details of other ratios for all banks is given in the accompanying tables.

Key Performance Indicators – All Banks

(Rs. Bn)

	Major Banks			Private & Provincial Banks			Foreign Banks			All Banks		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Assets Net	2193	2772	3303	920	1203	1494	343	276	280	3456	4251	5077
Equity	127	229	279	64	100	145	33	26	24	224	355	449
Deposits	1798	2156	2531	698	902	1121	245	191	208	2741	3248	3860
Advances(Net)	1201	1538	1704	498	676	779	170	152	153	1869	2366	2635
Investments	499	528	831	197	240	390	67	50	43	763	819	1263
Gross Advances	1348	1603	1779	579	692	813	173	155	159	2101	2450	2751
Non Performing Loans (NPLs)	115	113	126	25	28	45	2	5	3	142	147	174
Interest Income	126	200	244	52	83	104	22	23	28	200	305	376
Interest Expense	36	70	94	27	52	71	9	11	15	71	133	180
Net Interest Income	90	129	150	26	31	33	14	12	13	130	172	196
Non Interest Income	32	42	55	11	17	27	8	6	7	52	65	89
Revenue	122	171	204	37	48	60	22	18	20	181	237	285
Admn Expense	48	64	77	16	22	29	9	9	12	73	96	119
Profit/(Loss)B.T	63	94	92	18	21	14	12	7	1	92	122	107
Profit/(Loss)A.T	42	63	63	13	15	12	8	5	-0.4	63	83	75
Employees (Nos)	61332	64356	66914	20827	23974	27997	3591	4013	4508	85750	92343	99419
Branches (Nos)	5610	5834	6002	1161	1347	1590	105	120	141	6876	7301	7733

Growth Rates – All Banks

(In %)

	Major Banks			Private & Provincial Banks			Foreign Banks			All Banks		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Assets Net	26.3	26.4	19.1	0.1	30.8	24.2	12.8	-19.5	1.5	16.8	23.0	19.4
Equity	54.9	80.0	22.2	19.0	56.5	45.0	20.9	-20.4	-5.9	37.1	58.6	26.6
Deposits	23.4	19.9	17.4	-1.8	29.2	24.3	7.9	-22.1	8.9	14.5	18.5	18.8
Advances	46.1	28.1	10.8	-7.2	35.7	15.2	7.2	-10.6	0.4	23.1	26.6	11.4
Investments	6.9	5.9	57.2	10.0	21.8	62.5	117.1	-25.6	-14.4	12.8	7.2	54.4
Interest Income	100.2	58.2	22.2	41.7	60.0	26.0	84.2	4.5	22.1	80.1	52.7	23.2
Interest Expense	123.1	96.4	34.2	87.9	91.1	37.6	183.3	30.6	34.2	115.8	86.5	35.5
Net Interest Income	92.3	42.9	15.8	17.6	20.0	6.4	70.0	-11.8	8.3	68.8	32.6	13.6
Non Interest Income	11.0	30.1	30.1	-9.0	47.4	61.3	40.0	-28.6	18.3	8.3	24.4	37.1
Revenue	60.8	40.0	19.5	5.9	31.3	24.5	56.4	-17.8	13.3	44.6	31.3	20.0
Admn Expense	17.6	33.4	20.4	-3.5	39.4	31.8	28.6	3.3	29.0	12.6	31.0	23.9
Profit/(Loss)B.T	116.6	50.4	-2.5	12.5	16.7	-33.3	65.1	-42.0	-83.6	77.6	32.3	-12.3
Profit(Loss)A.T	120.0	51.2	-0.3	19.5	11.9	-20.0	33.9	-37.8	-107.9	75.7	31.6	-10.3

Selected Ratios – All Banks

(In %)

	Major Banks			Private & Provincial Banks			Foreign Banks			All Banks		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Cost of Funds	2.0	3.2	3.7	3.8	5.3	6.2	3.1	4.3	6.4	2.6	3.9	4.5
Intermediation Cost	2.7	2.9	3.0	2.4	2.3	2.5	3.3	3.6	5.4	2.7	2.8	3.0
Pre Tax Margin	39.7	39.1	33.1	29.2	20.9	10.9	38.3	23.5	3.2	37.2	33.0	24.8
Non Interest Income Ratio	26.6	24.4	26.7	31.7	35.0	44.6	37.4	33.5	34.8	29.1	27.3	33.4
Gross Spread Ratio	71.9	64.8	61.4	50.0	37.7	31.7	61.4	51.8	47.2	64.7	56.5	52.1
Cost/Income Ratio	38.8	36.5	36.1	42.6	46.2	48.1	41.3	51.6	61.2	39.9	39.6	40.3
Income/Expense Ratio	1.7	1.6	1.2	1.4	1.2	1.1	1.7	1.4	1.3	1.6	1.5	1.1
Return on Equity	41.7	35.5	24.7	25.6	18.6	10.1	26.9	15.7	-1.6	34.3	28.2	17.8
Return on Assets	2.1	2.5	2.1	1.7	1.4	0.9	2.5	1.5	-0.1	2.1	2.2	1.6
Return on Deposits	2.7	3.1	2.7	2.2	1.8	1.2	3.4	2.1	-0.2	2.6	2.8	2.1
Earning Assets/Deposits	102.5	105.6	106.9	129.5	115.4	114.9	111.6	116.6	115.4	110.4	109.3	109.6
Capital Ratio	5.3	7.2	8.4	6.6	7.5	8.9	9.3	11.5	11.3	6.1	7.5	8.6
Deposits Time Capital	15.2	8.6	7.4	9.4	10.8	8.4	7.9	5.9	5.9	12.2	13.0	9.9
Equity Multiplier (Time)	18.9	13.9	12.0	15.2	13.3	11.2	10.8	8.7	8.8	16.4	13.4	11.7
Capital to Risk Assets (CRA)	10.2	13.1	15.7	11.7	13.5	16.5	18.2	21.9	20.9	11.4	13.6	16.0
Advances+Investment/Assets	76.1	75.7	75.7	76.2	76.0	77.5	66.2	71.1	71.6	76.6	75.4	76.0
Earning Assets/Assets	84.8	86.0	82.5	98.6	87.5	86.3	81.4	82.0	82.7	88.2	84.9	83.6
Advances/Deposits(CDR)	62.2	69.1	69.2	73.8	73.5	72.0	69.8	74.1	76.6	67.0	70.6	70.4
Liabilities/Assets	94.5	81.2	72.2	91.9	93.0	91.1	90.7	90.4	90.3	93.5	94.0	92.3
Liabilities/Equity (Time)	17.9	12.7	10.7	13.9	12.4	10.2	9.8	10.6	10.3	15.3	12.6	10.8
Net Profit Margin	35.4	36.8	29.3	34.5	32.4	20.2	37.1	25.8	-1.9	35.3	35.1	25.3
Net Interest Margin (NIM)	5.4	6.1	6.0	3.4	3.2	2.8	5.2	4.7	5.8	4.8	5.1	5.0
Cost of Funding Earning Assets	2.1	3.3	3.8	3.4	5.3	6.1	3.2	4.4	6.5	2.5	3.9	4.6
Yield on Earning Assets	7.5	9.4	9.7	6.8	8.4	9.0	8.4	9.1	12.3	7.4	9.1	9.7
Interest Spread	5.4	6.1	6.0	3.0	3.1	2.7	5.3	4.8	5.9	4.2	4.7	4.3
NPLs/Gross Advances	8.5	7.1	7.1	4.4	4.1	6.1	1.2	4.5	2.2	6.8	6.0	6.3
NPLs Provisions/Net Advances	7.8	5.5	5.6	2.7	2.7	5.1	1.8	1.9	3.9	5.8	4.6	5.4
Admn Expenses/Employee (Rs.Mn)	0.8	1.0	1.2	0.9	0.9	1.0	2.5	2.3	2.8	0.9	1.0	1.2
Staff/Branch (Nos)	11	11	11	18	18	18	34	33	32	13	13	13
Profit After Tax/Branch (Rs.Mn)	8.2	10.8	10.5	13.2	11.6	7.6	77.2	33.4	-2.8	10.1	11.4	9.6

Key Performance Indicators – Major Banks

(Rs. Bn)

Banks	Assets			Equity			Deposits			Advances			Investments		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	577.7	635.1	762.2	37.6	53.0	69.3	463.4	501.9	591.9	268.8	316.1	340.7	157.0	139.9	210.8
HBL	528.9	594.1	692.0	32.7	45.2	55.1	432.5	459.1	531.3	316.9	349.4	382.2	107.4	119.6	177.9
UBL	347.0	423.3	530.3	18.8	27.2	34.0	289.2	335.1	401.6	204.8	247.3	299.4	63.0	67.3	115.6
MCB	298.8	342.1	410.5	18.3	35.7	45.4	229.3	257.5	292.1	180.3	198.2	219.0	69.5	63.5	113.1
ABL	192.6	252.0	320.1	12.9	16.2	18.4	161.4	206.0	264.0	111.2	144.0	168.4	44.9	47.0	84.0
Bank Al Falah	248.3	275.7	329.0	6.7	10.6	13.8	222.3	239.5	273.2	118.9	150.0	171.2	57.4	56.5	88.5
Standard Chartered Bank	-	249.9	259.1	-	40.7	43.5	-	156.6	177.0	-	132.5	122.8	-	34.7	40.7
Total	2193.3	2772.2	3303.2	127.0	228.6	279.5	1798.2	2155.7	2531.1	1200.9	1537.5	1703.7	499.2	528.5	830.6

Banks	Interest Income			Interest Expense			Net Interest Income			Non Interest Income			Revenue		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	33.7	44.1	50.6	10.3	13.9	16.9	23.4	30.2	33.6	9.4	12.2	13.5	32.7	42.4	47.1
HBL	32.3	43.7	50.5	7.3	13.2	19.2	25.0	30.5	31.3	7.9	8.5	10.0	32.9	39.0	41.6
UBL	20.2	33.0	41.0	6.0	12.1	16.9	14.1	20.9	24.1	5.0	6.9	9.0	19.1	27.8	33.1
MCB	17.8	25.8	31.8	2.8	4.5	7.9	15.0	21.2	23.9	5.7	5.0	6.0	20.4	26.2	29.9
ABL	9.9	17.2	21.2	2.0	6.8	10.0	7.9	10.4	11.2	1.9	2.4	3.9	9.8	12.8	15.1
Bank Al Falah	12.2	21.2	25.8	7.2	15.2	16.6	5.0	6.0	9.2	2.3	3.2	6.0	7.3	9.2	15.2
Standard Chartered Bank	-	14.9	22.9	-	4.4	6.6	-	10.4	16.3	-	3.7	6.1	-	14.1	22.4
Total	126.1	199.9	243.8	35.7	70.1	94.1	90.4	129.6	149.6	32.2	41.9	54.5	122.2	171.5	204.4

Banks	Admn Expense			Operating Profit			Provisions/Other Expenses			Profit/Loss (B.T)			Profit/Loss (A.T)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	11.2	13.4	14.2	21.5	29.0	32.9	2.4	2.6	4.9	19.1	26.3	28.1	12.7	17.0	19.0
HBL	14.1	17.1	18.3	18.8	21.9	23.3	4.9	3.0	8.1	13.8	18.8	15.1	9.6	12.7	10.1
UBL	7.9	10.9	13.4	11.3	16.9	19.7	1.8	2.6	6.7	9.5	14.3	13.0	5.9	9.5	8.4
MCB	6.5	6.5	5.0	14.3	19.7	24.9	1.3	1.3	3.6	13.0	18.5	21.3	8.9	12.1	15.3
ABL	4.3	5.3	6.0	5.5	7.5	9.1	0.7	0.9	3.1	4.8	6.7	6.0	3.0	4.4	4.1
Bank Al Falah	4.3	5.9	8.3	3.0	3.3	6.9	0.4	0.7	2.4	2.6	2.6	4.5	1.7	1.8	3.1
Standard Chartered Bank	-	5.2	12.2	-	8.9	10.2	-	1.7	6.2	-	7.3	4.1	-	5.7	2.8
Total	48.2	64.3	77.4	74.3	107.2	127.0	11.5	12.8	35.0	62.8	94.5	92.1	41.8	63.2	62.8

NBP National Bank of Pakistan
HBL Habib Bank Limited
UBL United Bank Limited
ABL Allied Bank Limited

Source: Annual Reports of the Banks

Major Banks – Selected Ratios

(In %)

Banks	Cost of Fund			Intermediation Cost			Pre-Tax Margin			Non Interest Income Ratio (NIIR)			Gross Spread Ratio (GSR)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	2.2	2.8	3.0	2.4	2.7	2.5	44.2	46.8	43.8	28.7	28.7	28.7	69.4	68.4	66.5
HBL	1.6	2.7	3.5	3.1	3.1	3.3	34.4	36.1	25.0	23.9	21.8	24.1	77.3	69.8	62.1
UBL	2.2	3.5	4.1	2.8	3.2	3.2	37.7	35.8	26.0	26.2	25.0	27.2	70.0	63.2	58.7
MCB	1.1	1.7	2.6	2.7	2.4	1.6	55.4	60.1	56.4	27.8	19.0	20.1	84.3	82.4	75.3
ABL	1.3	3.4	3.9	2.7	2.7	2.4	40.9	33.9	23.7	19.8	19.0	26.0	79.5	60.5	52.7
Bank Al-Falah	3.9	6.4	6.1	2.3	2.5	3.1	17.7	10.5	14.3	31.0	35.1	39.7	41.2	28.1	35.5
Standard Chartered	-	3.3	3.6	-	3.8	6.7	-	39.4	36.1	-	26.0	49.7	-	70.3	71.2
Total	2.0	3.2	3.7	2.8	2.9	3.0	40.7	39.1	33.1	26.6	24.4	26.7	71.9	64.8	61.4

Banks	Cost / Income Ratio			Income Expense Ratio			ROE			ROA			ROD		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	34.3	31.8	30.1	1.8	1.9	1.6	40.6	37.5	31.1	2.2	2.8	2.7	2.7	3.5	3.5
HBL	42.9	39.6	44.0	1.5	1.6	1.1	34.6	32.5	20.1	1.9	2.3	1.6	2.3	2.8	2.0
UBL	41.2	39.4	40.5	1.6	1.6	1.1	35.9	41.2	27.5	1.9	2.5	1.8	2.3	3.0	2.3
MCB	31.2	24.7	16.8	2.2	2.5	1.9	64.9	45.0	37.7	3.2	3.8	4.1	4.0	5.0	5.6
ABL	43.4	41.1	39.8	1.7	1.5	1.0	27.6	30.2	23.5	1.8	2.0	1.4	2.1	2.4	1.7
Bank Al-Falah	59.0	64.0	54.4	1.2	1.1	0.9	30.6	20.4	25.7	0.8	0.8	1.0	1.0	0.8	1.2
Standard Chartered	-	36.5	37.5	-	1.7	0.7	-	28.0	6.7	-	3.2	1.1	-	4.7	1.7
Total	38.8	36.5	36.1	1.7	1.6	1.2	41.7	34.7	24.7	2.2	2.5	2.1	2.7	3.1	2.7

Banks	Solvency Ratios									Equity Multiplier (Time)			Capital Risk Assets Ratio (CRA)					
	Earning Assets/Deposits			Capital Ratio			Deposit Time Capital			2005			2006			2007		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	97.3	102.9	103.3	5.5	7.5	8.8	7.7	6.2	5.5	18.1	13.4	11.4	12.8	15.5	18.6			
HBL	107.4	109.9	111.1	5.5	6.9	7.8	11.4	9.4	8.5	18.2	14.4	12.8	9.7	11.7	13.7			
UBL	102.7	105.2	108.9	5.3	6.0	6.4	13.3	12.1	10.2	18.7	16.8	15.6	9.5	10.2	11.2			
MCB	107.1	113.1	114.0	4.9	8.4	10.8	11.8	7.5	5.7	20.3	11.9	9.3	8.7	14.3	19.4			
ABL	104.1	102.6	102.8	6.4	6.6	6.1	11.6	11.4	12.5	15.5	15.3	16.5	13.1	11.4	11.1			
Bank Al-Falah	96.8	96.3	100.1	2.8	3.3	4.0	27.7	23.4	18.0	36.3	30.3	24.8	5.3	6.4	7.6			
Standard Chartered	-	110.9	106.5	-	13.7	16.5	-	5.0	3.9	-	7.3	6.0	-	27.1	33.0			
Total	102.5	105.6	106.9	5.3	7.2	8.4	15.2	8.6	7.4	18.9	13.9	12.0	10.2	13.1	15.7			

Banks	Liquidity Ratio									Debt Management Ratio (DMR)					
	Advances+Inv./Assets			Earning Assets/Assets			Advances/Deposits (CDR)			Liabilities/Assets			Liabilities/Equity (Time)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	70.4	72.7	72.1	79.9	81.9	80.9	52.7	60.6	60.0	89.3	87.1	85.8	16.2	11.7	9.8
HBL	80.4	79.5	80.0	88.4	87.3	85.6	68.8	74.7	73.9	92.8	48.2	90.9	16.9	13.2	11.7
UBL	75.4	75.6	76.5	86.1	85.2	84.1	67.3	72.4	74.2	93.7	93.3	92.4	17.5	15.6	14.4
MCB	81.4	79.8	78.9	86.5	85.9	83.2	70.5	77.8	75.9	93.1	89.9	87.2	18.9	10.7	8.1
ABL	78.5	78.1	77.5	86.2	84.8	84.5	59.3	69.5	66.5	92.9	92.7	93.4	14.4	14.1	15.4
Bank Al-Falah	74.6	73.1	77.1	84.5	84.9	84.9	53.5	58.2	62.7	96.8	96.2	95.3	35.2	29.1	23.7
Standard Chartered	-	67.1	65.0	-	73.7	69.8	-	76.1	76.5	-	86.6	83.3	-	6.3	5.0
Total	76.1	75.7	75.7	84.8	84.1	82.5	62.2	69.1	69.2	94.5	81.2	72.2	17.9	12.7	10.7

Banks	Net Profit Margin			Net Interest Margin (NIM)			Cost of Fund Earning Assets			Yield on Earning Assets			Interest Spread		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	38.8	40.2	40.3	5.2	6.1	6.0	2.3	2.8	3.0	7.5	8.9	8.9	5.3	6.1	5.9
HBL	29.3	32.6	24.2	5.6	6.2	5.7	1.6	2.7	3.5	7.2	8.9	9.2	5.6	6.2	5.7
UBL	31.1	34.0	25.4	5.3	6.4	6.0	2.3	3.7	4.2	7.6	10.0	10.2	5.4	6.5	6.2
MCB	43.0	46.3	51.0	6.2	7.7	7.6	1.2	1.6	2.5	7.4	9.4	10.2	6.2	7.7	7.6
ABL	31.5	34.2	27.0	5.3	5.5	4.6	1.4	3.6	4.1	6.6	9.1	8.8	5.3	5.7	4.9
Bank Al-Falah	23.3	19.2	20.6	3.0	2.7	3.6	4.2	6.9	6.5	7.2	9.5	10.0	3.3	3.1	3.9
Standard Chartered	-	40.4	8.7	-	7.8	9.2	-	3.3	3.7	-	11.1	12.9	-	7.9	9.3
Total	35.4	36.8	29.3	5.4	6.1	6.0	2.1	3.3	3.8	7.5	9.4	9.7	5.4	6.1	6.0

Banks	NPLs/Gross Advances			NPLs Provisions/Net Advances.			Admn Exp./Employee (Rs.Mn)			Staff/Branch			Profit (A.T)/Branch (Rs.Mn)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
NBP	11.3	10.4	10.2	11.4	10.2	10.1	0.8	1.0	1.0	11	11	11	10.2	13.6	15.1
HBL	11.8	8.6	7.2	10.6	6.7	5.9	0.9	1.1	1.3	11	10	10	6.6	8.6	6.8
UBL	7.7	6.7	7.4	7.1	0.6	0.5	0.8	1.1	1.4	9	9	9	5.6	8.9	7.7
MCB	4.5	4.1	4.7	4.3	4.3	4.9	0.7	0.7	0.5	10	9	10	9.4	12.2	14.9
ABL	10.6	6.9	6.4	7.8	5.3	6.0	0.6	0.7	0.7	9	10	11	4.2	5.9	5.4
Bank Al-Falah	0.9	1.5	2.7	1.3	1.5	2.6	0.8	0.9	1.1	35	34	32	11.6	9.0	13.6
Standard Chartered	-	6.3	8.2	1.2	7.4	9.7	-	1.7	3.4	-	27	25	-	48.7	19.8
Total	8.5	7.1	7.1	7.8	5.5	5.6	0.8	1.0	1.2	11	11	11	8.2	10.8	10.5

Source : Annual Reports of the Banks

Private/Provincial/Government Banks

(Rs.Bn)

Banks	Assets			Equity			Deposits			Advances			Investments		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Commercial Bank	145.1	166.0	182.2	7.6	9.6	12.1	118.8	131.8	143.0	86.0	99.2	100.8	25.7	28.6	39.4
Soneri Bank	63.3	70.7	76.9	3.8	5.2	6.2	47.6	53.0	60.1	32.1	35.4	40.2	16.4	16.7	19.2
Bank Al-Habib	91.5	115.0	141.2	4.7	6.2	8.0	75.8	91.4	114.8	55.3	71.0	79.2	19.8	21.0	35.3
Bank of Khyber	25.0	27.2	29.7	2.0	2.8	5.6	17.5	19.1	21.4	10.6	9.2	10.1	7.7	8.6	8.9
Bank of Punjab	111.2	164.9	235.0	6.8	10.7	15.1	88.5	137.7	192.0	63.6	101.3	133.9	18.0	28.2	73.5
KASB Bank	19.1	26.5	40.9	1.7	2.2	4.2	14.8	21.3	33.1	10.7	14.1	25.1	3.8	5.1	7.3
Habib Metropolitan Bank Ltd	79.6	148.7	172.9	5.0	10.7	13.5	56.7	102.5	121.1	43.5	83.3	89.8	22.8	39.6	61.7
Faysal Bank	110.3	115.5	141.3	8.1	9.1	10.3	74.7	74.4	102.1	62.3	74.5	87.3	24.4	22.5	31.6
mybank	17.2	26.3	40.6	2.5	3.9	5.1	12.9	19.2	30.2	9.3	13.5	20.8	3.3	2.7	11.6
Prime Commercial Bank	53.8	52.3	-	3.4	3.8	-	38.9	40.7	-	25.5	32.1	-	13.4	11.6	-
PICIC Commercial Bank	65.1	70.3	-	4.2	4.5	-	53.5	59.5	-	33.2	34.9	-	13.7	15.7	-
Saudi Pak Commercial Bank	47.7	59.2	53.7	3.2	3.0	1.1	37.1	49.0	42.4	19.5	29.0	25.9	12.5	15.8	17.9
Meezan Bank	30.7	46.4	67.2	3.0	4.8	5.7	22.8	34.4	54.6	19.7	27.0	34.6	1.6	2.9	10.5
Crescent Commercial Bank	9.6	8.2	20.7	1.6	1.6	6.2	6.0	5.6	12.6	3.7	2.4	4.7	2.2	2.2	3.9
NIB	32.0	46.4	176.7	4.3	4.4	22.6	21.1	30.6	116.7	19.6	31.1	82.2	5.1	6.6	40.5
Atlas Bank	8.0	17.0	23.0	1.5	3.1	5.3	2.2	8.8	15.3	0.8	7.8	9.2	1.7	3.6	5.6
Dubai Islamic Bank	0.5	8.4	21.3	0.4	3.5	4.3	-	4.3	16.1	-	3.3	11.3	-	0.8	3.0
Bank Islami	-	4.0	14.4	-	2.0	3.8	-	1.8	9.9	-	0.9	4.0	-	0.5	3.9
Arif Habib Rupali Bank	-	5.7	18.1	-	3.1	6.3	-	2.5	9.5	-	1.4	8.0	-	1.7	5.4
JS Bank	-	12.5	20.3	-	3.0	5.1	-	7.2	13.7	-	1.7	6.5	-	2.6	6.1
Emirates Global Islamic Bank	-	2.4	8.9	-	2.4	3.8	-	-	4.6	-	0.03	2.6	-	-	2.3
FWB	10.5	9.0	9.0	0.7	0.9	1.0	8.7	7.0	7.6	2.5	3.1	3.1	5.4	3.1	3.2
All Private/Prov. Banks	920.3	1202.6	1494.0	64.6	100.5	145.3	697.5	901.8	1120.8	498.0	676.2	779.3	197.4	240.1	390.8

(Rs.Mn)

Banks	Interest Income			Interest Expense			Net Interest Income			Non Interest Income			Revenue		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Commercial Bank	8781	12597	15143	4278	6977	8686	4502	5620	6457	1553	2139	4565	6055	7759	11022
Soneri Bank	3681	5536	6272	2014	3768	4334	1667	1768	1937	611	755	1068	2278	2523	3005
Bank Al-Habib	4936	7858	9946	2143	4078	5765	2792	3779	4181	1036	1363	2131	3828	5142	6312
Bank of Khyber	1416	1924	2380	908	1305	1845	508	619	535	302	307	746	828	938	1295
Bank of Punjab	6125	11579	17539	2669	7509	13939	3456	4070	3600	1331	2954	5423	4787	7024	9023
KASB Bank	1074	1790	2917	664	1429	2285	409	361	632	206	593	821	615	954	1453
Habib Metropolitan Bank Ltd	4359	7289	11984	2225	4416	8259	2134	2873	3724	993	1729	3176	3127	4602	6900
Faysal Bank	6338	9728	11610	3312	6089	7459	3026	3639	4151	2063	2753	3441	5089	6392	7592
mybank	1026	1686	2907	323	866	2208	703	820	699	249	452	911	952	1272	1610
Prime Commercial Bank	3089	4536	-	1436	2782	-	1652	1754	-	467	699	-	2119	2453	-
PICIC Commercial Bank	4172	5796	-	2062	3530	-	2110	2266	-	959	857	-	3069	3123	-
Saudi Pak Commercial Bank	2633	3712	4800	1849	3261	4440	783	451	360	660	706	777	1389	1342	1137
Meezan Bank	1459	2704	4574	690	1464	2452	769	1240	2122	622	691	1348	1391	1931	3470
Crescent Commercial Bank	469.0	483	1183	403	552	838	66	-69	345	117	84	128	183	15	473
NIB	1717	3473	7000	1119	2452	4996	598	1021	2004	236	494	599	834	1523	2931
Atlas Bank	380	893	1338	242	763	1294	138	130	44	11	97	347	149	227	391
Dubai Islamic Bank	-	156	1120	-	30	469	-	126	650	-	34	336	-	160	986
Bank Islami	-	100	602	-	19	304	-	81	298	-	44	140	-	125	438
Arif Habib Rupali Bank	-	143	618	-	23	252	-	119	365	-	21	346	-	140	711
JS Bank	-	2	1130	-	2	864	-	0.5	266	-	0.1	418	-	1	684
Emirates Global Islamic Bank	-	17	381	-	-	125	-	17	256	-	-	64	-	17	320
FWB	655	722	685	218	238	172	437	484.0	514.0	54	62.0	82	491	546	596
All Private/Prov. Banks	52309	82724	104129	26556	51553	70986	25751	31170	33140	11470	16834	26867	37183	48209	60349

Banks	Admn Expense			Operating Profit			Provision/Other Expenses			Profit/Loss (B.T)			Profit/Loss (A.T)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Commercial Bank	2592	3277	4789	3463	4482	6233	604	1135	3934	2859	3347	2300	2022	2250	2681
Soneri Bank	792	1029	1279	1486	1494	1726	86	45	249	1400	1449	1477	920	985	1000
Bank Al-Habib	1728	2432	3166	2100	2710	3146	78	21	94	2022	2689	3052	1464	1761	2211
Bank of Khyber	362	372	523	466	566	772	232	363	680	235	203	91	219	203	219
Bank of Punjab	1275	1752	2251	3512	5272	6772	347	504	1926	3165	4769	4846	2353	3804	4446
KASB Bank	622	854	1154	-7	101	299	504	48	234	-511	53	66	-273	137	198
Habib Metropolitan Bank Ltd	971	1349	2254	2156	3253	4646	58	110	443	2098	3143	4204	1506	2096	2797
Faysal Bank	1428	1867	2800	3661	4525	4792	-308	655	2095	3969	3870	2698	3069	2817	2272
mybank	531	587	723	421	685	887	212	62	662	211	623	225	274	499	340
Prime Commercial Bank	1155	1570	-	964	883	-	199	356	-	765	527	-	495	360	-
PICIC Commercial Bank	1148	1351	-	1921	1773	-	16	494	-	1906	1279	-	1504	969	-
Saudi Pak Commercial Bank	733	1262	1270	655	80	-133	515	490	3187	140	-409	-3320	65	-304	-3041
Meezan Bank	718	1023	1756	673	908	1714	40	128	445	633	780	1269	419	604	963
Crescent Commercial Bank	493.0	647	892	-310	-632	-419	430	217	954	-740	-848	-1373	-744	-588	-1323
NIB	712	1221	2002	122	302	929	95	272	1500	27	22	-571	104	118	-351
Atlas Bank	131	308	665	18	-81	-274	8	59	275	10	-141	-550	4	9	-309
Dubai Islamic Bank	-	764	1411	-	-604	-425	-	29	143	-	-633	-568	-	-411	-369
Bank Islami	-	145	491	-	-20	-53	-	14	47	-	-34	-100	-	-8	-37
Arif Habib Rupali Bank	-	90	383	-	50	328	-	0.2	0.1	-	50	327	-	94	230
JS Bank	-	1	736	-	-0.4	-52.0	-	-	10	-	-0.4	-62	-	-0.4	35
Emirates Global Islamic Bank	-	159	395	-	-142	-75	-	25	8	-	-167	-84	-	-109	-57
FWB	256	284	332	235	262	264	15	6	25	221	256	238	134	166	158
All Private/Prov. Banks	15647	22343	29272	21536	25866	31077	3131	5032	16911	18410	20827	14165	13535	15452	12063

Source : Annual Reports of the Banks

Private & Provincial Banks – Selected Ratios

(In %)

Banks	Cost of Fund			Intermediation Cost			Pre-Tax Margin			Non Interest Income Ratio(NIR)			Gross Spread Ratio(GSR)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Comm. Bank	3.8	5.1	5.7	2.3	2.4	3.1	27.7	22.7	11.7	25.6	27.6	41.4	51.3	44.6	42.6
Soneri Bank	4.0	6.4	6.8	1.6	1.7	2.0	32.6	23.0	20.1	26.8	29.9	35.5	45.3	31.9	30.9
Bank Al-Habib	2.8	4.4	5.1	2.3	2.6	2.8	33.9	29.2	25.3	27.1	26.5	33.8	56.6	48.1	42.0
Bank of Khyber	4.3	5.8	8.0	1.7	1.6	2.3	13.7	9.1	2.9	36.5	32.7	57.6	35.9	32.2	22.5
Bank of Punjab	3.5	6.3	7.9	1.7	1.5	1.3	42.4	32.7	21.1	27.8	42.1	60.1	56.4	35.1	20.5
KASB Bank	4.4	7.1	7.8	4.1	4.2	4.0	-39.9	2.2	1.8	33.5	62.2	56.5	38.1	20.2	21.7
Habib Metropolitan Bank	3.4	4.3	5.8	1.5	1.3	1.6	39.2	34.9	27.7	31.8	37.6	46.0	49.0	39.4	31.1
Faysal Bank	4.3	6.8	7.4	1.8	2.1	2.8	47.2	31.0	17.9	40.5	43.1	45.3	47.7	37.4	35.8
mybank	2.5	4.9	8.2	4.1	3.4	2.7	16.5	29.1	5.9	26.2	35.5	56.6	68.5	48.6	24.0
Prime Commercial Bank	3.4	5.9	-	2.8	3.3	-	21.5	10.1	-	22.0	28.5	-	53.5	38.7	-
Union Bank	4.1	-	-	3.6	-	-	25.9	-	-	36.5	-	-	55.1	-	-
Picic Commercial Bank	3.9	5.7	-	2.2	2.2	-	37.1	19.2	-	31.2	27.4	-	50.6	39.1	-
Saudi Pak Commercial Bank	4.5	6.8	8.7	1.8	2.6	2.5	4.3	-13.7	-59.5	47.6	61.6	68.3	29.8	12.1	7.5
Meezan Bank	3.3	4.5	5.3	3.4	3.2	3.8	30.4	23.0	21.4	44.7	35.8	38.8	52.7	45.9	46.4
Crescent Commercial Bank	6.0	8.3	8.9	6.9	9.8	9.5	-126.3	-149.6	-104.7	63.9	556.3	27.1	14.1	-14.3	29.2
NIB	5.5	7.5	5.8	3.5	3.7	2.3	1.4	0.1	-7.5	28.3	31.3	20.4	34.8	29.4	28.6
Atlas Bank Limited	5.6	8.0	8.8	3.0	3.2	4.5	2.6	-14.2	-32.6	7.4	42.7	88.7	36.3	14.6	3.3
Dubai Islamic Bank	-	1.4	4.6	-	35.3	13.8	-	-333.2	-39.0	-	21.3	34.1	-	80.8	58.0
Bank Islami	-	2.1	5.1	-	15.9	8.3	-	-23.5	-13.5	-	35.6	32.0	-	81.0	49.5
Arif Habib Rupali Bank	-	1.8	3.7	-	7.1	5.6	-	30.5	33.9	-	14.9	48.7	-	83.7	59.1
JS Bank	-	0.0	7.8	-	0.0	6.6	-	-19.0	-4.0	-	16.7	61.1	-	25.0	23.5
FWB	2.4	2.7	2.2	2.8	3.3	4.3	114.5	32.7	31.0	11.1	11.3	13.8	66.7	67.1	75.0
Total	3.8	5.3	6.2	2.4	2.3	2.5	29.2	20.9	10.9	31.7	35.0	44.6	50.0	37.7	31.7

Banks	Cost/Income Ratio			Income/Expense Ratio			ROE			ROA			ROD		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Comm. Bank	42.8	42.2	43.4	1.4	1.3	1.1	30.7	26.1	23.7	1.6	1.4	1.5	2.0	1.8	2.0
Soneri Bank	34.8	40.8	42.6	1.5	1.3	1.3	27.5	21.9	17.5	1.6	1.5	1.4	2.2	2.0	1.8
Bank Al-Habib	45.1	47.3	50.2	1.5	1.4	1.3	36.5	32.2	31.1	1.7	1.7	1.7	2.1	2.1	2.1
Bank of Khyber	43.7	39.7	40.4	1.1	1.1	1.0	11.3	8.4	5.2	0.9	0.8	0.8	1.3	1.1	1.1
Bank of Punjab	26.6	24.9	24.9	1.7	1.5	1.3	42.0	43.6	34.5	2.7	2.8	2.2	3.3	3.4	2.7
KASB Bank	101.1	89.4	79.4	0.7	1.0	1.0	-15.8	7.0	6.3	-1.6	0.6	0.6	-2.1	0.8	0.7
Habib Metropolitan Bank	31.1	29.3	32.7	1.6	1.5	1.4	34.8	26.6	23.2	2.0	1.8	1.7	2.9	2.6	2.5
Faysal Bank	28.1	29.2	36.9	1.9	1.4	1.2	42.7	32.7	23.3	3.3	2.5	1.8	4.7	3.8	2.6
mybank	55.8	46.1	44.9	1.2	1.4	1.1	13.1	15.5	7.6	1.8	2.3	1.0	2.3	3.1	1.4
Prime Commercial Bank	54.5	64.0	-	1.3	1.1	-	15.5	10.0	-	1.1	0.7	-	1.4	0.9	-
Union Bank	45.3	-	-	1.3	-	-	41.5	-	-	1.8	-	-	2.3	-	-
Picic Commercial Bank	37.4	43.3	-	1.6	1.2	-	39.2	22.4	0.0	2.6	1.4	-	3.1	1.7	0.0
Saudi Pak Commercial Bank	52.8	110.0	111.7	1.1	0.9	0.6	2.8	-9.8	-148.8	0.1	-0.6	-5.4	0.2	-0.7	-6.7
Meezan Bank	51.6	53.0	50.6	1.4	1.3	1.3	17.3	15.6	18.4	1.7	1.6	1.7	2.3	2.1	2.2
Crescent Commercial Bank	269.4	4284.8	188.6	0.4	0.4	0.5	-37.6	-36.7	-33.9	-7.4	-6.6	-9.2	-13.4	-10.2	-14.5
NIB	85.4	81.6	68.3	1.0	1.0	0.9	3.7	2.7	-2.6	0.4	0.3	-0.3	0.7	0.5	-0.5
Atlas Bank Limited	88.5	135.7	170.1	1.0	0.9	0.8	0.3	0.4	-7.4	0.1	0.1	-1.5	0.3	0.2	-2.6
Dubai Islamic Bank	-	477.5	143.1	-	0.2	0.7	0.0	-20.6	-9.4	0.0	-9.2	-2.5	-	-19.0	-3.6
Bank Islami	-	116.0	112.1	-	0.8	0.9	-	-0.8	-1.4	-	-0.4	-0.4	-	-0.9	-0.6
Arif Habib Rupali Bank	-	64.1	53.9	-	1.4	1.5	-	6.1	4.9	-	3.3	1.9	-	7.4	3.8
JS Bank	-	166.7	107.6	-	0.8	1.0	-	0.0	0.9	-	0.0	0.2	-	0.0	0.3
FWB	52.1	52.0	55.8	1.5	1.5	1.5	21.1	21.1	16.6	1.3	1.7	1.7	1.5	2.1	2.2
Total	42.6	46.2	48.1	1.4	1.3	1.1	25.6	18.6	10.1	1.7	1.4	0.9	2.2	1.8	1.2

Banks	Solvency Ratio									Equity Multiplier (Time)			Capital Risk Assets Ratio (CRA)		
	Earning Assets/Deposits			Capital Ratio			Deposit Time Capital								
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Comm. Bank	109.7	108.1	109.8	5.2	5.5	6.5	13.6	12.6	11.8	19.2	18.1	15.4	8.4	9.3	11.3
Soneri Bank	118.2	117.0	113.8	5.9	6.7	7.7	11.7	10.2	9.3	16.9	14.9	12.9	11.8	13.3	15.1
Bank Al-Habib	107.3	107.1	106.1	4.7	5.3	5.5	15.2	14.2	13.9	21.1	18.9	18.0	7.8	8.7	9.5
Bank of Khyber	701.0	126.9	122.6	7.9	9.3	14.7	7.1	6.6	4.6	12.6	10.8	6.8	19.8	24.5	43.4
Bank of Punjab	109.9	107.8	108.2	6.3	6.3	6.4	6.7	7.6	9.4	15.9	15.8	15.5	10.9	10.6	11.0
KASB Bank	115.0	107.4	105.3	9.9	8.6	9.4	7.6	9.3	8.5	10.1	11.7	10.6	18.2	15.7	16.1
Habib Metropolitan Bank	128.3	130.4	131.4	5.9	6.9	7.5	10.7	9.7	9.2	17.0	14.5	13.3	10.4	12.4	13.9
Faysal Bank	129.9	136.8	132.7	7.6	7.6	7.6	5.4	5.3	5.9	13.1	13.1	13.2	12.6	12.6	12.0
mybank	106.6	113.0	113.4	13.6	14.8	13.4	5.7	4.3	4.6	7.3	6.8	7.4	25.2	28.2	26.2
Prime Commercial Bank	121.4	117.5	-	6.8	6.8	-	10.3	11.1	-	14.7	14.7	-	13.6	12.6	-
Union Bank	110.9	-	-	4.3	-	-	18.2	-	-	23.2	-	-	7.0	-	-
Picic Commercial Bank	106.2	105.4	104.3	6.5	6.4	6.4	12.9	13.9	14.7	15.3	15.6	15.7	13.0	12.7	12.8
Saudi Pak Commercial Bank	110.5	106.7	103.9	5.2	5.8	3.6	12.7	11.0	14.8	19.4	17.3	27.6	10.4	12.8	7.4
Meezan Bank	108.7	108.3	107.2	9.6	10.0	9.2	7.1	7.3	1.2	10.4	10.0	10.8	15.1	16.5	17.0
Crescent Commercial Bank	128.1	104.6	123.6	19.6	18.0	27.1	2.8	3.6	2.3	5.1	5.6	3.7	51.1	52.3	110.2
NIB	138.6	136.5	115.7	11.6	11.0	12.1	5.7	6.1	3.6	8.6	9.1	8.3	18.0	17.0	23.8
Atlas Bank Limited	451.3	204.8	143.3	21.9	18.6	20.9	0.9	2.4	3.0	4.6	5.4	4.8	297.7	53.7	49.1
Dubai Islamic Bank	-	98.9	97.9	97.6	44.7	26.4	-	1.1	2.6	1.0	2.2	3.8	-	121.9	53.7
Bank Islami	-	149.3	116.8	-	49.5	27.9	-	0.9	2.0	-	2.0	3.6	-	207.7	104.6
Arif Habib Rupali Bank	-	193.2	177.0	-	54.4	39.6	-	0.8	1.3	-	1.8	2.5	-	217.6	99.7
JS Bank	-	119.0	119.8	-	23.9	24.8	-	2.4	2.5	-	4.2	4.0	-	177.4	99.7
FWB	104.9	110.9	108.6	6.3	8.1	10.6	13.2	9.4	7.2	15.9	12.4	9.5	30.9	28.4	30.9
Total	129.5	115.4	114.9	6.6	7.5	8.9	9.4	10.8	8.4	15.2	13.3	11.2	11.7	13.5	16.5

Private & Provincial Banks – Selected Ratios

(In %)

Banks	Liquidity Ratio									Debt Management Ratio					
	Advances+Investment/Assets			Earning Assets/Assets			Advances/Deposits (CDR)			Liabilities/Assets			Liabilities/Equity (Time)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Comm. Bank	78.8	77.0	77.0	87.9	87.1	86.6	77.1	73.9	72.7	94.1	93.6	93.3	18.0	16.9	14.4
Soneri Bank	76.7	75.0	75.5	88.8	87.8	87.3	66.4	67.1	66.8	93.6	92.7	91.7	15.9	13.8	11.8
Bank Al-Habib	81.0	80.8	80.5	87.6	86.7	85.4	74.4	75.4	72.7	94.6	94.3	94.2	19.9	17.8	17.0
Bank of Khyber	70.0	69.0	64.6	477.2	88.7	87.2	58.9	54.1	47.6	90.4	89.5	84.4	11.4	9.7	5.7
Bank of Punjab	77.4	76.5	84.3	88.7	88.3	89.3	72.0	72.9	71.3	87.9	89.2	91.2	13.9	14.1	14.2
KASB Bank	73.1	74.0	76.6	85.6	84.9	85.0	73.1	68.8	72.2	90.2	91.5	90.5	9.1	10.7	9.6
Habib Metropolitan Bank	82.7	82.9	85.4	91.6	90.9	91.4	79.4	79.7	77.5	93.3	92.8	92.4	15.9	13.4	12.3
Faysal Bank	79.2	81.4	84.1	90.2	90.4	91.2	86.7	91.7	91.7	87.0	87.6	88.3	11.4	11.5	11.6
mybank	70.9	66.1	72.6	82.7	83.2	83.6	69.6	71.1	69.5	86.3	83.1	83.9	6.3	5.6	6.2
Prime Commercial Bank	70.7	77.9	-	89.0	88.1	-	67.8	72.5	-	92.9	93.3	-	13.7	13.7	-
Union Bank	74.9	-	-	87.8	-	-	77.7	-	-	95.6	-	-	22.2	-	-
Picic Commercial Bank	73.3	71.9	71.9	88.5	88.0	-	60.5	60.3	58.7	93.5	94.0	94.2	14.3	14.7	14.8
Saudi Pak Commercial Bank	74.2	71.8	78.5	85.9	86.0	84.1	63.9	56.3	60.1	93.9	92.7	94.5	18.2	16.0	26.1
Meezan Bank	69.7	66.5	66.0	78.9	80.3	84.0	87.8	81.7	69.2	89.8	89.9	36.7	9.4	9.0	4.0
Crescent Commercial Bank	61.8	59.0	46.0	70.2	67.9	78.1	69.9	52.9	38.9	80.3	82.0	73.0	4.1	4.6	2.7
NIB	77.6	79.5	71.8	90.7	90.0	76.4	98.7	98.0	76.9	88.5	89.1	81.7	7.6	8.1	6.8
Atlas Bank Limited	30.9	56.1	65.7	93.8	90.4	86.5	35.4	78.3	70.7	77.9	81.9	79.5	3.6	4.4	3.8
Dubai Islamic Bank	-	46.0	62.0	-	47.9	67.3	-	75.7	71.5	-	54.9	73.5	-	1.2	2.8
Bank Islami	-	36.1	50.2	-	66.0	74.1	-	53.9	42.0	-	50.2	68.3	-	1.0	2.5
Arif Habib Rupali Bank	-	55.4	69.7	-	85.7	89.1	-	56.4	78.8	-	46.1	60.6	-	0.8	1.5
JS Bank	-	34.1	51.3	-	68.3	76.1	-	23.5	39.1	-	76.1	75.1	-	3.2	3.0
FWB	65.2	71.9	69.1	90.6	89.2	87.8	23.6	35.3	42.2	93.5	91.5	88.7	14.8	11.4	8.4
Total	76.2	76.0	77.5	98.6	87.5	86.3	73.8	73.5	72.0	91.9	93.0	91.1	13.9	12.4	10.2

Banks	Net Profit Margin			Net Interest Margin (NIM)			Cost of Fund Earning Assets			Yield on Earning Assets			Interest Spread		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Comm. Bank	33.4	29.0	24.3	4.1	4.1	4.3	3.9	5.2	5.8	7.9	9.3	10.0	4.1	4.2	4.4
Soneri Bank	40.4	39.0	33.3	3.3	3.0	3.0	4.0	6.4	6.7	7.3	9.4	9.7	3.3	3.0	3.0
Bank Al-Habib	38.2	34.2	35.0	3.8	4.2	3.8	2.9	4.6	5.3	6.7	8.8	9.1	3.9	4.3	4.0
Bank of Khyber	26.4	21.6	16.9	0.4	2.7	2.2	0.8	5.6	7.4	1.2	8.3	9.6	-3.1	2.5	1.6
Bank of Punjab	49.2	54.2	49.3	4.4	3.3	2.0	3.4	6.2	7.8	7.8	9.6	9.8	4.3	3.2	2.0
KASB Bank	-44.4	14.4	13.6	2.7	1.9	2.2	4.4	7.4	8.0	7.2	9.2	10.2	2.8	2.1	2.3
Habib Metropolitan Bank	48.2	45.5	40.5	3.2	2.8	2.5	3.3	4.3	5.6	6.5	7.0	8.2	3.1	2.7	2.3
Faysal Bank	60.3	44.1	29.9	3.6	3.6	3.5	3.9	6.0	6.4	7.4	9.5	9.9	3.2	2.7	2.5
mybank	28.8	39.2	21.1	5.5	4.5	2.5	2.5	4.8	7.9	8.1	9.3	10.4	5.6	4.4	2.2
Prime Commercial Bank	23.4	14.7	-	3.9	3.8	-	3.4	6.0	-	7.4	9.7	-	3.9	3.8	-
Union Bank	24.7	-	-	5.2	-	-	4.3	-	-	9.5	-	-	5.4	-	-
Picic Commercial Bank	49.0	31.0	-	4.1	3.8	0.0	4.0	5.9	-	8.1	9.7	-	4.2	4.0	0.0
Saudi Pak Commercial Bank	4.7	-26.5	-267.5	2.0	1.0	0.8	4.8	7.1	9.4	6.8	8.1	10.1	2.3	1.3	1.5
Meezan Bank	30.1	31.3	27.8	3.9	4.0	4.4	3.5	4.7	5.1	7.3	8.7	9.6	4.1	4.2	4.3
Crescent Commercial Bank	-406.6	-3894.0	-279.7	0.9	-1.1	3.1	6.1	9.1	7.4	6.6	8.0	10.5	0.6	-0.3	1.6
NIB	12.5	7.9	-12.0	2.7	2.9	2.4	5.1	7.0	5.9	7.8	9.8	8.2	2.3	2.3	2.4
Atlas Bank Limited	2.7	4.0	-79.0	2.5	1.2	0.3	4.4	6.8	7.5	7.0	7.9	7.7	1.4	-0.1	-1.0
Dubai Islamic Bank	-	-256.9	-37.4	-	5.9	6.5	-	1.4	4.7	-	7.3	11.2	-	5.9	6.6
Bank Islami	-	-6.4	-8.4	-	6.1	4.4	-	1.4	4.4	-	7.5	8.8	-	5.5	3.7
Arif Habib Rupali Bank	-	66.9	32.3	-	4.9	3.4	-	1.0	2.4	-	5.9	5.8	-	4.0	2.2
JS Bank	-	-66.7	5.1	-	0.0	2.1	-	0.0	6.9	-	0.0	9.0	-	0.0	1.2
FWB	27.3	30.4	26.3	4.8	5.6	6.5	2.4	2.7	2.2	7.2	8.3	8.7	4.8	5.6	6.5
Total	34.5	32.4	20.2	3.4	3.2	2.8	3.4	5.3	6.1	6.8	8.5	9.0	3.0	3.1	2.7

Banks	NPLs/Gross Advances			NPLs Provision/Net Advances			Admn Expenses/Employee(Rs.Mn)			Staff/Branch (Nos)			Profit(A.T)/Branch(Rs.Mn)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Askari Comm. Bank	2.7	3.6	6.4	2.8	3.6	7.4	0.9	1.0	1.2	28	27	26	20.4	18.4	17.9
Soneri Bank	1.1	1.0	3.1	1.2	1.2	1.6	0.7	0.8	0.9	20	19	17	15.1	13.7	11.2
Bank Al-Habib	0.7	0.5	0.3	0.4	0.3	0.3	1.0	1.0	1.2	18	16	15	14.6	11.6	12.6
Bank of Khyber	23.6	28.7	18.9	14.6	20.9	20.7	0.8	0.8	1.1	15	16	15	7.6	7.0	6.4
Bank of Punjab	2.1	2.3	2.5	1.2	1.0	2.0	0.4	0.5	0.6	13	14	14	8.8	14.3	16.3
KASB Bank	9.4	6.9	4.1	6.1	4.9	3.6	0.9	1.2	1.3	20	20	25	-7.8	3.9	5.7
Habib Metropolitan Bank	0.2	0.5	0.9	1.2	1.0	1.4	1.1	0.9	1.3	18	19	18	29.5	25.6	28.0
Faysal Bank	4.0	4.7	5.4	1.7	2.2	4.0	1.3	1.3	1.6	19	20	17	54.8	37.6	21.6
mybank	13.5	7.3	5.4	4.5	3.0	4.7	0.5	0.6	0.9	20	19	14	5.5	10.0	5.7
Prime Commercial Bank	3.0	5.1	-	1.7	1.8	-	0.7	0.9	-	25	25	-	8.0	5.2	-
Union Bank	5.7	-	-	2.8	-	-	2.0	-	-	25	-	-	26.8	-	-
Picic Commercial Bank	1.8	4.9	-	0.8	2.0	-	1.0	1.1	-	10	10	-	13.1	7.5	-
Saudi Pak Commercial Bank	23.0	14.9	19.5	10.7	8.5	21.3	0.8	1.2	1.4	17	20	16	1.3	-6.1	-55.3
Meezan Bank	0.9	1.5	1.6	0.6	0.9	1.9	0.9	0.8	0.9	28	20	20	15.0	9.7	-
Crescent Commercial Bank	38.9	49.5	26.3	43.2	67.6	51.4	1.8	1.7	1.7	16	21	19	-41.3	-32.7	-47.3
NIB	3.5	3.2	14.3	2.8	2.7	12.7	1.2	1.3	0.5	22	22	15	3.9	2.9	-1.5
Atlas Bank Limited	1.6	6.0	8.0	1.6	4.7	5.2	0.9	1.2	0.9	14	12	31	0.4	0.5	-12.4
Dubai Islamic Bank	-	-	0.2	-	-	0.9	-	2.1	2.6	-	36	33	-	-41.1	-21.7
Bank Islami	-	-	2.0	-	0.1	0.7	-	0.6	0.9	-	23	16	-	-0.8	-1.0
Arif Habib Rupali Bank	-	8.9	1.6	-	9.8	1.6	-	0.6	1.2	-	21	27	-	13.4	19.2
JS Bank	-	6.1	2.2	-	6.4	1.8	-	0.1	2.6	-	5	31	-	-0.1	3.9
FWB	2.0	1.5	2.7	1.7	1.6	2.2	0.5	0.5	0.6	14	14	14	3.5	4.4	4.1
Total	4.4	4.1	6.1	2.7	2.7	5.1	0.9	0.9	1.0	18	18	18	13.2	11.6	7.6

Key Performance Indicators – Foreign Banks

(Rs. Mn)

Banks	Assets			Equity			Deposits			Advances			Investments		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	59584	123773	107536	4129	8699	5089	47005	93742	90289	32927	71843	64468	13027	25609	16438
Standard Chartered	113558	-	-	8882	-	-	83589	-	-	52185	-	-	25273	-	-
Citibank	76474	91288	92469	5751	6069	6379	53115	63104	68628	39163	51289	49068	19845	21937	21276
Habib Bank AG Zurich	44910	-	-	2814	-	-	33436	-	-	27728	-	-	6076	-	-
American Express	8242	-	-	1422	-	-	5726	-	-	695	-	-	1922	-	-
HSBC	13272	23387	32386	2215	2416	2549	8604	14714	25401	5744	11202	19260	570	197	301
Deutsche Bank	5597	9312	17585	2221	2768	3557	1505	3326	5129	1898	4175	4699	184	1159	3696
Oman International Bank	1814	2763	2694	1030	2025	2034	493	618	460	519	368	220	-	-	-
Bank of Tokyo	4215	6717	5481	1750	2366	2454	984	1459	979	2122	3776	2621	-	-	-
Al Baraka Islamic Bank	14769	18868	22077	2352	2191	2446	10312	13821	16965	7418	9693	12585	92	1167	1154
Rupali Bank	567	-	-	82	-	-	128	-	-	10	-	-	309	-	-
All Foreign Banks	343002	276108	280228	32648	26534	24508	244897	190784	207851	170409	152346	152921	67298	50069	42865

Banks	Interest Income			Interest Expense			Net Interest Income			Non Interest Income			Revenue		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	4417	11108	13004	1587	5169	6779	2830	5939	6225	1501	2421	2202	4331	8360	8427
Standard Chartered	7210	-	-	1830	-	-	5380	-	-	2445	-	-	7825	-	-
Citibank	5635	9017	10554	2036	4113	5071	3599	4904	5482	2593	2675	3134	6192	7579	8616
Habib Bank AG Zurich	2692	-	-	1773	-	-	919	-	-	499	-	-	1418	-	-
American Express	347	-	-	247	-	-	100	-	-	343	-	-	443	-	-
HSBC	657	1151	2151	374	648	1310	283	503	841	205	217	396	488	720	1237
Deutsche Bank	200	375	679	88	139	383	112	236	296	271	483	1062	383	719	1358
Oman International Bank	42	47	38	31	41	48	11	6	-9	10	6	4	21	12	-5
Bank of Tokyo	191	332	331	98	211	243	93	121	87	105	83	61	198	204	148
Al Baraka Islamic Bank	662	1112	1493	440	824	1090	222	288	403	454	146	264	676	434	667
Rupali Bank	31	-	-	13	-	-	18	-	-	-18	-	-	0	-	-
All Foreign Banks	22083	23142	28250	8516	11145	14924	13567	11997	13325	8407	6031	7123	21974	18028	20448

Banks	Admn Expense			Operating Profit			Provisions/Other Expenses			Profit/Loss(BT)			Profit/Loss (A.T)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	1666	3873	5772	2665	4487	2655	474	917	4022	2190	3570	-1367	1308	2394	-1565
Standard Chartered	2380	-	-	5445	-	-	-55	-	-	5500	-	-	4125	-	-
Citibank	2963	4053	4735	3229	3526	3881	636	956	2678	2594	2570	1203	1508	1645	306
Habib Bank AG Zurich	613	-	-	805	-	-	17	-	-	788	-	-	554	-	-
American Express	472	-	-	-29	-	-	-2	-	-	-27	-	-	56	-	-
HSBC	256	480	994	232	240	243	6	-8	17	227	248	226	176	167	126
Deutsche Bank	381	528	573	2	191	785	128	19	10	-126	172	776	-59	199	504
Oman International Bank	30	35	44	-10	-24	-49	2	1	42	-12	-25	-92	-12	-25	-92
Bank of Tokyo	65	65	68	133	139	80	0	0.1	0.3	133	138	80	113	122	79
Al Baraka Islamic Bank	222	261	335	454	173	332	67	3	18	388	170	314	346	144	245
Rupali Bank	23	-	-	-23	-	-	-1	-	-	-22	-	-	-13	-	-
All Foreign Banks	9071	9295	12521	12903	8733	7927	1278	1888	6787	11558	6843	1140	8102	4646	-397

Source: Annual Reports of the Banks

Foreign Banks – Selected Ratios

(In %)

Banks	Cost of Fund			Intermediation Cost			Pre-Tax Margin			Non Interest Income Ratio(NIR)			Gross Spread Ratio(GSR)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	3.0	6.3	6.6	3.1	4.7	5.6	37.0	26.4	-9.0	34.7	29.0	26.1	64.1	53.5	47.9
Standard Chartered	2.1	-	-	2.7	-	-	57.0	-	-	31.2	-	-	74.6	-	-
Citibank	3.3	5.7	6.6	4.8	5.6	6.2	31.5	22.0	8.8	41.9	35.3	36.4	63.9	54.4	51.9
Habib Bank AG Zurich	4.6	-	-	1.6	-	-	24.7	-	-	35.2	-	-	34.1	-	-
American Express	4.0	-	-	7.6	-	-	-7.8	-	-	0.0	-	-	28.8	-	-
HSBC	3.6	4.2	5.4	2.5	3.1	4.1	26.4	18.1	8.9	42.0	30.1	32.0	43.1	43.7	39.1
Deutsche Bank	3.9	3.9	4.4	16.9	14.7	6.6	-26.8	20.0	44.0	70.8	67.2	78.2	56.0	62.9	43.6
Oman International Bank	4.0	5.5	7.1	3.9	4.8	6.5	-23.2	-46.4	-219.0	46.2	50.0	-80.0	26.2	12.8	-23.7
Bank of Tokyo	3.9	6.3	9.2	2.6	2.0	2.6	45.1	33.3	20.3	53.3	40.7	41.2	48.9	36.4	26.3
Al Baraka Islamic Bank	4.1	6.0	6.4	2.1	1.9	2.0	34.8	13.5	17.9	67.2	33.6	39.6	33.6	25.9	27.0
Rupali Bank	4.1	-	-	7.3	-	-	-71.0	-	-	-	-	-	58.1	-	-
Total	3.1	4.4	4.6	3.3	4.1	3.9	38.3	23.5	3.2	37.4	33.5	34.8	61.4	51.8	47.2

Banks	Cost/Income Ratio			Income/Expenses Ratio			ROE			ROA			ROD		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	38.5	46.3	68.5	1.8	1.5	1.2	37.7	37.3	-22.7	2.2	2.6	-1.4	2.7	3.4	-1.7
Standard Chartered	30.4	-	-	2.3	-	-	51.3	-	-	4.0	3.1	0.0	5.2	4.6	0.0
Citibank	47.9	53.5	55.0	1.6	1.4	1.4	25.3	27.9	5.0	2.1	2.0	0.3	3.0	2.8	0.5
Habib Bank AG Zurich	43.2	-	-	1.3	-	-	22.7	-	-	1.3	-	-	1.8	-	-
American Express	106.5	-	-	1.0	-	-	4.0	-	-	0.7	-	-	1.0	-	-
HSBC	52.4	66.7	80.4	1.4	1.2	1.1	9.2	7.2	5.1	1.4	0.9	0.5	2.0	1.4	0.6
Deutsche Bank	99.5	73.4	42.2	0.8	1.3	1.8	-3.33	8.0	15.9	-1.1	2.7	3.7	-3.30	8.2	11.9
Oman International Bank	144.8	295.8	-880.0	0.8	0.7	0.4	-1.2	-1.6	-4.5	-0.7	-1.1	-3.4	-2.4	-4.5	-17.1
Bank of Tokyo	33.0	31.9	45.9	1.8	1.5	1.3	6.3	5.9	3.3	2.6	2.2	1.3	7.3	10.0	6.5
Al Baraka Islamic Bank	32.8	60.1	50.2	1.7	1.2	1.2	17.3	6.3	10.6	2.6	0.9	1.2	3.8	1.2	1.6
Rupali Bank	-	-	-	0.9	-	-	-14.6	-	-	-2.2	-	-	-8.3	-	-
Total	41.3	51.6	61.2	1.7	1.4	1.3	26.9	15.7	-1.6	2.5	1.5	-0.1	3.4	2.1	-0.2

Banks	Solvency Ratio									Equity Multiplier (Time)			Capital Risk Assets Ratio (CRA)		
	Earning Assets/Deposits			Capital Ratio			Deposit Time Capital			2005	2006	2007	2005	2006	2007
	2005	2006	2007	2005	2006	2007	2005	2006	2007						
ABN Amro	103.2	110.2	108.0	5.9	7.0	6.0	13.8	11.1	13.5	16.9	14.3	16.8	10.7	12.2	10.1
Standard Chartered	108.2	-	-	7.7	-	-	9.9	-	-	13.0	-	-	15.5	-	-
Citibank	118.0	124.4	117.7	8.4	7.0	6.7	8.6	9.9	10.7	12.0	14.2	14.9	16.5	13.0	12.3
Habib Bank AG Zurich	118.6	111.3	-	5.7	-	-	12.6	-	-	17.6	-	-	9.2	-	-
American Express	105.3	100.1	-	16.8	17.3	-	3.9	-	-	5.9	-	-	100.6	-	-
HSBC	111.2	125.1	115.3	15.2	12.6	8.9	4.6	5.0	8.1	6.6	7.9	11.2	36.6	27.3	16.3
Deutsche Bank	143.2	164.2	225.1	33.1	33.5	23.5	1.0	1.0	1.3	3.0	3.0	4.3	90.6	82.2	71.3
Oman International Bank	109.6	86.2	64.8	56.4	66.7	74.4	0.5	0.4	0.3	1.8	1.5	1.3	205.5	344.4	690.3
Bank of Tokyo	154.9	270.0	287.9	41.3	37.7	39.5	0.9	0.6	0.3	2.4	2.7	2.5	121.8	69.8	75.3
Al Baraka Islamic Bank	113.4	109.8	107.2	15.0	13.5	11.3	4.4	5.3	6.6	6.7	7.4	8.8	27.8	26.6	20.8
Rupali Bank	287.3	-	-	15.4	-	-	1.2	-	-	6.5	-	-	828.6	-	-
Total	111.6	116.6	115.4	9.3	11.5	11.3	7.9	5.9	5.9	10.8	8.7	8.8	18.2	21.9	20.9

Foreign Banks – Selected Ratios

(In %)

Banks	Liquidity Ratio									Debt Management Ratio (DMR)					
	Advances+Investment/Assets			Earning Assets/Assets			Advances/Deposits(CDR)			Liabilities/Assets			Liabilities/Equity (Time)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	72.2	78.2	77.1	83.9	84.6	85.9	68.3	74.4	74.1	94.1	93.1	94.1	15.9	13.3	15.8
Standard Chartered	68.3	67.5	67.1	83.2	-	-	64.8	-	-	92.2	-	-	11.9	-	-
Citibank	65.2	78.8	78.1	83.0	86.2	84.4	72.0	77.8	76.2	91.9	93.0	93.3	11.0	13.2	13.9
Habib Bank AG Zurich	77.4	-	-	84.0	-	-	86.3	-	-	94.3	-	-	16.6	-	-
American Express	38.3	31.8	-	68.8	-	-	25.6	-	-	83.2	-	-	4.9	-	-
HSBC	43.8	48.3	55.5	77.1	79.6	82.9	59.9	72.7	75.9	84.8	87.4	91.1	5.6	6.9	10.2
Deutsche Bank	38.5	49.7	51.0	47.8	53.2	70.8	109.6	125.7	105.0	66.9	66.6	76.5	2.0	2.0	3.3
Oman International Bank	28.7	19.4	10.8	29.9	20.9	12.8	100.8	79.8	54.5	43.6	33.2	25.6	0.8	0.5	0.3
Bank of Tokyo	38.4	54.0	52.4	55.1	60.3	57.6	95.3	241.4	262.4	58.7	62.3	35.7	1.4	1.7	0.9
Al Baraka Islamic Bank	55.9	54.6	60.1	78.3	78.8	80.6	78.1	70.9	72.4	84.1	86.5	88.7	5.6	6.4	7.8
Rupali Bank	61.0	-	-	77.9	-	-	6.9	-	-	77.3	-	-	5.0	-	-
Total	66.2	71.1	71.6	81.4	82.0	82.7	69.8	74.1	76.6	90.7	90.4	90.3	9.8	10.6	10.3

Banks	Net Profit Margin			Net Interest Margin (NIM)			Cost of Funding Earning Assets			Yield on Earning Assets			Interest Spread		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	30.2	28.6	-18.6	5.8	7.7	6.3	3.2	6.7	6.8	9.0	14.3	13.1	6.0	8.0	6.5
Standard Chartered	52.7	-	-	6.2	-	-	2.1	-	-	8.3	-	-	6.2	-	-
Citibank	24.4	21.7	3.6	6.1	6.8	7.1	3.4	5.7	6.5	9.5	12.5	13.6	6.2	6.8	7.0
Habib Bank AG Zurich	39.1	-	-	2.5	-	-	4.9	-	-	7.4	-	-	2.8	-	-
American Express	12.6	-	-	1.8	-	-	4.3	-	-	6.1	-	-	2.1	-	-
HSBC	36.1	23.2	10.2	2.9	3.4	3.6	3.8	4.4	5.7	6.7	7.9	9.3	3.1	3.7	3.9
Deutsche Bank	-15.4	27.7	37.1	4.4	6.0	3.1	3.4	3.5	4.0	7.8	9.5	7.1	3.9	5.6	2.7
Oman International Bank	-57.1	-208.3	1840.0	2.0	1.3	-2.6	5.7	8.6	13.7	7.7	9.8	10.9	3.7	4.3	3.8
Bank of Tokyo	57.4	59.8	53.4	3.9	3.7	2.5	4.1	6.4	6.9	7.9	10.1	9.4	4.0	3.7	0.2
Al Baraka Islamic Bank	51.2	33.2	36.7	2.1	2.2	2.4	4.2	6.2	6.6	6.3	8.4	9.1	2.2	2.4	2.6
Rupali Bank	-	-	-	4.1	-	-	3.0	-	-	7.1	-	-	2.9	-	-
Total	36.6	25.8	-1.9	5.2	4.7	5.8	3.2	4.4	6.5	8.4	9.1	12.3	5.3	4.8	5.9

Banks	NPLs/Gross Advances			NPLs Provisions/Net Advances			Admn Expenses/Employee(Rs.Mn)			Staff/Branch (Nos)			Profit(A.T)/Branch(Rs.Mn)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
ABN Amro	0.5	6.1	2.9	1.5	1.8	6.1	4.0	1.7	2.5	47	29	28	145.2	29.6	-19.1
Standard Chartered	0.8	-	-	1.2	-	-	2.0	-	-	28	-	-	95.9	-	-
Citibank	1.5	1.1	2.1	2.9	2.8	3.8	3.9	4.1	3.9	75	55	46	150.8	91.4	11.8
Habib Bank AG Zurich	0.9	-	-	0.8	-	-	1.1	-	-	25	-	-	25.2	-	-
American Express	13.4	-	-	15.7	-	-	2.9	-	-	41	-	-	14.0	-	-
HSBC	1.2	0.6	0.4	1.4	0.7	0.5	2.0	1.8	1.9	65	54	57	88.0	33.4	14.0
Deutsche Bank	0.0	0.0	0.0	0.3	0.5	0.3	6.2	8.4	7.4	31	32	26	-29.5	99.5	168.0
Oman International Bank	2.8	4.1	19.9	3.7	5.4	27.1	1.6	1.6	1.6	10	11	14	-6.0	-12.5	-46.0
Bank of Tokyo	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.2	2.2	24	29	31	113.0	122.0	79.0
Al Baraka Islamic Bank	3.7	2.5	1.8	2.6	1.9	1.6	0.9	0.9	0.9	28	28	20	38.4	13.1	13.6
Rupali Bank	93.4	-	-	1410	-	-	1.0	-	-	24	-	-	-12.7	-	-
Total	1.2	3.5	2.2	1.8	1.9	3.9	2.5	2.3	2.8	34	33	32	77.2	33.4	-2.8

All Bank Employees and Branches

(Nos.)

Banks	Employees			Branches		
	2005	2006	2007	2005	2006	2007
NBP	13824	14019	14079	1242	1250	1261
HBL	16314	14572	14552	1470	1477	1489
UBL	9354	9738	9382	1058	1059	1095
MCB	9675	9179	9760	952	994	1026
ABL	6947	7204	8236	741	742	757
Bank Al-Falah	5218	6543	7371	147	195	231
Standard Chartered Bank	-	3101	3534	-	117	143
Major Banks	61332	64356	66914	5610	5834	6002
Askari Commercial Bank	2754	3241	3834	99	122	150
Soneri Bank	1190	1341	1477	61	72	89
Bank Al-Habib	1809	2408	2704	100	152	175
Bank of Khyber	449	463	498	29	29	34
Bank of Punjab	3429	3681	3859	266	266	272
KASB Bank	701	694	892	35	35	35
Habib Metropolitan Bank Ltd	924	1561	1799	51	82	100
Faysal Bank	1068	1463	1759	56	75	105
mybank	978	969	824	50	50	60
Prime Commercial Bank	1546	1693	-	62	69	-
Union Bank	1614	-	-	65	-	-
PICIC Commercial Bank	1164	1262	-	115	129	-
Saudi Pak Commercial Bank	869	1013	901	50	50	55
Meezan Bank	786	1228	1959	28	62	100
Crescent Commercial Bank	281	378	536	18	18	28
NIB	600	916	3693	27	41	240
Atlas Bank	152	247	781	11	20	25
Dubai Islamic Bank	-	364	553	-	10	17
Bank Islami Pakistan	-	234	563	-	10	36
Arif Habib Rupali Bank	-	150	319	-	7	12
JS Bank	-	18	281	-	4	9
Emirates Global Islamic Bank	-	119	230	-	6	10
All Private/Prov. Banks	20314	23443	27462	1123	1309	1552
FWB	513	531	535	38	38	38
Total*	20827	23974	27997	1161	1347	1590
ABN Amro	421	2326	2319	9	81	82
Standard Chartered Bank	1186	-	-	43	-	-
Citibank	753	998	1200	10	18	26
Habib Bank AG Zurich	556	-	-	22	-	-
American Express	165	-	-	4	-	-
HSBC	130	269	517	2	5	9
Deutsche Bank	61	63	77	2	2	3
Oman International Bank	19	22	-	2	2	2
Bank of Tokyo	24	29	31	1	1	1
Al Baraka Islamic Bank	252	306	364	9	11	18
Rupali Bank	24	-	-	1	-	-
All Foreign Banks	3591	4013	4508	105	120	141
Grand Total	85750	92343	99419	6876	7301	7733

* Including FWB

Trade Policy 2008-09 – Highlights

The Trade Policy has been formulated with the following objectives: -

Objectives

- To help in poverty alleviation. Exports to be facilitated, which would led to increased production of exportable surpluses, thereby creating more employment.
- Focus on increased export earnings by encouraging exports of higher unit value products. This implies stress on value addition and compliance with international standards.
- Improving competitiveness by a reduction in the cost of doing business and supporting appropriate capacity building measures.
- Diversification of export products and markets.
- Better marketing through trade promotion activities.

The salient features of the Export Strategy 2008-09 are: -

Salient features

- Gathering greater information on market opportunities, consumer preferences, quality standards, best practices by other countries etc. Disseminate this information to all stakeholders.
- Trade promotional activities to be encouraged through organizing exhibitions, participation in trade fairs and sending trade delegations.
- Ministry of Commerce to make greater efforts for additional market access opportunities and for minimizing non-tariff barriers facing our exporters in other countries.
- Enhance competitiveness of exports by helping reduce costs of doing business.
- Coordinating with other government departments to support and facilitate the private sector to achieve increased production of exportable surpluses.
- Support capacity building efforts of the exporters, through various productivity enhancement programmes such as training facilities to upgrade human resource skills.
- Diversification will be encouraged to promote greater trade in agricultural products. It would also facilitate SMEs.

The Trade Policy 2008-09 has announced a number of measures to achieve an export target of \$22.1 billion fixed for the year. The export measures include: -

Measures to be adopted to achieve export target

- To reduce cost of manufacturing and make exports more competitive, plant, machinery and equipment imported to set up a unit in DTRE scheme will be exempt from duty and taxes.
- Inputs in DTRE will also be allowed to be imported from India.
- The government would provide complete zero rating to exports by refunding of indirect taxes on input cost incurred on manufacturing of merchandise, which is exported.
- To facilitate exports, the Government would introduce a new scheme, whereby a certain percentage of inputs may be allowed to be imported at zero duties against fob value of exports, with the flexibility to import any product among the notified list in any quantity within the overall entitlement of the exporter.
- To promote export of pharmaceutical products, the government would support the setting up of new plants, by providing incentive of having an accelerated depreciation allowance facility of 90 percent in the first year on investment in plant, machinery and equipment.
- To promote exports of pharmaceutical products it has been decided to allow exporting companies to send free samples to the extent of 10 percent of the commercial quantity exported in the preceding year.
- Seafood industry would receive support through various measures.
- Exports of gems and jewellery to be encouraged.
- To encourage leather exporters to comply with environmental standards, the government has decided that the subsidy given from EDF would be increased to 8 percent or 50 percent of the mark up, whichever is lower.
- To encourage export of furniture, a wood seasoning plant would be set up and vocational training centres.
- Horticulture would be promoted.

- To boost rice exports, focus would be on evolving new varieties and increasing area under cultivation. Other related measures have also been announced.
- To develop the handicraft sector and promote its exports, steps like; hiring of consultants of international repute, exposing local craftsmen to international designs etc have been taken.
- Export of Halal Food Products would receive support. A Halal Certification Board would be established to enforce Halal Standards and certification mechanism.
- In the automobile sector, exporters could send samples worth \$25,000 to foreign buyers. This limit has been raised to \$50,000.
- Export Clusters would be established.
- A system of voluntary pre-shipment inspection and sampling of agro products for exports will be introduced.
- A Trade Dispute Settlement Organisation will be set up to deal with trade disputes arising from exports.
- Working and structure of TDAP would be looked into, so to make it more responsive to the exporters needs.
- Management Efficiency in exporting industries would be focused upon.
- To enlarge the ambit of the trade policy, it has been decided that Pakistan will participate in re-negotiating the list of SAFTA and the Regional Agreement on Trade in Services among the SAARC countries.

The Import Strategy for the year is designed to address the problem of the large trade gap and to facilitate those imports that would increase competitiveness of our exports.

Imports measures that would be implemented during the year are: -

- Import of buses not more than 10 years old would be allowed under the TR Scheme. This facility would provide economic opportunities to returning Pakistanis and also ease transport shortages.
- To reduce the cost of manufacturing of liquefied gases etc, it has been decided to allow import

of used cryogenic containers/cylinders by industrial consumers provided they meet laid down conditions.

- Import of old/used waste disposal trucks not older than 10 years have been allowed to authorized contractors of Municipal Bodies, Cantonment Boards etc.
- Import of stainless steel and cotton yarn from India is by train. It has now been decided to allow their imports by trucks as well.
- Import of academic, scientific and reference books has been allowed from India.
- Import of vehicles for disabled persons allowed.
- Import of explosives and chemicals would be allowed subject to approval of Ministry of Industries (Department of Explosives) which will be issued only after NOC from Ministry of Defence Production.
- Only recognized manufacturers would be allowed to import crude palm oil for further processing and refining.
- To avoid misuse of the facility allowed to construction companies or oil & gas companies to import mobile transit mixtures/dumpers, certain conditions have been laid down.
- Restrictions have been placed on the import of trucks more than 10 years old.
- Import of old and used static road rollers both by commercial importers and construction companies will have to adhere to certain conditions. Rollers should not be more than 10 years old and the capacity should not exceed 12 tons.
- The Trade Policy enlarges the list of importable items from India.
- Import of diesel and fuel oil from India has been permitted.
- Import of CNG buses from India has been allowed, with the condition that the manufacturer of CNG buses makes a firm commitment to establish manufacturing of such buses in Pakistan.
- Customs duty on the import of CNG Buses was brought down from 15 percent to zero in the Budget 2008-09.

Pakistan's Foreign Trade

		MAJOR EXPORTS AND IMPORTS 2001-2008										Annual Average Growth 2001-08						
		FY01		FY02		FY03		FY04		FY05			FY06		FY07		FY08	
		Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	
Major Exports		8443	91.8	8362	91.5	10071	90.2	11101	90.2	12612	87.6	15122	91.9	15412	90.8	16894	87.9	10.3
Primary Commodities		904	9.8	811	8.9	850	7.6	962	7.8	1295	9.0	1575	9.6	1533	9.0	2301	12.0	12.0
Rice		526	5.7	558	6.1	555	5.0	634	5.1	933	6.5	1158	7.0	1126	6.6	1819	9.5	18.4
Raw Cotton		139	1.5	25	0.3	49	0.4	48	0.4	110	0.8	68	0.4	50	0.3	70	0.4	25.9
Fruits & Vegetables		101	1.1	102	1.1	110	1.0	127	1.0	112	0.8	155	0.9	169	1.0	200	1.0	8.0
Fish&Fish Preparations		138	1.5	126	1.4	136	1.2	153	1.2	140	1.0	194	1.2	188	1.1	212	1.1	6.3
Textile Manufactures		5757	62.6	5779	63.3	7224	64.7	8038	65.3	8445	58.7	10151	61.7	10653	62.8	10429	54.3	10.5
Cotton Yarn		1074	11.7	930	10.2	928	8.3	1127	9.2	1057	7.3	1383	8.4	1428	8.4	1294	6.7	3.3
Cotton Cloth		1033	11.2	1131	12.4	1346	15.8	1711	13.9	1863	12.9	2108	12.8	2026	11.9	1933	10.1	7.9
Ready-made Garments		827	9.0	875	9.6	1093	9.8	993	8.1	1088	7.6	1310	8.0	1547	9.1	1498	7.8	9.2
Hosiery (Incl. Bedwear&Towels)		1898	20.6	2032	22.2	2850	25.5	3245	26.4	3605	25.1	4377	26.6	4405	25.9	4334	22.5	12.3
Artificial Silk Yarn/Synthetic Textiles		545	0.1	410	0.4	574	0.5	471	0.3	300	0.2	200	0.1	420	0.2	490	0.2	9.2
Other Textile Made-ups		380	4.1	401	4.4	433	3.9	491	4.0	532	3.7	773	4.7	827	4.9	880	4.6	11.8
Other Manufactures		1782	19.4	1772	19.4	1997	17.9	2101	17.1	2872	20.0	3396	20.6	3226	19.0	4164	21.7	15.4
Leather&Manufactures*		706	7.7	678	7.4	771	6.9	799	6.5	976	6.8	1153	7.0	1026	6.0	1224	6.4	11.3
Carpets&Rugs		289	3.1	250	2.7	221	2.0	231	1.9	278	1.9	257	1.6	233	1.4	216	1.1	-1.9
Sports Goods		271	2.9	304	3.3	335	3.0	325	2.6	307	2.1	343	2.1	288	1.7	301	1.6	1.4
Petroleum&Products		184	2.0	191	2.1	249	2.2	294	2.4	476	3.3	828	5.0	859	5.1	1203	6.3	44.5
Chemicals&Pharmaceuticals		164	1.8	153	1.7	261	2.3	263	2.1	453	3.1	433	2.6	392	2.3	627	3.3	30.9
Surgical&Medical Instruments		124	1.3	145	1.6	86	0.8	89	0.7	163	1.1	163	1.0	191	1.1	255	1.3	14.6
Engineering Goods		44	0.5	51	0.6	74	0.7	100	0.8	219	1.5	219	1.3	237	1.4	338	1.8	99.3
Others		759	8.2	773	8.5	1089	9.8	1212	9.8	1779	12.4	1329	8.1	1564	9.2	2329	12.1	18.5
Total Exports		9202	100	9135	100	11160	100	12313	100	14391	100	16451	100	16976	100	19223	100	10.8
Major Imports		7624	71.1	7115	68.8	8504	69.6	10766	69.0	14875	72.2	21745	76.1	23075	75.6	30621	77.1	20.7
Tea		206	1.9	157	1.5	173	1.4	193	1.2	223	1.1	223	0.8	214	0.7	202	0.5	0.2
Edible Oil		328	3.1	393	3.8	587	4.8	659	4.2	758	3.7	739	2.6	956	3.1	1718	4.3	22.8
Wheat		15.0	0.1	50.0	0.5	29	0.2	24	0.2	93	0.5	133	0.5	42	0.1	860	2.2	286.1
Sugar, Pulses & Spices		384	3.6	174	1.7	142	1.2	119	0.8	257	1.2	850	3.0	559	1.8	301	0.8	47.1
Crude Petroleum&Products		3361	31.3	2807	27.1	3066	25.1	3167	20.3	4000	19.4	6675	23.4	7335	24.0	11380	28.7	21.8
Cotton, Worn Clothing & Other Textiles		162	1.5	187	1.8	222	1.8	260	1.7	317	1.5	1283	4.5	1566	5.1	2349	5.9	57.0
Textile Machinery		370	3.4	407	3.9	532	4.4	598	3.8	929	4.5	817	2.9	503	1.6	438	1.1	15.1
Telecom		-	-	-	-	-	-	379	2.4	777	3.8	1931	6.8	2206	7.2	2241	5.6	67.3
Road Motor Vehicles		321	3.0	330	3.2	501	4.1	653	4.2	1069	5.2	1711	6.0	1414	4.6	1345	3.4	22.4
Other Machinery&Transport Equipments		1375	12.8	1470	14.2	1909	15.6	2969	19.0	3920	19.0	3865	13.5	4959	16.2	5603	14.1	20.0
Iron & Steel		278	2.6	336	3.2	402	3.3	512	3.3	890	4.3	1367	4.8	1191	3.9	1344	3.4	23.3
Fertilizers		170	1.6	176	1.7	240	2.0	285	1.8	417	2.0	682	2.4	450	1.5	890	2.2	27.3
Insecticides & Medicinal Products		300	2.8	314	3.0	280	2.3	399	2.6	432	2.1	449	1.6	527	1.7	641	1.6	9.2
Plastic Materials		354	3.3	314	3.0	421	3.4	549	3.5	793	3.8	1020	3.6	1153	3.8	1309	3.3	19.9
Others		3105	28.9	3225	31.2	3716	30.4	4826	31.0	5723	27.8	6836	23.9	7465	24.4	9077	22.9	14.6
Total Imports		10729	100.0	10340	100.0	12220	100.0	15592	100.0	20598	100.0	28581	100.0	30540	100.0	39698	100.0	19.2

* includes footwear

ECONOMIC BULLETIN

July - August, 2008

Selected Commodities	Unit	QUANTITY & UNIT VALUE OF EXPORTS 2005-2008												Annual Percent Change			
		2005-06		2006-07		2007-08		2008-09 (July)		FY06 over FY05		FY07 over FY06		FY08 over FY07		FY09 over FY08*	
		Volume	Value (\$ Mn)	Volume	Value (\$ Mn)	Volume	Value (\$ Mn)	Volume	Value (\$ Mn)	Volume	Unit Value	Volume	Unit Value	Volume	Unit Value	Volume	Unit Value
Rice	000*MT	3988	1,158 314	3,129	1,126 360	3340	1819 544	257	235 916	27.6	21.1 -5.0	-15.2	-2.8 14.6	6.7	61.5 51.3	54.21	226.4 111.7
Basmati	000*MT	839	480 572	908	556 613	1271	1002 788	99	124 1247	3.0	9.2 6.1	8.2	16.0 7.2	40.0	80.0 28.6	-5.80	129.8 143.9
Coarse	000*MT	2850	678 238	2,221	569 256	2068	817 395	158	112 708	37.2	37.5 0.2	-22.1	-16.0 7.7	-6.9	43.5 54.1	157.4	511.2 137.4
Fish & Fish Preparations	000*MT	128	194 1517	124	188 1519	135	212 1576	7.5	12 1586	-5.3	40.1 47.9	-3.5	-3.0 0.1	8.6	12.7 3.8	83.6	65.4 -9.9
Fruits	000*MT	455	125 276	343	114 331	414	145 350	31	13 422	52.3	37.5 -9.7	-24.6	-9.4 20.2	20.5	27.4 5.6	2.2	13.1 10.7
Vegetables	000*MT	112	29 262	217	55 251	213	55 261	12	3 255	48.5	46.6 -1.2	94.7	85.7 -4.0	-2.2	1.7 3.7	-14.3	-28.7 -16.8
Wheat	000*MT	471	98 207	459	97 211	7	2 241	0	0 0	-9.7	6.8 17.0	-2.5	-0.7 1.9	-98.5	-98.3 14.0	0.0	0.0 0.0
Sugar	000*MT	61	27 435	0	0 0	239	82 344	13	5.3 397	-	- -	-	- -	-	- -	-	- -
Raw Cotton	000*MT	63	68 1082	45	50 1116	57	70 1221	4.8	6 1247	-46.5	-37.6 16.6	-28.0	-26.3 3.2	26.6	38.9 9.4	114.4	120.2 2.7
Cotton Yarn	000*MT	672	1,382 2058	666	1,428 2144	562	1294 2301	44	104 2334	33.1	32.4 -0.5	-0.9	3.3 4.2	-15.5	-9.4 7.3	-5.8	129.8 143.9
Cotton Cloth	Mn Sqm	2634	2,108 0.8	2,212	2,027 0.9	1920	1933 1.0	147	146 0.99	9.8	13.8 3.6	-16.0	-3.9 15.0	-13.2	-4.6 9.4	13.2	3.7 -8.4
Knitwear	Mn Doz	85	1,751 21	94	1,799 19	97	1831 19	8.7	160 18.4	19.3	7.1 -10.2	11.2	2.7 -7.3	2.6	1.8 -0.8	-0.83	-67.2 -6.4
Bedwear	000*MT	375	2,038 5435	367	1,996 5438	333	1888 5665	28	143 5047	39.9	40.4 0.4	-2.2	-2.1 0.1	-9.2	-5.4 4.2	6.7	-8.5 -14.3
Towels	000*MT	159	588 3696	162	611 3770	154	615 4009	16	58 3542	14.1	12.6 -1.3	1.7	3.9 2.0	-5.0	0.8 6.4	75.3	51.6 -13.5
Readymade Garments	Mn Doz	37	1,310 35.4	44	1,547 35	39	1498 39	4	155 40.4	8.9	20.9 11.0	18.2	18.1 -1.7	-12.3	-3.2 11.5	1.21	-0.2 -1.41
Art, Silk & Synthetic Textile	Mn Sqm	289	200 0.7	534	420 0.8	538	490 0.9	60	57 0.9	-28.0	-32.5 -6.2	84.5	109.5 13.4	0.7	16.7 15.9	9.5	16.8 6.7
Carpets, Rugs & Mats	000*Sqm	4233	257 60.8	3,857	233 61	3752	216 58	219	14 62	-15.1	-9.3 6.9	-8.9	-9.3 -0.5	-2.7	-7.2 -4.6	-36.2	-12.7 36.7
Leather Tanned	Mn Sqm	17	292 16.8	21	357 17	24	412 17	1.8	34 19	-5.7	-4.8 1.0	20.8	22.1 -0.4	13.4	15.5 3.5	-22.82	-11.5 14.7
Leather Garments	000*Doz	1050	502 478.1	849	388 457	1146	530 462	88	43 483	42.5	52.6 7.0	-19.1	-22.7 -4.4	35.0	36.5 1.1	-15.38	16.8 38.0
Leather Gloves	000*Doz	4498	151 33.7	3,934	133 34	3967	149 38	297	11 38	-20.4	-7.8 15.8	-12.5	-12.5 0.0	0.8	12.4 11.5	-21.64	-7.3 18.3
Footwear	Mn.Pairs	22	145 6.5	15	115 8	14	124 9.1	1.4	14 9.6	18.8	5.5 -12.2	-32.0	-21.1 16.8	-9.8	8.2 20.0	16.14	24.4 7.14
Plastic Materials	000*MT	123	145 1175	89	113 1268	158	214 1349	17.3	23 1334	-12.0	-9.1 3.2	-27.8	-21.9 7.9	78.3	89.2 6.4	80.06	92.5 6.9
Pharmaceutical Products	000*MT	15	83 5556	19	102 5349	17	106 6287	1.0	7 7.1	34.1	29.4 -3.5	26.1	22.7 -3.7	-10.6	3.9 17.5	-44.8	-31.3 24.4

* percentage change represents July over July for 2008-09

Selected Commodities	Unit	QUANTITY & UNIT VALUE OF IMPORTS 2005-2008												Annual Percent Change				
		2005-06		2006-07		2007-08		2008-09 (July)		FY06 over FY05		FY07 over FY06		FY08 over FY07		FY09 over FY08*		
		Volume	Value (\$ Mn)	Volume	Value (\$ Mn)	Volume	Value (\$ Mn)	Volume	Value (\$ Mn)	Volume	Value	Volume	Value	Volume	Value	Volume	Value	
Wheat Unmilled	000*MT	816	133 163	136	42 306	1832	860 469	64	30 471	91.3	42.7 -25	-68.7	88.0	1247.8	1969.3	53.5	483.55	473.7 -1.7
Tea	000*MT	127	223 1753	112	214 1907	102	202 1976	10.0	21 2115	-5.6	0.1 6	-4.0	8.8	-8.8	-5.5	3.7	36.41	52.1 11.5
Spices	000*MT	87	53 609	86	54 627	133	85 642	10.5	6.8 646	39.8	11.4 -20	2.4	3.0	54.2	57.8	2.4	-1.12	40.4 42.0
Soyabean Oil	000*MT	326	21 659	48	41 839	108	103 955	0.5	0.7 1233	-55.5	-60.6 -11	89.4	27.4	123.5	154.5	13.9	-95.39	-92.3 66.9
Palm Oil	000*MT	1663	717 431	1710	916 535	1766	1614 914	86	107 1242	8.6	2.0 -6	27.7	24.1	3.3	76.3	70.7	-45.15	-6.7 70.1
Sugar	000*MT	1527	623 408	587	260 444	37	15 403	1.9	0.7 354	472.7	609.1 24	-58.2	8.8	-93.8	-94.3 -9.2		-59.89	-65.1 -12.9
Pulses	000*MT	479	174 363	521	245 470	334	201 601	39	26 672	31.5	41.9 12	40.8	29.4	-35.9	-18.0	28.0	55.4	76.5 13.6
Petroleum Products	000*MT	6092	2881 473	8586	3734 435	10205	6158 603	857	753 878	6.5	55.6 46.2	29.6	-8.0	18.9	64.9	38.7	28.5	135.6 83.3
Petroleum Crude	000*MT	8738	3794 434	8208	3601 439	8636	5222 605	588	535 909	11.3	76.5 59.4	-5.1	1.0	5.2	45.0	37.8	-24.3	45.5 92.3
Raw Cotton	000*MT	-	- -	461	647 1402	899	2349 2613	30	47 1544	-	- -	-	-	94.9	263.3	86.4	-52.8	-46.8 12.8
Synthetic Fibre	000*MT	162	261 1613	132	235 1787	140	1292 9245	13	25 1943	98.8	77.5 -10.7	-9.8	10.8	6.2	449.6	417.4	27.2	41.7 11.4
Synthetic & Artificial Silk Yarn	000*MT	132	237 1803	118	250 2118	127	287 2252	11	25 2267	85.4	82.3 -7.4	5.4	17.5	7.7	14.6	6.3	19.2	34.0 12.4
Worn Clothing	000*MT	142	48 336	157	56 354	177	295 1671	20	8.0 404	15.8	18.7 2.5	16.4	5.6	12.8	431.9	371.4	45.0	59.6 10.1
Fertilizer	000*MT	2445	682 279	1479	450 305	2029	890 439	125	98 779	47.8	63.5 10.6	-33.9	9.2	37.2	97.6	44.0	-11.1	128.0 156.3
Insecticides	000*MT	34	114 3351	29	97 3319	28	101 3655	3.1	11 3612	-18.3	-18.5 -3.2	-15.1	-0.9	-4.7	4.9	10.1	-6.2	5.1 12.1
Plastic Materials	000*MT	819	1020 1245	816	1153 1413	823	1309 1591	72	114 1568	20.0	28.7 7.3	13.0	13.5	0.9	13.6	12.6	0.9	8.7 7.8
Medicinal Products	000*MT	10	336 32238	12	430 34957	16	540 34196	1.3	41 31187	-0.95	14.9 16.4	28.1	8.4	28.3	25.5	-2.2	-0.8	-27.9 -27.4
Iron And Steel	000*MT	2726	1367 502	2087	1191 571	2132	624 293	121	117 963	45.6	53.6 5.4	-12.9	13.8	2.2	-47.6	-48.7	-7.9	50.7 63.6

* percentage change represents July over July for 2008-09

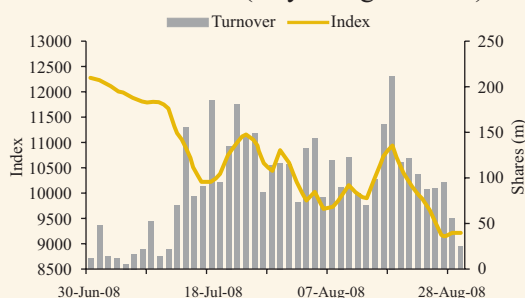
Market Analysis

Market Review

KSE index falls

Negative sentiments prevailed in the market during July as KSE-100 Index lost 1,705 points or 13.9% to close at 10,583.58 on July 31, 2008, while KSE-30 Index lost 2,324 or 16.2% to end the month at 12,001.67. Month-on-month comparison exhibits a decline of 40% in average daily turnover to 83m shares as compared to 140m shares in June 08. The market during the month under review remained under heavy selling pressure due to political uncertainty, economic slowdown, rupee depreciation and law and order turmoil. These factors are resulting in capital flight from the country. Since the assassination of Ms Bhutto, market has witnessed net foreign selling of US\$ 350m, which shows that confidence of foreign investors is shaken up.

KSE-100 Index (July - August 2008)



Ever widening twin deficit has been the burning issue on the economic front, which has put considerable effects on the inflation and rupee depreciation against greenback. To curb the inflation monster, SBP had to step in and raise the policy rate by another 100 bps on July 29. It had to be done as the previous increase in interim monetary policy had been diluted due to intensive government borrowing and subsequent inflation.

Political situation remained gloomy because of the tension between two major political parties, which threatened the future of the coalition. Law and order situation looked grim too due to ongoing military operation in the FATA. Gathering of the coalition forces on the western border of Pakistan created some

panic in the stock market causing benchmark KSE-100 Index to tumble. Judges' issue still remained unsolved and proving to be fatal for the coalition of PPP and PML (N).

Corrective measures

In order to slowdown the negative trend in the market, Securities and Exchange Commission of Pakistan (SECP) changed the circuit breakers to 1% floor and 10% cap on 24th June 2008. But this measure could not do any miracle and after a spike of two days these measures lost their steam and created an enormous exit problem for the margin traders, as they could not square their positions in the market due to continuous lower lock prevailing in the market. To revert the situation, SECP brought the circuit breakers to the previous levels of 5% on 11th July 2008.

To bail out the market, SECP decided to establish an Equity Market Opportunity Fund (EMOF) under the management of NIT. The market welcomed the news about this fund, but support eventually came on the 5th July 2008. This support fund is not expected to bring a magical turnaround in the market, however in dire times it can be useful to bailout the market.

The KSE-100 Index remained volatile as it plunged by around 1,375 points or 13.0% during August 2008 to close at 9,208 while the KSE-30 Index dropped 1,800 points or 15.0% to 10,198. The average daily turnover during August was 103m shares compared to 83m shares during July. The market volatility can be mainly attributed to the political uncertainty, continued weakening of the Pak Rupee against the US dollar and selling pressure from both local and foreign investors. The net outflow of foreign funds according to SCRA figures during August 2008 (up to August 29) was US\$68.50m and the year to date inflow stands at US\$218.36m.

The first week of the month saw the Index shed 905 points to 9,678 on August 6 due to combined effects of political and economic uncertainty as there were fears of the ruling

coalition breaking up over the judges' restoration issue, President's impeachment and further downgrade of the country's credit rating. The Index recovered slightly over the next few days as Moody's decided to maintain its ratings for Pakistan and the Equity Market Opportunity Fund entered to support the market. Some of the political uncertainty ended on August 18 when President Musharraf in an address to the country announced his resignation with immediate effect. Instantly both the equity market and Pak Rupee experienced a spike. From August 6 to 19, the KSE-100 Index gained over 1,200 points to 10,919. However, the euphoria was short-lived as political uncertainty gripped the country again due to the judges' restoration issue as well as Moody's warning of a ratings downgrade 3 days after Musharraf's resignation if the government fail to focus on economic issues immediately.

Despite an understanding between the two largest parties (PPP and PML-N) in the ruling coalition regarding the restoration of all the deposed judges immediately following the ouster of the President, there remained differences over the timing and modality of such restoration leading to political uncertainty. This led to the PML-N to finally break away from the coalition on August 25 and announce its own candidate for the presidency. With the PML-N decision to sit on the opposition benches, we believe that this would have reduced the political uncertainty, however, the market sentiments remained negative for the rest of the month. On August 27, the KSE Board of Directors decided to place a floor based on the closing prices of securities of August 27.

Regional Valuation

The Pakistan market PE at 6.73x is trading at a 35% discount to the regional average of 10.40x. The regional average has picked up slightly from last month when it was 9.93x. Based on both PEx and PEG, Thailand is the most attractive market in the region. Our estimate for sustainable market PEx is around 5.88x, which suggests that the market could slump further and thus, leading to a NEGATIVE stance for the immediate term.

Regional Valuation Comparison

Country	2009F		2009F
	PEx	EPS Growth (%)	PE/Growth
China	11.72	21.63	0.54
Hong Kong	11.28	18.06	0.62
India	11.29	23.59	0.48
Indonesia	9.28	24.38	0.38
Malaysia	10.42	10.62	0.98
Pakistan	6.73	21.29	0.32
Philippines	10.90	15.07	0.72
Singapore	11.01	14.88	0.74
South Korea	9.46	16.74	0.57
Taiwan	12.18	14.18	0.86
Thailand	6.48	23.04	0.28

Source: Thomson One Analytics, Date: August 28, 2008

Looking Ahead

With the month of Ramadan starting in the beginning of September as well as the Presidential election scheduled to be held on September 6, this could have a positive impact on the market. The election of a PPP president especially Mr. Zardari could lead to a modest rally in the market. Besides liquidity injection, the capital markets needs a confidence booster and so, it is important for the government to focus on stabilizing the economy as quickly as possible and policy direction. We would advise investors to exercise caution in the immediate term.

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

Report/Book Reviews

*The Economy of Pakistan
Revised and Updated
Prof. Dr. Khawaja Amjad Saeed
Oxford University Press*

An earlier edition of the book was published in 2005. The revised edition incorporates changes that have taken place in the economy, and also covers several issues that had not been included in the earlier edition.

The book has been well divided in three parts. Part I has been titled the Economic Framework, where the first chapter discusses Pakistan in the World Economy, chapter 2 talks about the country's macroeconomic framework and performance, while the other seven chapters cover the major sectors of the economy.

Part II is about Economic Planning and Policies. This section discusses the role of development planning, gives the history of economic planning in Pakistan; the various Plan periods, the non-plan period, the role of annual planning, the Ten Year Perspective Development Plan 2001-11, where its objectives have been discussed.

Besides this, this section also devotes a chapter each to policies with respect to the agricultural sector, industrial/infrastructural sector, commercial policies, monetary and fiscal policies, labour policies, manpower planning.

Part III of the said book, Economic Manifesto for Pakistan, suggests an Economic Strategy for each of the sectors of the economy. With regard to the agricultural sector, it has proposed measures to accelerate development; with respect to industry it talks about the role of public/private sector, incentives for private investment, the importance of maintaining law & order, the need to utilize resources for infrastructural development. In the area of resource mobilisation and public finance, it has discussed ways through which resources can be mobilised. It has given suggestions to improve balance of payments.

A wealth of information on main areas of the economy has been presented in this book.

*Water Supply in Karachi
Issues and Prospects
Noman Ahmed
Oxford University Press*

Water supply is an essential service for the sustenance of urban settlements everywhere. Karachi, the largest city of Pakistan has become one of the most populous cities of the world, with an exceptional growth in its population. As a consequence, it faces a number of issues and water supply is a major problem facing the residents of this metropolis.

This book is based on extensive research and fieldwork undertaken to investigate the various formats of water supply service in Karachi. It explores the status and working of formal and informal alternatives in the water supply service.

The first chapter of the book compares the arrangements of urban water supply in developing countries. Chapter 2 of the book discusses the alternative arrangements in water supply. There is a review of literature on urban water supply, its various facets — water supply systems, production, treatment, distribution, storage, pricing, operation and maintenance, cost recovery etc.

The review of literature showed that water supply was undertaken through a variety of formats other than the conventional system. These alternatives to conventional supply were important as they catered to a variety of consumer groups, not necessarily marginal/low income communities.

Chapter 3 discusses the water supply in Karachi. Three case studies have been undertaken to study water supply in Karachi's planned and unplanned urban areas; retail beneficiaries of bulk water supply arrangements and awami tanks in low income settlement. Chapter 4-6 provide details of case studies undertaken.

Chapter 4 talks about water supply in planned and unplanned areas. Several issues have been covered in the study which include profile, status, arrangements for alternative sources

of supply, factors affecting supply, machinery & equipment, reasons to use alternative arrangements, choice of alternative sources etc.

Water is supplied to Karachi from sources, which are as far away as 150 kms, through a massive system. It is supplied to the consumers either directly to the retail consumers or in bulk to consumers like KW&SB. Several new projects are in the pipeline for increasing supply of water to Karachi.

Chapter 5 presents the case study of retail beneficiaries of bulk water consumers. The pertinent issues are highlighted that comprise of administrative arrangements, frequency of supply, role of bulk consumer operation and maintenance, water charges, impact of location on supply etc.

Both the above two chapters were based on field research. Chapter 6 covers Orangi, the largest squatter in the city. While piped water was not found during pilot phase of work, it led to the creation of awami tanks in the locality.

Many issues have been identified in the study, which require solutions, especially with regard to alternative means.

*Mid Term Review of
Medium Term Development Framework
2005-10
Planning Commission,
Government of Pakistan, May 2008*

The Mid Term Review evaluates the performance of the Medium Term Development Framework against its objectives and targets as well as identifies the needed adjustments. This had become essential because of the changes in world commodity prices and oil and the uncertainties that have grown in the international financial markets.

The Report shows mixed results. In some areas there has been progress and targets have been achieved, while in others, shortcomings have emerged, especially on the implementation front.

The agriculture sector has grown at a rate lower than the targeted figure with major crops

showing a poor performance and a lackluster growth by the minor crops. Industrial growth in the first two years of the MTDf remained below the target, while the services sector growth of 8.7 percent, is higher against the target of 6.9 percent.

While the size of Public Sector Development Programme has increased, it is still much lower than required. Infrastructure deficit is seriously impairing the growth efforts. Total investment is concentrated in manufacturing, construction, and communication sectors. Relatively lower than planned investment has flowed into mining, railways, ports & shipping, and electricity/gas generation and distribution. This has contributed to energy shortages and higher transportation costs resulting in loss of production and competitiveness.

Development expenditure during the first two years of the MTDf in the energy sector remained low. Given the growing water scarcity, the strategic focus should be on construction of a mix of small and mega water storage cum electricity generation dams.

Higher food and energy prices have pushed inflation higher. A large part of the remittances that have flowed in are channelized into real estate and stocks where investors seek quick returns.

The areas which require more focus are fiscal reforms, pursuing a prudent monetary policy to reduce inflation, higher credit for productive sectors and interest rate adjustments to encourage investment in productive sectors. Exports need to be accelerated by implementing the Export Plan 2007-13. Not sufficient attention has been given to develop urban housing, especially developing low cost housing, especially developing low cost housing schemes for low income groups. This needs to be accelerated. Employment opportunities need to be created. Investment in technical education and R&D is still very low and these areas need immediate attention.

Implementation of many of the plans/policies have been poor, as a consequence of which the desired results have not been achieved. The link between planning and implementation needs to be strengthened.