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NBP Performance at a Glance

Editor's Corner

Dear Readers,

Sugar prices have risen in the domestic market to touch all time highs. The rise is attributable to both domestic and international factors. On the domestic front, sugarcane output declined in 2008-09 as area sown fell to 1.03 million hectares, 17.0 percent lower over 1.24 million hectares cultivated a year earlier. Sugarcane production for the year was lower at 50.0 million tons, against 63.9 million tons produced in the preceding year, indicating a significant decline of 21.7 percent. The main reasons cited for lower production were shortage of irrigation water and late payment of dues to the farmers by the sugar mills for last year's crop. Delayed payments discouraged farmers from sowing sugarcane and they opted for growing wheat instead to avail attractive incentives. Sugar millers also reduced the price offered per 40 kgs by Rs5.0 and continued to take large deductions to meet cane quality standards, causing cane growers to shift to more profitable crops.

As such sugar production is estimated at 3.2 million tons in 2008-09 compared with 4.7 million tons in FY08, showing a decline of 1.5 million tons. Meanwhile, sugar consumption is rising. It is estimated at 4.2 million tons due to increased demand, driven by population growth. Thus for the current season, production was a million tons short of the consumption requirement. The carry over stocks after adjusting for the shortfall were around 200,000 tons.

International prices of sugar are at 20 year highs, ranging between \$500-600/ton, as sugar shortages have emerged world wide. Global sugar prices have been pushed up by growing demand in Brazil for sugar to be turned into ethanol for vehicle fuel, and a sharp fall in production in India. There has been a huge drop in sugar production in India, the world's second largest producer. Output has fallen because of lower plantations and a weak monsoon. It may have to import as much as one-third of their sugar this fiscal year. Pakistan which is the tenth largest sugar producer in the world has to import sugar, exposing it to the effects of sugar shortages and rising prices in the world market. Imported sugar is now costing more than what it did a few months back.

The domestic price of sugar has surged in the domestic market. Prices have been under pressure in the last few months due to the cumulative effects of a number of factors; lower output, smuggling to a neighbouring country where prices are higher so providing an incentive, increased consumption, disruption in the supply, delayed payment to growers, hoarding large amounts of sugar and causing artificial shortages in the market. slow release of sugar from the mills, abrupt raise in the price by the government from Rs38 to Rs50 per kg in the retail market, delay in imports and higher landed cost of imported sugar, estimated to be Rs60-65/kg etc.

Perhaps if the government had checked smuggling across the border, hoarding at home, and allowed import of sugar at the beginning of the crushing season when prices in the international market were not that high, it could have lend support to available stocks and the consumers would not have suffered.

Ayesha Mahmood

Performance of Commercial Banks Operating in Pakistan – The Years 2006-08 in Review

2008
difficult
year

The year 2008 was a difficult year for the Pakistan economy. Adverse developments both at home and internationally have had grave consequences. At home, the macro-economic situation worsened because of the war on terror, which affected the inflows of foreign investment and privatisation, disrupted normal trading activities, destroyed infrastructure, increased the cost of international trade because of higher rate of insurance cover, industrial activities suffered and the cost of war took a heavy toll on government finances.

Deterioration on the external account

Pakistan was hit by a surge in global commodity prices, as oil and other essential import items showed an unprecedented increase. Give the dependence of the country on oil imports, and the need to import food items because of local shortages and distributional problems, the import bill rose in FY to reach \$40 billion. Subsequently the current account deficit rose to 8.4 percent of GDP. External financing inflows into Pakistan deteriorated considerably impacted by the global economic conditions as well as by uncertainty caused by domestic economic and political factors. Export to traditional markets were constrained because of the downturn in the US and European economies.

Pakistan's banking sector performs well

In the prevailing conditions, where macro-economic challenges are enormous, the Pakistan's banking sector has performed well. The domestic banking system maintained its resilience despite facing pressures due to stringent regulations and adequate policies in place to help the sector manage its risks.

Capital adequacy is strong at 12.2 percent (Dec '08) well above the internationally acceptable minimum requirement of 8 percent. Asset base of the banking system increased and ended the year at Rs5653 billion. Last year the banking sector maintained a strong earning capacity and posted a profit after tax of Rs63 billion, though lower than last couple

of years. Stringent provisioning requirements has built sufficient reserves against non performing loans (NPLs) portfolio. This may have reduced profits but has positioned banks well.

Challenges for the banking sector

The year however, was not without challenges for the banking sector. The failure of some large banks internationally raised concerns about the strength of the Pakistani banks. Intensive rumour mongering mid 2008 led to heavy deposit withdrawals, affecting some banks. This was checked however, through measures taken by the State Bank and because of strong capacity developed by the banks. The event did create a temporary liquidity crisis and slowed growth of the banking sector.

The slowdown of the domestic economy and internal security concerns adversely affected the business environment and heightened credit risk. As a result, banking sector saw an increase in non performing loans (NPLs) and worsening of other asset quality indicators. Increase in NPLs alongwith declining advances as banks made cautious lending decisions because of worsening business environment, saw a deterioration in the infection ratio.

The NPLs to loans ratio (net) which had fallen below one percent by the end of 2007 started to rise in 2008 and reached 2.5 percent by end December '08. By June 30, 2009, NPLs of the banks stood at Rs397.9 billion constituting 3.73 percent of net loans. Increase in NPLs not only reflects a deterioration in asset quality, but has implications for the banking sector's overall performance. It reduces their earnings, while provisioning increases banks' expenses. Higher provisioning requirement has reduced banks' profits.

Banks face competition from the National Saving Schemes of the government, which offer higher rate of return. Deposits mobilized by the banks registered a slow growth of Rs153 billion or 3.8 percent in the year ended December '08.

It's been State Bank's policy to encourage longer term deposits. In June '08, it increased CRR and SLR requirements, but exempted longer term deposits from SLR requirement, A rise in interest rates and some innovative deposit schemes have given a boost to the depositors preference for term deposits.

Minimum paid up capital requirement lowered

Given the pressures from the macroeconomic environment, small banks faced the challenge of meeting the minimum capital requirements as specified by the State Bank of Pakistan (SBP). The SBP has revised downward the minimum paid up capital requirements for the banks. Now the banks are required to raise their minimum paid up capital to Rs10 billion by December 13, 2013 instead of the earlier set limit of Rs23 billion.

The Financial Development Report 2008, published by the *World Economic Forum* provides a comprehensive report related to the development of the world's financial systems. It provides a profile for each of the 52 countries covered by the Report.

Pakistan (34th) comes in a few notches below India, but demonstrates similar strength in its financial markets (17th). Its banking system is strong, bolstered by very high levels of efficiency – (5th). However, Pakistan's institutional and business environment earn very low marks in most areas such as domestic financial sector liberalisation and infrastructure.

SBP formulates ten year strategy

The State Bank of Pakistan has formulated a strategy for the next 10 years. While the banking sector has grown in recent years, due to a host of reforms that have been introduced, but more reforms were needed for the banking sector to grow into its full potential.

Accordingly, a strategy for banking sector reforms over the next decade has been formulated by the SBP, which seeks to strengthen the financial sector, and make it more stable and diversified.

The banking sector strategy focuses on ten key areas, which seek to meet the needs of

undeserved economic sub-sectors; strengthen consumer protection through new legislation; strengthen efficiency with more diversification of products; strengthen and consolidate the banking sector by raising governance and risk management standards; stricter enforcement of prudential regulations and methods of supervision; introduce a framework for consolidated supervision; develop a safety net for protection of small depositors; strengthen the powers of SBP to maintain monetary and financial stability, deepen financial intermediation and develop the financial infrastructure.

The weakening macroeconomic situation developed last year, with growing external current account deficits, pressure on foreign exchange reserves, government's excessive recourse to State Bank borrowings to finance the fiscal deficit, excessive subsidization of oil and food products and consequently rising fiscal deficit, rising inflationary pressures, necessitated adoption of both fiscal and monetary measures by the government.

SBP adopts measures

The SBP took a number of policy measures to address these challenges in May 2008. These included: a rise in the policy rate by 150 bps to 12 percent, increase in CRR and SLR to 9 percent and 19 percent respectively, a floor on banks' savings/PLS deposit rates at 5 percent, and L/C margin on all imports excluding oil and selected food products at 35 percent. SBP also advised the government to reduce its reliance on central bank borrowings. The government announced rationalization of fiscal subsidies and expenditure controls.

As a result of these measures the surplus liquidity with the banking sector fell, the yields on T-bills rose as banks started showing an interest in T-bills and by end June '08, the KIBOR rate had crossed 14 percent.

The SBP tightened the monetary policy further by increasing the policy discount rate by 100 basis points in July '08. The tightening stance continued during the year, to lend support to macroeconomic stability. The policy discount rate was further increased from 13 to 15

percent in November '08. Tight monetary policy was one component of the macro-economic stabilization programme.

Towards the end of the year, the SBP lowered the Cash Reserve Requirement and exempted time liabilities from the Statutory Liquidity Requirement. These measures helped the economy make reasonable progress towards macroeconomic stability.

Credit to the private sector which had risen in the earlier months of 2008, showed a slowdown starting in October, due to temporary liquidity crunch with banks. The SBP states, 'The slowdown in private sector credit was mainly explained by exceptionally low demand for working capital. This reflects a number of developments, such as (1) slowdown in domestic economic activities on account of acute power shortages, (2) a sharp fall in raw material prices in the international and domestic markets, (3) rising interest cost and (4) contraction in trade volume partly due to the global recession etc.'

Credit to private sector slows down

The year 2008 saw a decline in the profitability of banks. The profit (BT) of all banks fell by 43.8 percent to Rs59 billion against Rs105 billion in 2007. While the domestic banking industry remained largely insulated from the international financial turmoil, it however, affected the business environment and heightened credit risk. Slower growth of the various economic sectors affected the balance sheet of corporates and their repayment capacity. Consequently non performing loans of the banking sector increased, necessitating increased provisioning; thus affecting the profits of the banks. NPLs have risen and managing credit risk is now a major challenge facing the banks. Besides provisioning for loan losses, profitability has also been affected by an increase in operating expenses.

Profits decline

As a consequence of the decline in profits, the key profitability ratios were affected. Return on Assets (RoA) for all banks nearly halved to 0.8 percent from 1.5 percent in 2007. As private and provincial banks showed an after tax loss, their RoA was negative. Last year the foreign banks had a negative RoA

(-0.2%), but this year there was a marginal improvement and the ratio was 0.04 percent.

Return on Equity (RoE) dropped to 8.6 percent from 17.9 percent a year earlier, with substantial declines being registered for all categories of banks. It turned negative for private banks due to slower growth in the banks equity base and decline in profits.

In the major banks category, National Bank of Pakistan (NBP), registered the highest profit (BT) of Rs23.0 billion, MCB followed at Rs21.9 billion, followed by Habib Bank at Rs15.9 billion. NBP's profitability has been affected, with pre-tax profit showing a decrease of 18.9 percent over the preceding year, mainly on account of higher provisioning against non-performing loans. With provision coverage at 76 percent, NBP is well positioned to absorb any deterioration in advances quality.

In the private/provincial banks category, a before tax loss of Rs24.0 billion was registered, as profit of Askari Commercial dropped from Rs2.3 billion in 2007 to Rs461 million in 2008 and losses of Bank of Punjab, NIB Bank, Atlas Bank, KASB Bank, Saudi Pak neutralized the profits registered by Habib Metropolitan, Bank al Habib, Faysal Bank among a few others.

Private banks category posts a loss

Foreign banks operating in Pakistan showed a similar trend. On a cumulative basis, a loss of Rs552 million was registered against a profit of Rs1.1 billion a year earlier. Royal Bank of Scotland (formerly ABN AMRO Bank) showed a loss for the second consecutive year, while Barclays posted a loss in its first year of operations in Pakistan.

Deposits of the banks showed a sluggish growth over the year. For all banks it grew by 8.8 percent, against a growth of 17.9 percent a year earlier. A major decline was witnessed in the growth of private/provincial banks deposits, which rose by 3.8 percent in 2008 against a higher growth of 24.6 percent a year earlier. In this category of banks, deposits of NIB Bank which had surged in 2007, declined by 10.4 percent in 2008. The low deposit mobilization by banks could be partly explained by the higher returns on the schemes offered by the National Savings Centre.

Deposits slow down

NBP surpasses all other banks with deposits of nearly Rs625 billion, closely followed by HBL at Rs572.4 billion and UBL at Rs483.6 billion. In the foreign banks category, while deposits of HSBC have risen, it has fallen for Citibank and RBS.

Cost of fund rises

Cost of funds ratio has increased for all categories of banks. Private/provincial banks category have a higher ratio (7.4 percent) compared to the major banks (4.5 percent). In the former category, KASB Bank has a cost of fund ratio of 11.7 percent, Arif Habib Rupali Bank 10.7 percent, Dawood Islamic 10.1 percent). First Women Bank has a ratio of 3.1 percent, the lowest in the sector.

Advances rise

Growth in advances picked up to 18.6 percent for all banks, against 10.2 percent in 2007. Advances by major banks, which constitutes nearly 65 percent of the total, is led by HBL closely followed by NBP and UBL. Among foreign banks, advances have shown a remarkable turn around from a mere growth of 0.7 percent in 2007 to 11.1 percent in 2008. Advances by HSBC have risen by 31 percent to Rs25.3 billion, for Al Baraka by 14.2 percent.

The cost to income ratio has shown a steady rise for all banks during the last three years. While this ratio showed a moderate increase for the major banks, it rose substantially for private/provincial banks. It's the highest (68.6 percent) for the foreign banks.

Interest income continued to be the major source of income for the banks. Its growth which had slowed in 2007 (21.6 percent), picked up last year (26.6 percent) but is lower than that recorded in 2006 (53.1 percent).

All banks income/expense ratio has declined over the last three years, implying higher expenses incurred over the income earned. The ratio declined from 1.4 percent to 1.3 percent for the major banks, from 1.1 percent to 0.9 percent, for private banks and remained same for foreign banks.

Interest spread showed a rise for all banks, as against a decline recorded a year earlier. Major banks had a ratio of 6.1 per cent, foreign banks 6.5 per cent and private/provincial banks 3.5

percent. In the major banks category Bank al Falah had a smaller ratio of 4.1 percent against 9.3 percent for Standard Chartered. The ratio was much smaller for a large number of private banks.

The Debt Management Ratios, liabilities/assets and liabilities/equity declined marginally in 2008. The decline in the liabilities/assets ratio is larger for private/provincial bank compared to the other two categories. For all banks it fell from 91.0 percent to 90.6 percent. For private banks it fell from 93.2 percent to 90.8 percent. The liabilities/equity ratio also declined for all three categories of banks.

Admn expenses increase

Administrative expenses rose by 29.4 percent for all banks during the year to Rs154 billion. While the major banks showed a growth of 19.5 percent, below the figure registered by all banks, the private/provincial banks showed a much higher growth of 50 percent.

The intermediation cost ratio rose to 3.5 percent for all banks. Foreign banks had a much higher ratio of 6.9 percent. In this category of banks, Oman International had a ratio as high as 8.5 percent while Bank of Tokyo the lowest ratio at 2.2 percent.

In the private/provincial banks category the ratio varied from a low of 1.5 percent in case of Bank of Punjab to a high of 12.6 percent for Samba Bank.

NPLs rises

Non performing loans (NPLs) to advances ratio has increased for all banks. The ratio rose from 6.3 percent in 2007 to 9.4 percent in 2008. For private and provincial banks it jumped from 5.5 percent to 12 percent. As banks' asset quality indicators have deteriorated they have taken measures to improve credit verification processes, risk management, monitoring and collection system. Banks are now making increasing provisions for NPLs so providing a cushion to withstand losses.

Staff per branch ratio has remained more or less stagnant, except for foreign banks where it declined. The details of other ratios for all categories of banks is given in the accompanying tables.

Key Performance Indicators – All Banks

(Rs. Bn)

	Major Banks			Private & Provincial Banks			Foreign Banks			All Banks		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Assets Net	2785	3263	3564	1203	1501	1590	276	280	342	4264	5044	5496
Equity	230	275	317	100	148	172	26	25	43	356	448	532
Deposits	2164	2508	2784	902	1124	1167	191	208	227	3257	3840	4178
Advances(Net)	1545	1680	2014	676	783	919	152	153	170	2373	2616	3103
Investments	527	825	699	240	392	327	50	43	42	817	1260	1068
Gross Advances	1603	1765	2115	692	821	992	155	159	168	2450	2745	3275
Non Performing Loans (NPLs)	113	122	178	28	45	119	28	45	119	169	212	416
Interest Income	200	241	299	83	104	142	23	27	30	306	372	471
Interest Expense	70	93	129	52	71	97	11	13	15	133	177	241
Net Interest Income	130	148	170	31	33	45	12	13	15	173	194	230
Non Interest Income	42	53	59	17	27	24	6	7	9	65	87	92
Revenue	171	201	229	48	61	71	18	20	24	237	282	324
Admn Expense	65	77	92	22	30	45	9	12	17	96	119	154
Profit/(Loss)B.T	95	90	84	21	14	-24	7	1	-0.6	123	105	59
Profit/(Loss)A.T	63	61	55	15	12	-14	5	-0.4	0.1	84	73	40
Employees (Nos)	64356	66798	67593	24131	30312	37764	4013	4536	4693	92500	101646	110050
Branches (Nos)	5834	6002	6189	1347	1595	2079	120	141	159	7301	7738	8427

Growth Rates – All Banks

(In %)

	Major Banks			Private & Provincial Banks			Foreign Banks			All Banks		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Assets Net	27.0	17.2	9.2	30.8	24.8	5.9	-19.5	1.4	22.1	23.4	18.3	9.0
Equity	81.1	19.6	15.3	56.5	48.0	16.2	-20.4	-3.8	72.0	59.2	25.8	18.8
Deposits	20.3	15.9	11.0	29.2	24.6	3.8	-22.0	8.9	9.1	18.8	17.9	8.8
Advances	28.7	8.7	19.9	35.7	15.8	17.4	-10.8	0.7	11.1	26.9	10.2	18.6
Investments	5.6	56.5	-15.3	21.8	63.3	-16.6	-25.7	-14.0	-2.3	7.0	54.2	-15.2
Interest Income	58.5	20.6	24.1	60.5	25.3	36.5	4.1	17.4	11.1	53.0	21.6	26.6
Interest Expense	96.7	32.4	38.7	92.6	36.5	36.6	29.4	18.2	15.4	87.1	32.8	36.2
Net Interest Income	43.3	14.2	14.9	19.2	6.5	36.4	-11.8	8.3	15.4	32.8	12.4	18.6
Non Interest Income	30.2	26.4	11.3	49.1	58.8	-11.1	-28.6	16.7	28.6	24.9	34.0	5.7
Revenue	39.9	17.5	13.9	30.8	27.1	16.4	-17.8	11.1	20.0	31.1	19.0	14.9
Admn Expense	34.9	18.5	19.5	37.5	36.4	50.0	0.0	33.3	41.7	31.1	24.0	29.4
Profit/(Loss)B.T	51.3	-5.3	-6.7	16.7	-33.3	-271.4	-39.4	-85.7	-160.0	33.2	-14.6	-43.8
Profit(Loss)A.T	51.2	-3.5	-9.8	19.4	-20.0	-225.0	-37.8	-108.0	-175.0	33.1	-13.1	-45.2

Selected Ratios – All Banks

(In %)

	Major Banks			Private & Provincial Banks			Foreign Banks			All Banks		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Cost of Funds	3.2	3.7	4.5	5.5	6.3	7.4	4.3	5.7	6.1	3.9	4.5	5.5
Intermediation Cost	2.9	3.0	3.2	2.3	2.5	3.3	3.6	5.4	6.9	2.8	3.0	3.5
Pre Tax Margin	39.1	30.6	23.3	20.9	10.7	-14.5	23.5	3.2	-1.4	33.0	22.9	10.5
Non Interest Income Ratio	24.4	26.3	25.7	35.0	44.4	34.4	33.5	34.4	38.9	27.3	30.7	28.6
Gross Spread Ratio	64.8	61.5	56.9	37.7	31.9	32.0	51.8	49.8	50.4	56.5	52.4	49.0
Cost/Income Ratio	36.5	38.0	40.3	46.2	49.0	63.2	51.6	62.0	68.6	39.6	42.1	47.5
Income/Expense Ratio	1.6	1.4	1.3	1.3	1.1	0.9	1.3	1.0	1.0	1.5	1.3	1.1
Return on Equity	34.7	24.1	19.0	18.3	9.4	-9.1	15.7	-1.7	0.4	28.1	17.9	8.6
Return on Assets	2.5	2.0	1.6	1.4	0.9	-0.9	1.5	-0.2	0.04	2.1	1.5	0.8
Return on Deposits	3.1	2.6	2.1	1.8	1.1	-1.3	2.1	-0.2	0.1	2.7	2.0	1.0
Earning Assets/Deposits	105.7	107.4	107.1	115.8	115.1	112.2	116.6	115.3	108.6	109.3	110.0	108.7
Capital Ratio	7.2	8.3	8.7	7.6	9.2	10.4	9.6	9.2	10.8	7.5	8.6	9.3
Deposits Time Capital	8.6	7.8	8.2	10.8	11.0	8.1	7.3	7.8	6.3	9.0	8.5	8.1
Equity Multiplier (Time)	13.9	12.0	11.5	13.4	10.9	9.6	10.5	10.9	9.2	13.4	11.6	10.8
Capital to Risk Assets (CRA)	13.1	15.6	16.0	13.8	17.0	18.8	18.3	16.7	20.9	13.6	16.1	17.3
Advances+Investment/Assets	75.7	75.7	76.4	76.0	77.4	78.3	71.1	71.5	65.4	75.4	76.0	76.3
Earning Assets/Assets	84.1	83.0	83.0	87.5	86.3	84.1	82.0	82.6	75.8	84.9	83.9	82.9
Advances/Deposits(CDR)	69.1	69.0	69.8	73.5	72.0	73.5	74.1	76.5	74.2	70.6	70.3	71.1
Liabilities/Assets	90.8	90.1	90.6	93.0	93.2	90.8	90.4	90.9	89.0	91.4	91.0	90.6
Liabilities/Equity (Time)	12.7	10.8	10.5	12.2	10.1	8.8	9.5	9.9	8.2	12.2	10.5	9.7
Net Profit Margin	36.8	30.1	24.5	32.4	19.2	-20.4	25.8	-2.2	0.5	35.1	25.4	12.9
Net Interest Margin (NIM)	6.1	5.9	6.0	3.2	2.9	3.5	4.7	5.8	6.4	5.1	5.0	5.3
Cost of Funding Earning Assets	3.3	3.7	4.5	5.3	6.1	7.4	4.4	5.8	6.3	3.9	4.5	5.5
Yield on Earning Assets	9.4	9.6	10.6	8.4	9.0	10.9	9.1	11.6	12.6	9.1	9.6	10.8
Interest Spread	6.1	6.0	6.1	3.1	2.7	3.4	4.8	5.9	6.5	4.6	4.3	5.0
NPLs/Gross Advances	7.1	6.9	8.4	4.1	5.5	12.0	3.7	3.7	6.4	5.9	6.3	9.4
NPLs Provisions/Net Advances	5.5	6.4	5.5	2.7	5.1	8.7	4.3	4.0	5.1	4.6	5.3	6.4
Admn Expenses/Employee (Rs.Mn)	1.0	1.1	1.4	0.9	1.0	1.2	2.3	3.8	2.6	1.0	1.2	1.4
Staff/Branch (Nos)	11	11	11	18	19	18	33	32.0	30	13	13	13
Profit After Tax/Branch (Rs.Mn)	10.8	10.1	9.1	11.6	7.3	-7.0	38.7	-3.1	0.8	11.4	9.3	5.0

Key Performance Indicators – Major Banks

(Rs. Bn)

Banks	Assets			Equity			Deposits			Advances			Investments		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	635.1	762.2	817.8	53.0	69.3	81.4	501.9	591.9	624.9	316.1	340.3	413.0	139.0	211.1	170.8
HBL	594.1	655.8	717.3	45.2	50.7	61.3	459.1	509.0	572.4	349.4	362.3	435.7	119.6	171.9	127.8
UBL	435.8	530.1	605.1	28.7	34.0	42.2	343.8	401.0	483.6	254.7	299.4	371.1	65.7	115.6	116.3
MCB	342.1	410.5	443.6	35.7	45.4	52.2	257.5	292.1	330.3	198.2	219.0	262.5	63.5	113.1	96.3
ABL	252.0	320.1	366.7	16.2	18.4	20.8	206.0	264.0	297.5	144.0	168.4	213.0	47.0	84.0	82.6
Bank Al Falah	275.7	329.0	349.0	10.6	13.8	14.6	239.5	273.2	300.7	150.0	171.2	192.7	56.5	88.5	76.0
Standard Chartered Bank	249.9	255.5	264.6	40.7	43.3	44.0	156.6	177.2	174.5	132.5	119.5	125.6	34.7	40.7	29.6
Total	2784.7	3263.2	3564.1	230.1	274.9	316.5	2164.4	2508.4	2783.9	1544.9	1680.1	2013.6	526.9	824.9	699.4

Banks	Interest Income			Interest Expense			Net Interest Income			Non Interest Income			Revenue		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	44.1	50.6	60.9	13.9	16.9	23.9	30.2	33.6	37.1	12.2	13.5	16.4	42.4	47.1	53.5
HBL	43.7	48.3	61.2	13.2	18.0	25.5	30.5	30.3	35.6	8.5	8.0	10.3	39.0	38.3	45.9
UBL	33.6	41.0	52.3	12.4	16.9	24.1	21.4	24.1	28.1	7.3	9.0	10.4	28.7	33.1	38.5
MCB	25.8	31.8	40.0	4.5	7.9	11.6	21.2	23.9	28.5	5.0	6.4	5.8	26.2	30.3	34.3
ABL	17.2	21.2	30.6	6.8	10.1	16.6	10.4	11.1	14.0	2.4	3.9	4.2	12.8	15.0	18.2
Bank Al Falah	21.2	25.8	31.0	15.2	16.6	20.3	6.0	9.2	10.7	3.2	6.0	5.2	9.2	15.2	15.9
Standard Chartered Bank	14.9	22.5	23.3	4.4	6.3	6.9	10.4	16.2	16.4	3.7	6.1	6.6	14.1	22.3	23.0
Total	200.5	241.2	299.3	70.4	92.7	128.9	130.1	148.4	170.4	42.3	52.9	58.9	172.4	201.3	229.3

Banks	Admn Expense			Operating Profit			Provisions/Other Expenses			Profit/Loss (B.T)			Profit/Loss (A.T)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	13.4	14.2	18.2	29.0	32.9	35.3	2.6	4.9	12.3	26.3	28.1	23.0	17.0	19.0	15.5
HBL	17.1	17.4	20.3	21.9	20.9	25.6	3.0	7.8	9.7	18.8	13.1	15.9	12.7	8.0	10.0
UBL	11.6	13.4	15.5	17.1	19.7	23.0	2.5	6.7	9.1	14.5	13.0	13.9	9.7	8.4	8.3
MCB	6.5	5.4	7.5	19.7	24.9	26.8	1.3	3.6	4.9	18.5	21.3	21.9	12.1	15.3	15.4
ABL	5.3	5.9	8.1	7.5	9.1	10.1	0.9	3.1	4.0	6.7	6.0	6.1	4.4	4.1	4.2
Bank Al Falah	5.9	8.3	10.5	3.3	6.9	5.4	0.7	2.4	3.7	2.6	4.5	1.8	1.8	3.1	1.3
Standard Chartered Bank	5.2	12.1	12.4	8.9	10.2	10.6	1.7	6.1	9.3	7.3	4.1	1.1	5.7	2.8	0.7
Total	65.0	76.7	92.5	107.4	124.6	136.8	12.7	34.6	53.2	94.7	90.1	83.7	63.4	60.7	55.4

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)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	2.8	3.0	3.8	2.7	2.5	2.9	46.8	43.8	29.7	28.7	28.7	30.7	68.4	66.5	60.8
HBL	2.7	3.5	4.3	3.1	3.2	3.4	36.1	23.3	22.7	21.8	20.7	22.5	69.8	62.1	58.3
UBL	3.5	4.1	4.9	3.2	3.2	3.1	35.8	26.0	22.1	25.0	27.2	27.0	63.2	58.7	53.8
MCB	1.7	2.6	3.4	2.4	1.8	2.2	60.1	55.7	47.7	19.0	21.2	16.9	82.4	75.3	71.1
ABL	3.4	3.9	5.4	2.7	2.3	2.6	33.9	23.7	17.6	19.0	26.1	22.9	60.5	52.4	45.8
Bank Al-Falah	6.4	6.1	6.7	2.5	3.1	3.4	10.5	14.3	4.9	35.1	39.7	32.9	28.1	35.5	34.5
Standard Chartered	3.3	3.5	3.8	3.8	6.7	6.8	39.4	14.3	3.7	26.0	27.4	28.7	70.3	71.9	70.4
Total	3.2	3.7	4.5	2.9	3.0	3.2	39.1	30.6	23.3	24.4	26.3	25.7	64.8	61.4	56.9

Banks	Cost / Income Ratio			Income Expense Ratio			ROE			ROA			ROD		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	31.8	30.1	34.0	1.9	1.8	1.4	37.5	31.1	20.5	2.8	2.7	2.0	3.5	3.5	2.5
HBL	39.6	45.0	44.1	1.6	1.3	1.3	32.6	16.8	19.7	2.3	1.3	1.6	2.8	1.7	2.0
UBL	39.4	40.5	40.3	1.6	1.4	1.3	41.2	27.5	21.9	2.5	1.8	1.5	3.0	2.3	1.9
MCB	24.7	17.9	22.0	2.5	2.3	1.9	45.0	37.7	31.5	3.8	4.1	3.6	5.0	5.6	4.9
ABL	41.1	39.6	44.5	1.5	1.3	1.2	30.2	23.5	21.2	2.0	1.4	1.2	2.4	1.7	1.5
Bank Al-Falah	64.0	54.4	65.6	1.1	1.2	1.1	20.4	25.7	9.2	0.7	1.0	0.4	0.8	1.2	0.5
Standard Chartered	36.5	54.2	54.0	1.7	1.2	1.0	23.1	6.6	1.6	3.2	1.1	0.3	4.7	1.7	0.4
Total	36.5	38.0	40.3	1.6	1.4	1.3	34.7	24.1	19.0	2.5	2.0	1.6	3.1	2.6	2.1

Banks	Solvency Ratios									Equity Multiplier (Time)			Capital Risk Assets Ratio (CRA)		
	Earning Assets/Deposits			Capital Ratio			Deposit Time Capital								
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	102.9	103.3	102.7	7.5	8.8	9.5	6.2	5.5	5.6	13.4	11.4	10.5	15.5	18.6	20.0
HBL	109.9	113.6	108.6	6.9	7.7	8.2	9.4	12.0	17.5	14.4	13.0	12.3	11.7	13.5	14.0
UBL	105.2	109.0	108.7	6.0	6.4	6.7	12.1	10.2	10.3	16.8	15.6	14.9	10.2	11.2	11.4
MCB	113.1	114.0	113.1	8.4	10.8	11.4	7.5	5.7	5.5	11.9	9.3	8.7	14.3	19.4	20.3
ABL	102.6	102.8	104.2	6.6	6.1	5.7	11.4	12.5	13.3	15.3	16.5	17.5	11.4	11.1	10.3
Bank Al-Falah	96.3	100.1	100.2	3.3	4.0	4.2	23.4	18.0	17.3	30.3	24.8	23.9	6.4	7.6	7.8
Standard Chartered	110.9	105.4	103.8	13.7	16.6	16.8	5.0	4.0	4.1	7.3	6.0	6.0	27.1	33.3	35.6
Total	105.7	107.4	107.1	7.2	8.3	8.7	8.6	7.8	8.2	13.9	12.0	11.5	13.1	15.6	16.0

Banks	Liquidity Ratio									Debt Management Ratio (DMR)					
	Advances+Inv./Assets			Earning Assets/Assets			Advances/Deposits (CDR)			Avg.Liabilities/Avg.Assets			Liabilities/Equity (Time)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	72.7	72.7	71.9	81.9	80.9	79.1	60.6	60.0	61.9	87.1	85.8	86.2	11.7	9.8	9.0
HBL	79.5	80.3	79.6	87.3	88.0	89.5	74.7	73.5	73.8	91.6	93.6	95.5	13.2	12.2	11.7
UBL	75.6	76.5	79.5	85.2	84.1	84.7	72.4	74.3	75.8	93.3	92.4	92.4	15.6	14.4	13.8
MCB	79.8	78.9	80.9	85.9	83.2	82.4	77.8	75.9	77.4	89.9	87.2	86.7	10.7	8.1	7.6
ABL	78.1	77.5	79.8	84.8	84.5	85.2	69.5	66.5	67.9	92.7	93.4	93.9	14.1	15.4	16.4
Bank Al-Falah	73.1	77.1	77.9	84.9	84.9	84.8	58.2	62.7	63.4	96.2	95.3	95.1	29.1	23.7	22.7
Standard Chartered	67.1	64.8	60.6	73.7	69.6	70.2	76.1	75.5	69.7	86.6	83.3	83.5	6.3	5.0	5.0
Total	75.7	75.7	76.4	84.1	83.0	83.0	69.1	69.0	69.8	90.8	90.1	90.6	12.7	10.8	10.5

Banks	Net Profit Margin			Net Interest Margin (NIM)			Cost of Fund Earning Assets			Yield on Earning Assets			Interest Spread		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	40.2	40.3	28.9	6.1	6.0	5.9	2.8	3.0	3.8	8.9	8.9	9.8	6.1	5.9	6.0
HBL	32.6	20.8	23.9	6.2	5.5	5.8	2.7	3.3	4.2	8.9	8.8	10.0	6.2	5.5	5.7
UBL	34.0	25.4	21.6	6.4	6.0	5.9	3.7	4.2	5.0	10.0	10.2	10.9	6.5	6.2	6.0
MCB	46.3	50.3	44.9	7.7	7.6	8.1	1.6	2.5	3.3	9.4	10.2	11.4	7.7	7.6	8.0
ABL	34.2	27.1	22.9	5.5	4.6	4.8	3.6	4.2	5.7	9.1	8.8	10.5	5.7	4.8	5.0
Bank Al-Falah	19.2	20.6	8.2	2.7	3.6	3.7	6.9	6.5	7.1	9.5	10.0	10.8	3.1	3.9	4.1
Standard Chartered	40.4	12.4	2.9	7.8	9.2	9.0	3.3	3.6	3.8	11.1	12.8	12.8	7.9	9.3	9.0
Total	36.8	30.1	24.5	6.1	5.9	6.0	3.3	3.7	4.5	9.4	9.6	10.6	6.1	6.0	6.1

Banks	NPLs/Gross Advances			NPLs Provisions/Net Advances			Admn Exp./Employee (Rs.Mn)			Staff/Branch			Profit (A.T)/Branch (Rs.Mn)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
NBP	10.4	10.2	12.3	10.2	10.1	10.9	1.0	1.0	1.2	11	11	12	13.6	15.1	12.1
HBL	8.6	6.5	7.8	6.7	5.1	5.6	1.1	1.2	1.4	10	10	9	8.6	5.4	6.6
UBL	6.7	7.5	7.7	0.6	0.5	0.3	1.1	1.4	1.8	9	9	8	8.9	7.7	7.3
MCB	4.1	4.7	6.7	4.3	4.9	4.1	0.7	0.6	0.7	9	10	10	12.2	14.9	15.0
ABL	6.9	6.4	6.2	5.3	6.0	5.0	0.7	0.7	1.0	10	11	11	5.9	5.4	5.4
Bank Al-Falah	1.5	2.7	4.5	1.5	2.6	3.2	0.9	1.1	1.4	34	32	27	9.0	13.6	4.6
Standard Chartered	6.3	8.0	12.0	7.4	9.7	9.6	1.7	3.4	3.8	27	25	19	48.7	19.3	3.9
Total	7.1	6.9	8.4	5.5	5.4	5.5	1.0	1.1	1.4	11	11	11	10.8	10.1	9.1

Private/Provincial/Government Banks

(Rs.Bn)

Banks	Assets			Equity			Deposits			Advances			Investments		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Commercial Bank	166.0	182.2	206.2	9.6	12.1	12.0	131.8	143.0	167.7	99.2	100.8	128.8	28.6	39.4	35.7
Soneri Bank	70.7	76.9	81.0	5.2	6.2	7.0	53.0	60.1	61.6	35.4	40.2	47.6	16.7	19.2	14.1
Bank Al-Habib	115.0	141.2	177.3	6.2	8.0	10.0	91.4	114.8	144.4	71.0	79.2	100.2	21.0	35.3	48.2
Bank of Khyber	27.2	29.7	31.3	2.8	5.5	5.7	19.1	21.4	24.7	9.2	10.1	12.6	8.6	8.9	9.0
Bank of Punjab	164.9	235.0	186.0	10.7	15.1	5.1	137.7	192.0	164.1	101.3	133.9	131.7	28.2	73.5	22.7
KASB Bank	26.5	40.9	51.8	2.2	4.2	8.8	21.3	33.1	35.1	14.1	25.1	32.2	5.1	7.3	9.5
Habib Metropolitan Bank Ltd	148.7	172.9	182.4	10.7	13.5	16.2	102.5	121.1	128.4	83.3	89.8	108.3	39.6	61.7	53.6
Faysal Bank	115.5	141.3	138.2	9.1	10.3	10.1	74.4	102.1	102.8	74.5	87.3	89.8	22.5	31.6	30.2
mybank	26.3	40.6	39.8	3.9	5.1	5.9	19.2	30.2	28.0	13.5	20.8	20.9	2.7	11.6	10.3
Prime Commercial Bank	52.3	-	-	3.8	-	-	40.7	-	-	32.1	-	-	11.6	-	-
PICIC Commercial Bank	70.3	-	-	4.5	-	-	59.5	-	-	34.9	-	-	15.7	-	-
Saudi Pak Commercial Bank	59.2	53.7	55.6	3.0	1.1	3.1	49.0	42.4	41.1	29.0	25.9	31.1	15.8	17.9	12.0
Meezan Bank	46.4	67.2	85.3	4.8	5.7	6.3	34.4	54.6	70.2	27.0	34.6	39.8	2.9	10.5	14.3
NIB	46.4	176.9	178.9	4.4	22.5	41.0	30.6	116.7	104.6	31.1	81.9	80.3	6.6	40.4	35.2
Atlas Bank	17.0	23.0	29.0	3.1	5.3	4.2	8.8	15.3	18.6	7.8	9.2	20.6	3.6	5.6	3.0
Dubai Islamic Bank	8.4	21.3	32.0	3.5	4.3	5.1	4.3	16.1	25.5	3.3	11.3	18.1	0.8	3.0	3.0
Bank Islami Pakistan	4.0	14.4	19.1	2.0	3.2	5.2	1.8	9.9	12.5	0.9	4.0	6.5	0.5	3.9	5.0
Arif Habib Rupali Bank	5.7	18.1	24.8	3.1	6.3	6.1	2.5	9.5	16.6	1.4	8.0	15.8	1.7	5.4	5.1
JS Bank	12.5	20.3	21.6	3.0	5.1	5.8	7.2	13.7	15.3	1.7	6.5	9.7	2.6	6.3	5.1
Emirates Global Islamic Bank	2.4	8.9	16.5	2.4	3.8	4.1	-	4.6	10.9	0.03	2.6	10.0	-	2.3	2.8
Dawood Islamic Bank Ltd	-	6.8	9.6	-	3.7	4.1	-	2.9	5.1	-	3.7	5.6	-	1.3	2.0
Samba Bank Limited*	8.2	20.7	16.5	1.6	6.2	5.5	5.6	12.6	9.9	2.4	4.7	6.2	2.2	3.9	3.8
FWB	9.0	9.0	7.3	0.9	1.0	1.1	7.0	7.6	5.9	3.1	3.1	3.3	3.1	3.2	2.3
All Private/Prov. Banks	1202.6	1501.0	1590.2	100.5	148.2	172.4	901.8	1123.7	1167.5	676.2	782.7	919.1	240.1	392.2	326.9

(Rs.Mn)

Banks	Interest Income			Interest Expense			Net Interest Income			Non Interest Income			Revenue		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Commercial Bank	12597	15143	18393	6977	8686	10651	5620	6458	7743	2139	4565	2707	7759	11023	10450
Soneri Bank	5536	6272	7823	3768	4334	4878	1768	1937	2945	755	1068	1226	2523	3005	4171
Bank Al-Habib	7858	9946	14587	4078	5765	8004	3779	4181	6583	1363	2131	2454	5142	6312	9036
Bank of Khyber	1924	2380	2959	1305	1845	1898	619	535	1061	307	746	340	938	1295	1401
Bank of Punjab	11579	17539	17753	7509	13939	16614	4070	3600	1139	2954	5423	4183	7024	9023	5322
KASB Bank	1790	2917	4861	1429	2285	4448	361	632	413	593	821	661	954	1453	2352
Habib Metropolitan Bank Ltd	7289	11984	15870	4416	8259	10920	2873	3724	4950	1729	3176	4273	4602	6900	9223
Faysal Bank	9728	11611	13404	6089	7459	8455	3639	4151	4949	2753	3441	2311	6392	7592	7260
mybank	1686	2907	3641	866	2208	2830	820	699	811	452	911	943	1272	1610	1754
Prime Commercial Bank	4536	-	-	2782	-	-	1754	-	-	699	-	-	2453	-	-
PICIC Commercial Bank	5796	-	-	3530	-	-	2266	-	-	857	-	-	3123	-	-
Saudi Pak Commercial Bank	3712	4800	4588	3261	4440	4219	451	360	369	706	777	384	1342	1137	753
Meezan Bank	2704	4574	6803	1464	2452	3088	1240	2122	3715	691	1348	708	1931	3470	4423
NIB	3473	7000	15202	2452	4996	10800	1021	2004	4402	494	599	2422	1523	2931	6824
Atlas Bank	893	1338	2976	763	1294	2421	130	44	555	97	347	245	227	391	800
Dubai Islamic Bank	156	1120	2724	30	469	1377	126	650	1346	34	336	336	160	986	1682
Bank Islami Pakistan	100	602	1469	19	304	729	81	298	739	44	140	196	125	438	935
Arif Habib Rupali Bank	143	618	2472	23	252	1586	119	365	886	21	346	167	140	711	1053
JS Bank	2	1130	1975	2	864	1362	0.5	266	613	0.1	418	492	1	684	1105
Emirates Global Islamic Bank	17	381	1060	-	125	598	17	256	462	-	64	95	17	320	557
Dawood Islamic Bank Ltd	-	280	855	-	58	403	-	192	452	-	46	-	-	201	498
Samba Bank Limited*	483	1183	1758	552	838	1071	-69	345	687	84	128	125	15	473	812
FWB	722	685	736	238	172	213	484	514	523	62.0	82	90	546	596	613
All Private/Prov. Banks	82724	104380	141909	51553	71044	96565	31170	33333	45342	16834	26876	24404	48209	60551	71024

Banks	Admn Expense			Operating Profit			Provision/Other Expenses			Profit/Loss (B.T)			Profit/Loss (A.T)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Commercial Bank	3277	4789	5904	4482	6234	4546	1135	3933	4084	3347	2300	461	2250	2681	386
Soneri Bank	1029	1279	1674	1494	1726	2497	45	249	1544	1449	1477	953	985	1000	701
Bank Al-Habib	2432	3166	4307	2710	3146	4729	21	94	1151	2689	3052	3578	1761	2211	2425
Bank of Khyber	372	523	655	566	772	746	363	680	540	203	77	206	203	213	137
Bank of Punjab	1752	2251	2800	5272	6772	2522	504	1926	19355	4769	4846	-16833	3804	4446	-10059
KASB Bank	854	1154	1759	101	299	593	48	234	2442	53	66	-1849	137	198	-973
Habib Metropolitan Bank Ltd	1349	2254	3087	3253	4646	6136	110	443	1397	3143	4204	4740	2096	2797	3277
Faysal Bank	1867	2800	3258	4525	4792	4002	655	2095	2206	3870	2698	1796	2817	2272	1115
mybank	587	726	923	685	884	831	62	659	1592	623	225	-761	499	340	-350
Prime Commercial Bank	1570	-	-	883	-	-	356	-	-	527	-	-	360	-	-
PICIC Commercial Bank	1351	-	-	1773	-	-	494	-	-	1279	-	-	969	-	-
Saudi Pak Commercial Bank	1262	1270	1936	80	-133	-1183	490	3186	1652	-409	-3320	-2834	-304	-3041	-2014
Meezan Bank	1023	1756	2627	908	1714	1796	128	445	804	780	1269	922	604	963	621
NIB	1221	2141	6433	302	790	391	272	1500	11388	22	-710	-10998	118	-490	-7475
Atlas Bank	308	665	1865	-81	-274	-1065	59	275	529	-141	-550	1594	9	-309	-1011
Dubai Islamic Bank	764	1454	1791	-604	-468	-109	29	101	162	-633	-568	-272	-411	-369	-182
Bank Islami Pakistan	145	507	1028	-20	-69	-93	14	32	136	-34	-100	-229	-8	-37	-53
Arif Habib Rupali Bank	90	383	775	50	328	278	0.2	0.1	625	50	327	-347	94	230	191
JS Bank	1	736	983	-0.4	-52	122	-	10	12	-0.4	-62	111	-0.4	35	55
Emirates Global Islamic Bank	159	395	950	-142	-75	-393	25	8	-2	-167	-84	-391	-109	-57	-260
Dawood Islamic Bank Ltd	-	166	434	-	35	64	-	2	4	-	32	60	-	51	33
Samba Bank Limited*	647	892	1461	-632	-419	-649	217	954	362	-848	-1373	-1011	-588	-1323	-742
FWB	284	332	368	262	264	245	6	25	56	256	238	190	166	158	106
All Private/Prov. Banks	22343	29639	45018	25866	30912	26006	5032	16851 </							

Private & Provincial Banks – Selected Ratios

(In %)

Banks	Cost of Fund			Intermediation Cost			Pre-Tax Margin			Non Interest Income Ratio(NIR)			Gross Spread Ratio(GSR)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Comm. Bank	5.1	5.7	6.2	2.4	3.1	3.4	22.7	11.7	2.2	27.6	41.4	25.9	44.6	42.6	42.1
Soneri Bank	6.4	6.8	7.2	1.7	2.0	2.5	23.0	20.1	10.5	29.9	35.5	29.4	31.9	30.9	37.6
Bank Al-Habib	4.4	5.1	5.7	2.6	2.8	3.1	29.2	25.3	21.0	26.5	33.8	27.2	48.1	42.0	45.1
Bank of Khyber	5.8	8.0	7.8	1.6	2.3	2.7	9.1	2.5	6.2	32.7	58.2	24.3	32.2	22.5	35.9
Bank of Punjab	6.3	7.9	8.6	1.5	1.3	1.5	32.8	21.1	-76.7	42.1	60.1	78.6	35.1	20.5	6.4
KASB Bank	7.1	7.8	11.7	4.2	4.0	4.6	2.2	1.8	-33.5	62.2	56.5	28.1	20.2	21.7	8.5
Habib Metropolitan Bank	4.3	5.8	7.0	1.3	1.6	2.0	34.9	27.7	23.5	37.6	46.0	46.3	39.4	31.1	31.2
Faysal Bank	6.8	7.4	7.4	2.1	2.8	2.9	31.0	17.9	11.4	43.1	45.3	31.8	37.4	35.8	36.9
mybank	4.9	8.2	8.6	3.4	2.7	2.8	29.1	5.9	-16.6	35.5	56.6	53.8	48.6	24.0	22.3
Prime Commercial Bank	5.9	-	-	3.3	-	-	10.1	-	-	28.5	-	-	38.7	-	-
Picic Commercial Bank	5.7	-	-	2.2	-	-	19.2	-	-	27.4	-	-	39.1	-	-
Saudi Pak Commercial Bank	6.8	8.7	8.5	2.6	2.5	3.9	-13.7	-59.5	-57.0	61.6	68.3	51.0	12.1	7.5	8.0
Meezan Bank	4.5	5.1	4.7	3.2	3.7	4.0	23.0	21.4	13.2	35.8	38.8	16.0	45.9	46.4	54.6
Samba Bank*	8.3	8.9	9.3	9.8	9.5	12.6	-149.6	-104.7	-53.7	556.3	27.1	15.4	-14.3	29.2	39.1
NIB	7.5	5.8	8.3	3.7	2.5	4.9	0.1	-9.3	-62.4	31.3	20.4	35.5	29.4	28.6	29.0
Atlas Bank Limited	8.0	8.8	11.9	3.2	4.5	9.2	-14.2	-32.6	-49.5	42.7	88.7	30.6	14.6	3.3	18.6
Dubai Islamic Bank	1.4	4.6	6.6	35.3	14.2	8.6	-333.2	-39.0	-8.9	21.3	34.1	20.0	80.8	58.0	49.4
Bank Islami	2.1	5.1	6.4	15.9	8.6	9.0	-23.5	-13.5	-13.8	35.6	32.0	21.0	81.0	49.5	50.3
Arif Habib Rupali Bank	1.8	3.7	10.7	7.1	5.6	5.2	30.5	33.9	-13.2	14.9	48.7	15.9	83.7	59.1	35.8
JS Bank	0.04	7.8	9.1	0.03	6.6	6.6	-19.0	-4.0	4.5	16.7	61.1	44.5	25.0	23.5	31.0
Emirates Global	-	5.4	7.4	-	17.1	11.7	-	-18.7	-33.9	-	20.0	17.1	-	67.2	43.6
Dawood Islamic Bank	-	4.0	10.1	-	11.5	10.8	-	12.4	6.7	-	4.5	9.2	-	76.8	52.9
FWB	2.7	2.2	3.1	3.3	4.3	4.0	32.7	31.0	23.0	11.3	13.8	14.7	67.1	75.0	71.1
Total	5.5	6.3	7.4	2.3	2.5	3.3	20.9	10.7	-14.5	35.0	44.4	34.4	37.7	31.9	32.0

Banks	Cost/Income Ratio			Income/Expense Ratio			ROE			ROA			ROD		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Comm. Bank	42.2	43.4	56.5	1.3	1.1	1.0	26.1	24.7	3.2	1.4	1.5	0.2	1.8	2.0	0.2
Soneri Bank	40.8	42.6	40.1	1.3	1.3	1.1	21.9	17.5	10.6	1.5	1.4	0.9	2.0	1.8	1.2
Bank Al-Habib	47.3	50.2	47.7	1.4	1.3	1.3	32.2	31.1	27.0	1.7	1.7	1.5	2.1	2.1	1.9
Bank of Khyber	39.7	40.9	46.8	1.1	1.0	1.1	8.4	-3.2	1.2	0.8	-0.5	0.2	1.1	-0.7	0.3
Bank of Punjab	24.9	24.9	52.6	1.5	1.3	0.6	43.6	34.5	-99.8	2.8	2.2	-4.8	3.4	2.7	-5.7
KASB Bank	89.4	79.4	74.8	1.0	1.0	0.6	7.0	6.3	-15.0	0.6	0.6	-2.1	0.8	0.7	-2.9
Habib Metropolitan Bank	29.3	32.7	33.5	1.5	1.4	1.3	26.6	23.2	22.1	1.8	1.7	1.8	2.6	2.5	2.6
Faysal Bank	29.2	36.9	44.9	1.4	1.2	1.1	32.7	23.3	10.9	2.5	1.8	0.8	3.8	2.6	1.1
mybank	46.1	45.1	52.6	1.4	1.1	0.9	15.5	7.6	-6.4	2.3	1.0	-0.9	3.1	1.4	-1.2
Prime Commercial Bank	64.0	-	-	1.1	-	-	10.0	-	-	0.7	-	-	0.9	-	-
Picic Commercial Bank	43.3	-	-	1.2	-	-	22.4	-	-	1.4	-	-	1.7	-	-
Saudi Pak Commercial Bank	110.0	111.7	257.1	0.9	0.6	0.6	-9.8	-148.8	-96.1	-0.6	-5.4	-3.7	-0.7	6.7	-4.8
Meezan Bank	53.0	50.6	59.4	1.3	1.3	1.2	15.6	18.4	10.3	1.6	1.7	0.8	2.1	2.2	1.0
Samba Bank*	4284.8	188.6	179.9	0.4	0.5	0.7	-36.7	-33.9	-12.7	-6.6	-9.2	-4.0	-10.2	-14.5	6.6
NIB	81.6	73.0	94.3	1.0	0.9	0.6	2.7	-3.7	-23.6	0.3	-0.4	-4.2	0.5	-0.7	-6.8
Atlas Bank Limited	135.7	170.1	233.1	0.9	0.8	0.7	0.4	-7.4	-21.3	0.1	-1.5	-3.9	0.2	-2.6	-6.0
Dubai Islamic Bank	477.5	147.5	106.5	0.2	0.7	0.9	-20.6	-9.4	-3.9	-9.2	-2.5	-0.7	-19.0	-3.6	-0.9
Bank Islami	116.0	115.8	109.9	0.8	0.9	0.9	-0.8	-1.4	-1.3	-0.4	-0.4	-0.3	-0.9	-0.6	-0.5
Arif Habib Rupali Bank	64.1	53.9	73.6	1.4	1.5	0.9	6.1	4.9	-3.1	3.3	1.9	-0.9	7.4	3.8	-1.5
JS Bank	166.7	107.6	89.0	0.8	1.0	1.0	-	0.9	1.0	-	0.2	0.3	-	0.3	0.4
Emirates Global	-	123.4	170.6	-	0.8	0.7	-	-1.8	-6.6	-	-1.3	-2.0	-	-2.5	-3.4
Dawood Islamic Bank	-	82.6	87.1	-	1.1	1.1	-	2.8	0.9	-	1.5	0.4	-	3.5	0.8
FWB	52.0	55.8	43.7	1.5	1.5	1.5	21.1	16.6	9.8	1.7	1.7	1.3	2.1	2.2	1.6
Total	46.2	49.0	63.2	1.3	1.1	0.9	18.3	9.4	-9.1	1.4	0.9	-0.9	1.8	1.1	-1.3

Banks	Solvency Ratio									Equity Multiplier (Time)			Capital Risk Assets Ratio (CRA)		
	Earning Assets/Deposits			Capital Ratio			Deposit Time Capital			2006	2007	2008	2006	2007	2008
	2006	2007	2008	2006	2007	2008	2006	2007	2008						
Askari Comm. Bank	108.1	109.8	106.6	5.5	6.2	6.2	12.6	11.8	12.3	18.1	16.0	16.1	9.3	10.9	10.5
Soneri Bank	117.0	113.8	112.0	6.7	7.7	8.4	10.2	9.3	8.9	14.9	12.9	12.0	13.3	15.1	15.0
Bank Al-Habib	107.1	106.1	104.8	5.3	5.5	5.6	14.2	13.9	13.0	18.9	18.0	17.7	8.7	9.5	10.0
Bank of Khyber	126.9	122.4	114.5	9.3	14.7	18.4	6.6	4.6	4.4	10.8	6.8	5.4	24.5	43.2	49.4
Bank of Punjab	107.8	108.2	103.6	6.3	6.4	4.8	7.6	9.4	15.7	15.8	15.5	20.9	10.6	11.0	7.6
KASB Bank	107.4	105.3	113.3	8.6	9.4	14.0	9.3	8.5	5.1	11.7	10.6	7.1	15.7	16.1	22.6
Habib Metropolitan Bank	130.4	131.4	130.0	6.9	7.5	8.4	9.7	9.2	8.7	14.5	13.3	12.0	12.4	13.9	15.0
Faysal Bank	136.8	132.7	123.7	7.6	7.6	7.3	5.3	5.9	7.6	13.1	13.2	13.6	12.6	12.0	11.6
mybank	113.0	113.4	116.5	14.8	13.4	13.6	4.3	4.6	4.8	6.8	7.4	7.4	28.2	26.2	26.2
Prime Commercial Bank	117.5	-	-	6.8	-	-	11.1	11.0	-	14.7	-	-	12.6	11.8	-
Picic Commercial Bank	105.4	-	-	6.4	-	-	13.9	14.7	-	15.6	-	-	12.7	-	-
Saudi Pak Commercial Bank	106.7	103.9	107.1	5.8	3.6	3.8	11.0	14.8	12.7	17.3	27.6	26.1	12.8	7.4	7.4
Meezan Bank	108.3	107.2	105.1	10.0	9.2	7.9	7.3	8.5	10.7	10.0	10.8	12.6	16.5	17.0	16.2
Samba Bank*	104.6	123.6	132.9	18.0	27.1	31.5	3.6	2.3	1.9	5.6	3.7	3.2	52.3	110.2	107.7
NIB	136.5	115.5	116.3	11.0	12.0	17.8	6.1	3.6	2.9	9.1	8.3	5.6	17.0	23.7	39.1
Atlas Bank Limited	204.8	143.3	64.2	18.6	20.9	18.3	2.4	3.0	3.8	5.4	4.8	5.5	53.7	49.1	31.9
Dubai Islamic Bank	98.9	97.9	99.7	44.7	26.4	17.6	1.1	2.6	4.4	2.2	3.8	5.7	121.9	53.7	31.9
Bank Islami	149.3	116.8	110.8	49.5	27.9	24.9	0.9	2.0	2.5	2.0	3.6	4.0	207.7	104.6	79.5
Arif Habib Rupali Bank	193.2	177.0	143.6	54.4	39.6	29.0	0.8	1.3	2.2	1.8	2.5	3.4	217.6	99.7	52.4
JS Bank	119.0	119.8	115.1	23.9	24.8	26.0	2.4	2.5	2.8	4.2	4.0	3.8	177.4	99.7	67.5
Emirates Global	-	146.4	128.9	-	69.3	30.8	-	1.2	2.0	-	1.7	1.4	-	98.1	139.7
Dawood Islamic Bank	-	206.1	177.9	-	53.3	47.1	-	0.8	1.0	-	1.9	2.1	-	85.5	92.7
FWB	110.9	108.6	104.9	8.1	10.6	13.3	9.4	7.2	6.2	12.4	9.5	7.5	28.4	30.9	34.0
Total	115.8	115.1	112.2	7.6	9.2	10.4									

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)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Comm. Bank	77.0	77.0	78.5	87.1	86.6	85.3	73.9	72.7	73.9	93.6	93.3	93.5	16.9	15.0	15.0
Soneri Bank	75.0	75.5	76.6	87.8	87.3	86.4	67.1	66.8	72.0	92.7	91.7	91.3	13.8	11.8	10.9
Bank Al-Habib	80.8	80.5	82.5	86.7	85.4	85.3	75.4	72.7	69.2	94.3	94.2	93.7	17.8	17.0	16.6
Bank of Khyber	69.0	64.6	66.5	88.7	87.1	86.6	54.1	47.6	49.3	89.5	84.4	82.8	9.7	5.8	4.5
Bank of Punjab	76.5	84.3	86.0	88.3	89.2	87.7	72.9	71.3	74.6	89.2	91.2	94.6	14.1	14.2	19.7
KASB Bank	74.0	76.6	80.0	84.9	85.0	83.4	68.8	72.2	84.1	91.5	90.5	85.5	10.7	9.6	6.1
Habib Metropolitan Bank	82.9	85.4	88.2	90.9	91.4	91.3	79.7	77.5	79.4	92.8	92.4	91.9	13.4	12.3	11.0
Faysal Bank	81.4	84.1	85.4	90.4	91.2	90.6	91.7	91.7	86.5	87.6	88.3	90.4	11.5	11.6	12.3
mybank	66.1	72.6	79.1	83.2	83.6	84.3	71.1	69.5	71.7	83.1	83.9	85.0	5.6	6.2	6.3
Prime Commercial Bank	77.9	-	-	88.1	-	-	72.5	78.9	-	93.3	-	-	13.7	-	-
Picic Commercial Bank	71.9	-	-	88.0	-	-	60.3	58.7	-	94.0	-	-	14.7	-	-
Saudi Pak Commercial Bank	71.8	78.5	79.4	86.0	84.1	81.8	56.3	60.1	68.3	92.7	94.5	94.0	16.0	26.1	24.5
Meezan Bank	66.5	66.0	65.0	80.3	84.0	86.1	81.7	69.2	59.6	89.9	90.8	92.3	9.0	9.8	11.7
Samba Bank*	59.0	46.0	50.2	67.9	78.1	80.5	52.9	38.9	48.2	82.0	73.0	68.6	4.6	2.7	2.2
NIB	79.5	71.6	66.9	90.0	76.2	72.3	98.0	76.7	73.3	89.1	81.7	78.6	8.1	6.8	4.4
Atlas Bank Limited	56.1	65.7	73.8	90.4	86.5	42.0	78.3	70.7	87.7	81.9	79.5	83.0	4.4	3.8	4.5
Dubai Islamic Bank	46.0	62.0	66.4	47.9	67.3	77.6	75.7	71.5	70.8	54.9	73.5	82.3	1.2	2.8	4.7
Bank Islami	36.1	50.2	57.8	66.0	74.1	74.0	53.9	42.0	46.8	50.2	68.3	73.1	1.0	2.5	2.9
Arif Habib Rupali Bank	55.4	69.7	79.9	85.7	89.1	87.3	56.4	78.8	91.2	46.1	60.6	71.8	0.8	1.5	2.5
JS Bank	34.1	51.9	65.8	68.3	76.1	79.5	23.5	39.1	55.8	76.1	75.1	75.0	3.2	3.0	2.9
Emirates Global	-	54.8	69.2	-	74.6	78.1	-	57.6	81.5	-	57.3	69.0	-	0.8	2.2
Dawood Islamic Bank	-	73.6	77.5	-	86.9	86.2	-	128.9	117.8	-	46.5	52.9	-	0.9	1.1
FWB	71.9	69.1	72.4	89.2	87.8	87.0	35.3	42.2	47.1	91.5	88.7	86.5	11.4	8.4	6.5
Total	76.0	77.4	78.3	87.5	86.3	84.1	73.5	72.0	73.5	93.0	93.2	90.8	12.2	10.1	8.8

Banks	Net Profit Margin			Net Interest Margin (NIM)			Cost of Fund Earning Assets			Yield on Earning Assets			Interest Spread		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Comm. Bank	29.0	24.3	3.7	4.1	4.3	4.7	5.2	5.8	6.4	9.3	10.0	11.1	4.2	4.4	4.9
Soneri Bank	39.0	33.3	16.8	3.0	3.0	4.3	6.4	6.7	7.2	9.4	9.7	11.5	3.0	3.0	4.3
Bank Al-Habib	34.2	35.0	26.8	4.2	3.8	4.8	4.6	5.3	5.9	8.8	9.1	10.7	4.3	4.0	5.1
Bank of Khyber	21.6	-10.5	4.9	2.7	2.2	4.0	5.6	7.4	7.2	8.3	9.6	11.2	2.5	1.6	3.4
Bank of Punjab	54.2	49.3	-189.0	3.3	2.0	0.6	6.2	7.8	9.0	9.5	9.8	9.6	3.2	2.0	1.0
KASB Bank	14.4	13.6	-41.4	1.9	2.2	1.1	7.4	8.0	11.5	9.2	10.2	12.6	2.1	2.3	0.9
Habib Metropolitan Bank	45.5	40.5	35.5	2.8	2.5	3.1	4.3	5.6	6.7	7.0	8.2	9.8	2.7	2.3	2.7
Faysal Bank	44.1	29.9	15.4	3.6	3.5	3.9	6.0	6.4	6.7	9.5	9.9	10.6	2.7	2.5	3.2
mybank	39.2	21.1	-20.0	4.5	2.5	2.4	4.8	7.9	8.3	9.3	10.4	10.7	4.4	2.2	2.1
Prime Commercial Bank	14.7	-	-	3.8	-	-	6.0	-	-	9.7	-	-	3.8	-	-
Picic Commercial Bank	31.0	-	-	3.8	-	-	5.9	-	-	9.7	-	-	4.0	-	-
Saudi Pak Commercial Bank	-26.5	-267.5	-267.5	1.0	0.8	0.8	7.1	9.4	9.4	8.1	10.1	10.3	1.3	1.5	1.7
Meezan Bank	31.3	27.8	14.0	4.0	4.4	5.7	4.7	5.1	4.7	8.7	9.6	10.4	4.2	4.5	5.7
Samba Bank*	-3894.0	-279.7	-91.4	-1.1	3.1	4.6	9.1	7.4	7.2	8.0	10.5	11.8	-0.3	1.6	2.5
NIB	7.9	-16.7	-109.5	2.9	2.4	3.4	7.0	5.9	8.4	9.8	8.2	11.8	2.3	2.5	3.6
Atlas Bank Limited	4.0	-79.0	-126.4	1.2	0.3	5.1	6.8	7.5	22.2	7.9	7.7	27.3	-0.1	-1.0	1.9
Dubai Islamic Bank	-256.9	-37.4	-10.8	5.9	6.5	6.5	1.4	4.7	6.6	7.3	11.2	13.2	5.9	6.6	6.5
Bank Islami	-6.4	-8.4	-5.7	6.1	4.4	6.0	1.4	4.4	5.9	7.5	8.8	11.8	5.5	3.7	5.4
Arif Habib Rupali Bank	66.9	32.3	-18.1	4.9	3.4	4.7	1.0	2.4	8.5	5.9	5.8	13.2	4.0	2.2	2.5
JS Bank	-66.7	5.1	5.0	-	2.1	3.7	-	6.9	8.2	-	9.0	11.8	-	1.2	2.8
Emirates Global	-	-17.8	-46.7	-	7.7	4.6	-	3.8	6.0	-	11.4	10.7	-	6.0	3.3
Dawood Islamic Bank	-	25.4	6.6	-	6.4	6.4	-	1.9	5.7	-	8.4	12.1	-	4.4	2.0
FWB	30.4	26.3	17.3	5.6	6.5	7.4	2.7	2.2	3.0	8.3	8.7	10.4	5.6	6.5	7.2
Total	32.4	19.2	-20.4	3.2	2.9	3.5	5.3	6.1	7.4	8.4	9.0	10.9	3.1	2.7	3.4

Banks	NPLs/Gross Advances			NPLs Provision/Net Advances			Admn Expenses/Employee(Rs.Mn)			Staff/Branch (Nos)			Profit(A.T)/Branch(Rs.Mn)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Askari Comm. Bank	3.6	6.4	1.2	3.6	7.4	8.5	1.0	0.8	0.9	27	39	32	18.4	17.9	1.9
Soneri Bank	1.0	3.1	6.4	1.2	1.6	4.0	0.8	0.9	1.0	19	17	15	13.7	11.2	6.0
Bank Al-Habib	0.5	0.3	0.9	0.3	0.3	1.2	1.0	1.2	1.3	16	15	15	11.6	12.6	10.8
Bank of Khyber	28.7	18.9	22.3	20.9	20.7	18.0	0.6	0.8	1.0	21	19	20	7.0	-4.0	2.0
Bank of Punjab	2.3	2.5	27.9	1.0	2.0	16.3	0.5	0.6	0.7	14	14	15	14.3	16.3	-37.0
KASB Bank	6.9	4.1	17.8	4.9	3.6	9.1	1.2	1.3	1.6	20	25	16	3.9	5.7	-13.3
Habib Metropolitan Bank	0.5	0.9	1.6	1.0	1.4	2.0	0.9	1.3	1.6	19	18	18	25.6	28.0	29.8
Faysal Bank	4.7	5.4	8.3	2.2	4.0	5.8	1.3	1.6	1.7	20	17	15	37.6	21.6	8.6
mybank	7.3	5.4	30.8	3.0	4.7	10.0	0.6	0.9	1.0	19	14	12	10.0	5.7	-4.4
Prime Commercial Bank	5.1	-	-	1.8	-	-	0.9	-	-	25	-	-	5.2	-	-
Picic Commercial Bank	4.9	-	-	2.0	-	-	1.1	-	-	10	-	-	7.5	-	-
Saudi Pak Commercial Bank	14.9	19.5	33.6	8.5	21.4	22.8	1.2	1.4	1.6	20	16	18	-6.1	-55.3	-31.0
Meezan Bank	1.5	1.6	5.0	0.9	1.9	2.8	0.8	0.9	0.9	20	20	17	9.7	9.6	3.7
Samba Bank*	49.5	21.8	27.6	67.6	51.4	39.6	1.7	1.7	2.6	21	19	20	-32.7	-47.3	-26.5
NIB	3.2	14.3	23.1	2.7	13.0	21.1	1.3	0.6	1.2	22	15	22	2.9	-2.0	-30.6
Atlas Bank Limited	6.0	8.0	6.9	4.7	5.2	3.7	1.2	0.9	1.3	12	31	37	0.5	-12.4	-25.3
Dubai Islamic Bank	-	0.2	1.6	-	0.9	1.4	2.1	2.6	3.0	36	33	26	-41.1	-21.7	-7.9
Bank Islami	-	2.0	2.8	0.1	0.7	2.5	0.6	0.9	0.9	23	16	12	-0.8	-1.0	-0.5
Arif Habib Rupali Bank	8.9	1.6	16.3	9.8	1.6	4.8	0.6	1.2	1.4	21	27	16	13.4	19.2	-5.8
JS Bank	6.1	2.2	4.6	6.4	1.8	1.3	0.1	2.6	1.6	5	31	16	-0.1	3.9	1.4
Emirates Global	-	-	0.1	-	0.1	0.1	-	1.7	1.9	20	23	12	-	-5.7	-6.5
Dawood Islamic Bank	-	-	0.9	-	0.1	0.1	-	1.9	1.9	-	18	11	-	10.2	1.6
FWB	1.5	2.7	5.1	1.6	2.2	3.2	0.5	0.6	0.5	14	14	14	4.4	4.1	2.8
Total	4.1	5.5	12.0	2.7	5.1	8.7	0.9	1.0	1.2	18	19	18	11.6	7.3	-7.0

Key Performance Indicators – Foreign Banks

(Rs. Mn)

Banks	Assets			Equity			Deposits			Advances			Investments		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland*	123773	107536	108092	8699	5089	8276	93742	90289	79103	71843	64155	67910	25609	16444	18983
Citibank	91288	92469	101652	6069	6379	9508	63104	68628	65485	51289	49068	41857	21937	21276	9194
HSBC**	23387	32386	48394	2416	2549	4962	14714	25401	36526	11202	19260	25303	197	301	1942
Deutsche Bank	9312	17604	21730	2768	3569	4634	3326	5129	10317	4175	4699	6335	1159	3696	999
Oman International	2763	2694	3442	2025	2034	2712	618	460	522	368	220	277	-	-	-
Bank of Tokyo	6717	5481	10063	2366	2454	3957	1459	979	1716	3776	2621	4093	-	-	-
Al Baraka Islamic Bank	18868	22077	24198	2191	2447	2400	13821	16965	18336	9693	12586	14378	1167	1154	1124
Barclays***	-	-	24602	-	-	6330	-	-	14557	-	-	9679	-	-	9333
All Foreign Banks	276108	280247	342173	26534	24521	42779	190784	207851	226562	152346	152609	169832	50069	42871	41575

Banks	Interest Income			Interest Expense			Net Interest Income			Non Interest Income			Revenue		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland*	11108	11521	11490	5169	5296	5648	5939	6225	5842	2421	2055	3753	8360	8280	9595
Citibank	9017	10554	9944	4113	5071	4145	4904	5482	5799	2675	3134	3548	7579	8616	9345
HSBC**	1151	2151	4072	648	1310	2444	503	841	1628	217	396	850	720	1237	2478
Deutsche Bank	375	679	1041	139	383	400	236	296	641	483	1062	1053	719	1358	1694
Oman International	47	38	40	41	48	50	6	-9	-10	6	4	10	12	-5	0
Bank of Tokyo	332	331	538	211	243	391	121	87	147	83	61	80	204	148	227
Al Baraka Islamic Bank	111.2	1493	1765	824	1090	1334	288	403	431	146	264	204	434	667	635
Barclays***	-	-	833	-	-	335	-	-	497	-	-	28	-	-	525
All Foreign Banks	23142	26767	29723	11145	13441	14747	11997	13325	14975	6031	6976	9524	18028	20301	24499

Banks	Admn Expense			Operating Profit			Provisions/Other Expenses			Profit/Loss(BT)			Profit/Loss (A.T)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland*	3873	5772	6499	4487	2508	3096	917	3875	3655	3570	-1367	-559	2394	-1565	-518
Citibank	4053	4807	5128	3526	3809	4217	956	2678	4098	2570	1131	119	1645	260	800
HSBC**	480	994	1949	240	243	529	-8	17	268	248	226	261	167	126	162
Deutsche Bank	528	573	814	191	785	880	19	9	49	172	776	831	199	504	534
Oman International	35	44	57	-24	-49	-57	1	43	-16	-25	-92	-41	-25	-92	-41
Bank of Tokyo	65	68	97	139	80	130	0.1	0.3	6	138	80	124	122	79	78
Al Baraka Islamic Bank	261	335	573	173	332	62	3	18	141	170	314	-79	144	246	-73
Barclays***	-	-	1700	-	-	-1175	-	-	34	-	-	-1208	-	-	-809
All Foreign Banks	9295	12593	16817	8733	7708	7682	1888	6640	8235	6843	1068	-552	4646	-442	133

* Formerly ABN AMRO Bank

** HSBC Bank Middle East Limited

*** The Bank commenced its operations on July 23, 2008

Foreign Banks – Selected Ratios

(In %)

Banks	Cost of Fund			Intermediation Cost			Pre-Tax Margin			Non Interest Income Ratio (NIIR)			Gross Spread Ratio (GSR)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland	6.3	5.1	6.2	4.7	5.6	7.1	26.4	-10.1	-3.7	29.0	24.8	39.1	53.5	54.0	50.8
Citibank	5.7	6.6	5.8	5.6	6.3	7.2	22.0	8.3	0.9	35.3	36.4	37.9	54.4	51.9	58.3
HSBC	4.2	5.4	7.0	3.1	4.1	5.6	18.1	8.9	5.3	30.1	32.0	34.3	43.7	39.1	40.0
Deutsche Bank	3.9	4.4	3.5	14.7	6.6	7.1	20.0	44.6	39.7	67.2	78.2	62.2	62.9	43.6	61.6
Oman International	5.5	7.1	7.4	4.8	6.5	8.5	-46.4	-219.0	-83.7	50.0	-80.0	-900.0	12.8	-23.7	-25.0
Bank of Tokyo	6.3	6.7	8.7	2.0	1.9	2.2	33.3	20.3	20.1	40.7	41.2	35.2	36.4	26.3	27.3
Al Baraka Islamic Bank	6.0	6.4	6.9	1.9	2.0	3.0	13.5	17.9	-4.0	33.6	39.6	32.1	25.9	27.0	24.4
Total	4.3	5.7	6.1	3.6	5.4	6.9	23.5	3.2	-1.4	33.5	34.4	38.9	51.8	49.8	50.4

Banks	Cost / Income Ratio			Income Expense Ratio			ROE			ROA			ROD		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland	46.3	69.7	67.7	1.5	1.2	1.2	37.3	-22.7	-7.8	2.6	-1.4	-0.5	3.4	-1.7	-0.6
Citibank	53.5	55.8	54.9	1.4	1.4	1.4	27.9	4.2	10.1	2.0	0.3	0.8	2.8	0.4	1.2
HSBC	66.7	80.4	78.7	1.2	1.1	1.1	7.2	5.1	4.3	0.9	0.5	0.4	1.4	0.6	0.5
Deutsche Bank	73.4	42.2	48.1	1.3	1.8	1.7	8.0	15.9	13.0	2.7	3.7	2.7	8.2	11.9	6.9
Oman International	295.8	-880.0	-5700.0	0.7	0.4	0.4	-1.6	-4.5	-1.7	-1.1	-3.4	-1.3	-4.5	-17.1	-8.4
Bank of Tokyo	31.9	45.9	42.7	1.5	1.3	1.3	5.9	3.3	2.4	2.2	1.3	1.0	10.0	6.5	5.8
Al Baraka Islamic Bank	60.1	50.2	90.2	1.2	1.2	1.0	6.3	10.6	-3.0	0.9	1.2	-0.3	1.2	1.6	-0.4
Total	51.6	62.0	68.6	1.3	1.0	1.0	15.7	-1.7	0.4	1.5	-0.2	0.04	2.1	-0.2	0.1

Banks	Solvency Ratios									Equity Multiplier (Time)			Capital Risk Assets Ratio (CRA)		
	Earning Assets/Deposits			Capital Ratio			Deposit Time Capital			2006	2007	2008	2006	2007	2008
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland	110.2	107.9	108.1	7.0	6.0	6.2	11.1	13.5	11.2	14.3	16.8	16.1	12.2	10.1	10.1
Citibank	124.4	117.7	110.1	7.0	6.8	8.2	9.9	10.7	8.7	14.2	14.8	12.2	13.0	12.4	17.5
HSBC	125.1	115.3	106.5	12.6	8.9	9.3	5.0	8.1	8.3	7.9	11.2	10.8	27.3	16.3	16.9
Deutsche Bank	164.2	225.1	179.5	33.5	23.5	20.9	1.0	1.3	1.9	3.0	4.2	4.8	82.2	71.4	74.3
Oman International	86.2	64.8	59.0	66.7	74.4	77.3	0.4	0.3	0.2	1.5	1.3	1.3	344.4	690.3	954.9
Bank of Tokyo	270.0	287.9	317.6	37.7	39.5	41.2	0.6	0.5	0.4	2.7	2.5	2.4	69.8	75.3	95.5
Al Baraka Islamic Bank	109.8	107.2	107.7	13.5	11.3	10.5	5.3	6.6	7.3	7.4	8.8	9.5	26.6	20.8	18.0
Total	116.6	115.3	108.6	9.6	9.2	10.8	7.3	7.8	6.3	10.5	10.9	9.2	18.3	16.7	20.9

Banks	Liquidity Ratio									Debt Management Ratio (DMR)					
	Advances+Inv./Assets			Earning Assets/Assets			Advances/Deposits (CDR)			Avg.Liabilities/Avg.Assets			Liabilities/Equity (Time)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland	78.2	77.1	77.7	84.6	85.8	84.9	74.4	73.9	78.1	93.1	94.1	93.0	13.3	15.8	15.0
Citibank	78.8	78.1	65.1	86.2	84.4	76.1	77.8	76.2	67.8	93.0	93.3	92.1	13.2	13.8	11.3
HSBC	48.3	55.5	57.9	79.6	82.9	81.7	72.7	75.9	72.0	87.4	91.1	90.7	6.9	10.2	9.8
Deutsche Bank	49.7	51.0	40.0	53.2	70.7	70.5	125.7	105.0	71.4	66.6	76.5	79.2	2.0	3.2	3.8
Oman International	19.4	10.8	8.1	20.9	12.8	9.4	79.8	54.5	50.6	33.2	25.6	22.7	0.5	0.3	0.3
Bank of Tokyo	54.0	52.4	43.2	60.3	57.6	55.1	241.4	262.4	249.1	62.3	60.5	58.8	1.7	1.5	1.4
Al Baraka Islamic Bank	54.6	60.1	63.2	78.8	80.6	82.2	70.9	72.4	76.4	86.5	88.7	89.6	6.4	7.8	8.6
Total	71.1	71.5	65.4	82.0	82.6	75.8	74.1	76.5	74.2	90.4	90.9	89.0	9.5	9.9	8.2

Banks	Net Profit Margin			Net Interest Margin (NIM)			Cost of Fund Earning Assets			Yield on Earning Assets			Interest Spread		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland	28.6	-18.9	-5.4	7.7	6.3	6.4	6.7	5.3	6.2	14.3	11.6	12.5	8.0	6.5	6.4
Citibank	21.7	3.0	8.6	6.8	7.1	7.9	5.7	6.5	5.6	12.5	13.6	13.5	6.8	7.0	7.7
HSBC	23.2	10.2	6.5	3.4	3.6	4.9	4.4	5.7	7.4	7.9	9.3	12.3	3.7	3.9	5.3
Deutsche Bank	27.7	37.1	31.5	6.0	3.1	4.6	3.5	4.0	2.9	9.5	7.1	7.5	5.6	2.7	4.0
Oman International	-208.3	1840.0	4100.0	1.3	-2.6	-3.5	8.6	13.7	17.3	9.8	10.9	13.8	4.3	3.8	6.4
Bank of Tokyo	59.8	53.4	34.4	3.7	2.5	3.4	6.4	6.9	9.1	10.1	9.4	12.6	3.7	2.7	3.8
Al Baraka Islamic Bank	33.2	36.7	-11.5	2.2	2.4	2.3	6.2	6.6	7.0	8.4	9.1	9.3	2.4	2.6	2.4
Total	25.8	-2.2	0.5	4.7	5.8	6.4	4.4	5.8	6.3	9.1	11.6	12.6	4.8	5.9	6.5

Banks	NPLs/Gross Advances			NPLs Provisions/Net Advances			Admn Exp./Employee (Rs.Mn)			Staff/Branch			Profit (A.T)/Branch (Rs.Mn)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Royal Bank of Scotland	2.8	6.6	10.5	1.8	6.2	8.3	1.7	2.5	3.5	29	28	24	29.6	-19.1	-6.6
Citibank	1.1	2.1	4.5	2.8	3.8	4.3	4.1	4.0	5.0	55	46	40	91.4	10.0	30.8
HSBC	0.6	0.4	0.9	0.7	0.5	1.1	1.8	1.9	2.9	54	57	74	33.4	14.0	18.0
Deutsche Bank	-	-	-	0.5	0.3	0.6	8.4	7.4	9.7	32	26	28	99.5	168.0	178.0
Oman International	4.1	19.9	11.4	5.4	27.1	14.1	1.6	1.6	1.6	11	14	18	-12.5	-46.0	-20.5
Bank of Tokyo	-	-	-	0.0	0.0	0.0	2.2	2.2	2.8	29	31	35	122.0	79.0	78.0
Al Baraka Islamic Bank	2.5	1.8	5.9	1.9	1.6	2.4	0.9	0.9	1.3	28	20	16	13.1	13.6	-2.5
Total	3.7	3.7	6.4	4.3	4.0	5.1	2.3	2.8	3.6	33	32	30	38.7	-3.1	0.8

All Bank Employees and Branches

(Nos.)

Banks	Employees			Branches		
	2006	2007	2008	2006	2007	2008
NBP	14019	14079	15204	1250	1261	1276
HBL	14572	14461	14038	1477	1489	1508
UBL	9738	9382	8851	1059	1095	1136
MCB	9179	9760	10207	994	1026	1047
ABL	7204	8236	8427	742	757	766
Bank Al-Falah	6543	7371	7584	195	231	282
Standard Chartered	3101	3509	3282	117	143	174
Major Banks	64356	66798	67593	5834	6002	6189
Askari Commercial Bank	3241	5896	6496	122	150	200
Soneri Bank	1341	1477	1720	72	89	117
Bank Al-Habib	2408	2704	3306	152	175	225
Bank of Khyber	620	660	686	29	34	34
Bank of Punjab	3681	3859	4156	266	272	272
KASB Bank	694	892	1134	35	35	73
Habib Metropolitan Bank Ltd	1561	1799	1937	82	100	110
Faysal Bank	1463	1759	1929	75	105	129
mybank	969	824	930	50	60	80
Prime Commercial Bank	1693	-	-	69	-	-
PICIC Commercial Bank	1262	-	-	129	-	-
Saudi Pak Commercial Bank	1013	901	1182	50	55	65
Meezan Bank	1228	1959	2801	62	100	166
NIB	916	3693	5254	41	240	244
Atlas Bank	247	781	1471	20	25	40
Dubai Islamic Bank	364	553	588	10	17	23
Bank Islami Pakistan	234	563	1188	10	36	102
Arif Habib Rupali Bank	150	319	541	7	12	33
JS Bank	18	280	610	4	9	39
Emirates Global Islamic Bank	119	233	499	6	10	40
Dawood Islamic Bank Limited	-	89	225	-	5	21
Samba Bank Limited**	378	536	571	18	28	28
All Private/Prov. Banks	23600	29777	37224	1309	1557	2041
FWB*	531	535	540	38	38	38
Total Private/Prov. Banks	24131	30312	37764	1347	1595	2079
Royal Bank of Scotland***	2326	2319	1860	81	82	79
Citibank	998	1200	1032	18	26	26
HSBC	269	517	663	5	9	9
Deutsche Bank	63	77	84	2	3	3
Oman International	22	28	35	2	2	3
Bank of Tokyo	29	31	35	1	1	1
Al Baraka Islamic Bank	306	364	455	11	18	29
Barclays	-	-	529	-	-	9
All Foreign Banks	4013	4536	4693	120	141	159
Grand Total	92500	101646	110050	7301	7738	8427

* Including FWB

** Formerly Crecent Commercial Bank Limited

*** Formerly ABN Amro Bank

Trade Policy 2009-10 – Highlights

- In FY2008-09, Pakistan's export performance suffered as global recession adversely affected exporting countries. Exports declined to \$17.8 billion, as compared to previous year's exports of \$19.1 billion. Exports of textiles, which account for about 54 percent of Pakistan's total exports dropped to \$9.6 billion.
- Pakistan's share in the global market declined to 0.13 percent in 2009 from 0.21 percent in 1999.
- Competitor economies have enhanced their share in non-textile manufactured exports, whereas Pakistan's share has gone down to 17.3 percent in FY09 from 25.1 percent a year earlier.
- Export performance has suffered due to a general weakness in diversifying the exports product and market mix.
- The trade policy is set in a three years Strategic Trade Policy Framework (2009-12) and provides a road map to ensure continuity of policies for the revival of trade.
- To make exports competitive, the government plans to focus on the constraints like energy shortages, cost of capital and difficulties linked with adverse travel advisories.
- Textile policy is to be announced shortly.
- There is a strong need to diversify export markets.
- Promote trade in services, which globally have a more stable demand pattern and are less prone to external shocks seen in case of commodity trading.
- Undertake domestic commerce reform and development, where areas such as wholesale and retail trade, storage and warehousing, transport, regulatory environment need immediate focus.
- For achieving product diversification and acquiring greater market access the government has announced a number of measures.
- Similarly for enhancing export competitiveness a number of measures have been undertaken.
- During FY10, export growth is expected to remain sluggish, partly due to slowdown in global demand and because the measures announced in the Trade Policy would have a time lag before having an impact.
- Export growth targets have been set at 6 percent for FY10, and 10 and 13 percent for FY11 and FY12 respectively.
- During the three year period, the competitiveness ranking of Pakistan is expected to improve from 101 to 75.
- At times overseas buyers are reluctant to travel to Pakistan and exporters have to meet them in other countries. This increase cost of doing business. Apart from travel advisories that stop purchasers from coming to Pakistan, insurance companies refuse to cover the period of stay in Pakistan on usual rate of premium.

To overcome this problem a scheme would be launched to be funded from Export Investment Support Fund which would pick up the full cover for Pakistan for their valid insurance policies.

Sector specific initiatives have been announced to promote product diversification.

- A scheme to be launched to compensate inland freight cost to exporters of cement, light engineering, leather garments, furniture, soda ash, hydrogen peroxide, sanitary wares, including tiles, finished marble/granite/onyx products.
- Technology, Skill and Management Upgradation Fund of Rs3 billion to be established.
- Manufacturers of surgical instruments, sports goods and cutlery would be granted 25 percent support on brand development.
- A centre to be established for catering to the training, designing, research and development needs of surgical instruments sector in Sialkot.

- A special Fund of Rs2.5 billion is being created for product development and marketing of light engineering products.
 - Expert advisory input to be provided for improving quality and efficiency of leather apparel industry.
 - Leather sector to avail facilities from the Export Investment Support Fund to encourage tanneries to upgrade production and designing facilities and to set up effluent treatment plants.
 - Grants from Export Investment Support Fund to be provided to district governments for installing flaying machines in slaughter houses.
 - Government has decided to grant 25 percent freight subsidy if live seafood products are exported by air.
 - To provide support to processed food exports, the Government would reimburse Research & Development costs @ 6 percent of the exports.
 - A Services Export Development Fund would be set up to provide assistance to local service exporters for tendering or negotiating for international projects and for conducting pre-feasibility studies for international projects.
 - The Government plans to set up a Halal Certification Board to promote export of halal products. Till such time the Board is set up, the government would support the cost of certification by 50 percent.
 - The government has decided to make exports completely zero rated. As determining and providing additional duty drawbacks to specified sectors may take sometime, interim relief has been given to certain sectors like, sports goods, footwear, surgical/medical, cutlery, onyx products, furniture, autoparts, handicrafts, carpets & rugs, pharmaceuticals among others.
 - Specific measures have been introduced to reduce the cost of doing business. These include:
 - There are certain restrictions on import of specialized machinery and transport equipment. The trade policy has allowed the import of specialized machinery by actual users in used condition provided they fulfill emission standards and have sufficient productive life irrespective of age.
 - The government has allowed import of drilling rigs of upto 20 years old subject to Pre-Shipment Inspection Certification.
 - It has been decided to allow industrial importers to import new, refurbished and upgraded machinery on the basis of trade in with their old, obsolete machinery. Likewise export of their old and obsolete machinery for trade in with new refurbished or upgraded machinery would also be allowed.
 - The facility to remit \$10,000 per invoice, as advance payment for import of spare parts, and raw materials, which was discontinued would be restored by State Bank of Pakistan.
 - For promotion of pharmaceutical exports, the limit for physician's samples is to be enhanced to 20 percent from the current limit of 10 percent at the time of launch with first shipment.
 - Engineering units have been given the status of export oriented units on export of 50 percent of their production for the first three years. After that, the engineering units would be allowed this facility on export of 80 percent of their production.
 - Currently, units that export 100 percent of their production enjoy the status of Export Oriented units and the benefits thereof.
- The government would continue with successful existing initiatives and regulatory issues which require immediate attention would be looked into.

Market Analysis

Market Review

The market performance was bullish for the period under review. The KSE-100 Index during the two-month period of July and August 2009 surged by 1,513 points to close at 8,675 on August 31, 2009. The average daily turnover during the period under review was 155.33m shares traded.

The market successfully broke out from the rut it was under during June to stage a moderate rally during July. The KSE-100 Index gained 558 points or about 7.8 percent during July 2009 to close at 7,720 while the KSE-30 Index improved by 624 points or 8.25 percent to 8,195. The average daily turnover during July was 159.95m shares compared to 110.77m shares during June 2009. The net inflow of foreign funds according to SCRA figures during July 2009 was US\$4.907m.

Moderate rally in July

The KSE-100 Index experienced positive momentum throughout the first half of the month on the back of positive developments in the macroeconomic scenario and stock market related issues. On the macroeconomic front, the following events were a major driver in the positive momentum swing of the market:

- Reduction in the NSS rates in the major savings products announced on July 1;
- Kibor rates touching a 13-month low where the 6-month rate has dipped below 12 percent;
- The U.S. House of Representatives approved a US\$1.5bn aid package;
- Record foreign remittances of US\$7.811bn during FY09, a growth of 21 percent from FY08;
- The YoY inflation during June 2009 was recorded at 13.13 percent, continuing the declining trend of the last few months leading to expectations of another cut in the discount rate in the Monetary Policy Statement scheduled for July 25;

Major drives in the market

- The T-bill auction on July 15 reinforced investors' view that a rate is coming, as the 6-month cut-off yield declined by 92 bps to 11.5151 percent, whereas the 12-month cut-off yield dropped by 70 bps to 11.5392 percent; and
- The current account deficit during FY09 was 36 percent lower than FY08 to US\$8.8bn due to surging remittances and significant drop in the trade deficit.

Some of the stock market related events that had a beneficial impact on the Index movement was:

- PTCL declaring an interim cash dividend of PKR1.50 per share at the beginning of the month;
- Fresh buying in selective stocks from the financial, cement, telecom and energy sectors;
- Despite the poor performance of the equity markets during FY09, NIT still managed to declare a dividend of PKR3.25 per unit for Non-LOC unitholders and PKR 3.05 per unit for LOC unitholders; and
- The KSE Board of Directors recommended to the SECP the re-launching of deliverable futures product in 10 stocks.

However, the market experienced a slump and technical correction from July 24 onwards. From the beginning of the month to July 23, the KSE-100 Index surged by around 10 percent to 7,863 and thus, some sort of technical correction was expected. Conversely, the slump may have been accelerated a bit by the announcement of the SBP on July 24 to postpone the Monetary Policy Statement for 1QFY10 to August 15.

The Index immediately dropped, as soon as this news was released. From July 23 to July 30, the KSE-100 Index slumped by 372 points to 7,491, but staged a rebound on the last day of the month due to a hint by the SBP Governor

of a rate cut in the upcoming monetary policy statement.

The market continued to rally on the back of foreign buying interest in selective large cap stocks. The KSE-100 Index jumped by 954 points or about 12 percent during August 2009 to close at 8,675 while the KSE-30 Index surged by 1,125 points or nearly 14 percent to 9,321. The average daily turnover during August was 155.27m shares compared to 159.95m shares during July 2009. The net inflow of foreign funds according to SCRA figures during August 2009 was US\$66.08m while the year-to-date net inflow was US\$71.05m.

The KSE-100 Index experienced a gradual climb towards the 8,000-plateau during the first 10 days of the month. The Index from the beginning of the month to August 10 gained 361 points or 4.7 percent to 8,082. Investors reacted positively to the following news/developments:

- MCB Bank's earnings and dividend payout for 2QCY09 was in line with expectations;
- Announcement of MCB Bank being the successful suitor for Royal Bank of Scotland's Pakistani operations;
- The July headline CPI of 11.17 percent continued to show a declining trend that began from April and so, reinforced investor's confidence in a possible rate cut in the upcoming monetary policy statement on August 15;
- The IMF approved the third tranche and additional funds of US\$3.2bn as insurance cover for the expected funds from the Friends of Democratic Pakistan group;
- Foreign inflow in the equity market; and
- The SECP approved a draft proposal for margin financing.

Positive development

Discount rate cut

The market suffered some profit taking because of the rise in one-year T-bill yield in the August 12 auction causing some doubt over the possibility of rate cut by the SBP, the reported cut in cement prices and disappointing results/payout from Index heavyweights such as OGDC. On August 15, the SBP in its Monetary Policy Statement cut the discount rate by 100 bps to 13 percent, which was the minimum expected by the market and thus, led to some profit taking across the board. From August 10 to 19, the KSE was lackluster, as the turnover dramatically dipped during this period and the KSE-100 Index shed 129 points to drop below the 8,000-plateau to 7,952.

Fortunately, the market experienced a fight back due to buying activity in selective major Index stocks at lower levels and anticipation of the reintroduction of a margin-financing product. The first week of Ramadan saw a healthy rebound in the market in terms of gains and volumes. From August 19 to the end of the month, the KSE-100 Index surged by 722 points or 9 percent.

Regional valuation

The Pakistan market PE at 7.16x is trading at a 49 percent discount to the regional average of 14.15x. The discount has slightly declined from the previous month. Based on dividend yield, Thailand is the most attractive at 6.80 percent as compared to the regional average of 3.07 percent, followed by Pakistan (6.33 percent) and Singapore (4.94 percent).

Looking ahead

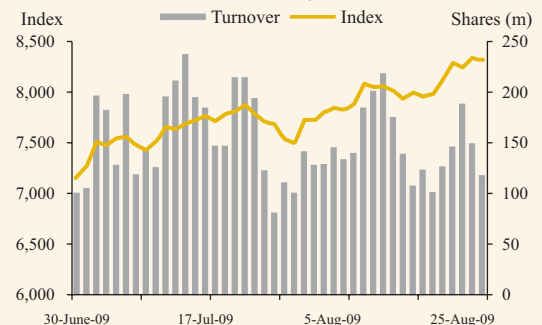
One of the major economic events for next month is the monetary policy statement expected to be announced near the end of September could act as a key driver. However, there is uncertainty regarding the action to be taken by the central bank in light of the recent report by the IMF advocating no further cuts in the policy rate until core inflation declines significantly. The probability of this happening is likely low due to the month of Ramadan that is currently taking place.

The introduction of a leverage product in September could also boost activity and sentiments. The KSE trading affairs committee recently rejected the margin-financing product proposed by the SECP and instead recommended the reintroduction of a CFS type system.

On the domestic political front, the situation is heating up slightly due to a war of words taking place between some of the major political parties. So far, it has not impacted the capital markets, however, if the current acrimony continues to a dangerous level causing instability to the current setup, then the market might take notice.

The Friends of Democratic Pakistan is expected to meet near the end of September in which President Obama and UK Prime Minister Brown will co-chair this meeting. It will be interesting to note the type of assistance that will be pledged to Pakistan.

KSE-100 Index (May - June 2009)



Regional Valuation Comparison

Country	12m F	
	PE _x	Dividend Yield (%)
China	18.21	1.21
Hong Kong	14.86	2.51
India	14.11	1.27
Indonesia	13.57	2.43
Malaysia	14.26	3.95
Pakistan	7.16	6.33
Philippines	12.22	3.46
Singapore	11.91	4.94
South Korea	11.11	1.23
Taiwan	20.58	2.88
Thailand	10.63	6.80

Source: Thomson One Analytics, Date: August 20, 2009

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

Book/Report Reviews

Powering Pakistan: Meeting Pakistan's Energy Needs in the 21st Century
Edited by Robert M. Hathaway and Michael Kugelman
Oxford University Press, 2009

Pakistan is in the grip of a full fledged energy crisis. Power outages and load shedding have disrupted industrial production, exports and households. Though Pakistan has ample potential supplies of hydropower and coal, these are largely underutilised and it depends on import of oil to meet the growing energy needs.

Woodrow Wilson International Centre for Scholars, one of Washington DC's leading institutes of advanced research had hosted a conference in June 2006 to look at Pakistan's energy needs over the next 25-30 years. This volume is an updated, expanded and reorganized edition of the 2007 Wilson Centre report. It is a compilation of 13 essays which deals with Pakistan's energy issues: some essays give an overview of the situation, the challenges, while others consider the issue from a poverty reduction angle, the issues on the demand side, promoting private sector participation etc.

The papers in the book discuss the energy challenges facing Pakistan, the need for an integrated energy development plan, the development of indigenous energy resources, better management etc. Shahid Javed Burki, in his paper *The Weight of History: Pakistan Energy Problem*, observes, by 2030, energy demand in Pakistan will be almost 64 percent greater than projected supply. Unless Pakistan moves to address this shortfall, the country will inevitably pay a large cost.

The authors Vladislav Vucetic and Achilles G. Adamantiades in their article provide a troubling assessment of the state of Pakistan's electricity sector — demand is approaching maximum production capacity, while institutional capacity for policy development and implementation remains low. Failing to resolve these problems may cause investment

delays and hamper Pakistan's economic growth.

Some of the articles have shown how lack of access to modern energy services is linked to poverty and how Pakistan's energy policy have failed to respond to poverty reduction needs. Few of the essays show the role of the private sector in the energy field, the interest of foreign investors. It offers a number of recommendations for moving Pakistan in the direction of meeting its energy needs.

The Unplanned Revolution
Observations on the Processes of Socio-economic Change in Pakistan
Arif Hasan
Oxford University Press, 2009

The book talks about the socio-economic changes that have taken place in Pakistan since its inception. Some of these have affected the Pakistani society. The broad changes are; migration from India in 1947, the introduction of green revolution technologies, urbanization and migration to the Middle East, Islamization during the Zia era, globalization and structural adjustment and more recently the government's devolution plan.

The book has been divided into six parts; *The Mountains, The Central Indus Plain, The Desert, The River in Sindh, The Coast and the City*. The section on the mountains describes the socio and economic changes taking place in the region due to a change from a barter to a cash economy, the demise of the artisanal and caste system, the development of a remittance economy and the introduction of urban values and education. Forests are disappearing, agriculture is being abandoned, jobs are scarce for the educated youth and tourism and urbanization have created severe environmental problems.

In the Indus Plains, social and economic changes has been far greater than anywhere else in the country mainly due to urbanization, commercialization of agriculture, industrialization and the 1947 migration from India.

Major changes that have taken place in Tharparkar during the period 1987 and 1992 and those taken place in the coastal areas of Balochistan and Karachi have been discussed. In case of Karachi, its coastal villages are underdeveloped and poor as compared to most other poor settlements. The Fishermen Forum has been active on issues related to the fishing industry.

Urbanization has taken place. Majority of the urban population lives in *katchi abadis*. Government agencies have failed to service the physical and social needs of these settlements. As a result, communities have organized to manage certain aspects of development and the informal sector has supported them in the provision of water, jobs, solid waste management and health and education services. Major social and demographic changes have taken place in Karachi, these trends have been identified and they are also seen, though to a lesser extent, in other major town of Pakistan.

*Human Development in South Asia 2008
Technology & Human Development
in South Asia
Oxford University Press*

The Human Development Report 2008 looks at the technological advancement in the South Asian region. Has it improved the lives of many people who have been left behind – those who are illiterate, out of school, in poor health, in poor areas and without income. The Report examines ways in which technology can be used for greater human development.

There are many ways in which technology can assist countries for achieving better human development. Better medical care, fighting malnutrition and hunger, provision of adequate public services to its citizens, innovative ways to improve the availability and access to both health and education, improving productivity of labour and raising agricultural yields to reduce poverty are some of the ways technology can work for human development.

The first three chapters of the book show how technology has increasingly become essential

for not only economic growth but also human development in South Asia.

By enhancing the productive potential of all factors of production, technology has a great potential to increase overall economic growth and reduce poverty. Empirical evidences exists which suggests that one of the major reasons why some countries find themselves in poverty traps is differences in the endowment of knowledge and in the capability of poor countries to absorb new knowledge. Only by adopting technology through a technically trained and highly educated manpower can the poor break away from poverty.

Information and Communication Technologies (ICTs) are powerful tools for stimulating economic growth and social change. Bangladesh has a National ICT policy and India has witnessed a phenomenal increase in the use and penetration of ICT in the country. Today it provides IT outsourcing services. A chapter in the Report deal exclusively with Technology & Human Development in India and another with Bangladesh.

South Asia lags behind other regions and countries, in the use of technology. Initiatives such as telemedicine and the use of technology to monitor and administer public service delivery are still few and far between. It also lacks adequate telecommunication infrastructure and technically qualified personnel to operate ICT properly.

*Pakistan
The Dawning Metaphor
Crafting a future for your Investment
Published by The Financial Daily*

This publication is a result of the collective efforts of Karachi Stock Exchange, the Central Depository Company and the Financial Daily. It highlights investment opportunities and serves as a business guide for international investors.

Part-I of the book discusses issues from the perspective of the investor, while Part-II gives key data of blue chips companies operating in various sectors of the economy.

Pakistan Economy – Key Economic Indicators

	Unit	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Output and Prices									
GNP Size	\$ bn	72.1	85.0	100.1	111.7	129.8	145.6	167.7	171.3
GDP Size	\$ bn	71.7	82.4	97.9	109.4	127.3	143.0	164.4	166.1
Income Per Capita	\$	504	579	669	732	835	927	1042	1046
Real Growth									
	(%)								
GNP		5.1	7.9	6.4	8.3	5.6	6.7	4.1	2.6
GDP		3.1	4.7	7.5	8.6	5.8	6.8	4.1	2.0
Agriculture		0.1	4.1	2.4	6.7	6.3	3.7	1.1	4.7
Manufacturing		4.5	6.9	14.0	12.6	8.7	8.2	4.8	-3.3
Services Sector		4.8	5.2	5.8	8.0	6.5	7.6	6.6	3.6
Prices									
Consumer Price Inflation*	(%)	3.5	3.1	4.6	9.3	7.9	7.8	12.0	21.5 [†]
Wholesale Price Inflation*	(%)	2.1	5.6	7.9	6.8	10.1	6.9	16.4	19.7 [†]
Food Inflation*	(%)	2.5	2.8	6.0	12.5	6.9	10.3	17.6	25.1 [†]
Non Food Inflation*	(%)	4.2	3.3	3.6	7.1	8.6	6.0	7.9	18.7 [†]
Core Inflation*	(%)	2.0	2.5	3.8	7.2	7.5	5.9	8.4	17.8 [†]
Gold Tezabi	\$/10 grams	95.5	109.0	127.2	138.3	172.2	208.2	267.1	312.7
Motor Gasoline Premium	Rs/Ltr	31.60	33.08	33.91	40.75	55.21	56.09	57.83	57.83
Kerosene oil	Rs/Ltr	18.58	22.48	24.95	29.11	36.19	39.09	43.44	43.44
Light Speed Diesel	Rs/Ltr	16.70	21.15	22.72	26.50	36.45	38.40	40.97	40.97
GDP Deflator	%	2.49	4.42	7.74	7.02	9.20	7.80	16.21	22.62
Savings and Investment									
National Savings	% GDP	18.4	20.6	17.9	17.5	18.2	17.4	13.5	14.3
Domestic Savings	% GDP	17.9	17.4	15.7	15.4	16.3	15.6	11.5	11.2
Gross Capital Formation	% GDP	15.5	15.3	15.0	17.5	20.5	20.9	20.4	18.1
Public	% GDP	4.1	3.9	4.0	4.3	4.8	5.6	5.4	4.9
Private	%GDP	11.2	11.2	10.9	13.1	15.7	15.4	15.0	13.2
Public Finance									
Revenue Receipts	% GDP	14.0	14.8	14.2	13.8	14.1	14.9	14.8	14.6
Tax Revenue	% GDP	10.7	11.4	10.8	10.1	10.5	10.3	10.2	11.3
Total Expenditure	% GDP	18.5	18.8	16.5	16.8	18.4	20.8	22.1	18.6
Fiscal Deficit	% GDP	4.3	3.7	2.4	3.3	4.3	4.3	7.4	4.3
Domestic Debt	Rs.bn	1718	1854	1979	2150	2322	2601	3266	3884
Funded	% Domestic Debt	53.9	51.0	54.6	59.4	62.0	63.9	68.8	67.7
Non Funded	% Domestic Debt	46.1	49.0	45.4	40.6	38.0	36.1	31.2	32.3
FBR Tax Collection	Rs.bn	404	461	521	590	713	847	1001	989
Direct Taxes	% share	34.9	33.0	31.7	31.0	31.6	39.4	38.3	36.5
Indirect Taxes	% share	65.1	67.0	68.3	69.0	68.4	60.6	61.7	63.5
Monetary Sector									
Net Domestic Assets (NDA)**	Rs.bn	1531	1539	1903	2329	2697	3080	4022	4395 [†]
Net Foreign Assets (NFA)**	Rs.bn	231	540	583	637	710	985	667	372 [†]

* Period Average ** End-June Stocks † July-May

	Unit	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Credit to Private Sector	Rs.bn	841	949	1274	1712	2114	2480	2888	2985 [†]
Net Credit to Government	Rs.bn	677	599	657	753	834	927	1510	1900 [†]
Borrowings for Budgetary Support	Rs.bn	567	511	575	647	708	810	1365	1748 [†]
Broad Money (M2)	growth %	15.4	18.0	19.6	19.1	15.1	19.3	15.3	2.4
Reserve Money (Mo)	growth %	9.6	14.5	15.4	17.6	10.2	20.9	22.3	6.8
Capital Market									
KSE 100 Index	1991=1000	1770	3402	5279	7450	9989	13772	12289	7162
Market Capitalisation	\$ bn	6.6	12.8	24.4	34.3	46.2	65.7	60.45	26.90
Listed Companies at KSE	Nos	712	702	668	659	658	658	652	652
National Saving Scheme*	\$ bn	13.8	16.8	17.1	15.8	15.6	16.5	17.4	17.0
Banking Sector									
Scheduled Banks Deposits	\$ bn	23.1	28.7	34.8	40.9	47.0	55.7	61.0	52.5
Scheduled Banks Advances	\$ bn	14.4	16.6	21.6	28.5	34.5	39.2	44.2	37.2
Scheduled Banks Assets	\$ bn	37.5	43.4	52.1	62.9	61.3	77.6	81.2	71.3
Lending and Deposit Rates	weighted average								
Deposits Outstanding	% pa	4.17	1.90	1.61	2.55	4.01	5.30	6.94	6.62
Advances Outstanding	% pa	12.03	7.58	7.20	8.98	10.90	11.80	12.42	14.09
Open Market Operation									
SBP 3-Day Repo	% pa	9.00	7.50	7.50	9.00	9.00	9.50	12.00	14.00
Treasury Bills Yield - 6 Months	% pa	6.28	1.66	2.08	7.96	8.49	8.90	11.47	13.14
KIBOR - 6 Months	% pa	6.21	2.12	2.69	8.46	9.36	9.77	13.94	12.80
Pakistan Investment Bonds - 5 yrs	% pa	9.39	4.16	5.27	7.50	9.65	9.53	10.80	12.37
Overnight Call Money Rate	%	6.74	4.23	1.86	4.34	8.46	9.37	13.55	12.35 [†]
SBP Export Finance Rate	%	6.50	2.00	1.50	6.50	7.50	6.50	6.50	7.50 [†]
External Sector									
Exports	\$ bn	9.14	10.97	12.46	14.48	16.55	17.28	20.12	16.25 [†]
Imports	\$ bn	9.43	11.33	13.74	19.00	24.99	26.99	35.42	31.48 [†]
Trade Balance	\$ bn	-0.29	-0.36	-1.28	-4.52	-8.44	-9.71	-15.70	-15.23 [†]
Current Account	\$ bn	0.09	3.16	1.30	-1.78	-5.70	-7.40	-14.46	-8.4 [†]
	% GDP	0.1	3.7	1.3	-1.6	-6.6	-5.1	-8.6	-5.1 [†]
Worker Remittances	\$ mn	2389	4237	3872	4168	4600	5494	6451	7076 [†]
Foreign Private Investment	\$ mn	475	816	922	1677	3872	6960	5172	2222 [†]
Direct	\$ mn	485	798	950	1524	3521	5140	5153	3326 [†]
Portfolio	\$ mn	-10	18	-28	153	351	1820	19	-1104 [†]
External Debt and Liabilities	\$ bn	36.5	35.5	35.3	35.8	37.6	40.5	46.3	50.14**
	% GDP	50.9	42.6	36.1	32.7	29.5	28.1	27.6	30.2**
External Debt Servicing	\$ mn	4095	4349	5274	2965	3115	2977	3161	3654**
Gold & Forex Reserves	\$ mn	7065	11472	13155	13338	14590	17924	13299	12404
Gold	\$ mn	667	725	831	917	1288	1366	1957	2052
Cash	\$ mn	6398	10747	12324	12421	13302	16558	11342	10345
Crude Oil Spot Prices (Brent)	\$/barrel	25.5	28.2	33.0	55.4	73.3	71.9	141.0	70.16
Exchange Rate (Average)	Rs/US\$	61.4	58.5	57.6	59.4	59.9	60.6	62.5	78.5

* Outstanding Amount **July-March [†] July-May