

## Contents

|  |    |
|--|----|
| ▪ Editor's Corner _____  | ii |
| ▪ Performance of Commercial Banks<br>Operating in Pakistan – The Year 2009 _____ | 04 |
| ▪ Floods in Pakistan – Initial Estimates of Damages Caused _____                 | 17 |
| ▪ Market Analysis _____  | 19 |
| ▪ Book/Report Reviews _____  | 21 |
| ▪ Pakistan Economy — Key Economic Indicators _____                               | 23 |

NBP Performance at a Glance

## Editor's Corner

Dear Readers,

Torrential rains during the current monsoon season have brought floods unprecedented in Pakistan's history. After having devastated villages and farmland in Khyber-Pakhtunkhwa and inundating Punjab, waters have surged down the Indus river to the southern province of Sindh, a distance of more than a thousand kilometers. Hundreds of thousands of people have had to flee rising flood waters, as it made its way down towards Sindh.

The floods have displaced people and caused widespread damages. These damages are all encompassing and include the agricultural farmland, residential property, businesses and infrastructure. Estimates show that 20-21 million people have been affected, bridges have collapsed, road links cut, shops and houses washed away or destroyed, entire villages wiped out, drinking water wells have been flooded with mud and sewage, communication network destroyed, and muddy waters have submerged fields, dealing a crippling blow to the agricultural crops and threatening a food crisis.

The scale of the devastation has not been seen before, as the floods are the worst in the nation's history. In terms of damages, the floods could affect more people and overshadow the world's last three great disasters combined; 2004 Indian Ocean tsunami, the 2005 Kashmir earthquake and the 2010 Haiti earthquake. The comparison indicates the devastating scale of the crisis.

The government faces the daunting task of undertaking a massive rehabilitation strategy to solve the damage the rains and floods have caused. It would have huge budgetary consequences. This is a huge blow to the faltering economy which is already suffering because of war on terror and the large security related expenditure and the acute energy crisis. The severe energy shortage during the last fiscal year is estimated to have reduced overall GDP growth by approximately 2.0 percent in 2009-10, while the fall out of the war on terror on the country's economic front has been immense, having an impact to the extent of \$43 billion between 2005-10. It is premature to assess the exact scale of destruction.

There is growing concern over the disaster's impact on Pakistan's economy. A Damage and Needs Assessment report prepared (as done for the 2005 Earthquake) for the flood affected areas would give an assessment of the damage caused by the floods and its related economic implications. It would also assess the emerging needs of the affected people which would help decision makers design a comprehensive reconstruction strategy and devise ways to finance it. Priorities could be set which would help in early recovery. Some work has already begun, as the government has sent out assessment teams.

Preliminary investigations show that large sums would be needed to develop physical infrastructure, including roads, bridges, electricity transmission lines, telecommunication networks, water facilities, educational institutions, and agricultural fields would have to be cleared of silt. Financial assistance would have to be provided for the displaced persons to enable them to be in a position to rebuild their homes, buy livestock and start farming. While it is too early to assess the full extent of damage to the agricultural sector, preliminary statistics show colossal loss of about Rs250 billion in the agricultural and livestock sub-sectors. Its major crops wheat, rice, cotton have been severely hit. This would cause a setback to the crop production targets and subsequently the agricultural growth target would be difficult to achieve. With agriculture contributing 21 percent to the GDP, a contraction in the sector, would affect the GDP target for the year.

The growth target of 4.5 percent would have to be revised downwards once the extent of the damage caused by floods is known.

Agriculture is the livelihood of approximately 80 percent of flood affected people across the country. Millions of acres of agricultural land (about 17 million acres) have been affected. Many areas are still under water and in some areas from where waters have receded the land and canals are filled with silt. In hilly areas of Khyber-Pakhtunkhwa the soil has become less productive as the top fertile soil has been washed away.

Many animals used for tilling land have died and this loss alongwith loss of savings is going to affect the farmer's ability to prepare land for sowing of winter wheat crop. This could have an impact on food security.

Rural people engaged in small handicrafts have suffered greatly. For instance, in Kalabagh, district Mianwali, basketry is a popular craft. Made of reeds it flourishes in towns situated near rivers and lakes where it grows in abundance. Due to floods, this raw material has been completely destroyed and the villagers don't have the capacity to purchase more raw materials. In this district there were artisans who were working in salt factories and producing salt products such as lamps and decoration pieces; they are now left with nothing, as their basic raw material and the machines are completely destroyed. Similar is the story of men engaged in pottery making and eking out a meager income. The clay used, is taken from the rivers. This alongwith kiln and basic tools have been destroyed.

The human suffering is immense. In such crisis it is the women and children who are the most vulnerable. Destruction of their homes, educational institutions and health facilities has forced them to flee and live in camps where they are exposed to the threat of infectious diseases, malnutrition, and unhygienic living conditions. According to reports over 2.5 million children under the age of five have been affected by floods.

The government is now faced with the daunting challenge of rehabilitation of the flood affectees. These people have to be provided with shelter and assistance to enable them to resume agricultural activities and others to start their small scale business that they were earlier engaged in. These people cannot take help from their friends/relatives as they themselves are helpless. It is now the biggest responsibility of the government to study and assess what measures can be taken for the rehabilitation of these affected people.

The ILO has launched cash for work programme for flood affected people in Nowshera, Peshawar and plans to start one in Sukkur. The programme will organize affected youth to clean and fumigate the camps and also establish sanitation facilities in the camps during relief period. Later, they will clean debris from market places, roads and local infrastructure. This would help the flood affected communities in quickly restarting livelihoods and employment through these programmes.

*Ayesha Mahmood*

## Performance of Commercial Banks Operating in Pakistan — The Year 2009

Economy  
presents  
mixed  
picture

As economic activity picked up last year, there was improvement in some macroeconomic indicators. GDP grew by 4.1 percent, industrial output expanded and services sector grew by 4.6 percent. There was a narrowing of the current account deficit and stronger inflows of workers' remittances. However, there has been a resurgence in inflation, public finances remain under strain, energy sector circular debt continues to plague the power sector, government borrowings from the State Bank of Pakistan (SBP) remain high, poverty has risen, there is uncertainty surrounding foreign inflows and security environment remains precarious.

Pakistan's banking sector remained stable during 2009. The wide range of structural reforms that have taken place in recent years have strengthened the sector and made it strong and resilient. It has recorded significant growth in key areas of business and continues to show enormous growth potential. The sector has attracted a substantial amount of foreign direct investment, with established global financial institutions now active participants in the domestic financial sector.

Implementation of the minimum capital requirements in a phased manner has strengthened the capital base of the banks. The on-going consolidation has largely been among small and medium sized financial institutions, which has served to strengthen the capital base of the banking system and also helped to improve competition. Increase in capital requirement was one of the regulatory measures of the State Bank of Pakistan aimed at establishing larger and more resilient financial institutions.

Regulatory  
measures  
undertaken  
by SBP

Various regulatory measures were undertaken during the year, which included issuance of new regulations and guidelines, and revision of existing ones. These were issued in the areas of consumer finance, corporate governance, Islamic banking, risk management and internal control, SMEs,

agriculture, consumer facilitation and capital adequacy. During the year, the State Bank of Pakistan made amendments in the Prudential Regulations for Corporate/Commercial Banking, in Prudential Regulations for Consumer Financing. A scheme, Pakistan Remittance Initiative, a joint effort of SBP, Ministry of Finance, and Ministry of Overseas Pakistanis was launched to facilitate inflow of remittance through formal channels.

Implemen-  
tation of  
Basel II

There has been strengthening of regulatory and supervisory framework alongwith stricter enforcement. Banks are laying emphasis on risk management by ensuring meticulous compliance of prudential regulations and other directives issued by SBP from time of time. A major on-going development is the implementation of the Basel II capital accord by banks in Pakistan. This would help enhance the quality of risk management as it requires strong internal systems for evaluating credit and other risks. The SBP has emphasized the involvement of the Board of Directors in the risk management in a bank; policies regarding risk management have to clearly and effectively be communicated down the line.

SBP policy  
rate cut

During the year 2009, the State Bank of Pakistan brought the policy rate down from 15 percent to 12.5 percent (100 basis point cut in April, 100 basis point cut in August and 50 basis point cut in November 2010). The policy rate is the rate at which banks borrow from SBP on an overnight basis. Frequency of monetary policy decisions was increased from four to six times a year. The KIBOR rates used as a benchmark for pricing most of the bank loans came down. The 6 month KIBOR rate came down from 15 percent at end January 2009 to 12 percent at end December 2009. The weighted average lending rate on outstanding loans came down from 14.66 percent in January 2009 to 13.35 percent by December 2009.

This paper discusses the performance of commercial banks operating in Pakistan during

2009. The banks have been divided into three categories, major banks, private and provincial banks and foreign banks. The statistical information has been obtained from the published financial statements of the banks. The financial statement of Bank of Punjab was not published, and accordingly has not been included in the write up.

The year 2009 saw a rise in the profitability of the banking sector. The profit before tax of banks increased by nearly 39 percent to Rs82 billion from Rs59 billion in 2008. The profitability, however, varies across banks. The top five banks have the major share, while a good number of banks posted losses. The main contributors to the increase in the sector's profitability were NIB Bank, which recorded a profit of Rs644 million against a loss of nearly Rs11 billion in previous year, HBL (Rs3.66 billion) and ABL (Rs4.4 billion). In terms of percentage improvement, Askari Bank's profit before tax increased by 256 percent, followed by Meezan 75 percent. Increase in spread has been a major contributor to increase in profitability.

Rise in  
profit-  
ability

In the major bank's category, while MCB and National Bank of Pakistan (NBP) recorded the highest profit, ABL and HBL posted highest profit growth. ABL's interest spread and non-interest income increased during the year, as accompanying tables show. HBL's spread has increased, while non-mark up interest income declined.

ABL &  
HBL post  
highest  
profit  
growth

In the private/provincial banks category, the major change was seen for NIB, where charge for bad debts was reduced and its non-mark interest expenses declined, mainly due to no impairment loss in respect of good will as against Rs1 billion in 2008. In this category, banks like mybank, Silkbank, Atlas Bank, Bank Islami Pakistan, Arif Habib Bank suffered increased losses over their respective losses in 2008.

For foreign banks, loss before tax jumped from Rs551 million in 2008 to Rs.2.75 billion in 2009. Barclays loss almost doubled from Rs1.2 billion to Rs2.3 billion, while for RBS

it rose significantly from Rs559 million to Rs1.9 billion. RBS loss was mainly due to decrease in spread and non-mark/interest income.

Analysis of the components of the profit and loss show that net-interest income continues to grow but at a slow rate due to increasing interest expense. On the other hand, non interest income has declined. Nearly all banks under review have shown an increase in their interest expenses, while non-interest income has either grown slowly or fallen for some banks.

The rising non-performing loans (NPLs) have significantly increased the loan loss provisioning over the last few years, affecting the overall earnings of the banking system. However, provisions for end December 09 were lower than CY08. Operating expenses to gross income increased due to high administrative expenses for all categories of banks. As a result, cost to income ratio has increased. The administrative expenses have remained high due to increase in operating overheads.

Rising  
NPLs

In 2009, profit after tax increased to Rs57 billion against Rs41 billion in 2008, a rise of 39 percent. This is attributable to the growth in profit of major banks, as the other two categories — private & provincial banks and foreign banks showed declines. ABL showed a Rs2.9 billion growth in profit (AT), NBP Rs2.7 billion HBL Rs2.3 billion. Among the private banks, after tax losses of KASB jumped to Rs4.2 billion from Rs973 million a year earlier, while of Arif Habib it rose to Rs2.1 billion against Rs191 million in 2008.

Profit (AT)  
rises

The return on equity of banks increased by 1.8 percent to 10.2 percent by end December 09 compared to 8.4 percent at end December 08. Return on equity for major banks was 18.6 percent, for private/provincial banks it was negative (3.1 percent), while for foreign banks it turned negative (-5.0 percent) from positive 0.4 percent in 2008. The Return on Asset (ROA) ratio shows a marginal decline of 0.3 percent to 2.4 percent at end December 2009,

RoE rises

RoA  
declines

from 2.7 percent a year ago. Only major banks showed a slight increase, while the other two categories of banks showed declines.

In the major banks category, MCB had the highest ROA (3.3 percent), followed by NBP at 2.1 percent, while in the private banks category it was negative for most banks with a few exceptions. Bank Al-Habib, Askari Commercial, Habib Metropolitan were among such banks.

Foreign banks have negative RoE & RoA

For foreign banks, both the profitability ratios, ROE and ROA were negative. ROE turned negative (-5.0 percent) in 2009 from a positive 0.4 percent in 2008, as RBS and Barclays showed large declines. ROA also turned negative (0.6 percent) from a positive 0.04 percent, because of negative ROA for Barclays, RBS, Oman International and Al-Baraka Islamic Bank. For Deutsche Bank ROA increased from 2.7 percent in 2008 to 4.4 percent in 2009.

Net assets grew

During the year 2009, net assets of banks increased by 11.7 percent to Rs6140 billion. The growth of assets of major banks and private/provincial banks were 12.7 percent and 12.6 percent respectively, while foreign banks showed a decline of 2.4 percent against a substantial increase of 22.4 percent in 2008.

In the major banks category, the largest increase in assets was witnessed in NBP: Rs126.4 billion, HBL Rs103.7 billion, followed by MCB Rs65.6 billion. UBL recorded lowest growth Rs14.2 billion and in terms of percentage 2.3 percent. In terms of percentage, Standard Chartered Bank recorded highest asset growth of 18.2 percent.

In the private/provincial banks category, Bank al Habib recorded the highest increase in terms of amount, Rs72.5 billion, followed by Habib Metropolitan Rs55 billion, Askari Rs48.1 billion, Faysal Rs42.7 billion and NIB Rs29.2 billion.

Assets declined by 2.4 percent for foreign banks, falling to Rs334.4 billion in 2009 compared with Rs342.6 billion in 2008. RBS

and Citi showed decreases of 13.6 percent and 11.7 percent respectively. Barclays showed a jump of nearly 73 percent, with its assets rising to Rs42.5 billion, against Rs24.6 billion in 2008.

Net advances decline

Net advances of banks declined by 2.5 percent in 2009 against a growth of 18.2 percent a year earlier. The growth in advances of major banks slowed down to 2.6 percent, against a growth of 19.8 percent a year earlier, while private and foreign banks showed declines. NBP posted an increase of 15.0 percent, ABL 11.4 percent, while other major banks showed decreases.

Advances deposit ratio

Advances to deposit ratio of banks has decreased by 1.4 percent to 69.6 percent from 71.0 percent in 2008. This ratio is higher for private banks at 70.4 percent. Among major banks, the ratio was the highest (74.3 percent) for UBL, followed by MCB (73.9 percent) and ABL (71.9 percent). Among private banks, Atlas Bank has a ratio of 88.7 percent and NIB 82.8 percent. First Women Bank has a ratio of 44.8 percent.

The ratio of non-performing loans as percentage of gross advances of all banks increased to 10.9 percent compared to 9.7 percent in 2008. The ratio for major banks increased to 10.6 percent as against 9.2 percent a year earlier. For foreign banks it rose to 9.8 percent from 6.4 percent in 2008, while the ratio declined for private/provincial banks to 11.4 percent against 14.2 percent. This category of banks has shown an improvement in the ratio.

Slower growth in deposits

Deposit growth slowed to 8.9 percent in 2009 against a growth of 9.5 percent a year earlier. Deposits have crossed Rs4.5 trillion, with the major banks share at 67.7 percent, private and provincial banks at 27.4 percent and foreign banks 4.9 percent. NBP surpasses all other banks with a deposit base of Rs726.5 billion, followed by HBL at Rs653.5 billion.

Among private/provincial banks, Askari has a deposit base of Rs206.0 billion, which rose by 22.8 percent in 2009, Meezan showed a growth of 42.8 percent to Rs100.3 billion,

Bank al Habib showed a growth of 31 percent with its deposits rising to Rs189.3 billion, Habib Metropolitan recorded a growth of 11 percent and deposits rose to Rs142.5 billion. Among the foreign banks, deposits of RBS, and Citi declined, while it rose for HSBC (10.2 percent), Barclays (105 percent) and al Baraka (23.4 percent).

Cost of funds ratio higher

In 2009, the cost of funds ratio has increased for all categories of banks to 6.1 percent from 5.4 percent in 2008. While the ratio was 5.5 percent for major banks, it was higher at 7.6 percent for private/provincial banks. Among major banks, Bank al Falah had a cost of funds ratio of 7.5 percent, while for MCB it was 4.1 percent. Atlas bank had a ratio of 12.5 percent, KASB 11.7 percent, Arif Habib 11.2 percent, Oman International 8.5 percent and al Baraka Islamic bank 9.0 percent. Deutsche had a ratio of 2.7 percent,

The cost to income ratio for all banks shows a slight increase to 48.5 percent against 47.5 percent in 2008. While this ratio showed a minor change for major banks, an increase was seen for the other two categories of banks. In the major banks category, MCB continues to have a low cost/income ratio compared to the other banks like Bank al Falah which had a higher ratio of 67.9 percent, and Standard Chartered 52.9 percent.

Growth of interest income slows down

Interest income continued to be the major contributor towards Banks' total income. Its growth however, slowed to 19.1 percent in 2009, compared with 26.9 percent in 2008. There was a marked slowdown in private banks interest income where the growth fell to 11.5 percent against 36.5 percent in 2008. For foreign banks, the growth was higher at 13.3 percent over 11.1 percent a year earlier. All banks income expense ratio remained at last year's level. Category-wise breakup shows a marginal increase in the ratio for private banks but a decline for foreign banks, implying higher expenses incurred over the income earned for the later category of banks.

Interest spread has increased for all categories of banks; it is highest for foreign banks (7.2 percent). In this category, Citibank witnessed

Interest spread small for foreign banks

an increase in the ratio to 9.3 percent against 7.0 percent in 2007, while al-Baraka Islamic bank had the lowest ratio (2.3 percent). Among major banks, the interest spread was 8.8 percent in case of MCB, 7.6 percent for Standard Chartered (against 9.0 percent in 2008) and was the lowest at 4.0 percent for Bank al Falah. NBP has reduced its interest spread to 5.8 percent in 2009 against 6.1 percent in 2007. Among private banks, the ratio varied between 1.5 percent for Atlas Bank to 6.7 percent for Dubai Islamic Bank. The ratio was small for a large number of private banks 2.4 — 4.0 percent.

Administrative expenses witnessed a slower growth (11.4 percent) in 2009 rising to Rs172 billion compared with an increase of 28.3 percent in 2008 and 25.0 percent in 2007. Among the major banks, administrative expenses in terms of amount are the highest for NBP (Rs22.6 billion), with HBL closely following at Rs21.7 billion. For the last three years Standard Chartered has maintained its admn expenses at Rs12 billion with slight changes.

Inter-mediation cost

The intermediation cost ratio was recorded at 3.5 percent for the banks last year. For major banks it was 3.3 percent, for private/provincial banks 3.5 percent and for foreign banks 5.3 percent. Among major banks it was 6 percent for Standard Chartered and 2.6 percent for MCB. The ratio was much higher for private/provincial banks. For the foreign banks, the ratio ranged between 2 —7 percent, while for the newly established Barclays it was 20.0 percent.

Staff strength

For all banks, staff strength declined by 4.2 percent in 2009. HBL reduced the number of its employees by 6.4 percent, UBL by 4.3 percent, MCB 7.5 percent, RBS 11.7 percent, Citibank 27.6 percent, and Barclays 7.0 percent among others. On the other hand, banks like NBP, Bank Al Habib, Meezan Bank and Faysal Bank increased their staff strength Staff per branch ratio remained stagnant for major banks, while it declined both for private and foreign banks. The details of other ratios for all banks in given in the accompanying tables.

### Key Performance Indicators – All Banks

(Rs. Bn)

|                      | Major Banks |       |       | Private & Provincial Banks |       |       | Foreign Banks |      |      | All Banks |        |        |
|----------------------|-------------|-------|-------|----------------------------|-------|-------|---------------|------|------|-----------|--------|--------|
|                      | 2007        | 2008  | 2009  | 2007                       | 2008  | 2009  | 2007          | 2008 | 2009 | 2007      | 2008   | 2009   |
| Assets Net           | 3263        | 3564  | 4015  | 1501                       | 1590  | 1791  | 280           | 343  | 334  | 5044      | 5497   | 6140   |
| Equity               | 275         | 317   | 370   | 148                        | 172   | 167   | 25            | 43   | 43   | 448       | 532    | 580    |
| Deposits             | 2508        | 2784  | 3100  | 1124                       | 1193  | 1254  | 208           | 227  | 225  | 3840      | 4204   | 4579   |
| Advances(Net)        | 1680        | 2013  | 2065  | 783                        | 910   | 813   | 153           | 170  | 139  | 2616      | 3093   | 3017   |
| Investments          | 825         | 699   | 1008  | 392                        | 333   | 577   | 43            | 42   | 80   | 1260      | 1074   | 1665   |
| Gross Advances       | 1765        | 2117  | 2204  | 821                        | 990   | 889   | 159           | 178  | 151  | 2745      | 3285   | 3244   |
| Non Performing Loans | 122         | 178   | 229   | 45                         | 128   | 107   | 6             | 11   | 16   | 173       | 317    | 352    |
| Interest Income      | 241         | 299   | 369   | 104                        | 143   | 160   | 27            | 30   | 34   | 372       | 472    | 562    |
| Interest Expense     | 93          | 130   | 174   | 71                         | 97    | 109   | 13            | 15   | 19   | 177       | 242    | 302    |
| Net Interest Income  | 148         | 169   | 194   | 33                         | 46    | 51    | 13            | 15   | 15   | 194       | 230    | 260    |
| Non Interest Income  | 53          | 60    | 64    | 27                         | 24    | 19    | 7             | 10   | 8    | 87        | 94     | 91     |
| Revenue              | 201         | 229   | 259   | 61                         | 71    | 70    | 20            | 24   | 24   | 282       | 324    | 353    |
| Admn Expense         | 77          | 92    | 104   | 30                         | 45    | 50    | 13            | 17   | 18   | 120       | 154    | 172    |
| Profit/(Loss)B.T     | 90          | 84    | 92    | 14                         | -24   | -8    | 1             | -1   | -3   | 105       | 59     | 81     |
| Profit/(Loss)A.T     | 61          | 55    | 64    | 12                         | -14   | -5    | -0.4          | 0.1  | -2   | 73        | 41     | 57     |
| Employees (Nos)      | 66798       | 67815 | 66558 | 30312                      | 37155 | 34347 | 4536          | 4693 | 4125 | 101646    | 109663 | 105030 |
| Branches (Nos)       | 6002        | 6189  | 6260  | 1595                       | 2079  | 2109  | 141           | 159  | 163  | 7738      | 8427   | 8532   |

### Growth Rates – All Banks

(In %)

|                     | Major Banks |       |      | Private & Provincial Banks |        |       | Foreign Banks |        |         | All Banks |       |      |
|---------------------|-------------|-------|------|----------------------------|--------|-------|---------------|--------|---------|-----------|-------|------|
|                     | 2007        | 2008  | 2009 | 2007                       | 2008   | 2009  | 2007          | 2008   | 2009    | 2007      | 2008  | 2009 |
| Assets Net          | 17.2        | 9.2   | 12.7 | 24.8                       | 5.9    | 12.6  | 1.4           | 22.4   | -2.4    | 18.3      | 9.0   | 11.7 |
| Equity              | 19.6        | 15.3  | 16.6 | 48.0                       | 16.2   | -2.9  | -3.8          | 72.0   | -       | 25.8      | 18.8  | 9.0  |
| Deposits            | 15.9        | 11.0  | 11.4 | 24.6                       | 6.1    | 5.1   | 8.9           | 9.1    | -1.1    | 17.9      | 9.5   | 8.9  |
| Advances            | 8.7         | 19.8  | 2.6  | 15.8                       | 16.3   | -10.7 | 0.7           | 11.1   | -18.3   | 10.2      | 18.2  | -2.5 |
| Investments         | 56.5        | -15.3 | 44.2 | 63.3                       | -15.0  | 73.3  | -14.0         | -2.3   | 89.8    | 54.2      | -14.8 | 55.0 |
| Interest Income     | 20.5        | 24.1  | 23.2 | 25.3                       | 36.5   | 11.5  | 17.4          | 11.1   | 13.3    | 21.6      | 26.9  | 19.1 |
| Interest Expense    | 32.9        | 39.8  | 34.2 | 36.5                       | 36.6   | 12.1  | 18.2          | 15.4   | 26.7    | 33.1      | 36.5  | 24.9 |
| Net Interest Income | 13.8        | 14.2  | 14.9 | 6.5                        | 36.4   | 11.3  | 8.3           | 15.4   | -       | 12.1      | 18.5  | 13.2 |
| Non Interest Income | 26.2        | 12.4  | 8.0  | 58.8                       | -11.1  | -20.8 | 16.7          | 42.9   | -20.0   | 33.8      | 7.5   | -2.4 |
| Revenue             | 17.5        | 13.9  | 13.0 | 27.1                       | 16.4   | -1.4  | 11.1          | 20.0   | -       | 19.0      | 14.9  | 8.9  |
| Admn Expense        | 18.5        | 19.5  | 12.6 | 36.4                       | 50.0   | 11.1  | 44.4          | 30.8   | 5.9     | 25.0      | 28.3  | 11.4 |
| Profit/(Loss)B.T    | -5.3        | -6.7  | 9.5  | -33.3                      | -271.4 | -66.7 | -85.7         | -233.9 | 143.7   | -14.6     | -43.8 | 37.2 |
| Profit(Loss)A.T     | -3.2        | -9.8  | 16.4 | -20.0                      | -216.7 | -62.0 | -108.9        | -175.0 | -1713.5 | -13.1     | -43.8 | 39.0 |

### Selected Ratios – All Banks

(In %)

|                                 | Major Banks |       |       | Private & Provincial Banks |       |       | Foreign Banks |       |       | All Banks |       |       |
|---------------------------------|-------------|-------|-------|----------------------------|-------|-------|---------------|-------|-------|-----------|-------|-------|
|                                 | 2007        | 2008  | 2009  | 2007                       | 2008  | 2009  | 2007          | 2008  | 2009  | 2007      | 2008  | 2009  |
| Cost of Funds                   | 3.7         | 4.5   | 5.5   | 6.2                        | 7.5   | 7.6   | 5.7           | 5.1   | 5.5   | 4.5       | 5.4   | 6.1   |
| Intermediation Cost             | 3.0         | 3.2   | 3.3   | 2.6                        | 3.5   | 3.5   | 5.4           | 5.9   | 5.3   | 3.0       | 3.5   | 3.5   |
| Pre Tax Margin                  | 30.6        | 23.3  | 21.2  | 10.7                       | -14.4 | -4.4  | 3.2           | -1.4  | -6.5  | 22.9      | 10.5  | 12.6  |
| Non Interest Income Ratio       | 26.3        | 26.0  | 24.8  | 44.4                       | 33.9  | 27.3  | 34.4          | 38.9  | 34.6  | 30.7      | 28.7  | 26.0  |
| Gross Spread Ratio              | 61.5        | 56.6  | 52.8  | 31.9                       | 31.9  | 31.9  | 49.8          | 50.4  | 45.1  | 52.4      | 48.7  | 46.5  |
| Cost/Income Ratio               | 38.0        | 40.1  | 40.0  | 49.0                       | 63.3  | 71.2  | 62.0          | 68.7  | 74.0  | 42.1      | 47.5  | 48.5  |
| Income/Expense Ratio (IER)      | 1.4         | 1.3   | 1.3   | 1.1                        | 0.9   | 1.0   | 1.3           | 1.2   | 1.1   | 1.3       | 1.1   | 1.1   |
| Return on Equity                | 24.1        | 18.7  | 18.6  | 9.4                        | -9.1  | -3.1  | -1.7          | 0.4   | -5.0  | 17.9      | 8.4   | 10.2  |
| Return on Assets                | 2.0         | 1.6   | 1.7   | 0.9                        | -0.9  | -0.3  | -0.2          | 0.04  | -0.6  | 2.9       | 2.7   | 2.4   |
| Return on Deposits              | 2.6         | 2.1   | 2.2   | 1.1                        | -1.3  | -0.4  | -0.2          | 0.1   | -0.1  | 0.3       | 0.3   | 0.3   |
| Earning Assets/Deposits         | 107.4       | 106.4 | 105.4 | 115.1                      | 113.1 | 116.6 | 115.3         | 113.3 | 117.5 | 107.4     | 106.4 | 105.4 |
| Capital Ratio                   | 8.3         | 8.7   | 9.1   | 9.2                        | 10.4  | 9.9   | 9.2           | 10.8  | 12.6  | 8.6       | 9.3   | 9.5   |
| Deposits Time Capital           | 7.8         | 7.5   | 7.5   | 11.0                       | 8.1   | 7.0   | 7.8           | 6.4   | 5.3   | 8.5       | 7.8   | 7.2   |
| Equity Multiplier (Time)        | 12.0        | 11.5  | 11.0  | 10.9                       | 9.6   | 10.1  | 10.9          | 9.3   | 7.9   | 11.6      | 10.8  | 10.5  |
| Capital to Risk Assets (CRA)    | 15.6        | 16.0  | 16.8  | 17.0                       | 19.0  | 19.4  | 16.7          | 20.9  | 27.7  | 16.1      | 17.2  | 18.1  |
| Advances+Investment/Assets      | 75.7        | 76.4  | 76.3  | 77.4                       | 78.2  | 77.9  | 71.5          | 65.3  | 63.5  | 76.0      | 76.3  | 76.0  |
| Earning Assets/Assets           | 83.0        | 82.5  | 81.9  | 86.3                       | 84.7  | 84.4  | 82.6          | 79.1  | 78.4  | 83.9      | 82.9  | 82.4  |
| Advances/Deposits(CDR)          | 69.0        | 69.8  | 69.3  | 72.0                       | 73.1  | 70.4  | 76.5          | 74.1  | 68.3  | 70.3      | 71.0  | 69.6  |
| Avg. Liabilities/Avg. Assets    | 89.6        | 89.7  | 89.7  | 93.2                       | 90.8  | 89.7  | 90.9          | 89.0  | 87.3  | 91.0      | 90.3  | 89.6  |
| Liabilities/Equity (Time)       | 10.8        | 10.4  | 9.9   | 10.1                       | 8.7   | 9.1   | 9.9           | 8.2   | 6.9   | 10.5      | 9.7   | 9.4   |
| Net Profit Margin               | 30.1        | 24.2  | 24.7  | 19.2                       | -20.4 | -7.6  | -2.0          | 0.6   | -8.8  | 25.4      | 12.7  | 16.0  |
| Net Interest Margin (NIM)       | 5.9         | 6.0   | 6.3   | 2.9                        | 3.5   | 3.6   | 5.8           | 6.1   | 6.0   | 5.0       | 5.3   | 3.6   |
| Cost of Funding Earning Assets  | 3.7         | 4.6   | 5.6   | 6.1                        | 7.4   | 7.6   | 5.8           | 6.0   | 7.0   | 4.5       | 5.5   | 6.3   |
| Yield on Earning Assets         | 9.6         | 10.6  | 11.9  | 9.0                        | 10.9  | 11.2  | 11.6          | 12.1  | 12.6  | 9.6       | 10.8  | 11.7  |
| Interest Spread                 | 6.0         | 6.1   | 6.4   | 2.7                        | 3.4   | 3.6   | 5.9           | 6.9   | 7.2   | 4.3       | 5.0   | 5.0   |
| NPLs/Gross Advances             | 7.3         | 9.2   | 10.6  | 5.9                        | 14.2  | 11.4  | 2.6           | 6.4   | 9.8   | 6.3       | 9.7   | 10.9  |
| NPLs Provisions/Net Advances    | 5.7         | 7.0   | 8.5   | 5.5                        | 9.4   | 8.8   | 2.8           | 5.0   | 7.8   | 5.3       | 7.1   | 8.8   |
| Admn Expenses/Employee (Rs.Mn)  | 1.1         | 1.4   | 1.6   | 1.0                        | 1.2   | 1.5   | 2.8           | 3.6   | 4.3   | 1.2       | 1.4   | 1.6   |
| Staff / Branch (Nos)            | 11          | 11    | 11    | 19                         | 18    | 16    | 32            | 30    | 25    | 13        | 13    | 12    |
| Profit After Tax/Branch (Rs.Mn) | 10.1        | 8.9   | 10.2  | 7.3                        | -7.0  | -2.5  | -3.1          | 0.8   | -13.2 | 9.3       | 4.9   | 6.6   |



## Key Performance Indicators – Major Banks

(Rs. Bn)

| Banks                   | Assets        |               |               | Equity       |              |              | Deposits      |               |               | Advances      |               |               | Investments  |              |               |
|-------------------------|---------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|
|                         | 2007          | 2008          | 2009          | 2007         | 2008         | 2009         | 2007          | 2008          | 2009          | 2007          | 2008          | 2009          | 2007         | 2008         | 2009          |
| NBP                     | 762.2         | 817.8         | 944.2         | 69.3         | 81.4         | 94.8         | 591.9         | 624.9         | 726.5         | 340.3         | 413.0         | 475.2         | 211.1        | 170.8        | 217.6         |
| HBL                     | 655.8         | 717.3         | 821.0         | 50.7         | 61.3         | 71.2         | 509.0         | 572.4         | 653.5         | 362.3         | 435.7         | 432.3         | 171.9        | 127.8        | 209.4         |
| UBL                     | 530.1         | 605.5         | 619.7         | 34.0         | 42.2         | 52.3         | 401.0         | 483.6         | 492.0         | 299.4         | 371.1         | 354.1         | 115.6        | 116.3        | 136.1         |
| MCB Bank                | 410.5         | 443.6         | 509.2         | 45.4         | 52.2         | 61.1         | 292.1         | 330.3         | 367.6         | 219.0         | 262.1         | 253.2         | 113.1        | 96.3         | 167.1         |
| ABL                     | 320.1         | 366.7         | 418.4         | 18.4         | 20.8         | 25.9         | 264.0         | 297.5         | 328.9         | 168.4         | 213.0         | 237.3         | 84.0         | 82.6         | 94.8          |
| Bank Al Falah           | 329.0         | 349.0         | 389.1         | 13.8         | 14.6         | 19.8         | 273.2         | 300.7         | 324.8         | 171.2         | 192.7         | 188.0         | 88.5         | 76.0         | 99.2          |
| Standard Chartered Bank | 255.5         | 264.6         | 312.9         | 43.3         | 44.0         | 44.7         | 177.2         | 174.5         | 207.0         | 119.5         | 125.6         | 124.4         | 40.7         | 29.6         | 83.8          |
| <b>Total</b>            | <b>3263.2</b> | <b>3564.5</b> | <b>4014.5</b> | <b>274.9</b> | <b>316.5</b> | <b>369.8</b> | <b>2508.4</b> | <b>2783.9</b> | <b>3100.3</b> | <b>1680.1</b> | <b>2013.2</b> | <b>2064.5</b> | <b>824.9</b> | <b>699.4</b> | <b>1008.0</b> |

| Banks                   | Interest Income |              |              | Interest Expense |              |              | Net Interest Income |              |              | Non Interest Income |             |             | Revenue      |              |              |
|-------------------------|-----------------|--------------|--------------|------------------|--------------|--------------|---------------------|--------------|--------------|---------------------|-------------|-------------|--------------|--------------|--------------|
|                         | 2007            | 2008         | 2009         | 2007             | 2008         | 2009         | 2007                | 2008         | 2009         | 2007                | 2008        | 2009        | 2007         | 2008         | 2009         |
| NBP                     | 50.6            | 60.9         | 77.9         | 16.9             | 23.9         | 39.5         | 33.6                | 37.1         | 38.5         | 13.5                | 16.4        | 19.0        | 47.1         | 53.5         | 57.5         |
| HBL                     | 48.3            | 61.2         | 74.8         | 18.0             | 25.5         | 33.1         | 30.3                | 35.6         | 41.7         | 8.0                 | 10.3        | 9.9         | 38.3         | 45.9         | 51.6         |
| UBL                     | 41.0            | 51.9         | 60.9         | 16.9             | 24.1         | 28.2         | 24.1                | 27.9         | 32.7         | 9.0                 | 10.7        | 11.7        | 33.1         | 38.6         | 44.4         |
| MCB Bank                | 31.8            | 40.0         | 51.6         | 7.9              | 11.6         | 15.8         | 23.9                | 28.5         | 35.8         | 6.4                 | 5.8         | 5.6         | 30.3         | 34.3         | 41.4         |
| ABL                     | 21.2            | 30.6         | 41.1         | 10.1             | 17.3         | 22.4         | 11.1                | 13.3         | 18.7         | 3.9                 | 4.9         | 6.0         | 15.0         | 18.2         | 24.7         |
| Bank Al Falah           | 25.8            | 31.0         | 35.6         | 16.6             | 20.5         | 24.7         | 9.2                 | 10.5         | 10.9         | 6.0                 | 4.8         | 5.2         | 15.2         | 15.3         | 16.1         |
| Standard Chartered Bank | 22.5            | 23.3         | 26.7         | 6.3              | 6.9          | 10.4         | 16.2                | 16.4         | 16.3         | 6.1                 | 6.6         | 6.9         | 22.3         | 23.0         | 23.2         |
| <b>Total</b>            | <b>241.2</b>    | <b>298.9</b> | <b>368.6</b> | <b>92.7</b>      | <b>129.8</b> | <b>174.1</b> | <b>148.4</b>        | <b>169.3</b> | <b>194.6</b> | <b>52.9</b>         | <b>59.5</b> | <b>64.3</b> | <b>201.3</b> | <b>228.8</b> | <b>258.9</b> |

| Banks                   | Admn Expenses |             |              | Operating Profit |              |              | Provisions/Other Expenses |             |             | Profit/Loss (B.T) |             |             | Profit/Loss (A.T) |             |             |
|-------------------------|---------------|-------------|--------------|------------------|--------------|--------------|---------------------------|-------------|-------------|-------------------|-------------|-------------|-------------------|-------------|-------------|
|                         | 2007          | 2008        | 2009         | 2007             | 2008         | 2009         | 2007                      | 2008        | 2009        | 2007              | 2008        | 2009        | 2007              | 2008        | 2009        |
| NBP                     | 14.2          | 18.2        | 22.6         | 32.9             | 35.3         | 34.9         | 4.9                       | 12.3        | 12.6        | 28.1              | 23.0        | 22.3        | 19.0              | 15.5        | 18.2        |
| HBL                     | 17.4          | 20.3        | 21.7         | 20.9             | 25.6         | 29.9         | 7.8                       | 9.9         | 10.4        | 13.1              | 15.9        | 19.5        | 8.0               | 10.0        | 12.3        |
| UBL                     | 13.4          | 15.5        | 16.6         | 19.7             | 23.1         | 27.8         | 6.7                       | 9.1         | 13.7        | 13.0              | 13.9        | 14.1        | 8.4               | 8.3         | 9.2         |
| MCB Bank                | 5.4           | 7.5         | 10.1         | 24.9             | 26.8         | 31.3         | 3.6                       | 4.9         | 8.2         | 21.3              | 21.9        | 23.2        | 15.3              | 15.4        | 15.5        |
| ABL                     | 5.9           | 8.1         | 9.4          | 9.1              | 10.1         | 15.3         | 3.1                       | 4.0         | 4.8         | 6.0               | 6.1         | 10.5        | 4.1               | 4.2         | 7.1         |
| Bank Al Falah           | 8.3           | 9.8         | 10.9         | 6.9              | 5.5          | 5.2          | 2.4                       | 3.7         | 4.1         | 4.5               | 1.8         | 1.0         | 3.1               | 1.3         | 0.9         |
| Standard Chartered Bank | 12.1          | 12.4        | 12.2         | 10.2             | 10.6         | 11.0         | 6.1                       | 9.5         | 9.7         | 4.1               | 1.1         | 1.3         | 2.8               | 0.7         | 0.7         |
| <b>Total</b>            | <b>76.7</b>   | <b>91.8</b> | <b>103.5</b> | <b>124.6</b>     | <b>137.0</b> | <b>155.4</b> | <b>34.6</b>               | <b>53.4</b> | <b>63.5</b> | <b>90.1</b>       | <b>83.7</b> | <b>91.9</b> | <b>60.7</b>       | <b>55.4</b> | <b>63.9</b> |

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 (NIR) |             |             | Gross Spread Ratio (GSR) |             |             |
|--------------------|--------------|------------|------------|---------------------|------------|------------|----------------|-------------|-------------|---------------------------------|-------------|-------------|--------------------------|-------------|-------------|
|                    | 2007         | 2008       | 2009       | 2007                | 2008       | 2009       | 2007           | 2008        | 2009        | 2007                            | 2008        | 2009        | 2007                     | 2008        | 2009        |
| NBP                | 3.0          | 3.8        | 5.5        | 2.5                 | 2.9        | 3.1        | 43.8           | 29.7        | 23.0        | 28.7                            | 30.7        | 33.1        | 66.5                     | 60.8        | 49.3        |
| HBL                | 3.5          | 4.3        | 5.0        | 3.2                 | 3.4        | 3.3        | 23.3           | 22.2        | 23.0        | 20.7                            | 22.5        | 19.3        | 62.1                     | 58.3        | 55.7        |
| UBL                | 4.1          | 4.9        | 5.3        | 3.2                 | 3.1        | 3.1        | 26.0           | 22.2        | 19.4        | 27.2                            | 27.7        | 26.3        | 58.7                     | 53.7        | 53.7        |
| MCB Bank           | 2.6          | 3.4        | 4.1        | 1.8                 | 2.2        | 2.6        | 55.7           | 47.7        | 40.4        | 21.2                            | 16.9        | 13.6        | 75.3                     | 71.1        | 69.3        |
| ABL                | 3.9          | 5.6        | 6.5        | 2.3                 | 2.7        | 2.7        | 23.7           | 17.3        | 22.4        | 26.1                            | 26.9        | 24.2        | 52.4                     | 43.5        | 45.5        |
| Bank Al-Falah      | 6.1          | 6.7        | 7.5        | 3.1                 | 3.2        | 3.3        | 14.3           | 5.0         | 2.5         | 39.7                            | 31.5        | 32.2        | 35.5                     | 33.8        | 30.7        |
| Standard Chartered | 3.5          | 3.8        | 5.1        | 6.7                 | 6.8        | 6.0        | 14.3           | 3.7         | 3.8         | 27.4                            | 28.7        | 29.7        | 71.9                     | 70.4        | 61.1        |
| <b>Total</b>       | <b>3.7</b>   | <b>4.5</b> | <b>5.5</b> | <b>3.0</b>          | <b>3.2</b> | <b>3.3</b> | <b>30.6</b>    | <b>23.3</b> | <b>21.2</b> | <b>26.3</b>                     | <b>26.0</b> | <b>24.8</b> | <b>61.4</b>              | <b>56.6</b> | <b>52.8</b> |

| Banks              | Cost / Income Ratio |             |             | Income Expense Ratio |            |            | ROE         |             |             | ROA        |            |            | ROD        |            |            |
|--------------------|---------------------|-------------|-------------|----------------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
|                    | 2007                | 2008        | 2009        | 2007                 | 2008       | 2009       | 2007        | 2008        | 2009        | 2007       | 2008       | 2009       | 2007       | 2008       | 2009       |
| NBP                | 30.1                | 34.0        | 39.3        | 1.8                  | 1.4        | 1.3        | 31.1        | 20.5        | 20.7        | 2.7        | 2.0        | 2.1        | 3.5        | 2.5        | 2.7        |
| HBL                | 45.0                | 44.1        | 42.1        | 1.3                  | 1.3        | 1.3        | 16.8        | 17.9        | 18.6        | 1.3        | 1.5        | 1.6        | 1.7        | 1.8        | 2.0        |
| UBL                | 40.5                | 40.3        | 37.4        | 1.4                  | 1.3        | 1.2        | 27.5        | 21.9        | 19.5        | 1.8        | 1.5        | 1.5        | 2.3        | 1.9        | 1.9        |
| MCB Bank           | 17.9                | 22.0        | 24.4        | 2.3                  | 1.9        | 1.7        | 37.7        | 31.5        | 27.3        | 4.1        | 3.6        | 3.3        | 5.6        | 4.9        | 4.4        |
| ABL                | 39.6                | 44.6        | 38.2        | 1.3                  | 1.2        | 1.3        | 23.5        | 21.2        | 30.5        | 1.4        | 1.2        | 1.8        | 1.7        | 1.5        | 2.3        |
| Bank Al-Falah      | 54.4                | 64.1        | 67.9        | 1.2                  | 1.1        | 1.0        | 25.7        | 9.2         | 5.2         | 1.0        | 0.4        | 0.2        | 1.2        | 0.5        | 0.3        |
| Standard Chartered | 54.2                | 54.0        | 52.9        | 1.2                  | 1.0        | 1.0        | 6.6         | 1.6         | 1.5         | 1.1        | 0.3        | 0.2        | 1.7        | 0.4        | 0.4        |
| <b>Total</b>       | <b>38.0</b>         | <b>40.1</b> | <b>40.0</b> | <b>1.4</b>           | <b>1.3</b> | <b>1.3</b> | <b>24.1</b> | <b>18.7</b> | <b>18.6</b> | <b>2.0</b> | <b>1.6</b> | <b>1.7</b> | <b>2.6</b> | <b>2.1</b> | <b>2.2</b> |

| Banks              | Solvency Ratios         |              |              |               |            |            |                      |            |            | Equity Multiplier (Time) |             |             | Capital Risk Assets Ratio (CRA) |             |             |
|--------------------|-------------------------|--------------|--------------|---------------|------------|------------|----------------------|------------|------------|--------------------------|-------------|-------------|---------------------------------|-------------|-------------|
|                    | Earning Assets/Deposits |              |              | Capital Ratio |            |            | Deposit Time Capital |            |            | 2007                     | 2008        | 2009        | 2007                            | 2008        | 2009        |
|                    | 2007                    | 2008         | 2009         | 2007          | 2008       | 2009       | 2007                 | 2008       | 2009       |                          |             |             |                                 |             |             |
| NBP                | 103.3                   | 102.7        | 102.1        | 8.8           | 9.5        | 10.0       | 5.5                  | 5.6        | 6.1        | 11.4                     | 10.5        | 10.0        | 18.6                            | 20.0        | 19.8        |
| HBL                | 113.6                   | 110.2        | 104.3        | 7.7           | 8.2        | 8.6        | 12.0                 | 8.8        | 8.5        | 13.0                     | 12.3        | 11.6        | 13.5                            | 14.0        | 15.3        |
| UBL                | 109.0                   | 108.7        | 106.3        | 6.4           | 6.7        | 7.7        | 10.2                 | 10.3       | 9.3        | 15.6                     | 14.9        | 13.0        | 11.2                            | 11.4        | 13.0        |
| MCB Bank           | 114.0                   | 113.1        | 114.1        | 10.8          | 11.4       | 11.9       | 5.7                  | 5.5        | 5.4        | 9.3                      | 8.7         | 8.4         | 19.4                            | 20.3        | 22.0        |
| ABL                | 102.8                   | 104.2        | 107.8        | 6.1           | 5.7        | 5.9        | 12.5                 | 13.3       | 12.0       | 16.5                     | 17.5        | 16.8        | 11.1                            | 10.3        | 10.4        |
| Bank Al-Falah      | 100.1                   | 100.0        | 98.7         | 4.0           | 4.2        | 4.7        | 18.0                 | 17.3       | 16.0       | 24.8                     | 23.9        | 21.5        | 7.6                             | 7.8         | 9.1         |
| Standard Chartered | 105.4                   | 103.8        | 109.8        | 16.6          | 16.8       | 15.4       | 4.0                  | 4.1        | 4.2        | 6.0                      | 6.0         | 6.5         | 33.3                            | 35.6        | 35.5        |
| <b>Total</b>       | <b>107.4</b>            | <b>106.4</b> | <b>105.4</b> | <b>8.3</b>    | <b>8.7</b> | <b>9.1</b> | <b>7.8</b>           | <b>7.5</b> | <b>7.5</b> | <b>12.0</b>              | <b>11.5</b> | <b>11.0</b> | <b>15.6</b>                     | <b>16.0</b> | <b>16.8</b> |

| Banks              | Liquidity Ratio      |             |             |                       |             |             |                   |             |             | Debt Management Ratio (DMR) |             |             |                           |             |            |
|--------------------|----------------------|-------------|-------------|-----------------------|-------------|-------------|-------------------|-------------|-------------|-----------------------------|-------------|-------------|---------------------------|-------------|------------|
|                    | Advances+Inv./Assets |             |             | Earning Assets/Assets |             |             | Advances/Deposits |             |             | Avg.Liabilities/Avg.Assets  |             |             | Liabilities/Equity (Time) |             |            |
|                    | 2007                 | 2008        | 2009        | 2007                  | 2008        | 2009        | 2007              | 2008        | 2009        | 2007                        | 2008        | 2009        | 2007                      | 2008        | 2009       |
| NBP                | 72.7                 | 71.9        | 72.5        | 80.9                  | 79.1        | 78.3        | 60.0              | 61.9        | 65.7        | 85.8                        | 86.2        | 87.4        | 9.8                       | 9.0         | 8.7        |
| HBL                | 80.3                 | 79.9        | 78.3        | 88.0                  | 86.7        | 83.1        | 73.5              | 73.8        | 70.8        | 93.6                        | 91.0        | 90.6        | 12.2                      | 11.2        | 10.5       |
| UBL                | 76.5                 | 79.5        | 79.8        | 84.1                  | 84.7        | 84.6        | 74.3              | 75.8        | 74.3        | 92.4                        | 92.4        | 91.4        | 14.4                      | 13.8        | 11.9       |
| MCB Bank           | 78.9                 | 80.8        | 81.7        | 83.2                  | 82.4        | 83.6        | 75.9              | 77.3        | 73.9        | 87.2                        | 86.7        | 86.5        | 8.1                       | 7.6         | 7.3        |
| ABL                | 77.5                 | 79.8        | 80.0        | 84.5                  | 85.2        | 86.0        | 66.5              | 67.9        | 71.9        | 93.4                        | 93.9        | 93.3        | 15.4                      | 16.4        | 15.7       |
| Bank Al-Falah      | 77.1                 | 77.8        | 75.2        | 84.9                  | 84.7        | 83.7        | 62.7              | 63.2        | 60.7        | 95.3                        | 95.1        | 94.7        | 23.7                      | 22.7        | 20.3       |
| Standard Chartered | 64.8                 | 60.6        | 62.9        | 69.6                  | 70.2        | 72.5        | 75.5              | 69.7        | 65.5        | 83.3                        | 83.5        | 84.3        | 5.0                       | 5.0         | 5.5        |
| <b>Total</b>       | <b>75.7</b>          | <b>76.4</b> | <b>76.3</b> | <b>83.0</b>           | <b>82.5</b> | <b>81.9</b> | <b>69.0</b>       | <b>69.8</b> | <b>69.3</b> | <b>89.6</b>                 | <b>89.7</b> | <b>89.7</b> | <b>10.8</b>               | <b>10.4</b> | <b>9.9</b> |

| Banks              | Net Profit Margin |             |             | Net Interest Margin (NIM) |            |            | Cost of Fund Earning Assets |            |            | Yield on Earning Assets |             |             | Interest Spread |            |            |
|--------------------|-------------------|-------------|-------------|---------------------------|------------|------------|-----------------------------|------------|------------|-------------------------|-------------|-------------|-----------------|------------|------------|
|                    | 2007              | 2008        | 2009        | 2007                      | 2008       | 2009       | 2007                        | 2008       | 2009       | 2007                    | 2008        | 2009        | 2007            | 2008       | 2009       |
| NBP                | 40.3              | 28.9        | 31.7        | 6.0                       | 5.9        | 5.6        | 3.0                         | 3.8        | 5.7        | 8.9                     | 9.8         | 11.3        | 6.1             | 6.0        | 5.8        |
| HBL                | 20.8              | 21.8        | 23.8        | 5.5                       | 6.0        | 6.5        | 3.3                         | 4.3        | 5.2        | 8.8                     | 10.3        | 11.7        | 5.5             | 6.0        | 6.7        |
| UBL                | 25.4              | 21.6        | 20.7        | 6.0                       | 5.8        | 6.3        | 4.2                         | 5.0        | 5.4        | 10.2                    | 10.8        | 11.7        | 6.0             | 5.9        | 6.4        |
| MCB Bank           | 50.3              | 44.9        | 37.4        | 7.6                       | 8.1        | 9.0        | 2.5                         | 3.3        | 4.0        | 10.2                    | 11.4        | 13.0        | 7.6             | 8.0        | 8.8        |
| ABL                | 27.1              | 22.8        | 28.9        | 4.6                       | 4.5        | 5.5        | 4.2                         | 5.9        | 6.6        | 8.8                     | 10.5        | 12.2        | 4.8             | 4.8        | 5.7        |
| Bank Al-Falah      | 20.6              | 8.5         | 5.6         | 3.6                       | 3.6        | 3.5        | 6.5                         | 7.1        | 8.0        | 10.0                    | 10.8        | 11.5        | 3.9             | 4.1        | 4.0        |
| Standard Chartered | 12.4              | 2.9         | 2.9         | 9.2                       | 9.0        | 7.8        | 3.6                         | 3.8        | 5.0        | 12.8                    | 12.8        | 12.7        | 9.3             | 9.0        | 7.6        |
| <b>Total</b>       | <b>30.1</b>       | <b>24.2</b> | <b>24.7</b> | <b>5.9</b>                | <b>6.0</b> | <b>6.3</b> | <b>3.7</b>                  | <b>4.6</b> | <b>5.6</b> | <b>9.6</b>              | <b>10.6</b> | <b>11.9</b> | <b>6.0</b>      | <b>6.1</b> | <b>6.4</b> |

| Banks              | NPLs/Gross Advances |            |             | NPLs Provisions/Net Advances |            |            | Admn Exp./Employee (Rs.Mn) |            |            | Staff/Branch |           |           | Profit (A.T)/Branch (Rs.Mn) |            |             |
|--------------------|---------------------|------------|-------------|------------------------------|------------|------------|----------------------------|------------|------------|--------------|-----------|-----------|-----------------------------|------------|-------------|
|                    | 2007                | 2008       | 2009        | 2007                         | 2008       | 2009       | 2007                       | 2008       | 2009       | 2007         | 2008      | 2009      | 2007                        | 2008       | 2009        |
| NBP                | 10.6                | 13.6       | 14.3        | 10.5                         | 11.9       | 12.5       | 1.0                        | 1.2        | 1.4        | 11           | 12        | 13        | 15.1                        | 12.1       | 14.2        |
| HBL                | 6.7                 | 8.8        | 9.7         | 5.4                          | 6.3        | 7.7        | 1.2                        | 1.4        | 1.7        | 10           | 9         | 9         | 5.4                         | 6.6        | 8.2         |
| UBL                | 8.1                 | 8.1        | 10.1        | 0.5                          | 5.9        | 7.8        | 1.4                        | 1.8        | 2.0        | 9            | 8         | 7         | 7.7                         | 7.3        | 8.1         |
| MCB Bank           | 4.9                 | 7.3        | 8.6         | 5.2                          | 4.5        | 6.4        | 0.6                        | 0.7        | 1.1        | 10           | 10        | 9         | 14.9                        | 14.7       | 14.3        |
| ABL                | 6.9                 | 6.8        | 6.9         | 6.5                          | 5.6        | 5.6        | 0.7                        | 1.0        | 1.1        | 11           | 11        | 11        | 5.4                         | 5.4        | 9.1         |
| Bank Al-Falah      | 2.9                 | 4.8        | 8.2         | 2.8                          | 3.4        | 4.9        | 1.1                        | 1.3        | 1.5        | 32           | 27        | 23        | 13.6                        | 4.6        | 2.8         |
| Standard Chartered | 7.7                 | 12.3       | 15.3        | 9.2                          | 9.9        | 13.4       | 3.4                        | 3.8        | 4.1        | 25           | 19        | 18        | 19.3                        | 3.9        | 4.1         |
| <b>Total</b>       | <b>7.3</b>          | <b>9.2</b> | <b>10.6</b> | <b>5.7</b>                   | <b>7.0</b> | <b>8.5</b> | <b>1.1</b>                 | <b>1.4</b> | <b>1.6</b> | <b>11</b>    | <b>11</b> | <b>11</b> | <b>10.1</b>                 | <b>8.9</b> | <b>10.2</b> |

### Private/Provincial/Government Banks

(Rs.Bn)

| Banks                          | Assets        |               |               | Equity       |              |              | Deposits      |               |               | Advances     |              |              | Investments  |              |              |
|--------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                | 2007          | 2008          | 2009          | 2007         | 2008         | 2009         | 2007          | 2008          | 2009          | 2007         | 2008         | 2009         | 2007         | 2008         | 2009         |
| Askari Commercial Bank         | 182.2         | 206.2         | 254.3         | 12.1         | 12.0         | 13.1         | 143.0         | 167.7         | 206.0         | 100.8        | 128.8        | 135          | 39.4         | 35.7         | 67.0         |
| Soneri Bank                    | 76.9          | 81.0          | 95.3          | 6.2          | 7.0          | 7.2          | 60.1          | 61.6          | 73.5          | 40.2         | 47.6         | 48.7         | 19.2         | 14.1         | 29.5         |
| Bank Al-Habib                  | 141.2         | 177.3         | 249.8         | 8.0          | 10.0         | 12.3         | 114.8         | 144.4         | 189.3         | 79.2         | 100.2        | 106.0        | 35.3         | 48.2         | 111.0        |
| Bank of Khyber                 | 29.7          | 31.3          | 38.8          | 5.5          | 5.7          | 5.0          | 21.4          | 24.7          | 26.3          | 10.1         | 12.6         | 11.8         | 8.9          | 9.0          | 17.9         |
| Bank of Punjab*                | 235.0         | 186.0         | -             | 15.1         | 5.1          | -            | 192.0         | 164.1         | -             | 133.9        | 131.7        | -            | 73.5         | 22.7         | -            |
| KASB Bank                      | 40.9          | 51.8          | 59.2          | 4.2          | 8.8          | 4.5          | 33.1          | 35.1          | 43.9          | 25.1         | 32.2         | 29.5         | 7.3          | 9.5          | 15.1         |
| Habib Metropolitan Bank Ltd    | 172.9         | 182.4         | 237.4         | 13.5         | 16.2         | 18.9         | 121.1         | 128.4         | 142.5         | 89.8         | 108.3        | 102.3        | 61.7         | 53.6         | 111.7        |
| Faysal Bank                    | 141.3         | 138.2         | 180.9         | 10.3         | 10.1         | 11.3         | 102.1         | 102.8         | 123.7         | 87.3         | 83.5         | 91.3         | 31.6         | 36.2         | 56.5         |
| mybank                         | 40.6          | 39.8          | 35.5          | 5.1          | 5.9          | 4.2          | 30.2          | 28.0          | 26.8          | 20.8         | 20.9         | 17.4         | 11.6         | 10.3         | 10.0         |
| SILKBANK                       | 53.7          | 55.6          | 68.7          | 1.1          | 3.1          | 0.2          | 42.4          | 41.1          | 49.6          | 25.9         | 31.1         | 32.1         | 17.9         | 12.0         | 20.2         |
| Meezan Bank                    | 67.2          | 85.3          | 124.2         | 5.7          | 6.3          | 9.1          | 54.6          | 70.2          | 100.3         | 34.6         | 39.5         | 44.2         | 10.5         | 14.5         | 23.3         |
| NIB                            | 176.9         | 178.9         | 208.1         | 22.5         | 41.0         | 41.6         | 116.7         | 104.6         | 93.9          | 81.9         | 80.3         | 84.0         | 40.4         | 35.2         | 62.4         |
| Atlas Bank                     | 23.0          | 29.0          | 30.9          | 5.3          | 4.2          | 2.6          | 15.3          | 18.6          | 26.2          | 9.2          | 20.6         | 19.2         | 5.6          | 3.0          | 4.8          |
| Dubai Islamic Bank             | 21.3          | 32.0          | 35.4          | 4.3          | 5.1          | 6.0          | 16.1          | 25.5          | 28.0          | 11.3         | 18.1         | 20.6         | 3.0          | 3.0          | 2.8          |
| Bank Islami Pakistan           | 14.4          | 19.1          | 34.3          | 3.2          | 5.2          | 4.7          | 9.9           | 12.5          | 28.0          | 4.0          | 6.5          | 13.3         | 3.9          | 5.0          | 6.8          |
| Arif Habib Bank                | 18.1          | 24.8          | 38.2          | 6.3          | 6.1          | 4.1          | 9.5           | 16.6          | 31.3          | 8.0          | 15.8         | 18.5         | 5.4          | 5.1          | 12.4         |
| JS Bank                        | 20.3          | 21.6          | 32.9          | 5.1          | 5.8          | 5.7          | 13.7          | 15.3          | 21.3          | 6.5          | 9.7          | 11.7         | 6.3          | 5.1          | 9.5          |
| Emirates Global Islamic Bank   | 8.9           | 16.5          | 19.8          | 3.8          | 4.1          | 3.5          | 4.6           | 10.9          | 15.1          | 2.6          | 7.8          | 9.4          | 2.3          | 2.8          | 3.4          |
| Dawood Islamic Bank Ltd        | 6.8           | 9.6           | 13.1          | 3.7          | 4.1          | 4.8          | 2.9           | 5.1           | 6.8           | 3.7          | 5.6          | 4.8          | 1.3          | 2.0          | 2.9          |
| Samba Bank Limited             | 20.7          | 16.5          | 23.7          | 6.2          | 5.5          | 7.1          | 12.6          | 9.9           | 12.5          | 4.7          | 6.2          | 9.7          | 3.9          | 3.8          | 5.8          |
| First Women Bank               | 9.0           | 7.3           | 10.3          | 1.0          | 1.1          | 1.1          | 7.6           | 5.9           | 8.8           | 3.1          | 3.3          | 3.2          | 3.2          | 2.3          | 4.1          |
| <b>All Private/Prov. Banks</b> | <b>1501.0</b> | <b>1590.2</b> | <b>1790.8</b> | <b>148.2</b> | <b>172.4</b> | <b>167.0</b> | <b>1123.7</b> | <b>1193.0</b> | <b>1253.8</b> | <b>782.7</b> | <b>910.3</b> | <b>812.7</b> | <b>392.2</b> | <b>333.1</b> | <b>577.1</b> |

(Rs.Mn)

| Banks                          | Interest Income |               |               | Interest Expense |              |               | Net Interest Income |              |              | Non Interest Income |              |              | Revenue      |              |              |
|--------------------------------|-----------------|---------------|---------------|------------------|--------------|---------------|---------------------|--------------|--------------|---------------------|--------------|--------------|--------------|--------------|--------------|
|                                | 2007            | 2008          | 2009          | 2007             | 2008         | 2009          | 2007                | 2008         | 2009         | 2007                | 2008         | 2009         | 2007         | 2008         | 2009         |
| Askari Commercial Bank         | 15143           | 18393         | 22662         | 8686             | 10651        | 13629         | 6458                | 7743         | 9033         | 4565                | 2707         | 2555         | 11023        | 10450        | 11588        |
| Soneri Bank                    | 6272            | 7823          | 9337          | 4334             | 4878         | 6603          | 1937                | 2945         | 2734         | 1068                | 1226         | 1168         | 3005         | 4171         | 3903         |
| Bank Al-Habib                  | 9946            | 14587         | 22120         | 5765             | 8004         | 13053         | 4181                | 6583         | 9067         | 2131                | 2454         | 1836         | 6312         | 9037         | 10903        |
| Bank of Khyber                 | 2380            | 2959          | 3390          | 1845             | 1898         | 2390          | 535                 | 1061         | 1000         | 746                 | 340          | 384          | 1295         | 1401         | 1384         |
| Bank of Punjab*                | 17539           | 17753         | -             | 13939            | 16614        | -             | 3600                | 1139         | -            | 5423                | 4183         | -            | 9023         | 5322         | -            |
| KASB Bank                      | 2917            | 4861          | 5062          | 2285             | 4448         | 5490          | 632                 | 413          | -428         | 821                 | 616          | 555          | 1453         | 2307         | 126          |
| Habib Metropolitan Bank Ltd    | 11984           | 17158         | 21376         | 8259             | 11839        | 14665         | 3724                | 5319         | 6711         | 3176                | 3928         | 3702         | 6900         | 9247         | 10413        |
| Faysal Bank                    | 11611           | 13404         | 16958         | 7459             | 8455         | 11968         | 4151                | 4949         | 4990         | 3441                | 2311         | 2813         | 7592         | 7260         | 7803         |
| mybank                         | 2907            | 3641          | 3368          | 2208             | 2830         | 2882          | 699                 | 811          | 486          | 911                 | 943          | 384          | 1610         | 1754         | 870          |
| SILKBANK                       | 4800            | 4588          | 5913          | 4440             | 4219         | 5855          | 360                 | 369          | 58           | 777                 | 384          | 662          | 1137         | 753          | 720          |
| Meezan Bank                    | 4574            | 6803          | 10102         | 2452             | 3088         | 4970          | 2122                | 3715         | 5132         | 1348                | 708          | 1598         | 3470         | 4423         | 6730         |
| NIB                            | 7000            | 15202         | 18272         | 4996             | 10800        | 12872         | 2004                | 4402         | 5400         | 599                 | 2422         | 1682         | 2931         | 6824         | 7082         |
| Atlas Bank                     | 1338            | 2976          | 3388          | 1294             | 2421         | 3189          | 44                  | 555          | 199          | 347                 | 245          | 49           | 391          | 800          | 248          |
| Dubai Islamic Bank             | 1120            | 2724          | 3647          | 469              | 1377         | 1806          | 650                 | 1346         | 1841         | 336                 | 336          | 365          | 986          | 1682         | 2206         |
| Bank Islami Pakistan           | 602             | 1469          | 2194          | 304              | 729          | 1222          | 298                 | 739          | 972          | 140                 | 196          | 343          | 438          | 935          | 1315         |
| Arif Habib Bank                | 618             | 2472          | 3514          | 252              | 1586         | 2878          | 365                 | 886          | 637          | 346                 | 167          | 196          | 711          | 1053         | 833          |
| JS Bank                        | 1130            | 1975          | 2527          | 864              | 1362         | 1807          | 266                 | 613          | 721          | 418                 | 492          | 339          | 684          | 1105         | 1060         |
| Emirates Global Islamic Bank   | 381             | 1060          | 1914          | 125              | 598          | 1235          | 256                 | 462          | 679          | 64                  | 95           | 302          | 320          | 557          | 981          |
| Dawood Islamic Bank Ltd        | 250             | 855           | 1132          | 58               | 403          | 651           | 192                 | 452          | 481          | 9                   | 46           | 57           | 201          | 498          | 538          |
| Samba Bank Limited             | 1183            | 1758          | 1879          | 838              | 1071         | 1209          | 345                 | 687          | 670          | 128                 | 125          | 92           | 473          | 812          | 762          |
| First Women Bank               | 685             | 736           | 896           | 172              | 213          | 408           | 514                 | 523          | 488          | 82                  | 90           | 67           | 596          | 613          | 555          |
| <b>All Private/Prov. Banks</b> | <b>104380</b>   | <b>143197</b> | <b>159651</b> | <b>71044</b>     | <b>97484</b> | <b>108782</b> | <b>33333</b>        | <b>45712</b> | <b>50871</b> | <b>26876</b>        | <b>24014</b> | <b>19149</b> | <b>60551</b> | <b>71004</b> | <b>70019</b> |

| Banks                          | Admn Expense |              |              | Operating Profit |              |              | Provision/Other Expenses |              |              | Profit/Loss (B.T) |               |              | Profit/Loss (A.T) |               |              |
|--------------------------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------------------|--------------|--------------|-------------------|---------------|--------------|-------------------|---------------|--------------|
|                                | 2007         | 2008         | 2009         | 2007             | 2008         | 2009         | 2007                     | 2008         | 2009         | 2007              | 2008          | 2009         | 2007              | 2008          | 2009         |
| Askari Commercial Bank         | 4789         | 5904         | 6996         | 6234             | 4546         | 4592         | 3933                     | 4084         | 2949         | 2300              | 461           | 1642         | 2681              | 386           | 1108         |
| Soneri Bank                    | 1279         | 1674         | 2114         | 1726             | 2497         | 1788         | 249                      | 1544         | 1599         | 1477              | 953           | 190          | 1000              | 701           | 145          |
| Bank Al-Habib                  | 3166         | 4307         | 5046         | 3146             | 4730         | 5857         | 94                       | 1151         | 1345         | 3052              | 3579          | 4512         | 2211              | 2425          | 2856         |
| Bank of Khyber                 | 523          | 655          | 719          | 772              | 746          | 665          | 680                      | 540          | 1463         | 77                | 206           | -799         | 213               | 68            | -162         |
| Bank of Punjab*                | 2251         | 2800         | -            | 6772             | 2522         | -            | 1926                     | 19355        | -            | 4846              | -16833        | -            | 4446              | -10059        | -            |
| KASB Bank                      | 1154         | 1759         | 2379         | 299              | 548          | -2252        | 234                      | 2397         | 2549         | 66                | -1849         | -5943        | 198               | -973          | -4228        |
| Habib Metropolitan Bank Ltd    | 2254         | 3087         | 3524         | 4646             | 6160         | 6889         | 443                      | 1397         | 2676         | 4204              | 4764          | 4214         | 2797              | 3293          | 2739         |
| Faysal Bank                    | 2800         | 3258         | 4284         | 4792             | 4002         | 3519         | 2095                     | 2206         | 2219         | 2698              | 1796          | 1300         | 2272              | 1115          | 1200         |
| mybank                         | 726          | 923          | 1064         | 884              | 831          | -194         | 659                      | 1592         | 1962         | 225               | -761          | -2156        | 340               | -350          | -1640        |
| SILKBANK                       | 1270         | 1936         | 2748         | -133             | -1183        | -2028        | 3186                     | 1652         | 2225         | -3320             | -2835         | -4252        | -3041             | -2014         | -2903        |
| Meezan Bank                    | 1756         | 2627         | 3530         | 1714             | 1796         | 3200         | 445                      | 804          | 1460         | 1269              | 992           | 1740         | 963               | 621           | 1025         |
| NIB                            | 2141         | 6433         | 5345         | 790              | 391          | 1737         | 1500                     | 11388        | 1092         | -710              | -10997        | 644          | -490              | -7475         | 691          |
| Atlas Bank                     | 665          | 1865         | 1894         | -274             | -1065        | -1646        | 275                      | 529          | 1081         | -550              | -1594         | -2727        | -309              | -1011         | -1703        |
| Dubai Islamic Bank             | 1454         | 1791         | 1724         | -468             | -109         | 482          | 101                      | 162          | 130          | -568              | -271          | 352          | -369              | -182          | 227          |
| Bank Islami Pakistan           | 507          | 1028         | 1755         | -69              | -93          | -440         | 32                       | 136          | 122          | -100              | -229          | -563         | -37               | -53           | -479         |
| Arif Habib Bank                | 383          | 775          | 1065         | 328              | 278          | -232         | 0.1                      | 625          | 2053         | 327               | -347          | -2286        | 230               | -191          | -2067        |
| JS Bank                        | 736          | 983          | 1735         | -52              | 122          | -675         | 10                       | 12           | 774          | -62               | 111           | -1449        | 35                | 55            | -595         |
| Emirates Global Islamic Bank   | 395          | 950          | 1411         | -75              | -393         | -430         | 8                        | -2           | 369          | -84               | -391          | -799         | -57               | -260          | -564         |
| Dawood Islamic Bank Ltd        | 166          | 434          | 686          | 35               | 64           | -148         | 2                        | 4            | 257          | 32                | 60            | -405         | 51                | 33            | -293         |
| Samba Bank Limited             | 892          | 1461         | 1415         | -419             | -649         | -653         | 954                      | 362          | 415          | -1373             | -1011         | -1068        | -1323             | -742          | -593         |
| First Women Bank               | 332          | 368          | 452          | 264              | 245          | 103          | 25                       | 56           | 190          | 238               | 190           | -86          | 158               | 106           | -80          |
| <b>All Private/Prov. Banks</b> | <b>29639</b> | <b>45018</b> | <b>49886</b> | <b>30912</b>     | <b>25986</b> | <b>20134</b> | <b>16851</b>             | <b>49994</b> | <b>26930</b> | <b>14044</b>      | <b>-24008</b> | <b>-7939</b> | <b>11969</b>      | <b>-14507</b> | <b>-5316</b> |

\* Punjab Bank's Annual Report 2009 has not been published

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) |      |      |
|-----------------------------|--------------|------|------|---------------------|------|------|----------------|-------|-------|--------------------------------|------|-------|-------------------------|------|------|
|                             | 2007         | 2008 | 2009 | 2007                | 2008 | 2009 | 2007           | 2008  | 2009  | 2007                           | 2008 | 2009  | 2007                    | 2008 | 2009 |
| Askari Commercial Bank      | 5.7          | 6.2  | 6.7  | 3.1                 | 3.4  | 3.4  | 11.7           | 2.2   | 6.5   | 41.4                           | 25.9 | 22.0  | 42.6                    | 42.1 | 39.9 |
| Soneri Bank                 | 6.8          | 7.2  | 8.6  | 2.0                 | 2.5  | 2.8  | 20.1           | 10.5  | 1.8   | 35.5                           | 29.4 | 29.9  | 30.9                    | 37.6 | 29.3 |
| Bank Al-Habib               | 5.1          | 5.7  | 6.9  | 2.8                 | 3.0  | 2.7  | 25.3           | 21.0  | 18.8  | 33.8                           | 27.2 | 16.8  | 42.0                    | 45.1 | 41.0 |
| Bank of Khyber              | 8.0          | 7.8  | 8.4  | 2.3                 | 2.7  | 2.5  | 2.5            | 6.2   | -21.2 | 58.2                           | 24.3 | 27.7  | 22.5                    | 35.9 | 29.5 |
| Bank of Punjab              | 7.9          | 8.6  | -    | 1.3                 | 1.5  | -    | 21.1           | -76.7 | -     | 60.1                           | 78.6 | -     | 20.5                    | 6.4  | -    |
| KASB Bank                   | 7.8          | 11.7 | 11.7 | 4.0                 | 4.6  | 5.1  | 1.8            | -33.8 | -87.2 | 56.5                           | 28.1 | 440.5 | 21.7                    | 8.5  | -8.5 |
| Habib Metropolitan Bank Ltd | 5.8          | 7.6  | 7.9  | 1.6                 | 2.0  | 1.9  | 27.7           | 22.6  | 16.8  | 46.0                           | 42.5 | 35.6  | 31.1                    | 31.0 | 31.4 |
| Faysal Bank                 | 7.4          | 7.4  | 8.7  | 2.8                 | 2.9  | 3.1  | 17.9           | 11.4  | 6.6   | 45.3                           | 31.8 | 36.1  | 35.8                    | 36.9 | 29.4 |
| mybank                      | 8.2          | 8.6  | 9.3  | 2.7                 | 2.8  | 3.4  | 5.9            | -16.6 | -57.5 | 56.6                           | 53.8 | 44.1  | 24.0                    | 22.3 | 14.4 |
| SILKBANK                    | 8.7          | 8.5  | 10.2 | 2.5                 | 3.9  | 4.8  | -59.5          | -57.0 | -64.7 | 68.3                           | 51.0 | 91.9  | 7.5                     | 8.0  | 1.0  |
| Meezan Bank                 | 5.1          | 4.7  | 5.4  | 3.7                 | 4.0  | 3.9  | 21.4           | 13.2  | 14.9  | 38.8                           | 16.0 | 23.7  | 46.4                    | 54.6 | 50.8 |
| Samba Bank                  | 8.9          | 9.3  | 9.3  | 9.5                 | 12.6 | 10.9 | -104.7         | -53.7 | -54.2 | 27.1                           | 15.4 | 12.1  | 29.2                    | 39.1 | 35.7 |
| NIB                         | 5.8          | 8.3  | 9.0  | 2.5                 | 4.9  | 3.8  | -9.3           | -62.4 | 3.2   | 20.4                           | 35.5 | 23.8  | 28.6                    | 29.0 | 29.6 |
| Atlas Bank Limited          | 8.8          | 11.9 | 12.5 | 4.5                 | 9.2  | 7.4  | -32.6          | -49.5 | -79.3 | 88.7                           | 30.6 | 19.8  | 3.3                     | 18.6 | 5.9  |
| Dubai Islamic Bank          | 4.6          | 6.6  | 6.7  | 14.2                | 8.6  | 6.4  | -39.0          | -8.9  | 8.8   | 34.1                           | 20.0 | 16.5  | 58.0                    | 49.4 | 50.5 |
| Bank Islami                 | 5.1          | 6.4  | 6.0  | 8.6                 | 9.0  | 8.6  | -13.5          | -13.8 | -22.2 | 32.0                           | 21.0 | 26.1  | 49.5                    | 50.3 | 44.3 |
| Arif Habib Rupali Bank      | 3.7          | 10.7 | 11.2 | 5.6                 | 5.2  | 4.1  | 33.9           | -13.2 | -61.6 | 48.7                           | 15.9 | 23.5  | 59.1                    | 35.8 | 18.1 |
| JS Bank                     | 7.8          | 9.1  | 8.6  | 6.6                 | 6.6  | 8.2  | -4.0           | 4.5   | -50.6 | 61.1                           | 44.5 | 32.0  | 23.5                    | 31.0 | 28.5 |
| Emirates Global             | 5.4          | 7.4  | 9.2  | 17.1                | 11.7 | 10.6 | -18.7          | -33.9 | -36.1 | 20.0                           | 17.1 | 30.8  | 67.2                    | 43.6 | 35.5 |
| Dawood Islamic Bank         | 4.0          | 10.1 | 10.0 | 11.5                | 10.8 | 10.6 | 12.4           | 6.6   | -34.1 | 4.5                            | 9.2  | 10.6  | 76.8                    | 52.9 | 42.5 |
| First Women Bank            | 2.2          | 3.1  | 5.5  | 4.3                 | 5.4  | 6.1  | 31.0           | 23.0  | -8.9  | 13.8                           | 14.7 | 12.1  | 75.0                    | 71.1 | 54.5 |
| Total                       | 6.2          | 7.5  | 7.6  | 2.6                 | 3.5  | 3.5  | 10.7           | -14.4 | -3.9  | 44.4                           | 33.9 | 27.3  | 31.9                    | 31.9 | 31.9 |

| Banks                       | Cost/Income Ratio |       |        | Income/Expense Ratio |      |      | ROE    |       |        | ROA  |      |      | ROD   |      |       |
|-----------------------------|-------------------|-------|--------|----------------------|------|------|--------|-------|--------|------|------|------|-------|------|-------|
|                             | 2007              | 2008  | 2009   | 2007                 | 2008 | 2009 | 2007   | 2008  | 2009   | 2007 | 2008 | 2009 | 2007  | 2008 | 2009  |
| Askari Commercial Bank      | 43.4              | 56.5  | 60.4   | 1.1                  | 1.0  | 1.1  | 24.7   | 3.2   | 8.8    | 1.5  | 0.2  | 0.5  | 2.0   | 0.2  | 0.6   |
| Soneri Bank                 | 42.6              | 40.1  | 54.2   | 1.3                  | 1.1  | 1.0  | 17.5   | 10.6  | 2.0    | 1.4  | 0.9  | 0.2  | 1.8   | 1.2  | 0.2   |
| Bank Al-Habib               | 50.2              | 46.9  | 46.3   | 1.3                  | 1.3  | 1.2  | 31.1   | 27.0  | 25.7   | 1.7  | 1.5  | 1.3  | 2.1   | 1.9  | 1.7   |
| Bank of Khyber              | 40.9              | 46.8  | 52.0   | 1.0                  | 1.1  | 0.8  | -3.2   | 1.2   | -3.0   | -0.5 | 0.2  | -0.5 | -0.7  | 0.3  | -0.6  |
| Bank of Punjab              | 24.9              | 52.6  | -      | 1.3                  | 0.6  | -    | 34.5   | -99.8 | -      | 2.2  | -4.8 | -    | 2.7   | -5.7 | -     |
| KASB Bank                   | 79.4              | 74.8  | 1888.1 | 1.0                  | 0.6  | 0.5  | 6.3    | -15.0 | -63.5  | 0.6  | -2.1 | -7.6 | 0.7   | -2.9 | -10.7 |
| Habib Metropolitan Bank Ltd | 32.7              | 33.4  | 33.8   | 1.4                  | 1.3  | 1.2  | 23.2   | 22.2  | 15.6   | 1.7  | 1.8  | 1.3  | 2.5   | 2.6  | 2.0   |
| Faysal Bank                 | 36.9              | 44.9  | 54.9   | 1.2                  | 1.1  | 1.1  | 23.3   | 10.9  | 11.2   | 1.8  | 0.8  | 0.8  | 2.6   | 1.1  | 1.1   |
| mybank                      | 45.1              | 52.6  | 122.3  | 1.1                  | 0.9  | 0.6  | 7.6    | -6.4  | -29.6  | 1.0  | -0.9 | -4.4 | 1.4   | -1.2 | -6.0  |
| SILKBANK                    | 111.7             | 257.1 | 381.7  | 0.6                  | 0.6  | 0.6  | -148.8 | -96.1 | -176.6 | -5.4 | -3.7 | -4.7 | -6.7  | -4.8 | -6.4  |
| Meezan Bank                 | 50.6              | 59.4  | 52.5   | 1.3                  | 1.2  | 1.2  | 18.4   | 10.3  | 13.3   | 1.7  | 0.8  | 1.0  | 2.2   | 1.0  | 1.2   |
| Samba Bank                  | 188.6             | 179.9 | 185.7  | 0.5                  | 0.7  | 0.6  | -33.9  | -11.2 | -16.8  | -9.2 | -4.0 | -2.9 | -14.5 | -6.6 | -5.3  |
| NIB                         | 73.0              | 94.3  | 75.5   | 0.9                  | 0.6  | 1.0  | -3.7   | -23.6 | 1.7    | -0.4 | -4.2 | 0.4  | -0.7  | -6.8 | 0.7   |
| Atlas Bank Limited          | 170.1             | 233.1 | 763.7  | 0.8                  | 0.7  | 0.6  | -7.4   | -21.3 | -50.1  | -1.5 | -3.9 | -5.7 | -2.6  | -6.0 | -7.6  |
| Dubai Islamic Bank          | 147.5             | 106.5 | 78.2   | 0.7                  | 0.9  | 1.1  | -9.4   | -3.9  | 4.1    | -2.5 | -0.7 | 0.7  | -3.6  | -0.9 | 0.8   |
| Bank Islami                 | 115.8             | 109.9 | 133.5  | 0.9                  | 0.9  | 0.8  | -1.4   | -1.3  | -9.7   | -0.4 | -0.3 | -1.8 | -0.6  | -0.5 | -2.4  |
| Arif Habib Rupali Bank      | 53.9              | 73.6  | 127.9  | 1.5                  | 0.9  | 0.6  | 4.9    | -3.1  | -40.5  | 1.9  | -0.9 | -6.6 | 3.8   | -1.5 | -8.6  |
| JS Bank                     | 107.6             | 89.0  | 163.7  | 1.0                  | 1.0  | 0.7  | 0.9    | 1.0   | -10.4  | 0.2  | 0.3  | -2.2 | 0.3   | 0.4  | -3.3  |
| Emirates Global             | 123.4             | 170.6 | 143.8  | 0.8                  | 0.7  | 0.7  | -1.8   | -6.6  | -15.0  | -1.3 | -2.0 | -3.1 | -2.5  | -3.4 | -4.3  |
| Dawood Islamic Bank         | 82.6              | 87.1  | 127.5  | 1.1                  | 1.1  | 0.7  | 2.8    | 0.9   | -6.6   | 1.5  | 0.4  | -2.6 | 3.5   | 0.8  | -4.9  |
| First Women Bank            | 55.8              | 60.0  | 81.4   | 1.5                  | 1.3  | 0.9  | 16.6   | 9.8   | -7.3   | 1.7  | 1.3  | -0.9 | 2.2   | 1.6  | -1.1  |
| Total                       | 49.0              | 63.3  | 71.2   | 1.1                  | 0.9  | 1.0  | 9.4    | -9.1  | -3.1   | 0.9  | -0.9 | -0.3 | 1.1   | -1.3 | -0.4  |

| Banks                       | Solvency Ratio          |       |       |               |      |      |                      |      |      | Equity Multiplier (Time) |      |      | Capital Risk Assets Ratio (CRA) |       |      |
|-----------------------------|-------------------------|-------|-------|---------------|------|------|----------------------|------|------|--------------------------|------|------|---------------------------------|-------|------|
|                             | Earning Assets/Deposits |       |       | Capital Ratio |      |      | Deposit Time Capital |      |      |                          |      |      |                                 |       |      |
|                             | 2007                    | 2008  | 2009  | 2007          | 2008 | 2009 | 2007                 | 2008 | 2009 | 2007                     | 2008 | 2009 | 2007                            | 2008  | 2009 |
| Askari Commercial Bank      | 109.8                   | 106.6 | 103.8 | 6.2           | 6.2  | 5.5  | 11.8                 | 12.3 | 13.4 | 16.0                     | 16.1 | 18.3 | 10.9                            | 10.5  | 9.5  |
| Soneri Bank                 | 113.8                   | 112.0 | 112.5 | 7.7           | 8.4  | 8.0  | 9.3                  | 8.9  | 9.1  | 12.9                     | 12.0 | 12.5 | 15.1                            | 15.0  | 14.7 |
| Bank Al-Habib               | 106.1                   | 104.8 | 112.1 | 5.5           | 5.6  | 5.2  | 13.9                 | 13.0 | 13.0 | 18.0                     | 17.7 | 19.2 | 9.5                             | 10.0  | 10.8 |
| Bank of Khyber              | 122.4                   | 114.5 | 120.1 | 14.7          | 18.4 | 15.3 | 4.6                  | 4.4  | 4.8  | 6.8                      | 5.4  | 6.5  | 43.2                            | 49.4  | 43.8 |
| Bank of Punjab              | 108.2                   | 103.6 | -     | 6.4           | 4.8  | -    | 9.4                  | 15.7 | -    | 15.5                     | 20.9 | -    | 11.0                            | 7.6   | -    |
| KASB Bank                   | 105.3                   | 113.3 | 113.9 | 9.4           | 14.0 | 12.0 | 8.5                  | 5.1  | 5.6  | 10.6                     | 7.1  | 8.3  | 16.1                            | 22.6  | 21.6 |
| Habib Metropolitan Bank Ltd | 131.4                   | 129.9 | 141.7 | 7.5           | 8.3  | 8.3  | 9.2                  | 8.7  | 8.0  | 13.3                     | 12.0 | 12.0 | 13.9                            | 14.9  | 16.6 |
| Faysal Bank                 | 132.7                   | 123.6 | 126.7 | 7.6           | 7.3  | 6.7  | 5.9                  | 7.6  | 9.6  | 13.2                     | 13.6 | 14.9 | 12.0                            | 12.0  | 12.3 |
| mybank                      | 113.4                   | 116.5 | 112.0 | 13.4          | 13.6 | 14.7 | 4.6                  | 4.8  | 4.9  | 7.4                      | 7.4  | 6.8  | 26.2                            | 26.2  | 28.9 |
| SILKBANK                    | 103.9                   | 107.1 | 108.3 | 3.6           | 3.8  | 2.6  | 14.8                 | 12.7 | 14.7 | 27.6                     | 26.1 | 37.8 | 7.4                             | 7.4   | 5.2  |
| Meezan Bank                 | 107.2                   | 105.1 | 106.0 | 9.2           | 7.9  | 7.4  | 8.5                  | 10.7 | 11.3 | 10.8                     | 12.6 | 13.6 | 17.0                            | 16.3  | 18.4 |
| Samba Bank                  | 123.6                   | 132.9 | 143.0 | 27.1          | 35.8 | 17.6 | 2.3                  | 1.9  | 1.8  | 3.7                      | 2.8  | 5.7  | 110.2                           | 122.4 | 44.5 |
| NIB                         | 115.5                   | 116.3 | 143.4 | 12.0          | 17.8 | 21.4 | 3.6                  | 2.9  | 2.4  | 8.3                      | 5.6  | 4.7  | 23.7                            | 39.1  | 50.3 |
| Atlas Bank Limited          | 143.3                   | 127.1 | 108.5 | 20.9          | 18.3 | 11.4 | 3.0                  | 3.8  | 7.3  | 4.8                      | 5.5  | 8.8  | 49.1                            | 31.9  | 17.1 |
| Dubai Islamic Bank          | 97.9                    | 99.7  | 101.3 | 26.4          | 17.6 | 16.5 | 2.6                  | 4.4  | 4.8  | 3.8                      | 5.7  | 6.1  | 53.7                            | 31.9  | 28.7 |
| Bank Islami                 | 116.8                   | 110.8 | 98.8  | 27.9          | 24.9 | 18.5 | 2.0                  | 2.5  | 4.1  | 3.6                      | 4.0  | 5.4  | 104.6                           | 79.5  | 49.9 |
| Arif Habib Rupali Bank      | 177.0                   | 143.6 | 113.2 | 39.6          | 29.0 | 16.2 | 1.3                  | 2.2  | 4.9  | 2.5                      | 3.4  | 6.2  | 99.7                            | 52.4  | 29.8 |
| JS Bank                     | 119.8                   | 115.1 | 118.6 | 24.8          | 26.0 | 20.9 | 2.5                  | 2.8  | 3.3  | 4.0                      | 3.8  | 4.8  | 99.7                            | 67.6  | 53.4 |
| Emirates Global             | 146.4                   | 128.9 | 110.1 | 69.3          | 30.8 | 20.8 | 1.2                  | 2.0  | 3.4  | 1.7                      | 3.2  | 4.8  | 98.1                            | 75.5  | 43.8 |
| Dawood Islamic Bank         | 206.1                   | 177.9 | 162.5 | 53.3          | 47.1 | 39.3 | 0.8                  | 1.0  | 1.3  | 1.9                      | 2.1  | 2.5  | 85.5                            | 82.6  | 85.4 |
| First Women Bank            | 108.6                   | 104.9 | 104.8 | 10.6          | 13.3 | 12.5 | 7.2                  | 6.2  | 6.7  | 9.5                      | 7.5  | 8.0  | 30.9                            | 34.0  | 33.4 |
| Total                       | 115.1                   | 113.1 | 116.6 | 9.2           | 10.4 | 9.9  | 11.0                 | 8.1  | 7.0  | 10.9                     | 9.6  | 10.1 | 17.0                            | 19.0  | 19.4 |

### 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) |      |      |
|                             | 2007                       | 2008 | 2009 | 2007                  | 2008 | 2009 | 2007                    | 2008  | 2009 | 2007                  | 2008 | 2009 | 2007                      | 2008 | 2009 |
| Askari Commercial Bank      | 77.0                       | 78.5 | 79.6 | 86.6                  | 85.3 | 84.3 | 93.3                    | 73.9  | 70.6 | 93.3                  | 93.5 | 93.9 | 15.0                      | 15.0 | 17.2 |
| Soneri Bank                 | 75.5                       | 76.6 | 79.4 | 87.3                  | 86.4 | 86.2 | 91.7                    | 72.0  | 71.2 | 91.7                  | 91.3 | 91.5 | 11.8                      | 10.9 | 11.4 |
| Bank Al-Habib               | 80.5                       | 82.5 | 85.6 | 85.4                  | 85.3 | 87.6 | 94.2                    | 69.2  | 61.8 | 94.2                  | 93.7 | 94.0 | 17.0                      | 16.6 | 18.0 |
| Bank of Khyber              | 64.6                       | 66.5 | 73.3 | 87.1                  | 86.6 | 87.3 | 84.4                    | 49.3  | 48.0 | 84.4                  | 82.8 | 84.8 | 5.8                       | 4.5  | 5.6  |
| Bank of Punjab              | 84.3                       | 86.0 | -    | 89.2                  | 87.7 | -    | 91.2                    | 74.6  | -    | 91.2                  | 94.6 | -    | 14.2                      | 19.7 | -    |
| KASB Bank                   | 76.6                       | 80.0 | 77.8 | 85.0                  | 83.4 | 81.0 | 90.5                    | 84.1  | 78.2 | 90.5                  | 85.5 | 87.2 | 9.6                       | 6.1  | 7.3  |
| Habib Metropolitan Bank Ltd | 85.4                       | 88.2 | 89.5 | 91.4                  | 91.2 | 91.4 | 92.4                    | 79.4  | 77.7 | 92.4                  | 92.0 | 92.0 | 12.3                      | 11.0 | 11.0 |
| Faysal Bank                 | 84.1                       | 85.3 | 83.8 | 91.2                  | 90.5 | 89.9 | 88.3                    | 83.4  | 77.2 | 88.3                  | 90.4 | 92.6 | 11.6                      | 12.3 | 13.8 |
| mybank                      | 72.6                       | 79.1 | 78.0 | 83.6                  | 84.3 | 81.7 | 83.9                    | 71.7  | 69.9 | 83.9                  | 85.0 | 85.1 | 6.2                       | 6.3  | 5.8  |
| SILKBANK                    | 78.5                       | 79.4 | 76.7 | 84.1                  | 81.8 | 79.0 | 94.5                    | 68.3  | 69.7 | 94.5                  | 94.0 | 95.0 | 26.1                      | 24.5 | 35.9 |
| Meezan Bank                 | 66.0                       | 65.0 | 58.0 | 84.0                  | 86.1 | 86.3 | 90.8                    | 59.4  | 49.1 | 90.8                  | 92.3 | 92.8 | 9.8                       | 11.7 | 12.6 |
| Samba Bank                  | 46.0                       | 50.2 | 63.5 | 78.1                  | 80.5 | 79.6 | 73.0                    | 48.2  | 71.0 | 73.0                  | 68.6 | 68.8 | 2.7                       | 1.9  | 3.9  |
| NIB                         | 71.6                       | 66.9 | 67.7 | 76.2                  | 72.3 | 73.5 | 81.7                    | 73.3  | 82.8 | 81.7                  | 78.6 | 79.0 | 6.8                       | 4.4  | 3.7  |
| Atlas Bank Limited          | 65.7                       | 73.8 | 79.4 | 86.5                  | 83.1 | 81.3 | 79.5                    | 87.7  | 88.7 | 79.5                  | 83.0 | 89.7 | 3.8                       | 4.5  | 7.9  |
| Dubai Islamic Bank          | 62.0                       | 66.4 | 66.0 | 67.3                  | 77.6 | 80.3 | 73.5                    | 70.8  | 72.3 | 73.5                  | 82.3 | 83.5 | 2.8                       | 4.7  | 5.1  |
| Bank Islami                 | 50.2                       | 57.8 | 59.3 | 74.1                  | 74.0 | 74.9 | 68.3                    | 46.8  | 49.0 | 68.3                  | 73.1 | 81.4 | 2.5                       | 2.9  | 4.4  |
| Arif Habib Rupali Bank      | 69.7                       | 79.9 | 82.3 | 89.1                  | 87.3 | 86.1 | 60.6                    | 91.2  | 71.5 | 60.6                  | 71.8 | 84.3 | 1.5                       | 2.5  | 5.2  |
| JS Bank                     | 51.9                       | 65.8 | 66.1 | 76.1                  | 79.5 | 79.6 | 75.1                    | 55.8  | 58.4 | 75.1                  | 75.0 | 80.0 | 3.0                       | 2.9  | 3.8  |
| Emirates Global             | 54.8                       | 60.6 | 64.3 | 74.6                  | 78.1 | 78.8 | 57.3                    | 67.3  | 66.3 | 57.3                  | 69.0 | 79.2 | 1.0                       | 2.2  | 3.8  |
| Dawood Islamic Bank         | 73.6                       | 77.5 | 67.6 | 86.9                  | 86.2 | 85.1 | 46.5                    | 117.8 | 87.8 | 46.5                  | 52.9 | 60.6 | 0.8                       | 1.1  | 1.5  |
| First Women Bank            | 69.1                       | 72.4 | 73.6 | 87.8                  | 87.0 | 87.7 | 88.7                    | 47.1  | 44.8 | 88.7                  | 86.5 | 87.5 | 8.4                       | 6.5  | 7.0  |
| Total                       | 77.4                       | 78.2 | 77.9 | 86.3                  | 84.7 | 84.4 | 72.0                    | 73.1  | 70.4 | 93.2                  | 90.8 | 89.7 | 10.1                      | 8.7  | 9.1  |

| Banks                       | Net Profit Margin |        |         | Net Interest Margin (NIM) |      |      | Cost of Fund Earning Assets |      |      | Yield on Earning Assets |      |      | Interest Spread |      |      |
|-----------------------------|-------------------|--------|---------|---------------------------|------|------|-----------------------------|------|------|-------------------------|------|------|-----------------|------|------|
|                             | 2007              | 2008   | 2009    | 2007                      | 2008 | 2009 | 2007                        | 2008 | 2009 | 2007                    | 2008 | 2009 | 2007            | 2008 | 2009 |
| Askari Commercial Bank      | 24.3              | 3.7    | 9.6     | 4.3                       | 4.7  | 4.7  | 5.8                         | 6.4  | 7.0  | 10.0                    | 11.1 | 11.7 | 4.4             | 4.9  | 5.0  |
| Soneri Bank                 | 33.3              | 16.8   | 3.7     | 3.0                       | 4.3  | 3.6  | 6.7                         | 7.2  | 8.7  | 9.7                     | 11.5 | 12.3 | 3.0             | 4.3  | 3.7  |
| Bank Al-Habib               | 35.0              | 26.8   | 26.2    | 3.8                       | 4.8  | 4.8  | 5.3                         | 5.9  | 7.0  | 9.1                     | 10.7 | 11.8 | 4.0             | 5.1  | 5.0  |
| Bank of Khyber              | -10.5             | 4.9    | -11.7   | 2.2                       | 4.0  | 3.3  | 7.4                         | 7.2  | 7.8  | 9.6                     | 11.2 | 11.1 | 1.6             | 3.4  | 2.7  |
| Bank of Punjab              | 49.3              | -189.0 | -       | 2.0                       | 0.6  | -    | 7.8                         | 9.0  | -    | 9.8                     | 9.6  | -    | 2.0             | 1.0  | -    |
| KASB Bank                   | 13.6              | -41.4  | -3355.6 | 2.2                       | 1.1  | -1.0 | 8.0                         | 11.5 | 12.2 | 10.2                    | 12.6 | 11.3 | 2.3             | 0.9  | -0.5 |
| Habib Metropolitan Bank Ltd | 40.5              | 35.6   | 26.3    | 2.5                       | 3.3  | 3.5  | 5.6                         | 7.3  | 7.6  | 8.2                     | 10.6 | 11.1 | 2.3             | 2.9  | 3.2  |
| Faysal Bank                 | 29.9              | 15.4   | 15.4    | 3.5                       | 3.9  | 3.5  | 6.4                         | 6.7  | 8.3  | 9.9                     | 10.6 | 11.8 | 2.5             | 3.2  | 3.1  |
| mybank                      | 21.1              | -20.0  | -188.5  | 2.5                       | 2.4  | 1.6  | 7.9                         | 8.3  | 9.4  | 10.4                    | 10.7 | 11.0 | 2.2             | 2.1  | 1.7  |
| SILKBANK                    | -267.5            | -267.5 | -403.2  | 0.8                       | 0.8  | 0.1  | 9.4                         | 9.4  | 11.9 | 10.1                    | 10.3 | 12.0 | 1.5             | 1.7  | 1.8  |
| Meezan Bank                 | 27.8              | 14.0   | 15.2    | 4.4                       | 5.7  | 5.7  | 5.1                         | 4.7  | 5.5  | 9.6                     | 10.4 | 11.2 | 4.5             | 5.7  | 5.7  |
| Samba Bank                  | -279.7            | -91.4  | -77.8   | 3.1                       | 4.6  | 4.2  | 7.4                         | 7.2  | 7.6  | 10.5                    | 11.8 | 11.7 | 1.6             | 2.5  | 2.4  |
| NIB                         | -16.7             | -109.5 | 9.8     | 2.4                       | 3.4  | 3.8  | 5.9                         | 8.4  | 9.0  | 8.2                     | 11.8 | 12.8 | 2.5             | 3.6  | 3.8  |
| Atlas Bank Limited          | -79.0             | -126.4 | -686.7  | 0.3                       | 2.6  | 0.8  | 7.5                         | 11.2 | 13.1 | 7.7                     | 13.8 | 13.9 | -1.0            | 1.9  | 1.5  |
| Dubai Islamic Bank          | -37.4             | -10.8  | 10.3    | 6.5                       | 6.5  | 6.8  | 4.7                         | 6.6  | 6.7  | 11.2                    | 13.2 | 13.5 | 6.6             | 6.5  | 6.7  |
| Bank Islami                 | -8.4              | -5.7   | -36.4   | 4.4                       | 6.0  | 4.9  | 4.4                         | 5.9  | 6.1  | 8.8                     | 11.8 | 11.0 | 3.7             | 5.4  | 5.0  |
| Arif Habib Rupali Bank      | 32.3              | -18.1  | -248.1  | 3.4                       | 4.7  | 2.3  | 2.4                         | 8.5  | 10.6 | 5.8                     | 13.2 | 13.0 | 2.2             | 2.5  | 1.8  |
| JS Bank                     | 5.1               | 5.0    | -56.1   | 2.1                       | 3.7  | 3.3  | 6.9                         | 8.2  | 8.3  | 9.0                     | 11.8 | 11.6 | 1.2             | 2.8  | 3.1  |
| Emirates Global             | -17.8             | -46.7  | -57.5   | 7.7                       | 4.6  | 4.7  | 3.8                         | 6.0  | 8.6  | 11.4                    | 10.7 | 13.4 | 6.0             | 3.3  | 4.1  |
| Dawood Islamic Bank         | 25.4              | 6.6    | -54.5   | 6.4                       | 6.4  | 5.0  | 1.9                         | 5.7  | 6.8  | 8.4                     | 12.1 | 11.8 | 4.4             | 2.0  | 1.7  |
| First Women Bank            | 26.3              | 17.3   | -14.4   | 6.5                       | 7.4  | 6.3  | 2.2                         | 3.0  | 5.3  | 8.7                     | 10.4 | 11.6 | 6.5             | 7.2  | 6.1  |
| Total                       | 19.2              | -20.4  | -7.6    | 2.9                       | 3.5  | 3.6  | 6.1                         | 7.4  | 7.6  | 9.0                     | 10.9 | 11.2 | 2.7             | 3.4  | 3.6  |

| Banks                       | NPLs/Gross Advances |       |      | NPLs Provision/Net Advances |      |      | Admn Expenses/Employee(Rs.Mn) |      |      | Staff/Branch (Nos) |      |      | Profit(A.T)/Branch(Rs.Mn) |       |       |
|-----------------------------|---------------------|-------|------|-----------------------------|------|------|-------------------------------|------|------|--------------------|------|------|---------------------------|-------|-------|
|                             | 2007                | 2008  | 2009 | 2007                        | 2008 | 2009 | 2007                          | 2008 | 2009 | 2007               | 2008 | 2009 | 2007                      | 2008  | 2009  |
| Askari Commercial Bank      | 6.6                 | 9.4   | 12.3 | 7.4                         | 9.6  | 9.5  | 0.8                           | 0.9  | 1.1  | 39                 | 32   | 27   | 17.9                      | 1.9   | 4.9   |
| Soneri Bank                 | 3.3                 | 7.1   | 9.9  | 1.7                         | 4.3  | 6.7  | 0.9                           | 1.0  | 1.1  | 17                 | 15   | 13   | 11.2                      | 6.0   | 0.9   |
| Bank Al-Habib               | 0.3                 | 1.0   | 2.0  | 0.3                         | 1.3  | 2.3  | 1.2                           | 1.3  | 1.4  | 15                 | 15   | 14   | 12.6                      | 10.8  | 11.2  |
| Bank of Khyber              | 19.8                | 24.6  | 30.0 | 21.7                        | 20.1 | 24.4 | 0.8                           | 1.0  | 0.9  | 19                 | 20   | 19   | -4.0                      | 2.0   | -4.0  |
| Bank of Punjab              | 2.8                 | 29.5  | -    | 2.2                         | 16.2 | -    | 0.6                           | 0.7  | -    | 14                 | 15   | -    | 16.3                      | -37.0 | -     |
| KASB Bank                   | 5.2                 | 20.4  | 21.4 | 4.6                         | 10.2 | 13.4 | 1.3                           | 1.6  | 2.1  | 25                 | 16   | 11   | 5.7                       | -13.3 | -42.3 |
| Habib Metropolitan Bank Ltd | 0.9                 | 1.7   | 5.9  | 1.4                         | 2.2  | 4.4  | 1.3                           | 1.6  | 1.7  | 18                 | 18   | 18   | 28.0                      | 29.9  | 22.8  |
| Faysal Bank                 | 5.9                 | 8.5   | 11.4 | 4.3                         | 6.1  | 8.0  | 1.6                           | 1.7  | 2.1  | 17                 | 15   | 15   | 21.6                      | 8.6   | 9.0   |
| mybank                      | 6.6                 | 31.7  | 34.8 | 5.7                         | 10.0 | 19.4 | 0.9                           | 1.0  | 1.1  | 14                 | 12   | 12   | 5.7                       | -4.4  | -20.5 |
| SILKBANK                    | 19.6                | 36.9  | 30.2 | 20.2                        | 24.9 | 26.9 | 1.4                           | 1.6  | 2.2  | 16                 | 18   | 15   | -55.3                     | -31.0 | -35.4 |
| Meezan Bank                 | 1.8                 | 3.7   | 4.8  | 2.2                         | 3.0  | 6.0  | 0.9                           | 0.9  | 1.1  | 20                 | 17   | 16   | 9.6                       | 3.7   | 5.1   |
| Samba Bank                  | 29.7                | -22.8 | 26.1 | 68.1                        | 45.0 | 33.1 | 1.7                           | 2.6  | 3.4  | 19                 | 20   | 15   | -47.3                     | -26.5 | -21.2 |
| NIB                         | 21.3                | 23.7  | 23.7 | 18.9                        | 20.9 | 19.4 | 0.6                           | 1.2  | 1.1  | 15                 | 22   | 22   | -2.0                      | -30.6 | 3.1   |
| Atlas Bank Limited          | 8.6                 | 9.5   | 13.4 | 5.6                         | 5.1  | 6.1  | 0.9                           | 2.2  | 2.7  | 31                 | 22   | 18   | -12.4                     | -25.3 | -42.6 |
| Dubai Islamic Bank          | 0.3                 | 1.9   | 3.7  | 1.4                         | 1.7  | 1.9  | 2.6                           | 3.0  | 3.1  | 33                 | 26   | 16   | -21.7                     | -7.9  | 6.5   |
| Bank Islami                 | 3.2                 | 3.5   | 7.8  | 1.2                         | 3.1  | 2.5  | 0.9                           | 0.9  | 1.2  | 16                 | 12   | 14   | -1.0                      | -0.5  | -4.7  |
| Arif Habib Rupali Bank      | 2.6                 | 21.8  | 26.7 | 2.7                         | 6.3  | 15.0 | 1.2                           | 1.4  | 1.7  | 27                 | 16   | 15   | 19.2                      | -5.8  | -51.7 |
| JS Bank                     | 3.4                 | 5.5   | 7.8  | 2.9                         | 1.6  | 4.5  | 2.6                           | 1.6  | 2.1  | 31                 | 16   | 8    | 3.9                       | 1.4   | -5.9  |
| Emirates Global             | -                   | 0.2   | 13.8 | 0.2                         | 0.2  | 3.3  | 1.7                           | 1.9  | 2.4  | 23                 | 12   | 10   | -5.7                      | -6.5  | -9.4  |
| Dawood Islamic Bank         | -                   | 1.1   | 1.8  | 0.1                         | 0.1  | 4.6  | 1.9                           | 1.9  | 1.5  | 18                 | 11   | 9    | 10.2                      | 1.6   | -5.9  |
| First Women Bank            | 2.7                 | 5.3   | 9.6  | 2.2                         | 3.3  | 6.3  | 0.6                           | 0.7  | 0.8  | 14                 | 14   | 15   | 4.1                       | 2.8   | -2.1  |
| Total                       | 5.9                 | 14.2  | 11.4 | 5.5                         | 9.4  | 8.8  | 1.0                           | 1.2  | 1.5  | 19                 | 18   | 16   | 7.3                       | -7.0  | -2.5  |

## Key Performance Indicators – Foreign Banks

(Rs. Mn)

| Banks                    | Assets        |               |               | Equity       |              |              | Deposits      |               |               | Advances      |               |               | Investments  |              |              |
|--------------------------|---------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
|                          | 2007          | 2008          | 2009          | 2007         | 2008         | 2009         | 2007          | 2008          | 2009          | 2007          | 2008          | 2009          | 2007         | 2008         | 2009         |
| RBS*                     | 107536        | 108092        | 93438         | 5089         | 8276         | 6936         | 90289         | 79103         | 63636         | 64155         | 67910         | 48502         | 16444        | 18983        | 27358        |
| Citibank                 | 92469         | 101652        | 89781         | 6379         | 9508         | 8652         | 68628         | 65485         | 58147         | 49068         | 41857         | 28245         | 21276        | 9194         | 33122        |
| HSBC                     | 32386         | 48873         | 51734         | 2549         | 4962         | 5512         | 25401         | 37005         | 40797         | 19260         | 25303         | 23248         | 301          | 1942         | 5432         |
| Deutsche Bank            | 17604         | 21730         | 15183         | 3569         | 4634         | 5169         | 5129          | 10317         | 6005          | 4699          | 6335          | 3457          | 3696         | 999          | 491          |
| Oman International       | 2694          | 3442          | 3945          | 2034         | 2712         | 2848         | 460           | 522           | 690           | 220           | 277           | 387           | -            | -            | -            |
| Bank of Tokyo            | 5481          | 10063         | 8546          | 2454         | 3957         | 4088         | 979           | 1716          | 2740          | 2621          | 4093          | 2199          | -            | -            | -            |
| Al Baraka Islamic Bank   | 22077         | 24198         | 29305         | 2447         | 2400         | 2740         | 16965         | 18336         | 22636         | 12586         | 14378         | 14755         | 1154         | 1124         | 1703         |
| Barclays**               | -             | 24604         | 42543         | -            | 6330         | 6840         | -             | 14557         | 29920         | -             | 9679          | 18034         | -            | 9333         | 11625        |
| <b>All Foreign Banks</b> | <b>280247</b> | <b>342654</b> | <b>334475</b> | <b>24521</b> | <b>42779</b> | <b>42785</b> | <b>207851</b> | <b>227041</b> | <b>224571</b> | <b>152609</b> | <b>169832</b> | <b>138827</b> | <b>42871</b> | <b>41575</b> | <b>79731</b> |

| Banks                    | Interest Income |              |              | Interest Expense |              |              | Net Interest Income |              |              | Non Interest Income |             |             | Revenue      |              |              |
|--------------------------|-----------------|--------------|--------------|------------------|--------------|--------------|---------------------|--------------|--------------|---------------------|-------------|-------------|--------------|--------------|--------------|
|                          | 2007            | 2008         | 2009         | 2007             | 2008         | 2009         | 2007                | 2008         | 2009         | 2007                | 2008        | 2009        | 2007         | 2008         | 2009         |
| RBS*                     | 11521           | 11490        | 11583        | 5296             | 5648         | 6386         | 6225                | 5842         | 5198         | 2055                | 3753        | 2789        | 8280         | 9595         | 7987         |
| Citibank                 | 10554           | 9944         | 9983         | 5071             | 4145         | 4721         | 5482                | 5799         | 5263         | 3134                | 3546        | 2450        | 8616         | 9345         | 7713         |
| HSBC                     | 2151            | 4072         | 4704         | 1310             | 2444         | 2732         | 841                 | 1628         | 1971         | 396                 | 850         | 1022        | 1237         | 2478         | 2993         |
| Deutsche Bank            | 679             | 1041         | 1111         | 383              | 400          | 242          | 296                 | 641          | 869          | 1062                | 1053        | 1599        | 1358         | 1694         | 2468         |
| Oman International       | 38              | 40           | 57           | 48               | 50           | 76           | -9                  | -10          | -19          | 4                   | 10          | 18          | -5           | 0            | -1           |
| Bank of Tokyo            | 331             | 538          | 516          | 243              | 391          | 385          | 87                  | 147          | 131          | 61                  | 80          | 49          | 148          | 227          | 180          |
| Al Baraka Islamic Bank   | 1493            | 1765         | 2556         | 1090             | 1334         | 2041         | 403                 | 431          | 515          | 264                 | 204         | 267         | 667          | 635          | 782          |
| Barclays**               | -               | 833          | 3336         | -                | 335          | 2000         | -                   | 497          | 1336         | -                   | 28          | 73          | -            | 525          | 1794         |
| <b>All Foreign Banks</b> | <b>26767</b>    | <b>29723</b> | <b>33846</b> | <b>13441</b>     | <b>14747</b> | <b>18583</b> | <b>13325</b>        | <b>14975</b> | <b>15264</b> | <b>6976</b>         | <b>9524</b> | <b>8267</b> | <b>20301</b> | <b>24499</b> | <b>23916</b> |

| Banks                    | Admn Expense |              |              | Operating Profit |             |             | Provisions/Other Expenses |             |             | Profit/Loss(BT) |             |              | Profit/Loss (A.T) |            |              |
|--------------------------|--------------|--------------|--------------|------------------|-------------|-------------|---------------------------|-------------|-------------|-----------------|-------------|--------------|-------------------|------------|--------------|
|                          | 2007         | 2008         | 2009         | 2007             | 2008        | 2009        | 2007                      | 2008        | 2009        | 2007            | 2008        | 2009         | 2007              | 2008       | 2009         |
| RBS*                     | 5772         | 6521         | 5797         | 2508             | 3074        | 2190        | 3875                      | 3633        | 4088        | -1367           | -559        | -1898        | -1565             | -518       | -1338        |
| Citibank                 | 4807         | 5128         | 3987         | 3809             | 4217        | 3726        | 2678                      | 4098        | 3423        | 1131            | 119         | 302          | 260               | 800        | 89           |
| HSBC                     | 994          | 1949         | 2200         | 243              | 529         | 793         | 17                        | 268         | 471         | 226             | 261         | 321          | 126               | 162        | 262          |
| Deutsche Bank            | 573          | 814          | 863          | 785              | 880         | 1605        | 9                         | 49          | 362         | 776             | 831         | 1243         | 504               | 534        | 805          |
| Oman International       | 44           | 57           | 55           | -49              | -57         | -56         | 43                        | -16         | 4           | -92             | -41         | -59          | -92               | -41        | -59          |
| Bank of Tokyo            | 68           | 97           | 112          | 80               | 130         | 68          | 0.3                       | 6           | 2           | 80              | 124         | 66           | 79                | 78         | 45           |
| Al Baraka Islamic Bank   | 335          | 573          | 704          | 332              | 62          | 78          | 18                        | 141         | 458         | 314             | -78         | -381         | 246               | -73        | -281         |
| Barclays**               | -            | 1700         | 3975         | -                | -1175       | -2181       | -                         | 34          | 163         | -               | -1208       | -2344        | -                 | -809       | -1671        |
| <b>All Foreign Banks</b> | <b>12593</b> | <b>16839</b> | <b>17693</b> | <b>7708</b>      | <b>7660</b> | <b>6223</b> | <b>6640</b>               | <b>8235</b> | <b>8971</b> | <b>1068</b>     | <b>-551</b> | <b>-2750</b> | <b>-442</b>       | <b>133</b> | <b>-2148</b> |

\* The Royal Bank of Scotland

\*\* 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) |             |             |
|------------------------|--------------|------------|------------|---------------------|------------|------------|----------------|-------------|-------------|----------------------------------|-------------|-------------|--------------------------|-------------|-------------|
|                        | 2007         | 2008       | 2009       | 2007                | 2008       | 2009       | 2007           | 2008        | 2009        | 2007                             | 2008        | 2009        | 2007                     | 2008        | 2009        |
| RBS                    | 5.1          | 6.2        | 7.9        | 5.6                 | 7.1        | 7.1        | -10.1          | -3.7        | -13.2       | 24.8                             | 39.1        | 34.9        | 54.0                     | 50.8        | 50.4        |
| Citibank               | 6.6          | 3.6        | 3.2        | 6.3                 | 6.6        | 3.6        | 8.3            | 0.9         | 2.2         | 36.4                             | 37.9        | 31.8        | 51.9                     | 58.3        | 58.09       |
| HSBC                   | 5.4          | 7.0        | 6.4        | 4.1                 | 5.6        | 5.1        | 8.9            | -10.7       | -3.5        | 32.0                             | 34.3        | 34.1        | 39.1                     | 20.7        | 34.6        |
| Deutsche Bank          | 4.4          | 3.5        | 2.7        | 6.6                 | 7.1        | 7.2        | 44.6           | 39.5        | 57.4        | 78.2                             | 62.2        | 64.8        | 43.6                     | 28.4        | 57.7        |
| Oman International     | 7.1          | 7.4        | 8.5        | 6.5                 | 8.5        | 7.0        | -219.0         | -95.5       | -87.9       | -66.7                            | -           | -1800.0     | -23.7                    | -25.0       | -17.5       |
| Bank of Tokyo          | 6.7          | 8.7        | 7.6        | 1.9                 | 2.2        | 2.1        | 20.3           | 20.7        | 11.1        | 40.9                             | 35.2        | 27.2        | 26.3                     | 27.3        | 28.5        |
| Al Baraka Islamic Bank | 6.4          | 6.9        | 9.0        | 2.0                 | 3.0        | 3.2        | 17.9           | -4.0        | -13.5       | 39.6                             | 32.1        | 34.1        | 27.0                     | 24.4        | 20.1        |
| Barclays               |              |            | 8.0        |                     |            | 20.0       |                |             | -69.7       | -                                |             | 4.1         |                          |             | 14.9        |
| <b>Total</b>           | <b>5.7</b>   | <b>5.1</b> | <b>5.5</b> | <b>5.4</b>          | <b>5.9</b> | <b>5.3</b> | <b>3.1</b>     | <b>-1.4</b> | <b>-6.5</b> | <b>34.4</b>                      | <b>38.9</b> | <b>34.6</b> | <b>49.8</b>              | <b>50.4</b> | <b>45.1</b> |

| Banks                  | Cost / Income Ratio |             |             | Income Expense Ratio |            |            | ROE         |            |             | ROA         |             |             | ROD         |            |             |
|------------------------|---------------------|-------------|-------------|----------------------|------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|
|                        | 2007                | 2008        | 2009        | 2007                 | 2008       | 2009       | 2007        | 2008       | 2009        | 2007        | 2008        | 2009        | 2007        | 2008       | 2009        |
| RBS                    | 69.7                | 68.0        | 72.6        | 1.2                  | 1.2        | 1.2        | -22.7       | -7.8       | -17.6       | -1.4        | -0.5        | -1.3        | -1.7        | -0.6       | -1.9        |
| Citibank               | 54.9                | 54.9        | 51.7        | 1.4                  | 1.4        | 1.5        | 4.2         | 10.1       | 1.0         | 0.3         | 0.8         | 0.1         | 0.4         | 1.2        | 0.1         |
| HSBC                   | 80.4                | 78.7        | 73.5        | 1.1                  | 1.1        | 1.1        | 5.1         | 4.3        | 4.3         | 0.5         | 0.4         | 0.5         | 0.6         | 0.5        | 0.7         |
| Deutsche Bank          | 42.2                | 48.1        | 35.0        | 1.8                  | 1.7        | 1.9        | 15.9        | 13.0       | 13.0        | 3.7         | 2.7         | 4.4         | 11.9        | 6.9        | 9.9         |
| Oman International     | -733.3              | -5700.0     | -5500.0     | 0.4                  | 0.4        | 0.5        | -4.5        | -1.7       | -1.7        | -3.4        | -1.3        | -1.6        | -17.1       | -8.4       | -9.6        |
| Bank of Tokyo          | 45.6                | 42.7        | 62.2        | 1.3                  | 1.2        | 1.2        | 3.3         | 2.4        | 2.4         | 1.3         | 1.0         | 0.5         | 6.5         | 5.8        | 2.1         |
| Al Baraka Islamic Bank | 50.2                | 90.2        | 90.0        | 1.2                  | 1.0        | 1.0        | 10.6        | -3.0       | -3.0        | 1.2         | -0.3        | -1.1        | 1.6         | -0.4       | -1.4        |
| Barclays               |                     |             | 221.6       |                      | 0.4        | 0.6        |             |            | -25.6       |             | -6.6        | -5.0        |             | -11.1      | -7.5        |
| <b>Total</b>           | <b>62.0</b>         | <b>68.7</b> | <b>74.0</b> | <b>1.3</b>           | <b>1.2</b> | <b>1.1</b> | <b>-1.7</b> | <b>0.4</b> | <b>-5.0</b> | <b>-0.2</b> | <b>0.04</b> | <b>-0.6</b> | <b>-0.2</b> | <b>0.1</b> | <b>-1.0</b> |

| Banks                  | Solvency Ratios         |              |              |               |             |             |                      |            |            | Equity Multiplier (Time) |            |            | Capital Risk Assets Ratio (CRA) |             |             |
|------------------------|-------------------------|--------------|--------------|---------------|-------------|-------------|----------------------|------------|------------|--------------------------|------------|------------|---------------------------------|-------------|-------------|
|                        | Earning Assets/Deposits |              |              | Capital Ratio |             |             | Deposit Time Capital |            |            | 2007                     | 2008       | 2009       | 2007                            | 2008        | 2009        |
|                        | 2007                    | 2008         | 2009         | 2007          | 2008        | 2009        | 2007                 | 2008       | 2009       |                          |            |            |                                 |             |             |
| RBS                    | 107.9                   | 108.1        | 118.2        | 6.0           | 6.2         | 7.5         | 13.5                 | 11.2       | 7.6        | 16.8                     | 16.1       | 13.2       | 10.1                            | 10.1        | 13.1        |
| Citibank               | 117.7                   | 110.1        | 118.8        | 6.8           | 8.2         | 9.5         | 10.7                 | 8.7        | 7.0        | 14.8                     | 12.2       | 10.5       | 12.4                            | 17.5        | 25.9        |
| HSBC                   | 115.3                   | 105.7        | 103.2        | 8.9           | 9.2         | 10.4        | 8.1                  | 8.3        | 7.4        | 11.2                     | 10.8       | 9.6        | 16.3                            | 16.9        | 21.6        |
| Deutsche Bank          | 225.1                   | 179.5        | 145.2        | 23.5          | 20.9        | 26.6        | 1.3                  | 1.9        | 1.7        | 4.2                      | 4.8        | 3.8        | 71.4                            | 74.3        | 100.1       |
| Oman International     | 64.8                    | 59.0         | 74.8         | 74.4          | 77.3        | 75.3        | 0.3                  | 0.2        | 0.2        | 1.3                      | 1.3        | 1.3        | 690.3                           | 954.9       | 837.3       |
| Bank of Tokyo          | 287.9                   | 317.6        | 184.2        | 39.5          | 41.2        | 43.2        | 0.5                  | 0.4        | 0.6        | 2.5                      | 2.4        | 2.3        | 75.3                            | 95.5        | 127.9       |
| Al Baraka Islamic Bank | 107.2                   | 107.7        | 108.2        | 11.3          | 10.5        | 9.6         | 6.6                  | 7.3        | 8.0        | 8.8                      | 9.5        | 10.4       | 20.8                            | 18.0        | 17.6        |
| Barclays               |                         | 143.5        | 130.2        |               | 25.7        | 19.6        |                      |            | 3.4        |                          | 3.9        | 5.1        |                                 | 65.4        | 47.5        |
| <b>Total</b>           | <b>115.3</b>            | <b>113.3</b> | <b>117.5</b> | <b>9.2</b>    | <b>10.8</b> | <b>12.6</b> | <b>7.8</b>           | <b>6.4</b> | <b>5.3</b> | <b>10.9</b>              | <b>9.3</b> | <b>7.9</b> | <b>16.7</b>                     | <b>20.9</b> | <b>27.7</b> |

| Banks                  | Liquidity Ratio      |             |             |                       |             |             |                   |             |             | Debt Management Ratio (DMR) |             |             |                           |            |            |
|------------------------|----------------------|-------------|-------------|-----------------------|-------------|-------------|-------------------|-------------|-------------|-----------------------------|-------------|-------------|---------------------------|------------|------------|
|                        | Advances+Inv./Assets |             |             | Earning Assets/Assets |             |             | Advances/Deposits |             |             | Avg Liabilities/Avg.Assets  |             |             | Liabilities/Equity (Time) |            |            |
|                        | 2007                 | 2008        | 2009        | 2007                  | 2008        | 2009        | 2007              | 2008        | 2009        | 2007                        | 2008        | 2009        | 2007                      | 2008       | 2009       |
| RBS                    | 77.1                 | 77.7        | 80.8        | 85.8                  | 84.9        | 83.7        | 73.9              | 78.0        | 81.6        | 94.1                        | 93.0        | 90.6        | 15.8                      | 15.0       | 12.0       |
| Citibank               | 78.1                 | 65.1        | 58.7        | 84.4                  | 76.1        | 76.7        | 76.2              | 67.8        | 56.7        | 93.3                        | 92.1        | 90.8        | 13.8                      | 11.3       | 9.6        |
| HSBC                   | 55.5                 | 57.6        | 55.6        | 82.9                  | 81.2        | 79.8        | 75.9              | 71.4        | 62.4        | 91.1                        | 90.8        | 89.6        | 10.2                      | 9.8        | 8.6        |
| Deutsche Bank          | 51.0                 | 40.0        | 30.6        | 70.7                  | 70.5        | 64.2        | 105.0             | 71.4        | 60.0        | 76.5                        | 79.2        | 73.4        | 3.2                       | 3.8        | 2.8        |
| Oman International     | 10.8                 | 8.1         | 9.0         | 12.8                  | 9.4         | 12.3        | 54.5              | 50.6        | 54.8        | 25.6                        | 22.7        | 24.7        | 0.3                       | 0.3        | 0.3        |
| Bank of Tokyo          | 52.4                 | 43.2        | 33.8        | 57.6                  | 55.1        | 44.1        | 262.4             | 249.1       | 141.2       | 60.5                        | 58.8        | 56.8        | 1.5                       | 1.4        | 1.3        |
| Al Baraka Islamic Bank | 60.1                 | 63.2        | 59.7        | 80.6                  | 82.2        | 82.8        | 72.4              | 76.4        | 71.1        | 88.7                        | 89.6        | 90.4        | 7.8                       | 8.6        | 9.4        |
| Barclays               |                      | 77.3        | 72.5        |                       | 84.9        | 86.3        |                   | 66.5        | 62.3        |                             | 74.3        | 80.4        |                           | 2.9        | 4.1        |
| <b>Total</b>           | <b>71.5</b>          | <b>65.3</b> | <b>63.5</b> | <b>82.6</b>           | <b>79.1</b> | <b>78.4</b> | <b>76.6</b>       | <b>74.1</b> | <b>68.3</b> | <b>90.9</b>                 | <b>89.0</b> | <b>87.3</b> | <b>9.9</b>                | <b>8.2</b> | <b>6.9</b> |

| Banks                  | Net Profit Margin |            |             | Net Interest Margin (NIM) |            |            | Cost of Fund Earning Assets |            |            | Yield on Earning Assets |             |             | Interest Spread |            |            |
|------------------------|-------------------|------------|-------------|---------------------------|------------|------------|-----------------------------|------------|------------|-------------------------|-------------|-------------|-----------------|------------|------------|
|                        | 2007              | 2008       | 2009        | 2007                      | 2008       | 2009       | 2007                        | 2008       | 2009       | 2007                    | 2008        | 2009        | 2007            | 2008       | 2009       |
| RBS                    | -18.8             | -5.4       | -16.8       | 6.3                       | 6.4        | 6.9        | 5.3                         | 6.2        | 7.6        | 11.6                    | 12.5        | 13.7        | 6.5             | 6.4        | 5.9        |
| Citibank               | 3.0               | 8.6        | 1.2         | 7.1                       | 7.9        | 7.9        | 6.5                         | 5.6        | 6.4        | 13.6                    | 13.5        | 13.6        | 7.0             | 8.1        | 9.3        |
| HSBC                   | 10.2              | 6.5        | 8.8         | 3.6                       | 2.5        | 4.1        | 5.7                         | 7.4        | 6.8        | 9.3                     | 12.3        | 11.7        | 3.9             | 5.5        | 5.3        |
| Deutsche Bank          | 37.1              | 31.5       | 32.6        | 3.1                       | 2.1        | 5.4        | 4.0                         | 2.9        | 2.0        | 7.1                     | 7.5         | 9.4         | 2.7             | 4.2        | 7.3        |
| Oman International     | 1533.3            | -          | 5800.0      | -2.6                      | -3.5       | -2.2       | 13.7                        | 17.3       | 16.8       | 10.9                    | 13.8        | 12.6        | 3.8             | 5.9        | 2.9        |
| Bank of Tokyo          | 53.0              | 34.4       | 25.6        | 2.5                       | 3.4        | 3.6        | 6.9                         | 9.1        | 9.4        | 9.4                     | 12.6        | 12.6        | 2.7             | 2.2        | 5.4        |
| Al Baraka Islamic Bank | 36.7              | -11.5      | -35.0       | 2.4                       | 2.3        | 2.3        | 6.6                         | 7.0        | 9.2        | 9.1                     | 9.3         | 11.5        | 2.6             | 2.4        | 2.3        |
| Barclays               |                   |            | -93.1       |                           |            | 1.7        |                             | 3.2        | 6.9        |                         | 8.0         | 11.5        |                 | 3.4        | 3.0        |
| <b>Total</b>           | <b>-2.2</b>       | <b>0.5</b> | <b>-9.0</b> | <b>5.8</b>                | <b>6.1</b> | <b>6.0</b> | <b>5.3</b>                  | <b>6.0</b> | <b>7.0</b> | <b>11.6</b>             | <b>12.1</b> | <b>12.6</b> | <b>5.9</b>      | <b>6.9</b> | <b>7.2</b> |

| Banks                  | NPLs/Gross Advances |            |            | NPLs Provisions/Net Advances |            |            | Admn Exp./Employee (Rs.Mn) |            |            | Staff/Banch |           |           | Profit (A.T)/Branch (Rs.Mn) |            |              |
|------------------------|---------------------|------------|------------|------------------------------|------------|------------|----------------------------|------------|------------|-------------|-----------|-----------|-----------------------------|------------|--------------|
|                        | 2007                | 2008       | 2009       | 2007                         | 2008       | 2009       | 2007                       | 2008       | 2009       | 2007        | 2008      | 2009      | 2007                        | 2008       | 2009         |
| RBS                    | 6.4                 | 10.9       | 16.5       | 5.8                          | 8.5        | 12.8       | 2.5                        | 3.5        | 3.5        | 28          | 24        | 21        | -19.1                       | -6.6       | -16.9        |
| Citibank               | 2.0                 | 4.1        | 8.4        | 3.7                          | 4.0        | 8.4        | 4.0                        | 3.9        | 5.3        | 46          | 40        | 36        | 10.0                        | 30.8       | 4.2          |
| HSBC                   | 0.5                 | 1.0        | 2.0        | 0.6                          | 0.9        | 1.9        | 1.9                        | 1.3        | 3.8        | 57          | 74        | 48        | 14.0                        | 18.0       | 21.8         |
| Deutsche Bank          | 0.0                 | 0.0        | 6.1        | 0.4                          | 0.5        | 7.8        | 7.4                        | 0.7        | 11.5       | 26          | 28        | 25        | 168.0                       | 178.0      | 268.3        |
| Oman International     | 16.7                | 12.1       | 22.4       | 20.4                         | 19.9       | 11.4       | 1.6                        | 15.7       | 1.7        | 14          | 18        | 11        | -46.0                       | -13.7      | -19.3        |
| Bank of Tokyo          | 0.0                 | 0.0        | 0.0        | 0.0                          | 0.0        | 0.0        | 2.2                        | 0.0        | 3.5        | 31          | 35        | 32        | 79.0                        | 78.0       | 46.0         |
| Al Baraka Islamic Bank | 2.0                 | 6.3        | 9.1        | 1.8                          | 2.0        | 5.2        | 0.9                        | 2.5        | 1.3        | 20          | 16        | 18        | 13.6                        | -2.5       | -9.7         |
| Barclays               |                     |            | 6.7        |                              |            | 1.4        |                            |            | 8.1        |             | 59        | 33        |                             | -89.9      | -111.4       |
| <b>Total</b>           | <b>2.6</b>          | <b>6.4</b> | <b>9.8</b> | <b>2.8</b>                   | <b>5.0</b> | <b>7.8</b> | <b>2.8</b>                 | <b>3.6</b> | <b>4.3</b> | <b>32</b>   | <b>30</b> | <b>25</b> | <b>-3.1</b>                 | <b>0.8</b> | <b>-13.2</b> |

## All Bank Employees and Branches

(Nos.)

| Banks                                      | Employees     |               |               | Branches    |             |             |
|--|---------------|---------------|---------------|-------------|-------------|-------------|
|  | 2007          | 2008          | 2009          | 2007        | 2008        | 2009        |
| NBP  | 14079         | 15441         | 16248         | 1261        | 1276        | 1287        |
| HBL  | 14461         | 14023         | 13122         | 1489        | 1508        | 1494        |
| UBL  | 9382          | 8851          | 8466          | 1095        | 1136        | 1137        |
| MCB  | 9760          | 10207         | 9445          | 1026        | 1047        | 1081        |
| ABL  | 8236          | 8427          | 8855          | 757         | 766         | 779         |
| Bank Al-Falah                              | 7371          | 7584          | 7462          | 231         | 282         | 320         |
| Standard Chartered                         | 3509          | 3282          | 2960          | 143         | 174         | 162         |
| <b>Sub Total: Major Banks</b>              | <b>66798</b>  | <b>67815</b>  | <b>66558</b>  | <b>6002</b> | <b>6189</b> | <b>6260</b> |
| Askari Commercial Bank                     | 5896          | 6496          | 6159          | 150         | 200         | 226         |
| Soneri Bank                                | 1477          | 1720          | 1958          | 89          | 117         | 154         |
| Bank Al-Habib                              | 2704          | 3306          | 3634          | 175         | 225         | 255         |
| Bank of Khyber                             | 660           | 686           | 762           | 34          | 34          | 41          |
| Bank of Punjab                             | 3859          | 4156          | -             | 272         | 272         | -           |
| KASB Bank                                  | 892           | 1134          | 1118          | 35          | 73          | 100         |
| Habib Metropolitan Bank Ltd                | 1799          | 1937          | 2117          | 100         | 110         | 120         |
| Faysal Bank                                | 1759          | 1929          | 2042          | 105         | 129         | 133         |
| mybank                                     | 824           | 930           | 930           | 60          | 80          | 80          |
| SILKBANK                                   | 901           | 1182          | 1259          | 55          | 65          | 82          |
| Meezan Bank                                | 1959          | 2801          | 3204          | 100         | 166         | 201         |
| NIB  | 3693          | 5254          | 4955          | 240         | 244         | 223         |
| Atlas Bank                                 | 781           | 862           | 714           | 25          | 40          | 40          |
| Dubai Islamic Bank                         | 553           | 588           | 549           | 17          | 23          | 35          |
| Bank Islami Pakistan                       | 563           | 1188          | 1471          | 36          | 102         | 102         |
| Arif Habib Rupali Bank                     | 319           | 541           | 615           | 12          | 33          | 40          |
| JS Bank                                    | 280           | 610           | 828           | 9           | 39          | 101         |
| Emirates Global Islami Bank                | 233           | 499           | 593           | 10          | 40          | 60          |
| Dawood Islamic Bank Limited                | 89            | 225           | 449           | 5           | 21          | 50          |
| Samba Bank Limited                         | 536           | 571           | 421           | 28          | 28          | 28          |
| <b>Sub Total: Private/Provincial Banks</b> | <b>29777</b>  | <b>36615</b>  | <b>33778</b>  | <b>1557</b> | <b>2041</b> | <b>2071</b> |
| FWB  | 535           | 540           | 569           | 38          | 38          | 38          |
| <b>Sub Total*</b>                          | <b>30312</b>  | <b>37155</b>  | <b>34347</b>  | <b>1595</b> | <b>2079</b> | <b>2109</b> |
| RBS  | 2319          | 1860          | 1643          | 82          | 79          | 79          |
| Citibank                                   | 1200          | 1032          | 747           | 26          | 26          | 21          |
| HSBC                                       | 517           | 663           | 576           | 9           | 9           | 12          |
| Deutsche Bank                              | 77            | 84            | 75            | 3           | 3           | 3           |
| Oman International                         | 28            | 35            | 32            | 2           | 3           | 3           |
| Bank of Tokyo                              | 31            | 35            | 32            | 1           | 1           | 1           |
| Al Baraka Islamic Bank                     | 364           | 455           | 528           | 18          | 29          | 29          |
| Barclays                                   | -             | 529           | 492           | -           | 9           | 15          |
| <b>Sub Total: Foreign Banks</b>            | <b>4536</b>   | <b>4693</b>   | <b>4125</b>   | <b>141</b>  | <b>159</b>  | <b>163</b>  |
| <b>Grand Total</b>                         | <b>101646</b> | <b>109663</b> | <b>105030</b> | <b>7738</b> | <b>8427</b> | <b>8532</b> |

\* Including FWB



## Floods In Pakistan

### Initial Estimates of Damages Caused

Since early July, Pakistan has experienced the worst monsoon related floods in living memory. Assessment of losses and damages caused are ongoing; its a difficult task as many areas remain inaccessible and only when flood waters recede, can the real assessment of damages be done. Preliminary estimates appearing in print show that data has started pouring in, as different organizations carry out surveys and meetings with government departments to assess the extent of damages caused by the flood. Initial assessments show among others the following:

- Number of people affected has reached close to 21 million. Province-wise breakup:-  
Punjab 8.2 million, Sindh 7.0 million, Khyber Pakhtunkhwa 4.4 million, Balochistan 672 thousand, Azad Jammu & Kashmir 245 thousand, Gilgit-Baltistan 8.5 thousand.
- No. of schools damaged – 10916, Punjab 4497, Sindh 4029, Khyber Pakhtunkhwa 923, Balochistan 997, Azad Kashmir 389 and Gilgit-Baltistan 81.
- Official death toll – 1677 and continues to rise.
- No. of houses damaged or destroyed — over 1.8 million. Province wise; Sindh 1.1 million, Punjab 0.5 million, Khyber-Pakhtunkhwa 0.2 million, AJK 0.007 million, Gilgit Baltistan 0.002 million.
- At least 3.2 million hectares of standing crops have so far been damaged or lost across the country.
- No. of people affected in Balochistan 400,000. 700,000 may have moved to Balochistan from affected areas in northern Sindh.
- Cotton industry may suffer a loss of \$117 mn.
- A UNDP Report shows the impact of floods on the environment in selected affected areas of Pakistan. The floods have severely damaged the natural forests, plantations, community forests & trees raised for fuelwood, habitat of wildlife, fish resources and has also affected the habitat of some species such as Indus dolphin.
- An estimated 800,000 cft of measured and marked stocked logs have been drifted by the river Swat. About 2,000,000cft wood including standing conifer trees and stocked timber have been washed by the flood.
- Nurseries have been damaged in Kalam, Lower Swat.
- The floods have washed away about 20 percent of the plantations that were carried out during 2009-10 in Kalam, Alpuri and Lower Dir.
- Flood has inflicted heavy damages on communal forests and community plantations that were established by the projects such as Environmental Rehabilitation Project and Social Forests Project in Swat.
- Estimates available indicate that about 20 percent to 25 percent of the areas of communal forests and about 25 percent to 35 percent of the plantations are damaged.
- Floods have damaged wildlife in district Swat, Lower Dir and Upper Dir.
- Rice paddies along the river Swat are heavily affected.
- Silt and turbulence of flash floods has destroyed the habitats of fish population.
- In Swat valley, 60 percent of maize, 65 percent of rice, 60 percent of tomatoes and 30 percent of fruit orchards have been damaged.
- Large areas of fruit orchards have been destroyed in Dir district. The cumulative losses to agriculture sector in Upper Dir district are estimated at about Rs700 million.
- The flood has washed all the agricultural crops along the rivers in Charsadda and Nowshera and has silted up the agricultural fields.
- The preliminary agriculture assessment conducted in Khyber-Pakhtunkhwa province reveals that 10 percent of the livestock

population has been affected; the largest losses are recorded in Nowshera and Charsadda districts.

- In Balochistan, recent estimates indicate that about 1 million head of livestock, or 14 percent of the animal population in the province have been affected. The loss of livestock – draught animals in particular – could also have negative implications for preparation of land for the Rabi season.
- Tehsils affected by the floods in Central and Southern Punjab have witnessed large scale damages to their forest and plantations, fisheries, livestock and agricultural lands.
- The flood has affected the agricultural lands and crops severely in the central and southern districts of Punjab.
- In Muzaffargarh, the flood has completely washed about 47 percent of cotton crop, 65 percent of sugarcane, 62 percent of rice paddies and 34 percent of vegetables.
- In Dera Ghazi Khan, the flood has damaged 23 percent of the cultivated area.
- In district Mianwali, the flood has damaged crops on about 93 percent of cultivated land in 153 villages out of 256.
- In district Layyah, the flood has damaged 31 percent of cultivated land. The damaged cultivated crops include 14 percent of sugarcane, 15.5 percent of cotton, 21 percent of lentils, 6 percent of rice paddies, 4 percent of vegetable and 14 percent of other crops.
- The flood has damaged 34 percent of cultivated land in Rajanpur district.
- Floods have brought with it large quantities of sand and silt, which has silted up canals and agricultural lands and is expected to have an adverse impact on reservoirs, dams and barrages.
- Agricultural sector assessment in Khyber Pakhtunkhwa shows that 71 percent of the standing rice crop, 59 percent of vegetable crop & 45 percent of the maize crop have been destroyed. Sugarcane & tobacco are the least affected crops.
- Loss of maize in Khyber-Pakhtunkhwa province represent 18 percent of the country's yearly output, and is expected to negatively affect national supply of maize, which is used both for food and animal feed.
- A total of 5406 irrigation structures have been destroyed or severely damaged.
- The flood waters have damaged/or washed away large stocks of wheat held by households. Tentative estimates put the figure at some 500,000 to 600,000 tonnes.
- The losses at household levels could also have a negative impact on planting of the 2010-11 Rabi season – scheduled to commence in October/November, due to loss of seeds, other agriculture inputs and savings.
- According to the Ministry of Food and Agriculture, the country has lost half a million tonnes of wheat, 1.6 million tonnes of rice paddy, 7.6 million tonnes of sugarcane and 2-3 million bales of cotton.
- According to the United Nations Food and Agriculture Organization (FAO) the flood has destroyed more than half a million tons of wheat seed stocks and more than 3 million hectares of standing crops in Pakistan like corn, rice, sugarcane and cotton.
- According the Ministry of Food and Agriculture, the losses of crops in the flood are estimated to amount to nearly 3 billion US dollars.
- Pakistan's export sector which is the principal source of country's foreign exchange would be affected because of the damage caused to cotton, rice, sugarcane and maize. It would have consequences for the country's textile sector, which alone accounts for 60 percent of exports.
- Manufacturing sector is likely to face weaker supply of raw material from agriculture sector like cotton, sugarcane, tobacco etc. Industries like ginneries, textiles, tobacco could be affected.
- Pressure will increase on food inflation due to rise in the prices of minor crops, some shortages of essential food items and expenses on transportation.
- Damages to growth sectors i.e., agriculture, manufacturing and services sectors suggest that FY11 real GDP growth is likely to moderately hit and could be close to the preceding year's level.

## Market Analysis

### *Market Review – July To August 2010*

The market during the period under review was mixed due to the floods, foreign flows in the market and delay in the implementation of a margin trading system. Overall, the KSE-100 Index during July to August, 2010 gained 91 points or 1.0 percent to close at 9,813 on average daily turnover of 61.92m shares.

Market remained mixed

The market remained bullish with high fluctuation in volumes. The first week remained dull with low volumes, after which markets pick-up. The KSE-100 Index gained 716 points or 7.37 percent during July 2010 to close at 10,519. The average daily turnover during July was 67.76m shares compared to 99.4m shares during June. The net inflow of foreign funds according to NCCPL figures during July was US\$42.34m.

Some of the major developments during this period were:

- PSO announcing its due-diligence for the acquisition of additional 30 percent stake in PRL.
- OGDC finding an additional 1200bpd oil and 1.5mncfd gas reserves in Rajan field.
- Faysal Bank approval from SBP for acquisition of RBS.

The KSE-100 Index continued its downward trend from where it left off in the previous month. This bearish journey continued during the first week with the over all sentiment being dull due to the induction of CGT starting with effect from 1 July '10. Average volumes clocked in at 55.14m during the first week with the lowest being 14.71m on 5th July. The sentiments turned positive during the second week on the back of foreign buying and news of leverage product approval on the cards. During this time, the index crossed the 10,000 mark, to close in at 10,072.25. The application of CGT also was clarified to the dealers. Average volumes clocked in at 80.2m, an increase of 46 percent WoW.

Market was bearish

In the third week, the index remained range bound, despite news of introduction of leverage product and U.S. Secretary of State Hillary Clinton, announcing a US\$500m aid program for Pakistan. All this on the back of higher foreign inflows of US\$ 14.06m with the major chunk of activity been seen in the E&P sector. In particular POL and PPL gaining volumes, as they were being viewed as cheaper alternatives to OGDC. OGDC itself posting remarkable gains on the back of foreign buying interest. To shed light on the fertilizer sector, Fauji Group was stirring excitement on account of merger and acquisition activity regarding Agritech Ltd.

With most companies announcing their results, the KSE-100 index inched to newer heights crossing the 10,300 level to reach 10,500 mark. However the volumes remained thin, with an average weekly volume of 75m. Foreign investors kept their avid interest with net buying of US\$ 12.68m. Most of the activity was seen in the Fertilizer, E & P and Banking sectors. Especially the Fertilizer sector, coming up with better than expected results in particular FFBL and FFC and Engro.

After a bullish July, the market was mainly bearish due to the possible adverse economic impact of the floods throughout the country and the delay in the implementation of a margin trading system. The KSE-100 Index shed 705 points or 6.71 percent during August 2010 to close at 9,813 while the KSE-30 Index plunged by 783 points or 7.47 percent to 9,699. The average daily turnover during August was 56.07m shares compared to 67.76m shares during July. The net inflow of foreign funds according to NCCPL figures during August was US\$41.32m while the fiscal year-to-date net inflow was US\$83.66m.

The market began the month under review on a negative note as the SBP raised the policy rate by 50 bps to 13 percent on July 31 which caught most investors on the back foot and thus, the immediate reaction on the bourses

was bearish. In addition, the negative sentiments were further exacerbated by target killings in Karachi, leading to decline in market volumes. The news of devastating floods had a muted impact on the KSE-100 Index as corporate results of companies such as PPL and net foreign inflow lent some support. The KSE-100 shed 1.94 percent to end the week at 10,315.

The second week was not much better than the first week as the floods continued to cause havoc throughout the country. Adding to the despair of investors was the news of potential delays in the re-introduction of a leverage product because of a letter of dissent by the Chairman of the KSE Board of Directors reported by the media despite approval by the KSE Board Directors. In addition, the Mutual Funds Association of Pakistan expressed its concerns about the proposed margin financing that there should be no cap on the financing rate and proposed that the cash margin should increase from 25 percent to 30 percent.

The first T-bill auction on August 11 after the policy rate hike saw the weighted average yield of the 6-month benchmark T-bill increase by 31 bps to 12.65 percent, which also had an adverse impact on the equity markets. The results and dividend payouts of companies such as Hubco, OGDC and Lucky Cement received a mixed reaction by investors. The rise in T-bill rates and July inflation being reported in double digits also hampered market sentiments. The KSE-100 Index dropped a further 4.77 percent to close the second week of August at 9,823.

The KSE-100 Index continued to slide on the first day of the third week, but staged a minor recovery for the remainder of the week. Investors began to accumulate selective value stocks in the anticipation that foreign aid would materialize to help flood victims. The Asian Development Bank announced an emergency loan of US\$2bn while the World Bank has approved a loan of US\$900m for flood relief. However, the activity can be described as sluggish and lackluster. The KSE-

100 Index gained 0.38 percent to end the third week at 9,860.

The final week of the month saw the market come under selling pressure again despite the positive trend of the previous week. The concerns over the extent of flood damage along with continued delay in the launch of the margin product as news reports were still reporting dissent among the KSE Board members. However, the last trading day of the month, the KSE-100 Index surged by nearly 300 points due to positive expectations regarding a meeting between SECP and the KSE Board of Directors over a possible resolution to the margin trading system issue.

The Pakistan market PE at 6.57x is trading at a 47.5 percent discount to the regional average of 12.53x. Based on dividend yield, Thailand is the most attractive at 7.76 percent as compared to the regional average of 2.86 percent, followed by Pakistan (5.85 percent) and Taiwan (3.61 percent).

Regional valuation

Looking ahead

With the floods still ongoing, the focus will remain on relief efforts. The main triggers for the market would be the level of financial assistance pledged and received by the GoP, as well as any concessions by the IMF on the Standby Arrangement or any significant progress on a margin product for the bourses. Another monetary policy statement is scheduled near the end of September; however we do not see any change in direction.

### Regional Valuation Comparison

| Country     | 12m F PEx   | 12m F Dividend Yield (%) |
|-------------|-------------|--------------------------|
| China       | 15.14       | 1.33                     |
| Hong Kong   | 11.48       | 2.50                     |
| India       | 14.20       | 1.03                     |
| Indonesia   | 13.30       | 2.17                     |
| Malaysia    | 13.29       | 2.88                     |
| Pakistan    | <b>6.57</b> | 5.85                     |
| Philippines | 12.26       | 2.92                     |
| Singapore   | 12.80       | 3.00                     |
| South Korea | 8.95        | 1.38                     |
| Taiwan      | 12.64       | 3.61                     |
| Thailand    | 11.23       | 7.76                     |

Source: Thomson One Analytics, Date: August 19, 2010

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

**Book/Report Reviews**

*Pakistan's Development Challenges  
Federalism, Security and Governance  
Akhtar Ali  
Royal Book Company - 2010*

The book under review examines the major issues faced by Pakistan. It focuses on federalism, governance and security. These are the areas where reform and initiatives need to be taken. The initial chapters in the book deal with issues in economic development.

It examines how and why some countries have developed and others have not, the resourcefulness of Pakistan, how development can be brought about through cooperatives, how the country fares in competitiveness in international markets, what is its position with respect to food, water, energy and environment. Energy is another major issue facing the country. Emphasis should be laid on completion of Thar coal project and factors which are slowing down the project should be looked into. Cheaper coal based electricity would not only save precious foreign exchange, but would also bring down the ever rising electricity tariff due to expensive oil. Wind power could fill part of the demand, while nuclear power is another option.

Federalism and provincial autonomy is another major theme of the book. This issue has been discussed, in one of the chapters, alongwith evidence from other federations. While discussing the issues in provincial autonomy, the specific cases of royalties, taxation and income sharing, with respect to natural resources such as oil, gas and minerals, ownership and control issue among others have been examined.

The issue of governance and the role of freedom and transparency have been discussed in the third section of the book. It also evaluates various ratings of governance by international institutions, the strength, weaknesses, opportunities and threats of state institutions and outlines a course of action for improved delivery. The last section of the book discusses internal and external security.

*Pakistan's Energy Development:  
The Road Ahead  
Akhtar Ali  
Royal Book Company - 2010*

The book gives a detailed analysis of the issues facing Pakistan's energy sector. Energy deficit is growing as demand has outstripped local supplies and the country has to import oil to meet its requirements. There is a significant drain of its foreign exchange reserves.

The introductory chapter has raised a number of questions and seeks to find solutions. The second chapter gives the country's energy perspective with the author's estimates of proposed energy plan 2010-2030, which are based on critical assumptions, which if not realized would shatter its projections.

Electrical power has been dealt with in detail, its demand and consumption patterns, the electricity generation sector, the transmission and distribution sector, the policy and institutional issues.

Coal consumption has increased in Pakistan, as coal based electricity is relatively cheaper. Coal mining technologies have been discussed, and case studies of coal fired plants have been quoted.

Oil and gas are major resources for meeting the country's energy needs. Oil production, major oil fields, consumption, exploration, demand, comparative performance of oil companies, CNG, natural gas and its related issues have been discussed in length.

The book has also devoted chapters to hydropower, nuclear power, renewable energy, solar energy, wind energy and energy conservation and efficiency.

The appendices contain among others three case studies; hydroprofits and royalty issues, Balochistan gas royalty issue, and KESC tariff petition. There is a case study on power plant construction cost data.

*Trade Liberalisation and Gender  
Dynamics of Employment in Pakistan  
Social Policy and Development Centre*

The Research Report seeks to analyze the changing structure of economy and employment during the period of trade liberalisation and to estimate the effect of trade liberalisation and other relevant socio-economic characteristics on female participation in the labour force in Pakistan.

The last chapter in the Report presents the policy implication of the results obtained in the earlier chapters. It emphasises on the need to focus on enhancing the growth in agriculture and manufacturing sectors to encourage female labour force participation. To ensure gender sensitivity in trade and labour force policies, representatives of women workers need to be involved in formulating policies.

*Public Spending on Education and  
Health in Pakistan  
A Dynamic Investigation through Gender Lens  
Social Policy and Development Centre*

The Research Report looks at the inequalities in access to education and health services between males and females in Pakistan. Wide gender disparity exists in gross enrollment rates across provinces, regions and income groups, which are more pronounced in poor income groups compared to rich income groups, and in Balochistan compared to other provinces.

Incidence of illness is higher among females as compared to males. The incidence of illness varies with level of income and is higher among males and females of poor income groups.

The insights provided by gender disaggregated benefit incidence analysis of education and health services can be used to formulate province-wise need based gender sensitive policies. To improve gender equality in education and health the Report has recommended a number of policy interventions.

*Choked Pipes  
Reforming Pakistan's Mixed Health System  
Sania Nishtar  
Oxford University Press - 2010*

In the book the author has presented her viewpoint on reforming Pakistan's health system, a system that has under-performed during the last six decades.

She has highlighted the impediments, which hinder efforts at development in general and has framed the discussion in a manner so that Pakistan's example can be of relevance to other developing countries as well.

The book is divided into three sections; Pakistan's Health System, Health System Domains — A Review and Health Reform in Pakistan. The first section discusses the history of health reform in Pakistan and its health care systems. The factors responsible for poor health status have been discussed. Part II is a review of individual health system domains. Reform of governance is a priority before reform in any other health system domain is envisaged.

In this section there is a chapter on health financing, a major factor determining the performance of a health system. One of the chapters discusses challenges specific to the public health care system and outlines opportunities for reformation of health care service delivery in Pakistan. Another key factor which can assist or be an impediment in the reform process is the human resource element. This has been discussed in detail in one of the chapters.

The third part of the book presents a vision for reforming Pakistan's health system. It discusses the reforms outside of the health care system and reform within the health care system.

The last chapter in the book The Reform Agenda sets forth actionable steps, which can be implemented in a phased manner to bring changes in the health care system. It has identified priority areas in the whole process.

## Pakistan Economy – Key Economic Indicators

|                                 | Unit            | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 <sup>P</sup><br>(July-March) |
|---------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|--------------------------------------|
| <b>Output and Prices</b>        |                 |         |         |         |         |         |         |         |                                      |
| GNP Size (MP)                   | Rs.bn           | 5027    | 5765    | 6634    | 7773    | 8831    | 10452   | 13084   | 15239                                |
| GDP Size (FC)                   | Rs.bn           | 4534    | 5250    | 6123    | 7158    | 8235    | 9921    | 12082   | 13843                                |
| Income Per Capita               | \$              | 579     | 669     | 733     | 836     | 921     | 1038    | 1018    | 1095                                 |
| Real Growth                     | (%)             |         |         |         |         |         |         |         |                                      |
| GNP                             |                 | 7.9     | 6.4     | 8.7     | 5.6     | 6.7     | 3.7     | 1.7     | 5.4                                  |
| GDP                             |                 | 4.7     | 7.5     | 9.0     | 5.8     | 6.8     | 3.7     | 1.2     | 4.1                                  |
| Agriculture                     |                 | 4.1     | 2.4     | 6.5     | 6.3     | 4.1     | 1.0     | 4.0     | 2.0                                  |
| Manufacturing                   |                 | 6.9     | 14.0    | 15.5    | 8.7     | 8.3     | 4.8     | -3.7    | 5.2                                  |
| Services Sector                 |                 | 5.2     | 5.8     | 8.5     | 6.5     | 7.0     | 6.0     | 1.6     | 4.6                                  |
| <b>Prices</b>                   |                 |         |         |         |         |         |         |         |                                      |
| Consumer Price Inflation        | (%)             | 3.1     | 4.6     | 9.3     | 7.9     | 7.8     | 12.0    | 20.8    | 13.3*                                |
| Wholesale Price Inflation       |                 | 5.6     | 7.9     | 6.8     | 10.1    | 6.9     | 16.4    | 18.2    | 22.0                                 |
| Food Inflation                  |                 | 2.8     | 6.0     | 12.5    | 6.9     | 10.3    | 17.6    | 23.7    | 14.5*                                |
| Non Food Inflation              |                 | 3.3     | 3.6     | 7.1     | 8.6     | 6.0     | 7.9     | 18.4    | 12.2*                                |
| Core Inflation <sup>†</sup>     |                 | -       | 3.8     | 7.2     | 7.5     | 5.9     | 8.4     | 17.6    | 10.6*                                |
| GDP Deflator                    |                 | 4.4     | 7.7     | 7.0     | 10.5    | 7.7     | 16.2    | 20.3    | 10.1*                                |
| Gold Tezabi (Karachi)           | Rs./10 grams    | 6378    | 7328    | 8216    | 10317   | 12619   | 16695   | 22195   | 30555                                |
| Motor Gasoline Premium          | Rs/Ltr          | 33.08   | 33.69   | 40.74   | 55.12   | 56.00   | 57.83   | 67.68   | 66.49                                |
| Kerosene oil                    | Rs/Ltr          | 22.48   | 24.95   | 29.11   | 36.19   | 39.09   | 43.44   | 66.79   | 71.45                                |
| Wheat Flour                     | Rs/Kg           | 10.14   | 11.71   | 13.28   | 13.06   | 13.64   | 18.07   | 25.64   | 29.05                                |
| <b>Savings and Investment</b>   |                 |         |         |         |         |         |         |         |                                      |
| National Savings                | % GDP           | 20.8    | 17.9    | 17.5    | 18.2    | 17.4    | 13.6    | 13.3    | 13.8                                 |
| Domestic Savings                |                 | 17.6    | 15.7    | 15.4    | 16.3    | 15.6    | 11.6    | 10.6    | 9.9                                  |
| Gross Fixed Investment          |                 | 15.3    | 15.0    | 17.5    | 20.5    | 20.9    | 20.4    | 17.4    | 15.0                                 |
| Public                          |                 | 4.0     | 4.0     | 4.3     | 4.8     | 5.6     | 5.4     | 4.6     | 4.3                                  |
| Private                         |                 | 11.3    | 10.9    | 13.1    | 15.7    | 15.4    | 15.0    | 12.7    | 10.7                                 |
| <b>Public Finance</b>           |                 |         |         |         |         |         |         |         |                                      |
| Revenue Receipts (Fed & Prov)   | % GDP           | 14.8    | 14.1    | 13.8    | 14.1    | 15.0    | 14.6    | 14.5    | 14.7                                 |
| Tax Revenue                     | % GDP           | 11.4    | 10.8    | 10.1    | 10.5    | 10.3    | 10.3    | 9.5     | 10.9                                 |
| Total Expenditure               | % GDP           | 18.5    | 16.9    | 17.2    | 18.4    | 20.8    | 22.2    | 19.9    | 19.6                                 |
| Fiscal Deficit                  | % GDP           | 3.7     | 2.3     | 3.3     | 4.3     | 4.4     | 7.6     | 5.3     | 4.9                                  |
| FBR Tax Collection (Fed & Prov) | Rs.bn           | 555.8   | 611.0   | 659.4   | 803.7   | 889.7   | 1050.7  | 1312.2  | 1593.5                               |
| Direct Taxes                    | % share         | 28.4    | 28.0    | 28.0    | 27.9    | 38.0    | 37.2    | 34.3    | 35.5                                 |
| Indirect Taxes                  | % share         | 71.6    | 72.0    | 72.0    | 72.1    | 62.0    | 62.8    | 65.7    | 64.5                                 |
| Internal Debt Outstanding       | Rs.bn           | 1894.5  | 2027.5  | 2177.6  | 2336.8  | 2610.2  | 3274.5  | 3859.9  | 4490.6                               |
| Funded Debt                     | % Internal Debt | 52.0    | 54.9    | 59.9    | 62.3    | 64.0    | 68.8    | 67.1    | 68.6                                 |
| Un-Funded Debt                  | % Internal Debt | 48.0    | 45.1    | 40.1    | 37.7    | 36.0    | 31.2    | 32.9    | 31.4                                 |
| <b>Monetary Sector</b>          |                 |         |         |         |         |         |         |         |                                      |
| Growth of Monetary Assets M2    | %               | 18.0    | 19.6    | 19.1    | 15.1    | 19.3    | 15.3    | 9.6     | 6.0                                  |
| Currency in Circulation         | Rs.bn           | 994.6   | 578.1   | 665.9   | 740.4   | 840.2   | 982.3   | 1152.2  | 1277.2                               |

P Provisional

\* April '10 over April '09

<sup>†</sup>non-food non-energy

|                                    | Unit             | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 <sup>P</sup><br>(July-March) |
|------------------------------------|------------------|---------|---------|---------|---------|---------|---------|---------|--------------------------------------|
| Credit to Private Sector           | Rs.bn            | 949     | 1274    | 1712    | 2114    | 2480    | 2890    | 2907    | 3054                                 |
| Credit to Public Sector            | Rs.bn            | 599     | 657     | 747     | 834     | 927     | 1509    | 2034    | 2206                                 |
| Borrowings for Budgetary Support   | Rs.bn            | 511     | 575     | 641     | 708     | 810     | 1365    | 1681    | 1920                                 |
| Resident Foreign Currency Deposits | Rs.bn            | 126     | 146     | 180     | 196     | 207     | 263     | 280     | 330                                  |
| M2/GDP                             | %                | 43.1    | 44.9    | 45.1    | 45.0    | 46.6    | 44.7    | 39.2    | 37.0                                 |
| <b>Capital Market (KSE)</b>        |                  |         |         |         |         |         |         |         |                                      |
| Total Turnover of Shares           | Bn               | 53.1    | 97.0    | 88.3    | 104.7   | 68.8    | 56.9    | 17.1    | 33.7                                 |
| Market Capitalisation              | \$ bn            | 746     | 1403    | 2068    | 2801    | 4019    | 3778    | 2143    | 2890                                 |
| Listed Companies at KSE            | Nos              | 702     | 668     | 659     | 658     | 658     | 652     | 651     | 650                                  |
| <b>Banking Sector</b>              |                  |         |         |         |         |         |         |         |                                      |
| Scheduled Banks Deposits*          | Rs.bn            | 1964    | 2393    | 2832    | 3202    | 3854    | 4217    | 4787    | 4774                                 |
| Scheduled Banks Advances*          | Rs.bn            | 1108    | 1574    | 1990    | 2389    | 2688    | 3183    | 3248    | 3170                                 |
| Non-Performing Loans All Banks*    | Rs.bn            | 211     | 200     | 177     | 173     | 218     | 359     | 432     | 457                                  |
| Lending and Deposit Rates          | weighted average |         |         |         |         |         |         |         |                                      |
| Deposits                           | % pa             | 1.61    | 0.95    | 1.37    | 1.96    | 2.60    | 4.13    | 4.44    | n a                                  |
| Advances                           | % pa             | 9.40    | 7.28    | 8.81    | 10.91   | 11.55   | 12.49   | 14.25   | n a                                  |
| <b>Open Market Operation</b>       |                  |         |         |         |         |         |         |         |                                      |
| SBP 3-Day Repo                     | % pa             | 7.50    | 7.50    | 9.00    | 9.00    | 9.50    | 12.00   | 14.00   | 12.50                                |
| Treasury Bills Yield - 6 Months    | % pa             | 1.66    | 2.08    | 7.96    | 8.49    | 8.90    | 11.47   | 12.00   | 12.33                                |
| KIBOR - 6 Months                   | % pa             | 2.15    | 2.69    | 8.46    | 9.36    | 9.77    | 13.94   | 13.06   | 12.30                                |
| Pakistan Investment Bonds - 5 yrs  | % pa             | 4.16    | 5.27    | 7.50    | 9.65    | 9.53    | 10.80   | 12.40   | 12.60                                |
| Interbank Call Rates               | %                | 4.23    | 2.70    | 6.10    | 8.80    | 8.90    | 9.90    | 13.20   | 12.20                                |
| SBP Export Finance Rate            | %                | 2.00    | 1.50    | 6.50    | 7.50    | 6.50    | 6.50    | 6.50    | 8.00                                 |
| <b>External Sector</b>             |                  |         |         |         |         |         |         |         |                                      |
| Exports                            | \$ bn            | 11.16   | 12.31   | 14.40   | 16.45   | 16.98   | 19.05   | 17.68   | 15.88 <sup>†</sup>                   |
| Imports                            | \$ bn            | 12.22   | 15.59   | 20.60   | 28.58   | 30.54   | 39.96   | 34.82   | 28.12 <sup>†</sup>                   |
| Balance of Trade                   | \$ bn            | -1.06   | -3.28   | -6.20   | -12.13  | -13.56  | -20.90  | -17.14  | -12.24                               |
| Current Account Balance            | \$ bn            | 3.16    | 1.31    | -1.75   | -5.65   | -7.40   | -14.30  | -9.40   | -2.90                                |
| Workers' Remittances               | \$ mn            | 4237    | 3872    | 4168    | 4600    | 5494    | 6451    | 7811    | 7307                                 |
| Foreign Private Investment         | \$ mn            | 820     | 922     | 1677    | 3872    | 6960    | 5429    | 3209    | 2344                                 |
| Direct                             | \$ mn            | 798     | 950     | 1525    | 3521    | 5140    | 5410    | 3720    | 1773                                 |
| Portfolio                          | \$ mn            | 22      | -28     | 153     | 351     | 1820    | 19      | -511    | 571                                  |
| <b>Debts</b>                       |                  |         |         |         |         |         |         |         |                                      |
| External Debt and Liabilities      | \$ bn            | 35.5    | 35.3    | 35.4    | 37.2    | 40.3    | 46.2    | 52.0    | 53.9                                 |
| Domestic Debt                      | Rs.bn            | 1894    | 2027    | 2178    | 2337    | 2610    | 3275    | 3860    | 4491                                 |
| Internal Debt as % of GDP          | %                | 38.9    | 35.9    | 33.5    | 30.7    | 30.1    | 32.0    | 30.3    | 30.6                                 |
| National Saving Schemes (net inv)  | Rs.bn            | 143.2   | 10.6    | (39.4)  | 8.8     | 71.3    | 89.5    | 267.2   | 169.4                                |
| Gold & Foreign Exchange Reserves   | \$ mn            | 11472   | 13155   | 13338   | 14354   | 18890   | 13436   | 13771   | 16043                                |
| Gold                               | \$ mn            | 725     | 831     | 917     | 1268    | 1344    | 1926    | 1935    | 2309                                 |
| Liquid Fx Reserves                 | \$ mn            | 10747   | 12324   | 12421   | 13086   | 17546   | 11510   | 12036   | 13734                                |
| Exchange Rate (Average for year)   | Rs/US\$          | 58.4995 | 57.5745 | 59.3576 | 59.8566 | 60.6342 | 62.5465 | 78.4983 | 83.5628                              |

\* Its on calendar year basis    † July-April FY10

Source: Pakistan Economic Survey 2009-10, Finance Division, GoP