

Commercial Banks

May 2024

Global Financial Sector
Global Banking Sector at a Glance
Pakistan & the Regional Economic Overview
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How Big is the **Global Financial Sector**?

USD~400tln
in Assets

Global Financial Sector

USD~7tln in
Revenue

**Financial Intermediaries
(Deposit-taking)**

**Other Financial Intermediaries
(Non-Deposit Taking)**

Market Makers

- Central Banks
- Commercial Banks
- Specialized Banks
- Microfinance Banks
- DFIs

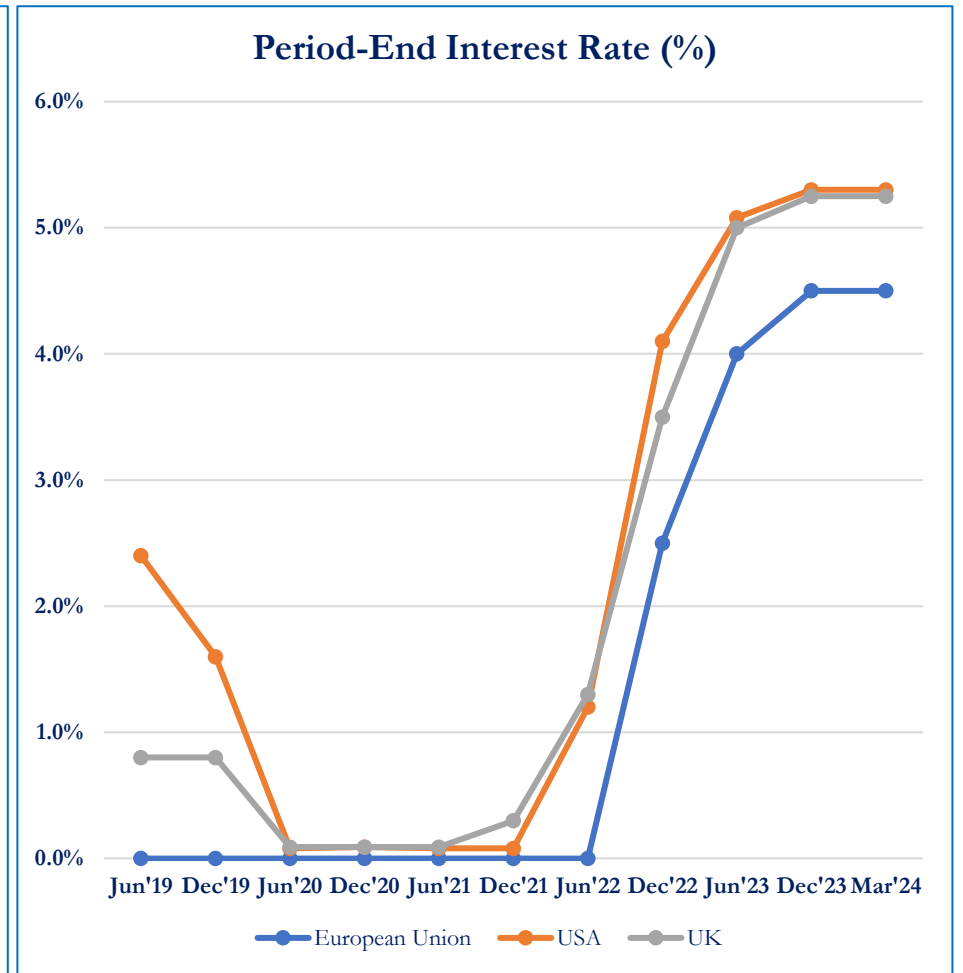
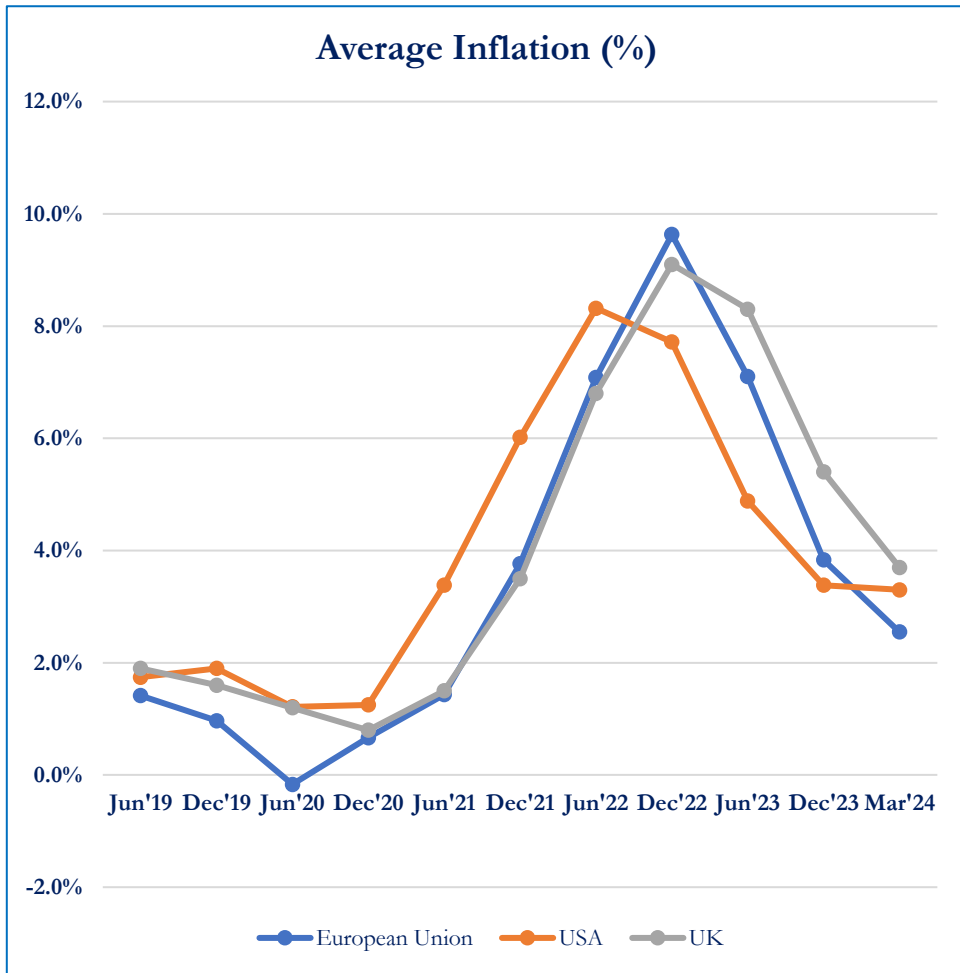
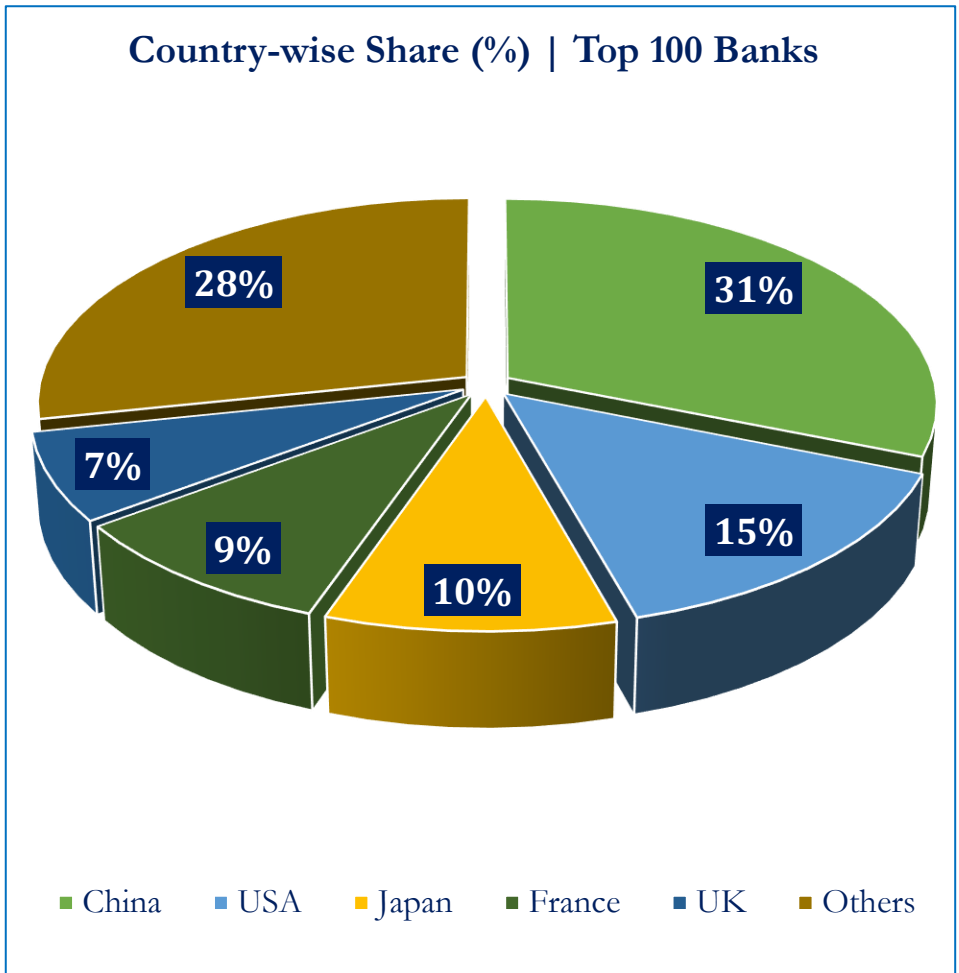
- Investment Banks
- Asset Management Companies
- Pension Funds
- Insurance Companies

- Stock Exchange
- Brokerage Firms
- Primary Dealers

Global Banking At a Glance

In CY23, total assets of the Global Banking Sector predominantly resided in the countries depicted below, with Top 100 Banks' amounting to USD~112tn.

The High Interest Rate Era – Rates Not Coming Down Anytime Soon!



How well does Pakistan's Economy Fare?

Figures in USD bln, unless stated otherwise

Selective Indicators	Pakistan			India			Bangladesh			Sri Lanka		
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
Population (mln)	222	227	232	1,355	1,368	1,382	167	169	170	22	22	22
Sovereign Rating	B-	CCC+	CCC-	BBB-	BBB-	BBB-	BB-	BB-	B+	CC	RD	CCC-
Real Sector												
GDP (Nominal)	326	330	322	2,698	3,096	3,313	416	460	446	89	74	84
GDP (Real)	228	202	162	1,862	1,969	1,947	334	352	324	66	38	36
Real GDP Growth (% YoY) Local Currency	5.8%	6.2%	-0.2%	-5.8%	9.1%	7.2%	6.9%	7.1%	6.0%	3.3%	-7.8%	-2.3%
GDP per capita (USD)	1,467	1,453	1,432	1,991	2,263	2,397	2,493	2,723	2,624	4,023	3,368	3,832
Monetary Sector												
Monetary Policy Rate (Period-End)	7.0%	13.8%	22.0%	4.3%	4.3%	6.5%	5.3%	5.0%	5.5%	7.3%	7.5%	16.5%
Avg. Exchange Rate (Loc.Cur/USD)	160.5	191.9	247.7	73.5	75.8	82.2	84.8	86.3	99.5	198.9	324.6	327.5
Avg. Inflation (%)	8.9%	21.3%	29.4%	6.1%	5.6%	6.7%	5.6%	6.2%	9.0%	7.0%	50.4%	37.3%
Fiscal Sector												
Government Debt	241	249	246	1,693	1,837	1,906	122	132	141	89	85	86
Local	166	162	157	1,609	1,750	1,814	71	80	80	56	46	51
External	75	87	89	84	87	91	51	52	61	33	38	35
Debt to GDP (%)	74.1%	75.6%	76.4%	62.8%	59.3%	57.5%	29.3%	29.5%	31.7%	100.0%	114.0%	101.4%
External Sector												
Foreign Exchange Reserves (Central Banks)	17	10	4	577	618	578	46	42	31	3	2	4
Trade Balance	-28.2	-48.4	-22.4.	-102.6	-191	-263.1	-23.8	-33.3	-16.9	-6.5	-5.2	-4.9

FY for Pakistan & Bangladesh is June-end, for India is March-end, for Sri Lanka is Dec-end

Pakistan's Banking - Overshadowed

Figures in USD bln, unless stated otherwise

Selective Particulars	Pakistan			India			Bangladesh			Sri Lanka		
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
Regulator/ Regulations	State Bank of Pakistan,			Reserve Bank of India,			Bangladesh Bank,			The Central Bank of Sri Lanka,		
	<i>Banking Companies Ordinance 1962</i>			<i>Banking Regulation 1949</i>			<i>Bangladesh Bank Order, 1972., The Bank Company Act 1991</i>			<i>Banking (Special Provisions) Act, No.17 2023 & Banking Act No. 30 of 1988</i>		
No. of Commercial Banks (CBs)	29	29	29	136	136	136	55	55	55	24	24	24
Public	5	5	5	12	12	12	3	3	3	2	2	2
Private	20	20	20	21	21	21	43	43	43	11	11	11
Foreign	4	4	4	45	45	45	9	9	9	11	11	11
Others	-	-	-	58	58	58	-	-	-	-	-	-
No. of Branches (CBs)	15,087	15,732	16,354	150,612	151,304	154,983	6,587	7,252	7,252	6,710	6,718	6,810
Commercial Banking Penetration												
No. of Branches (per 100,000 people)	7	7	7	11	11	11	4	4	4	31	31	31
Key Banking Ratios												
Deposits to GDP %	38.9%	37.4%	33.5%	76.2%	70.2%	68.9%	42.1%	40.7%	38.6%	71.9%	55.8%	53.2%
Advances to GDP %	18.3%	18.5%	16.3%	51.6%	55.2%	50.7%	32.6%	33.4%	32.8%	54.2%	42.9%	36.8%
Total Assets to GDP %	53.4%	54.3%	50.0%	104.4%	95.3%	94.5%	58.0%	58.3%	51.5%	84.1%	71.6%	65.6%
ADR (%)	42.7%	45.6%	44.7%	75.4%	77.4%	81.8%	77.4%	81.9%	85.0%	75.4%	76.9%	68.4%
CASA (%)	72.0%	76.0%	76.7%	42.0%	45.0%	42.3%	14.0%	14.7%	14.3%	38.9%	32.9%	34.0%
Infection Ratio (%)	8.9%	7.5%	7.4%	7.3%	5.8%	3.9%	7.9%	8.2%	10.1%	4.3%	10.4%	12.1%
ROE (%)	14.0%	13.4%	26.7%	10.0%	12.0%	15.0%	9.4%	10.7%	5.5%	15.0%	12.2%	11.0%

Pakistan's Macroeconomy | A 5-Year Odyssey

Figures in PKR bln, unless stated otherwise

Sector-wise Particulars	FY19	FY20	FY21	FY22	FY23	9MFY24
Real Sector						
GDP (Nominal) PKR bln	41,110	44,747	52,254	63,287	79,682	100,232**
GDP (Real) PKR bln	34,916	34,587	36,582	38,839	38,775	39,685**
Real GDP Growth %	3.1%	-0.9%	5.8%	6.2%	-0.2%	2.4%**
LSM Growth (%)	3.4%	-11.0%	11.6%	11.9%	-10.3%	-0.1%
Fiscal Sector						
Fiscal Deficit (% of GDP)	-7.9%	-7.1%	-6.1%	-7.9%	-7.7%	-5.3%
Government Debt	31,787	35,107	38,704	47,832	60,840	65,374
<i>Local</i>	20,732	23,283	26,625	31,085	38,809	43,432
<i>Foreign</i>	11,055	11,824	12,079	16,747	22,031	21,942
Govt. Debt (% of GDP)	77.3%	78.5%	74.1%	75.6%	76.4%	88.6%
Monetary Sector						
Monetary Policy Rate (%)(Period-End)	12.3%	7.0%	7.0%	13.8%	22.0%	22.0%
Avg. Exchange Rate (USD/PKR)	136.5	158.4	160.5	191.9	247.7	284.7
Avg. Real Effective Exchange Rate	100.5	96.8	98.7	97.6	92.2	97.4
Avg. Inflation (%)	7.3%	10.7%	8.9%	21.3%	29.4%	27.2%
External Sector						
FX Reserves SBP (USD mln)	7,285	12,132	17,299	9,815	4,445	8,040
Remittances (USD mln)	21,739	23,132	29,450	31,279	27,332	21,037
Trade Balance (USD mln)	-27,612	-21,109	-28,155	-48,385	-22,394	-17,140
Current Account Balance (USD mln)	-13,434	-4,449	-2,820	-17,481	-3,275	-693
Primary Deficit (% of GDP)	-3.1%	-1.6%	-1.2%	-3.1%	-1.0%	2.1%

May'24 Updates

- Avg. ER (11MFY24) as at May 22, 2024: USD/PKR~283.7
- Period-End ER (May 22, 2024): USD/PKR~278.5

Notes

**Provisional values for FY24

GDP Growth Projections | FY24

- 3.5% YoY (GoP)
- 2%-3% YoY (SBP)
- 2.0% YoY (IMF) ; 1.8% YoY (WB)
- 2.4% YoY (NAC) (Provisional)

Government Debt and Banks

Figures in PKR bln, unless stated otherwise

Break-up of Total Debt Profile	CY21	% Share	CY22	% Share	CY23	% Share	1QCY24	% Share
Total Debt	41,548	100%	51,059	100%	65,188	100%	65,374	100%
Total Domestic Govt. Debt (A+B+C)	26,752	64%	33,179	65%	42,588	65%	43,432	66%
Long-term (A)	21,069	79%	26,913	81%	34,099	80%	34,846	80%
<i>G-Sec Securities</i>	16,405	100%	22,946	100%	30,027	100%	30,819	100%
PIBs	15,175	93%	20,301	88%	25,608	85%	26,169	85%
GOP Ijara Sukuks	1,230	7%	2,645	12%	4,419	15%	4,650	15%
<i>Others</i>	4,664	100%	3,967	100%	4,072	100%	4,027	100%
Savings Scheme (Net of Prize Bonds)	3,465	74%	2,961	75%	2,742	67%	2,705	67%
SBP's on-lending to GoP against SDRs allocation	475	10%	475	12%	475	12%	476	12%
Prize Bonds	372	8%	382	10%	383	9%	383	10%
Others (Postal Life Insurance, GP Fund)	351	8%	149	4%	473	12%	463	11%
Short-term (B)	5,644	21%	6,156	19%	8,370	20%	8,492	20%
Market Treasury Bills	5,644	100%	6,156	100%	8,370	100%	8,492	100%
Naya Pakistan Certificates (C)	39	0%	110	0%	119	0%	94	0%
NPCs	39	100%	110	100%	119	100%	94	100%
Total External Debt (D)	14,796	36%	17,880	35%	22,600	35%	21,942	34%
Long Term	14,571	98%	17,724	99%	22,572	100%	21,853	100%
Short Term	225	2%	156	1%	28	0%	88	0%

Banks' share in PIBs stands around ~67%

Banks' share in MTBs stands around ~61%



Banking through a Lens

Banking | Looking Back on the Years

Figures in PKR bln, unless stated otherwise

Financial Position	CY19	CY20	CY21	CY22	CY23	1QCY24
Total Assets	21,746	25,124	29,772	35,265	45,760	45,816
Advances (Gross) *	8,868	9,023	10,905	12,645	13,101	12,675
Advances (Net)	8,111	8,292	10,020	11,718	12,060	11,512
Investments	8,908	11,935	14,464	18,086	25,642	26,617
Others	4,727	4,897	5,288	5,461	8,058	7,687
Liabilities	20,168	23,261	27,895	33,257	43,064	43,110
Borrowings from Financial Institutions	2,856	3,217	4,602	7,486	11,273	10,789
Deposits	15,953	18,519	21,721	23,461	29,128	29,614
Deposits with Financial Institutions	1,062	1,248	1,542	878	1,839	1,817
Deposits with Customers	14,891	17,271	20,179	22,583	27,289	27,797
Other Liabilities	1,359	1,525	1,572	2,310	2,663	2,707
Equity	1,578	1,863	1,877	2,008	2,696	2,706
Financial Performance						
Net Interest Income	685	852	826	1,162	1,877	456
Profit Before Tax (PBT)	314	411	451	696	1,266	337
Profit After Tax (PAT)	178	244	267	331	631	167
Financial Ratios (Avg)						
Capital Adequacy Ratio (CAR)	15.4%	16.8%	14.7%	15.5%	18.5%	18.7%
Advance to Deposit ratio (ADR)	51.0%	44.3%	46.3%	50.1%	41.5%	39.0%
Current Account saving Account (CASA)	71.4%	71.7%	72.0%	76.0%	76.7%	77.6%
Return on Equity (ROE)	12.3%	14.5%	14.7%	17.2%	27.6%	24.7%
Return on Asset (ROA)	1.5%	1.8%	1.7%	1.8%	2.7%	2.9%
Drag on Equity	9.0%	5.0%	4.0%	5.0%	4.1%	-2.0%

Note: CAR excludes Bank Makramah. * Gross Advances pertain to Scheduled Banks, remaining figures relate to Commercial Banks

Local Banks | The Race to the Top

Extra Large Banks (>10%)			Large Banks (5-10%)			Medium Banks (2-5%)			Small Banks (<2%)		
Sr.	Name	Market Share	Sr.	Name	Market Share	Sr.	Name	Market Share	Sr.	Name	Market Share
1	Habib Bank Ltd.	14.3%	1	United Bank Ltd.	8.6%	1	Bank of Punjab	5.0%	1	Soneri Bank Ltd.	1.9%
2	National Bank of Pakistan	11.9%	2	Meezan Bank Ltd.	7.9%	2	Askari Commercial Bank Ltd.	4.5%	2	JS Bank Ltd.	1.8%
			3	Bank Al Habib Ltd.	7.3%	3	Habib Metropolitan Ltd.	3.8%	3	Bank Islami	1.7%
			4	Bank Alfalah Ltd.	7.1%	4	Faysal Bank Ltd.	3.7%	4	Bank Of Khyber	1.1%
			5	Muslim Commercial Bank Ltd.	6.5%	5	Standard Chartered Bank Ltd.	2.7%	5	Dubai Islamic Bank Pakistan Ltd.	1.1%
			6	Allied Bank Ltd.	5.9%				6	Sindh Bank Pvt. Ltd	0.8%
									7	MCB Islamic Bank Ltd.	0.7%
									8	Al Baraka Bank Pakistan Ltd.	0.7%
									9	Bank Makramah Ltd. (formerly Summit)	0.6%
									10	Samba Bank	0.5%

Note: Market Shares are based on Deposits.

Bank-wise Advances

Figures in PKR bln, unless stated otherwise

Extra Large Banks		Gross Advances			Growth (%)	NPLs			Infection Ratio (%)			ADR (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	HBL	1,709.0	1,760.3	1,674.6	3.0%	85.0	94.3	95.3	5.0%	5.4%	5.7%	52.9%	45.5%	40.8%	13.9%	14.2%	13.9%
2	NBP	1,438.0	1,631.0	1,476.0	13.4%	205.0	220.0	223.0	14.3%	13.5%	15.1%	54.0%	44.4%	43.1%	11.7%	13.1%	12.3%
Total		3,147.0	3,391.3	3,150.6	8.2%	290.0	314.3	318.3	9.7%	9.4%	10.4%	53.5%	44.9%	42.0%	25.6%	27.3%	26.2%

Large Banks		Gross Advances			Growth (%)	NPLs			Infection Ratio (%)			ADR (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	UBL	1,013.0	717.1	693.6	-29.2%	93.0	105.5	106.8	9.2%	14.7%	15.4%	55.1%	30.5%	28.1%	8.3%	5.8%	5.8%
2	Meezan	1,018.0	992.0	930.8	-2.6%	14.0	16.9	17.6	1.3%	1.7%	1.9%	61.4%	44.7%	41.0%	8.3%	8.0%	7.7%
3	Al Habib	831.0	896.0	851.0	7.8%	15.0	25.2	31.5	1.8%	2.8%	3.7%	53.0%	46.3%	40.8%	6.8%	7.2%	7.1%
4	Alfalah	766.0	777.3	754.3	1.5%	31.0	37.6	37.2	4.0%	4.8%	4.9%	51.5%	37.3%	36.9%	6.2%	6.3%	6.3%
5	MCB	797.0	622.4	647.4	-21.9%	51.0	53.9	55.4	6.4%	8.7%	8.6%	57.8%	34.5%	35.0%	6.5%	5.0%	5.4%
6	ABL	857.0	794.1	718.6	-7.3%	13.0	13.0	12.8	1.5%	1.6%	1.8%	56.3%	47.4%	42.3%	7.0%	6.4%	6.0%
Total		5,282.0	4,799.0	4,595.8	-8.6%	217.0	252.2	261.4	4.0%	5.7%	6.0%	55.9%	40.1%	37.3%	43.1%	38.6%	38.2%

Sub-Total Extra Large & Large Banks		CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
		8,429.0	8,190.3	7,746.4	-0.2%	507.0	566.5	579.7	6.8%	7.6%	8.2%	54.7%	42.5%	39.6%	68.7%	69.5%	64.4%

Bank-wise Advances

Figures in PKR bln, unless stated otherwise

Medium Banks		Gross Advances			Growth (%)	NPLs			Infection Ratio (%)			ADR (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	BOP	634.0	849.5	761.7	34.0%	52.0	50.9	53.0	8.2%	6.0%	7.0%	51.7%	55.9%	53.6%	5.2%	6.8%	6.3%
2	Askari	614.0	661.3	726.2	7.7%	31.0	29.1	39.8	5.1%	4.4%	5.5%	53.8%	51.1%	55.8%	5.0%	5.3%	6.0%
3	Metro	455.0	438.6	461.1	-3.6%	22.0	19.8	21.1	4.8%	4.5%	4.6%	51.7%	43.3%	42.4%	3.7%	3.5%	3.8%
4	Faysal	442.0	600.8	602.8	35.9%	22.0	23.1	23.2	4.9%	3.8%	3.8%	56.5%	59.0%	57.4%	3.6%	4.8%	5.0%
5	Standard Chartered	237.0	240.8	232.5	1.6%	21.2	21.1	21.0	9.0%	8.7%	9.0%	33.0%	33.5%	30.4%	1.9%	1.9%	1.9%
Total		2,382.0	2,791.1	2,784.3	15.1%	148.2	143.9	158.0	6.4%	5.5%	6.0%	48.8%	48.6%	47.9%	19.4%	22.5%	23.2%

Small Banks		Gross Advances			Growth (%)	NPLs			Infection Ratio (%)			ADR (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	Soneri	216.0	214.2	228.1	-0.8%	10.0	10.5	9.7	4.7%	4.9%	4.3%	52.7%	41.4%	41.3%	1.8%	1.7%	1.9%
2	JS Bank	239.0	213.8	208.8	-10.5%	16.0	16.2	16.8	6.8%	7.6%	8.1%	51.4%	44.0%	40.6%	1.9%	1.7%	1.7%
3	Bank Islami	220.0	254.0	278.3	18.7%	20.0	22.9	22.8	9.3%	9.0%	8.2%	51.6%	48.6%	56.0%	1.7%	2.0%	2.3%
4	Bank of Khyber	135.0	109.7	110.3	-18.7%	12.0	13.3	13.7	8.7%	12.1%	12.4%	54.2%	37.9%	34.0%	1.1%	0.9%	0.9%
5	DIB	259.0	261.8	259.2	1.1%	10.0	16.0	16.3	3.8%	6.1%	6.3%	75.0%	80.6%	56.0%	2.1%	2.1%	2.2%
6	Sindh Bank	71.0	77.5	74.2	9.2%	35.0	33.1	32.8	49.2%	42.7%	44.2%	31.8%	34.7%	32.1%	0.6%	0.6%	0.6%
7	MCB Islamic	91.0	90.6	109.1	-0.4%	1.7	2.0	2.2	1.8%	2.2%	2.0%	59.0%	44.3%	53.5%	0.7%	0.7%	0.9%
8	Al Baraka	96.0	91.4	90.6	-4.8%	12.0	12.7	12.7	12.2%	13.9%	14.0%	52.0%	44.1%	45.5%	0.8%	0.7%	0.8%
9	Bank Makramah	55.0	53.0	50.9	-3.7%	36.0	36.3	34.8	65.6%	68.5%	68.4%	45.0%	33.7%	32.0%	0.4%	0.4%	0.4%
10	Samba	81.0	80.7	80.0	-0.4%	5.0	7.3	8.0	6.5%	9.1%	10.0%	76.5%	70.3%	61.1%	0.7%	0.6%	0.7%
Total		1,463.0	1,446.7	1,489.3	-1.4%	157.7	170.3	169.8	16.9%	17.6%	17.8%	54.9%	48.0%	45.2%	11.8%	11.6%	12.4%

Grand Total		CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
		12,274	12,428	12,020	3.3%	812.9	880.7	907.5	9.2%	9.6%	10.1%	53.2%	45.4%	43.1%	100.0%	100.0%	100.0%

Banking Credit Exposure | A Bird's Eye View

Figures in PKR bln, unless stated otherwise

Sectors	CY22				CY23				1QCY24			
	Advances	NPLs	Infection (%)	Share in Total Advances (%)	Advances	NPLs	Infection (%)	Share in Total Advances (%)	Advances	NPLs	Infection (%)	Share in Total Advances (%)
Textile	2,016	164	8.1%	16.0%	2,044	182	8.9%	15.6%	1,955	180	9.2%	15.4%
Energy	1,621	85	5.3%	13.0%	1,767	83	4.7%	13.5%	1,720	85	5.0%	13.6%
Individuals	1,211	62	5.2%	10.0%	1,152	64	5.5%	8.8%	1,144	64	5.6%	9.0%
Agribusiness	1,079	60	5.6%	9.0%	1,030	66	6.4%	7.9%	965	68	7.0%	7.6%
Sugar	292	58	20.0%	2.0%	295	53	18.1%	2.3%	524	54	10.3%	4.1%
Pharma & Chemicals	507	16	3.2%	4.0%	435	17	3.8%	3.3%	406	18	4.5%	3.2%
Financial Sector	664	11	1.6%	5.0%	406	11	2.7%	3.1%	344	11	3.2%	2.7%
Cement	291	7	2.4%	2.0%	256	7	2.7%	2.0%	252	8	3.3%	1.9%
Automobile	232	18	7.7%	2.0%	191	19	10.0%	1.5%	182	19	10.4%	1.4%
Electronics	172	24	14.1%	1.0%	158	26	16.4%	1.2%	164	26	15.8%	1.3%
Shoes & Leather Garments	53	6	11.2%	0.0%	50	6	11.7%	0.4%	50	6	11.9%	0.4%
Insurance	4	0	1.5%	0.0%	4	0	0.0%	0.0%	4	0	1.7%	0.0%
Others	4,503	411	9.1%	36.0%	5,313	461	8.7%	40.6%	4,962	454	9.1%	39.2%
Total	12,645	922	7.3%	100%	13,100	994	7.60%	100%	12,675	995	7.9%	100.0%

Note: Data here pertains to Scheduled Banks, including Commercial and Specialized Banks, with ~95.0% and ~5% shares in total advances (as of 1QCY24), respectively.

Measuring NPLs against Major Segments

Figures in PKR bln, unless stated otherwise

Segment-wise Banking Credit Exposure	CY22				CY23				1QCY24			
	Gross Advances	NPLs	Infection (%)	Share in Total Advances	Gross Advances	NPLs	Infection (%)	Share in total advances	Gross Advances	NPLs	Infection (%)	Share in total advances
Corporate Sector	9,022	717	8.0%	71.0%	8,878	779	8.8%	67.8%	8,640	775	9.0%	68.2%
Fixed Investments	3,909	360	9.2%	31.0%	3,845	398	10.3%	29.4%	3,753	371	9.9%	29.6%
Working Capital	3,356	248	7.4%	27.0%	3,108	275	8.9%	23.7%	3,013	298	9.9%	23.8%
Trade Finance	1,757	110	6.2%	14.0%	1,924	106	5.5%	14.7%	1,873	106	5.7%	14.8%
Commodity Financing	1,261	7	0.6%	10.0%	1,407	9	0.6%	10.7%	1,316	8	0.6%	10.4%
Wheat	955	0	0.0%	8.0%	1064	1	0.1%	8.1%	875	0	0.0%	6.9%
Sugar	113	2	1.5%	1.0%	101	2	1.6%	0.8%	176	2	0.9%	1.4%
Others	103	2	1.8%	1.0%	139	3	1.8%	1.1%	173	3	1.5%	1.4%
Cotton	59	2	2.7%	0.0%	70	1	2.0%	0.5%	65	1	2.2%	0.5%
Rice	31	2	6.6%	0.0%	33	3	7.7%	0.2%	26	2	8.3%	0.2%
Consumer Financing	896	32	3.6%	7.0%	815	34	4.2%	6.2%	797	36	4.5%	6.3%
(i) Other Personal Loans	256	15	5.7%	2.0%	247	16	6.4%	1.9%	241	17	6.9%	1.9%
(ii) Auto Loans	333	5	1.4%	3.0%	247	5	1.8%	1.9%	234	5	2.1%	1.8%
(iii) Mortgage Loans	220	11	4.9%	2.0%	212	12	5.7%	1.6%	209	13	6.2%	1.7%
(iv) Credit Cards	86	2	2.6%	1.0%	108	2	1.5%	0.8%	112	1	1.6%	0.9%
(v) Consumer Durables	1	0	8.1%	0.0%	2	0	0.0%	0.0%	1	1	3.1%	0.0%
SMEs	533	75	14.1%	4.0%	538	76	14.1%	4.1%	487	81	16.6%	3.8%
Working Capital	353	55	15.6%	3.0%	345	53	15.4%	2.6%	285	56	19.8%	2.2%
Fixed Investments	140	14	10.0%	1.0%	162	17	10.5%	1.2%	173	18	10.2%	1.4%
Trade Finance	39	5	14.1%	0.0%	31	6	17.7%	0.2%	29	7	24.5%	0.2%
Agriculture	449	56	12.4%	4.0%	502	60	11.9%	3.8%	483	61	12.7%	3.8%
Staff Loans	243	3	1.1%	2.0%	303	3	0.9%	2.3%	316	2	0.7%	2.5%
Others	242	34	14.0%	2.0%	658	34	5.2%	5.0%	636	32	5.0%	5.0%
Total	12,645	924	7.3%	100.0%	13,100	994	7.6%	100.0%	12,675	995	7.9%	100.0%

Deposits Overview

Figures in PKR bln, unless stated otherwise

Particulars	CY18	CY19	CY20	CY21	CY22	CY23	1QCY24
Deposits	14,254	15,953	18,519	21,720	23,461	29,128	29,614
<i>Growth in Deposits</i>	10%	12%	16%	17%	8%	24%	2%
CASA Average (%)	70%	71%	72%	72%	74%	77%	78%
<i>PKR Depreciation</i>	26.0%	12.0%	3.0%	11.0%	10.7%	36.8%	7.1%

Deposits by Type	CY18	CY19	CY20	CY21	CY22	CY23	1QCY24
Customer Deposits	13,417	14,891	17,271	20,179	22,583	27,289	27,797
Financial Institutions	838	1,062	1,248	1,542	878	1,839	1,817
Total	14,255	15,953	18,519	21,721	23,461	29,128	29,614

Deposit by Currency	CY18	CY19	CY20	CY21	CY22	CY23	1QCY24
Local Currency	12,600	14,043	16,566	19,539	20,787	26,273	26,179
Foreign Currency	1,655	1,911	1,953	2,180	2,674	2,855	3,435
Total	14,255	15,954	18,519	21,719	23,461	29,128	28,700

Note: Data here pertains to Scheduled Banks, including Commercial and Specialized Banks, with ~95.0-% and ~5% shares in total advances (as of 1QCY24), respectively.

Bank-wise Deposits

Figures in PKR bln, unless stated otherwise

Extra Large Banks		Total Deposits			Growth	CA (%)			SA (%)			CASA (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	HBL	3,234.0	3,870.0	4,104.6	19.7%	40.4%	33.3%	33.3%	42.1%	47.3%	49.0%	82.5%	80.6%	82.3%	14.2%	13.7%	14.3%
2	NBP	2,666.0	3,674.0	3,424.0	37.8%	49.1%	51.3%	51.3%	30.3%	25.1%	27.0%	79.3%	76.4%	78.3%	11.7%	13.0%	11.9%
Total/ Average		5,900.0	7,544.0	7,528.6	28.7%	44.8%	42.3%	42.3%	36.2%	36.2%	38.0%	81.0%	78.5%	80.3%	25.9%	26.7%	26.2%

Large Banks		Total Deposits			Growth	CA (%)			SA (%)			CASA (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	UBL	1,838.0	2,350.5	2,469.1	27.9%	47.4%	47.6%	49.1%	35.4%	39.5%	36.9%	82.8%	87.1%	86.0%	8.1%	8.3%	8.6%
2	Meezan	1,658.0	2,217.5	2,270.1	33.7%	46.9%	48.3%	46.8%	38.9%	39.8%	41.7%	85.8%	88.2%	88.6%	7.3%	7.8%	7.9%
3	AL Habib	1,568.0	1,934.0	2,087.6	23.3%	37.0%	34.3%	34.9%	30.3%	36.5%	35.9%	67.3%	70.7%	70.8%	6.9%	6.8%	7.3%
4	Alfalah	1,487.0	2,085.0	2,043.3	40.2%	44.5%	37.9%	38.3%	27.2%	31.4%	30.2%	71.7%	69.3%	68.6%	6.5%	7.4%	7.1%
5	MCB	1,379.0	1,805.4	1,851.3	30.9%	46.5%	45.4%	45.6%	46.6%	48.6%	48.9%	93.0%	94.0%	94.5%	6.1%	6.4%	6.5%
6	ABL	1,522.0	1,676.6	1,698.9	10.2%	37.8%	40.3%	38.7%	38.6%	42.8%	45.1%	76.4%	83.1%	83.7%	6.7%	5.9%	5.9%
Total/ Average		9,453.0	12,069.1	12,420.3	27.7%	43.3%	42.3%	42.2%	36.2%	39.8%	39.8%	79.5%	82.1%	82.0%	41.6%	42.7%	43.3%

Sub-Total/ Average		CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
		15,353.0	19,613.0	19,949.0	28%	44.1%	42.3%	42.3%	36.2%	38.0%	38.9%	80.2%	80.3%	81.2%	67.4%	69.4%	69.5%

Bank-wise Deposits

Figures in PKR bln, unless stated otherwise

Medium Banks		Total Deposits			Growth	CA (%)			SA (%)			CASA (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	BOP	1,227.0	1,520.9	1,421.4	23.9%	17.6%	17.2%	17.2%	47.1%	45.1%	48.0%	64.7%	62.3%	65.2%	5.4%	5.4%	5.0%
2	Askari	1,143.0	1,293.1	1,301.4	13.1%	30.6%	27.3%	27.2%	49.5%	56.6%	57.0%	80.1%	83.9%	84.1%	5.0%	4.6%	4.5%
3	Metro	881.0	1,012.3	1,086.7	14.9%	34.8%	36.9%	34.4%	29.1%	36.6%	36.9%	63.9%	73.5%	71.4%	3.9%	3.6%	3.8%
4	Faysal	782.0	1,018.3	1,049.6	30.2%	34.5%	30.9%	33.0%	44.6%	43.0%	44.1%	79.1%	73.8%	77.1%	3.4%	3.6%	3.7%
5	Standard Chartered	718.0	719.5	764.9	0.2%	39.2%	50.2%	51.5%	49.8%	46.4%	44.4%	89.0%	96.6%	95.9%	3.2%	2.5%	2.7%
Total/ Average		4,751.0	5,564.1	5,624.0	16.5%	30.8%	32.5%	32.7%	44.0%	45.5%	46.1%	75.4%	78.0%	78.7%	20.9%	19.7%	19.6%

Small Banks		Total Deposits			Growth	CA (%)			SA (%)			CASA (%)			Market Share (%)		
Sr.	Name	CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	Soneri Bank	410.0	517.9	551.7	26.3%	28.9%	26.2%	26.7%	46.5%	48.8%	48.7%	75.4%	75.0%	75.4%	1.8%	1.8%	1.9%
2	JS Bank	464.0	514.0	514.0	10.8%	27.9%	28.9%	27.5%	28.6%	28.2%	34.1%	56.5%	57.1%	61.6%	2.0%	1.8%	1.8%
3	Bank Islami	416.0	522.5	496.5	25.6%	38.4%	34.8%	32.8%	25.9%	24.9%	24.6%	64.3%	59.7%	57.4%	1.8%	1.8%	1.7%
4	Bank of Khyber	249.0	289.3	324.3	16.2%	16.5%	16.8%	15.9%	51.2%	47.2%	50.8%	67.7%	64.0%	66.7%	1.1%	1.0%	1.1%
5	DIB	346.0	324.9	316.3	-6.1%	24.9%	28.4%	28.3%	50.7%	47.4%	49.4%	75.6%	75.8%	77.7%	1.5%	1.1%	1.1%
6	Sindh	223.0	223.6	230.8	0.3%	26.0%	25.9%	28.3%	44.9%	57.3%	57.0%	70.9%	83.3%	85.3%	1.0%	0.8%	0.8%
7	Al Baraka	185.0	207.3	199.1	12.1%	19.0%	26.9%	25.5%	48.0%	40.8%	43.9%	67.0%	67.8%	69.4%	0.8%	0.7%	0.7%
8	MCB Islamic	154.0	204.5	203.9	32.8%	27.7%	27.6%	25.8%	40.0%	43.1%	46.2%	67.7%	70.7%	71.9%	0.7%	0.7%	0.7%
9	Bank Makramah	122.0	157.0	159.1	28.7%	35.2%	28.9%	25.6%	50.4%	56.5%	61.3%	85.6%	85.4%	86.9%	0.5%	0.6%	0.6%
10	Samba	105.0	114.7	131.0	9.3%	22.4%	22.2%	20.7%	28.1%	21.8%	19.0%	50.5%	43.9%	39.7%	0.5%	0.4%	0.5%
Total/ Average		2,674.0	3,075.7	3,126.6	15.6%	26.7%	26.7%	25.7%	41.5%	41.6%	43.5%	68.1%	68.3%	69.2%	11.7%	10.9%	10.9%

Grand Total/ Average		CY22	CY23	1QCY24	CY23	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
		22,778.0	28,252.8	28,699.5	22.1%	36.4%	35.9%	35.7%	39.5%	40.8%	41.8%	76.0%	76.7%	77.6%	100.0%	100.0%	100.0%

Bank-wise Profitability

Figures in PKR bln, unless stated otherwise

Extra Large Banks		Profit Before Tax			Taxation			Profit After Tax			Effective Tax Rate (%)			ROE (%)		
Sr.	Name	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	HBL	72.0	111.7	29.7	41.0	54.9	15.1	31.0	56.9	14.6	57.0%	49.0%	51.0%	12.2%	17.0%	17.3%
2	NBP	63.0	101.3	21.2	33.0	49.4	10.4	30.0	51.8	10.7	52.0%	49.0%	49.0%	10.1%	13.6%	11.1%
Total/ Average		134.0	213.0	50.9	73.0	104.3	25.5	61.0	108.7	25.3	54.0%	49.0%	50.0%	11.1%	15.3%	14.2%

Large Banks		Profit Before Tax			Taxation			Profit After Tax			Effective Tax Rate (%)			ROE (%)		
Sr.	Name	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	UBL	68.0	108.1	30.5	36.0	54.9	14.9	32.0	53.2	15.6	52.9%	50.8%	48.9%	15.3%	21.1%	25.8%
2	Meezan	88.0	169.4	53.1	43.0	84.9	27.7	45.0	84.5	25.4	48.9%	50.1%	52.1%	39.1%	45.7%	52.2%
3	Bank Al Habib	33.0	71.1	19.2	16.0	35.8	9.2	17.0	35.3	10.0	48.5%	50.3%	47.8%	17.4%	13.1%	31.6%
4	Bank Alfalah	36.0	78.2	19.7	18.0	41.7	9.8	18.0	36.5	9.9	50.0%	53.4%	49.7%	18.2%	26.4%	28.3%
5	MCB	71.0	125.2	32.5	38.0	65.6	15.9	33.0	59.6	16.6	53.5%	52.4%	48.9%	17.3%	25.8%	28.6%
6	Allied Bank	47.0	85.8	22.3	26.0	45.1	10.9	21.0	40.7	11.4	55.3%	52.6%	49.0%	16.6%	20.9%	21.7%
Total/ Average		343.0	637.8	177.2	177.0	328.1	88.3	166.0	309.7	88.9	51.6%	51.4%	49.9%	20.7%	25.5%	31.4%

Sub-Total/ Average		CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
		477.0	850.8	228.0	250.0	432.4	113.9	227.0	418.4	114.2	53.0%	50.2%	50.0%	15.9%	20.4%	22.8%

Bank-wise Profitability

Figures in PKR bln, unless stated otherwise

Medium Banks		Profit Before Tax			Taxation			Profit After Tax			Effective Tax Rate (%)			ROE (%)		
Sr.	Name	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	BOP	19.0	21.2	3.5	8.0	9.9	1.8	11.0	11.3	1.7	42.1%	46.6%	51.3%	16.7%	14.0%	9.2%
2	Askari	27.0	42.0	7.3	13.0	20.6	3.6	14.0	21.4	3.7	48.1%	49.0%	49.4%	19.3%	22.1%	16.0%
3	Metro	28.0	52.0	11.6	14.0	27.6	5.7	14.0	24.4	5.9	50.0%	53.1%	49.0%	19.0%	26.1%	25.3%
4	Faysal	22.0	41.4	12.5	11.0	21.4	6.0	11.0	20.0	6.5	50.0%	51.6%	47.8%	16.0%	22.2%	28.9%
5	Standard Chartered	50.0	89.2	24.7	30.0	46.6	13.5	20.0	42.6	11.2	60.0%	52.2%	54.6%	22.6%	44.3%	47.3%
Total/ Average		146.0	245.9	59.6	76.0	126.1	30.6	70.0	119.8	29.1	52.1%	51.3%	51.2%	18.7%	25.8%	25.4%

Small Banks		Profit Before Tax			Taxation			Profit After Tax			Effective Tax Rate (%)			ROE (%)		
Sr.	Name	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
1	Soneri	4.5	12.4	3.6	2.6	6.3	1.8	1.9	6.1	1.8	57.8%	50.8%	50.5%	9.0%	21.2%	26.2%
2	JS Bank	2.1	8.5	3.7	1.2	4.2	2.0	0.9	4.3	1.7	57.1%	49.1%	54.1%	4.4%	10.7%	16.8%
3	Bank Islami	8.2	20.5	6.3	3.8	9.5	3.1	4.4	11.0	3.2	46.3%	46.2%	49.0%	17.1%	30.3%	34.3%
4	Bank of Khyber	0.9	6.7	1.5	0.4	3.2	0.7	0.5	3.5	0.8	44.4%	48.1%	49.0%	2.8%	17.1%	17.2%
5	DIB	8.0	14.0	4.8	4.1	7.3	2.4	3.9	6.7	2.4	51.3%	52.1%	49.1%	13.1%	18.1%	24.6%
6	Sindh Bank	-2.2	0.7	0.5	-0.8	-1.5	0.3	-1.4	2.2	0.3	36.4%	-229.6%	48.9%	-8.2%	8.8%	4.3%
7	MCB	3.2	10.6	2.3	1.7	5.4	1.1	1.5	5.2	1.2	53.1%	51.2%	49.0%	9.7%	23.4%	20.1%
8	Al Baraka	2.6	6.1	1.8	1.1	3.0	0.9	1.5	3.1	1.0	42.3%	49.3%	48.4%	10.1%	17.0%	21.0%
9	Bank Makramah	-7.3	-7.4	-1.1	-4.1	-2.1	-0.3	-3.2	-5.3	-0.8	56.2%	28.0%	25.7%	17.6%	41.5%	21.9%
10	Samba	-0.9	2.2	0.7	-0.5	1.0	0.3	-0.4	1.2	0.4	55.6%	43.7%	48.9%	-2.9%	7.5%	8.7%
Total/ Average		19.1	74.3	24.1	9.5	36.3	12.3	9.6	38.0	11.8	49.7%	48.9%	51.0%	7.3%	19.6%	19.5%

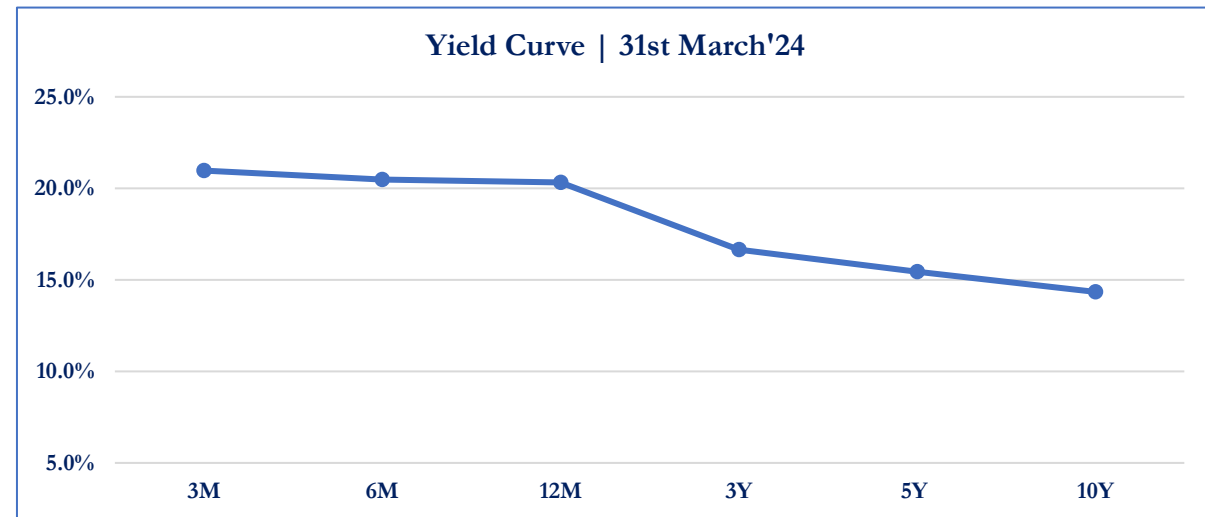
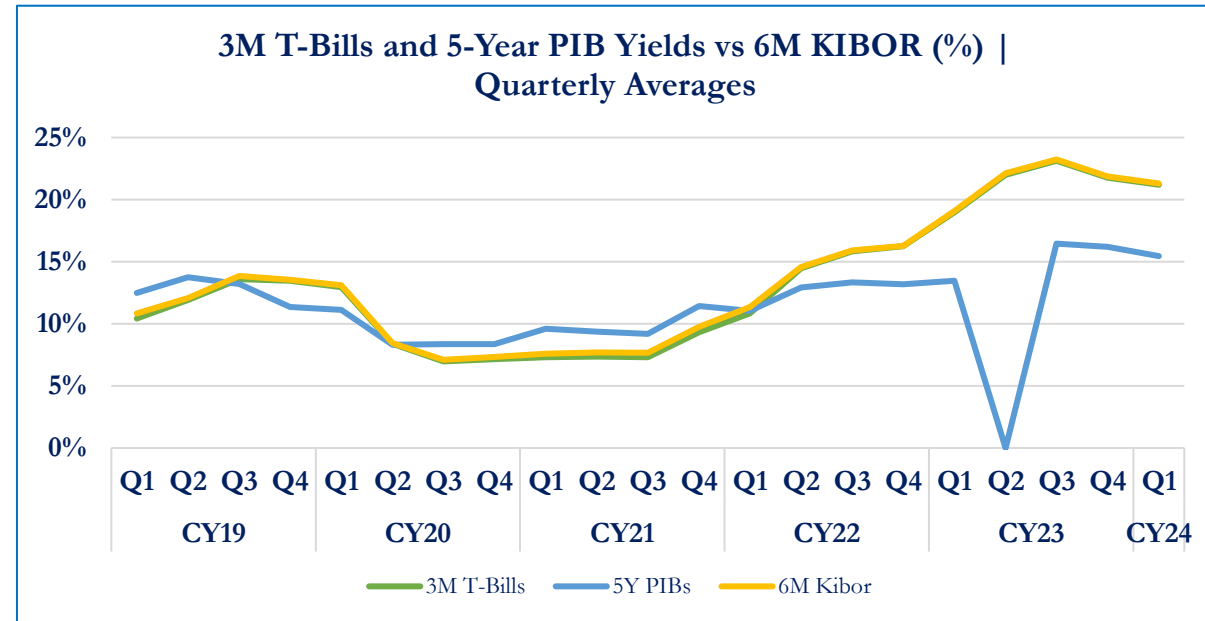
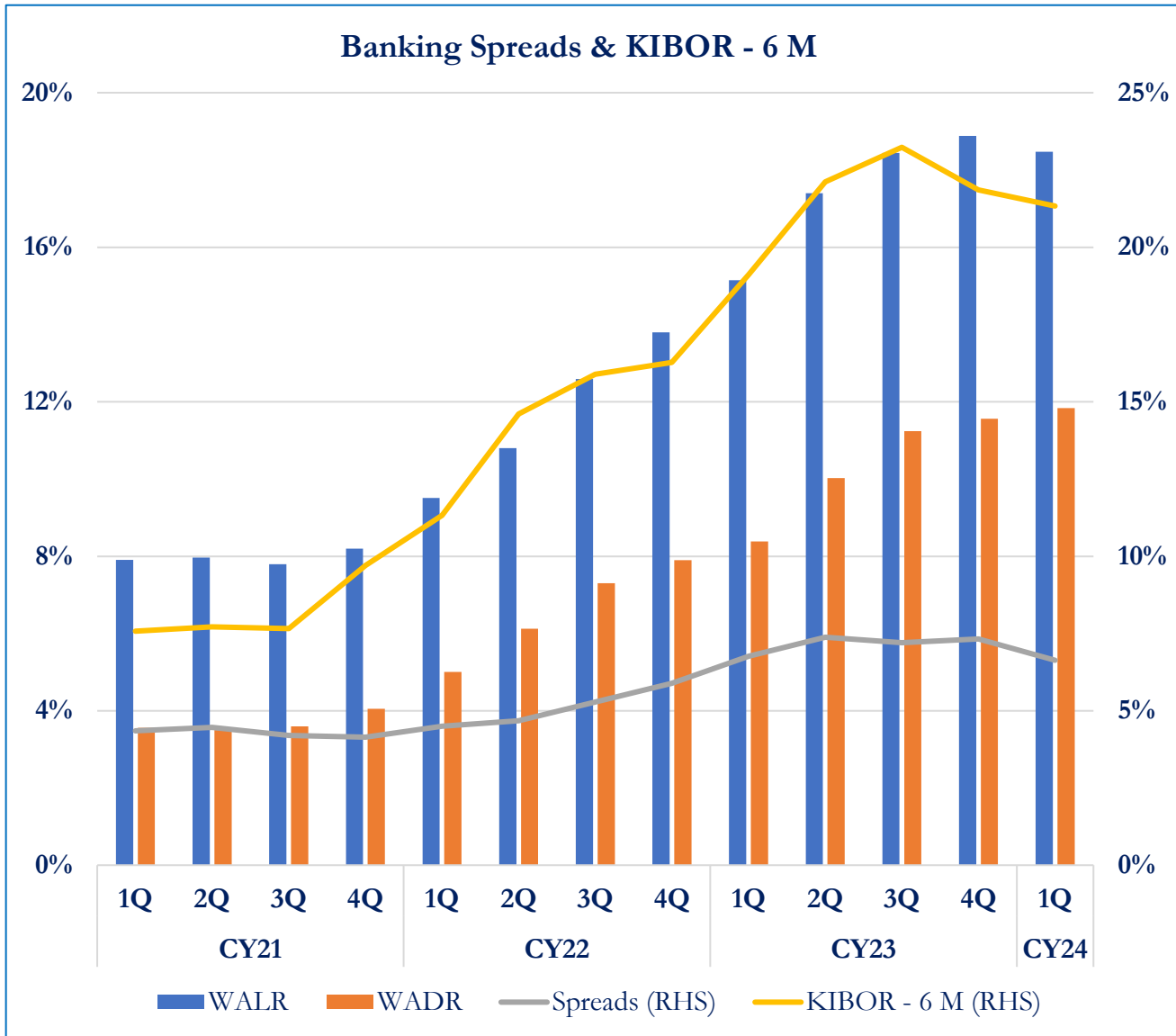
Grand Total/ Average		CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24	CY22	CY23	1QCY24
		642.1	1,171.0	311.8	335.5	594.7	156.7	306.6	576.3	155.1	52.0%	50.1%	50.6%	14.4%	21.5%	22.6%

CAR | The Adequately Cushioned Banks

CAR (%)		CY22	CY23	1QCY24
Extra Large Banks				
1	NBP	21.6%	25.5%	24.6%
2	HBL	15.0%	17.28%	17.54%
Average		18.3%	21.4%	21.1%
Large Banks				
1	UBL	19.2%	16.6%	17.5%
2	Meezan	18.4%	22.4%	24.1%
3	Bank Al Habib	14.7%	15.8%	16.5%
4	Alfalah	13.8%	16.7%	17.0%
5	MCB	18.8%	20.4%	19.6%
6	ABL	19.7%	26.2%	27.5%
Average		17.5%	19.7%	20.4%

CAR (%)		CY22	CY23	1QCY24
Medium Banks				
1	BOP	13.1%	18.4%	17.2%
2	Askari	16.0%	18.4%	16.8%
3	Metro	14.6%	18.3%	17.9%
4	Faysal	15.5%	17.5%	18.6%
5	Standard Chartered	18.7%	20.1%	18.3%
Average		15.6%	18.5%	17.7%
Small Banks				
1	Soneri	15.2%	18.4%	16.9%
2	JS Bank	13.4%	12.4%	13.4%
3	Bank Islami	17.9%	23.8%	22.8%
4	Bank of Khyber	15.0%	18.3%	18.2%
5	Dubai Islamic	15.6%	18.0%	18.2%
6	Sindh Bank	5.4%	16.2%	21.5%
7	MCB Islamic	20.4%	23.8%	23.7%
8	Al Baraka	15.8%	19.3%	20.9%
9	Samba	18.7%	21.3%	22.2%
Average		15.3%	19.1%	19.8%

Where Interest Rates Come into Play



Standards

International

IFRS-9 | Financial Impact

Reporting

Financial

Banks' Provisioning | The Timeline and Impact

Effective Implementation: **Jan'21**

Revised Implementation: **Jul'21**
(Parallel Run of IFRS-9)

Revised Implementation: **Oct'21**
(Parallel Run of IFRS-9)

Revised Implementation: **Jan'23**
(Banks with Asset Size >PKR500bln)

FINAL
Implementation: **Jan'24**

BPRD Circular No. 04 of 2019

BPRD Circular Letter No. 15 of 2020

BPRD Circular Letter No. 24 of 2021

BPRD Circular No. 03 of 2022

BPRD Circular No. 03 of 2022

Banks have implemented IFRS-9 beginning January 2024.

Changes in Provisioning Reporting Standard	Classification*	Days Due**	Stage Allocation under IFRS 9	Provisions to be made
Prudential Regulations for Corporate /Commercial Banking	Performing	1-59	Stage 1	As per IFRS 9 ECL Modelling
	Under-performing	60-89	Stage 2	
	Non-performing			Whichever is higher: a) IFRS ECL or b) Prudential Regulations Requirements
	Substandard	90-179	Stage 3	
	Doubtful	180 or more		
	Loss	One Year or more		
		180 days		

IMPACT: Most of the Banks that have recorded appropriate general provisioning over the past years have not recorded a major drag upon the application of IFRS-9. As is witnessed from the 1QCY24 numbers, the total closing provisioning of the Banks (general + specific) against their Gross Advances was recorded at ~8.3% (CY23: ~7%, 1QCY23: ~7%), reflecting an increase of ~1.3% on a QoQ and YoY basis.

*Applicable on all Financial assets that came under the scope of impairment under IFRS 9. **Where mark-up/interest or principal is overdue by the specified days or more from the due date. Where Trade Bills (Import/Export or Inland Bills) are not paid/adjusted within specified days of the due date.



Digital Banking

Brief Introduction

What is a Digital Bank?

- A full-fledged Digital Bank is a financial institution that offers financial services through a digital platform.
- *The SBP defines it as a bank which offers all kinds of financial products and services primarily through digital platforms or electronic channels instead of physical branches.*

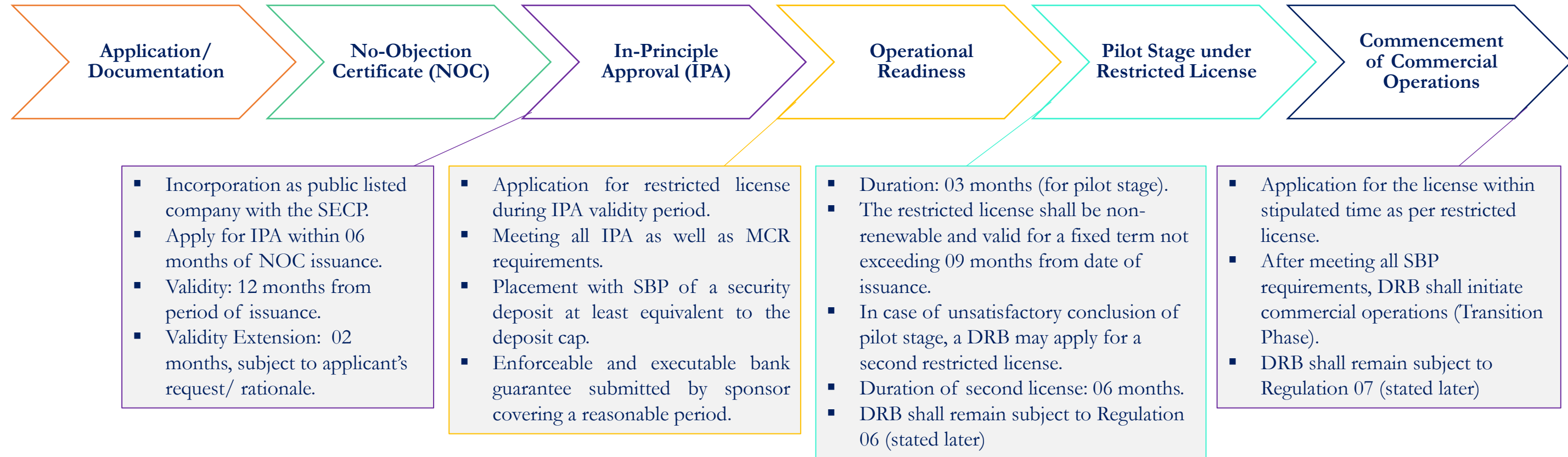
Types of Digital Banks

- i. **Challenger/ New Banks** have full banking licenses and are direct competitors of the traditional banks offering the same services as traditional banks. Essentially, they are fintechs with banking licenses. Examples include TymeBank, Monzo Bank Ltd., Nubank and Revolut.
- i. **Neobanks** do not have a banking license, but partner with financial institutions to offer bank licensed services. Typically, neobanks still require customers to have an account at an existing licensed bank. They are completely digital banks that have no physical presence and reach out to customers via mobile apps and web platforms. Examples include WeBank and Chime.
- ii. **Beta Banks** are joint ventures or subsidiaries of existing banks that offer financial services through the parent company's license. Beta banks are often set up as a way to enter new markets, offering limited services to a targeted consumer base. They are targeted at the tech-savvy, millennial customer segment, as well as to provide best-in-class innovative banking services. Examples include YONO and Hello bank!.



Digital Retail Banks | Application Process

- Regulatory Framework Applicable: Sections 27 and 41 of the Banking Companies Ordinance, 1962.
- The five digital retail banks are HugoBank Limited, KT Bank Pakistan Limited, Mashreq Bank Pakistan Limited, Raqqami Islamic Digital Bank Limited and Telenor Microfinance Bank Limited. Digital Banks in Pakistan are currently at the IPA stage, as depicted below.



Local | Regulatory Landscape

Digital Retail Bank	Application & Licensing Stages	Transition Phase	Conclusion Phase/ Operational Phase
MCR	PKR~1.5bln (Pilot Stage), PKR~2bln (Commercial Launch)	PKR ~2bln to PKR~4bln over a period of three Years. Subsequently, PKR~4bln.	PKR~4bln
CAR	~15% (~ 9.5% CET1 CAR, ~12.5% total CAR, ~2.5% CCB)		
Customer Segments	Select group of customers (not public at large). Deposit Accounts and basic banking facilities	Not allowed to deal in corporate/ commercial segment but allowed digital cash management services (balances in accounts < ~40% of deposits).	Same restrictions
Deposit Cap	Deposit to be ~25% of the MCR (pilot stage). Security deposit above the deposit cap Per depositor balance capped at PKR~500,000	Initial deposit cap at 6x of the MCR, progressively increasing to 12x. Membership of DPC.	No deposit cap on retail customer Segments, continued membership of DPC
Advances Cap	ADR to be maintained at ~50% (pilot operations).	Initial ADR cap ~50% progressively increasing to ~70%. Consumer finance capped at ~40% of the total advance.	ADR increased to ~80%, aggregate consumer finance ~40% of total advances (cap)

Digital Full Bank	Application & Licensing Stages	Transition Phase	Conclusion Phase/ Operational Phase
MCR	PKR~5bln	PKR~6.5bln (initially), increasing to PKR~10bln over a period of 2years	PKR~10bln
CAR	13.5% (~7% CET1 CAR, ~11% total CAR, ~2.5% CCB)		
Customer Segments	Can also deal with corporate/ commercial segment besides all the retail customer segments		
Advances Cap	Capped at ~80%. Aggregate consumer finance and corporate/ commercial advances each at a limit of ~30% of the total advances.		



Recent Developments

What's New on the Local Banking Front

Particulars	Updates
Windfall Taxation*	<ul style="list-style-type: none"> ▪ Nov'23: FBR Notification SRO 1588(I)/2023 imposed 40% additional tax on windfall profits of banks arising from foreign currency deals throughout CY22 and CY23. ▪ The due date for the windfall tax payment was November 30, 2023. ▪ However, since then, the IHC has in place a stay order on the final decision.
ESG Banking Mandates A Walk through the last 07 Years	<ul style="list-style-type: none"> ▪ CY15: SBP joins SBFN (Sustainable Banking Finance Network) ▪ CY17: SBP issues Green Banking Guidelines ▪ CY22: SBP launches the Environmental and Social Risk Management Implementation Manual (enabling banks to address risk issues across their lending and investment portfolios) ▪ CY23: SBP quarterly seeks implementation status of the ESRM implementation from banks and DFIs ▪ SBP becomes member of NGFS (Network for Greening the Financial System) ▪ SECP releases Draft Guidelines on ESG Disclosures for Listed Companies
IFRS-9 Implementation	<ul style="list-style-type: none"> ▪ Covered previously.

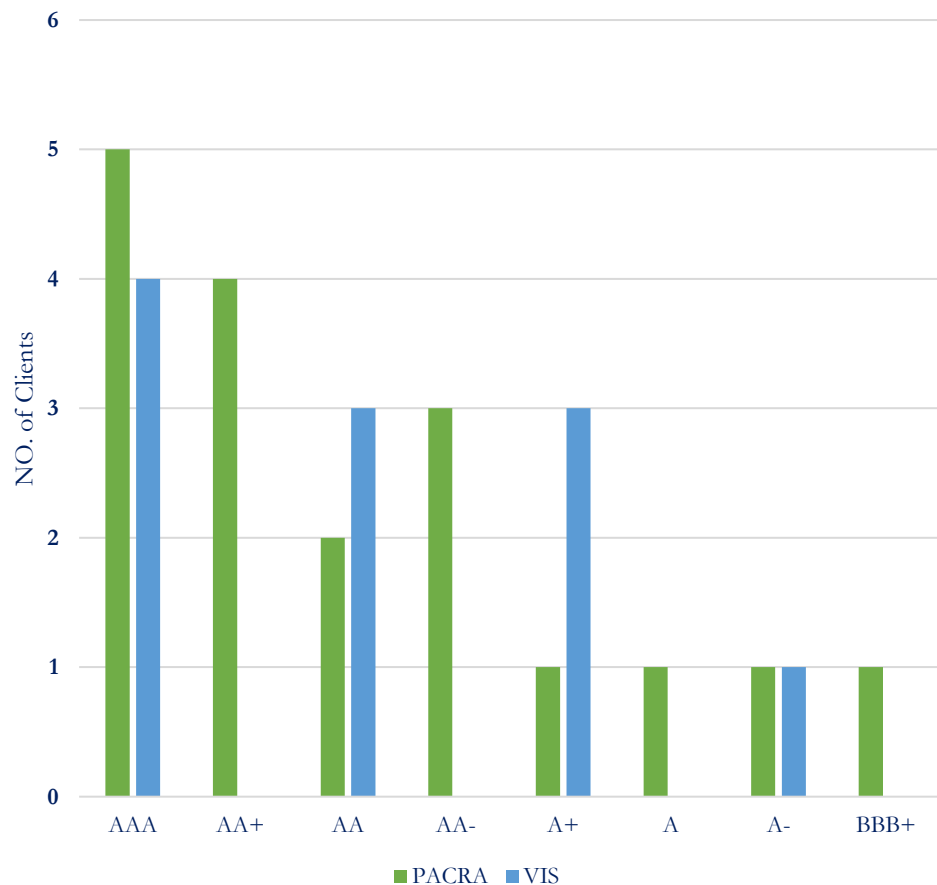
*Section 99D of the Income Tax Ordinance, 2001 empowers the Federal Government to impose an additional tax on company operating in a specified sector or sectors, not exceeding 50% of windfall income, profit or gains arising due to economic factors for any of the last three years preceding the tax year tax year 2023 and onwards.

Islamic Banking | An Overview

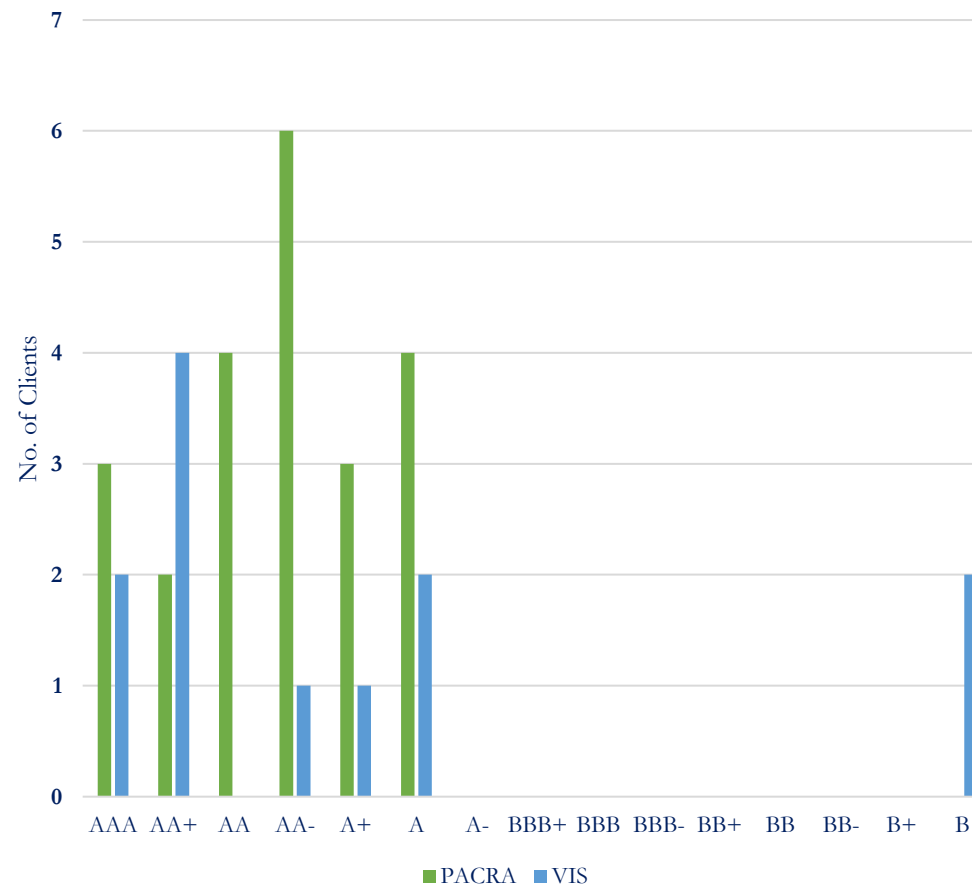
Figures in PKR bln, unless stated otherwise

Financial Position	CY21			CY22			CY23			1QCY24		
	Banks	Islamic Window	Total	Banks	Islamic Window	Total	Banks	Islamic Window	Total	Banks	Islamic Window	Total
Total Assets	3,027	2,549	5,576	3,942	3,286	7,229	5,985	3,009	8,994	6,158	3,077	9,235
Cash & Balances with Treasury & Other Banks	279	181	459	254	174	428	425	186	612	423	189	612
Financing - Net	1,358	1,239	2,597	1,623	1,490	3,113	2,188	1,147	3,335	2,153	1,105	3,260
Investments – Net	940	912	1,852	1,749	1,302	3,052	2,853	1,382	4,235	2,962	1,442	4,405
Other Assets	450	217	668	316	320	636	495	287	812	620	341	958
Total Liabilities	2,868	2,389	5,257	3,737	3,064	6,802	5,596	2,742	8,338	5,754	2,802	8,556
Deposits And Other Accounts	2,359	1,852	4,211	2,759	2,401	5,161	4,495	2,254	6,749	4,535	2,339	6,875
Other Liabilities	509	537	1,046	978	663	1,641	1,101	488	1,589	1,219	463	1,681
Financial Performance	CY21			CY22			CY23			1QCY24		
	Banks	Islamic Window	Total	Banks	Islamic Window	Total	Banks	Islamic Window	Total	Banks	Islamic Window	Total
Net Mark-Up Income	103	75	177	179	133	311	398	184	582	112	57	170
Net Mark-Up Income After Provision	99	70	168	168	129	296	378	180	558	112	57	169
Total Non - Markup Income	23	9	31	29	15	43	45	13	58	14	4	18
Total Income	122	79	199	197	144	339	423	193	616	126	61	187
Total Non-Markup Expenses	63	42	105	83	66	149	158	64	222	45	18	64
Profit/ (Loss) Before Taxation	59	37	94	114	78	190	265	129	394	81	42	124
Profit/ (Loss) After Tax	35	29	62	59	55	112	131	95	226	40	31	70

Banks - Entity Rating



Banks - Debt Instrument Rating



Pakistan | Sovereign Rating

Date	S&P	Moody's	Fitch
27-Feb-24		Caa3	
28-Feb-23		Caa3	
14-Feb-23			CCC-
22-Dec-22	CCC+		
21-Oct-22			CCC+
7-Oct-22		Caa1	
2-Aug-22			B-
30-Jul-22	B-		
3-Jun-22		B3	
2-Dec-19		B3	
4-Feb-19	B-		



Going Forward:

- Expected GDP growth rate (real) during FY24: ~2.38%. IMF GDP growth rate projection: ~2.0; FY25: ~3.5%.
- Economic activity expected to remain low during remaining FY24 and **advances** to grow meagerly.
- Although inflation levels are low (Apr'24: ~17.3%, Apr'23: ~36.4%), interest rates are expected to maintain status quo [next MPC meeting to be held on June 10, 2024] since inflation targets of ~5-7% has not been met as yet. However, there are chances of lower interest rates in 2HCY24.
- Greater investment in long-term investments (PIB) is expected due to lower interest rates expectations in the short-term investments.

PACRA has evaluated the following:

- i. A ~1.0% **rate cut** will likely cause a gain of PKR~100.0bln in Net Income arising from PIBs.
- ii. As a result of implementing IFRS 9, provision of interest income increased by ~1.0% that caused negative impact on profitability. Profits are therefore expected to grow at a lower pace.

Sources

- Pakistan Economic Survey 2022-23
- Pakistan Bureau of Statistics
- State Bank of Pakistan
- Securities & Exchange Commission of Pakistan
- Federal Board of Revenue
- Pakistan Stock Exchange
- PACRA Database
- RBI, CBSL, Bank of Bangladesh, ECB, U.S. Fed

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