

Commercial Banking

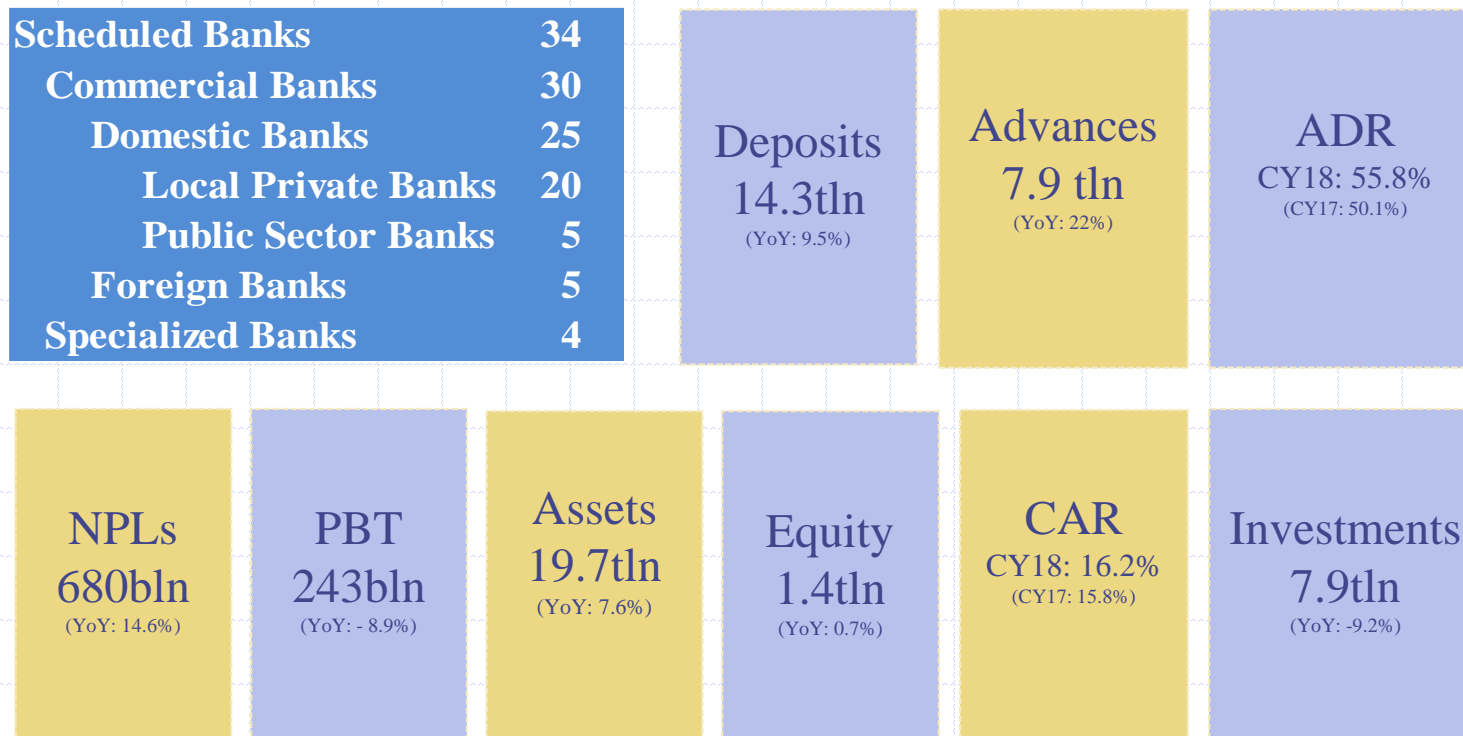
Sector Overview

June 2019

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Banking Snapshot | Key Figures



Credit Risk | Scheduled Banks

		PKR bln				
		Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
Gross Advances		8,525	7,029	6,013	5,330	4,930
	Growth YoY	21%	17%	13%	8%	8%
Advances (net of Provision)		7,955	6,512	5,499	4,816	4,447
	Growth YoY	22%	18%	14%	8%	8%
NPLs		680	593	605	605	605
	Growth YoY	15%	-2%	0%	0%	0%
Provision		-570	-517	-514	-514	-483
	Growth YoY	10%	1%	0%	7%	3%
Net NPLs		110	76	90	91	122
Equity incl. Rev Surplus		1,406	1,381	1,353	1,323	1,207
	Growth YoY	2%	2%	2%	10%	28%
Risk Weighted Assets		8,681	8,282	7,800	6,865	6,260
		Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
Infection Ratio		8.0%	8.4%	10.1%	11.4%	12.3%
Coverage		83.8%	87.2%	85.0%	84.9%	79.8%
Drag on Equity (incl Rev Surplus)		7.8%	5.5%	6.7%	6.9%	10.1%
CAR		16.2%	15.8%	16.7%	17.3%	17.5%
ADR		55.8%	50.1%	46.6%	46.4%	48.2%
Liquid Assets / Deposits		67.2%	76.1%	72.1%	73.3%	64.5%

Advances Book | Sectoral & Segmental Analysis

Sectors	Infection Ratio	Advances (PKR bln)		Increase/(Decrease)	
	CY18	CY18	CY17	Amount	%
Energy	3%	1,435	1,044	391	37%
Textile	16%	1,156	990	166	17%
Individuals	9%	739	619	121	19%
Agribusiness	8%	691	623	68	11%
Chemicals	5%	291	237	54	23%
Sugar	17%	235	246	-11	-4%
Financial	4%	228	173	56	32%
Cement	3%	167	110	57	52%
Automobile	12%	130	109	21	19%
Others	8%	3,452	2,880	572	20%
Total	8%	8,525	7,029	1,495	

Segments	Infection Ratio	Advances (PKR bln)		Increase/(Decrease)	
	CY18	CY18	CY17	Amount	%
Corporate Sector	8%	6,031	4,830	1,201	25%
i. Fixed Investments	8%	2,654	2243	410	18%
ii. Working Capital	8%	2,228	1636	592	36%
iii. Trade Finance	7%	1,149	950	199	21%
Commodity financing	1%	864	735	129	17%
Consumer sector	5%	535	448	87	20%
i. Auto loans	1%	210	169	41	24%
ii. Mortgage loans	11%	95	80	15	19%
iii. Credit cards	6%	41	34	7	19%
iv. Consumer durable	8%	1	1	0	33%
v. Other personal loans	6%	188	164	24	15%
Agriculture Sector	17%	324	316	8	3%
SMEs Sector	15%	505	452	53	12%
i. Fixed Investments	10%	118	98	20	20%
ii. Working Capital	17%	337	311	26	8%
iii. Trade Finance	15%	50	43	6	14%
Staff Loans	2%	127	115	12	10%
Others	8%	139	132	7	5%
Total	8%	8,525	7,029	1,495	

Dec-14		Increase/(Decrease)	
Advances	Infection Ratio	Amount	%
621	5%	813	131%
792	25%	364	46%
433	12%	307	71%
394	9%	297	75%
190	9%	101	53%
138	4%	96	70%
125	6%	103	82%
46	20%	121	266%
72	13%	57	79%
2,118	13%	1,335	63%
4,930	12%	3,595	

Dec-14		Increase/(Decrease)	
Advances	Infection Ratio	Amount	%
3,289	13%	2,741	83%
1,257	17%	1,397	111%
1,251	12%	977	78%
782	10%	367	47%
549	1%	315	58%
294	12%	241	82%
71	5%	139	197%
52	27%	43	82%
23	11%	18	80%
0	20%	1	151%
148	10%	41	28%
264	12%	60	23%
299	31%	206	69%
38	32%	81	213%
221	32%	116	52%
40	23%	9	24%
94	1%	33	36%
141	11%	-2	-2%
4,930	12%	3,595	

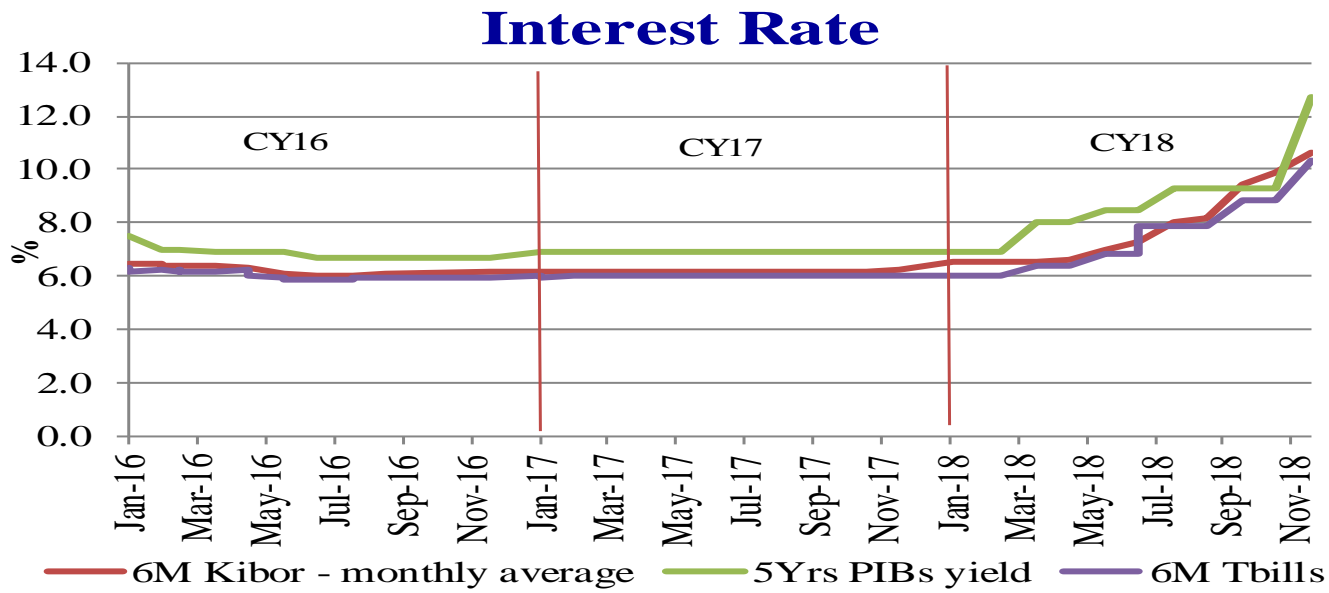
NPL | Snapshot

Position	Banks	NPL		Increase/ (Decrease) CY18	
		CY18	CY17	Amount	%
Extra Large					
1	HBL	81	76	5	7%
2	NBP	133	121	13	10%
3	UBL	69	52	16	31%
Sub Total		283	249	34	
4	MCB	49	49	0	0%
5	ABL	16	18	-2	-11%
6	Meezan	7	7	0	6%
7	AL Habib	5	5	0	-1%
8	Alfalah	19	18	1	7%
Sub Total		96	96	0	
Grand Total		379	345	34	

Position	Banks	NPL		Increase/ (Decrease) CY18	
		CY18	CY17	Amount	%
9	BOP	49	51	-2	-3%
10	Askari	27	27	0	0%
11	Metro	18	19	-1	-5%
12	Standard Chartered	17	20	-2	-11%
13	Faysal	27	27	-1	-2%
Total		138	143	-5	

Position	Banks	NPL		Increase/ (Decrease) CY18	
		CY18	CY17	Amount	%
14	JS Bank	8	3	5	155%
15	Soneri Bank	4	10	-6	-57%
16	Bank Islami	8	10	-1	-12%
17	Bank of Khyber	5	5	0	-4%
18	Dubai	3	2	1	27%
19	Sindh	6	5	1	15%
20	Silk	7	6	1	14%
21	AlBaraka Bank	7	8	-1	-8%
22	MCB Islamic	0	0	0	0%
23	Samba	2	2	0	2%
24	First Women Bank	2	2	0	1%
Total		53	53	0	

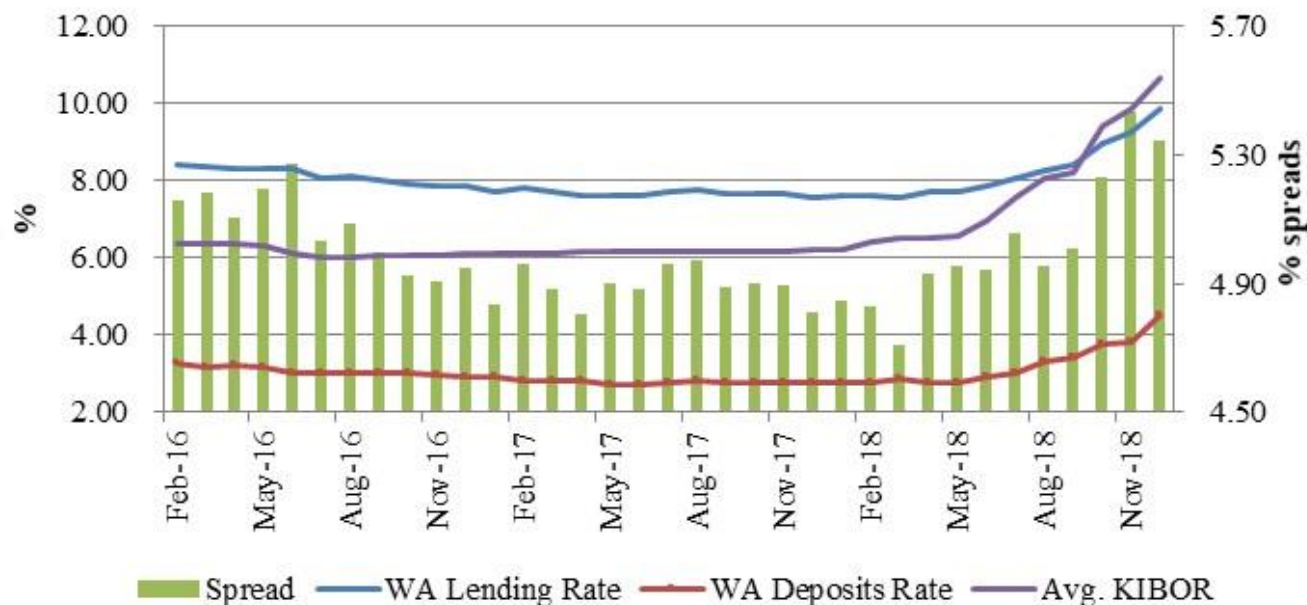
Interest Rate



	CY16				CY17				CY18			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
6M Kibor - monthly average	6.42	6.11	6.05	6.15	6.13	6.16	6.16	6.21	6.51	6.97	8.17	10.66
5Yr PIB yield - period end	7.46	6.88	6.69	6.69	6.90	6.90	6.90	6.90	6.90	8.48	9.25	12.70
6M Tbills - period end	6.28	5.96	5.90	5.90	5.99	6.01	6.01	6.01	6.01	6.83	7.85	10.35

Spreads | Scheduled Banks

Spreads



	CY16				CY17				CY18			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Avg. WA Lending Rate	8.40	8.32	8.06	7.89	7.75	7.61	7.73	7.64	7.59	7.76	8.26	9.38
Avg. WA Deposits rate	3.26	3.13	3.02	2.96	2.86	2.75	2.79	2.77	2.79	2.82	3.25	4.04
Avg. Spread	5.14	5.19	5.04	4.93	4.89	4.86	4.94	4.87	4.80	4.94	5.01	5.34
Avg. KIBOR	6.40	6.26	6.03	6.00	6.13	6.16	6.15	6.19	6.38	6.69	7.95	9.99

Listed Banks | Stock Performance

Performance | Banking Industry Vs. KSE-100



DEPOSIT ANALYSIS

As at Dec 31, 2018

Large Banks

Position	Banks	Deposit PKR bln		Increase/ (Decrease) CY18		CA		SA		System Share	
		CY18	CY17	Amount	%	CY18	CY17	CY18	CY17	CY18	CY17
Extra Large											
1	HBL	1,971	1,834	137	7.5%	40.8%	39.7%	45.8%	47.8%	15.1%	15.5%
2	NBP	1,674	1,450	224	15.5%	47.1%	43.9%	32.0%	32.9%	12.8%	12.3%
3	UBL	1,299	1,200	100	8.3%	42.5%	40.2%	33.5%	32.1%	10.0%	10.2%
Sub Total/ Average		4,944	4,484	461	10.3%					37.9%	38.0%
4	MCB	1,021	947	74	7.8%	38.4%	38.7%	53.1%	54.3%	7.8%	8.0%
5	ABL	904	830	74	8.9%	37.9%	36.6%	43.2%	41.1%	6.9%	7.0%
6	Meezan	775	662	113	17.1%	37.3%	35.6%	36.0%	39.0%	5.9%	5.6%
7	AL Habib	773	667	106	15.9%	48.0%	49.1%	29.3%	29.4%	5.9%	5.6%
8	Alfalsh	654	610	44	7.1%	45.4%	43.0%	32.3%	35.5%	5.0%	5.2%
Sub Total / Average		4,127	3,716	411	11.0%					31.7%	31.5%
Grand Total		9,071	8,200	871	10.6%					69.6%	69.4%

On the basis of Customer Deposit Banks are categorized: Extra Large >10%, Large >5%, Medium 2%~5% and Small <2%

DEPOSIT ANALYSIS

As at Dec 31, 2018

Medium Banks

Position	Banks	Deposit PKR bln		Increase/ (Decrease) CY18		CA		SA		System Share	
		CY18	CY17	Amount	%	CY18	CY17	CY18	CY17	CY18	CY17
9	BOP	589	550	38	6.9%	20.7%	22.7%	43.5%	43.3%	4.5%	4.7%
10	Askari	570	522	48	9.1%	29.6%	28.6%	55.3%	55.8%	4.4%	4.4%
11	Metro	516	484	32	6.6%	29.5%	29.0%	27.2%	25.1%	4.0%	4.1%
12	Standard Chartered	421	374	47	12.5%	46.2%	42.5%	48.1%	49.6%	3.2%	3.2%
13	Faysal	380	353	27	7.7%	35.2%	36.2%	33.1%	34.4%	2.9%	3.0%
Total / Average		2,475	2,284	192	8.4%					19.0%	19.3%

On the basis of Customer Deposit Banks are categorized: Extra Large >10%, Large >5%, Medium 2%~5% and Small <2%

DEPOSIT ANALYSIS

As at Dec 31, 2018

Small Banks

Position	Banks	Deposit PKR bln		Increase/ (Decrease) CY18		CA		SA		System Share	
		CY18	CY17	Amount	%	CY18	CY17	CY18	CY17	CY18	CY17
14	JS Bank	275	253	22	8.5%	29.4%	29.3%	23.3%	18.7%	2.1%	2.1%
15	Soneri Bank	235	211	24	11.6%	27.0%	24.7%	35.9%	40.6%	1.8%	1.8%
16	Bank Islami	175	157	18	11.4%	34.1%	36.4%	34.5%	36.2%	1.3%	1.3%
17	Bank of Khyber	171	159	12	7.5%	23.4%	22.8%	33.0%	30.0%	1.3%	1.3%
18	Dubai	166	137	29	21.3%	32.8%	34.7%	38.6%	35.8%	1.3%	1.2%
19	Sindh	116	127	-11	-8.5%	33.4%	31.9%	42.3%	39.2%	0.9%	1.1%
20	Silk	114	97	17	17.1%	23.7%	28.2%	38.9%	32.7%	0.9%	0.8%
21	AlBaraka Bank	92	91	1	1.1%	26.0%	24.2%	49.6%	54.0%	0.7%	0.8%
22	MCB Islamic	62	27	36	134.1%	41.4%	33.3%	50.3%	51.8%	0.5%	0.2%
23	Samba	61	52	9	18.2%	26.7%	23.7%	28.3%	34.0%	0.5%	0.4%
24	First Women Bank	18	16	2	13.2%	60.9%	55.9%	32.1%	35.3%	0.1%	0.1%
Total / Average		1,486	1,327	159	12.0%					11.4%	11.2%

Sindh Bank is updated on Sep-18 numbers.

On the basis of Customer Deposit Banks are categorized: Extra Large >10%, Large >5%, Medium 2%~5% and Small <2%

ADVANCES AND CAR

As at Dec 31, 2018

Large Banks

Position	Banks	Net Advances PKR bln		Increase/Decrease CY18		ADR		CAR	
		CY18	CY17	Amount	% Change	CY18	CY17	CY18	CY17
Extra Large									
1	HBL	1,016	801	215	26.9%	50.3%	42.2%	16.2%	16.0%
2	NBP	926	740	186	25.2%	46.0%	42.8%	16.4%	16.0%
3	UBL	716	627	89	14.1%	52.4%	49.3%	17.7%	15.5%
Sub Total / Average		2,658	2,168	490	22.6%				
4	MCB	504	469	34	7.3%	48.0%	48.5%	18.1%	16.4%
5	ABL	438	372	66	17.8%	44.5%	42.1%	22.2%	22.4%
6	Meezan	513	420	93	22.0%	65.3%	63.0%	14.6%	12.9%
7	AL Habib	478	340	138	40.7%	60.0%	49.1%	13.5%	13.9%
8	Alfalah	502	401	101	25.2%	71.4%	62.1%	14.9%	13.3%
Sub Total / Average		2,434	2,002	432	21.6%				
Grand Total / Average		5,092	4,170	922	22.1%				

ADVANCES AND CAR

As at Dec 31, 2018

Medium Banks

Position	Banks	Net Advances PKR bln		Increase/Decrease CY18		ADR		CAR	
		CY18	CY17	Amount	% Change	CY18	CY17	CY18	CY17
9	BOP	382	296	86	29.1%	64.1%	53.2%	13.2%	9.7%
10	Askari	343	259	84	32.6%	59.8%	49.2%	12.5%	12.1%
11	Metro	227	174	52	30.0%	41.7%	34.3%	13.1%	17.4%
12	Standard Chartered	170	138	32	23.2%	39.9%	36.5%	19.1%	19.3%
13	Faysal	296	232	65	28.0%	72.4%	62.3%	16.7%	15.9%
Total / Average		1,418	1,098	320	29.1%				

ADVANCES AND CAR

As at Dec 31, 2018

Small Banks

Position	Banks	Net Advances PKR bln		Increase/Decrease CY18		ADR		CAR	
		CY18	CY17	Amount	% Change	CY18	CY17	CY18	CY17
14	JS Bank	252	184	68	36.8%	78.4%	63.5%	12.0%	12.0%
15	Soneri Bank	186	164	22	13.5%	71.1%	72.3%	14.7%	12.8%
16	Bank Islami	119	119	-1	-0.5%	64.2%	66.8%	15.0%	14.5%
17	Bank of Khyber	95	83	12	14.0%	55.5%	52.4%	12.3%	20.0%
18	Dubai	153	120	34	28.3%	84.1%	80.1%	14.0%	13.4%
19	Sindh	76	65	11	17.4%	63.1%	48.2%	0.0%	15.7%
20	Silk	98	86	13	14.6%	74.1%	77.8%	10.9%	10.9%
21	AlBaraka Bank	75	71	4	5.3%	75.1%	73.7%	11.8%	10.2%
22	MCB Islamic	63	31	32	100.9%	85.8%	95.8%	13.3%	23.8%
23	Samba	54	40	13	33.4%	82.2%	73.2%	19.0%	19.7%
24	First Women Bank	9	9	1	6.3%	51.6%	54.6%	46.0%	53.9%
Total / Average		1,181	973	208	21.4%				

Sindh Bank is updated on Sep-18 numbers.

PROFITABILITY ANALYSIS

As at Dec 31, 2018

Large Banks

Position	Banks	PAT PKR bln		PBT PKR bln		Change YoY PKR bln		ROE	
		CY18	CY17	CY18	CY17	PAT	PBT	CY18	CY17
Extra Large									
1	HBL	12	8	20	27	4	-8	6.7%	4.4%
2	NBP	20	23	30	36	-3	-6	10.5%	13.1%
3	UBL	15	25	25	40	-10	-15	9.8%	16.2%
Sub Total / Average		47	56	74	103	-9	-29		
4	MCB	21	22	32	31	-1	1	14.1%	15.2%
5	ABL	13	13	21	21	0	0	12.0%	12.3%
6	Meezan	9	6	15	10	3	5	23.8%	19.3%
7	AL Habib	8	9	14	14	0	0	17.6%	19.2%
8	Alfalah	11	8	17	14	2	3	15.0%	13.3%
Sub Total / Average		62	58	99	90	4	9		
Grand Total / Average		109	114	173	193	-5	-19		

PROFITABILITY ANALYSIS

As at Dec 31, 2018

Medium Banks

Position	Banks	PAT PKR bln		PBT PKR bln		Change YoY PKR bln		ROE	
		CY18	CY17	CY18	CY17	PAT	PBT	CY18	CY17
9	BOP	8	-3	12	-5	11	17	22.4%	-11.5%
10	Askari	4	5	7	8	-1	-2	13.4%	15.5%
11	Metro	6	6	10	9	1	1	15.9%	13.7%
12	Standard Chartered	11	8	18	13	3	5	17.3%	13.3%
13	Faysal	5	5	8	7	0	1	11.8%	12.2%
Total / Average		34	20	56	34	-36	22		

PROFITABILITY ANALYSIS

As at Dec 31, 2018

Small Banks

Position	Banks	PAT PKR bln		PBT PKR bln		Change YoY PKR bln		ROE	
		CY18	CY17	CY18	CY17	PAT	PBT	CY18	CY17
14	JS Bank	1	1	1	2	0	-1	3.5%	5.8%
15	Soneri Bank	2	2	3	3	0	0	9.8%	9.0%
16	Bank Islami	0	2	0	0	-1	0	1.5%	12.0%
17	Bank of Khyber	0	2	1	3	-1	-2	3.4%	11.4%
18	Dubai	3	2	4	3	1	2	15.9%	11.9%
19	Sindh	1	1	1	2	0	-1	5.2%	7.9%
20	Silk	1	1	2	1	0	0	9.6%	9.0%
21	AlBaraka Bank	0	0	0	-1	0	0	-2.4%	-3.5%
22	MCB Islamic	-1	0	-2	0	-1	-1	-11.5%	-2.7%
23	Samba	1	1	1	1	0	0	5.4%	5.9%
24	First Women Bank	0	0	0	0	0	0	-3.7%	-6.6%
Total / Average		7	10	11	13	-2	-2		

Sindh Bank is updated on Sep-18 numbers.

Profitability | Scheduled Bank

	PKR bln				
	CY18	CY17	CY16	CY15	CY14
Net Interest Income (PKR bln)	545	499	485	496	415
Growth YoY	9.3%	2.9%	-2.3%	19.6%	24.9%
Non- Interest Income (PKR bln)	178	188	196	209	167
Growth YoY	-5.1%	-4.1%	-6.2%	24.7%	19.2%
Expenses (PKR bln)	435	392	361	337	310
Growth YoY	10.9%	8.6%	7.1%	8.7%	14.4%
(Provisions) / Reversals	-36	-4	-5	-39	-25
Growth YoY	876.8%	-30.1%	-86.4%	53.5%	-30.1%
Profit (Loss) Before Tax (PKR bln)	243	267	314	329	247
Growth YoY	-9.0%	-15.0%	-4.6%	33.2%	52.5%
Cost to Total Net Revenue	60.1%	57.1%	53.1%	47.8%	53.3%
ROE	11.4%	11.5%	14.2%	15.7%	15.2%

Islamic Banking | Snapshot

PKR bln

		Dec-18	Dec-17	Dec-16	Dec-15
P&L	Net Profit Income (Markup)	83	64	50	48
	Non - Profit Income (Non-Markup)	16	15	12	11
	Profit / (Loss) After Tax	25	16	12	12
Share of Islamic banks in the Islamic Banking Industry					
P&L	Net Profit Income	45%	58%	63%	63%
	Non - Profit Income	75%	80%	75%	69%
	Profit / (Loss) After Tax	35%	54%	57%	42%

Islamic Banking Share in Domestic Banking Industry					
P&L	Net Profit Income	17%	13%	10%	10%
	Non - Profit Income	9%	8%	6%	5%
	Profit / (Loss) After Tax	9%	6%	6%	6%

PKR bln

		Dec-18	Dec-17	Dec-16	Dec-15
B/S	Financing - Net	1,511	1,207	821	645
	Deposits and Other Accounts	2,203	1,885	1,573	1,375
	Total Equity	168	137	116	103
Islamic Banking Share in Domestic Banking Industry					
B/S	Financing - Net	19%	19%	15%	13%
	Deposits And Other Accounts	15%	14%	13%	13%
	Total Equity	12%	11%	9%	9%

Banking Sector | Challenges & Opportunities

Challenges

- Pressure on Profitability, limiting internal capital generation
 - Operating cost continue to rise
 - Provisioning expense on account of fresh NPLs
 - Losses on the investment book
- A fresh wave of NPLs is widely anticipated (2018 saw NPLs after a long period)
- Lending growth avenues appear limited given muted demand
- Continuation of Super Tax in FY20 budget
- Rise of technology; challenging the age old brick and mortar traditional banking methods

Opportunities

- Recent uptick in interest rates are likely to aid dwindling income
- CPEC and high allocation in PSDP may enhance borrowing appetite

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