Quarterly Performance Review of the Banking Sector

(April-June, 2017)

Financial Stability Department
State Bank of Pakistan

Contents

Summary[1]

The highlight of the reviewed quarter is the broad based and robust growth in advances to private sector; thanks to consistent monetary easing and positive prospects of real economy. Investments, on the other hand, have increased at a relatively lower pace and are, mostly, confined in short-term government papers. On the funding side, the impressive growth in customer deposits has supported the assets expansion of 8.3 percent.

Overall, banking sector has remained in sound and stable state. Banking sector has earned profit (before tax) of PKR 150.4 billion with strong ROA and ROE of 1.8 percent and 21.9 percent, respectively. Encouragingly, interest earnings (Year-to-Date) have grown by 1.0 percent in Q2CY17 on account of income on advances (against 8.6 percent decline during same quarter of last year). The asset quality of the banks continues to improve as NPLs to gross advances (infection) ratio has further moved down to 9.3 percent.

The Capital adequacy of the banking sector at 15.6 percent remains well above the minimum required level of 10.65 percent, which means that banks have enough buffers available to meet additional credit needs of the market.

[1] Analysis in this document is largely based on the unaudited numbers submitted by banks to SBP on quarterly basis. From the data convention perspective, Q2CY stands for the second quarter of a particular calendar year (CY) and represents unaudited numbers. CY, generally, symbolizes the full calendar year and represents unaudited numbers while H1CY represents first half of CY.

A. Performance of the Banking Sector

The asset base of the banking sector has expanded by 8.3 percent in Q2CY17; highest growth among corresponding quarters since 2008. Net-advances have escalated by 9.2 percent followed by 5.6 percent rise in investments **(Table 1 & Annexure A)**. In addition, rise (20.9 percent) has also been witnessed in cash holdings of the banks (including cash due from treasury banks), indicating more than usual inflow of funds at the half year end.[2]

Table 1: Highlights of the Banking Industry

	CY15	Q2CY16	CY16	Q2CY17
Key Variables (PKR billion)				
Total Assets	14,143.2	15,373.8	15,831.1	17,500.5
Investments (net)	6,880.8	7,821.3	7,509.2	8,448.5
Advances (net)	4,815.8	5,179.8	5,498.8	6,118.8
Deposits	10,389.3	11,024.2	11,797.9	12,573.3
Borrowings	1,766.1	2,304.7	1,942.5	2,814.8
Equity	1,322.8	1,307.0	1,352.8	1,359.1
Profit Before Tax (ytd)	328.8	162.2	314.0	150.4
Profit After Tax (ytd)	199.0	93.7	189.9	89.9
Non-Performing Loans	605.4	634.5	604.7	614.8
Provisioning Charges (ytd)	38.9	9.7	5.3	2.6
Non-Performing Loans (net)	91.1	111.6	90.4	100.1
Key FSIs (percent)				
NPLs to Loans (Gross)	11.4	11.1	10.1	9.3
Net NPLs to Net Loans	1.9	2.2	1.6	1.6
Net NPLs to Capital	7.7	9.7	7.3	8.0
Provision to NPL	84.9	82.4	85.0	83.7
ROA (Before Tax)	2.5	2.2	2.1	1.8
CAR	17.3	16.1	16.2	15.6
Advances to Deposit Ratio	46.4	47.0	46.6	48.7

Note: Statistics of profits are on year-to-date (ytd) basis.

The asset expansion has been made possible, primarily, due to 6.5 percent rise in deposits (though slightly lower than corresponding period of last year). Inflow of funds has also come through financial borrowings (both from SBP and inter-bank).[3]

The highlight of the quarter is impressive pick up in lending activity – the key element of financial intermediation. In fact, the relatively higher growth of advances has pushed the "advance to deposit" ratio up to 48.7 percent in Q2CY17 from 47.0 percent in Q2CY16.

Gross advances (domestic) to private sector have surged by 6.1 percent during Q2CY17; significantly higher than 4.0 percent in the corresponding quarter of last year **(Table 2).** The key financing demand has come from chemical/pharmaceutical, production and transmission of energy, and agribusiness sectors **(Box A)**. The advances flow to the sector classified as "others" (which is the sum of various sub-sectors) is significantly higher in Q2CY17 than in Q2CY16. A close investigation has revealed that financing to food and allied products, construction, transport, storage, communication, commerce and trade sectors explains the higher growth in "others" in Q2CY17.[4]

The financing flow seems to be well connected with economic activity as growth in the major segments of Large Scale Manufacturing Sector Index (July16 – June17) coincides with several key borrowing

[2] Generally, deposit mobilization at half year end generates cash more than normal business needs and is often transitory in nature.

[3] The weekly flow of financial borrowing also confirms higher average borrowing of banks (mainly SBP repo borrowing and inter-bank repo borrowing).

[4] Credit/Loans classified by the borrowers (http://www.sbp.org.pk/ecodata/CreditLoans-arch.xls)

sectors of the quarter.[5] Further, financing to individual have also increased.

Table 2: Advances Flows to Private Sector (Domestic)

	Q2CY16		Q2CY17	
	Flows	Growth	Flows	Growth
Chemical and Pharmaceuticals	25.0	11.7	37.2	16.1
Agribusiness	10.3	3.4	16.3	5.2
Textile	(7.1)	(1.0)	(4.2)	(0.5)
Cement	1.2	2.1	12.7	19.7
Sugar	(45.8)	(20.6)	(17.4)	(6.3)
Shoes and leather garments	1.6	7.5	1.3	5.5
Automobile/transportation	3.2	8.1	(4.5)	(9.5)
Financial	11.3	16.1	5.8	6.4
Insurance	0.6	66.8	1.8	66.9
Electronics and electrical appliances	(6.3)	(10.8)	(0.2)	(0.3)
Energy	33.5	8.1	28.1	5.5
Individuals	63.6	14.6	35.1	6.7
Others	63.3	5.1	156.3	11.2
Total (Domestic Sector)	**154.5**	**4.0**	**268.4**	**6.1**

Flows in PKR billion; growth in percent.

The segment-wise investigation of domestic advances reveals major flows towards corporate advances (fixed investment, working capital, and trade finance), financing for commodity operations and consumer financing (mostly auto segment) **(Table 3)**.

Though the overall off-take of long-term advances has decelerated to 5.1 percent in Q2CY17 from 9.0 percent in the Q2CY16, private sector has still picked up a sizeable portion (70.7 percent) of loans in this category. The private sector seems to have capitalized on the prevailing low interest rates to book longer tenor loans **(Figure 1)**.

[5] LSM index for the period July 16 to June-17 reveals that the major growth segments have been Iron and Steel (20.5 percent), electronics (17.0percent), Food beverages and tobacco (11.5 percent) and automobile (11.2 percent) .

Table 3: Segment-wise Domestic Advances Flows in Q2CY17

(PKR billion)

	Public Sector	Private Sector	Total
Corporate Sector	**38.9**	**221.7**	**260.6**
Fixed Investment	29.4	67.7	97.1
Working Capital	(26.6)	111.6	85.1
Trade Finance	36.1	42.4	78.4
SMEs		**12.1**	**12.1**
Fixed Investment		3.3	3.3
Working Capital		8.5	8.5
Trade Finance		0.4	0.4
Agriculture		**8.6**	**8.6**
Consumer Finance		**20.7**	**20.7**
of which			
Auto Loans		12.9	12.9
Mortgage Loans		4.1	4.1
Commodity Financing	**189.5**	**2.3**	**191.8**
Others		**2.9**	**2.9**
Total	**228.3**	**268.4**	**496.7**

Figure 1(a)

Movement in Policy rate and KIBOR

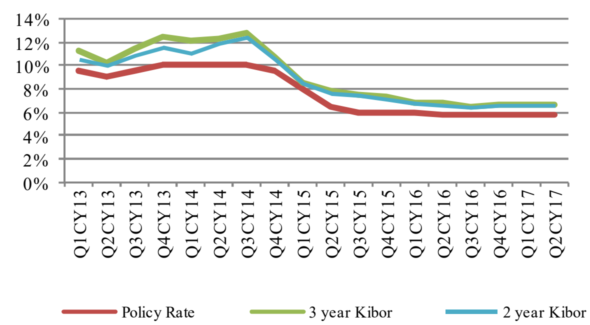
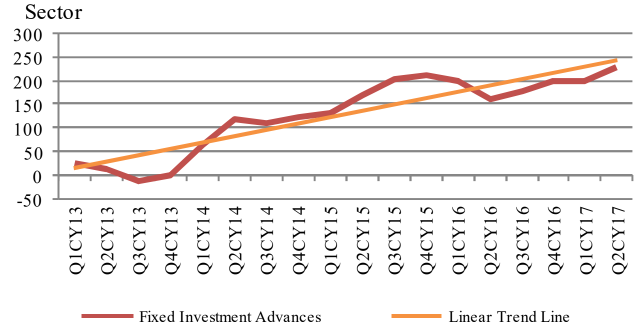


Figure 1(b)

Year-on-Year (YoY) Flows in Fixed Investment Advances - Private Sector

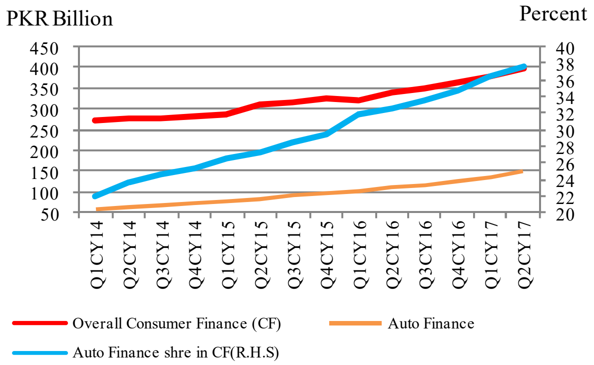


The rise in term finance in the last few years with concomitant pick up in Large Scale Manufacturing (LSM), hints at growing productive capacity in the economy which is a positive sign for the future. Also, the enhanced productive capacity seems to give way to rise in recurring funding needs (i.e. working capital and trade finance). Working capital financing has increased by 6.2 percent (against 1.1 percent in Q2CY16) and trade finance by 9.7 percent (against 6.4 percent in Q2CY16).

Consumer finance has surged by 5.5 percent during Q2CY17 in contrast to 5.3 percent in Q2CY16. Major growth in the overall consumer financing portfolio has been driven by growth in auto loans which has soared by 9.4 percent **(Figure 2)**.

Figure 2

Trend in Auto Financing (Outstanding)



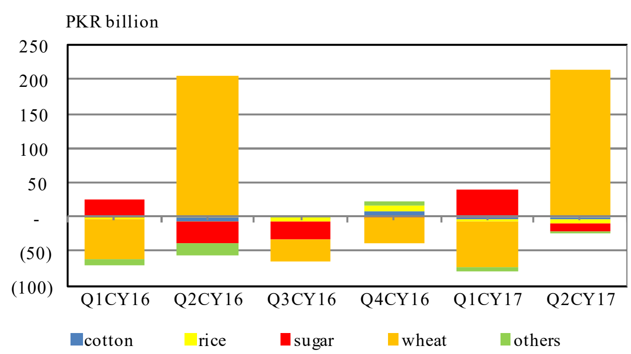
Auto financing is flourishing since the last few years. This growth seems to be a result of various factors including: (a) flexible terms and conditions of auto financing products offered by various banks, (b) launch of new models and modification in existing models by the assemblers have been enticing customers,[6] (c) low interest rates i.e. low benchmark KIBOR for auto products, and (d) likely increase in demand for car financing due to services provided by car hailing companies.

Analysis of Islamic finance portion of consumer finance shows that the share of Islamic banks/branches has increased from a meager 9.7 percent in 2008 to 26.4 percent in Q2CY17. This increase has been mainly contributed by Auto finance (43.1 percent share in total Auto finance) and mortgage finance (60.9 percent share in total mortgage finance). During the current quarter, PKR 7.6 billion (36.4 percent) of the total increase in consumer financing has been disbursed by Islamic Banking Institutions (IBIs), representing a QoQ growth of 7.7 percent.

Another important segment contributing to the growth of advances is the **commodity operations**. The relatively higher seasonal procurement of wheat has pushed the overall stock of financing for commodity operation by 33.1 percent to PKR 771.1 billion in Q2CY17. Financing on account of few public sector procurement agencies has been observed slightly higher in Q2CY17 than last year. The rest of the commodities have observed net retirements during the quarter **(Figure 3)**.

Figure 3

Commodity Finance Break-up - Domestic Operations (Flows)

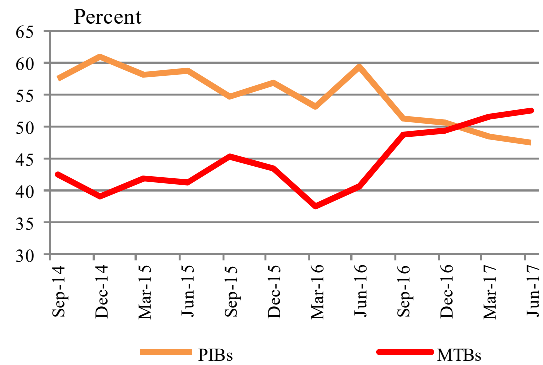


[6] As per the latest data released by Pakistan Automotive Manufacturing Association (PAMA), overall sales of vehicles have increased by 19.6 percent to 1.6 million units during July16-June17 (http://www.pama.org.pk/images/stories/pdf/production-sales.pdf).

The overall **investments** of banking sector have moved up by 5.6 percent (PKR 449.2 billion) in Q2CY17 (5.4 percent in Q2CY16), primarily, on the back of investment in government papers (PKR 425.1 billion). Banks have invested more in MTBs (PKR 282.4 billion) in Q2CY17 than PIBs (PKR 131.4 billion) and Sukuk (PKR 11.4 billion) (**Table 4**). Resultantly, the share of MTBs (in investment in govt. securities) has expanded to 49.2 percent in Q2CY17 compared to 48.2 percent in Q1CY17 and 37.0 percent in Q2CY16 **(Figure 4)**.

Figure 4

PIBs and MTBs share in banks' investment in securities



Banks' higher investment flow in short-term MTBs is in contrast to last year when more investments were made in PIBs. Besides change in government's institutional choice and maturity preferences for its borrowings, this is also a reflection of varying preferences of banks as they have showed mild interest in PIBs (offer-to-target ratio of 1.36 in Q2CY17 compared to 2.51 in Q2CY16). Lower interest in PIBs and higher investment in MTBs reflect that banks are expecting the general price level in the economy and hence the interest rates to rise in the future.

Banks' investment in other avenues (TFCs, Bonds, debentures etc.) has also increased by 3.1 percent during Q2CY17. However, banks' investment in shares/listed equity has declined by 3.6 percent (PKR 9.5 billion), likely, due to recent volatility and downfall in equity market of Pakistan **(See Box B)**. In addition, the decline in revaluation reserves on listed equities by 16.4 percent (PKR 13.8 billion) in the current quarter in tandem with positive flows of gain on sale of securities (PKR 4.3 billion) hints that banks have realized some gains accumulated on these equity instrument to jack up their profits **(see Section B)**.

Table 4: Composition of Bank's Investment in Govt. Securities

PKR billion

Flows during :	Q2CY15	Q2CY16	Q2CY17
MTBs	54.0	105.3	282.4
PIBs	171.7	239.6	131.4
Other Govt Securities (Sukuk)	11.3	(7.2)	11.4
Total Govt. Securities	237.1	337.7	425.1
Total Investments	255.7	401.0	449.2
Outstanding Stocks as of June 30:	**2015**	**2016**	**2017**
MTBs	2,174.2	2,670.3	3,784.8
PIBs	3,107.3	3,895.8	3,424.9
Others	375.7	642.5	486.7
Total Govt. Securities	5,657.2	7,208.6	7,696.4
Total Gross Investments	6,255.5	7,875.2	8,497.4
Less: Provision & Deficit	(46.4)	(53.9)	(48.9)
Total Net Investments	6,209.1	7,821.3	8,448.5

The **deposits** of the banking sector have increased by 6.5 percent (PKR 764.3 billion) in Q2CY17; though, growth has slightly decelerated compared to 6.8 percent observed in Q2CY16. A closer look into the data reveals that customer deposits[7] – which comprise 96.5 percent of total deposits and are stable in nature – have surged by 7.7 percent in Q2CY17; higher than 6.0 percent in Q2CY16. On the other hand, transitory kind of Financial Institution (FIs) deposits have declined by 18.2 percent.

Encouragingly, current account – saving account (CASA) deposits have witnessed robust growth during the reviewed quarter **(Figure 5 and Annexure B)**. The current deposits (non-remunerative) have risen by 15.3 percent (PKR 561.0 billion) during Q2CY17 as against 12.5 percent (PKR

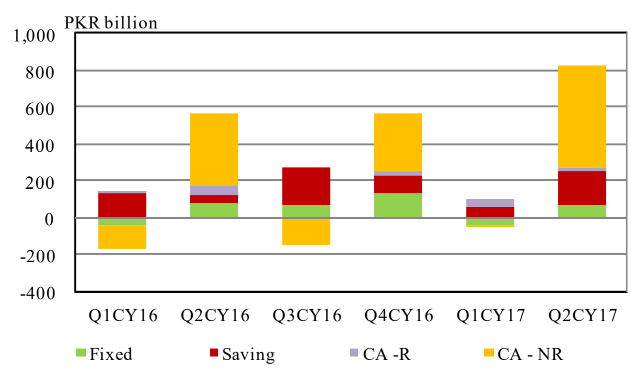
[7] Customer deposits refer to current, savings and fixed accounts of individuals and businesses (other than banking and Non-banking financial institutions).

392.0 billion) in corresponding period of last year. Similarly, saving deposits have inched up by 4.1 percent (PKR 181.9 billion) in Q2CY17 compared to only 1.1 percent (PKR 43.9 billion) in Q2CY16. The fixed deposits growth, however, has slightly decelerated to 2.5 percent (PKR 65.8 billion) against 3.4 percent (PKR 81.9 billion) during the same period of last year.

Client –wise deposits show that the uptick in corporate activity is reflected in a higher proportion of incremental flow attributable to corporate deposits. Corporate deposits (52.1 percent of total deposits in Q2CY17) have witnessed a growth of 7.8 percent in comparison to individuals' deposits (44.6 percent of total deposits in Q2CY17) recording a growth of 4.9 percent.

Figure 5

Deposits- Quarterly Flows

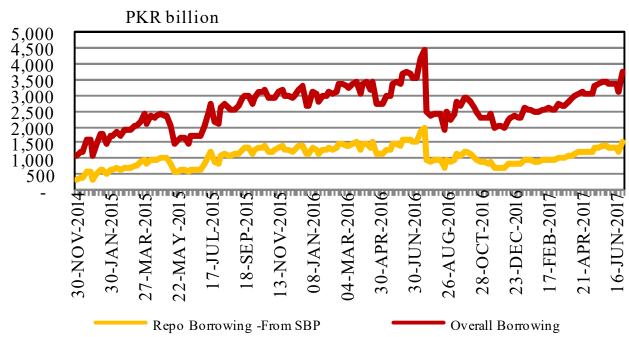


Deposit flows further indicate the relative parking of deposits increasingly with the IBIs[8]. Of the PKR 764.3 billion additional deposits received by the banking sector, PKR 156.4 billion (20.5 percent) are collected by the IBIs. Thus, IBIs' share in deposit growth is higher than their deposit share of 13.7 percent in outstanding deposits of entire banking sector.

In order to meet liquidity needs owing to higher investment and advances growth, banks' reliance on **financial borrowing** has continued **(Figure 6)**. Since the inception of the year, Banks' SBP repo borrowing has remained almost flat (though some pick up at the end of quarter) and its outstanding amount has remained significantly lesser than the level seen during last year. Restoration of deposit growth and ample liquidity within the inter-bank market have been the primary drivers of this change.[9]

Figure 6

Banks' borrowings from Financial Institutions (FIs) excluding inter-bank borrowing (weekly outstanding)



Equity of the banking sector has diluted by 3.3 percent over the current quarter against a 2.3 percent expansion in Q2CY16. The decline is primarily due to adjustment of equity of one of the public sector banks.[10] In addition, the revaluation deficit of 6.7 percent (PKR 15.0 billion) has also contributed to the overall decline of equity.

Banking sector's asset expansion has further led to channelizing of available funds in **physical infrastructure.** A hundred new physical branches

[8] IBIs mean Islamic banks and Islamic Banking Branches of conventional banks.

[9] Excluding last week, the weekly average of banks' repo borrowing from SBP during Q2CY17 has been observed as PKR 5.8 billion in contrast to weekly average of PKR 15.1 billion in Q2CY16. In sharp contrast, weekly average of interbank repo borrowing is recorded as PKR 18.1 billion during Q2CY17 compared to PKR 3.5 billion in Q2CY16.

[10] One of the public sector banks was allowed to convert its debt owed to SBP into redeemable preference shares which were initially made part of equity but were later reversed in line with Basel requirements. Removal of effect of this arrangement results in QoQ growth of 0.69 percent in equity base of the banking sector.

and 251 online branches have been added to the banking network generating an additional headcount of 2,038 **(Table 5).**

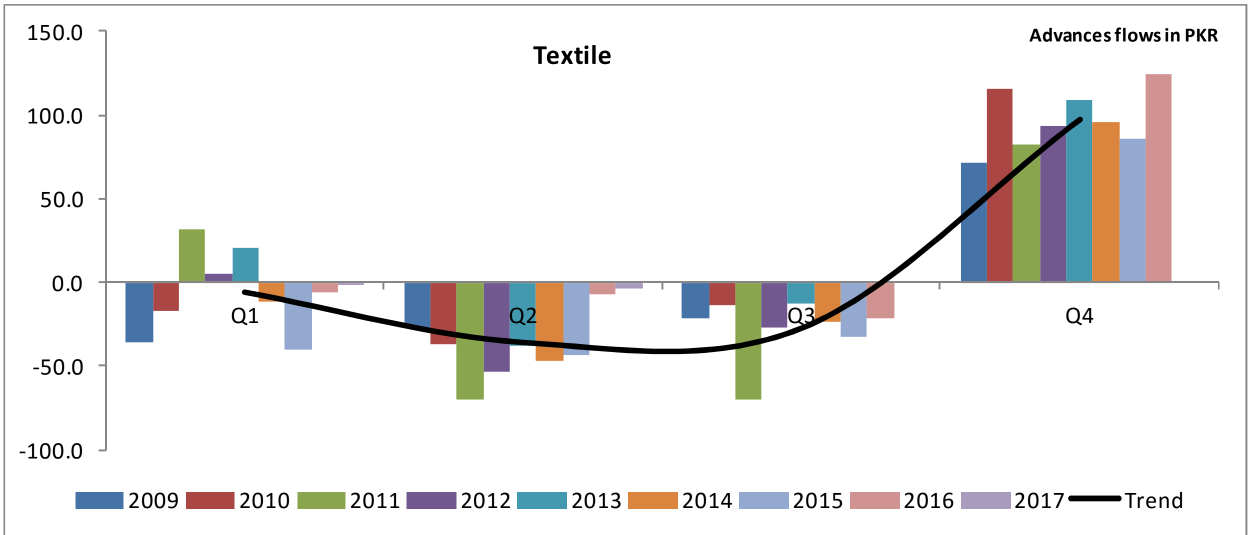
Interestingly, 31.6 percent of the increase in fixed assets has been accounted for by the Islamic banking institutions indicating their efforts to increase the outreach.

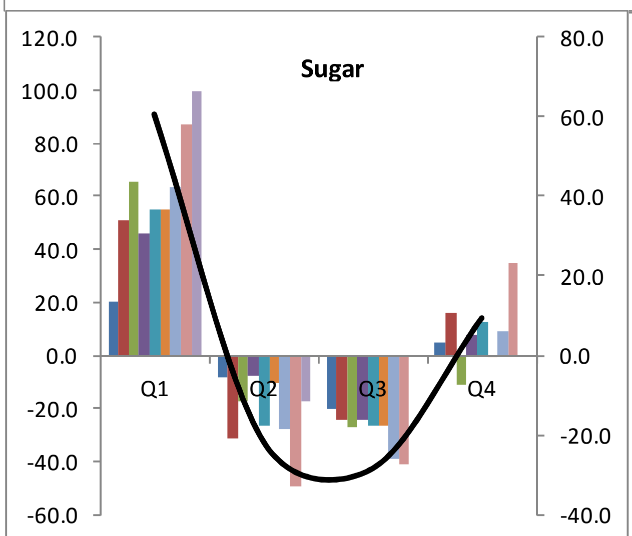
Table 5: Banking Sector Infrastructure

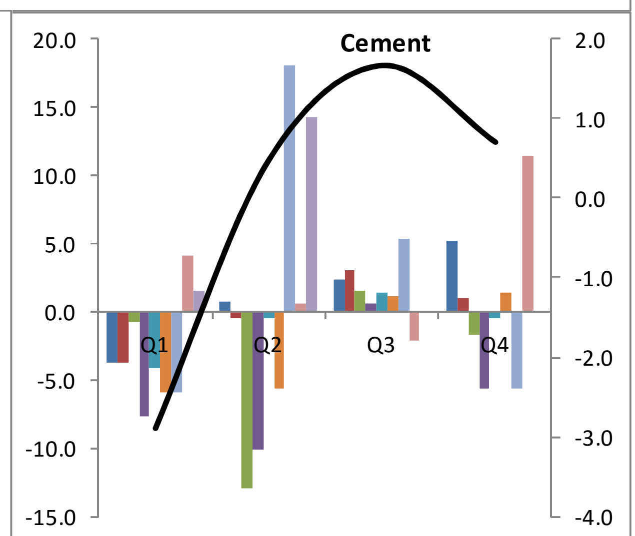
	As of March 31, 2017 (No.)	As of June 30, 2017 (No.)	Growth in Q2CY17
Total Bank Branches	14,193	14,293	0.7%
Online Branch Network	13,899	14,150	1.8%
ATMs	12,515	12,689	1.4%
Point of Sale (POS) Machines	52,854	54,490	3.1%
ATM Propriety only Cards	7,727,967	8,043,044	4.1%
Credit Cards	1,247,836	1,292,136	3.6%
Debit Card	17,542,788	17,857,561	1.8%
Social Welfare Cards	10,239,238	9,124,363	-10.9%
Full Time Employees	191,632	193,670	1.1%

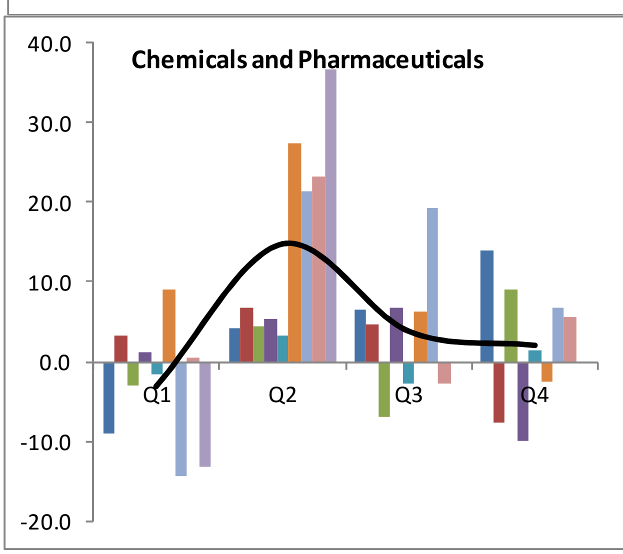
Source: Payment System Department, SBP

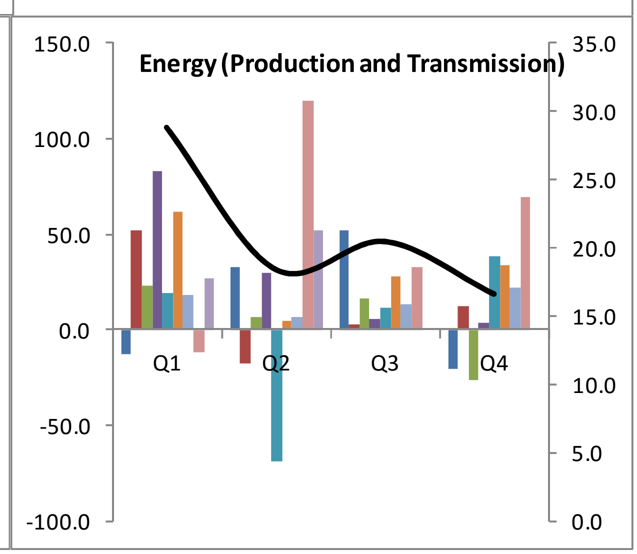
Box A – Seasonality in Advances (Sector-wise)





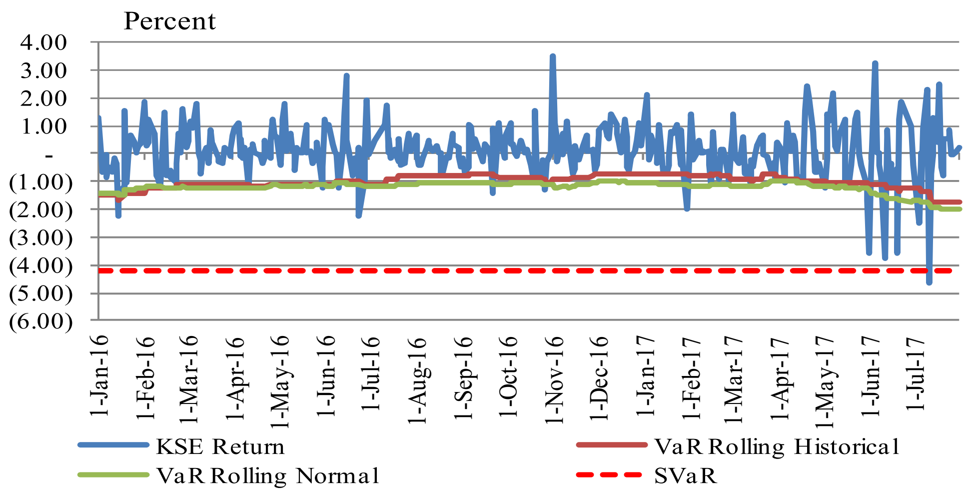






Box B: Recent Volatility of KSE-100 Index

KSE 100 Index and Value at Risk (VaR)



The volatility in equity market[11] is an important factor in measuring risks to financial stability. In order to comprehend the volatile nature of returns in equity markets, Value at Risk (VaR) is an important measure. VaR represents the probable amount (or percentage) of downside risk of investments at any given point in time. The Pakistan Stock Exchange (PSX) has become quite volatile in recent weeks. Therefore, in order to assess its potential impact on financial stability, VaR on a 100 day rolling basis for the period January 01, 2016 to July 31, 2017 and Stressed Value at Risk (SVaR) at 95% confidence interval is shown in **Figure above**. It can be seen that the KSE-100 index (a core equity prices index of PSX) returns have been volatile, especially starting from May, 2017. The trend lines for VaR-Historical and VaR-Normal also depict that the downside risk of investments in KSE-100 index has increased. In CY17, there have been 18 exceptions to the VaR measure (losses exceeding the values calculated from VaR).[12]

This bout of volatility in KSE-100 index may be transitory in nature as it could be a manifestation of prevailing political uncertainty in the country. Moreover, the earlier expectations of higher portfolio inflows after Pakistan's inclusion in MSCI Emerging Markets index in May 2017 have not yet materialized.[13] This might have induced investors to sell which have caused the KSE returns to fall even below the SVaR (in July 2017) denting the investor confidence.

In Pakistan, the recent episode of equity market developments has impacted the Mutual Funds adversely. Banking sector is also not out of the loop as the data for Q2CY17 shows that surplus on revaluation of listed shares of banks has seen a considerable decline. This warrants a stability concern for the financial sector.

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[11] Capital market is comprised of debt and equity markets. In Pakistan, equity market plays a major role in capital market.

[12] The data indicates that the SVaR has also been breached on July 11, 2017 when the return has been -4.65% against the SVar of -4.23%.

[13] Foreign portfolio investment in equity securities in June, 2017 shows outflow of US$ 121 Million.

However, as per R-6 (B) of Prudential Regulations (PRs) for Corporate/Commercial Banking, SBP has limited bank's aggregate investments in equity (including future contracts) up to 30 percent of their respective equity (35 percent for Islamic Banks), subject to certain stipulated conditions.[14] Furthermore, as per the look-through approach under Basel III capital standard, a capital charge is assigned to capture the market risk associated with indirect holdings of banks through mutual funds/collective investment schemes.[15]

[14] SBP's Prudential Regulations (PRs) for Corporate/Commercial Banking (http://www.sbp.org.pk/publications/prudential/PRs-Jan-2015.pdf

[15] Instructions for Basel III Implementation in Pakistan, BPRD Circular No. 6 of 2013, (http://www.sbp.org.pk/bprd/2013/Basel_III_instructions.pdf)

B. Soundness of the Banking Sector

Overall, banking sector has performed smoothly without any disruption during the quarter as most of the Financial Soundness Indicators (FSIs) have stayed in a comfortable zone (**Annexure D**).

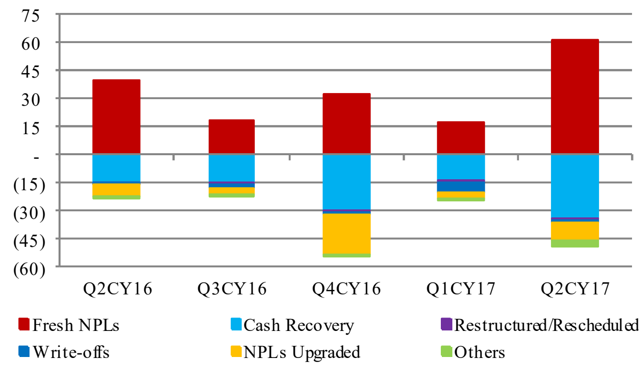
Asset quality of the banking sector remains satisfactory in Q2CY17. NPLs-to-Advances (i.e. infection) ratio has continued its downward trajectory to slide down to 9.3 percent in Q2CY17 from 9.9 percent in Q1CY17 (11.1 percent in Q2CY16); thanks to robust growth in advances. The volume of Non Performing Loans (NPLs) has, however, inched up by 1.8 percent (PKR 11.0 billion) during Q2CY17.

It deserves special emphasis that infection ratio could have even been lower if we had excluded specialized banks' (SBs) NPLs. Excluding SBs, commercial banks' infection ratio has improved to 8.7 percent during Q2CY17 from 9.6 percent in Q1CY17. Most of SBs' NPLs pertain to agriculture sector loans and have occurred due to lower commodity prices, disputes over payments between growers and mill owners, pest attacks and rescheduling of loan installments in calamity affected areas etc. The rise in fresh NPLs, however, has been partially offset by higher cash recoveries **(Figure 7)**.

On account of rise in fresh NPLs, Net NPLs in the reviewed quarter have also inched up by 13.7 percent (YoY decline of 10.3 percent) as most of the increase has been in OAEM category against which no provision is required. Moreover, the rising stocks of NPLs have pushed the net NPLs to capital ratio up from 7.1 percent in Q1CY17 to 8.0 percent in Q2CY17. This indicates a slight deterioration in loss absorbing capacity of the banking sector.

Figure 7

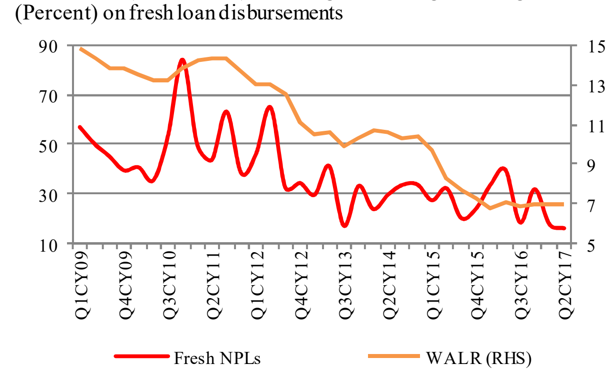
Fresh NPLs & Total Recovery (PKR billion)



Taking a longer term view and ignoring the outliers, however, suggest that declining weighted average lending rates (WALR) might have an impact on falling fresh NPLs (**Figure 8**). This indicates the positive role of low interest rates on repayment capacity of the borrowers[16].

Figure 8

Fresh NPLs (PKR Billion) and Weighted Average Lending Rate (Percent) on fresh loan disbursements



Rise in NPLs has resulted in the overall Non-performing assets (NPAs) of the banking sector to

[16] Fresh NPLs of one of the public sector bank have been excluded only for Q2CY17 in Figure 8.

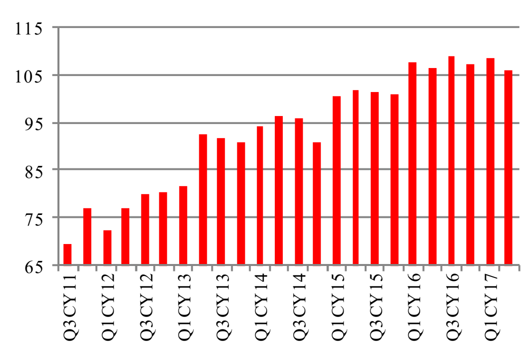
increase by 2.1 percent during Q2CY17 as compared to 0.4 percent in Q1CY17. NPLs explain 78.1 percent (PKR 11.0 billion) of the total increase in NPAs (PKR 14.2 billion). Classified investments and other assets account for 15.2 percent (PKR 2.2 billion) and 6.7 percent (PKR 1.0 billion) of total growth in NPAs, respectively.

The fund based liquidity of the banking sector has stayed stable and strong. Though, Liquid assets to total assets ratio has slightly declined to 53.8 percent in Q2CY17 from 54.0 percent in Q1CY17, it is still at the comfortable level. [17]

Liquid assets to short-term liabilities ratio has marginally declined to 106.0 percent in the reviewed quarter from 108.6 percent in Q1CY17, yet ratio of more than 100 percent advocates that banking sector has enough liquid assets in hand to meet near term liabilities . Further, banking sector has substantially improved its capacity to meet short-term liabilities over time **(Figure 9).** Moreover, liquid assets to total deposits ratio has improved to 74.9 percent in Q2CY17 from 73.9 percent in Q1CY17.

Figure 9

Liquid Assets to Short -term Liabilities (Percent)



Market based liquidity has remained stable. Average daily overnight repo rate of 5.82 percent[18] has been hovering around SBP's target rate of 5.75 percent and banks' repo borrowing from SBP has been lower compared to last year **(Figure 10)**. Further, in Q2CY17, SBP's prompt liquidity management with quarterly average injection of PKR 973.5 billion in the inter-bank market (PKR 825.4 billion in Q2CY16) has helped ease market liquidity conditions.

Figure 10

Movement of Overnight Repo Rate (Daily Data)

The Year-to-Date (YTD) **profitability** of banking sector has experienced some contraction during first half of CY17 compared to corresponding period of last year. Profit (before tax) of PKR 150.4 billion is 7.3 percent less than the profit during the same period of last year. This decline is, mainly, attributed to 7.1 percent increase in administrative expenditures, 13.4 percent decline in other income, and 1.1 percent dip in net interest income. It is pertinent to mention that lower provisioning has helped offset some of the decline in profits.

With healthy growth in financing, Islamic banks' performance has seen considerable improvement over the last year. The profit (before tax) of IBIs has improved by 41.3 percent (YoY basis), owing to a

[17] The analysis of liquid assets components reveal that expansion in liquid assets (PKR 688.9 billion) during Q2CY17 is primarily on account of increased investment in federal government securities (PKR 425.1 billion) and cash and due from treasury banks (PKR 214.5 billion).

[18] The average daily overnight repo rate of 5.82 percent during the quarter was close to the Q2CY16 overnight repo rate of 5.81 percent.

significant growth of 40.6 percent (YoY) in advances (net). On the other hand, the profits of the conventional banks have squeezed by 10.1 percent (YoY).

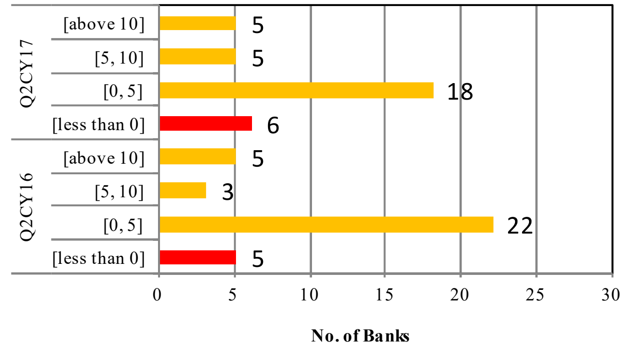
On the positive side, the expansion of advances is beginning to have a positive impact on banking sector's profitability as banking sector's interest earnings have improved by 1.0 percent in H1CY17 compared to the corresponding period last year (4.1 percent decline in H1CY16). Though, both the interest earned on advances (42.6 percent share) and investments (55.0 percent share) have contributed towards this growth, the advances contribution is rising (39.3 percent in H1CY16). Moreover, 9.4 percent (or PKR 17.5 billion) rise in interest earnings on advances during H1CY17 has been more than enough to off-set the decline of 4.8 percent (or PKR 13.2 billion) in interest earnings on low yield investments.

High asset expansion and relatively flat profitability have, jointly, reduced Return on Assets (before tax) (ROA) to 1.8 percent in Q2CY17 from 2.2 percent in Q2CY16. Similarly, Return on Equity (before tax) (ROE) has declined to 21.9 percent in Q2CY17 from 24.9 percent in Q2CY16, due to decline in profits and rise in average equity.

Bank-wise data shows that contribution of profits remains broad based in Q2CY17. However, the count of loss making banks has increased to 6 compared to 5 in Q2CY16 [20] **(Figure 11)**.

Figure 11

Banking sector profitability (pre-tax) (PKR billion)



Capital Adequacy Ratio (CAR) of the banking sector has slightly moved downward from 15.9 percent in last quarter to 15.6 percent in Q2CY17, however, it is still well above the minimum regulatory required level of 10.65 percent. The decline in CAR despite rise in eligible capital[22] (1.9 percent) is, mainly, due to proportionally higher (4.1 percent) surge in overall Risk Weighted Assets (RWA). The key driver behind boosting RWA is the rise in credit risk weighted asset (75.8 percent share in RWA) by 5.0 percent; an obvious outcome of strong growth in advances during the quarter. In addition, market risk weighted asset (10.6 percent share in RWA) has inched up by 2.6 percent; likely, due to addition of long-term PIBs in investment portfolio of banks (mostly in Held for Trading and Available for Sale categories).[23] The operational risk weighted asset has almost remained at the level seen in the last quarter.[24]

[20] One of the loss making banks has merged with and into other bank post Q2CY17.

[22] Eligible Capital as defined under BASEL instructions is different from equity of the bank.

[23] The instruments of higher maturity attract higher market risk due to higher sensitivity to interest rate changes (or in other words, such instruments have higher duration).

[24] Operational risk weighted assets are calculated based on audited annual account, therefore, change once in a year at the close of calendar year for each bank (http://www.sbp.org.pk/bprd/Basel/FAQs-Basel-II-MCR.pdf).

In nutshell, the analysis of banking soundness indicates that some low to moderate level risks appear on the horizon especially regarding profitability and, to a lesser extent, capital adequacy.

C. Banking Sector Outlook For Q3CY17

The upcoming quarter is expected to witness slack growth in banking assets amidst seasonal net retirements from the major sectors i.e. textile and sugar **(Box-A)**. However, the current momentum of growth in advances and low interest rate environment may provide some impetus to flow of financing to the private sector. Growth in investments, on the other hand, depends upon government's institutional choice and pattern of borrowing from the banking system.

Deposits are expected to grow in the coming quarter, but any deceleration in advances growth will have a bearing on deposit growth.

Profitability of the banking sector is expected to remain modest under low interest rate environment. Rising interest earning from growing volume of advances is expected to keep the drop in profitability under check, however.

On the capital adequacy front, given high CAR, the banking sector is expected to remain sound and resilient in the next quarter. Any slowdown in advances growth will push the credit risk weighted assets downwards which may improve the CAR. However, rising trend in market risk weighted assets, if continues, may slightly slow down the upward movement in CAR.

Annexure

Annexure A

Balance Sheet and Profit & Loss Statement of Banks

PKR million

Financial Position	CY12	CY13	CY14	CY15	Q2CY16	CY16	Q2CY17
ASSETS							
Cash & Balances With Treasury Banks	836,605	858,512	723,664	909,429	910,418	1,184,521	1,241,640
Balances With Other Banks	184,746	185,423	149,631	198,395	186,575	168,394	158,090
Lending To Financial Institutions	170,758	275,939	429,380	360,772	313,933	551,695	563,382
Investments - Net	4,013,239	4,313,323	5,309,630	6,880,765	7,821,344	7,509,164	8,448,540
Advances - Net	3,804,140	4,110,159	4,447,300	4,815,827	5,179,829	5,498,813	6,118,822
Operating Fixed Assets	248,673	259,800	277,030	310,102	318,147	336,376	363,668
Deferred Tax Assets	66,805	80,306	67,077	65,644	70,347	64,681	65,735
Other Assets	386,188	403,233	702,550	602,301	573,167	517,412	540,609
TOTAL ASSETS	**9,711,154**	**10,486,693**	**12,106,261**	**14,143,234**	**15,373,761**	**15,831,058**	**17,500,488**
LIABILITIES							
Bills Payable	112,275	129,227	137,651	145,089	198,412	182,858	199,661
Borrowings From Financial Institution	1,027,098	722,643	1,001,447	1,766,145	2,304,736	1,942,458	2,814,776
Deposits And Other Accounts	7,293,698	8,310,529	9,229,773	10,389,260	11,024,200	11,797,867	12,573,296
Sub-ordinated Loans	55,160	40,070	44,329	51,366	54,683	59,330	53,565
Liabilities Against Assets Subject To Finance Lease	52	34	33	50	45	41	29
Deferred Tax Liabilities	70,399	19,731	37,149	47,622	68,081	61,109	55,915
Other Liabilities	270,262	321,690	448,432	420,935	416,624	434,598	444,131
TOTAL LIABILITIES	**8,828,945**	**9,543,923**	**10,898,816**	**12,820,468**	**14,066,782**	**14,478,261**	**16,141,373**
NET ASSETS	**882,209**	**942,770**	**1,207,445**	**1,322,767**	**1,306,980**	**1,352,797**	**1,359,115**
NET ASSETS REPRESENTED BY:							
Share Capital	427,583	482,091	587,053	619,862	579,168	579,882	596,124
Reserves	194,543	176,095	189,242	192,039	195,038	205,314	206,552
Unappropriated Profit	148,169	157,492	227,151	290,908	290,008	344,615	348,183
Share Holders' Equity	**770,295**	**815,678**	**1,003,446**	**1,102,809**	**1,064,215**	**1,129,812**	**1,150,859**
Surplus/Deficit On Revaluation Of Assets	111,914	127,102	203,999	219,958	242,765	222,985	208,256
TOTAL	**882,209**	**942,780**	**1,207,445**	**1,322,767**	**1,306,980**	**1,352,797**	**1,359,115**

PROFIT AND LOSS STATEMENT	CY12	CY13	CY14	CY15	Q2CY16	CY16	Q2CY17
Mark-Up/ Return/Interest Earned	792,749	777,398	919,821	981,760	474,920	938,026	479,233
Mark-Up/ Return/Interest Expenses	454,182	444,047	504,990	485,575	227,297	453,232	234,345
Net Mark-Up / Interest Income	**338,567**	**333,350**	**414,830**	**496,185**	**247,623**	**484,793**	**244,888**
Provisions & Bad Debts Written Off Directly/(Reversals)	39,668	40,162	25,323	38,874	9,692	5,305	2,589
Net Mark-Up / Interest Income After Provision	**298,899**	**293,188**	**389,507**	**457,311**	**237,930**	**479,489**	**242,299**
Fees, Commission & Brokerage Income	54,720	62,579	70,421	82,640	45,660	90,266	49,556
Dividend Income	21,630	14,599	14,098	16,910	8,635	17,187	8,763
Income From Dealing In Foreign Currencies	21,620	20,972	28,396	22,824	8,094	14,015	7,905
Other Income	39,602	41,941	54,434	86,369	40,734	74,260	35,257
Total Non - Markup / Interest Income	**137,572**	**140,091**	**167,349**	**208,743**	**103,122**	**195,728**	**101,481**
	436,471	433,280	556,856	666,053	341,052	675,217	343,780
Administrative Expenses	251,349	266,199	304,588	330,006	176,585	356,183	189,108
Other Expenses	6,100	4,633	5,726	7,231	2,241	5,003	4,308
Total Non-Markup/Interest Expenses	**257,450**	**270,832**	**310,313**	**337,237**	**178,826**	**361,186**	**193,416**
Profit before Tax and Extra ordinary Items	179,021	162,448	246,543	328,817	162,226	314,031	150,364
Extra ordinary/unusual Items - Gain/(Loss)	842.88	(4.64)	3.79	0.51	0.33	0.27	0.15
PROFIT/ (LOSS) BEFORE TAXATION	**178,178**	**162,453**	**246,539**	**328,816**	**162,226**	**314,030**	**150,364**
Less: Taxation	59,946	50,019	83,171	129,811	68,482	124,117	60,506
PROFIT/ (LOSS) AFTER TAX	**118,232**	**112,434**	**163,368**	**199,006**	**93,744**	**189,914**	**89,858**

Annexure B

Distribution of Deposits

PKR billion

	CY12	CY13	CY14	CY15	Q2CY16	CY16	Q2CY17
DEPOSITS	**7,294**	**8,311**	**9,230**	**10,389**	**11,024**	**11,798**	**12,573**
Customers	**6,972**	**7,975**	**8,886**	**9,943**	**10,518**	**11,199**	**12,132**
Fixed Deposits	2,078	2,216	2,268	2,425	2,463	2,670	2,691
Saving Deposits	2,642	3,094	3,467	3,863	4,047	4,342	4,579
Current accounts - Remunerative	343	381	323	331	389	409	475
Current accounts - Non-remunerative	1,868	2,241	2,764	3,254	3,518	3,685	4,239
Others	41	43	64	69	101	92	148
Financial Institutions	**321**	**336**	**344**	**446**	**507**	**599**	**441**
Remunerative Deposits	214	217	201	393	322	385	369
Non-remunerative Deposits	107	119	143	53	184	214	73
Break up of Deposits Currecy Wise	**7,294**	**8,311**	**9,230**	**10,389**	**11,024**	**11,798**	**12,573**
Local Currency Deposits	6,310	7,129	7,983	9,042	9,832	10,548	11,166
Foreign Currency Deposits	984	1,182	1,247	1,347	1,192	1,249	1,407

Annexure C

C1: Segment-wise Advances(Grosss) and Non Performing Loans (NPLs)

Amount in PKR million, ratio in percent

	CY15			Q2CY16			CY16			Q2CY17		
	Advances	NPLs	Infection Ratio	Advances	NPLs	Infection Ratio	Advances	NPLs	Infection Ratio	Advances	NPLs	Infection Ratio
Corporate Sector	3,533,889	433,657	12.3	3,794,652	448,524	11.8	4,056,705	431,280	10.6	4,479,094	429,961	9.6
SMEs Sector	318,298	82,966	26.1	310,009	82,170	26.5	404,618	82,078	20.3	388,482	79,609	20.5
Agriculture Sector	291,183	37,815	13.0	296,641	45,949	15.5	294,339	38,064	12.9	296,989	53,205	17.9
Consumer sector	335,583	29,047	8.7	349,860	34,347	9.8	371,804	30,159	8.1	409,712	29,883	7.3
i. Credit cards	24,666	2,384	9.7	25,619	2,468	9.6	28,307	2,340	8.3	30,077	2,329	7.7
ii. Auto loans	95,089	2,686	2.8	109,752	2,628	2.4	125,898	2,600	2.1	150,313	2,635	1.8
iii. Consumer durable	326	69	21.0	283	68	24.0	318	67	21.2	479	72	15.0
iv. Mortgage loans	54,404	13,467	24.8	59,077	12,565	21.3	61,609	10,894	17.7	70,855	11,290	15.9
v. Other personal loans	161,099	10,441	6.5	155,129	16,618	10.7	155,671	14,258	9.2	157,988	13,557	8.6
Commodity financing	594,121	7,015	1.2	697,671	4,442	0.6	619,347	4,571	0.7	771,114	4,800	0.6
Staff Loans	103,406	1,284	1.2	102,035	1,365	1.3	104,139	1,409	1.4	110,281	1,462	1.3
Others	153,659	13,660	8.9	151,947	17,749	11.7	162,128	17,104	10.5	177,855	15,896	8.9
Total	5,330,138	605,444	11.4	5,702,816	634,546	11.1	6,013,080	604,666	10.1	6,633,527	614,816	9.3

C2: Sector-wise Advances(Gross) and Non Performing Loans (NPLs)

amount in PKR million, ratio in percent

	CY15			Q2CY16			CY16			Q2CY17		
	Advances	NPLs	Infection Ratio	Advances	NPLs	Infection Ratio	Advances	NPLs	Infection Ratio	Advances	NPLs	Infection Ratio
Agribusiness	474,004	40,322	8.5	504,205	58,082	11.5	548,592.8	41,714	7.6	592,956.5	56,337.1	9.5
Automobile/Transportation	54,043	12,877	23.8	83,281	12,846	15.4	96,775.6	13,105	13.5	99,646	12,997	13.0
Cement	58,531	8,046	13.7	63,320	7,676	12.1	72,641.5	7,474	10.3	88,721	7,304	8.2
Chemical & Pharmaceuticals	226,182	14,078	6.2	250,078	15,228	6.1	253,154.0	13,325	5.3	276,145	13,707	5.0
Electronics	82,662	10,892	13.2	71,425	10,791	15.1	80,874	13,387	16.6	86,374	12,816	14.8
Financial	150,983	9,710	6.4	166,111	9,553	5.8	187,884	10,650.1	5.7	214,943.0	9,618	4.5
Individuals	470,039	50,607	10.8	548,065	52,013	9.5	566,738	63,006	11.1	605,828	63,286	10.4
Insurance	379	1	0.2	1,713	1	0.0	3,013	1	0.0	4,554	1	0.0
Others	2,242,112	217,819	9.7	2,318,182	225,721	9.7	2,309,426	208,434	9.0	2,622,093	206,060	7.9
Production/Transmission of Energy	694,092	42,535	6.1	798,919	38,975	4.9	901,404	31,788.6	3.5	979,652.8	37,464	3.8
Shoes & Leather garments	25,388	3,811	15.0	24,365	3,781	15.5	27,171	3,770	13.9	26,030	3,596	13.8
Sugar	149,315	9,079	6.1	187,574	14,221	7.6	179,680	16,209.1	9.0	262,654.4	16,384	6.2
Textile	770,681	200,671	26.0	759,705	200,162	26.3	865,142	195,686	22.6	860,096	190,907	22.2
Total	5,398,409	620,448	11.5	5,777,131	649,057	11.2	6,092,496	618,550	10.2	6,719,692	630,477	9.4

C-3: Classification wise Non Performing Loans (NPLs) and Provisions (specific)

PKR million

	CY13		CY14		CY15		Q2CY16*		CY16		Q2CY17	
	NPLs	Provisions	NPLs	Provisions	NPLs	Provisions	NPLs	Provisions	NPLs	Provisions	NPLs	Provisions
OAEM	13,785	26	15,260	-	17,475	-	30,185	-	22,599	-	35,534	-
Sub Standard	50,202	11,320	57,179	14,748	40,649	8,539	52,773	13,322	34,260	7,291	35,238	6,890
Doubtful	32,353	14,336	36,746	16,306	28,044	11,523	34,842	13,683	34,175	16,746	37,526	15,604
Loss	511,070	428,513	495,514	433,552	519,277	468,847	516,746	466,859	513,631	466,870	506,518	463,067
Total	607,410	454,195	604,698	464,606	605,444	488,909	634,546	493,864	604,666	490,907	614,816	485,560

** based on unaudited Quarterly Report of Condition (QRC) submitted by banks.*

Annexure D

Financial Soundness Indicators of the Banking Sector

percent

Indicators	CY10	CY11	CY12	CY13	CY14	CY15	Q2CY16*	CY16	Q2CY17
CAPITAL ADEQUACY									
Risk Weighted CAR^	13.9	15.1	15.6	14.9	17.1	17.3	16.1	16.2	15.6
Tier 1 Capital to RWA	11.6	13.0	13.0	12.6	14.3	14.4	13.0	13.0	12.7
ASSET QUALITY									
NPLs to Total Loans	14.9	15.7	14.5	13.3	12.3	11.4	11.1	10.1	9.3
Provision to NPLs	66.7	69.3	71.5	77.1	79.8	84.9	82.4	85.0	83.7
Net NPLs to Net Loans	5.5	5.4	4.6	3.4	2.7	1.9	2.2	1.6	1.6
Net NPLs to Capital^^	26.7	23.1	19.9	14.7	10.1	7.7	9.7	7.3	8.0
EARNINGS									
Return on Assets (Before Tax)	1.5	2.2	2.0	1.6	2.2	2.5	2.2	2.1	1.8
Return on Assets (After Tax)	1.0	1.5	1.3	1.1	1.5	1.5	1.3	1.3	1.1
ROE (Avg. Equity& Surplus) (Before Tax)	15.5	23.0	21.4	17.9	24.3	25.8	24.9	23.8	21.9
ROE (Avg. Equity &Surplus) (After Tax)	9.6	15.1	14.2	12.4	16.1	15.6	14.4	14.4	13.1
NII/Gross Income	74.7	76.0	71.1	70.4	71.3	70.4	70.6	71.2	70.7
Cost / Income Ratio	52.7	51.1	54.1	57.2	53.3	47.8	51.0	53.1	55.8
LIQUIDITY									
Liquid Assets/Total Assets	36.1	45.5	48.4	48.6	49.2	53.8	55.2	53.7	53.8
Liquid Assets/Total Deposits	47.1	59.5	64.5	61.3	64.5	73.3	77.0	72.1	74.9
Advances/Deposits	61.6	53.6	52.2	49.5	48.2	46.4	47.0	46.6	48.7

^ Data for Dec-13 and onwards is based on Basel III, and data from CY08 to Sep-13 is based on Basel II with the exception of IDBL,PPCBL, and SME Bank, which is based on Basel I.

^^ Effective from June 30, 2015, Regulatory Capital, as defined under Basel requirements, has been used to calculate Net NPLs to Capital Ratio. Prior to Jun-15, Balance Sheet Capital was used for calculation of this ratio.

Annexure E

Compliance status of MCR and CAR as of June 30, 2017			
			amount in PKR million, ratio in percent
CAR - Minimum required = 10.65%			
1	Total Assets		17,500,488
2	Compliant banks	Assets	17,137,721
		Share in Assets	97.93%
		Number of banks	30
3	Non-Compliant banks	Assets	362,767
		Share in Assets	2.07%
		Number of banks	4
MCR			
1	Total Assets		17,500,488
2	Compliant banks	Assets	17,487,337
		Share in Assets	99.92%
		Number of banks	32
3	Non-Compliant banks	Assets	13,151
		Share in Assets	0.08%
		Number of banks	2

Annexure F

Group-wise Composition of Banks

CY15	Q2CY16	CY16	Q2CY17
A. Public Sector Com. Banks (5)	**A. Public Sector Com. Banks (5)**	**A. Public Sector Com. Banks (5)**	**A. Public Sector Com. Banks (5)**
First Women Bank Ltd.	First Women Bank Ltd.	First Women Bank Ltd.	First Women Bank Ltd.
National Bank of Pakistan	National Bank of Pakistan	National Bank of Pakistan	National Bank of Pakistan
Sindh Bank Ltd.	Sindh Bank Ltd.	Sindh Bank Ltd.	Sindh Bank Ltd.
The Bank of Khyber	The Bank of Khyber	The Bank of Khyber	The Bank of Khyber
The Bank of Punjab	The Bank of Punjab	The Bank of Punjab	The Bank of Punjab
B. Local Private Banks (22)	**B. Local Private Banks (22)**	**B. Local Private Banks (21)**	**B. Local Private Banks (21)**
AlBaraka Bank (Pakistan) Ltd.	AlBaraka Bank (Pakistan) Ltd.	AlBaraka Bank (Pakistan) Ltd.	AlBaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.	Allied Bank Ltd.	Allied Bank Ltd.	Allied Bank Ltd.
Askari Bank Ltd.	Askari Bank Ltd.	Askari Bank Ltd.	Askari Bank Ltd.
Bank AL Habib Ltd.	Bank AL Habib Ltd.	Bank AL Habib Ltd.	Bank AL Habib Ltd.
Bank Alfalah Ltd.	Bank Alfalah Ltd.	Bank Alfalah Ltd.	Bank Alfalah Ltd.
BankIslami Pakistan Ltd.	BankIslami Pakistan Ltd.	BankIslami Pakistan Ltd.	BankIslami Pakistan Ltd.
Burj Bank Ltd.	Burj Bank Ltd. **	Dubai Islamic Bank Pakistan Ltd.	Dubai Islamic Bank Pakistan Ltd.
Dubai Islamic Bank Pakistan Ltd.	Dubai Islamic Bank Pakistan Ltd.	Faysal Bank Ltd.	Faysal Bank Ltd.
Faysal Bank Ltd.	Faysal Bank Ltd.	Habib Bank Ltd.	Habib Bank Ltd.
Habib Bank Ltd.	Habib Bank Ltd.	Habib Metropolitan Bank Ltd.	Habib Metropolitan Bank Ltd.
Habib Metropolitan Bank Ltd.	Habib Metropolitan Bank Ltd.	JS Bank Ltd.	JS Bank Ltd.
JS Bank Ltd.	JS Bank Ltd.	MCB Bank Ltd.	MCB Bank Ltd.
MCB Bank Ltd.	MCB Bank Ltd.	MCB Islamic Bank Ltd.	MCB Islamic Bank Ltd.
MCB Islamic Bank Ltd.*	MCB Islamic Bank Ltd.	Meezan Bank Ltd.	Meezan Bank Ltd.
Meezan Bank Ltd.	Meezan Bank Ltd.	NIB Bank Ltd.	NIB Bank Ltd.
NIB Bank Ltd.	NIB Bank Ltd.	SAMBA Bank Ltd.	SAMBA Bank Ltd.
SAMBA Bank Ltd.	SAMBA Bank Ltd.	Silk Bank Ltd	Silk Bank Ltd
Silk Bank Ltd	Silk Bank Ltd	Soneri Bank Ltd.	Soneri Bank Ltd.
Soneri Bank Ltd.	Soneri Bank Ltd.	Standard Chartered Bank (Pakistan) Ltd.	Standard Chartered Bank (Pakistan) Ltd.
Standard Chartered Bank (Pakistan) Ltd.	Standard Chartered Bank (Pakistan) Ltd.	Summit Bank Ltd	Summit Bank Ltd
Summit Bank Ltd	Summit Bank Ltd	United Bank Ltd.	United Bank Ltd.
United Bank Ltd.	United Bank Ltd.		
C. Foreign Banks (4)	**C. Foreign Banks (4)**	**C. Foreign Banks (4)**	**C. Foreign Banks (4)**
Bank of Tokyo - Mitsubishi UFJ, Ltd.	Bank of Tokyo - Mitsubishi UFJ, Ltd.	Bank of Tokyo - Mitsubishi UFJ, Ltd.	Bank of Tokyo - Mitsubishi UFJ, Ltd.
Citibank N.A.	Citibank N.A.	Citibank N.A.	Citibank N.A.
Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG
Industrial and Commercial Bank of China Ltd.	Industrial and Commercial Bank of China Ltd.	Industrial and Commercial Bank of China Ltd.	Industrial and Commercial Bank of
D. Specialized Banks (4)	**D. Specialized Banks (4)**	**D. Specialized Banks (4)**	**D. Specialized Banks (4)**
Industrial Development Bank Ltd.	Industrial Development Bank Ltd.	Industrial Development Bank Ltd.	Industrial Development Bank Ltd.
Punjab Provincial Co-operative Bank Ltd.	Punjab Provincial Co-operative Bank Ltd.	Punjab Provincial Co-operative Bank Ltd.	Punjab Provincial Co-operative Bank
SME Bank Ltd.	SME Bank Ltd.	SME Bank Ltd.	SME Bank Ltd.
Zarai Taraqiati Bank Ltd.	Zarai Taraqiati Bank Ltd.	Zarai Taraqiati Bank Ltd.	Zarai Taraqiati Bank Ltd.
All Commercial Banks (31)	**All Commercial Banks (31)**	**All Commercial Banks (30)**	**All Commercial Banks (30)**
Include A + B + C	Include A + B + C	Include A + B + C	Include A + B + C
All Banks (35)	**All Banks (35)**	**All Banks (34)**	**All Banks (34)**
Include A + B + C + D	Include A + B + C + D	Include A + B + C + D	Include A + B + C + D

** "MCB Islamic Bank Limited" was declared as a Scheduled Bank with effect from September 14, 2015.*

*** Burj Bank Ltd was aquired by Al Baraka Bank on October 30, 2016.*