

## Executive Summary

This publication presents statistics on annual financial statements of the financial industry of Pakistan for the period 2018-22, which includes 161 companies from 9 sectors namely, (i) Banks, (ii) Development Finance Institutions, (iii) Microfinance Banks, (iv) Leasing Companies, (v) Investment Banks, (vi) Modaraba Companies, (vii) Exchange Companies, (viii) Insurance Companies and (ix) Mutual Funds.

## Performance at a Glance

Overall, the financial sector performed well during 2022 except Microfinance Banks and Investment Banks. Beginning with the banking sector, both assets and profit before taxation of the sector recorded a growth of 18.80 percent and 47.33 percent respectively during the year. The assets of Development Finance Institutions grew by 155.54 percent during 2022. The Leasing Companies' assets growth was 22.93 percent whereas their profit before taxation posted a YoY growth of 147.51 percent during 2022. The assets of Modaraba Companies grew by 10.24 percent during the period under review while their profit before taxation grew by 65.73 percent. The assets of Exchange Companies grew by 27.20 percent during 2022 whereas their equity and liabilities recorded growth of 17.72 percent and 53.92 percent respectively. The assets of Insurance Companies grew by 3.60 percent during 2022. In contrast, the Microfinance Banks made a loss before taxation of Rs 18.54 billion during 2022. The Investment Banks also made a loss during 2022 as compared to earning a profit during 2021 (Table 1).

	Assets		Liabilities		Equity		Profit Before Tax		Profit After Tax	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
	billion Rs									
<b>Banks</b>	30,064.5	35,715.4	28,109.0	33,628.4	1,955.5	2,087.0	458.8	676.0	268.7	319.9
<b>DFIs</b>	536.5	1,371.0	399.9	1,225.1	136.6	145.9	15.5	20.6	12.5	16.8
<b>Microfinance Banks</b>	579.6	723.7	526.0	682.3	53.5	41.4	(11.4)	(18.5)	(11.2)	(15.6)
<b>Leasing Companies</b>	6.3	7.7	4.9	6.3	1.4	1.5	0.1	0.2	0.1	0.2
<b>Investment Banks</b>	5.9	5.6	2.7	2.5	3.2	3.1	0.1	(0.0)	0.1	(0.1)
<b>Modaraba Companies</b>	55.7	61.5	28.7	35.0	26.9	26.5	1.3	2.2	1.2	1.4
<b>Exchange Companies</b>	24.6	31.3	6.5	9.9	18.2	21.4	1.1	4.5	0.7	3.1
<b>Insurance Companies</b>	2,218.9	2,296.1	2,045.6	2,122.5	173.3	173.6	36.2	36.2	25.9	24.7

\*Based on audited annual financial statements.

## Banks

The banking sector is categorized into local private sector banks, public sector banks, specialized banks and foreign banks. During CY22, the balance sheet size of the banking sector increased to Rs 35.72 trillion, posting 18.80 percent growth whereas total liabilities increased to Rs 33.63 trillion. The profit before taxation of the banking sector increased by Rs 217.16 billion, registering a YoY growth of 47.33 percent. The profit after taxation increased by Rs 51.19 billion, posting a YoY growth of 19.05 percent.

## Development Finance Institutions (DFIs)

The balance sheet size of DFIs increased to Rs 1,371.04 billion in CY22 from Rs 536.52 billion in CY21. This growth in assets was primarily financed by the liabilities, which increased by Rs 825.23 billion in CY22.

The profit before taxation increased by Rs 5.09 billion while profit after tax increased by Rs 4.24 billion while comparing with last year.

### **Microfinance Banks (MFBs)**

Though the balance sheet size of the sector continued to expand during CY22, reaching Rs 723.70 billion with a growth of 24.87 percent; their equity dropped by Rs 12.15 billion or 22.70 percent. The liabilities of the sector increased by Rs 156.29 billion, recording a growth of 29.71 percent in CY22. In terms of operational performance, while the Interest/markup income of the sector increased by Rs 18.77 billion in CY22, with a YoY growth of 24.07 percent; the Interest/markup expense also increased by Rs 13.57 billion. Consequently, the Net Income increased by Rs 5.20 billion in CY22. The sector recorded a loss of Rs 15.56 billion in CY22 as compared to a loss of Rs 11.18 billion in CY21.

### **Leasing Companies (LCs)**

The assets of the sector reached Rs 7.73 billion during FY22, posting a growth of 22.93 percent. Besides, the gross income of the sector grew by 50.47 percent YoY, reaching Rs 0.85 billion during the year. The profit before taxation was Rs 0.25 billion in FY22 as compared to Rs 0.10 billion in FY21, witnessing a growth of 147.51 percent. Similarly, profit after taxation increased to Rs 0.18 billion in FY22 as compared to Rs 0.07 billion in FY21.

### **Investment Banks (IBs)**

The balance sheet size of the sector reduced by Rs 0.36 billion in FY22. The sector's equity and liabilities reduced by Rs 0.15 billion and Rs 0.21 billion respectively. In terms of operating performance, the sector witnessed a loss before and after taxation of Rs 0.01 billion and Rs 0.12 billion respectively.

### **Modaraba Companies (MCs)**

The balance sheet size of the sector expanded by Rs 61.49 billion during FY22, showing a growth of 10.40 percent. Their liabilities increased by 21.64 percent in FY22 whereas the equity fell by 1.59 percent. In terms of operational performance, profit before & after taxation increased to Rs 2.23 billion and Rs 1.44 billion respectively in FY22.

### **Exchange Companies (ECs)**

The assets of the sector continued to expand, reaching Rs 31.33 billion in FY22 from Rs 24.63 billion in FY21, thus recording a growth of 27.20 percent. Their total equity and liabilities posted a growth of 17.72 percent and 53.92 percent respectively during FY22.

### **Insurance Companies (ICs)**

The assets of the sector grew by 3.48 percent, reaching Rs 2,296.08 billion in CY22 from Rs 2,218.87 billion in CY21. The liabilities grew by 3.76 percent whereas the equity increased by 0.20 percent during CY22. Life Insurance component was the main contributor in the growth of the sector in CY22 followed by Takaful. As far as operational performance is concerned, the profit before taxation increased to Rs 36.20 billion as compared to Rs 36.18 billion in CY21, however, profit after taxation declined by Rs 1.16 billion in CY22.