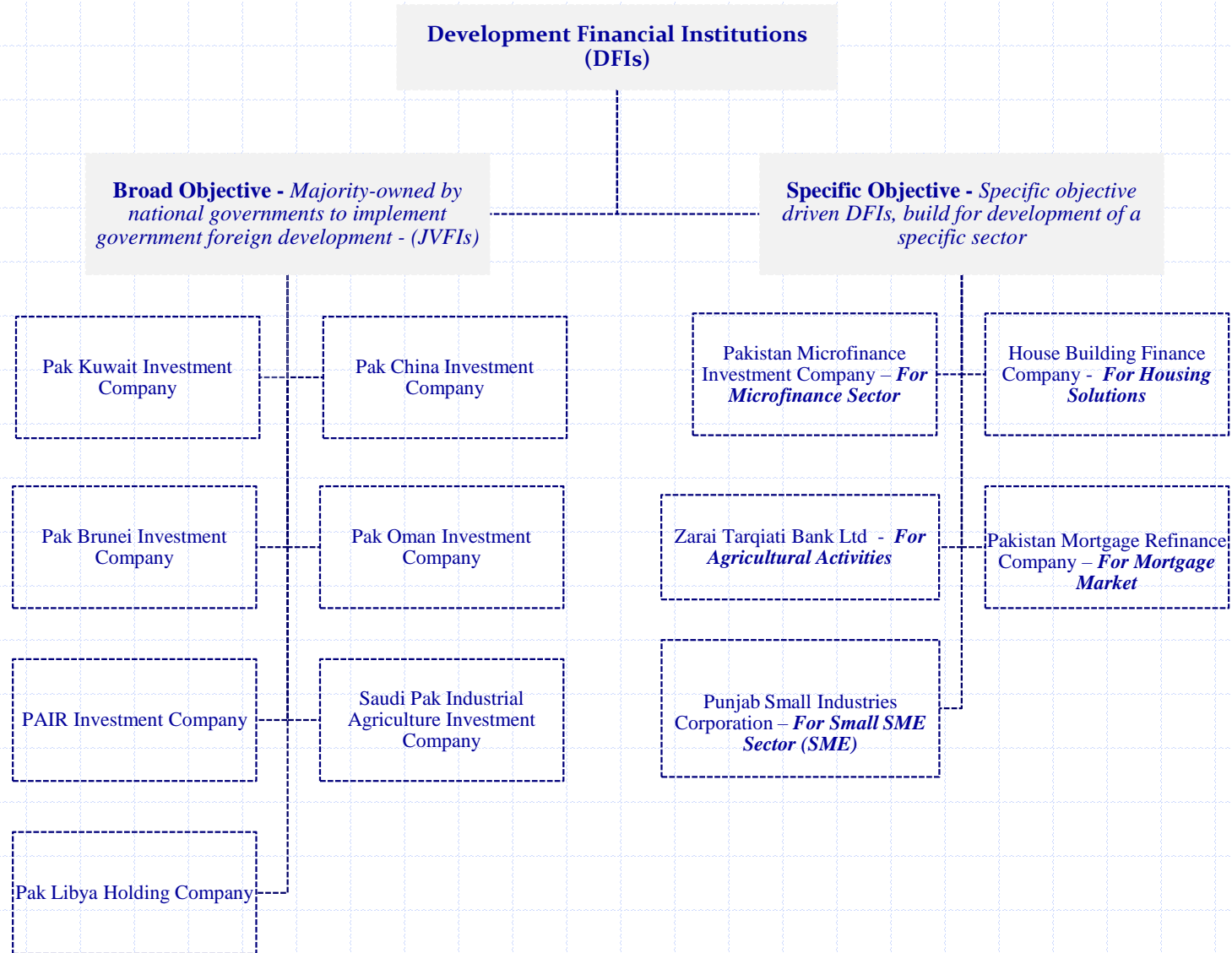


Development Financial Institutions (DFIs)

Broad Objective DFIs | JVFIIs
Specific Objective DFIs | PMIC

June 2019

DFIs | Broad & Specific Objective



DFIs | Rated Universe

| Development Financial Institution | | Year of Incorporation | Latest Rating | Outlook | Rating Agency | Date |
|-----------------------------------|--|-----------------------|---------------|----------|---------------|--------|
| Sr. # | Joint Venture Financial Institutions (JVFI)s | | | | | |
| 1 | Pakistan Kuwait Investment Company (Private) Limited | 1979 | AAA/A1+ | Stable | PACRA | Dec'18 |
| 2 | Pak China Investment Company Limited | 2007 | AAA/A1+ | Stable | JCR | Jun'18 |
| 3 | Pak Brunei Investment Company Limited | 2007 | AA+/A1+ | Stable | JCR | Jun'18 |
| 4 | Pak Oman Investment Company Limited | 2001 | AA+/A1+ | Stable | JCR | Jun'18 |
| 5 | Saudi Pak Industrial and Agricultural Investment Company Limited | 1981 | AA+/A1+ | Stable | JCR | Jun'18 |
| 6 | PAIR Investment Company Limited | 2007 | AA/A1+ | Stable | PACRA | Dec'18 |
| 7 | Pak-Libya Holding Company (Private) Limited | 1978 | AA-/A1+ | Negative | PACRA | Dec'18 |
| Specific Objective DFIs | | | | | | |
| 1 | Zarai Taraqiati Bank Limited | 2002 | AAA/A1+ | Stable | JCR | Dec'18 |
| 2 | Pakistan Mortgage Refinance Company Limited | 2015 | AAA/ A1+ | Stable | JCR | May'19 |
| 3 | Pakistan Microfinance Investment Company Limited | 2016 | AA/A1+ | Stable | PACRA | Dec'18 |
| 4 | House Building Finance Company Limited | 2007 | A/ A1 | Positive | JCR | May'19 |

Highly rated institutions mainly owing to sovereign ownerships and relatively low risk asset structure

JVFI's | Asset Base

| Growth | |
|--------|--------|
| Dec-18 | Dec-17 |
| -10% | 62% |
| 63% | -13% |
| 3% | 1% |
| 7% | 1% |
| -19% | 8% |
| -13% | -9% |
| 5% | -5% |

| Total Assets (PKR mln) | | | | | | | |
|---|------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13 |
| 1 | Pak Oman | 58,110 | 64,669 | 39,806 | 27,195 | 23,366 | 17,728 |
| 2 | Pak Brunei | 48,793 | 29,869 | 34,391 | 29,115 | 32,901 | 35,508 |
| 3 | Pak Kuwait | 29,977 | 29,129 | 28,941 | 28,367 | 24,634 | 22,291 |
| 4 | Pak Libya | 20,428 | 19,163 | 18,896 | 15,274 | 12,436 | 12,121 |
| 5 | Pak China | 19,762 | 24,421 | 22,518 | 20,549 | 20,008 | 12,731 |
| 6 | Saudi Pak | 19,191 | 22,167 | 24,332 | 25,087 | 22,173 | 14,774 |
| 7 | PAIR | 18,525 | 17,686 | 18,598 | 23,221 | 18,744 | 17,282 |
| Total | | 214,787 | 207,104 | 187,483 | 168,809 | 154,261 | 132,434 |
| Growth YoY | | 4% | 10% | 11% | 9% | 16% | 7% |

- Average industry asset base grew by 4%; much lower compared to previous years'
- Asset Base of JVFI's majorly comprise of Advances and Investments
- Leading growth witnessed by Pak-Brunei of 63% YoY - attributable to investments

JVFIs | Advances

| Share | | Advances (PKR mln) | | | | | | | |
|--------|--------|---|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Dec-18 | Dec-17 | Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13 |
| 29% | 29% | 1 | Pak Oman | 20,480 | 18,788 | 14,834 | 9,993 | 9,070 | 7,494 |
| 29% | 29% | 2 | Pak Brunei | 20,330 | 18,768 | 13,996 | 10,237 | 7,386 | 6,799 |
| 4% | 5% | 3 | Pak Kuwait | 2,698 | 3,166 | 4,422 | 5,114 | 2,798 | 3,772 |
| 6% | 6% | 4 | Pak Libya | 4,350 | 3,593 | 2,838 | 3,238 | 3,708 | 4,353 |
| 11% | 12% | 5 | Pak China | 7,620 | 7,900 | 6,040 | 5,708 | 5,957 | 5,329 |
| 11% | 13% | 6 | Saudi Pak | 7,865 | 8,458 | 8,256 | 6,675 | 5,688 | 3,954 |
| 9% | 7% | 7 | PAIR | 6,224 | 4,653 | 5,424 | 3,503 | 3,592 | 3,678 |
| 100% | 100% | | Total | 69,567 | 65,326 | 55,811 | 44,468 | 38,199 | 35,379 |
| | | | Growth YoY | 6% | 17% | 26% | 16% | 8% | -2% |
| | | | Advances / Total Assets | 32% | 32% | 30% | 26% | 25% | 27% |

- Advances witnessed only 6% growth YoY compared to double digit growth in previous years
- Highest market share in terms of advances secured by Pak Oman and Pak Brunei; 29% YoY each
- Segment Analysis reveals higher advances parked with textile, power and sugar sector
- Advances to total assets remained largely same YoY

JVFI | Investment

| Growth | |
|--------|--------|
| Dec-18 | Dec-17 |
| -29% | 93% |
| 240% | -54% |
| 13% | 8% |
| 22% | -26% |
| -28% | 79% |
| -56% | -17% |
| 2% | -7% |

| | | Investment | | | | | | (PKR mln) |
|-------------------|------------|----------------|----------------|----------------|----------------|----------------|---------------|-----------|
| Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13 | |
| 1 | Pak Oman | 28,433 | 40,241 | 20,832 | 14,073 | 12,180 | 7,629 | |
| 2 | Pak Brunei | 26,117 | 7,679 | 16,658 | 16,850 | 24,247 | 27,431 | |
| 3 | Pak Kuwait | 25,815 | 22,923 | 21,206 | 22,143 | 20,902 | 11,887 | |
| 4 | Pak Libya | 11,832 | 9,700 | 13,184 | 10,922 | 7,703 | 6,356 | |
| 5 | Pak China | 9,976 | 13,848 | 7,734 | 12,091 | 11,289 | 4,283 | |
| 6 | Saudi Pak | 4,159 | 9,468 | 11,349 | 12,702 | 10,739 | 6,495 | |
| 7 | PAIR | 11,260 | 11,044 | 11,843 | 18,807 | 14,115 | 12,745 | |
| Total | | 117,593 | 114,903 | 102,806 | 107,590 | 101,174 | 76,826 | |
| Growth YoY | | 2% | 12% | -4% | 6% | 32% | 4% | |

- Investments recorded marginal uptick of 2% YoY
- Within industry players only Pak Brunei recorded sizable increase in investment book

JVFIs | Investment Segregation

| Sr # | JVFI | Dec-18 | | | | Dec-17 | | | |
|------|------------|-----------------------|------|----------------|--------|-----------------------|------|----------------|--------|
| | | Government Securities | | Capital Market | Total | Government Securities | | Capital Market | Total |
| | | MTBs | PIBs | | | MTBs | PIBs | | |
| 1 | Pak Oman | 69% | 15% | 16% | 28,433 | 82% | 6% | 12% | 40,241 |
| 2 | Pak Brunei | 4% | 71% | 25% | 26,117 | 39% | 1% | 61% | 7,679 |
| 3 | Pak Kuwait | 19% | 2% | 79% | 25,815 | 15% | 4% | 80% | 22,923 |
| 4 | Pak Libya | 4% | 65% | 30% | 11,832 | 51% | 17% | 32% | 9,700 |
| 5 | Pak China | 49% | 10% | 40% | 9,976 | 79% | 5% | 16% | 13,848 |
| 6 | Saudi Pak | 0% | 0% | 100% | 4,159 | 48% | 11% | 41% | 9,468 |
| 7 | PAIR | 35% | 12% | 53% | 11,260 | 45% | 8% | 48% | 11,044 |

- Further analysis of investment book reveals players managing major book in government securities
- Pak Brunei and Pak Libya enhanced their investment in PIBs; almost all players diluted their investment in MTBs

JVFI | Equity Base

| Share | |
|--------|--------|
| Dec-18 | Dec-17 |
| 10% | 10% |
| 12% | 13% |
| 31% | 30% |
| 5% | 6% |
| 18% | 18% |
| 13% | 13% |
| 11% | 11% |
| 100% | 100% |

| Equity (PKR mln) | | | | | | | |
|---|------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13 |
| 1 | Pak Oman | 8,143 | 8,123 | 8,107 | 7,770 | 7,419 | 7,284 |
| 2 | Pak Brunei | 9,960 | 10,658 | 10,491 | 9,724 | 8,989 | 8,285 |
| 3 | Pak Kuwait | 26,549 | 24,807 | 22,822 | 19,727 | 18,512 | 15,680 |
| 4 | Pak Libya | 4,384 | 4,713 | 4,669 | 3,874 | 3,569 | 3,333 |
| 5 | Pak China | 15,361 | 14,668 | 14,001 | 13,385 | 12,762 | 12,290 |
| 6 | Saudi Pak | 10,810 | 10,632 | 9,921 | 9,380 | 8,586 | 7,358 |
| 7 | PAIR | 9,110 | 9,255 | 9,367 | 9,064 | 8,618 | 8,265 |
| Total | | 84,317 | 82,857 | 79,378 | 72,924 | 68,454 | 62,495 |
| Growth YoY | | 2% | 4% | 9% | 7% | 10% | 6% |

- Industry's total equity base witnessed uptick of 2% YoY
- Higher equity base of Pak-Kuwait and Pak-China; supplemented by strong profitability of both players through the years

JVFI | Capital Adequacy Requirement

| Capital Adequacy Requirement | | | |
|------------------------------|------------|--------|--------|
| Sr # | JVFI | Dec-18 | Dec-17 |
| 1 | Pak Oman | 17.3% | 21.5% |
| 2 | Pak Brunei | 24.5% | 30.6% |
| 3 | Pak Kuwait | 42.6% | 41.3% |
| 4 | Pak Libya | 17.7% | 31.5% |
| 5 | Pak China | 87.3% | 93.7% |
| 6 | Saudi Pak | 47.1% | 44.6% |
| 7 | PAIR | 52.4% | 59.3% |

Statutory Requirements

CET1/ RWA = 6%
 Tier 1/ RWA = 7.5%
 Total CAR = 11.9%

- Industry players' CAR significantly higher than minimum statutory requirement
- Ample room available for growth in future years
- Only one player (Pak Libya Holding Company Limited) is not compliant with MCR



JVFI | Funding Base

| Share | |
|--------|--------|
| Dec-18 | Dec-17 |
| 77% | 61% |
| 6% | 28% |
| 0% | 0% |
| 6% | 0% |
| 0% | 0% |
| 0% | 0% |
| 10% | 11% |

| Deposits (PKR mln) | | | | | | | |
|---|------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13' |
| 1 | Pak Oman | 9,010 | 10,501 | 5,343 | 4,010 | 6,296 | 4,434 |
| 2 | Pak Brunei | 725 | 4,751 | 2,913 | 4,218 | 5,164 | 567 |
| 3 | Pak Kuwait | 35 | 3 | 4 | 180 | 398 | 350 |
| 4 | Pak Libya | 644 | 39 | 463 | 1,737 | 2,471 | 2,809 |
| 5 | Pak China | - | - | - | - | 250 | - |
| 6 | Saudi Pak | 8 | 8 | 131 | 7 | 37 | 762 |
| 7 | PAIR | 1,222 | 1,814 | 2,080 | 1,891 | 386 | 26 |
| Total | | 11,644 | 17,115 | 10,934 | 12,043 | 15,002 | 8,948 |
| Growth YoY | | -32% | 57% | -9% | -20% | 68% | -34% |

| Share | |
|--------|--------|
| Dec-18 | Dec-17 |
| 36% | 44% |
| 33% | 14% |
| 1% | 3% |
| 14% | 14% |
| 4% | 10% |
| 5% | 9% |
| 7% | 6% |

| Borrowings (PKR mln) | | | | | | | |
|---|------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13' |
| 1 | Pak Oman | 39,962 | 44,608 | 25,151 | 14,479 | 8,869 | 5,722 |
| 2 | Pak Brunei | 36,890 | 13,967 | 20,493 | 14,544 | 18,090 | 26,392 |
| 3 | Pak Kuwait | 1,371 | 2,562 | 2,661 | 6,247 | 3,558 | 5,042 |
| 4 | Pak Libya | 15,353 | 14,367 | 13,392 | 9,441 | 6,097 | 5,616 |
| 5 | Pak China | 4,181 | 9,577 | 8,196 | 6,903 | 6,742 | 326 |
| 6 | Saudi Pak | 5,771 | 9,077 | 10,718 | 12,010 | 10,631 | 4,326 |
| 7 | PAIR | 7,916 | 6,371 | 6,550 | 11,652 | 9,221 | 8,489 |
| Total | | 111,444 | 100,528 | 87,161 | 75,277 | 63,207 | 55,913 |
| Growth YoY | | 11% | 15% | 16% | 19% | 13% | 20% |

- Major reliance of industry on borrowings for funding; double digit growth throughout last few years

Sources: Annual Financial Statements of all JVFI

JVFIs | NIMR Comparison

| Growth | |
|--------|--------|
| Dec-18 | Dec-17 |
| -2% | 0% |
| 30% | 9% |
| 35% | -19% |
| 13% | 37% |
| -19% | -11% |
| -2% | -15% |
| -34% | -7% |

| | | NIMR | | | | | | (PKR mln) |
|-------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13 | |
| 1 | Pak Oman | 840 | 856 | 852 | 886 | 756 | 672 | |
| 2 | Pak Brunei | 719 | 553 | 507 | 553 | 468 | 438 | |
| 3 | Pak Kuwait | 862 | 637 | 784 | 864 | 789 | 688 | |
| 4 | Pak China | 1,082 | 954 | 697 | 1144 | 1112 | 933 | |
| 5 | Saudi Pak | 603 | 743 | 834 | 851 | 677 | 515 | |
| 6 | Pak Libya | 260 | 265 | 313 | 360 | 315 | 254 | |
| 7 | PAIR | 435 | 658 | 710 | 883 | 725 | 665 | |
| Total | | 4,801 | 4,665 | 4,697 | 5,541 | 4,842 | 4,165 | |
| Growth YoY | | 3% | -1% | -15% | 14% | 16% | 0% | |

- Industry's NIMR recorded 3% uptick YoY
- Leading growth witnessed by Pak Kuwait and Pak Brunei

JVFI | Profitability

| Growth | |
|--------|--------|
| Dec-18 | Dec-17 |
| 1% | -27% |
| -25% | -50% |
| 36% | -37% |
| -410% | -92% |
| -6% | 13% |
| -19% | -11% |
| -97% | -57% |

| Profit Before Tax | | | | | | | (PKR mln) |
|-------------------|------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Sr # | JVFI | Dec-18 | Dec-17 | Dec-16 | Dec-15 | Dec-14 | Dec-13 |
| 1 | Pak Oman | 749 | 745 | 1,025 | 975 | 545 | 488 |
| 2 | Pak Brunei | 503 | 671 | 1,333 | 1,300 | 1,106 | 917 |
| 3 | Pak Kuwait | 3,515 | 2,594 | 4,128 | 2,504 | 3,195 | 2,807 |
| 4 | Pak Libya | (261) | 84 | 1,042 | 472 | 318 | 196 |
| 5 | Pak China | 912 | 970 | 858 | 951 | 619 | 855 |
| 6 | Saudi Pak | 698 | 860 | 963 | 983 | 1,402 | 435 |
| 7 | PAIR | 11 | 368 | 861 | 923 | 464 | 456 |
| Total | | 6,129 | 6,291 | 10,210 | 8,108 | 7,650 | 6,154 |
| Growth YoY | | -3% | -38% | 26% | 6% | 24% | 20% |

- Industry's profitability inched down by 3% YoY
- Leading growth recorded by Pak-Kuwait attributable to strong dividend income from associated companies

DFI | Specific Objective | PMIC

| Pakistan Microfinance Company Limited | | | |
|---------------------------------------|---------------|---------------|--------------|
| Financial Position | | | |
| <i>PKR mln</i> | Dec-18 | Dec-17 | Dec-16 |
| Total Investment | 825 | 950 | 2,350 |
| Financing - Net | 20,533 | 11,381 | - |
| Cash & Bank Balances | 56 | 67 | |
| Total Assets | 22,087 | 12,837 | 5,917 |
| Loans & Borrowings | 1,783 | - | - |
| Subordinated loans | 13,490 | 6,699 | - |
| Equity | 6,245 | 5,969 | 5,817 |
| Total Equity & Liabilities | 22,087 | 12,837 | 5,917 |

| Performance Indicators | | | |
|------------------------|--------|--------|--------|
| <i>PKR mln</i> | Dec-18 | Dec-17 | Dec-16 |
| Revenue | 1,739 | 713 | 17 |
| PBT | 399 | 185 | (66) |
| PAT | 277 | 152 | (67) |

- Pakistan Microfinance Investment Company Limited (PMIC), incorporated in August 2016, is licensed to carry out Investment Finance activities as a Non-Banking Financial Company (NBFCs) under NBFC Rules 2003 and NBFC Regulations 2008
- Business activities of PMIC can be divided into two categories; i) Financial solutions and ii) Microfinance plus products
- Financial solutions includes, wholesale credit, Subordinated debt, guarantees, advisory, and other investment services. The company would focus on innovating the existing product line. Lending products are planned out for Microfinance Banks (MFBs) and Non-bank microfinance institutions (MFIs)

| | | |
|---|--|---|
| Analysts | Sehar Fatima Supervising Senior – Ratings sehar.fatima@pacra.com | Jhangeer Hanif Unit Head – Ratings jhangeer@pacra.com |
| Contact Number: +92 42 3586 9504 | | |

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