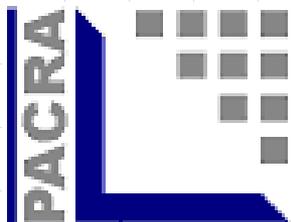


# Modaraba & NBFCs-

## Sector Overview





# Modaraba & NBCs Sector overview

## Key Statistics

- Rated Universe
- Industry – Key Developments
- Key Challenges
- Sector Outlook

Sector	Feb-18'
<b>NBFCs;</b>	<b>No.of Entities</b>
Leasing Companies	7
Investment Banks	9
Micro Finance Institutions	24
Asset Management Companies / Investment Advisor	21
Mutual Funds / Pension Funds	202
REIT Management Companies	4
Real Estate Investment Trust	1
Private equity Companies	2
Private equity Companies	1
<b>Modarbas</b>	<b>28</b>
<b>Total</b>	<b>299</b>

**April 2018**

# Breakup of NBFIs Assets

Breakup of NBFIs Industry									
Sector	As at end-Feb 18			As at end-Jun 17			As at end-Jul16		
	No of. Entities	Total Assets (PKR in bln)	Assets Share in NBFCs & Modarabas	No of. Entities	Total Assets (PKR in bln)	Assets Share in NBFCs & Modarabas	No of. Entities	Total Assets (PKR in bln)	Assets Share in NBFCs & Modarabas
Investment Banks	9	66	6%	9	21	2%	7	10	1%
Leasing Companies	7	8	1%	8	43	4%	8	43	5%
Modarabas	28	49	4%	25	44	4%	25	37	4%
Lending Institutions' Total	68	257	22%	42	230	19%	40	90	10%
Companies / Investment Advisor	21	39	3%	22	41	3%	23	39	4%
Mutual Funds	183	679	57%	177	710	60%	172	540	63%
Discretionary & Non-Discretionary Portfolios	-	142	12%	-	141	12%	0	143	17%
Pension Funds	19	25	2%	19	26	2%	17	20	2%
REITs	5	47	4%	1	42	4%	1	27	3%
Private Equity Co's & Funds	3	1	0%	-	-	-	-	-	-
Investing Institutions' Total	231	932	78%	219	960	81%	213	769	90%
<b>NBFIs' Total</b>	<b>299</b>	<b>1,189</b>	<b>100%</b>	<b>261</b>	<b>1,190</b>	<b>100%</b>	<b>253</b>	<b>859</b>	<b>100%</b>

Note:11% share of Microfinance Institutions of total NBFIs sector as at Feb-18

# Modarabas

# Breakup of Assets | Modarabas

Sr. No.	Name	Dec-17		Jun-17		Jun-16		Jun-15	
		Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets
1	First Treet Manufacturing Modaraba	10,545	22%	8,867	20%	5,191	14%	2,053	7%
2	First Habib Modaraba	9,192	20%	8,367	19%	7,161	19%	6,393	21%
3	Allied Rental Modaraba	8,912	19%	8,361	19%	7,211	20%	5,263	18%
4	Orix Modaraba *	6,123	13%	5,962	14%	5,278	14%	5,180	17%
5	B.R.R. Guardian Modaraba	1,919	4%	2,054	5%	2,078	6%	2,206	7%
6	First Punjab Modaraba	1,894	4%	1,874	4%	1,427	4%	1,206	4%
7	Awwal Modaraba	1,178	3%	1,184	3%	1,043	3%	-	-
8	Sindh Modaraba	1,039	2%	1,029	2%	515	1%	478	2%
9	First UDL Modaraba	752	2%	857	2%	880	2%	867	3%
10	First Equity Modaraba	685	1%	751	2%	664	2%	686	2%
11	KASB Modaraba	522	1%	600	1%	901	2%	983	3%
12	First Prudential Modaraba	506	1%	515	1%	512	1%	512	2%
13	First Imrooz Modaraba	470	1%	371	1%	340	1%	292	1%
14	First Paramount Modaraba	458	1%	466	1%	505	1%	440	1%
15	First National Bank Modaraba	428	1%	508	1%	841	2%	1,248	4%
16	First Fidelity Leasing Modaraba	383	1%	349	1%	357	1%	367	1%
17	Trust Modaraba	381	1%	390	1%	396	1%	411	1%
18	First Al-Noor Modaraba	336	1%	351	1%	376	1%	359	1%
19	Habib Metro Modaraba**	301	1%	-	-	-	-	-	-
20	First IBL Modaraba	224	0%	228	1%	224	1%	212	1%
21	Modaraba Al-Mali	195	0%	196	0%	219	1%	206	1%
22	First Elite Capital Modaraba	184	0%	186	0%	182	0%	203	1%
23	Crescent Standard Modaraba	146	0%	161	0%	156	0%	139	0%
24	B.F. Modaraba	141	0%	159	0%	158	0%	152	1%
25	Popular Islamic Modaraba	128	0%	159	0%	141	0%	141	0%
26	First Pak Modaraba	71	0%	70	0%	67	0%	67	0%
27	Orient Rental Modaraba**	-	-	-	-	-	-	-	-
28	First Tri Star Modaraba***	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>47,114</b>	<b>100%</b>	<b>44,016</b>	<b>100%</b>	<b>36,825</b>	<b>100%</b>	<b>30,066</b>	<b>100%</b>

*\*Formerly Standard Chartered Mudaraba*

*\*\* New Floated Modaraba*

*\*\*\* Numbers are not available*

# Breakup of Equity | Modarabas

Sr. No.	Name	Dec-17			Jun-17			Jun-16			Jun-15		
		Paid up Capital	Equity (PKR in mln)	Equity/ Assets	Paid up Capital	Equity (PKR in mln)	Equity/ Assets	Paid up Capital	Equity (PKR in mln)	Equity/ Assets	Paid up Capital	Equity (PKR in mln)	Equity/ Assets
1	Allied Rental Modaraba	1755	4735	53%	1755	4659	56%	1755	4382	62%	1463	3704	70%
2	First Treet Manufacturing	1956	4475	42%	1956	4514	51%	1956	4461	84%	1304	1692	82%
3	First Habib Modaraba	1008	3304	36%	1008	3472	41%	1008	3316	46%	1008	3257	51%
4	B.R.R. Guardian Modaraba	780	1152	60%	780	1264	62%	780	1057	51%	780	991	45%
5	Awwal Modaraba	1000	1116	95%	1000	1160	98%	1000	1028	99%	-	-	-
6	ORIX Modaraba	454	1077	18%	454	1150	19%	454	1176	22%	454	1153	22%
7	Sindh Modaraba	450	989	95%	450	984	96%	450	473	92%	450	473	99%
8	First UDL Modaraba	264	614	82%	264	721	84%	264	643	73%	264	631	73%
9	First Equity Modaraba	524	606	88%	524	657	87%	524	626	94%	524	631	92%
10	First Prudential Modaraba	872	438	86%	872	452	88%	872	452	88%	872	451	88%
11	KASB Modaraba	481	375	72%	481	391	65%	481	389	43%	481	385	39%
26	First Fidelity Leasing Modaraba	264	362	94%	264	324	93%	264	332	93%	264	342	93%
27	First Imrooz Modaraba	30	316	67%	30	212	57%	30	140	41%	30	130	44%
28	Trust Modaraba	298	301	79%	298	315	81%	298	310	78%	298	310	75%
29	Habib Metro Modaraba	300	300	70%	-	-	-	-	-	-	-	-	-
30	First Al-Noor Modaraba	210	279	83%	210	293	83%	210	333	89%	210	323	90%
31	First Paramount Modaraba	138	207	45%	138	213	46%	138	210	42%	138	206	47%
32	First Punjab Modaraba	340	186	10%	340	192	10%	340	182	13%	340	171	14%
33	First IBL Modaraba	202	176	79%	202	183	80%	202	179	80%	202	176	83%
34	Modaraba Al-Mali	184	162	83%	184	162	83%	184	170	77%	184	159	77%
35	B.F. Modaraba	75	132	94%	75	154	97%	75	154	98%	75	149	98%
36	Crescent Standard Modaraba	200	120	83%	200	128	80%	200	125	80%	200	118	85%
37	First Elite Capital Modaraba	113	120	65%	113	125	67%	113	130	72%	113	142	70%
38	Popular Islamic Modaraba	100	80	63%	100	79	49%	100	74	52%	100	130	92%
24	First Pak Modaraba	125	62	86%	125	62	89%	125	60	89%	125	61	91%
25	First National Bank Modaraba	250	17	4%	250	16	3%	250	88	10%	250	142	11%
27	Orient Rental Modaraba	-	-	-	-	-	-	-	-	-	-	-	-
28	First Tri Star Modaraba	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Equity</b>		<b>21,701</b>			<b>21,882</b>			<b>20,490</b>	<b>-</b>		<b>15,924</b>	<b>-</b>
	<b>Total Assets</b>		<b>47,114</b>			<b>44,016</b>			<b>36,825</b>	<b>-</b>		<b>30,066</b>	<b>-</b>
	<b>Average Equity/Assets</b>			<b>46%</b>			<b>50%</b>			<b>56%</b>			<b>53%</b>

# Breakup of Profits | Modarabas

Sr. No.	Name	Dec-17*		Jun-17		Jun-16		Jun-15	
		Profit (PKR in mln)	ROE						
1	Allied Rental Modaraba	244	5%	458	6%	294	7%	404	11%
2	First Habib Modaraba	152	5%	295	8%	298	9%	307	9%
3	Awwal Modaraba	78	7%	154	13%	28	3%	0	-
4	First Treet Manufacturing Modaraba	77	2%	205	5%	244	1%	172	10%
5	Orix Modaraba	50	5%	128	11%	173	21%	195	17%
6	First Fidelity Leasing Modaraba	38	11%	-8	-3%	-10	-3%	-7	-2%
7	First Imrooz Modaraba	26	8%	33	16%	42	30%	27	21%
8	Sindh Modaraba	25	3%	26	3%	21	4%	9	2%
9	First Punjab Modaraba	11	6%	28	15%	28	15%	95	55%
10	B.R.R. Guardian Modaraba	7	1%	170	13%	47	4%	70	7%
11	First Paramount Modaraba	5	2%	7	3%	14	7%	11	5%
12	Modaraba Al-Mali	5	3%	7	4%	5	3%	5	3%
13	First IBL Modaraba	2	1%	10	5%	10	6%	5	3%
14	Popular Islamic Modaraba	2	2%	5	6%	-56	-76%	4	3%
15	First Pak Modaraba	1	2%	3	4%	0	0%	2	3%
16	First National Bank Modaraba	1	6%	-71	-437%	-54	-61%	-122	-86%
17	First Equity Modaraba	1	0%	43	6%	9	1%	11	2%
18	B.F. Modaraba	1	0%	16	10%	10	7%	9	6%
19	Trust Modaraba	-1	0%	14	5%	13	4%	17	6%
20	First Elite Capital Modaraba	-2	-2%	-3	-2%	-3	-2%	9	6%
21	First Prudential Modaraba	-3	-1%	15	3%	21	5%	27	6%
22	Crescent Standard Modaraba	-6	-5%	3	3%	7	6%	-7	-6%
23	First UDL Modaraba	-7	-1%	33	5%	34	5%	150	24%
24	First Al-Noor Modaraba	-10	-4%	3	1%	21	6%	11	3%
25	KASB Modaraba	-13	-3%	5	1%	8	2%	11	3%
26	Habib Metro Modaraba	-	-	-	-	-	-	-	-
27	Orient Rental Modaraba	-	-	-	-	-	-	-	-
28	First Tri Star Modaraba	-	-	-	-	-	-	-	-
	<b>Total Profit</b>	<b>684</b>		<b>1,577</b>		<b>1,206</b>		<b>1,414</b>	
	<b>Total equity</b>	<b>21,701</b>		<b>21,882</b>		<b>20,490</b>		<b>15,924</b>	
	<b>Average ROE</b>		<b>3%</b>		<b>7%</b>		<b>6%</b>		<b>5%</b>

\*Half yearly

# Rated Universe | Modarabas

Sr #	Modarabas	Rating Agency	Current Rating	Outlook	Latest Action
1	Allied Rental Modaraba	JCR-VIS	A+/A1	Stable	Maintain(Oct-17)
2	First Habib Modaraba	PACRA	AA+/A1+	Stable	Maintain (Dec-17)
3	Orix Modaraba	PACRA	AA/A1+	Stable	Maintain (Mar-18)
4	First Punjab Modaraba	PACRA	A-/A2	Stable	Maintain(Dec-17)
5	KASB Modaraba	PACRA	BBB+/A2	Stable	Maintain(Nov-17)
6	Sindh Modaraba	JCR-VIS	A+/A1	Stable	Maintain(Dec-17)
7	First Paramount Modaraba	JCR-VIS	BBB/A3	Stable	Maintain(Dec-17)
8	Trust Modaraba	JCR-VIS	BBB-/A3	Stable	Maintain(Jan-18)
9	Modaraba Al-Mali	PACRA	A-/A2	Stable	Maintain(Sep-17)
10	First Fidelity Leasing Modaraba	PACRA	BBB+/A2	Stable	Maintain(Sep-17)

Note: Rating of First National Bank Modaraba was withdrawn in Sep 2017

# Leasing Companies

# Breakup of Assets | Leasing Companies

Sr. No.	Name	Dec-17		June-17		Jun-16		Jun-15	
		Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets
1	Orix Leasing Pakistan Ltd*	36,238	85%	34,577	84%	35,313	85%	28,318	70%
2	Sindh Leasing Company Ltd	2,766	6%	3,059	7%	1,517	4%	1,242	3%
3	Pak Gulf Leasing Company Ltd	2,180	5%	2,151	5%	1,851	4%	1,501	4%
4	Security Leasing Corporation Ltd	710	2%	753	2%	815	2%	847	2%
5	SME Leasing Ltd**	478	1%	460	1%	568	1%	592	1%
6	Grays Leasing Ltd	260	1%	268	1%	248	1%	234	1%
7	NBP Leasing Ltd***	-	-	-	-	1,161	3%	1,296	3%
8	Saudi Pak Leasing Company Ltd****	-	-	-	-	-	-	1,090	3%
9	Standard Chartered Leasing Ltd*****	-	-	-	-	-	-	5,225	13%
<b>Total</b>		<b>42,632</b>	<b>100%</b>	<b>41,269</b>	<b>100%</b>	<b>41,740</b>	<b>100%</b>	<b>40,558</b>	<b>100%</b>

*\*ORIX acquired the license of Investment Finance Services after Dec-17*

*\*\*SME Leasing Limited year end is December*

*\*\*\*NBP Leasing Limited acquired by NBP Bank in August 2017.*

*\*\*\*\*Saudi Pak Leasing Financials are not available for FY17.*

*\*\*\*\*\*Standard Chartered Leasing acquired by Orix Leasing in May 2016*

# Breakup of Equity | Leasing Companies

Sr. No.	Name	Dec-17		Jun-17		Jun-16		Jun-15	
		Equity (PKR in mln)	Equity/ Assets						
1	Orix Leasing Pakistan Ltd	6,525	18%	4,466	13%	4,171	12%	3,548	13%
2	Sindh Leasing Company Ltd	2,168	78%	2,149	70%	1,104	73%	1,060	85%
3	Pak Gulf Leasing Company Ltd	659	30%	676	31%	629	34%	547	36%
4	SME Leasing Ltd	133	28%	141	31%	174	31%	188	32%
5	Grays Leasing Ltd	73	28%	74	27%	75	30%	75	32%
6	Security Leasing Corporation Ltd	72	10%	119	26%	154	27%	136	23%
7	NBP Leasing Ltd	-	-	-	-	851	73%	766	59%
8	Saudi Pak Leasing Company Ltd	-	-	-	-	-	-	(477)	-44%
9	Standard Chartered Leasing Ltd	-	-	-	-	-	-	964	18%
	<b>Total Equity</b>	<b>9,630</b>		<b>7,625</b>		<b>7,325</b>		<b>6,956</b>	
	<b>Total Assets</b>	<b>42,632</b>		<b>41,269</b>		<b>41,740</b>		<b>40,558</b>	
	<b>Average Equity /Total Assets</b>		<b>23%</b>		<b>18%</b>		<b>18%</b>		<b>17%</b>

# Breakup of Profits | Leasing Companies

Sr. No.	Name	Dec-17		June-17		Jun-16		Jun-15	
		Profit (PKR in mln)	ROE	Profit (PKR in mln)	ROE	Profit (PKR in mln)	ROE	Profit (PKR in mln)	ROE
1	Orix Leasing Pakistan Ltd	404	6.19%	841	0.19	742	18%	671	19%
2	Sindh Leasing Company Ltd	19	0.89%	45	0.02	44	4%	33	3%
3	Pak Gulf Leasing Company Ltd	3	0.43%	47	0.07	41	6%	50	9%
4	Grays Leasing Ltd	(1)	-1.03%	(1)	(0.01)	(1)	-1%	0	-
5	SME Leasing Ltd	(23)	-16.89%	(16)	(0.11)	(2)	-1%	(3)	-2%
6	Security Leasing Corporation Ltd	(47)	-65.15%	(37)	(0.31)	15	10%	(97)	-72%
7	NBP Leasing Ltd	-	-	-	-	34	4%	26	3%
8	Saudi Pak Leasing Company Ltd	-	-	-	-	-	-	(106)	22%
9	Standard Chartered Leasing Ltd	-	-	-	-	-	-	83	9%
	<b>Total Profit</b>	<b>356</b>	<b>-</b>	<b>879</b>	<b>-</b>	<b>840</b>	<b>-</b>	<b>653</b>	<b>-</b>
	<b>Total Equity</b>	<b>9630</b>		<b>7625</b>		<b>7,325</b>	<b>-</b>	<b>6,887</b>	<b>-</b>
	<b>Average ROE</b>		<b>4%</b>		<b>12%</b>		<b>11%</b>		<b>9%</b>

# Rated Universe | Leasing Companies

Sr #	Leasing	Rating Agency	Current Rating	Outlook	Action
1	Orix Leasing Pakistan Ltd	PACRA	AA+/A1+	stable	Maintain (Feb-18)
2	Sindh Leasing Ltd	JCR-VIS	A+/A1	Stable	Upgrade (Jun-17)
3	Pak-Gulf Leasing Ltd	JCR-VIS	A-/A2	Stable	Maintain (Jan-18)
4	Grays Leasing Ltd	JCR-VIS	BB-/B	Stable	Maintain (Dec-17)
5	Crescent Leasing	JCR-VIS	BB-/B	Stable	Maintain (Dec-17)
6	SME Leasing Ltd	PACRA	B+/B	Stable	Maintain (Jul-17)

*\*NBP Leasing Limited acquired by NBP Bank in August 2017.*

# Investment banks

# Breakup of Assets | Investment Banks

Sr. No.	Name	Dec-17		Jun-17		Jun-16		Jun-15	
		Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets	Assets (PKR in mln)	Share in Total Assets
1	Trust Investment Bank Limited	4,390	46%	4,387	47%	4,363	42%	4,409	43%
2	First Credit & Investment Bank Limited	1,361	14%	1,155	12%	1,012	10%	653	6%
3	First Dawood Investment Bank Limited	1,076	11%	1,059	11%	1,344	13%	966	10%
4	Invest Capital Investment Bank Limited	1,014	11%	1,071	11%	1,118	11%	1,213	12%
5	Escorts Investment Bank Limited	928	10%	997	11%	1,263	12%	1,632	16%
6	Security Investment Bank Limited *	679	7%	648	7%	558	5%	586	6%
7	IGI Investment Bank Limited**	-	-	-	-	802	8%	693	7%
<b>Total</b>		<b>9,446</b>	<b>484%</b>	<b>9,316</b>	<b>471%</b>	<b>10,460</b>	<b>100%</b>	<b>10,151</b>	<b>100%</b>

*\*Security Investment Bank Financials are interim June FY17 Although year end is December*

*\*\*\*IGI Investment Bank Limited acquired by IGI Insurance Company Limited*

Note: Total assets number reported as SECP at Dec-17 are ~PKR 25bln which includes LSE Financial Services and Pakistan Microfinance Investment Company Limited. Total Assets of Investment Banks do not include information pertaining to Pakistan Development Fund Ltd., & Microfinance NBFCs

# Breakup of Equity | of Investment Banks

Sr. No.	Name	Dec-17		Jun-17		Jun-16			Jun-15	
		Equity (PKR in mln)	Equity/Assets	Equity (PKR in mln)	Equity/Assets	Equity (PKR in mln)	Equity/Assets	Share in Total Equity	Equity (PKR in mln)	Equity/Assets
1	Trust Investment Bank Limited	1,538	35%	1,534	35%	(1,570)	-36%	-154%	49	1%
2	First Credit & Investment Bank Limited	731	54%	724	63%	717	71%	70%	1,135	174%
3	Security Investment Bank Limited	584	86%	575	89%	50	9%	5%	182	31%
4	First Dawood Investment Bank Limited	542	50%	409	39%	676	50%	66%	662	69%
5	Invest Capital Investment Bank Limited	253	25%	240	22%	385	34%	38%	489	40%
6	Escorts Investment Bank Limited	138	15%	233	23%	517	41%	51%	519	32%
7	IGI Investment Bank Limited	-	-	-	-	244	30%	24%	183	26%
<b>Total Equity</b>		<b>3,786</b>		<b>3,715</b>		<b>1,019</b>		<b>-</b>	<b>3,220</b>	<b>-</b>
<b>Total Assets</b>		<b>9,446</b>		<b>9,316</b>		<b>10,460</b>			<b>10,151</b>	
<b>Average Equity/Assets</b>			<b>40%</b>		<b>40%</b>		<b>10%</b>			<b>32%</b>

# Breakup of Profits | Investment Banks

Sr. No.	Name	Dec-17		Jun-17		Jun-16			Jun-15		
		Profit (PKR in mln)	ROE	Profit (PKR in mln)	ROE	Profit (PKR in mln)	Share in Total Profit	ROE	Profit (PKR in mln)	Share in Total Profit	ROE
1	First Dawood Investment Bank Limited	128	24%	(285)	-70%	500	101.20%	74%	23	39.5%	3%
2	Security Investment Bank Limited	61	10%	52	9%	1	0.12%	1%	7	11.2%	4%
3	Invest Capital Investment Bank Limited	18	7%	(9)	-4%	40	8.14%	10%	14	23.9%	3%
4	First Credit & Investment Bank Limited	7	1%	7	1%	44	8.87%	6%	18	30.0%	2%
5	Trust Investment Bank Limited	4	0%	57	4%	22	4.49%	-1%	12	20.9%	25%
6	Escorts Investment Bank Limited	(96)	-69%	(120)	-51%	(113)	-22.78%	-22%	(21)	-36.1%	-4%
7	IGI Investment Bank Limited	-	-	-	-	(0)	-0.05%	0%	6	10.6%	3%
<b>Total Profit</b>		<b>121</b>		<b>(298)</b>		<b>494</b>	<b>100%</b>		<b>58</b>	<b>100%</b>	
<b>Total Equity</b>		<b>3,786</b>		<b>3,715</b>		<b>1,019</b>			<b>3,220</b>		
<b>Average ROE</b>			<b>3%</b>		<b>-8%</b>			<b>48%</b>			<b>2%</b>

# Rated Universe | Investment Banks

Sr #	Investment Banks	Rating Agency	Current Rating	Outlook	Action
1	First Credit and Investment Bank Limited	JCR-VIS	A-/A2	Stable	Maintain (Dec-17)

*Note: Escorts Investment Banks rating is in process after the acquisition by Bahria Town (Pvt.) Limited*

# Breakup of Deposits

Breakup of Deposits as at end-Feb 18					
Category	PKR in mln				Percentage of Total Deposit
	Leasing Companies	Modarabas	Investment Banks	Total	
Individual	366	1,410	4,860	6,635	44%
Corporate	96	3,697	642	4,435	29%
Trust	-	317	344	661	4%
Govt. Entities	-	123	493	616	4%
Financial Institutions	-	2,700	14	2,714	18%
<b>Total</b>	<b>462</b>	<b>8,247</b>	<b>6,353</b>	<b>15,061</b>	<b>100%</b>
Share in the Total Deposits	3%	55%	42%	-	-
<b>Total Liabilities</b>	<b>4,970</b>	<b>25,924</b>	<b>38,321</b>	<b>69,216</b>	
Deposit/Total Liabilities	9%	32%	17%	22%	
Breakup of Deposits as at end-Jun 17					
Category	PKR in mln				Percentage of Total Deposit
	Leasing Companies	Modarabas	Investment Banks	Total	
Individual	5,701	2,047	437	8,186	54%
Corporate	489	1,648	253	2,390	16%
Trust	203	764	149	1,116	7%
Govt. Entities	-	214	513	727	5%
Financial Institutions	8	2,660	14	2,682	18%
<b>Total</b>	<b>6,402</b>	<b>7,333</b>	<b>1,366</b>	<b>15,100</b>	<b>100%</b>
Share in the Total Deposits	43%	49%	9%	-	-
<b>Total Liabilities</b>	<b>35,523</b>	<b>22,131</b>	<b>9,137</b>	<b>66,790</b>	
Deposit/Total Liabilities	18%	33%	15%	23%	

\* Equity and liabilities do not include deficit / surplus on revaluation of fixed assets

# Modarabas

# Modarabas– Key Developments

## **Draft Bill Modaraba Act, 2017 hasn't been finalized yet:**

- No person or entity shall invite or collect deposit or raise funds from general public or employ any scheme by using the word “modaraba or musharakah”, modaraba management company or any other similar expression or kind or nature of wordings except as otherwise permitted under— (a) this Act; (b) the Banking Companies Ordinance, 1962 (LVII of 1962); (c) the Companies Act; or (d) any other entity permitted under any other law.
- Conditions applicable to modaraba management company:
  - 1) No modaraba management company— (a) shall, subject to proviso to section 7, engage in any business which is of the same nature and competes with the business carried on by a modaraba floated or managed by it;
- In addition to the modaraba fund raised by the issue of modaraba certificates, a financial services modaraba may, with the approval of the Commission, issue Shariah compliant instruments for resource mobilization subject to such terms and conditions and limitations as may be specified.
- Empowerment to the certificate holders by including the concept of AGM;
- Establishing unlisted modaraba with mandatory condition of listing within three years

# Investment banks and Leasing companies

# Industry – Key Developments

**Amendments in NBFCs Prudential Regulations 2008 are updated in August 2016. The salient features of these regulations are as follows:**

<b>Form of Business</b>	<b>Minimum Equity Requirement</b>
<b>New deposit taking NBFCs for obtaining license of Investment Finance Services or Lending or Discounting or Housing Finance Services</b>	<b>PKR 1,000mln</b>
<b>Existing NBFCs with valid deposit taking permission having Investment Finance Services license **</b>	<b>PKR 750mln</b>
<b>Existing NBFCs with valid deposit taking permission having leasing license</b>	<b>PKR 500mln</b>
<b>Non-deposit taking NBFCs for Investment Finance Services license</b>	<b>PKR 100mln</b>
<b>Non-bank Microfinance Company for Investment Finance Services license*</b>	<b>PKR 50mln</b>
<b>Non-deposit taking NBFCs for lending or Discounting or Housing Finance Services license</b>	<b>PKR 50mln for each form of business</b>
<b>Asset Management Services</b>	<b>PKR 200mln</b>
<b>Investment Advisory Services</b>	<b>PKR 30mln</b>

\*The NBFCs which do not have share capital shall maintain minimum “Fund and Reserves” (being the excess of assets over liabilities excluding surplus on revaluation of assets and investment) equal to the amount of minimum equity requirement as prescribed.

\*\*The NBFCs having valid deposit raising permission shall meet shortfall, if any, in complying with the minimum capital requirement within one year of coming into force of these regulations.

# Industry – Key Developments

**Deposit taking ability of NBFIs has been linked with the credit rating in the following manner:**

Credit Rating	Total deposits from all sources including deposits from individuals, sole proprietors, provident/ gratuity funds, trust, charitable institutions and Section 42 Companies	Deposits from individuals, sole proprietors, provident/ gratuity funds, trust, charitable institutions and Section 42 Companies
AA- & Above	5 times of equity	4 times of equity
A to A+	3 times of equity	2 times of equity
BBB to BBB+	2 times of equity	Nil

- Concept of CAR for NBFIs has also been introduced (minimum 8% for first two years of the implementation of these regulation and 10% afterwards)
- NPLs' classification criteria and provisioning requirements have also been changed

# Sector Recent Developments

- Two new Modaraba's floated - Habib Metro Modaraba and Orient Rental Modaraba.
- Modaraba Act 2017 is under deliberation.
- Pak Burnei Investment Limited have established a leasing Company in the name of Primus Leasing Limited.

# Challenges

## Current Challenges:

- Limited network as compared to banks
- Funding constraints
- Poor performance by most of the players owing to weak business models, limited resource mobilization, and liquidity problems.

**Sector Outlook | Developing**

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