

Banking snapshots – perspective

The non-performing loans have been adequately provided by banks and positions look much leaner which is a good omen. BAHL for instance have a superb and much leaner look given their adequate provisioning as against peers. Moreover, ABL size of provision required is far lower given their size which is indeed noticeable.

We have compiled data as at March 31, 2016 of almost all banks wherein we see sanguine figures with respect to deposit & corresponding advances. One of the noticeable aspect being increase in ABL deposits which has also crossed MCB deposit base. The top three banks are already sitting on trillion deposit base.

The overall industry *Advances to deposits* ratio also improved and standing at around 43.9% of the compiled data - as at Mar 31, 2016 given increase in private sector lending. This indeed is a shift from already increased *Investment to deposits* ratio which may decrease gradually given opportunities arriving from China Pakistan Economic Corridor and energy projects.

Banking snapshots as at Mar 31, 2016

Rs in mn	Provided*	Remaining**	Paid up	Deposits	Advances	Investments
NBP	111,748	15,533	21,275	1,273,911	556,002	850,650
UBL	37,417	9,826	12,242	1,070,112	446,906	789,909
HBL	61,229	9,420	14,669	1,514,247	557,095	1,294,915
FABL	24,225	6,239	11,998	296,718	180,641	156,784
NIB	24,093	4,420	103,029	138,354	126,057	102,479
BAFL	15,661	3,767	15,898	623,359	323,481	434,959
MCB	17,400	3,373	11,130	733,239	312,249	628,066
AKBL	27,924	2,894	12,603	448,810	208,772	273,404
SNBL	8,566	2,616	11,025	195,618	112,765	133,334
ABL	19,363	2,358	11,451	734,484	304,336	606,851
HMB	16,003	2,352	10,478	414,619	144,703	324,794
JSBL	2,823	428	10,725	147,908	82,789	106,588
BAHL	4,339	371	11,114	529,852	210,221	444,830

*NPL provided

** NPL remaining ; to be provisioned

Source www.scstrade.com & respective reports

REP-033 | www.jamapunji.pk

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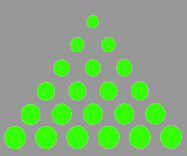
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Valuations

	EPS 1QCY16	CY16PE
	Rs /sh	x
NBP	1.90	7.3
UBL	5.96	7.3
HBL	5.81	8.5
FABL	1.13	3.1
NIB	0.12	3.8
BAFL	1.55	4.1
MCB	5.41	10.7
AKBL	0.97	4.7
SNBL	0.49	7.1
ABL	4.18	5.3
HMB	1.58	4.7
JSBL	0.26	6.1
BAHL	2.28	4.8
banking industry		7.1

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Valuations

Banks relegating vs KSE 100.....We also see banking industry PE multiples relegating at 7.1x as against KSE100 multiple of around 10x. Some of the undervalued banks sitting at lower PEs include BAML at 4.8x & ABL at 5.3x. MCB bank which usually yield premium multiples in the last decade or so is also relegating at PE of 10.7x and thus undervalued among regional peers.

	ADR
NBP	43.6%
UBL	41.8%
HBL	36.8%
FABL	60.9%
NIB	91.1%
BAFL	51.9%
MCB	42.6%
AKBL	46.5%
SNBL	57.6%
ABL	41.4%
HMB	34.9%
JSBL	56.0%
BAHL	39.7%
<i>Industry</i>	43.9%
scs Research	

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