

Table of Contents

Governor's Message	i
Acknowledgements	ii
FSR Team	iii
Data Convention and Coverage.....	iv
Overview.....	1
Box 1: SBP's Systemic Risk Survey-3rd Wave (January, 2019)	8
Box 2: SBP's Initiatives to Strengthen the Stability of the Financial Sector.....	10
Chapter 1: Global and Domestic Macro-financial Environment	17
Chapter 2: Financial Markets Risk Analysis.....	27
Box 3: US Dollar Liquidity Remains an Important Aspect of Inter-Connectedness and Financial Markets Behavior during CY18	36
Section A: Banking Sector	37
Chapter 3.1: Performance and Risk Analysis of the Banking Sector	39
Box 4: FATF and AML/CFT Regime in Pakistan	53
Chapter 3.2: Performance and Risk Analysis of the Islamic Banking Industry	57
Chapter 3.3: Resilience of the Banking Sector under Stress Scenarios.....	65
Section B: Non-Banking Financial Sector.....	75
Chapter 4.1: Performance & Risk Analysis of Development Finance Institutions (DFIs).....	77
Box 5: Brief History of DFIs in Pakistan	82
Chapter 4.2: Performance & Risk Analysis of Non-Bank Financial Institutions	83
Chapter 4.3: Insurance Sector Performance and Risk Analysis	91
Chapter 4.4: Performance and Risk Analysis of Exchange Companies.....	101
Section C: Non-Financial Sector.....	105
Chapter 5: Performance and Risk Analysis of the Corporate Sector	107
Box 6: Altman Z-score – Measure of distress	115
Chapter 6: Performance and Soundness of Financial Market Infrastructures.....	117
Chapter 7: Financial Inclusion and Financial Stability	127
Box 7: Financial Inclusion	132
Appendix A	135
Acronyms	139
Annexures	145