

June
2011



Financial Soundness Indicators (FSIs)

[STATE BANK OF PAKISTAN]

Banking Surveillance Department

Important Note

As communicated in our last Quarterly Performance Review of the banking system (**QPR**) of December 2010 and Quarterly Compendium for the quarter ended March 2011, QPR has now been replaced by the bi-annual Financial Stability Reviews (**FSRs**). However, we will continue to disseminate key banking statistics on quarterly basis. For the March and September quarters, detailed statistics will be posted on the SBP website in the form of a **Quarterly Compendium**. For the June and December quarters, only **Financial Soundness Indicators** will be posted as rest of the banking statistics, along with our analysis, will be available in the bi-annual FSR for the respective half-year. The next FSR, to be published in November 2011, will analyze the developments during January-June 2011.

Financial Soundness Indicators*

| Indicators | Percent | | | | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008** | 2009 | Jun-10 | Dec-10 | Mar-11 | Jun-11 |
| CAPITAL ADEQUACY | | | | | | | | | |
| Risk Weighted CAR*** | | | | | | | | | |
| Public Sector Commercial Banks | 14.5 | 15.2 | 16.1 | 13.4 | 15.1 | 13.9 | 13.9 | 13.2 | 12.8 |
| Local Private Banks | 10.6 | 12.7 | 11.8 | 11.9 | 13.9 | 14.0 | 13.9 | 13.5 | 14.1 |
| Foreign Banks | 16.4 | 15.0 | 14.6 | 21.8 | 23.0 | 22.7 | 24.6 | 25.0 | 25.2 |
| Commercial Banks | 11.9 | 13.3 | 12.8 | 12.6 | 14.5 | 14.3 | 14.2 | 13.8 | 14.2 |
| Specialized Banks | (7.7) | (8.3) | (6.2) | (4.9) | (1.5) | (1.5) | 4.7 | 7.2 | 8.0 |
| All Banks | 11.3 | 12.7 | 12.3 | 12.2 | 14.0 | 13.9 | 14.0 | 13.6 | 14.1 |
| Tier 1 Capital to RWA | | | | | | | | | |
| Public Sector Commercial Banks | 8.8 | 11.1 | 12.2 | 10.9 | 12.6 | 11.9 | 10.7 | 10.9 | 10.8 |
| Local Private Banks | 8.3 | 10.4 | 9.9 | 10.0 | 11.4 | 11.7 | 12.0 | 11.4 | 12.0 |
| Foreign Banks | 16.1 | 14.3 | 14.0 | 21.3 | 22.5 | 22.3 | 24.3 | 24.7 | 25.0 |
| Commercial Banks | 9.1 | 10.8 | 10.5 | 10.6 | 12.0 | 12.1 | 12.1 | 11.7 | 12.2 |
| Specialized Banks | (13.6) | (13.3) | (12.5) | (10.1) | (5.8) | (5.6) | (0.9) | 1.4 | 2.0 |
| All Banks | 8.3 | 10.0 | 10.0 | 10.1 | 11.6 | 11.7 | 11.8 | 11.4 | 11.9 |
| Capital to Total Assets | | | | | | | | | |
| Public Sector Commercial Banks | 12.6 | 12.2 | 13.7 | 10.7 | 11.3 | 10.0 | 11.1 | 11.3 | 10.5 |
| Local Private Banks | 7.0 | 9.2 | 10.2 | 10.0 | 9.9 | 9.9 | 9.4 | 9.2 | 8.9 |
| Foreign Banks | 9.5 | 10.1 | 11.2 | 14.5 | 14.8 | 14.6 | 14.8 | 14.5 | 15.1 |
| Commercial Banks | 8.4 | 9.9 | 10.9 | 10.3 | 10.4 | 10.1 | 9.9 | 9.8 | 9.4 |
| Specialized Banks | (8.1) | (8.0) | (5.4) | (3.2) | (1.7) | (1.3) | 2.4 | 4.8 | 5.7 |
| All Banks | 7.9 | 9.4 | 10.5 | 10.0 | 10.1 | 9.9 | 9.8 | 9.7 | 9.4 |
| ASSET QUALITY | | | | | | | | | |
| NPLs to Total Loans | | | | | | | | | |
| Public Sector Commercial Banks | 10.0 | 9.0 | 8.4 | 16.3 | 16.9 | 16.5 | 22.9 | 23.6 | 21.5 |
| Local Private Banks | 6.4 | 5.2 | 6.5 | 8.7 | 11.1 | 11.6 | 12.2 | 13.0 | 13.2 |
| Foreign Banks | 1.2 | 1.0 | 1.6 | 2.9 | 6.7 | 8.6 | 9.8 | 9.1 | 9.0 |
| Commercial Banks | 6.7 | 5.7 | 6.7 | 9.9 | 12.1 | 12.5 | 14.3 | 15.0 | 14.8 |
| Specialized Banks | 46.0 | 39.1 | 34.3 | 28.8 | 25.5 | 24.9 | 28.4 | 27.6 | 31.1 |
| All Banks | 8.3 | 6.9 | 7.6 | 10.5 | 12.6 | 12.9 | 14.7 | 15.4 | 15.3 |
| Provision to NPLs | | | | | | | | | |
| Public Sector Commercial Banks | 86.8 | 84.5 | 89.0 | 66.9 | 67.8 | 72.3 | 54.1 | 51.2 | 53.8 |
| Local Private Banks | 76.4 | 78.7 | 88.5 | 70.2 | 71.0 | 74.1 | 72.6 | 73.4 | 74.7 |
| Foreign Banks | 145.9 | 191.7 | 157.0 | 81.9 | 75.2 | 78.7 | 86.5 | 87.0 | 88.8 |
| Commercial Banks | 80.4 | 81.5 | 89.1 | 69.3 | 70.1 | 73.7 | 66.9 | 66.6 | 68.5 |
| Specialized Banks | 64.8 | 64.1 | 68.6 | 72.4 | 65.7 | 66.5 | 64.2 | 67.6 | 59.2 |
| All Banks | 76.7 | 77.8 | 86.1 | 69.6 | 69.9 | 73.2 | 66.7 | 66.7 | 67.9 |
| Net NPLs to Net Loans | | | | | | | | | |
| Public Sector Commercial Banks | 1.5 | 1.5 | 1.0 | 6.1 | 6.1 | 5.2 | 12.0 | 13.1 | 11.2 |
| Local Private Banks | 1.6 | 1.1 | 0.8 | 2.7 | 3.5 | 3.3 | 3.7 | 3.8 | 3.7 |
| Foreign Banks | (0.6) | (1.0) | (0.9) | 0.5 | 1.8 | 2.0 | 1.4 | 1.3 | 1.1 |
| Commercial Banks | 1.4 | 1.1 | 0.8 | 3.3 | 4.0 | 3.6 | 5.2 | 5.6 | 5.2 |
| Specialized Banks | 23.1 | 18.7 | 14.0 | 10.0 | 10.5 | 10.0 | 12.5 | 11.0 | 15.5 |
| All Banks | 2.1 | 1.6 | 1.1 | 3.4 | 4.1 | 3.8 | 5.4 | 5.7 | 5.5 |
| Net NPLs to Capital | | | | | | | | | |
| Public Sector Commercial Banks | 5.5 | 6.4 | 3.4 | 30.3 | 27.4 | 24.3 | 49.9 | 54.2 | 50.2 |
| Local Private Banks | 13.0 | 7.1 | 4.1 | 15.9 | 17.4 | 15.9 | 18.6 | 19.3 | 17.9 |
| Foreign Banks | (3.0) | (5.1) | (4.1) | 1.6 | 4.4 | 4.5 | 2.7 | 2.5 | 2.0 |
| Commercial Banks | 9.0 | 6.2 | 3.7 | 17.9 | 18.8 | 17.0 | 24.6 | 26.2 | 24.0 |
| Specialized Banks | - | - | - | - | - | - | - | - | - |
| All Banks | 14.3 | 9.7 | 5.6 | 19.4 | 20.4 | 18.4 | 26.1 | 27.4 | 25.7 |
| EARNINGS | | | | | | | | | |
| Return on Assets (Before Tax) | | | | | | | | | |
| Public Sector Commercial Banks | 3.3 | 4.0 | 3.5 | 0.6 | 1.5 | 1.8 | 1.8 | 1.9 | 1.8 |
| Local Private Banks | 2.7 | 3.1 | 2.0 | 1.3 | 1.3 | 1.8 | 1.7 | 2.3 | 2.2 |
| Foreign Banks | 3.6 | 3.2 | 1.5 | 0.0 | (0.3) | 0.6 | 0.9 | 2.2 | 2.2 |
| Commercial Banks | 2.9 | 3.2 | 2.3 | 1.1 | 1.3 | 1.8 | 1.6 | 2.2 | 2.1 |
| Specialized Banks | (1.0) | (1.3) | 1.4 | 3.2 | 3.1 | 2.6 | 2.4 | 1.0 | 1.1 |
| All Banks | 2.8 | 3.1 | 2.2 | 1.2 | 1.3 | 1.8 | 1.7 | 2.2 | 2.1 |

* Source: FSIs are prepared on the basis of annual audited accounts except for quarter ended Jun-10, Dec-10, Mar-11 and Jun-11 which are based on unaudited Quarterly Report of Condition (QRC) submitted by banks.

** Statistics for 2008 has been restated on the basis of audit for the year 2009.

*** Data of IDBP, PPCBL, and SME is based on Basel I.

Financial Soundness Indicators*

| Indicators | Percent | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008** | 2009 | Jun-10 | Dec-10 | Mar-11 | Jun-11 |
| EARNINGS | | | | | | | | | |
| Return on Assets (After Tax) | | | | | | | | | |
| Public Sector Commercial Banks | 2.2 | 2.7 | 2.5 | 0.5 | 1.3 | 1.2 | 0.9 | 1.3 | 1.2 |
| Local Private Banks | 1.8 | 2.1 | 1.4 | 0.9 | 0.9 | 1.1 | 1.0 | 1.4 | 1.4 |
| Foreign Banks | 2.5 | 2.1 | 0.7 | 0.3 | (0.3) | 0.4 | 0.5 | 1.4 | 1.6 |
| Commercial Banks | 2.0 | 2.2 | 1.6 | 0.8 | 0.9 | 1.1 | 1.0 | 1.4 | 1.4 |
| Specialized Banks | (1.2) | (1.8) | 0.7 | 1.8 | 1.2 | 0.6 | 1.5 | 1.0 | 1.1 |
| All Banks | 1.9 | 2.1 | 1.5 | 0.8 | 0.9 | 1.1 | 1.0 | 1.4 | 1.4 |
| ROE (Avg. Equity & Surplus) (Before Tax) | | | | | | | | | |
| Public Sector Commercial Banks | 30.7 | 32.4 | 27.2 | 5.2 | 13.3 | 16.8 | 16.3 | 17.1 | 16.6 |
| Local Private Banks | 40.1 | 36.2 | 20.4 | 12.9 | 13.2 | 18.2 | 16.8 | 24.4 | 23.8 |
| Foreign Banks | 38.9 | 30.0 | 13.1 | 0.0 | (2.4) | 3.8 | 6.2 | 15.1 | 14.8 |
| Commercial Banks | 37.2 | 34.7 | 21.8 | 10.6 | 12.4 | 17.1 | 16.2 | 22.4 | 21.8 |
| Specialized Banks | - | - | - | - | - | - | - | - | - |
| All Banks | 38.2 | 35.2 | 22.6 | 11.4 | 13.2 | 17.7 | 16.7 | 22.4 | 21.8 |
| ROE (Avg. Equity & Surplus) (After Tax) | | | | | | | | | |
| Public Sector Commercial Banks | 20.9 | 21.7 | 19.5 | 4.4 | 11.4 | 11.2 | 8.7 | 11.6 | 11.0 |
| Local Private Banks | 27.2 | 25.0 | 13.8 | 8.5 | 8.6 | 11.2 | 10.1 | 15.5 | 15.4 |
| Foreign Banks | 27.1 | 20.4 | 6.0 | 2.2 | (2.3) | 2.5 | 3.8 | 9.8 | 10.9 |
| Commercial Banks | 25.4 | 23.7 | 15.0 | 7.3 | 8.6 | 10.7 | 9.5 | 14.4 | 14.2 |
| Specialized Banks | - | - | - | - | - | - | - | - | - |
| All Banks | 25.8 | 23.8 | 15.4 | 7.8 | 8.9 | 10.9 | 9.8 | 14.4 | 14.3 |
| NII/Gross Income | | | | | | | | | |
| Public Sector Commercial Banks | 71.3 | 69.5 | 65.9 | 65.4 | 63.0 | 70.0 | 67.6 | 73.1 | 70.2 |
| Local Private Banks | 73.0 | 73.5 | 70.7 | 73.2 | 75.9 | 77.2 | 77.3 | 77.7 | 77.5 |
| Foreign Banks | 61.5 | 65.8 | 59.1 | 61.3 | 64.8 | 68.4 | 69.3 | 75.3 | 72.9 |
| Commercial Banks | 71.3 | 72.1 | 69.2 | 71.2 | 73.3 | 75.6 | 75.3 | 76.9 | 76.2 |
| Specialized Banks | 87.7 | 40.1 | 42.8 | 46.6 | 44.7 | 46.6 | 52.1 | 66.1 | 64.6 |
| All Banks | 72.0 | 70.9 | 68.2 | 70.3 | 72.4 | 74.7 | 74.7 | 76.6 | 75.9 |
| Cost / Income Ratio | | | | | | | | | |
| Public Sector Commercial Banks | 34.3 | 31.8 | 30.2 | 39.1 | 47.5 | 49.5 | 48.1 | 49.5 | 49.2 |
| Local Private Banks | 43.1 | 40.7 | 45.4 | 51.6 | 50.1 | 52.4 | 53.3 | 49.4 | 50.2 |
| Foreign Banks | 42.2 | 49.8 | 57.0 | 69.6 | 77.5 | 63.2 | 63.8 | 62.0 | 62.2 |
| Commercial Banks | 41.2 | 39.4 | 42.8 | 50.0 | 50.9 | 52.4 | 52.8 | 49.9 | 50.5 |
| Specialized Banks | 47.8 | 62.6 | 53.2 | 52.1 | 61.3 | 57.8 | 59.1 | 65.5 | 69.8 |
| All Banks | 41.5 | 40.3 | 43.2 | 50.1 | 51.2 | 52.6 | 53.0 | 50.3 | 51.0 |
| LIQUIDITY | | | | | | | | | |
| Liquid Assets/Total Assets | | | | | | | | | |
| Public Sector Commercial Banks | 35.6 | 33.9 | 37.0 | 30.6 | 31.1 | 33.6 | 31.8 | 31.6 | 29.9 |
| Local Private Banks | 32.4 | 31.1 | 32.5 | 26.8 | 32.3 | 33.6 | 35.0 | 35.8 | 39.6 |
| Foreign Banks | 41.8 | 41.0 | 41.6 | 45.2 | 55.0 | 58.5 | 63.9 | 64.5 | 65.2 |
| Commercial Banks | 33.9 | 32.2 | 33.8 | 28.3 | 32.9 | 34.6 | 35.3 | 36.0 | 38.5 |
| Specialized Banks | 25.8 | 23.0 | 27.9 | 24.5 | 19.8 | 17.3 | 20.1 | 19.2 | 22.4 |
| All Banks | 33.7 | 31.9 | 33.6 | 28.2 | 32.7 | 34.2 | 35.0 | 35.7 | 38.2 |
| Liquid Assets/Total Deposits | | | | | | | | | |
| Public Sector Commercial Banks | 44.7 | 42.6 | 47.1 | 38.9 | 40.1 | 41.9 | 39.7 | 41.6 | 37.1 |
| Local Private Banks | 40.3 | 40.6 | 42.9 | 35.0 | 43.4 | 44.0 | 45.1 | 46.3 | 50.4 |
| Foreign Banks | 57.9 | 61.1 | 61.1 | 71.6 | 82.4 | 85.7 | 95.6 | 97.0 | 95.3 |
| Commercial Banks | 42.7 | 42.0 | 44.3 | 37.1 | 44.0 | 44.9 | 45.5 | 46.9 | 49.1 |
| Specialized Banks | 183.2 | 205.4 | 247.7 | 229.4 | 167.1 | 134.5 | 161.4 | 181.4 | 181.2 |
| All Banks | 43.5 | 42.7 | 45.1 | 37.7 | 44.5 | 45.3 | 45.9 | 47.3 | 49.5 |
| Advances/Deposits | | | | | | | | | |
| Public Sector Commercial Banks | 59.8 | 64.6 | 60.0 | 68.4 | 65.2 | 58.3 | 57.7 | 61.7 | 58.1 |
| Local Private Banks | 70.8 | 74.5 | 70.1 | 75.1 | 66.6 | 62.7 | 61.2 | 60.3 | 55.1 |
| Foreign Banks | 68.7 | 80.1 | 75.2 | 68.9 | 56.1 | 49.6 | 42.0 | 42.3 | 40.8 |
| Commercial Banks | 68.4 | 72.7 | 73.8 | 73.6 | 66.0 | 61.4 | 59.9 | 60.0 | 55.3 |
| Specialized Banks | 400.7 | 528.4 | 507.3 | 577.0 | 560.8 | 534.5 | 526.6 | 622.6 | 517.8 |
| All Banks | 70.2 | 74.6 | 69.7 | 75.2 | 67.7 | 63.0 | 61.4 | 61.5 | 56.7 |

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