



External Relations Department

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Performance of the banking sector continued to improve:

QPR of the Banking Sector for June, 2015

The Quarterly Performance Review of the Banking Sector for the quarter ending 30th June, 2015 released by State Bank of Pakistan today highlighted that the profit after tax of the banking sector surged by 52 percent YoY on the back of both interest and non-interest income. Accordingly, Return on Assets increased to 2.7 percent in Jun-15 from 2.1 percent in Jun-14. Capital Adequacy Ratio remained strong at 17.2 percent well above the local requirement of 10 percent and international benchmark of 8 percent.

During the quarter, asset base of the banking sector grew by 5.7 percent (YoY 19.2 percent) compared to 3.4 percent in the corresponding period last year. Most of the increase in assets resulted from growth in public sector credit for matching the fiscal needs and financing commodity operations. The share of investments in total asset continued to increase due to growth in stock of government securities.

According to the report, the asset quality observed some deterioration during Jun-15 as Non-performing loans increased by 1.6 percent (YoY 5.8 percent) to PKR 630 billion. However, with more than proportional increase in gross loans (4.7 percent), Non-performing Loans to gross loans ratio decreased by 39 bps to 12.4 percent and Net NPLs to Net Loans decreased by 18 bps to 2.7 percent during April to June 2015. On the funding side, steady growth in deposit base continued to provide the needed resources for financing asset growth. With a healthy increase of 7.9 percent over the quarter (YoY 13.6 percent), banks' deposits reached 9.97 trillion in Jun-15.

The State Bank of Pakistan has commenced publishing Quarterly Performance Review (QPR) of the banking sector from December 2014. The QPR for Jun-15 is placed at URL: http://www.sbp.org.pk/publications/q_reviews/qpr.htm
