



External Relations Department

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Banking Sector remains resilient during H1CY19, says the Mid-Year Performance Review of the Banking Sector

State Bank of Pakistan has issued the Mid-Year Performance Review (MPR) of the Banking Sector for the calendar year 2019 (CY19). The review comprehensively covers the performance and soundness of the banking sector.

According to the review, the performance of the banking sector remained satisfactory, despite challenging macroeconomic environment. Banking sector maintained its growth trajectory with asset expansion of 5.3 percent during H1CY19 (Year-on-Year (YoY): 7.9 percent), primarily funded by deposits that witnessed the highest growth since H1CY16. There was some deceleration in growth in advances—a consequence of economic slowdown. Investments grew marginally and banks exhibited renewed interest in long-term government securities i.e. Pakistan Investment Bonds (PIBs).

The overall risk profile of the banking sector remained robust. Though the asset quality moderated, the earnings of the banking sector improved owing to increase in Net Interest Income (NII). Resultantly, all profitability indicators showed improvement. The Capital Adequacy Ratio (CAR) at 16.1 percent was well above the local and international minimum benchmarks of 11.9 percent and 10.5 percent, respectively.

The review also includes the results of the 4th wave of SBP's Systemic Risk Survey, which represents the views of the market participants.

The report is accessible at URL: <http://www.sbp.org.pk/publications/HPR/H1CY19.pdf>
