



## External Relations Department

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25<sup>th</sup> November, 2015

### **SBP issues Quarterly Performance Review of the Banking Sector for July- September 2015**

The Quarterly Performance Review (QPR) of the Banking Sector for the quarter ended 30<sup>th</sup> September, 2015 released by SBP today highlighted that the year to date (Jan-Sep) profit after tax of the banking sector recorded at PKR 148 billion, as against PKR 163 billion during CY14. Return on Assets (ROA) before tax has increased to 2.6 percent in Sep-15 from 2.2 percent in Sep-14. However, the likely adjustment on account of provisions against infected portfolio by the year end may keep a check on further growth in profits.

The Sep-15 quarter observed a marginal rise of 2.1 percent in the asset base of the banking sector. Public sector demand for credit remained strong due to fiscal needs while private sector advances witnessed nominal seasonal decline of 0.4 percent. Well aligned with the domestic credit cycle, deposits also declined by 2.6 percent. Banks, therefore, relied more on borrowings which grew by 38 percent during the quarter.

On the soundness of banking sector, the report added that the asset quality remained stable as NPLs almost stayed unchanged at PKR 630 billion. However, the NPLs to Loans Ratio (infection ratio) marginally increased from 12.4 percent in Jun-14 to 12.5 percent in Sep-15 on account of seasonal fall in advances. Net NPLs to net Loans ratio, however, declined to 2.5 percent from 2.7 percent in Jun-15 due to rise in accumulated provisioning against infected loans. The solvency profile of the banking system further strengthened with Capital Adequacy Ratio (CAR) rising to 18.2 percent (17.2 percent as of Jun-15). Importantly, the banking system is cushioned with high level of capital that may be utilized in any exigency.

The QPR for Sep-15 is placed at URL:

[http://www.sbp.org.pk/publications/q\\_reviews/qpr.htm](http://www.sbp.org.pk/publications/q_reviews/qpr.htm)