



External Relations Department

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The banking sector has remained sound and stable in Q3CY17, says the 3rd QPR of the Banking Sector

The Quarterly Performance Review (QPR) of the Banking Sector for the quarter ended 30th September, 2017, has been released by SBP today. As highlighted in the report, less than normal seasonal fall in advances along with improved liquidity and strong solvency – well above the minimum benchmark – are the key highlights of the 3rd quarter of CY17.

Despite the seasonal net retirements in commodity financing and sugar sector, the overall gross advances (domestic) to private sector have declined marginally; significantly lesser than the established 3rd quarter financing dip. Advances demand from textile and other sectors (agriculture, automobiles, electronics etc.) have been promising. Noticeably, the share of fixed investment (long-term) advances in overall advances is persistently rising. Banks have continued to invest in short term MTBs while investment in PIBs and Sukuk have declined. The deposit mobilization has remained on track, primarily, on the back of growth in saving and fixed deposits.

Asset quality has improved as Non Performing Loans (NPLs) to gross advances (infection) ratio has moved down to 9.2 percent as of end September 2017 from 9.3 percent as of end June 2017. However, profitability has moderated further with the banking sector earning profit (before tax) of PKR 195.3 billion during Jan-Sep, 2017 (ROA of 1.6 percent and ROE of 19.1 percent). Encouragingly, Net Interest Income (NII) has improved (Year-on-Year basis) on account of rising interest earned on advances. Capital Adequacy Ratio of the banking sector at 15.4 percent is well above the minimum required level of 10.65 percent and advocates that banks have enough buffers available to meet additional financing need of the market.

The report is accessible at URL: http://www.sbp.org.pk/publications/q_reviews/qpr.htm
