



External Relations Department

ERD/M&PRD/PR/01/2022-153

January 04, 2022

SBP releases Quarterly Compendium of Banking Statistics

The State Bank of Pakistan (SBP) has today published *Quarterly Compendium: Statistics of the Banking System* for Jul-Sep, 2021 (Q3CY21). The Compendium offers a comprehensive data coverage on major financial statistics as well as Financial Soundness Indicators (FSIs) of the banking sector. Besides the banks, the Compendium also provides comprehensive statistics of Islamic Banking Institutions (IBIs), Developments Finance Institutions (DFIs) and Microfinance Banks (MFBs).

The data reveals that the banking sector maintained its growth momentum during Q3CY21. The assets of the sector rose by 2.17 percent during the period over last quarter (20.9 percent growth on YoY basis), surpassing 0.44 percent growth attained in corresponding period of the last year. This expansion has been particularly contributed by the domestic private sector advances, which increased by 3.8 percent during Q3CY21 (16.6 percent increase YoY) against a contraction of 0.5 percent during the corresponding period of the last year. On funding side, deposits increased by 0.36 percent during the quarter as compared to 0.80 percent growth in same period of previous year. On a YoY basis deposits attained an encouraging growth of 16.9 percent.

The increase in advances remained broad based reflecting a general recovery in the economic activity as well as the impact of higher input prices. The healthy growth in credit to the private sector is quite encouraging, as it will prop up the low credit incidence in Pakistan as measured by domestic private credit to GDP ratio. Moreover, SBP's refinance schemes announced in the wake of COVID-19, particularly the Temporary Economic Refinance Facility (TERF), has been supporting the private sector credit growth in the last few quarters. However, the banks have increased the credit disbursements from their own sources during Jul-Sep-2021 quarter and the trend continues post quarter.

The construction and housing finance also emerged as notable sectors, which are witnessing healthy increase in credit off-take. Importantly, SBP assigned targets for housing finance to the banks in July 2020 and the Government of Pakistan Markup Subsidy Program for Housing Finance (aka Mera Pakistan Mera Ghar scheme (MPMG)) announced in October 2020, played a key role in enhancing the overall credit to the housing sector. The banks are actively participating in these initiatives for increasing the mortgage finance that will help greater portion of population in construction and purchase of houses.

The trends in key financial soundness indicators remained encouraging. Banking sector's credit risk indicators improved further as the gross Non Performing Loans (NPLs) to total loans ratio decreased to 8.8 percent at end September, 2021 from 9.9 percent a year ago. This improvement came on the back of a rise in loans and lower fresh delinquencies. Due to increase in provisioning against NPLs, the provisions coverage ratio improved to 88.9 percent by the end Q3CY21 compared to 84.6 percent a year earlier. Accordingly, net NPLs ratio declined to 1.1 percent as at end Q3CY21 from 1.7 percent in Q3CY20, indicating lower residual risk to solvency from delinquent loans.

The earning indicators of the banking sector witnessed some moderation during Q3CY21 as the Return on Assets (ROA) stood at 0.95 percent in Q3CY21 compared to 1.13 percent in Q3CY20. The solvency of the of the sector remained strong as the Capital Adequacy Ratio(CAR) at 17.9 percent stayed well above the minimum domestic regulatory benchmark of 11.5 percent and the global standard of 10.5



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percent. The quarterly stress test results also reveal that the banking sector is likely to remain resilient even under reasonably severe economic shocks over a protracted period of time.

The Quarterly Compendium can be accessed at the State Bank of Pakistan's website:
<https://www.sbp.org.pk/ecodata/fsi.asp>
