



# MONEY & CREDIT

**Current Policy Rate**      **11%**



**Broad Money (M2)**      **Rs 1,604.1 bn\***  
(Growth of 4.5 %)



**NFA**      **Rs 1,162.7 bn\***



**NDA**      **Rs 441.4 bn\***



**Private Sector Credit**      **Rs 767.6 bn\***



**Weighted Average Lending Rate**      **15%\*\***  
(Average)



**Weighted Average Deposit Rate**      **8%\*\***  
(Average)



\*: July-March FY2025

\*\* : End March



# MONEY AND CREDIT

From July to March FY 2025, Broad Money (M2) increased by Rs 1,604 billion (13.0% growth on YoY basis) compared to Rs 2,219 billion (17.4%) during the same period last year. The banking system's Net Foreign Assets (NFA) expanded by Rs 1,162.7 billion, resulting from increased foreign exchange reserves due to improved balance of payments position with a contained current account deficit. On the other hand, the banking system's Net Domestic Assets (NDA) registered subdued growth, increasing by Rs 441.4 billion. From June 2024 to May 2025, SBP's policy rate reduced by a cumulative 1100 basis points. This easing stance was primarily driven by persistently low inflation, improved external, and fiscal position, along with a stable exchange rate. Inflationary expectations are anticipated to remain well-anchored allowing continued monetary easing, providing further breathing space for business activities.

## 5.1 Background

The global monetary landscape during the last year was marked by a significant transition from an extended phase of synchronized policy tightening to the early stages of monetary easing. This shift was underpinned by easing inflationary pressures across advanced and emerging economies, the unwinding of pandemic- and conflict-induced supply disruptions. Financial market sentiment improved markedly, reflected in declining global interest rates, narrowing bond spreads, and a resurgence in risk appetite particularly for emerging market assets.

In this context, major central banks signaled policy normalization. While the US Federal Reserve and the European Central Bank prepared for gradual rate cuts, several emerging market central banks, have taken early actions to

curb inflation, cautiously moving towards easing, as inflationary pressures subsided and exchange rates stabilized. However, some challenges such as high levels of public and private debt, tight global financing conditions, and ongoing geopolitical tensions continue to cloud the medium-term global outlook.

The domestic economic recovery which started in FY 2024 continued in FY 2025, mainly due to the government's proactive measures tailored to address economic challenges and foster a conducive environment for sustained growth. Consequently, inflation decreased significantly, foreign exchange reserves increased, and the exchange rate stabilized. The positive momentum has been supported by sound macroeconomic management, with improved fiscal & external balance and effective measures to control inflation.

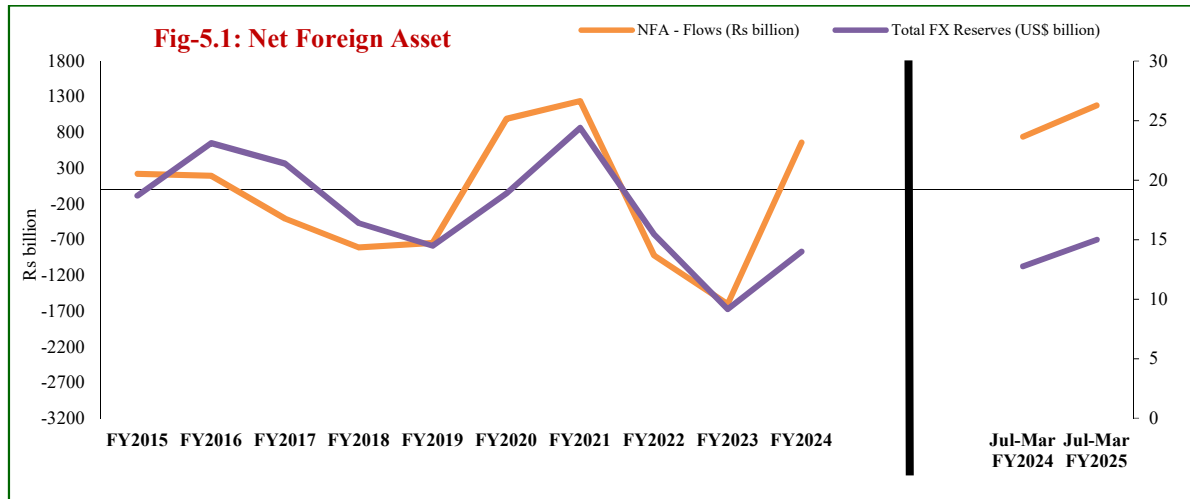
Pakistan's monetary policy during July-May FY 2025 marked a cautious pivot toward easing, amid global and domestic evolving environment. A notable disinflationary trend persisted from the beginning of the current fiscal year, driven by declining food and energy prices, improved domestic supply chains, and a relatively stable exchange rate. Inflation reached an all-time low of 0.3 percent in April, and with inflation easing alongside steadier domestic and external conditions, allowing State Bank of Pakistan (SBP) to adopt an accommodative policy stance.

## 5.2 Recent Monetary and Credit Developments

During July-March, FY 2025, the broad money supply (M2) increased by Rs 1,604 billion, translating into a 4.5 percent growth, significantly lower than the 7.2 percent recorded in the corresponding period of FY 2024. Within

M2, NFA of the banking system increased by Rs 1,162.7 billion compared Rs 651.2 billion during the same period last year. The expansion in NFA was mainly due to improved external sector situation emanating from current account surplus and enough foreign inflows which contributed to accumulation of Foreign Exchange reserves. On the other hand,

**Net Domestic Assets (NDA)** of the banking sector observed a growth of 1.4 percent to Rs 441.4 billion against a growth of 4.8 percent (Rs 1,568 billion) last year. The decline in NDA is underpinned by less government borrowing, especially for budgetary support and net retirement of financial obligations for commodity operations.



**Table 5.1: Monetary Aggregates (Assets of Banking System)**

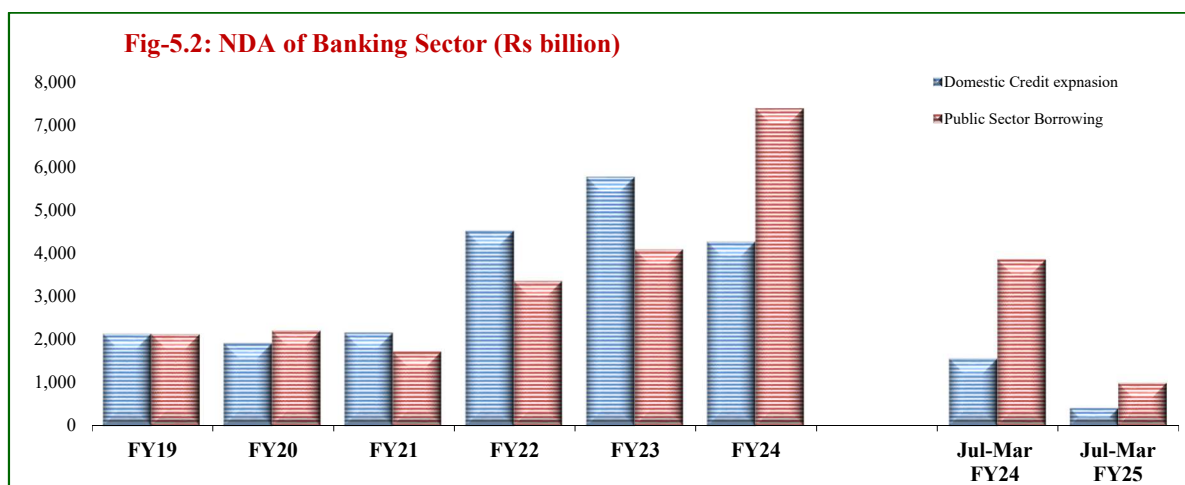
Rs billion

|                                 | FY 2024<br>(Stocks) | Flows    |         |                    |                    |
|---------------------------------|---------------------|----------|---------|--------------------|--------------------|
|                                 |                     | FY 2023  | FY 2024 | Jul-Mar<br>FY 2025 | Jul-Mar<br>FY 2024 |
| Net Foreign Assets (NFA)        | -1,138.0            | -1,602.1 | 659.2   | 1,162.7            | 651.2              |
| Net Domestic Assets (NDA)       | 37,019.8            | 5,777.2  | 4,279.6 | 441.4              | 1,567.8            |
| Net Government Borrowing        | 31,078.8            | 4,100.4  | 7,366.1 | 1018.9             | 3855.9             |
| Borrowing for budgetary support | 29,723.9            | 3,748.1  | 7,479.9 | 1320.9             | 4219.5             |
| From SBP                        | 4,527.7             | 108.8    | -713.1  | -287.4             | -654.7             |
| from Scheduled banks            | 25,196.2            | 3,639.3  | 8,192.9 | 1608.3             | 4874.2             |
| Credit to Private Sector        | 8,866.9             | 45.9     | 512.9   | 767.6              | 265.2              |
| Credit to PSEs                  | 2,191.5             | 496.9    | -99.9   | 12.5               | -58.5              |
| Broad Money                     | 35,881.8            | 4,175.1  | 4,938.8 | 1604.1             | 2219.0             |
| Reserve Money                   | 11,612.8            | 2,082.3  | 255.7   | 1,057.4            | -252.2             |
| Growth in M2 (%)                |                     | 15.6     | 16.0    | 4.5                | 7.2                |
| Reserve Money Growth (%)        |                     | 22.5     | 2.3     | 9.1                | -2.2               |

Source: SBP

Private sector credit grew near-three-fold to Rs 767.6 billion during July-March FY 2025, from Rs 265.2 billion in the same period last year. This signals a gradual revival in investment sentiment. Credit to Public Sector Enterprises (PSEs) reached Rs 12.5 billion compared to a

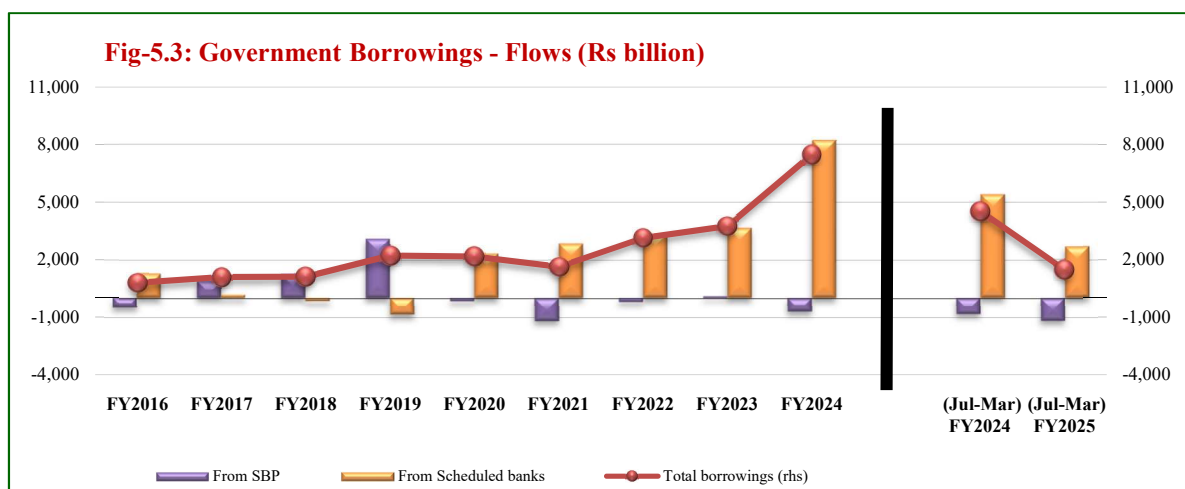
contraction of Rs 58.5 billion last year. Similarly, Reserve Money substantially increased by Rs 1,057.4 billion (9.1 percent), against negative growth of 2.2 percent in last year, which reflects increased SBP's assets.



### 5.2-a Government Borrowing

During July-March FY 2025, the Government sector borrowing for budgetary support decreased to Rs 1,320 billion compared to Rs 4,219.5 billion during the same period last year. The government retired Rs 287.4 billion to SBP against a retirement of Rs 654.7 billion last year. Similarly, the government borrowed Rs 1,608 billion from scheduled banks, significantly less

than 4,874 billion in the same period last year. Therefore, net government sector borrowing decreased from Rs 3,855.9 billion in July-March FY 2024 to Rs 1,018.9 billion in FY 2025. During the period under review, low government borrowing reflects fiscal consolidation as fiscal deficit remained 2.4 percent of GDP during July-March FY 2025 compared to 3.7 percent the same period last year.



### 5.2-b Commodity Finance

During July-March FY 2025, commodity financing recorded a net retirement of Rs 303.4 billion, slightly lower than Rs 362 billion observed in the same period last year. This was mainly contributed by Wheat financing, with a net retirement of Rs 326.9 billion, lower than Rs 427.7 billion recorded during the same period last year. The continued contraction in wheat financing reflects a significant policy shift, as the

federal government has stepped back from regulating wheat prices and the Pakistan Agricultural Storage & Services Corporation (PASSCO) has not participated in wheat procurement during this period. This policy realignment contributed to reduced financing needs within the wheat supply chain.

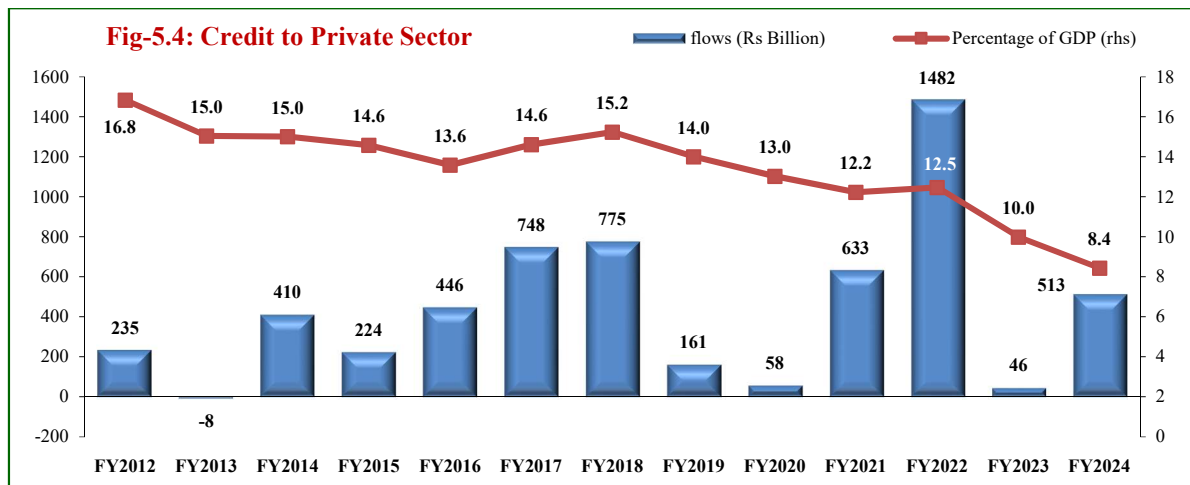
In contrast, sugar financing recorded a net borrowing of Rs 23.2 billion during first nine months of FY 2025, compared to a net retirement

of Rs 1.0 billion in the corresponding period last year, indicating increased financing requirements by the sector. Fertilizer financing saw a notable decline, shifting from a substantial net borrowing of Rs 67.4 billion in the last year to a net retirement of Rs 3.7 million.

### 5.2-c Credit to Private Sector

From July to March FY 2025, credit to private sector rose markedly to Rs 767.6 billion, a substantial increase from Rs 265.2 billion in the same period last year. Within the private sector credit, loans to businesses observed expansion of Rs 830.9 billion compared borrowing of Rs 307.8 billion during same period last year. This

expansion was primarily driven by the manufacturing sector, which accounted for Rs 573.1 billion (increase of Rs 278.7 billion). Across sectors, credit to food sector declined, whereas the textile sector witnessed a sharp surge in borrowing, reaching Rs 255.1 billion compared to Rs 26.7 billion in the previous year. Other sectors also exhibited strong credit growth: construction sector credit rose to Rs 19.9 billion (from Rs 4.2 billion), accommodation and food services jumped to Rs 40.4 billion (from Rs 2.6 billion), and the information and communication sector rebounded significantly with a credit inflow of Rs 103.5 billion from a net retirement of Rs 3.0 billion.



The disaggregated data shows that the increase in credit to private sector was largely concentrated in working capital loans, which rose to Rs 611.8 billion July-March FY 2025 from Rs 275.7 billion last year. Fixed investment loans also picked up significantly, owing to higher investment in petroleum, sugar and fertilizer. Fixed investment loans surged to Rs 236.7 billion during the period under review, up

from Rs 47.2 billion last year. The revival in credit appetite is largely attributed to a more accommodative monetary policy stance, which lowered borrowing costs. Additionally, the relaxation of import restrictions on raw materials and capital goods, coupled with an improved outlook for business activity, supported the expansion in investment and operational financing.

**Table 5.2: Loans to Private Sector Business (By Type of Finance)**

|  |  | Rs billion        |                   |                   |                   |                   |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Position at the end of Mar-2025P<br>Based on ISIC 4 Classifications of Private Sector Businesses |  | Total credit      |                   | Working capital   |                   | Fixed investment  |
| Description  |  | Jul-Mar<br>FY2024 | Jul-Mar<br>FY2025 | Jul-Mar<br>FY2024 | Jul-Mar<br>FY2025 | Jul-Mar<br>FY2024 |
| Loans to Private Sector Business   |  | 307.8             | 830.9             | 275.7             | 611.8             | 47.2              |
| A. Agriculture, forestry and fishing   |  | 47.8              | 44.2              | 0.9               | 10.8              | 33.6              |
| B. Mining and quarrying  |  | (2.8)             | (17.8)            | (0.6)             | (20.5)            | 2.7               |
| C. Manufacturing   |  | 294.7             | 573.1             | 286.1             | 493.1             | 86.3              |
| 10 - Manufacture of food products  |  | 229.4             | 86.7              | 236.5             | 69.8              | 17.1              |
| a- Wheat Processing  |  | (14.5)            | (19.6)            | (15.1)            | (20.7)            | 0.6               |
| b- Rice Processing   |  | 52.4              | 49.9              | 52.3              | 48.0              | 2.0               |

| <b>Table 5.2: Loans to Private Sector Business (By Type of Finance)</b>                                 |                           |                           |                           |                           |                           | Rs billion                |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Position at the end of Mar-2025P</b><br>Based on ISIC 4 Classifications of Private Sector Businesses |                           | <b>Total credit</b>       |                           | <b>Working capital</b>    |                           | <b>Fixed investment</b>   |
| <b>Description</b>  | <b>Jul-Mar<br/>FY2024</b> | <b>Jul-Mar<br/>FY2025</b> | <b>Jul-Mar<br/>FY2024</b> | <b>Jul-Mar<br/>FY2025</b> | <b>Jul-Mar<br/>FY2024</b> | <b>Jul-Mar<br/>FY2025</b> |
| 13 - Manufacture of textiles  | 26.7                      | 255.1                     | 16.3                      | 254.4                     | 9.2                       | 2.2                       |
| D. Electricity, gas, steam and air conditioning supply  | (77.0)                    | (13.5)                    | (43.3)                    | 14.2                      | (33.6)                    | (27.2)                    |
| E. Water supply; sewerage, waste management and remediation activities                                  | 10.9                      | 4.1                       | 7.8                       | (2.6)                     | 3.1                       | 6.7                       |
| F. Construction   | 4.2                       | 19.9                      | 5.7                       | 6.6                       | (1.2)                     | 17.5                      |
| G. Wholesale and retail trade; repair of motor vehicles and motorcycles                                 | 66.7                      | 66.9                      | 52.6                      | 35.9                      | 15.1                      | 33.4                      |
| H. Transportation and storage   | 0.2                       | (7.5)                     | 0.9                       | (16.6)                    | (0.4)                     | 9.4                       |
| I. Accommodation and food service activities  | 2.6                       | 40.4                      | 0.1                       | (0.4)                     | 4.1                       | 41.4                      |
| J. Information and communication  | (3.0)                     | 103.5                     | (10.0)                    | 72.6                      | 7.3                       | 30.4                      |
| K. Real estate activities   | (2.5)                     | 0.2                       | 0.3                       | (0.4)                     | (0.2)                     | 0.3                       |
| L. Professional, scientific and technical activities  | (3.7)                     | 13.7                      | (3.0)                     | 15.7                      | (0.7)                     | (1.2)                     |
| M. Administrative and support service activities  | (3.2)                     | 4.0                       | (6.2)                     | 1.7                       | 3.0                       | 2.3                       |
| N. Education  | (5.4)                     | (2.7)                     | (3.4)                     | 0.2                       | 0.2                       | (1.0)                     |
| O. Human health and social work activities  | (0.3)                     | (3.3)                     | (0.2)                     | (1.2)                     | 1.1                       | (1.1)                     |
| P. Arts, entertainment and recreation   | (0.3)                     | 0.5                       | (0.1)                     | (0.0)                     | (0.1)                     | 0.5                       |
| Q. Other service activities   | (21.2)                    | 5.0                       | (12.1)                    | 2.6                       | (7.6)                     | 2.8                       |

Source: State Bank of Pakistan

### 5.2-d Consumer Finance

From July to March FY 2025, consumer financing in Pakistan experienced a strong growth, recording a net increase of Rs 71.4 billion compared to a net retirement of Rs 52.6 billion in the same period last year. The turnaround was largely supported by a significant decline in borrowing costs, following easing inflationary pressures and an accommodative monetary policy stance. Auto loans, which have traditionally held the largest share of consumer credit, rebounded markedly with a growth of 11.7 percent to Rs 26.9 billion, after a sharp decline in FY 2024. Personal loans and financing for consumer durables also posted solid growth of 12.2 percent and 17.5 percent

respectively, while credit card borrowing continued to grow steadily at 15 percent.

Housing finance, however continued to face challenges, registering a net repayment of Rs 4.1 billion, though this decline was less severe compared to the previous year's Rs 6.6 billion retirement. The sustained contraction in this sector reflects binding constraints such as elevated construction costs and sectoral uncertainty. Overall, the positive momentum in consumer lending indicates that lower interest rates and improved monetary conditions have helped revive consumer demand and borrowing appetite, signaling a gradual improvement in household financial confidence and economic activity.

| <b>Table 5.3: Consumer Financing</b>      |                   |               |                    |               | Rs billion |
|---|-------------------|---------------|--------------------|---------------|------------|
| <b>Description</b>                        | <b>July-March</b> |               |                    |               |            |
|   | <b>(Flows)</b>    |               | <b>Growth (%)*</b> |               |            |
|   | <b>FY2024</b>     | <b>FY2025</b> | <b>FY2024</b>      | <b>FY2025</b> |            |
| Consumer Financing                        | -52.6             | 71.4          | -6.1               | 8.9           |            |
| 1) For house building                     | -6.6              | -4.1          | -3.1               | -2.0          |            |
| 2) For transport, i.e., purchase of a car | -54.3             | 26.9          | -18.5              | 11.7          |            |
| 3) Credit cards                           | 18.7              | 18.3          | 19.9               | 15.0          |            |
| 4) Consumers' durable                     | 0.1               | 1.3           | 1.9                | 17.5          |            |
| 5) Personal loans                         | -10.6             | 29.1          | -4.2               | 12.2          |            |

\* Growth is calculated based on stocks

Source: State Bank of Pakistan



### 5.3 Monetary Liabilities

Monetary Liabilities include Currency in Circulation, Demand deposits, Time deposits, and Resident Foreign Currency Deposits (RFCD).

#### 5.3-a Currency in Circulation (CIC) and Deposits

During July-March FY 2025, CIC increased by Rs 1,108 billion (12.1percent) compared to a decrease of Rs 498 billion (-5.4 percent) during the same period last year. Bank Deposits

mobilization (including demand, time, and RFCD) has observed an increase of Rs 490 billion (1.8 percent) against deposits increase of Rs 2,706 billion (12.4 percent) during the same period last year. As a result, the currency to deposit ratio increase to 37.8 at end March 2025 against 35.4 last year, suggesting a growing preference for cash holdings over bank deposit. This may partly reflect increased interest in alternative avenues offering higher returns, such as equities, amid improving stock market performance and investor sentiment, alongside expectations of declining interest rates.

| Table 5.4: Monetary Aggregates (Liability Side of the Banking System) |                 |        |       |       |                  |         | Rs billion         |         |
|---|-----------------|--------|-------|-------|------------------|---------|--------------------|---------|
| Items   | End June-Stocks |        | Flows |       | end March Stocks |         | July-March (Flows) |         |
|   | 2023            | 2024   | 2023  | 2024  | 2023-24          | 2024-25 | 2023-24            | 2024-25 |
| A. Currency in Circulation  | 9,149           | 9,153  | 1,576 | 4     | 8,651            | 10,261  | -498               | 1,108   |
| Deposit of which:   |                 |        |       |       |                  |         |                    |         |
| B. Other Deposits with SBP  | 49              | 63     | 6     | 13    | 61               | 69      | 11                 | 6       |
| C. Total Demand &Time Deposits incl. RFCDs                            | 21,745          | 26,666 | 2,593 | 4,921 | 24,451           | 27,156  | 2,706              | 490     |
| of which RFCDs  | 1,601           | 1,605  | 398   | 4     | 1,587            | 1,595   | -15                | -10     |
| Monetary Assets Stock (M2) A+B+C                                      | 30,943          | 35,882 | 4,175 | 4,939 | 33,162           | 35,882  | 2,219              | 1,604   |
| Memorandum Items  |                 |        |       |       |                  |         |                    |         |
| Currency/Money Ratio  | 29.6            | 25.5   |       |       | 26.1             | 28.6    |                    |         |
| Other Deposits/Money ratio  | 0.2             | 0.2    |       |       | 0.2              | 0.2     |                    |         |
| Total Deposits/Money ratio  | 70.3            | 74.3   |       |       | 73.7             | 75.7    |                    |         |
| RFCD/Money ratio  | 5.2             | 4.5    |       |       | 4.8              | 4.4     |                    |         |
| Income Velocity of Money  | 2.7             | 2.9    |       |       | —                | —       |                    |         |

Source: State Bank of Pakistan

### 5.4 Monetary Management

During July-March FY 2025, liquidity requirements of the interbank money market remained higher than the last year. The government's increased reliance on scheduled

banks for its financing needs affected the liquidity conditions of commercial banks. Therefore, the average outstanding open market operation (OMO) stood at Rs 11,283.5 billion compared to Rs 9,756 billion during FY 2024.

| Table 5.5: Average Outstanding Open Market Operations* |         |         |         |          |          | Rs billion |  |
|--|---------|---------|---------|----------|----------|------------|--|
|  | FY 2021 | FY 2022 | FY 2023 | FY 2024  | FY 2025  |            |  |
| Year (Average)   | 1,291.1 | 2,615.3 | 6,368.5 | 9,756.0  | 11,283.5 |            |  |
| Q1   | 1,048.3 | 2,127.2 | 5,323.0 | 8,993.4  | 11,809.7 |            |  |
| Q2   | 822.8   | 1,875.0 | 5,436.1 | 8,704.2  | 10,123.4 |            |  |
| Q3   | 1,158.0 | 2,641.8 | 6,520.5 | 10,111.4 | 11,917.5 |            |  |
| Q4   | 2,135.2 | 3,817.3 | 8,194.6 | 11,214.8 |          |            |  |

\*: The data does not include the impact of outright OMOs.

Note: (+) amount means net injections. (-) amount means net mop-up.

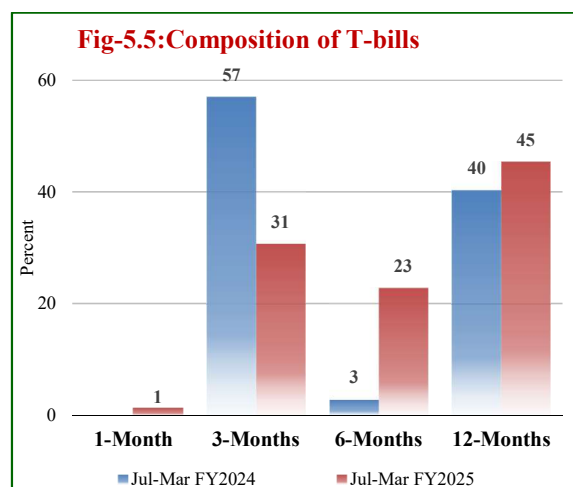
Source: State Bank of Pakistan

Foreign investment in government securities plays a vital role in deepening domestic capital markets, enhancing liquidity, and signaling investor confidence in macroeconomic stability. In FY 2025, foreign portfolio inflows reflected a cautious stance amid a declining interest rate environment, following a sharp reduction in the policy rate. While investors showed interest in short-term government securities such as Treasury Bills, driven by relatively higher returns, however, investment in long term securities remained subdued. Market insights suggest that a major share of these inflows were from overseas Pakistanis, attracted by yields that outpaced those in developed markets, where interest rates remained modest.

#### 5.4-a T-Bills Auction

In the primary market for Treasury Bills (T-Bills), investor participation declined notably during July-March FY 2025, with total offers falling by approximately 39 percent to Rs 30,630 billion compared to Rs 50,019 billion in the same period last year. This reduced participation largely reflects expectations of a declining interest rate environment, as the State Bank of Pakistan has begun easing its monetary policy stance in response to improved inflation outlook and better liquidity conditions. Out of the offered amount, the government accepted Rs 10,282 billion constituting 33.6 percent of the bids, lower than the Rs 19,707 billion (39 percent of offers) raised in the previous year.

Recently, investors preference shifted toward longer tenors, signaling market expectations of further monetary easing. Around 45 percent of the outstanding T-Bills were issued in the 12-month tenor at a Weighted Average Rate (WAR) of 15 percent, while 31 percent were issued for 3-months (WAR: 16 percent), and 23 percent in 6-months (WAR: 16 percent). This tenor-wise distribution suggests growing investor confidence in a sustained downward trajectory of interest rates, encouraging longer-term commitments over short-term government securities.

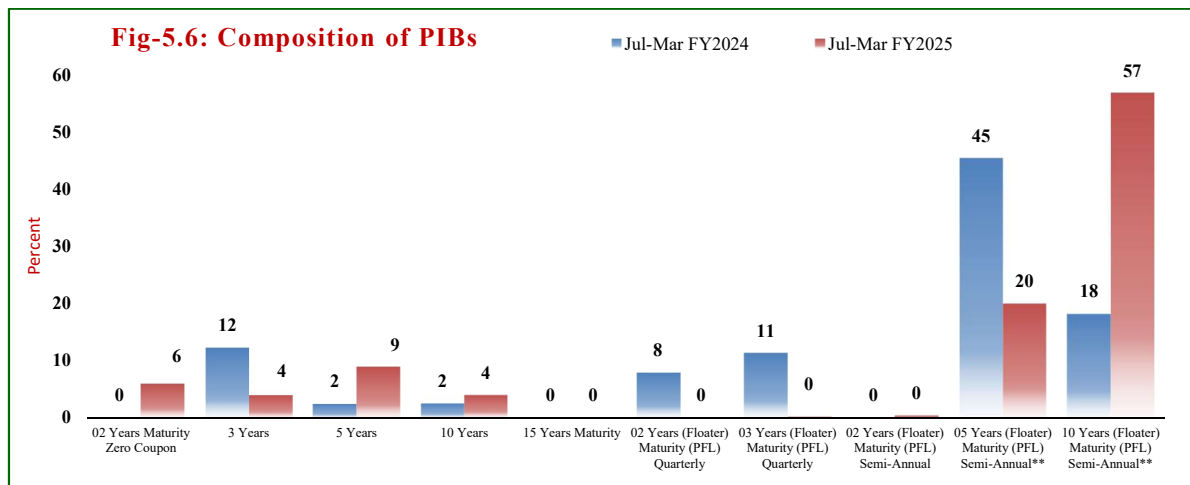


#### 5.4-b Pakistan Investment Bonds (PIBs) Auction

The market offered Rs 23,897 billion in PIBs, 49.0 percent higher than the Rs 16,023 billion offered during the same period last year. Of this 30 percent (Rs 7,140 billion) was offered under fixed-rate PIBs, compared to Rs 3,658 billion (22.8 percent) last year. On the other hand, Rs 16,757 billion was offered under floating-rate PIBs, comprising 70.0 percent of the total, down from 77.2 percent last year. Amid the recent monetary easing and expectations of further policy rate cuts, investor preference has gradually shifted towards fixed-rate instruments to lock in returns before further declines in yields. This is also reflected in the government's accepted amount of Rs 2,194 billion from fixed-rate PIBs (22.5 percent of total accepted amount), up from 17 percent a year earlier. Within this category, 5-year PIBs carried 39 percent share, followed by 3-year and 10-year papers at 17 percent each.

Conversely, the share of floating-rate instruments in total accepted PIBs declined to 77 percent (Rs 7,541 billion), compared to 83 percent last year, as demand for floaters softened in light of easing inflation and reduced policy rate outlook. Among floaters, 5-year and 10-year semi-annual coupon instruments remained the main contributors, comprising 25 percent and 73 percent of the total accepted amount, respectively. The shift in investor appetite indicates rising market confidence in a continued disinflationary trend and a more conducive interest rate environment ahead.





### 5.5 Monetary Policy Stance in Pakistan

During FY 2025, monetary policy remained adaptive and data-driven, striking a balance between anchoring inflationary expectations and supporting economic recovery. After keeping the policy rate unchanged at 22 percent for nearly a year, the central bank began a calibrated easing cycle in June 2024 in response to declining inflation, improved external sector performance, and enhanced macroeconomic stability. During the first nine months of FY 2025, the policy rate was reduced by a cumulative 850 basis points. This easing reflects increased confidence in the economic stabilization process, underpinned by a current account surplus, rising foreign exchange reserves, and a relatively stable exchange rate.

However, the pace of easing was moderate due to signs of resurging domestic demand and stickiness in core inflation. In March 2025, the Monetary Policy Committee (MPC) opted to keep the policy rate unchanged at 12 percent. The decision reflected mixed economic signals as headline inflation was on a declining path along with persistent core inflation and a recovery in credit demand. Concerns over temporary current account deficit in January 2025 also added to uncertainty.

Nonetheless, with a sharper-than-anticipated decline in headline inflation to just 0.3 percent in April driven by energy tariff adjustments, softening food prices, and a favorable base effect, the MPC resumed easing in May with a further 100 basis point cut. This brought the total

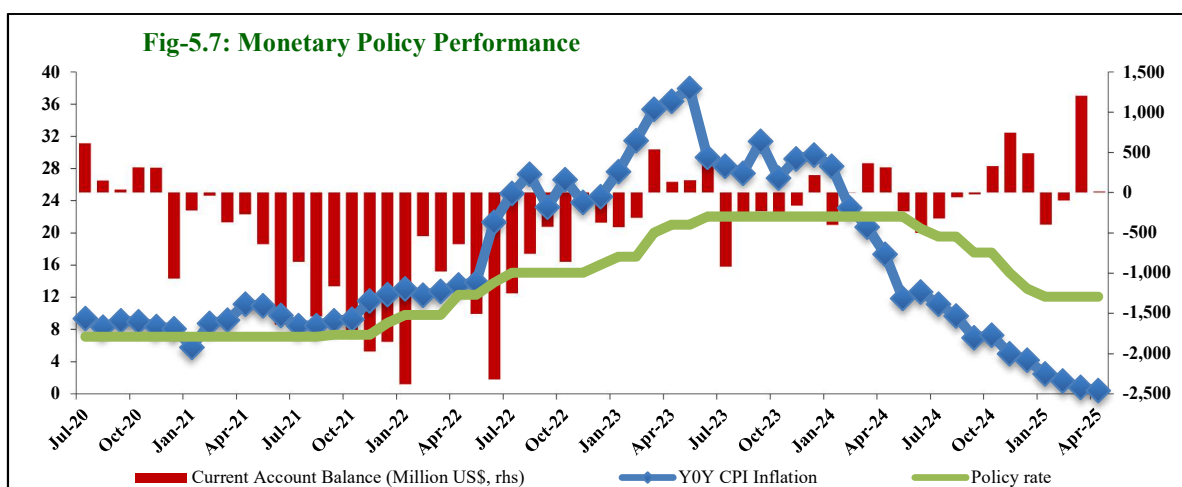
reduction to 950 basis points for FY2025 (Jul-May) and 1100 basis points since the start of the easing cycle in June 2024. Core inflation also eased to 8 percent, while inflation expectations trended downward, reinforcing the central bank's confidence in continuing its accommodative stance within the medium-term inflation target of 5-7 percent.

The economic outlook continued to improve during the review period. Real GDP grew by 2.68 percent in FY 2025, signaling a steady recovery. Looking ahead, it is expected that monetary policy will further support the economic recovery, anchoring inflation expectation, to ensure financial stability.

**Table 5.6: Policy Rate**

| w.e.f     | Policy rate |
|-----------|-------------|
| 6-May-25  | 11          |
| 28-Jan-25 | 12          |
| 17-Dec-24 | 13          |
| 5-Nov-24  | 15          |
| 13-Sep-24 | 17.5        |
| 30-Jul-24 | 19.5        |
| 11-Jun-24 | 20.5        |
| 27-Jun-23 | 22          |
| 5-Apr-23  | 21          |
| 3-Mar-23  | 20          |
| 24-Jan-23 | 17          |
| 28-Nov-22 | 16          |
| 13-Jul-22 | 15          |
| 24-May-22 | 13.75       |
| 8-Apr-22  | 12.25       |
| 15-Dec-21 | 9.75        |
| 22-Nov-21 | 8.75        |
| 21-Sep-21 | 7.25        |
| 26-Jun-20 | 7           |

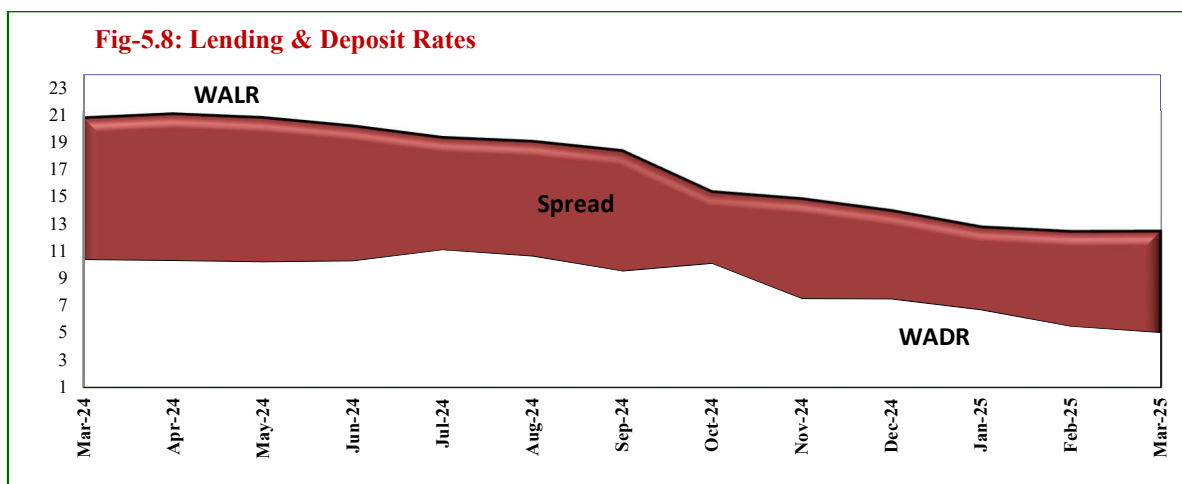
Source: State Bank of Pakistan



### 5.5-a Banking Spread

During the period July-March FY2025, an accommodative monetary policy stance with cumulative reduction of 1100 bps in the SBP policy rate has been translated into the Weighted Average Lending Rate (WALR), decreasing from 20.8 percent in March 2024 to 12.4 percent in March 2025. Similarly, the Weighted

Average Deposit Rate (WADR), offered on fresh deposits, also decreased to 5.0 percent in March 2025 from 10.4 percent in March 2024. Accordingly, the banking spread, the difference between the lending and deposit rates, and the cost of channeling funds through intermediaries decreased from 10.4 percent in March 2024 to 7.4 percent in March 2025, which remained instrumental for private sector credit demand.



### Box-I: Changing Central banks' monetary policy stance amid inflation returning to target

Monetary policy across advanced and emerging economies has shifted in response to easing inflation and evolving growth concerns. Central banks are recalibrating their stances amid global uncertainty, trade tensions, and commodity price risks.

#### Advanced Economies

- ▶ **United States:** The Federal Reserve began cutting rates in September 2024 after peaking at 5.25–5.50% in July 2023. By April 2025, the rate stands at 4.50–4.75%. Despite easing inflation, recent tariff-related trade tensions complicate the policy outlook.
- ▶ **Eurozone:** The ECB lowered its deposit rate from 4.5% (May 2024) to 2.5% (Feb 2025), with further easing anticipated. Growth remains subdued (forecasted at 0.8% in 2025), and inflation is slightly above the 2% target.
- ▶ **United Kingdom:** The BoE cut rates to 4.5% in February 2025. In March, it held steady due to persistent inflation and labor market concerns, reflecting a cautious stance.

- **Japan:** The BoJ ended its negative interest rate policy, raising the rate to 0.5%. Further tightening is possible if inflation remains above target.

#### Emerging Economies

- **India:** The RBI cut the repo rate by 25 bps to 6% in April 2025, aiming to support growth amid weak consumption and sluggish investment.
- **Turkey:** Following a cumulative rate hike of 1,055 bps in 2024, Turkey is expected to cut rates by 2,000 bps in 2025 to stimulate growth, despite inflation risks.
- **Brazil:** The central bank is tightening policy to combat inflation and ensure price stability.
- **Pakistan:** In response to falling inflation, the SBP reduced its policy rate from 22% to 11% by May 2025. The current stance is deemed appropriate to steer inflation toward the medium-term target of 5–7%.

#### Inflation and Growth Outlook

- **Inflation:** Global inflation is forecasted to decline from 5.8% (2024) to 4.3% (2025). Advanced economies see disinflation, while emerging markets face varying pressures, with some regions (e.g., MENA, Sub-Saharan Africa) likely to retain double-digit inflation.
- **Growth:** GDP growth is projected at 1.9% for advanced and 4.2% for emerging economies in 2025. High debt and currency volatility remain key vulnerabilities in emerging markets.

#### Risks & Policy Challenges

Geopolitical tensions, tariff escalations, and volatile commodity prices continue to pose upside risks to inflation. Elevated interest rates may suppress demand and investment. In this context, central bank credibility is essential to anchor expectations and enhance the effectiveness of monetary policy.

Policy Rate and Inflation of Selected Economies

| Policy Rates    |              | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 |
|-----------------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1               | Canada       | 5.0    | 5.0    | 5.0    | 5.0    | 5.0    | 5.0    | 5.0    | 5.0    | 5.0    | 5.0    | 5.0    | 4.8    | 4.5    | 4.5    | 4.3    | 3.8    | 3.8    | 3.3    | 3.0    |
| 2               | Euro area    | 4.0    | 4.3    | 4.5    | 4.5    | 4.5    | 4.5    | 4.5    | 4.5    | 4.5    | 4.5    | 4.5    | 4.3    | 4.3    | 4.3    | 3.5    | 3.3    | 3.3    | 3.0    | 2.8    |
| 3               | Japan        | -0.1   | -0.1   | -0.1   | -0.1   | -0.1   | -0.1   | -0.1   | -0.1   | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.3    | 0.3    | 0.3    | 0.3    | 0.3    | 0.5    |
| 4               | UK           | 5.0    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.3    | 5.0    | 5.0    | 5.0    | 4.8    | 4.8    | 4.8    |
| 5               | USA          | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 5.4    | 4.9    | 4.9    | 4.6    | 4.4    | 4.4    |
| 6               | Bangladesh   | 6.5    | 6.5    | 6.5    | 7.3    | 7.8    | 7.8    | 8.0    | 8.0    | 8.0    | 8.0    | 8.5    | 8.5    | 8.5    | 9.0    | 9.5    | 10.0   | 10.0   | 10.0   | 10.0   |
| 7               | Brazil       | 13.8   | 13.3   | 12.8   | 12.8   | 12.3   | 11.8   | 11.8   | 11.3   | 10.8   | 10.8   | 10.5   | 10.5   | 10.5   | 10.5   | 10.8   | 10.8   | 11.3   | 12.3   | 13.3   |
| 8               | China        | 3.6    | 3.5    | 3.5    | 3.5    | 3.5    | 3.5    | 3.5    | 3.5    | 3.5    | 3.5    | 3.5    | 3.5    | 3.4    | 3.4    | 3.4    | 3.1    | 3.1    | 3.1    | 3.1    |
| 9               | Egypt        | 18.3   | 19.3   | 19.3   | 19.3   | 19.3   | 19.3   | 19.3   | 21.3   | 27.3   | 27.3   | 27.3   | 27.3   | 27.3   | 27.3   | 27.3   | 27.3   | 27.3   | 27.3   | 27.3   |
| 10              | India        | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    | 6.5    |
| 11              | Indonesia    | 5.8    | 5.8    | 5.8    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.3    | 6.3    | 6.3    | 6.3    | 6.3    | 6.0    | 6.0    | 6.0    | 6.0    | 5.8    |
| 12              | Pakistan     | 22.0   | 22.0   | 22.0   | 22.0   | 22.0   | 22.0   | 22.0   | 22.0   | 22.0   | 22.0   | 22.0   | 20.5   | 19.5   | 19.5   | 17.5   | 17.5   | 15.0   | 13.0   | 12.0   |
| 13              | Russia       | 8.5    | 12.0   | 13.0   | 15.0   | 15.0   | 16.0   | 16.0   | 16.0   | 16.0   | 16.0   | 16.0   | 16.0   | 18.0   | 18.0   | 19.0   | 21.0   | 21.0   | 21.0   | 21.0   |
| 14              | Saudi Arabia | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 6.0    | 5.5    | 5.5    | 5.3    | 5.0    | 5.0    |
| Inflation (YoY) |              | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 |
| 1               | Canada       | 3.3    | 4.0    | 3.8    | 3.1    | 3.1    | 3.4    | 2.9    | 2.8    | 2.9    | 2.7    | 2.9    | 2.7    | 2.5    | 2.0    | 1.6    | 2.0    | 1.9    | 1.8    | 1.9    |
| 2               | Euro Area    | 5.3    | 5.2    | 4.3    | 2.9    | 2.4    | 2.9    | 2.8    | 2.6    | 2.4    | 2.4    | 2.6    | 2.5    | 2.6    | 2.2    | 1.7    | 2.0    | 2.2    | 2.4    | 2.5    |
| 3               | Japan        | 3.3    | 3.2    | 3.0    | 3.3    | 2.8    | 2.6    | 2.2    | 2.8    | 2.7    | 2.5    | 2.8    | 2.8    | 2.8    | 3.0    | 2.5    | 2.3    | 2.9    | 3.6    | 4.0    |
| 4               | UK           | 6.4    | 6.3    | 6.3    | 4.7    | 4.2    | 4.2    | 4.2    | 3.8    | 3.8    | 3.0    | 2.8    | 2.8    | 3.1    | 3.1    | 2.6    | 3.2    | 3.5    | 3.5    | 3.9    |
| 5               | USA          | 3.2    | 3.7    | 3.7    | 3.2    | 3.1    | 3.4    | 3.1    | 3.2    | 3.5    | 3.4    | 3.3    | 3.0    | 2.9    | 2.5    | 2.4    | 2.6    | 2.7    | 2.9    | 3.0    |
| 6               | Bangladesh   | 9.7    | 9.7    | 9.5    | 9.8    | 9.5    | 9.5    | 10.0   | 9.7    | 9.9    | 9.8    | 9.9    | 9.7    | 11.7   | 10.3   | 9.9    | 10.9   | 11.3   | 11.0   | 10.0   |
| 7               | Brazil       | 4.0    | 4.6    | 5.2    | 4.9    | 4.8    | 4.7    | 4.5    | 4.5    | 3.9    | 3.6    | 3.9    | 4.2    | 4.5    | 4.2    | 4.4    | 4.8    | 4.9    | 4.8    | 4.5    |
| 8               | China        | -0.3   | 0.2    | 0.2    | -0.2   | -0.4   | -0.3   | 0.0    | 0.1    | 0.0    | 0.2    | 0.3    | 0.3    | 0.6    | 0.7    | 0.4    | 0.3    | 0.2    | 0.1    | 0.2    |
| 9               | Egypt        | 36.6   | 37.4   | 37.9   | 36.1   | 34.8   | 33.7   | 29.8   | 35.5   | 33.2   | 32.5   | 28.1   | 27.5   | 25.7   | 26.2   | 26.4   | 26.6   | 25.6   | 24.2   | 23.9   |
| 10              | India        | 7.4    | 6.7    | 5.0    | 4.9    | 5.7    | 5.7    | 5.1    | 5.1    | 4.8    | 4.8    | 4.8    | 5.0    | 3.6    | 3.7    | 5.5    | 6.3    | 5.5    | 5.3    | 4.3    |
| 11              | Indonesia    | 3.1    | 3.5    | 2.3    | 2.6    | 3.0    | 2.8    | 2.6    | 2.8    | 3.1    | 3.0    | 2.9    | 2.5    | 2.1    | 2.1    | 1.8    | 1.7    | 1.5    | 1.6    | 0.8    |
| 12              | Pakistan     | 28.2   | 27.3   | 31.5   | 26.9   | 29.5   | 29.8   | 28.3   | 23.1   | 20.7   | 17.2   | 11.7   | 12.5   | 11.0   | 9.5    | 7.0    | 7.3    | 5.0    | 4.1    | 2.3    |
| 13              | Philippines  | 4.7    | 5.3    | 6.0    | 4.8    | 4.0    | 3.9    | 2.8    | 3.4    | 3.7    | 3.8    | 3.9    | 3.7    | 4.4    | 3.3    | 1.9    | 2.3    | 2.5    | 2.9    | 3.0    |
| 14              | Russia       | 4.4    | 5.2    | 6.0    | 6.7    | 7.4    | 7.4    | 7.4    | 7.7    | 7.7    | 7.8    | 8.3    | 8.6    | 9.2    | 9.0    | 8.6    | 8.5    | 8.8    | 9.4    | 9.8    |
| 15              | Saudi Arabia | 2.3    | 2.0    | 1.7    | 1.6    | 1.7    | 1.5    | 1.5    | 1.8    | 1.7    | 1.6    | 1.6    | 1.5    | 1.5    | 1.6    | 1.7    | 1.9    | 2.0    | 1.9    | 2.0    |

- Note:**
- Numbers in percent.
  - Table presents the data of only Selected Countries, representing global trends.
  - The above information is provided by SBP.

## 5.6 Financial Sector

The SBP continued to operate within its regulatory and supervisory ambit during FY 2025 to create a conducive and thriving environment for the banking industry.

### 5.6-a Financial Performance and Standing of the Banking Sector

The banking sector of Pakistan exhibited a steady performance that is reflected in the key financial soundness indicators related to capital adequacy, earnings, and asset quality. Assets base of the sector grew by 15.8 percent YoY in CY2024 to reach Rs 53.7 trillion by end December-2024. The expansion was mainly driven by investments and advances. The share of investments in total assets slightly decreased to 55.5 percent in December-2024 from 56.1 percent in December-2023, while that of advances improved to 29.4 percent in December-2024 from 26.3 percent in December-2023. On the funding side, deposits and borrowings financed 59.2 percent and 27.9

percent of the asset base, respectively in December-2024.

Asset quality indicators manifested no serious concerns as Non-Performing Loans (NPLs) are more than fully covered by the loan loss allowances and provisions. NPLs to total loans ratio fell to 6.3 percent in December-2024 compared to 7.6 percent in December-2023. Earnings of the banking sector remained steady; after-tax profit of the banking sector inched up to Rs 644 billion in CY2024 from Rs 642 billion the last year. After-tax return on assets (ROA) stood at 1.3 percent in December-2024 (1.6 percent in Dec-2023), and after-tax return on equity (ROE) was 21.5 percent in December-2024 (27.1 percent in Dec-2023). Solvency indicators, such as Capital Adequacy Ratio (CAR), improved to 20.6 percent by end December-2024 (from 19.7 percent in Dec-2023). The prevailing CAR is well above the domestic and international minimum benchmarks of 11.5 percent and 10.5 percent, respectively.

**Table 5.7: Highlights of the Banking Sector Industry**

|                                    | CY17         | CY18   | CY19   | CY20   | CY21   | CY22   | CY23   | CY24   |
|------------------------------------|--------------|--------|--------|--------|--------|--------|--------|--------|
| Variables                          | (Rs billion) |        |        |        |        |        |        |        |
| Total Assets                       | 18,342       | 19,682 | 21,991 | 25,124 | 30,058 | 35,796 | 46,364 | 53,693 |
| Investments (net)                  | 8,729        | 7,914  | 8,939  | 11,935 | 14,554 | 18,400 | 26,019 | 29,791 |
| Advances (net)                     | 6,512        | 7,955  | 8,249  | 8,292  | 10,121 | 11,818 | 12,178 | 15,805 |
| Deposits                           | 13,012       | 14,254 | 15,953 | 18,519 | 21,720 | 23,461 | 29,128 | 31,792 |
| Equity                             | 1,381        | 1,406  | 1,658  | 1,862  | 1,942  | 2,086  | 2,787  | 3,303  |
| Profit Before Tax (ytd)            | 267          | 243    | 304    | 411    | 451    | 703    | 1,287  | 1,368  |
| Profit After Tax (ytd)             | 158          | 149    | 171    | 244    | 264    | 336    | 642    | 644    |
| Non-Performing Loans               | 593          | 680    | 761    | 829    | 860    | 924    | 995    | 1068   |
| Non-performing loans (net)         | 76           | 110    | 141    | 97     | 75     | 97     | 73     | (41)   |
| Key FSIs (%)                       |              |        |        |        |        |        |        |        |
| NPLs to Loans (Gross)              | 8.4          | 8      | 8.6    | 9.2    | 7.9    | 7.3    | 7.6    | 6.3    |
| Net NPLs to Net Loans              | 1.2          | 1.4    | 1.7    | 1.2    | 0.7    | 1      | 0.6    | -0.3   |
| Capital Adequacy Ratio (all banks) | 15.8         | 16.2   | 17     | 18.6   | 16.7   | 17     | 19.7   | 20.6   |
| Advances in Deposit Ratio          | 50.1         | 55.8   | 51.7   | 44.8   | 46.6   | 50.4   | 41.8   | 49.7   |

Note: Statistics of profits are on year-to-date (ytd) basis.

Source: SBP (Quarterly Compendium: Statistics of the Banking System)

### 5.6-b Financial Development

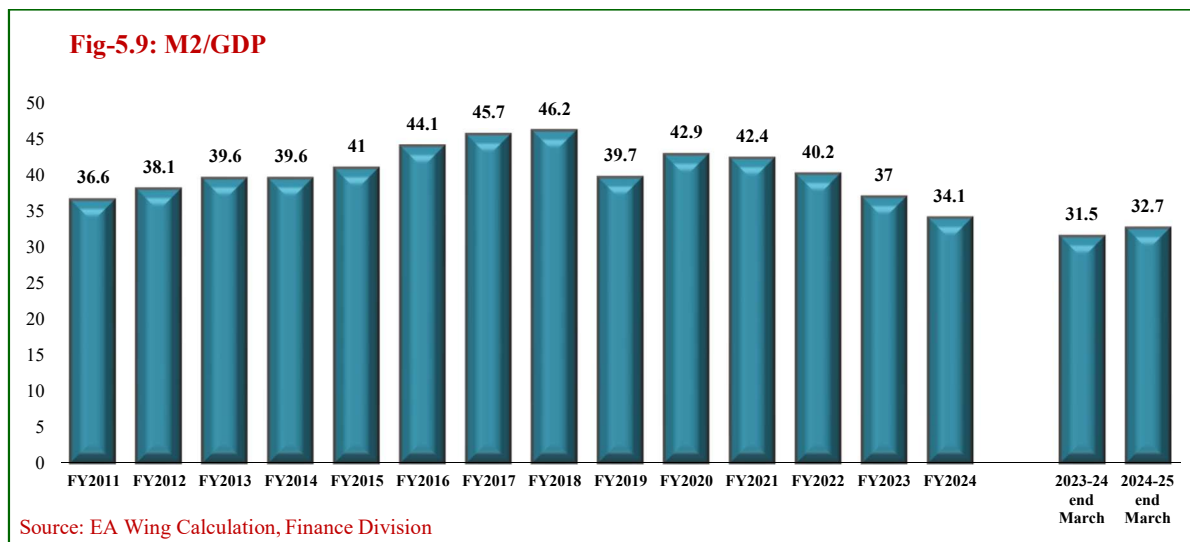
Financial sector development is an essential determinant of economic development. It promotes economic growth through capital

accumulation and technological progress by increasing the savings rate, mobilizing and pooling savings, producing investment information, facilitating and encouraging foreign capital inflows, and optimizing capital

allocation.

Financial development (i.e. financial depth) can be measured by different macroeconomic variables such as domestic credit to the private sector as a percentage of GDP, money supply measures, and stock market indicators. In figure

below, financial depth is measured by the M2/GDP ratio, which is widely used as an indicator of a deepening financial sector, where higher values represent a more developed financial sector. This ratio stood at 32.7 percent at the end of March 2025 compared to 31.5 percent at the end of March 2024.



### 5.6-c Financial Sector Reforms during July-March FY 2025

#### 1. Regulatory and Supervisory Reforms

##### Strengthening of Resolution and Crisis Management Framework

In FY2025, the SBP achieved key milestones to enhance its resolution and crisis preparedness framework, reinforcing financial stability during periods of distress. Legal amendments to the Banking Companies Ordinance (1962) and the Deposit Protection Corporation (DPC) Act (2016) designated SBP as the resolution authority, expanded its powers, and brought Microfinance Banks under the resolution regime. In line with these changes, SBP established a dedicated department for resolution planning and assessments of systemically important institutions. The DPC's role was also upgraded from Pay-box to Pay-box Plus, enabling it to support bank resolutions under defined safeguards, with clarified funding mechanisms and improved depositor reimbursement options, ensuring financial

resilience without burdening taxpayers.

#### Deposit Protection

In October 2024, the deposit coverage limit under the Deposit Protection Corporation (DPC) was enhanced from Rs 500,000 to Rs 1 million, ensuring protection for nearly 99 percent of depositors and fully covering around 97 percent of them. During CY24, the DPC continued fulfilling its mandate by reimbursing eligible depositors of SME Bank Ltd. declared failed by SBP in May 2023 up to the applicable coverage limit of Rs 500,000. To date, 94 percent of the protected deposit amount has been disbursed, with the remainder to be paid as depositors approach the bank or DPC.

#### Measures to Address Climate-related Risks to Financial Stability

SBP has incorporated climate risk as a strategic priority in its Vision 2028. During the review period, SBP advanced several initiatives, including developing a national Green Taxonomy launched in collaboration with the World Bank and currently under public consultation to standardize the classification of

environmentally sustainable activities. Additionally, SBP conducted climate risk assessments, including transition risk-focused stress tests published in the FSR 2024, evaluating potential credit risk implications for banks. SBP also organized capacity-building sessions to enhance awareness and preparedness within the financial sector.

### Launch of New eCIB System (V2)

SBP launched the upgraded Electronic Credit Information Bureau (eCIB) System (V2) on January 1, 2025, replacing the previous version to enhance the scope and quality of credit information reporting. The new system incorporates international best practices and technological advancements to improve the comprehensiveness of Credit Information Reports, aligning with SBP's vision to modernize financial infrastructure and support economic growth. All member financial institutions—including banks, MFBs, DFIs, NBFCs, and Modarabas, are required to ensure data accuracy, completeness, and timely submission to uphold the system's integrity and facilitate informed credit decision-making in the financial sector.

## 2. Money Market & Foreign Exchange Operations

### SBP's Mudarabah based Financing Facilities (MFF) - Shariah Compliant Standing Ceiling Facility and OMO Injections against GIS issued through PSX

Following the PSX announcement of the implementation of a Revaluation Mechanism for GOP IjaraSukuk (GIS), SBP has operationalized mechanism to facilitate Islamic Banking Institutions (IBIs) to avail Mudarabah based financing facilities (Shariah Compliant Standing Ceiling Facility and Open Market Operations (OMO –Injections)) against GIS issued by GoP through Pakistan Stock Exchange (PSX), the custody of which resides with Central Depository Company (CDC). Earlier IBIs could only avail the Mudarabah based financing facilities (Ceiling and OMO Injections) against GIS issued through SBP. This operationalization of the mechanism would facilitate the IBIs in

managing their liquidity position by using the Sukuk issued through PSX and improve the liquidity of the GIS issued through PSX.

### Facilitation for Exporters

To further facilitate export-oriented companies, particularly those operating in the IT sector, in expanding their footprints abroad and increasing the exports of the country, SBP issued the amended Policy of Equity Investment Abroad by Residents. The key revisions in the policy are as follows:

- i. Introduction of a new EIA category for export oriented companies operating in the IT sector.
- ii. Removal of the requirement of prior designation of the bank for exporters utilizing funds for EIA from Exporters Special Foreign Currency Accounts (ESFCAs).
- iii. Permission for export oriented companies in the IT sector to acquire interest in entities abroad.
- iv. Relaxation of the restriction on establishing/acquiring one entity per jurisdiction for export oriented companies in the IT sector.

### Promotion of Home Remittances

In line with the Government's agenda to promote home remittances, SBP has introduced performance-based incentives for Authorized Dealers (ADs), MFBs, and ECs to enhance their efforts in increasing home remittance inflows in Pakistan.

### Regulatory Frameworks for Diversified Payment Rights (DPRs)

SBP has issued a comprehensive regulatory framework for DPRs which comprises two sets of instructions. The first "Framework Governing International Payment Orders" provides clarity regarding the roles and responsibilities of ADs in the international payment orders, particularly the creation of payment order contract and the ownership of rights in such payment orders. The second "Foreign Exchange Future Flow Transactions Framework" allows ADs to raise



long-term funds through a Special Purpose Vehicle (SPV) outside Pakistan, by selling their DPRs to that SPV.

### 3. National Financial Inclusion Strategy (NFIS)

Financial inclusion has remained a strategic objective of SBP's policy framework for achieving sustainable growth and inclusive development. Towards this end, SBP has implemented two National Financial Inclusion Strategies (NFIS), during 2015-2018 and 2019-2023 respectively, with the goal to improve access and usage of formal financial services by the masses.

SBP undertook multiple initiatives including RAAST, Asaan Mobile Account, Digital On-boarding Framework, Roshan Digital Account (RDA), Licensing Framework for Digital Banks, etc. to broaden financial inclusion.

In order to further leverage those developments to boost usage and quality of financial services while improving access of underserved segments, especially youth and women, SBP has

developed and launched the third edition of NFIS i.e. NFIS 2024-28. The strategy sets an overall target of improving financial inclusion in the country to 75 percent by the end Jun-28, from 64 percent at the end of 2023. Further, it aims to reduce the gender gap to 25 percent by 2028 from the existing 34 percent.

### 5.7 Islamic Banking

Assets of the Islamic Banking Industry (IBI) experienced a YoY growth of 23.1 percent in CY24, lower than the growth of 24.4 percent observed in CY23. Deposits of IBIs posted growth of 17.1 percent in CY24 against growth of 30.8 percent in CY23.

By the end of December 2024, IBI's market share of financing (net) and investment (net) in the overall banking industry stood at 27.4 percent and 16.3 percent, respectively. The branch network grew by 1,062, reaching a total of 6,017 branches by the end of December, showing a YoY growth of 21.4 percent. Meanwhile, Islamic Banking Windows stood at 2,253, portraying a YoY growth of 17.2 percent.<sup>1</sup>

**Table 5.8: Islamic Banking Industry**

|                              | CY16    | CY17    | CY18    | CY19  | CY20  | CY21  | CY22 | CY23  | CY24   |
|------------------------------|---------|---------|---------|-------|-------|-------|------|-------|--------|
| Total Assets (Rs billion)    | 1,853.0 | 2,272.0 | 2,658.0 | 3,284 | 4,269 | 5,577 | 7229 | 8,994 | 11,070 |
| Total Deposits (Rs billion)  | 1,573.0 | 1,885.0 | 2,203.0 | 2,652 | 3,389 | 4,211 | 5161 | 6,749 | 7,905  |
| Share in Banks' Assets (%)   | 11.7    | 12.4    | 13.5    | 14.9  | 17    | 18.6  | 20.2 | 19.4  | 20.6   |
| Share in Banks' Deposits (%) | 13.3    | 14.5    | 15.5    | 16.6  | 18.3  | 19.4  | 22   | 23.2  | 24.9   |

Source: State Bank of Pakistan (FSR-2024)

Mode-wise financing breakup in CY 2024 showed that Diminishing Musharakah emerged as the most preferred structure, commanding a 44.8 percent share of the total financing portfolio. Istisna followed with a 15.5 percent share, while Musharaka financing secured a 12.8 percent share. Collectively, all other financing modes accounted for 26.9 percent of the total financing undertaken by (IBIs).

### 5.8 Microfinance

The Microfinance industry has gained a significant scale and footprint with the potential to increasingly leverage its vast infrastructure for

the financial inclusion of the unbanked. There are a total of 12 MFBs (including 10 operating at national level and two at the provincial level) and 26 Non-Banking Microfinance Companies (NBMFCs) with 4,145 branches including 1,418 branches of MFBs with presence in 139 districts across the country. There are 118 million microfinance account holders, out of which, branch based accounts are 10 million while Branchless Banking accounts are 108 million. Further, the total number of borrowers of MFBs is 9.2 million. Some key statistics of the current outreach and market potential are as follows (December, 2024) in the Table below:

<sup>1</sup> Islamic Banking Bulletin-Dec 2024, SBP

**Table 5.9: Microfinance Outreach in Pakistan**

|                                    | Dec-2023    | Dec-2024    |
|------------------------------------|-------------|-------------|
| Number of Branches/Units           | 4,050       | 4,145       |
| Number of Districts Covered        | 139         | 139         |
| Active Borrowers                   | 9,560,000   | 12,341,290  |
| Gross Loan Portfolio (Rs millions) | 573,490     | 604,362     |
| Average Loan Size (Rs)             | 59,988      | 48,971      |
| Number of Depositors               | 105,530,026 | 118,805,610 |
| Total Deposits (Rs millions)       | 597,023     | 732,954     |

Source: Microwatch, PMN and Financial Soundness Indicators, SBP

### 5.9 Branchless Banking (BB) Performance

During the last year, all key indicators of Branchless Banking (BB) exhibited an encouraging growth. SBP's measures regarding the use of Digital Payment Services have further pushed the growth trajectory. The number of agents, mobile wallets and deposits witnessed a boost. Notable growth was witnessed in the number and value of transactions during the

period. The number of BB accounts of commercial banks and MFBs together reached 126 million in December, 2024 after witnessing a growth of 11 percent as compared to December, 2023. A little over 5.4 billion transactions were performed during CY2024, with total value of around Rs 25,846 billion. In CY2024, more than 14.9 million transactions per day with an average transaction size of Rs 4,744 were carried out.

**Table 5.10: Branchless Banking Indicators**

| BB Indicators                      | Dec-2024    | Dec-2023    | Growth |
|------------------------------------|-------------|-------------|--------|
| Number of Agents                   | 708,559     | 649,683     | 9%     |
| Number of Accounts                 | 126,765,048 | 114,643,002 | 11%    |
| Deposits (Rs millions)             | 170,879     | 115,409     | 48%    |
| No. of transactions ('000')        | 5,448,646   | 3,938,160   | 38%    |
| Value of transactions (Rs million) | 25,846,894  | 18,182,312  | 42%    |

Source: State Bank of Pakistan

### Concluding Remarks

Pakistan's economy achieved macroeconomic stability, from the challenges emerged in FY 2023. Improved macroeconomic indicators including easing inflationary pressures, a stronger external account position along with fiscal consolidation have contributed to renewed economic confidence and a more favorable economic outlook. Inflation is expected to remain within the medium-term target range of 5-7 percent in coming years, reinforcing the

effectiveness of recent policy measures in anchoring expectations and supporting recovery.

Nonetheless, the sustainability of this recovery hinges on the continued implementation of sound, well-coordinated economic policies. Government is cognizant of the fact that ensuring price stability and fostering broad-based growth will require a conducive business environment for investment and job creation, timely and adequate external inflows to meet financing needs, and resilience in the external sector.

TABLE 5.1

## COMPONENTS OF BROAD MONEY (M2)

|                   |  |            |            |            |            |            | Rs million    |
|-------------------|--|------------|------------|------------|------------|------------|---------------|
| Stock             |  | End June   |            |            |            |            |               |
|                   |  | 2020       | 2021       | 2022       | 2023       | 2024       | 2025<br>(Mar) |
| 1                 | Currency Issued                            | 6,468,725  | 7,288,807  | 8,002,583  | 9,674,077  | 9,708,060  | 10,950,171    |
| 2                 | Currency held by SBP                       | 1,201      | 568        | 552        | 482        | 230        | 544           |
| 3                 | Currency in tills of Scheduled Banks       | 325,508    | 378,302    | 429,566    | 524,857    | 554,731    | 688,717       |
| 4                 | Currency in circulation (1-2-3)            | 6,142,016  | 6,909,937  | 7,572,465  | 9,148,739  | 9,153,099  | 10,260,910    |
| 5                 | Other deposits with SBP*                   | 4,430      | 24,409     | 43,653     | 49,469     | 92,892     | 69,105        |
| 6                 | Scheduled Banks Total Deposits**           | 14,260,485 | 16,728,035 | 19,151,876 | 21,744,840 | 26,665,840 | 27,127,908    |
| 7                 | Resident Foreign Currency Deposits (RFCDD) | 1,010,425  | 1,004,218  | 120,932    | 1,601,062  | 1,604,935  | 1,709,744     |
| 8                 | Broad Money (4+5+6)                        | 20,406,931 | 23,662,381 | 26,767,994 | 30,943,048 | 35,881,830 | 37,457,923    |
| 9                 | Growth rate (%)                            | 17.3       | 16.0       | 13.1       | 15.6       | 16.0       | 4.4           |
| <u>MEMORANDUM</u> |  |            |            |            |            |            |               |
| 1                 | Currency / Money ratio                     | 30.1       | 29.2       | 28.3       | 29.6       | 25.5       | 27.4          |
| 2                 | Demand Deposits / Money ratio              | 61.9       | 64.3       | 65.1       | 63.3       | 67.1       | 66.4          |
| 3                 | Time Deposits / Money ratio                | 3.1        | 2.2        | 1.9        | 1.8        | 2.7        | 1.4           |
| 4                 | Other Deposits / Money ratio               | 0.0        | 0.1        | 0.2        | 0.2        | 0.2        | 0.2           |
| 5                 | RFCDD / Money ratio                        | 5.0        | 4.2        | 4.5        | 5.2        | 4.5        | 4.6           |
| 6                 | Income Velocity of Money***                | 2.3        | 2.3        | 2.4        | 2.7        | 2.9        | -             |

P : Provisional R : Revised

Source: State Bank of Pakistan

\* : The deposits of other institutions are part of 'other deposits' from July 03, 2020 onwards.

\*\* : Excluding inter banks deposits and deposits of federal and provincial governments, foreign constituents and international organization etc.

\*\*\* : Income velocity of money is estimated using GDP (from PBS) at current prices (with latest base)/ Average of two periods monetary assets (M2)-only in case where full year monetary data is available.

### CAUSATIVE FACTORS ASSOCIATED WITH BROAD MONEY (M2)

**Note: w.e.f December 31, 2022 Scheduled Banks credit to NBFIs, earlier reported under credit to private sector is reclassified as credit to NBFIs and become part of other Financial Institutions**

TABLE 5.3

## SCHEDULED BANKS' CONSOLIDATED POSITION BASED ON LAST WEEKEND POSITION OF LIABILITIES &amp; ASSETS

| Rs million  |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Item Description                                    | 2020              | 2021              | 2022              | 2022-23           | 2023-24           | Mar-25            |
| <b>Assets</b>                                       |                   |                   |                   |                   |                   |                   |
| Cash & Balances with Treasury Banks                 | 1,408,559         | 1,528,246         | 2,308,137         | 2,650,786         | 3,197,004         | 2,828,118         |
| Balances with other Banks                           | 212,150           | 213,911           | 330,061           | 517,695           | 558,314           | 275,330           |
| Lending to Financial Institutions                   | 843,513           | 966,673           | 858,227           | 892,010           | 1,025,211         | 931,957           |
| Investments   | 10,681,288        | 13,615,840        | 16,441,736        | 20,895,614        | 30,149,408        | 32,377,594        |
| Gross Advances                                      | 8,202,328         | 8,831,088         | 10,771,563        | 12,202,125        | 12,447,146        | 13,474,324        |
| Less: Provision for Non- Performing Advances        | 546,797           | 629,039           | 672,486           | 699,746           | 857,595           | 928,778           |
| Advances – Net of Provision                         | 7,655,531         | 8,202,049         | 10,099,077        | 11,502,379        | 11,589,550        | 12,545,546        |
| Operating Fixed Assets                              | 567,753           | 635,575           | 716,433           | 872,579           | 1,012,671         | 1,010,715         |
| Deferred Tax Assets                                 | 56,161            | 70,764            | 107,049           | 220,831           | 186,560           | 206,469           |
| Other Assets  | 950,083           | 908,754           | 1,202,385         | 1,892,967         | 2,404,598         | 3,069,100         |
| <b>Total Assets</b>                                 | <b>22,375,037</b> | <b>26,141,812</b> | <b>32,063,106</b> | <b>39,444,861</b> | <b>50,123,316</b> | <b>53,410,298</b> |
| <b>Liabilities</b>                                  |                   |                   |                   |                   |                   |                   |
| Bills Payable                                       | 245,363           | 322,389           | 358,528           | 424,912           | 459,192           | 367,509           |
| Borrowings  | 2,865,768         | 4,097,113         | 6,725,049         | 8,916,845         | 13,071,917        | 14,860,147        |
| Deposits and other Accounts                         | 16,229,036        | 18,695,178        | 21,490,459        | 25,507,568        | 30,812,105        | 31,746,697        |
| Sub-ordinated Loans                                 | 126,296           | 112,732           | 136,828           | 171,864           | 172,846           | 171,335           |
| Liabilities Against Assets Subject to Finance Lease | 2,134             | 1,823             | 10,134            | 12,518            | 11,106            | 143,378           |
| Deferred Tax Liabilities                            | 47,329            | 17,288            | 5,847             | 38,414            | 48,282            | 90,885            |
| Other Liabilities                                   | 964,493           | 997,101           | 1,300,389         | 1,966,081         | 2,538,857         | 2,571,080         |
| <b>Total Liabilities</b>                            | <b>20,480,420</b> | <b>24,243,625</b> | <b>30,027,234</b> | <b>37,038,203</b> | <b>47,113,577</b> | <b>49,951,031</b> |
| <b>Net Assets</b>                                   | <b>1,894,617</b>  | <b>1,898,187</b>  | <b>2,035,872</b>  | <b>2,406,658</b>  | <b>3,009,739</b>  | <b>3,459,267</b>  |
| <b>Represented by:</b>                              |                   |                   |                   |                   |                   |                   |
| Paid up Capital / Head Office Capital Account       | 556,465           | 561,451           | 584,837           | 614,275           | 631,074           | 632,418           |
| Reserves  | 357,675           | 379,965           | 440,578           | 572,952           | 650,680           | 718,977           |
| Un-appropriated / Un-remitted Profit                | 618,864           | 696,938           | 870,554           | 1,142,504         | 1,363,938         | 1,561,350         |
| Sub total   | 1,533,004         | 1,638,354         | 1,895,969         | 2,329,731         | 2,645,692         | 2,912,745         |
| Surplus/ (Deficit) on Revaluation of Assets         | 361,613           | 259,833           | 139,904           | 76,926            | 364,046           | 546,522           |
| <b>Total</b>  | <b>1,894,617</b>  | <b>1,898,187</b>  | <b>2,035,875</b>  | <b>2,406,658</b>  | <b>3,009,739</b>  | <b>3,459,267</b>  |

Source: State Bank of Pakistan

TABLE 5.4

## LIST OF DOMESTIC, FOREIGN BANKS, DFIs AND MICROFINANCE BANKS

**Public Sector Commercial Banks**

- 1 First Women Bank Ltd.
- 2 National Bank of Pakistan
- 3 Sindh Bank Limited
- 4 The Bank of Khyber
- 5 The Bank of Punjab

**Specialized Scheduled Banks**

- 1 Punjab Provincial Co-operative Bank
- 2 Zarai Taraqiati Bank Limited

**Private Local Banks**

- 1 Al-Baraka Bank (Pakistan) Limited\*
- 2 Allied Bank Limited
- 3 Askari Bank Limited
- 4 Bank Al Falah Limited
- 5 Bank Al Habib Limited
- 6 Bank Makramah Limited  
(Formerly Summit Bank Limited)
- 7 Bank Islami Pakistan Limited\*
- 8 Dubai Islamic Bank Pakistan Limited\*
- 9 Faysal Bank Limited\*
- 10 Habib Bank Limited
- 11 Habib Metropolitan Bank Limited
- 12 JS Bank Limited
- 13 MCB Bank Limited
- 14 MCB Islamic Bank Limited\*
- 15 Meezan Bank Limited\*
- 16 Samba Bank Limited
- 17 Soneri Bank Limited
- 18 Standard Chartered Bank (Pakistan) Limited
- 19 United Bank Limited
- 20 Easypaisa Digital Bank Limited

**Foreign Banks**

- 1 Bank of China Limited
- 2 Citibank N.A.
- 3 Deutsche Bank AG
- 4 Industrial and Commercial Bank of China Limited

**Development Financial Institutions**

- 1 House Building Finance Company Limited
- 2 PAIR Investment Company Ltd.
- 3 Pak China Joint Investment Company Ltd.
- 4 Pak Libya Holding Company Ltd.
- 5 Pak Oman Investment Company (Pvt) Limited
- 6 Pak-Brunei Investment Company Ltd.
- 7 Pakistan Kuwait Investment Company Ltd.
- 8 Saudi Pak Industrial & Agricultural Investment Company Ltd.
- 9 Pakistan Mortgage Refinance Company Ltd.
- 10 Export Import Bank of Pakistan

**Micro Finance Banks**

- 1 APNA Microfinance Bank Ltd.
- 2 FINCA Microfinance Bank Ltd.
- 3 Halan Microfinance Bank Limited  
(Formerly Advans Pakistan Microfinance Bank)
- 4 HBL Microfinance Bank Ltd.  
(Formerly The First Microfinance Bank)
- 5 Khushhali Microfinance Bank Ltd.
- 6 LOLC Microfinance Bank Ltd.  
(Formerly Pak Oman Microfinance Bank Ltd)
- 7 Mobilink Microfinance Bank Ltd.
- 8 (Formerly Waseela Microfinance Bank)
- 9 NRSP Microfinance Bank Ltd.
- 10 Sindh Microfinance Bank Ltd.
- 11 U Microfinance Bank Ltd.
- 12 ASA Microfinance Bank (Pakistan) Ltd.

\* : Full fledged Islamic Banks

Source: State Bank of Pakistan



**TABLE 5.5**  
**SECURITY AND NATURE WISE WEIGHTED AVERAGE LENDING RATES /**  
**FINANCING RATES (ALL SCHEDULED BANKS)\***

|                      |     | (Percent)  |          |              |            |             |              |         |            |          |
|----------------------|-----|------------|----------|--------------|------------|-------------|--------------|---------|------------|----------|
| As at the            |     | Precious   | Stock    | Merch-andise | Machi-nery | Real Estate | Financial    | Others  | Unse-cured | Total    |
| End of               |     | Metal      | Exchange |              |            |             | Oblig-ations |         | Advances   | Advances |
|                      |     | Securities |          |              |            |             |              |         |            |          |
| Conventional Banking |     |            |          |              |            |             |              |         |            |          |
| 2020                 | Jun | 14.13      | 10.79    | 8.87         | 9.60       | 9.25        | 8.65         | 10.96   | 28.20      | 10.30    |
|                      |     | (14.13)    | (10.73)  | (8.60)       | (9.69)     | (9.25)      | (8.71)       | (10.96) | (28.20)    | (10.10)  |
|                      | Dec | 10.58      | 7.85     | 6.91         | 7.83       | 7.24        | 7.01         | 8.06    | 27.42      | 8.03     |
|                      |     | (10.58)    | (7.83)   | (6.84)       | (7.80)     | (7.24)      | (6.90)       | (7.80)  | (27.42)    | (7.96)   |
| 2021                 | Jun | 10.40      | 8.38     | 6.63         | 7.85       | 6.80        | 7.19         | 8.78    | 28.30      | 8.16     |
|                      |     | (10.40)    | (8.37)   | (6.51)       | (7.68)     | (6.80)      | (7.07)       | (9.51)  | (28.30)    | (8.13)   |
|                      | Dec | 11.30      | 9.06     | 7.48         | 8.67       | 7.86        | 8.60         | 8.94    | 28.77      | 8.83     |
|                      |     | (11.30)    | (9.04)   | (7.49)       | (8.52)     | (7.86)      | (8.48)       | (9.31)  | (28.77)    | (8.88)   |
| 2022                 | Jun | 12.52      | 11.86    | 9.94         | 11.33      | 9.89        | 11.13        | 12.57   | 30.10      | 11.60    |
|                      |     | (12.52)    | (11.70)  | (9.74)       | (10.76)    | (9.88)      | (10.95)      | (12.54) | (30.10)    | (11.27)  |
|                      | Dec | 17.72      | 15.47    | 14.17        | 13.83      | 12.91       | 14.12        | 16.29   | 31.49      | 15.00    |
|                      |     | (17.72)    | (15.38)  | (13.90)      | (13.32)    | (12.90)     | (13.97)      | (16.74) | (31.49)    | (14.70)  |
| 2023                 | Jun | 13.89      | 21.03    | 16.27        | 17.52      | 15.02       | 18.15        | 18.09   | 30.84      | 17.44    |
|                      |     | (13.89)    | (20.72)  | (15.97)      | (16.97)    | (15.00)     | (17.85)      | (19.32) | (30.84)    | (17.22)  |
|                      | Dec | 13.98      | 21.11    | 17.42        | 17.51      | 15.01       | 18.34        | 18.41   | 32.13      | 17.82    |
|                      |     | (13.98)    | (20.86)  | (17.10)      | (19.93)    | (14.99)     | (17.89)      | (19.92) | (32.13)    | (17.69)  |
| 2024                 | Jun | 14.98      | 19.82    | 17.12        | 16.80      | 14.28       | 17.79        | 17.41   | 33.48      | 17.20    |
|                      |     | (14.98)    | (19.43)  | (16.91)      | (16.33)    | (14.23)     | (17.43)      | (19.56) | (33.48)    | (17.37)  |
|                      | Dec | 15.38      | 11.56    | 12.93        | 12.25      | 12.53       | 13.54        | 13.12   | 29.97      | 13.16    |
|                      |     | (15.38)    | (11.41)  | (12.29)      | (12.06)    | (12.58)     | (12.54)      | (15.74) | (29.97)    | (13.53)  |
| Islamic Banking      |     |            |          |              |            |             |              |         |            |          |
| 2020                 | Jun | -          | 13.12    | 9.55         | 11.10      | 10.30       | 9.30         | 10.56   | 10.81      | 10.38    |
|                      |     | -          | (11.43)  | (9.46)       | (11.16)    | (10.25)     | (8.83)       | (10.20) | (10.74)    | (10.19)  |
|                      | Dec | -          | 7.96     | 7.50         | 8.41       | 7.75        | 6.57         | 7.40    | 9.82       | 7.68     |
|                      |     | -          | (9.56)   | (7.51)       | (8.42)     | (7.71)      | (6.48)       | (7.32)  | (9.82)     | (7.72)   |
| 2021                 | Jun | -          | 8.90     | 6.84         | 8.01       | 7.59        | 5.03         | 7.71    | 16.06      | 7.53     |
|                      |     | -          | (8.93)   | (6.79)       | (7.99)     | (7.48)      | (5.03)       | (7.66)  | (16.06)    | (7.44)   |
|                      | Dec | -          | 7.12     | 7.55         | 9.08       | 8.46        | 5.20         | 7.93    | 16.45      | 8.14     |
|                      |     | -          | (7.02)   | (7.54)       | (9.04)     | (8.33)      | (5.20)       | (7.68)  | (16.45)    | (8.14)   |
| 2022                 | Jun | -          | 12.70    | 10.14        | 11.30      | 10.27       | 9.29         | 11.26   | 23.66      | 10.82    |
|                      |     | -          | (12.65)  | (9.90)       | (11.23)    | (10.22)     | (8.86)       | (10.11) | (23.66)    | (10.46)  |
|                      | Dec | -          | 14.64    | 13.06        | 14.03      | 12.79       | 11.25        | 14.64   | 27.70      | 13.76    |
|                      |     | -          | (14.58)  | (12.73)      | (13.89)    | (12.63)     | (11.04)      | (13.25) | (27.70)    | (13.17)  |
| 2023                 | Jun | -          | 21.31    | 16.30        | 17.28      | 15.01       | 12.57        | 20.49   | 30.68      | 17.81    |
|                      |     | -          | (21.10)  | (16.03)      | (16.95)    | (14.78)     | (12.39)      | (17.45) | (30.68)    | (16.29)  |
|                      | Dec | -          | 21.65    | 17.33        | 18.44      | 15.94       | 13.05        | 20.43   | 31.93      | 18.33    |
|                      |     | -          | (21.51)  | (17.20)      | (18.24)    | (15.70)     | (12.81)      | (18.25) | (31.93)    | (17.39)  |
| 2024                 | Jun | -          | 19.29    | 17.89        | 18.13      | 16.22       | 19.64        | 19.92   | 29.47      | 18.48    |
|                      |     | -          | (18.70)  | (17.04)      | (17.91)    | (15.82)     | (19.69)      | (18.26) | (29.47)    | (17.47)  |
|                      | Dec | -          | 11.33    | 11.71        | 12.69      | 11.83       | 15.48        | 12.07   | 27.05      | 12.35    |
|                      |     | -          | (10.99)  | (10.83)      | (12.77)    | (11.82)     | (15.53)      | (12.23) | (27.05)    | (12.11)  |

\* : Weighted average rates shown in parentheses represent Private Sector

Source: State Bank of Pakistan

TABLE 5.6

## SALE OF MARKET TREASURY BILLS THROUGH AUCTION

| Rs million            |                        |            |            |            |            |            |            |
|-----------------------|------------------------|------------|------------|------------|------------|------------|------------|
| No.                   | Securities             | 2020       | 2021       | 2022       | 2023       | 2024       | Mar-25     |
| Market Treasury Bills |                        |            |            |            |            |            |            |
| A.                    | Three Months Maturity  |            |            |            |            |            |            |
|                       | Amount Offered         |            |            |            |            |            |            |
| i)                    | Face value             | 14,913,709 | 15,505,232 | 17,474,185 | 32,134,362 | 24,448,745 | 8,229,412  |
| ii)                   | Discounted value       | 14,486,853 | 15,250,389 | 17,044,574 | 30,794,061 | 23,246,041 | 7,892,658  |
|                       | Amount Accepted        |            |            |            |            |            |            |
| i)                    | Face value             | 8,811,853  | 8,698,476  | 11,833,518 | 24,278,682 | 11,219,368 | 3,157,268  |
| ii)                   | Discounted value       | 8,554,064  | 8,556,387  | 11,533,971 | 23,248,551 | 10,666,652 | 3,063,036  |
|                       | Weighted Average Yield |            |            |            |            |            |            |
| i)                    | Minimum % p.a.         | 7.6896     | 6.4267     | 7.2103     | 15.5734    | 20.4399    | 11.5854    |
| ii)                   | Maximum % p.a.         | 13.7490    | 7.4418     | 15.1193    | 21.9923    | 23.3938    | 19.8384    |
| B.                    | Six Months Maturity    |            |            |            |            |            |            |
|                       | Amount Offered         |            |            |            |            |            |            |
| i)                    | Face value             | 4,345,673  | 9,989,084  | 11,998,595 | 5,145,386  | 4,497,980  | 8,029,152  |
| ii)                   | Discounted value       | 4,115,593  | 9,627,168  | 11,432,459 | 4,687,347  | 4,034,379  | 7,422,082  |
|                       | Amount Accepted        |            |            |            |            |            |            |
| i)                    | Face value             | 1,705,828  | 5,585,878  | 5,318,275  | 583,249    | 554,592    | 2,336,261  |
| ii)                   | Discounted value       | 1,613,386  | 5,384,224  | 5,071,332  | 537,522    | 500,076    | 2,173,217  |
|                       | Weighted Average Yield |            |            |            |            |            |            |
| i)                    | Minimum % p.a.         | 7.4786     | 6.4666     | 7.4292     | 15.6806    | 20.3903    | 11.4048    |
| ii)                   | Maximum % p.a.         | 13.9498    | 7.7463     | 14.9545    | 21.9669    | 24.7868    | 19.6839    |
| C.                    | Twelve Months Maturity |            |            |            |            |            |            |
|                       | Amount Offered         |            |            |            |            |            |            |
| i)                    | Face value             | 14,210,931 | 2,462,402  | 5,378,274  | 6,555,553  | 21,073,116 | 13,781,630 |
| ii)                   | Discounted value       | 12,653,509 | 2,287,089  | 4,811,666  | 5,501,107  | 17,298,374 | 12,078,644 |
|                       | Amount Accepted        |            |            |            |            |            |            |
| i)                    | Face value             | 4,649,744  | 580,918    | 1,492,526  | 1,609,688  | 7,933,195  | 4,666,100  |
| ii)                   | Discounted value       | 4,133,139  | 542,086    | 1,324,154  | 1,363,483  | 6,532,830  | 4,114,518  |
|                       | Weighted Average Yield |            |            |            |            |            |            |
| i)                    | Minimum % p.a.         | 7.2892     | 6.5475     | 7.6000     | 15.6655    | 19.9950    | 11.3459    |
| ii)                   | Maximum % p.a.         | 14.2169    | 7.7908     | 15.1503    | 21.9996    | 20.0569    | 18.4236    |
| D.                    | One Month Maturity     |            |            |            |            |            |            |
|                       | Amount Offered         |            |            |            |            |            |            |
| i)                    | Face value             |            |            |            |            |            | 590,394    |
| ii)                   | Discounted value       |            |            |            |            |            | 584,898    |
|                       | Amount Accepted        |            |            |            |            |            |            |
| i)                    | Face value             |            |            |            |            |            | 123,299    |
| ii)                   | Discounted value       |            |            |            |            |            | 122,170    |
|                       | Weighted Average Yield |            |            |            |            |            |            |
| i)                    | Minimum % p.a.         |            |            |            |            |            | 12.0493    |
| ii)                   | Maximum % p.a.         |            |            |            |            |            | 12.4930    |

Note : Amount includes Non-competitive Bids.

Source: State Bank of Pakistan

**TABLE 5.7**  
**SALE OF PAKISTAN INVESTMENT BONDS THROUGH AUCTION**

|                                     |   |           |           |           |           |           | Rs million    |
|-------------------------------------|---|-----------|-----------|-----------|-----------|-----------|---------------|
| No.                                 | Securities  | 2020      | 2021      | 2022      | 2023      | 2024      | 2025<br>(Mar) |
| <b>Pakistan Investment Bonds</b>    |   |           |           |           |           |           |               |
| <b>Amount Offered (Face Value)</b>  |   |           |           |           |           |           |               |
|                                     | 02 Years (Floater) Maturity (PFL) Quarterly         | 213,423   | 1,383,367 | 3,459,944 | 1,002,370 | 988,874   | 61,000        |
|                                     | 02 Years Maturity Zero Coupon                       |           |           |           |           |           | 2,406,162     |
|                                     | 03 Years Maturity                                   | 1,181,021 | 1,856,725 | 1,368,358 | 2,653,101 | 2,326,074 | 1,459,387     |
|                                     | 05 Years Maturity                                   | 866,330   | 2,020,087 | 1,820,692 | 853,285   | 659,681   | 2,433,430     |
|                                     | 07 Years Maturity                                   | -         | -         | -         | -         | -         | -             |
|                                     | 10 Years Maturity                                   | 445,052   | 1,885,183 | 1,192,163 | 831,504   | 672,378   | 745,208       |
|                                     | 02 Years (Floater) Maturity (PFL) Semi-Annual       |           |           |           |           |           | 1,584,775     |
|                                     | 03 Years (Floater) Maturity (PFL) Semi-Annual       | 1,193,302 | -         | -         | -         | -         | -             |
|                                     | 05 Years (Floater) Maturity (PFL) Semi-Annual       | 776,785   | 359,750   | 2,331,221 | 9,972,610 | 7,149,085 | 5,412,648     |
|                                     | 10 Years (Floater) Maturity (PFL) Semi-Annual       | 384,124   | 71,900    | 200,314   | 3,134,803 | 2,435,203 | 9,160,558     |
|                                     | 03 Years (Floater) Maturity (PFL) Quarterly         | 365,931   | 2,620,598 | 2,236,263 | 2,048,119 | 1,792,119 | 626,905       |
|                                     | 05 Years (Floater) Maturity (PFL) Quarterly         | 107,600   | -         | -         | -         | -         | -             |
|                                     | 10 Years (Floater) Maturity (PFL) Quarterly         | 130,050   | -         | -         | -         | -         | -             |
|                                     | 15 Years Maturity                                   | 96,589    | 96,051    | 5,700     | -         | -         | 96,500        |
|                                     | 20 Years Maturity                                   | 72,061    | 10,529    | -         | -         | -         | -             |
|                                     | 30 Years Maturity                                   | -         | 0         | -         | -         | -         | -             |
| <b>Amount Accepted (Face Value)</b> |   |           |           |           |           |           |               |
|                                     | (a) 02 Years (Floater) Quarterly Maturity (PFL)     |           |           |           |           |           |               |
|                                     | (i) Amount Accepted                                 | 175,664   | 908,867   | 2,356,042 | 576,086   | 576,086   | -             |
|                                     | (ii) Cut-Off Price                                  |           |           |           |           |           |               |
|                                     | (1) Minimum Cut-Off Price                           | 99.5239   | 99.0272   | 98.3956   | 98.6068   | 98.6068   | -             |
|                                     | (2) Maximum Cut-Off Price                           | 99.6467   | 99.6516   | 99.2090   | 99.0041   | 99.0041   | -             |
|                                     | (b) 03 Years Maturity                               |           |           |           |           |           |               |
|                                     | (i) Amount Accepted                                 | 479,261   | 551,365   | 598,016   | 1,047,680 | 894,978   | 387,217       |
|                                     | (ii) Weighted Average Yield                         |           |           |           |           |           |               |
|                                     | (1) Minimum % p.a.                                  | 7.2359    | 8.6626    | 13.7633   | 16.5557   | 16.5977   | 11.7085       |
|                                     | (2) Maximum % p.a.                                  | 9.3343    | 13.9550   | 19.2462   | 19.3499   | 19.3499   | 16.4665       |
|                                     | (c) 03 Years (Floater) Maturity (PFL) Semi-Annual** |           |           |           |           |           |               |
|                                     | (i) Amount Accepted                                 | 624,763   |           |           |           |           |               |
|                                     | (ii) Margin* / Cut-Off Price                        |           |           |           |           |           |               |
|                                     | (1) Minimum bps / Cut-Off Price                     | 98.8132   |           |           |           |           |               |
|                                     | (2) Maximum bps / Cut-Off Price                     | 100.4413  |           |           |           |           |               |
|                                     | (d) 03 Years (Floater) Quarterly Maturity (PFL)     |           |           |           |           |           |               |
|                                     | (i) Amount Accepted                                 | 228,976   | 1,683,880 | 1,350,369 | 826,373   | 826,373   | 25,405        |
|                                     | (ii) Cut-Off Price                                  |           |           |           |           |           |               |
|                                     | (1) Minimum Cut-Off Price                           | 98.9923   | 97.2128   | 96.5547   | 97.1677   | 97.1677   | 98.8149       |
|                                     | (2) Maximum Cut-Off Price                           | 99.2323   | 99.2531   | 97.8357   | 98.1470   | 98.1470   | 98.8149       |
|                                     | (e) 05 Years Maturity                               |           |           |           |           |           |               |
|                                     | (i) Amount Accepted                                 | 301,239   | 663,029   | 690,156   | 232,456   | 180,223   | 862,268       |
|                                     | (ii) Weighted Average Yield                         |           |           |           |           |           |               |
|                                     | (1) Minimum % p.a.                                  | 8.2139    | 9.1602    | 13.0568   | 15.3764   | 15.3764   | 12.3595       |
|                                     | (2) Maximum % p.a.                                  | 9.8296    | 13.0731   | 13.4666   | 16.9500   | 16.9500   | 15.4053       |
|                                     | (f) 05 Years (Floater) Maturity (PFL) Semi-Annual** |           |           |           |           |           |               |
|                                     | (i) Amount Accepted                                 | 306,271   | 129,562   | 1,548,771 | 4,601,186 | 3,332,485 | 1,949,826     |
|                                     | (ii) Margin* / Cut-Off Price                        |           |           |           |           |           |               |
|                                     | (1) Minimum bps / Cut-Off Price                     | 98.1794   | 98.2095   | 94.3250   | 94.5435   | 94.5435   | 96.4698       |
|                                     | (2) Maximum bps / Cut-Off Price                     | 100.4845  | 98.266    | 96.3515   | 97.0617   | 97.0617   | 97.0481       |

(Contd...)

TABLE 5.7

## SALE OF PAKISTAN INVESTMENT BONDS THROUGH AUCTION

|  |                                 |          |         |         |           |           | Rs million    |
|--|---------------------------------|----------|---------|---------|-----------|-----------|---------------|
| No.  | Securities                      | 2020     | 2021    | 2022    | 2023      | 2024      | 2025<br>(Mar) |
| <b>(g) 05 Years (Floater) Quarterly Maturity (PFL)</b>     |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             | 90,500   |         |         |           |           |               |
|  | (ii) Cut-Off Price              |          |         |         |           |           |               |
|  | (1) Minimum Cut-Off Price       | 97.9779  | -       | -       | -         | -         | -             |
|  | (2) Maximum Cut-Off Price       | 98.0119  | -       | -       | -         | -         | -             |
| <b>(h) 7 Years Maturity</b>                                |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             |          |         |         |           |           |               |
|  | (ii) Weighted Average Yield     |          |         |         |           |           |               |
|  | (1) Minimum % p.a.              | -        | -       | -       | -         | -         | -             |
|  | (2) Maximum % p.a.              | -        | -       | -       | -         | -         | -             |
| <b>(i) 10 Years Maturity</b>                               |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             | 149,729  | 563,210 | 14,294  | 211,047   | 180,870   | 375,604       |
|  | (ii) Weighted Average Yield     |          |         |         |           |           |               |
|  | (1) Minimum % p.a.              | 8.8570   | 9.8230  | 12.9197 | 14.2471   | 14.2750   | 12.6110       |
|  | (2) Maximum % p.a.              | 10.2140  | 13.0576 | 12.9197 | 15.2500   | 15.2500   | 13.1415       |
| <b>(j) 10 Years (Floater) Maturity (PFL) Semi-Annual**</b> |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted ***         | 136,707  | 64,553  | 181,383 | 1,694,790 | 1,334,764 | 5,535,698     |
|  | (ii) Margin* / Cut-Off Price    |          |         |         |           |           |               |
|  | (1) Minimum bps / Cut-Off Price | 100      | 100     | 93.0004 | 93.4369   | 93.4369   | 92.3971       |
|  | (2) Maximum bps / Cut-Off Price | 101.0536 | 100     | 93.8497 | 94.8112   | 94.8112   | 94.5568       |
| <b>(k) 10 Years (Floater) Quarterly Maturity (PFL)</b>     |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             | 98,542   | -       |         |           |           |               |
|  | (ii) Cut-Off Price              |          |         |         |           |           |               |
|  | (1) Minimum Cut-Off Price       | 95.2412  | -       | -       | -         | -         | -             |
|  | (2) Maximum Cut-Off Price       | 95.2853  | -       | -       | -         | -         | -             |
| <b>(l) 15 Years Maturity</b>                               |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             | 64,000   | 59,000  | -       | -         | -         | -             |
|  | (ii) Weighted Average Yield     |          |         |         |           |           |               |
|  | (1) Minimum % p.a.              | 9.7020   | 10.4000 | -       | -         | -         | -             |
|  | (2) Maximum % p.a.              | 10.0000  | 10.4000 | -       | -         | -         | -             |
| <b>(m) 20 Years Maturity</b>                               |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             | 62,061   | -       | -       | -         |           | -             |
|  | (ii) Weighted Average Yield     |          |         |         |           |           |               |
|  | (1) Minimum % p.a.              | 10.3400  | -       | -       | -         | -         | -             |
|  | (2) Maximum % p.a.              | 10.5624  | -       | -       | -         | -         | -             |
| <b>(n) 30 Years Maturity</b>                               |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             |          | -       | -       | -         |           | -             |
|  | (ii) Weighted Average Yield     |          |         |         |           |           |               |
|  | (1) Minimum % p.a.              |          |         |         |           |           |               |
|  | (2) Maximum % p.a.              |          |         |         |           |           |               |
| <b>(o) 02 Years (Floater) Maturity (PFL) Semi-Annual</b>   |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             |          |         |         |           |           | 30,501        |
|  | (ii) Cut-Off Price              |          |         |         |           |           |               |
|  | (1) Minimum Cut-Off Price       |          |         |         |           |           | 99.6532       |
|  | (2) Maximum Cut-Off Price       |          |         |         |           |           | 100.227       |
| <b>(p) 02 Years Maturity Zero Coupon</b>                   |                                 |          |         |         |           |           |               |
|  | (i) Amount Accepted             |          |         |         |           |           | 569,433       |
|  | (ii) Weighted Average Yield     |          |         |         |           |           |               |
|  | (1) Minimum % p.a.              | -        | -       | -       | -         | -         | 11.6888       |
|  | (2) Maximum % p.a.              | -        | -       | -       | -         | -         | 13.9800       |

Source: State Bank of Pakistan

\* : The benchmark for coupon rate is defined in clause 'B' of DMMD Circular No. 9 dated May 07, 2018.

\*\* : Margins quoted over benchmark rate in fresh auctions of floating rate PIB (PFL)

**Note:**1 : A special issuance in PFL-SA 10 Years Issued by GoP to Independent Power Producer (IPPs) against their receivables from GoP on 4<sup>th</sup> June, 2021 (Rs 28,905.1 Million) and on 29-Nov-21 (Rs 43,322.80 Million)

2: Amounts include non-competitive bids &amp; short sale accommodation as well.