

Jan - Mar, 2016

# Quarterly Infrastructure Finance Review



Infrastructure Housing &  
SME Finance Department

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## Acronyms

<i>IPF</i>	<i>Infrastructure Project Financing</i>
<i>DFI</i>	<i>Development Finance Institution</i>
<i>QoQ</i>	<i>Quarter-on-Quarter</i>
<i>YoY</i>	<i>Year-on-Year</i>
<i>PG</i>	<i>Power Generation</i>
<i>O&amp;G</i>	<i>Oil and Gas</i>
<i>RB&amp;F</i>	<i>Road, Bridge &amp; Flyover</i>
<i>PT</i>	<i>Power Transmission</i>
<i>WSS</i>	<i>Water Supply &amp; Sanitation</i>
<i>NPLs</i>	<i>Non-Performing Loans</i>
<i>FY</i>	<i>Fiscal Year</i>
<i>LPG</i>	<i>Liquefied Petroleum Gas</i>

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## 1. Infrastructure Finance Overview

Banks and Development Finance Institutions (DFIs) have provided a major part of the credit for financing infrastructure projects in the private sector. The Quarterly Infrastructure Finance Review (Jan-Mar, 2016) is prepared based on quarterly data received from banks and DFIs. It includes infrastructure projects financed (both fund & non-fund based) by banks & DFIs, as defined in the IPF Guidelines. An analysis of the infrastructure financing portfolio of banks & DFIs for Q3 of FY-16 depicts the following trends:

At the end of Mar-16, amount outstanding against infrastructure sectors reached Rs 444 billion, witnessing growth of Rs 75.6 billion or 20.5% as compared to the preceding quarter (Oct-Dec, 2015).

Non-performing loans (NPLs) as a percentage of Gross Outstanding decreased from 3.8% to 2.7% QoQ basis and from 5.3% to 2.7% on YoY basis.

During the quarter (Jan-Mar, 2016) banks & DFIs disbursed Rs 21 billion to various infrastructure sectors, mainly power generation and road infrastructure.

Although infrastructure financing is predominantly skewed towards the power generation sector, consuming nearly 68% of the Rs 444 billion outstanding at the end of Mar-16, other sectors like petroleum, oil & gas and roads have recently seen a surge in financing, which is a positive sign for development of these sectors.

### Box 1: Infrastructure Project Finance Guidelines

SBP's Infrastructure Project Finance Guidelines define Infrastructure projects as one of the following:

- a. *A road, including toll road, fly over, bridge project;*
- b. *A mass transit, urban bus, urban rail project;*
- c. *A rail-bed, stations system, rail freight, passenger services project;*
- d. *A telecommunication local services, long distance and value added project;*
- e. *A power generation project;*
- f. *A power transmission or distribution project by laying a network of new transmission or distribution lines;*
- g. *A natural gas exploration and distribution project,*
- h. *An LPG extraction, distribution and marketing project;*
- i. *An LPG import terminal, distribution and marketing project;*
- j. *An LNG (Liquefied Natural Gas) terminal, distribution and marketing project;*
- k. *A water supply, irrigation, water treatment system, sanitation and sewerage system or solid waste management system project;*
- l. *A dam, barrage, canal project;*
- m. *A primary and secondary irrigation, tertiary (on-farm) irrigation project;*
- n. *A port, channel dredging, shipping, inland waterway, container terminals project;*
- o. *An airport;*
- p. *A petroleum extraction, refinery, pipeline project;*
- q. *Any other infrastructure project of similar nature, notified by SBP.*

The following sections present outstanding portfolio, non-performing loans, disbursements, amount sanctioned, and sectoral share of Banks & DFIs in Infrastructure Project Financing (IPF).

**Table A: Infrastructure Project Financing Portfolio of Banks & DFIs**

(Amount in Billion Rupees)	% Change				
	Mar-15	Dec-15	Mar-16	QoQ	YoY
<b>Amount Outstanding (as on)</b>	312.3	368.4	444.1	20.5%	42.2%
<b>NPLs (as on)</b>	16.58	14.11	12.3	-13.0%	-26.0%
<b>NPLs as % of Amount Outstanding</b>	5.31%	3.83%	2.76%	-	-
<b>Quarterly Disbursements</b>	19.18	25.86	20.8	-19.7%	8.3%
<b>Cumulative Disbursements (as on)</b>	384.7	453.2	468.4	3.4%	21.7%
<b>Total Sanctioned Amount (as on)</b>	604.8	706.9	814.2	15.2%	34.6%

YoY - Year on Year  
Note: Some corrections have been made in Dec-15 figures

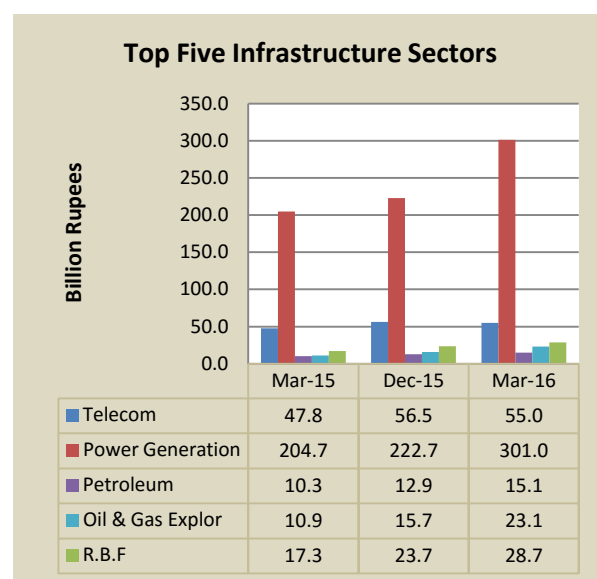
## 2. Outstanding Portfolio

The total amount outstanding, against infrastructure finance, at the end of Mar-16 reached Rs 444 billion, recording an increase of 20%, when compared with Rs 368 billion at the end of Dec-15. Infrastructure Project Financing (IPF) portfolio of banks & DFIs has witnessed substantial growth since December 2013.

Power generation, roads, oil & gas and petroleum sectors have noticed a growth in outstanding portfolio on QoQ basis. Following is the list of top infrastructure sectors where lending has been made by banks/DFIs:-

- Power Generation (PG)
- Telecom
- Road, Bridge, Flyover (RBF)
- Oil & Gas (O&G) Exploration/Distribution
- Petroleum
- Power Transmission (PT)
- Other sectors

On YoY basis, outstanding amount increased by Rs 132 billion or 42%. Most of the sectors witnessed growth in outstanding financing except power transmission and water supply and sanitation.



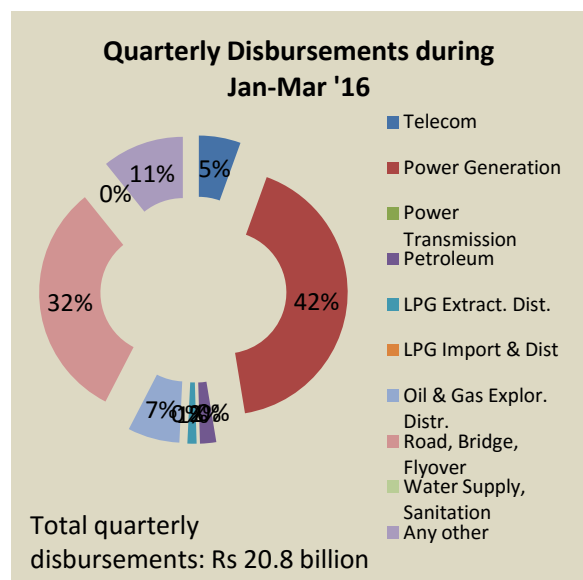
### 3. Non Performing Loans

Non-performing loans (NPLs) continued to show a declining trend and have reached Rs 12.3 billion compared to Rs. 16.6 billion a year earlier.

Non-performing loans (NPLs) as a percentage of Gross Outstanding decreased from 3.8% to 2.7% QoQ basis and from 5.3% to 2.7% on YoY basis.

### 4. Disbursements

Disbursements during the quarter reached Rs 20.8 billion, which is higher compared to the same period last year. The sectors where disbursements were made during the quarter include telecom, power generation, RB&F, O&G, petroleum, LPG sectors. The figure below shows share of these sectors in quarterly disbursements during Jan-Mar, 2016.



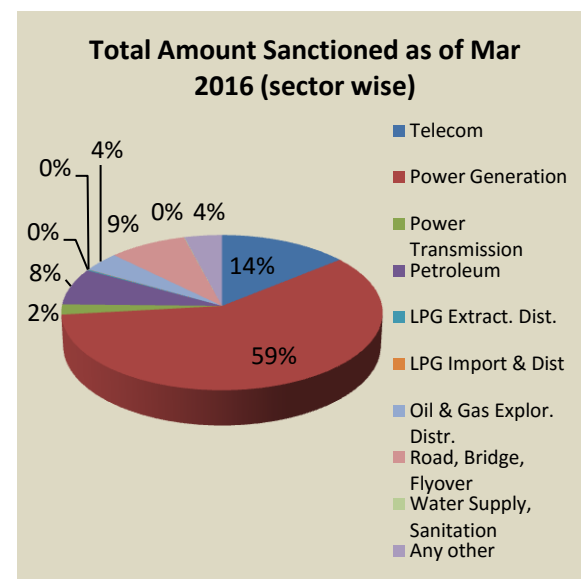
The cumulative amount disbursed as of Mar-16 increased by 3.4% on quarterly basis and by 21% on yearly basis.

At the end of Mar-16, the cumulative amount disbursed to all infrastructure sectors stands at Rs 468 billion.

### 5. Amount Sanctioned

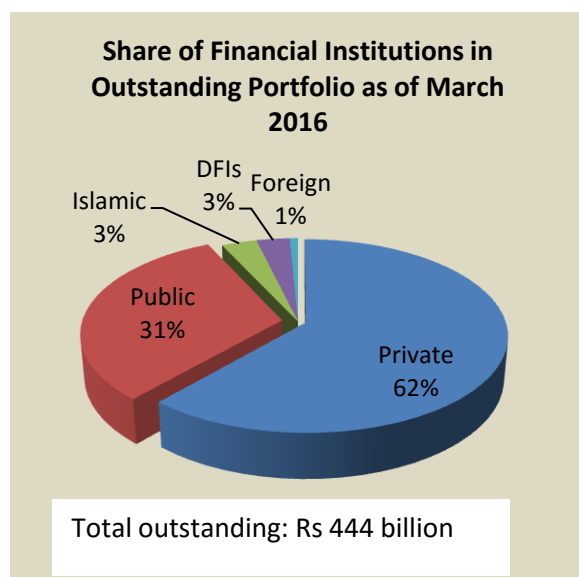
At the end of the period under review, the total amount sanctioned by Banks & DFIs for infrastructure projects increased from Rs 707 billion to Rs 814 billion, recording a growth of 15% compared to the previous quarter. A similar trend was observed when compared on yearly basis, where a 34% increase was observed.

The sectors witnessing growth in sanctioned amount during the quarter are telecom (5.8%), power generation (23%), O&G (43%) and R.B.F. (13%).



## 6. Banking-sector wise share

The institutional share in outstanding portfolio has largely remained the same with a large share resting with private sector banks followed by public sector banks (Figure below). The share of public sector banks has increased as compared to last quarter.



Infrastructure financing portfolio of banks & DFIs has shown encouraging growth since December 2013 when it was at Rs 255 billion.

## Annexure

Table B: Infrastructure Project Financing Trend Over the Years							
(Amount in Rs. Billions)	Periods						
	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Mar-16
<b>Amount Outstanding (as on)</b>	298.5	265.5	289.3	255.2	297.8	368.4	<b>444.1</b>
<b>NPLs (as on)</b>	10.4	17.1	17.5	19.4	16.1	14.11	<b>12.3</b>
<b>Yearly Disbursements (Jan – Dec)</b>	-	-	-	51.2	76.6	76.4	-
<b>Disbursements (Cumulative-As on)</b>	349.0	356.2	356.3	351.9	367.7	453.2	<b>468.4</b>
<b>Total Sanctioned Amount (as on)</b>	520.3	482.6	493.5	502.9	591.2	706.9	<b>814.2</b>