



External Relations Department

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Banks surpass Agricultural Credit Target: Rs.516 billion disbursed in FY15

Banks have surpassed the agricultural credit disbursement target set by SBP's Agricultural Credit Advisory Committee (ACAC) for the year ending June 2015. Against the indicative target of Rs 500 billion (which was 28% higher than the actual agri credit disbursement of Rs.391 Billion in FY14), banks have disbursed **Rs 515.9 billion**, which is Rs 15.9 billion in excess of the target set for FY15 and **31.8%** higher than the last year's disbursements of Rs 391.4 billion. Growth was also recorded in the agri. outstanding portfolio which stands at **Rs 335.2 billion** at end June, 2015 showing an increase of Rs.45 Billion (up 15.5%) compared with the last year position of Rs 290.3 billion.

The agri. credit target of Rs.500 billion in FY15 (28% growth) was ambitious by any standards, given the higher risk perception of banks about agri. financing and volatility in the prices of agri. produce. Nonetheless, SBP adopted a multipronged strategy for achieving the target which included; sensitizing banks to adopt agri. financing as a viable business line, diversification of agri. lending portfolio of banks, increase in per acre credit limits and extending the scope of eligible items, development of new product eco-system including value chain financing, and inclusion of Microfinance and Islamic banks for small and faith sensitive clients. Further, for deepening agri. financing outreach, Fast Track Lending Program was launched during the year for farm and non-farm activities in selected districts of the country. In addition, farmers' awareness and financial literacy programs were conducted at grass root level.

It is pertinent to mention that the agricultural credit targets have continuously been surpassed since FY 2011-12 with an average real growth of 10.8% as compared with 3% growth in agriculture GDP for the same period.

In addition to achieving the indicative agri credit target, SBP implemented all the budgetary initiatives and projects in collaboration with banks during the year. These include enhancement of the scope of Crop Loan Insurance up to 25 acres, rollout of Livestock Insurance for small farmers, launch of Credit Guarantee Scheme for small and marginalized farmers, introduction of Warehouse Receipts Financing and loans for solar tube-wells, etc.

These achievements were made possible because of the support of government and leadership of the Governor, Mr. Ashraf Mahmood Wathra and Deputy Governor, Mr. Saeed Ahmad through conducting regular meetings of ACAC and performance review of banks.

A detailed review of banks' performance for 2014-15 reveals that five major banks collectively disbursed agri. loans of Rs 262.9 billion or 104.1% of their annual target of Rs 252.5 billion which is higher by 34.5% from Rs 195.5 billion disbursed during the corresponding period last year. Amongst the five major banks, HBL has achieved 113 % of its annual target, MCB achieved 102.6%, UBL 101.4%, ABL 101.2% and NBP achieve 100.1 % of its individual annual target. Among specialized banks, ZTBL disbursed Rs 95.8 billion or 106.5% of its annual target of Rs 90.0 billion while PPCBL has disbursed Rs 10.5 billion achieving 91.2% against its target of Rs 11.5 billion during FY 2014-15.

Fifteen Domestic Private Banks as a group achieved 94.1% of its target. Within this group Faysal bank, Bank Alfalah, JS bank, Bank of Khyber, Bank of Punjab and Standard Chartered Bank were the top performers surpassing their allocated annual targets. However, Summit bank achieved 99.6%,



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Habib Metropolitan 96.2%, Askari 86%, Soneri bank 85.8%, NIB 85.3%, Sindh bank 80.9%, Bank Al Habib 72.1% whereas Silk bank could only achieve 63.1% of their individual annual targets.

Eight Microfinance banks as a group have surpassed their annual targets of Rs 28.2 billion by disbursing agri. loans of Rs 33.0 billion achieving 117% of the allocated targets during FY 2014-15. Khushhali, First Microfinance bank, Tameer, Pak Oman, Waseela and U Microfinance bank have surpassed their targets while NRSP Microfinance bank could only manage 92.3% of its annual target. Four Islamic banks, as a group, also posed impressive disbursement figures exceeding their annual targets by disbursing Rs 5.0 billion against the target of Rs 2.3 billion. Among the group, Bankislami, Meezan and Albaraka Bank have surpassed their annual targets for FY 2014-15.

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