

Zarai Taraqiyati Bank Ltd.

ZTBL – NEW HORIZON: ZTBL is a specialized agriculture institution with a mandate to enhance agricultural productivity and development through provision of funding as well as technology. In the mid 80s, the bank was on the same path, particularly in the era of late Mr. Jamil Nishtar. Although a lot of development work was done during his time but ZTBL eventually inherited a huge stuck-up portfolio for which it is making still efforts to recover the same. Later on the priorities of the bank were more towards the financing and the productivity enhancement and technology driven schemes were ignored all together. Here I would like to quote some figures from a past record that in the mid 90s the manpower strength of the bank was over 8,700 and disbursement were only Rs. 8 billion and recovery rate remained below 50% in that era and continued till 2005. Immediately on assuming charges as President, ZTBL, the original vision of the bank has refocused upon to acquire new technology and to play a pivotal role in agriculture sector was implemented. Since 2008 many initiatives in various areas have been taken to ensure that ZTBL is a vibrant bank. Since the work force of ZTBL is its main assets, many measures to motivate the ZTBL team have taken and records promotions

PERFORMANCE OVERVIEW BETWEEN 2007 – 2009

PARTICULARS	2007	2008	2009 PROVISIONAL
Loan Disbursement	55.9	70.7	77.7
Loan Recovery	58.1	65.9	69.5
Non Performing Loans	16.7	13.0	12.5
Deposits	4.3	5.4	8.8
Profit Before Tax	1.8	4.0	4.9

were made in 2009 to clear long outstanding back log of over 20 years which instilled a new spirit in the manpower of the bank. This has translated into improved performance of all areas of operations including disbursement, recovery, deposits and profit. Details on initiatives during the last one year are given at Annex-1.

The President of Pakistan, His Excellency Asif Ali Zardari, assigned the responsibility to provide the agriculture technology and credit at village level with a satellite base monitoring mechanism. Keeping in view the said visions the role of ZTBL was redefined a new Agriculture Technology Division was created to acquire new technologies without which the development in agriculture can not be materialized. The project to provide agriculture technology and credit at village level was successfully launched in 26 model villages where technology to enhance productivity and use of machinery, health care services for the dairy sector as well as the soil fertility was introduced. These model villages will be replicated in rest of the country in due course of time.

The disbursement of the bank for the year ended 31.12.2009 has increased to Rs. 77.6 billion as against Rs. 55.9 billion in 2007 registering an increase of Rs. 22 billion in just one and half year since my taking charge of the bank.

Tractor plays a very important role in productivity enhancement as well as transportation of farm produce. Special emphasis was given on tractor financing and during the last one year tractor financing has increased to 21,609

during 2009 as compared to 10,275 in 2007.

The Prime Minister of Pakistan and President of Pakistan Mr. Asif Ali Zardari took special initiatives to provide subsidize 20,000 tractors in two years. Benazir Tractor Scheme was launched. I am grateful to President of Pakistan who entrust this scheme to ZTBL and in first phase 10,000 tractors distribution was done through ZTBL through which subsidy @ Rs. 200,000 per tractor or 50% of the price of tractor which ever is less has been provided to successful farmers. The total amount of subsidy given to the farmers community during last year is Rs. 2 billion.

Loan Disbursement

During the year 2009 loans amounting to Rs. 77.6 billion were disbursed as compared to Rs. 55.9 billion during the year 2007. Thus in terms of amount, growth was 26%. Year wise disbursement position for the last 3 years is as under:

For the Calendar year 2009 ZTBL had

YEARS	(Rupees-Billion) TOTAL
2007	55.9
2008	70.6
2009	77.6

planned a credit target of Rs. 75 billion against which by the end of the year, 2009 loans of RS. 77.6 billion have been disbursed with a pace of 104% not only achieved the given target surpassed with the margin of about Rs. 2 billion.

Recovery Position:

Performance of ZTBL in the field of recovery of agri. Loans has improved from 81% in 2007 to 89% during 2009. Recovery of the bank has substantially improved from Rs.

58.0 billion in 2007 to Rs. 69.5 billion in 2009. The recovery position for the last three years is given below:

(Rupees-Billion)			
YEARS	RECOVERABLE	RECOVERY	% AGE
2007	72.1	58.0	81%
2008	76.6	69.5	86%
2009	78.2	69.5	89%

Non Performing Loans:

In performance analysis in banking sector non performing loans indicates a very significant indicator depicting intrinsic health of the financial institution. In ZTBL non performing loan were 29.4% of portfolio at the beginning of year 2007, which has significantly reduced to 14.4% at the end of 2009. The reduction in cumulative NPLs by the extent of 14.9% is excellent as it ever lowest.

Deposits:

ZTBL is extending its all out efforts to enhance the deposit volume to strengthen its resources for the maximum coverage's of credit needs of the farming community. For this new branches have been opened to extend its out reach and Zonal and Branch officers are being uplifted to improve the image of the Bank. Deposit has been increased from Rs. 4.3 billion in 2007 to Rs. 8.8 billion in 2009 which is over 100% growth. The detail is given below:

(Rupees-Billion)		
YEARS	DEPOSIT SECURED	GROWTH
2007	4.3	50%
2008	5.4	26%
2009	8.8	62%

Internal Audit Strengthening:

Strengthening internal audit is very important for ensuring good governance and adherence to best practices in banking

sector and to bring transparency in the system by establishing check and balance in the various operational activities of the bank.

First time during last three years 100% audit of the whole bank has been conducted during last quarter of 2009.

PROFIT FOR THE LAST THREE YEARS (Rupees-Billion)					
Particulars	2009 (provisional/ un-audited)	2008	% Age	2007	% Age
Profit before taxation	4.9	3.9	25	1.7	129

The agri. Credit provision to the borrowers has increased to 567,415 borrowers in 2009 as against 475,000 in 2007 depicting 1.2% and increase of 92,415 borrowers

Newly Introduced Lending Products/ Schemes and Initiatives Being Taken:

- Establishment of model villages to demonstrate new technologies and enhance per acre yield.
- Crop Loans Insurance Scheme has been started to safeguard agri. Sector from natural disaster.
- Promotion of Mechanized Farming for Agriculture Productivity Enhancement in AJ & K Area.
- Awami Zarai Scheme.
- Benazir Tractors Scheme.
- Green Tractors Scheme.
- Steps encouraging solar energy & wind mills equipment to facilitate the rural poor for cheaper/free electricity for farmers.
- Collaboration with foreign lending agencies/banks to secure more resources for agri. Lending
- Concerted efforts for farm mechanization to raise the cropping intensity and productivity.
- Improvement in post harvest practices and marketing of fruits/vegetables through grading, packaging and refrigerated cargo transportation from farm to market.

- Encourage lending for sprinkler and drip irrigation system on potential areas to conserve & address the shortage of water, in turn to improve the yield of crops.

- Increased lending for introduction of new technologies in agriculture sector such as small harvesters, paddy trans planters, tunnel farming, sugar-cane planters/harvesters, hydro-phonic cultivation etc.

- In the process of acquiring core banking solution to ensure internal controls transparency of operations/functions.

- NADRA Connectivity for customers ID verification
- 1 E- governance (Activation of email at 348 branches & 26 zonal offices).
- 2 Forming a team of professional bankers to oversee important functions.
- 3 Korea, China, Japan, USA, Islamic Development bank is actively perusing ZTBL for soft credit lines/grants for various projects related to development of Agriculture sector.
- 4 ZTBL is geared to play pivotal role in obtaining carbon credit for the country which are expected to earn substantial Foreign Exchange for the country.
- 5 Reopened Credit for Women (agriculture related credit).
- 6 Established model villages in four provinces.
- 7 To facilitate Bank's customers deposit management system was implemented which replaced the old manual record keeping in branches through out the country.
 - a. Deposit Management System.
 - b. Implementation of obligor Risk system.
 - c. Recovery management/early warning system.
- 8 Introduce Credit Administration Function.
- 9 Activated Risk Management Function. ■

ZTBL's Historic Achievements in 2009



Modernization



Friendship



Growth



ZTBL in 2009 - at its historic best

DISBURSEMENT

Ever highest
Rs. 77.7 Billion



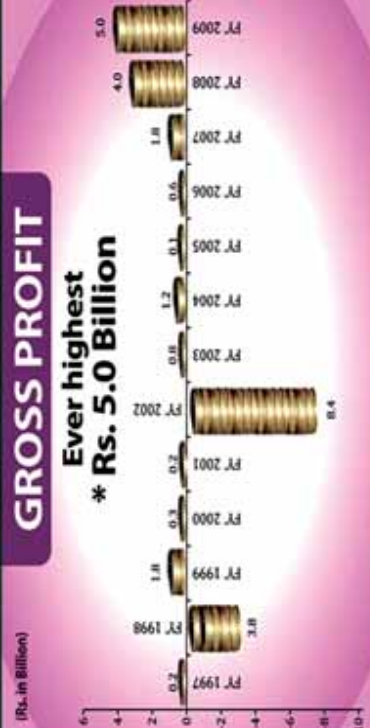
RECOVERY

Ever highest
Rs. 73.8 Billion



GROSS PROFIT

Ever highest
* Rs. 5.0 Billion



DEPOSITS

Ever highest
Rs. 8.80 Billion

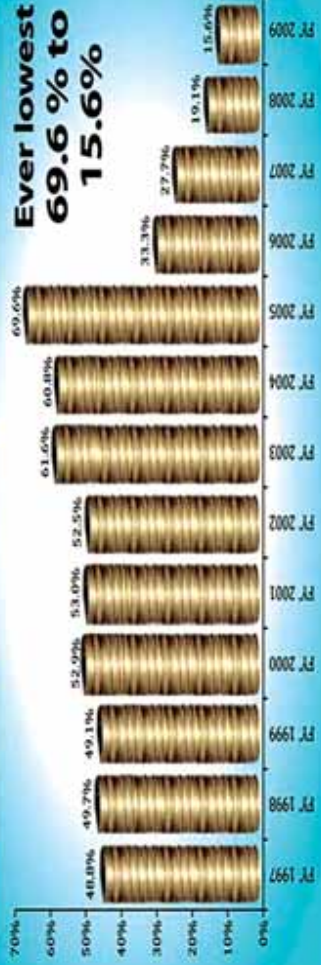


NEW AGRICULTURE & SPECIAL INITIATIVES

- 1 Introduction of biogas/wind/solar power driven water and power generation systems.
- 2 Jatropha / Sukh Cham / Castor plantation for Bio-diesel production
- 3 Plantation of Olive varieties in Pakistan
- 4 Dissemination of agricultural technologies to the farmers
- 5 Development of demonstration model agriculture, poultry, goat, fish and dairy farms
- 6 Introduction of innovative fish farming technologies and breeds
- 7 Introduction of water conservation techniques through drip / sprinkler irrigation
- 8 Introduction of hybrid seeds for better production
- 9 Production of off-season vegetables, fruits and floriculture
- 10 Production of medicinal plants and herbs
- 11 Making ZTBL a green and environment friendly bank through controlling emission of green house gases
- 12 Establishment of 26 model villages to disseminate technology for high yielding crops
- 13 Financing for promotion of forestry
- 14 Introduction of bio-fertilizers
- 15 Private-Public partnership in Agriculture Extension Management

NPLS AS % AGE OF TOTAL OUTSTANDING

Ever lowest
69.6% to
15.6%



* Provisional

Entity rating by
JCR-VIS as AAA/A-1+

Highest ever contribution in national
exchequer stands at Rs. 2741 million

FARMER'S FRIENDLY STEPS

- ▶ Crops Insurance
- ▶ Lowest mark up rate
- ▶ One window operation
- ▶ Widest network of 348 BRANCHES
- ▶ Sada Bahar Scheme
- ▶ Agri-Hoans of the calamity hit areas written off under the directives of Federal Government.
- ▶ Benazir Tractor Scheme
- ▶ Awami Zari Scheme (Provision of Inkind inputs)

