



Department of Agriculture
Agricultural Credit Policy Council

Bank Lending to Agriculture for the year 2018

Executive Summary

This report contains consolidated information on agricultural loans granted and loans outstanding of all types of banks (i.e. Private Commercial Banks, Thrift Banks, Rural Banks and Government Banks).

For the year, total loans granted by the banking system grew by 6% amounting to P42.3 trillion in support of all the economic activities. Of this amount, 1.3% went to the agricultural sector amounting to P554 billion or a 12% growth from previous year's level. Among the banks, Land Bank of the Philippines (LBP), as the leading government agricultural lending institution, posted the highest growth rate (23%) in agricultural loans at 149 billion. In terms of agricultural production loans granted, DBP showed a strong performance registering nearly 10 folds (976%) increase amounting to P35 billion. This can be attributed to their extensive financing of support services for animal production and contract animal growing. On the other hand, LBP's loans granted for agricultural production rose by 10% amounting to almost P58 billion.

As of 2018, banks' total loans outstanding reached almost P11 trillion reflecting a 14% increase from last year. Receivables from the agricultural sector which is almost 4% of the total loans outstanding amounted to about P427 billion. By type of bank, government banks' exposure to the agricultural sector stood at P173 billion or 14% higher than the previous year.

This report on Bank Lending to Agriculture is an annual report on the performance of the banking sector in terms of financing the economic activities of the agricultural sector. It contains consolidated information on agricultural loans granted and loans outstanding of all types of banks (i.e. Private Commercial Banks, Thrift Banks, Rural Banks and Government Banks).

The data contained in this report comes from both government and private financial institutions. Data on Private Commercial Banks (PKBs) are principally sourced from the Bangko Sentral ng Pilipinas (BSP) 2016 Annual Report Volume 2 while data on Government Banks are obtained from the Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP).

Generally, actual data are used if it is available. However, if actual data is unavailable or still incomplete, data are generated using estimates based on average annual growth rate for ten (10) years.

1. Total Loans Granted

For year 2018, total loans granted by the banking system grew by almost 6% amounting to P42.3 trillion in support of all the economic activities. However, only 1.3% of the total loans granted went to the agricultural sector. Nonetheless, loans granted to this sector posted a 12% increase from its year ago level which can be attributed to the moderated increase in agricultural productivity in the crops, livestock and poultry sub-sectors during the year (Table 1).

TABLE 1
AMOUNT OF BANKS' LOANS GRANTED: AGRICULTURAL VS. NON-AGRICULTURAL
(Amounts in PM)
For Years 2017-2018

Type	2017		2018P		% Change
	Amount	% Share	Amount	%Share	
Agriculture	495,414.94	1.2	554,060.91	1.3	11.84
Non-Agriculture	39,610,101.7	98.8	41,700,878.9	98.7	5.28
Total	40,105,516.65	100.0	42,254,939.8	100.0	5.36

P/ Preliminary. Amounts were estimated due to non-availability of actual data.

Estimates derived using the average growth rate for the past ten (10) years.

Data source: BSP, LBP, DBP

2. Agricultural Loans Granted, By Type of Bank

Among the banks, Land Bank of the Philippines (LBP), as the leading government agricultural lending institution, posted the highest growth rate (23%) in agricultural loans at P149 billion. Likewise, loan released by Development Bank of the Philippines (DBP) to the agriculture sector rose by 8% from last year's level amounting to nearly P38 billion. The aggregate loan releases of government banks (DBP and LBP) grew by almost 20% amounting P187 billion. Private banks also boosted its financial assistance to the sector with 8% growth from previous year's performance. As always, these banks remained the largest (66%) provider of agricultural credit. (Table 2).

Table 2
LOANS GRANTED TO AGRICULTURE, FISHERIES AND FORESTRY (AFF)
BY TYPE OF BANK, 2017-2018
(Amounts in PM)

Financial Institution	2017		2018P		% Change
	Amount	% Share	Amount	% Share	
Government Banks	156,078.37	31.50	187,013.81	33.75	19.82
DBP	35,054.57	7.08	37,989.31	6.86	8.37
LBP	121,023.80	24.43	149,024.50	26.90	23.14
Private Banks	339,336.57	68.50	367,047.10	66.25	8.17
PKBs	215,524.36	43.50	232,800.30	42.02	8.02
TBs	123,812.21	24.99	134,246.80	24.23	8.43
Total All Banks	495,414.94	100.00	554,060.91	100.00	11.84

P/ Preliminary. Amounts were estimated due to non-availability of actual data.

Estimates derived using the average growth rate for the past ten (10) years except for DBP which provided actual data; Data on Private Banks were estimated based on 2016 BSP Annual Report/Statistical Bulletin; and Data on RBs is no longer included since last actual data provided by BSP was in 2014

Data sources: BSP, LBP and DBP.

3. Agricultural Production Loans, By Type of Bank

In 2018, total loans granted by the banking system financing of the banking sector in support of agricultural production improved indicating a positive growth from previous year's level by about 16%. Government banks showed a robust increase of 67% in its agricultural production loans granted amounting to P93 billion. Between the two (2) government banks, DBP showed a strong performance registering nearly 10 folds (976%) increase amounting P35 billion. This can be attributed to their extensive financing of support services for animal production and contract animal growing. Further, both PKBs and TBs agricultural production loans granted grew slightly by 8% (Table 3).

Table 3
AGRICULTURAL PRODUCTION LOANS GRANTED
BY TYPE OF BANK, 2017-2018
(Amounts in PM)

Financial Institution	2017P		2018P		% Change
	Amount	% Share	Amount	% Share	
Government Banks	55,908.99	14.15	93,487.22	20.30	67.21
DBP	3,302.97	0.84	35,540.45	7.72	976.01
LBP	52,606.02	13.31	57,946.77	12.58	10.15
Private Banks	339,336.57	85.85	367,047.11	79.70	8.17
PKBs	215,524.36	54.53	232,800.29	50.55	8.02
TBs	123,812.21	31.33	134,246.82	29.15	8.43
TOTAL	395,245.56	100.00	460,534.33	100.00	16.52

P/ Preliminary. Amounts were estimated due to non-availability of actual data.

Estimates derived using the average growth rate for the past ten (10) years except for DBP which provided actual data; Data on Private Banks were estimated based on 2016 BSP Annual Report/Statistical Bulletin; and Data on RBs is no longer included since last actual data provided by BSP was in 2014

Data source: BSP, DBP, LBP

4. Loans Outstanding

As of 2018, banks' total loans outstanding reached almost P11 trillion reflecting a 14% increase from last year. Receivables from the agricultural sector which is almost 4% of the total loans outstanding grew by approximately 12% as compared to the previous year has amounted to about P427 billion (Table 4).

TABLE 4
AMOUNT OF BANKS' LOANS OUTSTANDING: AGRICULTURAL VS. NON-AGRICULTURAL
(Amounts in PM)
For Years 2017-2018

Type	2017		2018		% Change
	Amount	% Share	Amount	%Share	
Agriculture	382,714.23	3.95	426,851.65	3.85	11.53
Non-Agriculture	9,301,815.2	96.05	10,670,443.8	96.15	14.71
Total	9,684,529.40	100.00	11,097,295.4	100.00	14.59

Data source: BSP, LBP, DBP

5. Agricultural Outstanding Loans, By Type of Bank

Total loan exposure by the banking industry to agriculture rose by 11% from last year's level reaching nearly P427 billion. By type of bank, government banks' agricultural loans outstanding amounted to almost P173 billion which is 14% higher than the previous year. Among the private banks, thrift banks (TBs) showed the highest increase in agricultural loans outstanding with nearly 15% followed by PKBs at 9% (Table 5).

Table 5
AGRICULTURE, FISHERIES AND FORESTRY (AFF) LOANS OUTSTANDING
BY TYPE OF BANK, 2017-2018
(Amounts in PM)

Financial Institution	2017		2018P		% Change
	Amount	% Share	Amount	% Share	
Government Banks	151,343.31	39.54	172,732.31	40.47	14.13
DBP	40,880.61	10.68	43,683.41	10.23	6.86
LBP	110,462.70	28.86	129,048.90	30.23	16.83
Private Banks	231,370.93	60.46	254,119.34	59.53	9.83
PKBs	206,224.62	53.88	225,282.44	52.78	9.24
TBs	25,146.31	6.57	28,836.90	6.76	14.68
Total All Banks	382,714.23	100.00	426,851.65	100.00	11.53

P/ Preliminary. Amounts were estimated due to non-availability of actual data except for DBP which provided actual data. Data on Private Banks were estimated based on 2016 BSP Annual Report/Statistical Bulletin.