

Progress Report on
Banks' Performance on SBP's Rozgar Refinance Scheme with Risk Sharing Facility
(Updated till 10th July, 2020)

To counter the negative impact of Covid-19 on the economy, State Bank of Pakistan (SBP) introduced a Refinance Scheme to Support Employment and Prevent Layoff of Workers, commonly known as SBP Rozgar Scheme, in April 2020. The scheme provides concessional financing to businesses for wages and salary expenses, provided they commit to not lay off their employees for the period of the loan. The Scheme was later complemented by a Risk Sharing Facility (RSF) of the Government of Pakistan (GoP) for SMEs and Small Corporates with turnover of up to Rs2 billion. Under this facility, GoP bears up to 60% first loss on the principal amount portion of disbursed portfolio for SME borrowers whereas 40% risk coverage is available for Small Corporates. The objective of this facility is to incentivize banks to extend loans to SMEs and Small Corporates, to whom they may not cater to for risk considerations. The Scheme was available till end June 2020 earlier, however, SBP decided to extend the validity of this scheme by another 3 months to end September, 2020.

Under the Scheme, on overall basis, up till 10th July 2020, financing of Rs125.9 billion has been approved by banks for 2068 businesses covering wages and salaries of over 1.2 million employees. Soon after the introduction of the Scheme, a large number of applications to avail financing were received by banks but their approvals remained slow. However, with the continuous efforts of SBP, banks streamlined their processes and pace of loan approvals increased. At the end of April 2020, only 18% of loan applications were approved. This has increased to 76% by 10th July 2020. Similarly, the amount of loans approved against the requested amount also improved. The acceptance ratio for amount of financing increased from 26% at the end of April 2020 to 82% on 10th July 2020. Consequently, the number of employees benefitting from the scheme in terms of acceptance ratio has also increased from 26% to 85% during the same period.

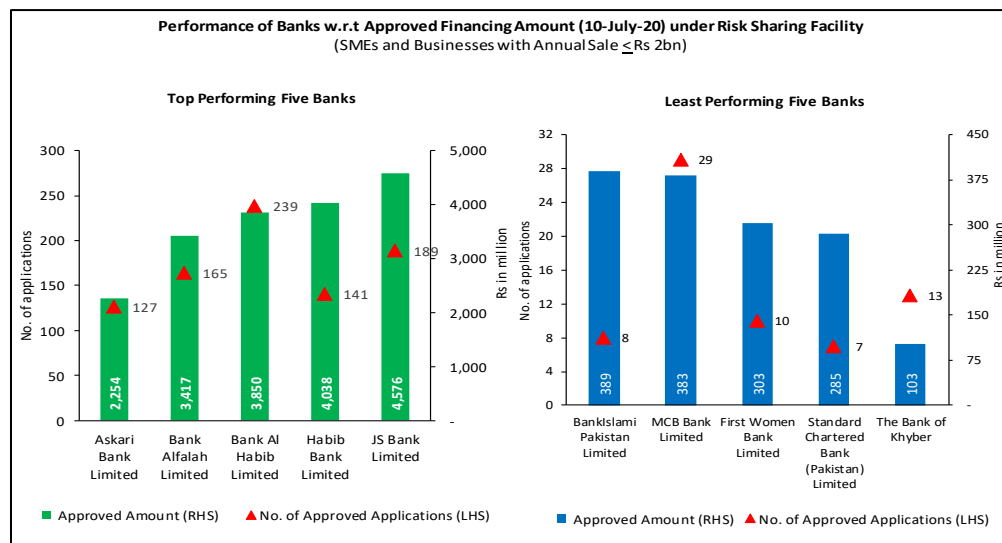
Out of the total approved amount, Rs31 billion were for 1449 SMEs and Small Corporates under the RSF as of 10th July 2020 providing benefit to 280,437 employees. Relative to the initial situation related to Rozgar scheme, in terms of processing and approving the requests for financing, banks performed better in catering the requests under RSF and improved further over time. The acceptance ratio, both in terms of number of applications and amount increased from 35% and 37% respectively on 15th May 2020 to 72% and 71% on 10th July 2020. Following similar trends, the total number of employees benefitting from the acceptance of financing requests increased from 36% to 75% during the same period.

Performance of Banks w.r.t Approved Financing Amount

The performance of banks, however, in terms of processing the number of applications and financing approved is limited to few banks. Among the Top Performing Five Banks, for both, JS Bank Limited, Habib Bank Limited (HBL), Bank Al-Habib Limited, Bank Alfalah Limited and Askari Bank Limited have contributed the highest in terms of both approving the number of applications and amount since the beginning of this scheme (RSF) till 10th July 2020. These Top Performing Five Banks provided Rs18.1

billion or 58% of the overall approved financing amount eligible for RSF under SBP Rozgar Scheme up till 10th July, 2020. Their share declined from 61% earlier on 12th June, 2020 showing that other banks have improved their performance. Their individual performance is also reflected from the fact that the cumulative approved financing by these banks ranged from Rs2.2 to Rs4.6 billion. The rankings of these banks have remained unchanged since inception of the RSF till 10th July 2020.

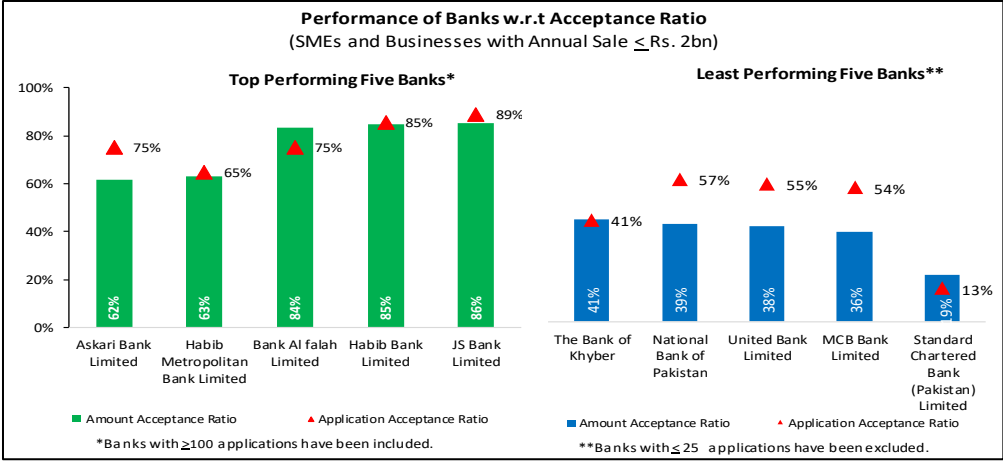
In contrast, the Least Performing Five Banks comprise Bank Islami, MCB Bank, First Women Bank, Standard Chartered Bank (Pakistan) Ltd. and Bank of Khyber. In these banks both the number of applications and amounts approved are very low, ranging in meager 7 to 29 and Rs103 to Rs389 million, respectively up till 10th July 2020. Among these Least Performing Five Banks, there was some improvement as a major bank, NBP, exited the list and was replaced by Bank Islami.



Performance of Banks w.r.t Acceptance Ratio

In terms of acceptance ratios for the amount and number of applications approved for financing, JS Bank, HBL, Bank Al-Habib, Bank Alfalah and Askari Bank, continued to remain in the list of Top Five Performing Banks. The acceptance ratios of these banks were in the ranges of 62 % to 86 % and 65 % to 89 %, respectively. Their rankings, however, changed within the group except for JS Bank Limited that remained at the top throughout.

Among the Least Performing Five Banks, four banks - NBP, UBL, MCB and Standard Chartered Bank Limited continued to remain in this group. The acceptance ratios for the Least Performing Five Banks were also in the similar low ranges of 19 % to 41 % and 13 % to 57 %, respectively. Only ABL exited the list improving its position and was replaced by the Bank of Khyber



**Bank Wise Performance Under Risk Sharing Facility of
SBP Rozgar Refinance Scheme (with Annual Sale ≤ Rs. 2bn)**

Bank Wise Position as on July 10, 2020					
Bank Name	No. of Applications Approved	Total Amount of Applications Approved	Total No. of Employees covered in the number of applications approved	Rs in '000s'	
				No. of Applications Approved / Applications Received (%)	Amount of Applications Approved / Applications Received (%)
JS Bank Limited	189	4,575,889	41,174	89%	86%
Habib Bank Limited	141	4,037,842	33,715	85%	85%
Bank Al Habib Limited	239	3,849,999	40,977	84%	89%
Bank Al falah Limited	165	3,416,726	31,805	75%	84%
Askari Bank Limited	127	2,254,473	20,321	75%	62%
Habib Metropolitan Bank Limited	104	1,988,739	21,142	65%	63%
Meezan Bank Limited	48	1,526,850	16,097	51%	51%
Faysal Bank Limited	64	1,461,221	13,553	80%	80%
Dubai Islamic Bank Pakistan Limited	53	1,394,857	9,586	63%	49%
The Bank of Punjab	51	1,211,677	11,808	65%	67%
Allied Bank Limited	28	669,883	6,372	57%	51%
Soneri Bank Limited	32	647,530	6,905	80%	85%
United Bank Limited	49	584,099	5,560	55%	38%
MCB Islamic Bank	15	564,628	3,126	60%	56%
Al Baraka Bank (Pakistan) Limited	16	489,007	4,434	50%	53%
SAMBA Bank Limited	34	487,673	3,613	92%	96%
National Bank of Pakistan	32	407,708	4,056	57%	39%
BankIslami Pakistan Limited	8	389,402	3,653	36%	69%
MCB Bank Limited	29	382,574	4,044	54%	36%
First Women Bank Limited	10	302,877	3,502	77%	84%
Standard Chartered Bank (Pakistan) Limited	7	285,205	1,212	13%	19%
The Bank of Khyber	13	102,598	1,513	41%	41%