

Prudential Regulations for Microfinance Banks/ Institutions

1. These Regulations shall be called Prudential Regulations for Microfinance Banks/Institutions.
2. These regulations shall be applicable to all Microfinance Banks (MFBs)/Microfinance Institutions (MFIs) licensed by the State Bank of Pakistan.
3. **Definitions-----**(1) For the purpose of these regulations, unless there is anything repugnant in the subject or context:
 - (a) "Documents" include vouchers, bills, promissory notes, bills of exchange, securities for advances, claims by or against the MFB/MFI and other record supporting entries in the books of the MFB/MFI;
 - (b) "Approved Securities" shall mean registered Pakistan rupee obligation of Federal Government including but not restricted to Pakistan Investment Bonds (PIBs), and Market Treasury Bills (MTBs);
 - (c) "Equity" means and includes Paid-up Capital, Share Premium, Reserves and unappropriated profits of the MFB/MFI;
 - (d) "Exposure" means Microfinance facilities provided by the MFB/MFI including both fund based and non-fund based;
 - (e) "MFIs/MFBs" shall mean companies incorporated in Pakistan and licensed by the State Bank to mobilize deposits from the public for the purpose of providing Microfinance services;
 - (f) "Deposit" means the deposit of money, repayable on demand or otherwise, accepted by an MFB/MFI from the public for the purpose of providing Microfinance services;
 - (g) "Poor person" means person who has meagre means of subsistence and whose total income during a year is less than the minimum taxable limit set out in the law relating to income tax;
 - (h) "Specified Area" means the district, province or the whole country for which an MFB/MFI is licensed to operate;
 - (J) "Contingent Liabilities" means and includes inland letters of credit, letters of guarantee, bid bonds / performance bonds, and advance payment guarantees;
 - (k) "Records" includes ledgers, daybooks, cash books, supporting documents and all other manual or magnetic/electronic records used in the business of the MFB/MFI;
 - (l) "State Bank" means State Bank of Pakistan established under The State Bank of Pakistan Act, 1956.
4. **Minimum Capital Requirements**

No MFB/MFI shall commence business unless it has a minimum paid-up capital as prescribed in MFIs Ordinance 2001. It shall also maintain equity equivalent to at least 15% of its risk-weighted assets. The risk weights of various assets have been defined at annexure "A".
5. **Exposure against Contingent Liabilities**

The Contingent liabilities of the MFB/MFI for the first three years of its operations shall not exceed three times of its equity and there after shall not exceed 5 times of the MFB/MFI's equity.
6. **Maintenance of Cash Reserve & Liquidity**
 - (a) The MFB/MFI shall maintain a cash reserve equivalent to not less than 5% of its Time and Demand Liabilities in a current account opened with the State Bank or its agent.
 - (b) In addition to cash reserve it shall also maintain liquidity equivalent to at least 10% of its time and demand liabilities in the form of liquid assets i.e. cash, gold and unencumbered approved securities.

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7. Statutory Reserve

The MFB/MFI shall create a reserve fund to which shall be credited:

- (a) an amount equal to at least 20% of its annual profits after taxes till such time the reserve fund equals the paid-up capital of the MFB/MFI.
- (b) thereafter a sum not less than 5% of its annual profit after taxes.

8. Depositors' Protection Fund

The MFB/MFI shall, establish and maintain a Depositors' Protection Fund or scheme for the purpose of mitigating risk of its depositors, to which MFB/MFI shall credit not less than 5% of its annual profit after taxes.

Note: The Khushhali Bank shall continue to contribute 10% and 5% of its annual after tax profit to Microfinance Social Development Fund & Depositors Protection Fund respectively.

9. Restriction on certain types of transactions

The MFB/MFI shall not:

- (a) allow any facility for speculative purposes;
- (b) allow financing facilities and other Microfinance Services to any of its sponsors, directors or employees including their spouses, parents, and children. The rule shall not apply on loans given to employees under staff loan policy of the MFB/MFI;
- (c) without the prior approval in writing of the State Bank, enter into leasing, renting and sale / purchase of any kind with its directors, officers, employees or persons who either individually or in concert with their family members, beneficially own 5% or more of the equity of the MFB/MFI;
- (d) hold, deal or trade in real estate except for use of MFB/MFI itself.

10. Maximum Loan Size

The MFB/MFI shall not extend loans exceeding Rs.100,000/- to a single borrower. However, the MFB/MFI shall ensure that the loan amount is commensurate with the business requirements and repaying capacity of the borrower. The MFI/MFB shall also ensure that the loans equivalent to the maximum limit are extended only to those borrowers who have established track record of satisfactory repayment. The MFB/MFI shall formulate well-defined credit policy covering the maximum lending limits, rate to be charged, repayment period, Collaterals etc.

11. Maximum Exposure of a borrower from MFBs/MFIs/Other Financial Institutions / NGOs

The MFI/MFB shall ensure that total exposure of its clients from banks/ MFIs/MFBs/Other Financial Institutions/NGOs etc. does not exceed Rs.100,000/- in aggregate. For this purpose, they will obtain a certificate from the clients regarding borrowings from banks and other MFIs/MFBs/NGOs.

12. Classification of Assets And Provisioning Requirements

(a) Loans & Advances

The outstanding principal of the loans and advances, payments against which are overdue for 30 days or more shall be classified as Non- Performing Loans (NPLs). The unrealised interest/profit/mark-up/service charges on NPLs shall be suspended and credited to interest suspense account. Further the NPLs shall be divided into following categories:

- i. **OAEM:** loans in arrears (payments/instalments overdue) for 30 days or more but less than 90 days

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- ii. **Substandard:** loans in arrears (payments/instalments overdue) for 90 days or more but less than 180 days
- iii. **Doubtful:** loans in arrears (payments/instalments overdue) for 180 days or more but less than 365 days
- iv. **Loss:** loans in arrears (payments/instalments overdue) for 365 days or more

Provisioning Requirements

- i. **General Provision:** The MFB/MFI shall maintain a General Provision equivalent to 2% of the net outstanding advances (advances net of specific provisions).
- ii. **Specific Provisions:** In addition to the general provision, the MFB/MFI shall make specific provisions against NPLs at the following rates:
 - a. **OAEM:** No Provision required
 - b. **Substandard:** 20% of outstanding principal net of cash collaterals
 - c. **Doubtful:** 50% of outstanding principal net of cash collaterals
 - d. **Loss :** 100% of outstanding principal net of cash collaterals

Note: The MFB/MFI at their discretion can apply more stringent classification and provisioning criteria for NPLs.

(b) Investments And Other Assets

The MFB/MFI shall value its investments on mark-to-market basis. However, in case of investments & other assets where active market does not exist, the MFB/MFI shall make subjective evaluation of such investments and other assets to determine their quality, category of classification and provisions required, keeping in view the risk involved and the requirements of international accounting standards.

13. Rescheduling / Restructuring of loans

The MFB/MFI shall reschedule / restructure the NPLs as per the policy approved by their BOD. The rescheduled/restructured loans shall, however, remain classified unless serviced regularly for 6 months.

14. Writing-off Non-Performing Loans (NPLs)

All NPLs shall be written off, one year after the default in performance. This shall, however, not extinguish the MFI's/MFB's right of recovery of such written off loans.

15. Pricing of MF Products and Services

The MFB/MFI shall implement appropriate pricing policies, which ensure access of affordable financial services to the poor as well as operational and financial self-sustainability of MFIs.

16. Investment in shares of any body corporate

The MFB/MFI may acquire or hold shares of any body corporate, the objective of which is to provide microfinance services to poor. The maximum investment in such a company, however, shall not exceed 15% of paid-up share capital of that company or 15% of MFIs' own equity free of losses, whichever is less. For making investment in excess of the 15% limit, prior permission from SBP shall be obtained.

17. Prevention of Criminal Use of MFB/MFI Channels for the Purposes of Money Laundering and other unlawful trade

While considering proposals for extending Microfinance facilities, the MFB/MFI shall make all reasonable efforts to determine the true identity of its clients and

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shall develop and implement effective procedures and methods for the purpose. It shall inter alia obtain copies of National Identity Card or Passport or Driving license etc. from the client which shall be stamped as original seen by the MFB/MFI officer. In far-flung and remote areas where people, particularly women, don't have identity cards, the MFB/MFI may extend micro-credit by establishing identity through other appropriate means. For Corporate clients, the MFB/MFI shall obtain by-laws, Memorandum & Articles of Association and Board Resolution etc. before extending services.

18. Removal of Records

The MFB/MFI shall not remove from specified area, to a place outside that specified area, any of its records and documents either physically or electronically relating to its business without the prior permission in writing of the State Bank of Pakistan.

19. Management

No member of the Board of Directors of an MFB/MFI holding 5% or more of the paid-up capital of the MFB/MFI either individually or in concert with his/her family members or concerns / companies in which he / she has the controlling interest, shall be appointed in the MFB/MFI in any capacity save as the Chief Executive of the MFB/MFI and that no payment shall be made or perquisites provided to the non-executive directors other than travelling and daily allowances for attending meetings of the Board of Directors or its Committees. Provided further that not more than 25% of the total directors can be paid executives of the MFB/MFI.

20. Places of business

The MFB/MFI shall not open new places of business without prior permission in writing of the State Bank. The approval/permission for opening of new branches/places of business shall be granted in accordance with the MFIs Branch Licensing Policy.

21. Undertaking of cash payments outside the MFB's/MFI's authorized place of business

The MFB/MFI shall not undertake any business of cash payments at any place other than the authorized place of business. However, this rule will not apply in case of Mobile Banking where permission has been obtained from the State Bank.

22. Reconciliation of inter-branch accounts and settlement of suspense account entries

The Entries booked in the Inter-Branch Accounts and/or Suspense Account must be reconciled/cleared and taken to the proper heads of accounts within a period of 30 days from the date entry is made in the above-named accounts.

23. Audit and submission of accounts

The MFB/MFI shall get its books of accounts audited in line with the provisions of section 16 of Microfinance Institutions Ordinance, 2001 and submit three copies of the

- annual audited accounts along with the auditors’ opinion to the State Bank within three months of the close of the accounting year.
- 24. Internal Audit**
The MFB/MFI shall have an Internal Audit Department manned preferably by professionals/persons having prior audit experience in banks/Financial Institutions. The Head of the Department shall report directly to the Board of Directors or to an Audit Committee of the Board.
- 25. Operational Policies**
The MFB/MFI shall formulate operational policies for all areas of operations including micro-credit, investments, internal audit, human resource and
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- rescheduling/restructuring/write-off of loans/advances etc. and shall submit the policies, duly approved by its Board of Directors, to State Bank within 6 months of commencement of its operations.
- 26. Restriction on Election and Appointment of Directors**
No person shall be elected or appointed as a director, an officer or an employee of an MFB/MFI who;
- a) has been convicted in an offence involving frauds, breach of trust or moral turpitude;
 - b) has been adjudged as insolvent or has suspended payment of his debts or has compounded with his creditors;
 - c) is a defaulter of any bank or financial institution;
 - d) has been debarred from holding such office under Companies Ordinance 1984 or Banking Companies Ordinance 1962;
 - e) has been declared to be lacking fiduciary behaviour by the Court under section 217 of Companies Ordinance 1984 at any time during preceding five years;
 - f) is an office bearer of a political party or a member of Senate, National and Provincial Assembly.
- 27. Submission of Statistical Returns**
The MFB/MFI shall submit to the State Bank, the following returns formats of which are annexed herewith:

Title of the Return	Periodicity of the Return	Time period for submission of the return
Statement of Affairs.	Bi-Weekly (Once in two weeks)	Within 7 days of close of the period to which it relates.
Statement of Condition.	Quarterly	Within thirty days of the close of the quarter to which it relates.

- 28. Scale of Penalties**
The scale of penalties for violation of Prudential Regulations for MFBs/MFIs is attached as Annexure "B".
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MICROFINANCE BANK/INSTITUTION

*Bi-Weekly Statement Of Affairs as At Close Of Business on ----
(Saturday)

		Rupees in '000	
<u>LIABILITIES:</u>		<u>AMOUNT</u>	
1) Demand Liabilities			
a) Deposits (General)	XXXX		
b) Deposits From Banks & Financial Institutions	XXXX		
c) Borrowings From Banks And Financial Institutions (Other Than Call Money)	XXXX		
d) Other Demand Liabilities	<u>XXXX</u>	XXXX	
2) Time Liabilities			
a) Deposits (General)	XXXX		
b) Deposits From Banks And Financial Institutions	XXXX		
c) Borrowings From Banks And Financial Institutions	XXXX		
d) Other Time Liabilities	<u>XXXX</u>	XXXX	
3) Borrowings From The State Bank Of Pakistan			
a) Against Promissory Notes	XXXX		
b) Against Approved Securities	XXXX		
c) Other Borrowings	<u>XXXX</u>	XXXX	
4) Money At Call And Short Notice	XXXX		
5) Borrowing from Banks Abroad	XXXX		
6) Borrowings From Government of Pakistan	XXXX		
7) Capital (Paid Up)/Capital Fund And Reserves	XXXX		
8) Other Liabilities (Excluding Contra Items)	<u>XXXX</u>	XXXX	
9) Total Liabilities		<u>XXXX</u>	
<u>Assets:</u>			
1) Cash			XXXX
2) Balance With			
a) State Bank Of Pakistan	XXXX		
b) National Bank Of Pakistan	XXXX		
c) Other Financial Institutions	<u>XXXX</u>	XXXX	
3) Money At Call And Short Notice			XXXX
4) Advances			XXXX
5) Bills Purchased And Discounted			XXXX
6) Investment In Securities And Shares			XXXX
a. PIBs	XXXX		
b. T-Bills	XXXX		
c. Other Approved Securities	XXXX		
d. Shares	XXXX		
e. Others (Specify)	<u>XXXX</u>	XXXX	
7) Other Assets (Excluding Contra Items)			XXXX
8) Total Assets		<u>XXXX</u>	

Note: The Unencumbered approved securities held for liquidity purposes were:

a. PIBs	XXXX
b. TBs	XXXX
c. Others (specify)	<u>XXXX</u>
d. Total	<u>XXXX</u>

Authorized Signature
Name and Designation

* To be prepared once in every two weeks as at close of business on alternate Saturdays

MICROFINANCE BANK/INSTITUTION

Quarterly Report Of Condition
For The Quarter Ended_____

BALANCE SHEET

		AS ON CURRENT QUARTER	Rupees in '000 AS ON CORRESPONDING QUARTER OF PREVIOUS YEAR
<u>ASSETS</u>	<u>NOTES</u>		
Cash And Balances With SBP And NBP		xxxxxxx	xxxxxxx
Balances With Other Banks/NBFIs/MFBs		xxxxxxx	xxxxxxx
Money At Call And Short Notice		xxxxxxx	xxxxxxx
Investments - Net Of Provisions	1	xxxxxxx	xxxxxxx
Advances - Net Of Provisions	2	xxxxxxx	xxxxxxx
Operating Fixed Assets	3	xxxxxxx	xxxxxxx
Other Assets	4	xxxxxxx	xxxxxxx
Total Assets		xxxxxxx	xxxxxxx
<u>Liabilities</u>			
Deposits	5	xxxxxxx	xxxxxxx
Borrowings	6	xxxxxxx	xxxxxxx
Bills Payable		xxxxxxx	xxxxxxx
Subordinated Debt		xxxxxxx	xxxxxxx
Other Liabilities	7	xxxxxxx	xxxxxxx
Deferred Liabilities	8	xxxxxxx	xxxxxxx
Total Liabilities		xxxxxxx	xxxxxxx
Net Assets		xxxxxxx	xxxxxxx
<u>Represented By</u>			
Paid-Up Capital		xxxxxxx	xxxxxxx
Statutory & General Reserves		xxxxxxx	xxxxxxx
Unappropriated Profit		xxxxxxx	xxxxxxx
Surplus On Revaluation Of Assets		xxxxxxx	xxxxxxx
Total Capital (Sub-Total:I+II)		xxxxxxx	xxxxxxx
Memorandum / Off-Balance Sheet Items:			
Bills For Collection		xxxxxxx	xxxxxxx
Acceptances, Endorsements And Other Obligations		xxxxxxx	xxxxxxx
Contingent Liabilities		xxxxxxx	xxxxxxx
Total Memorandum / Off-Balance Sheet Items		xxxxxxx	xxxxxxx

The annexed notes form an integral part of this Report.

AUTHORISED SIGNATORY
(Name and Designation)

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(Name and Designation)

MICROFINANCE BANK/INSTITUTION

Profit & Loss Account

		For The Current Quarter	Year To Date
		-----Rupees In '000-----	
		--	
Mark Up/Interest/Discount /Return Earned	9	xxxxxxx	xxxxxxx
Less: Cost / Return On Deposits, Borrowings Etc.	10	(xxxxxxx)	(xxxxxxx)
Net		xxxxxxx	xxxxxxx
Non-Interest Income:			
Fees & Commission		xxxxxxx	xxxxxxx
Dividend Income		xxxxxxx	xxxxxxx
Other Income (To be specified)		xxxxxxx	xxxxxxx
Plus		xxxxxxx	xxxxxxx
Sub Total		xxxxxxx	xxxxxxx
Operating & Non-Interest Expenses:			
Administrative Expenses	11	xxxxxxx	xxxxxxx
Provisions Against Non-Performing Loans		xxxxxxx	xxxxxxx
Provision For Diminution In Value Of Investments		xxxxxxx	xxxxxxx
Provision Against Other Assets		xxxxxxx	xxxxxxx
Bad Debts Written Off Directly		xxxxxxx	xxxxxxx
Other Expenses		(xxxxxxx)	(xxxxxxx)
Less		(xxxxxxx)	(xxxxxxx)
Sub Total		xxxxxxx	xxxxxxx
Extra Ordinary / Unusual Items		xxxxxxx	xxxxxxx
Profit Before Taxation		xxxxxxx	xxxxxxx
Taxation - Current		xxxxxxx	xxxxxxx
- Deferred		xxxxxxx	xxxxxxx
Less		(xxxxxxx)	(xxxxxxx)
Profit After Taxation		xxxxxxx	xxxxxxx
APPROPRIATIONS:			
Statutory Reserves		xxxxxxx	xxxxxxx
Proposed Dividend		xxxxxxx	xxxxxxx
Other Appropriations (To Be Specified)		xxxxxxx	xxxxxxx
Total Appropriations		(xxxxxxx)	(xxxxxxx)
Less			
Un-Appropriated Profit Carried Forward		xxxxxxx	xxxxxxx

The annexed notes form an integral part of this Report.

AUTHORIZED SIGNATORY
(Name and Designation)

AUTHORIZED SIGNATORY
(Name and Designation)

Notes To The Quarterly Report Of Condition As On The Quarter Ended_____

		-----Rupees in '000 ----		
1. <u>INVESTMENT:</u>	Book Value	Estimated Market Value	Provisions held	Investment net of Provision
Approved Securities:				
-Pakistan Investment Bonds				
-Market Treasury Bills				
-Others (to be specified)				
Investments in subsidiary companies and associated undertakings				
Fully paid up ordinary shares				
-listed companies				
-unlisted companies				
Bonds, Participation Term Certificates & Term Finance Certificates				
Other Investment (to be specified)				
Total				

2. <u>ADVANCES :</u>	
<i>Advances (Net of Provisions)</i>	
Gross Advances	
LESS: Provisions held:	
Specific	
General	
Sub-Total	
Advances (net of provisions)	

2.1 Loan Type wise Break-Up Of Current And Non Performing Loans

Loan Type	Total Outstanding Portfolio	Current	NPLs			
			< 30 days	30 < 90 days	90 < 180 days	180 < 365 days
		Current	OAEM	Sub- Standard	Doubtful	Loss
Agri-input						
Livestock						
Micro-Enterprise						
Others						
Total						

2.2 Summary of Disbursements and Recoveries Made During the Quarter

At Beginning of the Quarter			During the Quarter			At Quarter end	
	No. of Borrowers	Outstanding Advances	Recoverable	Recovery	Disbursement	No. of Borrowers	Outstanding Advances
Male							
Female							
Total							

3. **SUMMARY OF OPERATING FIXED ASSETS**

Rupees In '000

	Cost	Accumulated Depreciation	Book Value
Vehicles			
Computer & Equipment			
Furniture & Fixture			
Others			
Total			

4. **OTHER ASSETS**

Income/Mark-up Accrued in Local Currency	
Income/Mark-up Accrued in Foreign Currency	
Advances, Deposits, Advance Rent and Other Prepayments	
Advance Taxation (Payments Less Provisions)	
Branch Adjustment Account	
Suspense Account	
Deferred Cost	
Others (To be specified, if material)	
Less: Provisions held Against Classified Other Assets	
Other Assets (Net of Provisions)	

5. **DEPOSITS**

	<u>Number Of Accounts</u>	<u>Amount</u>
Fixed Deposits		
Saving Deposits		
Current Deposits		
Others (To Be Specified)		
Total		

5.1 **PARTICULARS OF DEPOSITS BY OWNERSHIP**

	<u>Number Of Accounts</u>	<u>Amount</u>
1) Individual Depositors		
a) Community /Village Organisations/ Urban Groups etc. Members		
b) Others		
2) Institutions / Depositors / Firms etc.		
a) Corporation/Firm etc.		
b) Banks & Financial Institutions		
Total		

6. **BORROWINGS**

Borrowings from Banks/Financial Institutions in Pakistan	
Borrowings from Banks/Financial Institutions outside Pakistan	
Borrowings from Govt. of Pakistan	
Borrowings from SBP	
Others	

7. **OTHER LIABILITIES :**

Mark-Up/Return/Interest payable on Deposits & Borrowings	
Unearned Commission and Income on Bills Discounted	
Accrued Expenses	

Current Taxation (Provisions less payments)
Proposed /Unpaid/Unclaimed Dividends
Branch Adjustment Account
Others (to be specified, if material)

Rupees

In '000

8. **DEFERRED LIABILITIES**

Deferred Credits arising due to
(To be specified)

Deferred Debits arising in respect of
(To be specified)

9. **MARK UP / INTEREST AND DISCOUNT AND /OR RETURN EARNED**

Interest / Mark-Up On Advances
Interest / Mark-Up On Investments In Government Securities
Interest / Mark-Up On Deposits Accounts / Placements With Other
Banks/Financial Institution
Others

10. **COST / RETURN ON DEPOSITS, BORROWINGS ETC.**

Deposits
Borrowings
Others (To be specified, if material)

11. **ADMINISTRATIVE EXPENSES :**

Staff Salaries and Benefits
Premises-Rent etc.
Traveling Expense
Vehicle Running & Maintenance
Depreciation
Training etc.
Stationary
Advertisement
Staff Retirement Benefits
Others

12. **AVERAGE ASSETS**

For The Quarter Rs. _____.
Represents The Average Of The Total Assets As Of
The Close Of Business On Each Saturday During The
Quarter.

13. **NUMBER OF EMPLOYEES:**

Credit /Sales Staff	Banking/Support	Total
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Permanent			
Temporary/ On Contractual Basis			
Daily Wagers			
Others (Please Specify)			
Total No. of Employees			

14.
NUMBER OF BRANCHES :

Branches At The Beginning Of The Quarter
 Add :Opened During The Quarter

Less: Closed/ Merged During The Quarter

 Total Branches At The End Of The Quarter

15. Schedule Of Maturity Distribution Of Market Rate Assets & Liabilities

As On The Quarter Ended _____

-----Rupees In '000---

	UPTO ONE MONTH	OVER ONE MONTH UPTO 6 MONTHS	OVER 6 MONTHS UPTO 1 YEAR	OVER ONE YEAR
<u>Market Rate Assets</u>				
Advances				
Investments				
Other Earning Assets				
Total Market Rate Assets				
Other Non-Earning Assets				
Total Assets				
<u>Market Rate Liabilities</u>				
Large Time Deposits Above 100,000 Rupees				
All Other Time Deposits(Includes Fixed Rate Deposits)				
Other Cost Bearing Deposits				
Borrowings				
<i>Other Cost Bearing Liabilities</i>				
Total Market Rate Liabilities				
Other Non-Cost Bearing Liabilities				
Total Liabilities				

NOTE: Some assets of a MFB/MFI do not have a contractual maturity date. The period in which these assets are assumed to mature should be taken as the expected date on which the assets will be realized.

MICROFINANCE BANK / INSTITUTION
RISK-WEIGHTED ASSETS ON-BALANCE SHEET ITEMS

S.No.	ITEMS	BOOK VALUE	RISK WEIGHT%	ADJUSTED VALUE
1	Cash		0%	
2	Balances with Central Banks:			
	2.1 With State Bank of Pakistan		0%	
3	Balances with Banks			
	3.1 With Scheduled Banks in Pakistan		20%	
4	Investments in:			
	4.1 Federal Govt. Securities		0%	
	4.2 Provincial Govt. Securities		0%	
	4.3 Shares of:			
	a) Enterprises owned or controlled by Fed. Govt.		50%	
	b) Private Sector Enterprises (Quoted)		100%	
	c) Unquoted		100%	
	4.4 Debentures, Bonds, PTCs, TFCs, etc. of:			
	a) Enterprises owned or controlled by Fed. Govt.			
	i) Guaranteed by Federal Govt./SBP		0%	
	ii) Not Guaranteed by Federal Govt./SBP		50%	
	b) Private Sector Enterprises		100%	
	4.5 Other Investments (TDRs of Banks/MFBs/MFIs)		20%	
5	Loans & Advances including Bills Purchased/Discount (Less Cash margin and Govt. Securities held):			
	5.1 Loans guaranteed by Federal Govt./SBP		0%	
	5.2 Microcredit		100%	
	5.3 Loans fully secured by mortgage of residential or commercial property		50%	
	5.4 Staff loans		0%	
6	Fixed Assets (net of accumulated depreciation)		100%	
7	Assets deducted from capital:			
	7.1 Intangible assets		0%	
	7.2 Unconsolidated investment in subsidiary companies engaged in Microfinancing activities		0%	
8	Other Assets			
	8.1 Advance tax		0%	
	8.2 Deposits & prepayments		100%	
	8.3 Accrued income on Advances		100%	
	8.4 Accrued income on deposits accounts		100%	
	8.5 Accrued income on investments - PIBs/T-Bills		0%	
	8.6 Accrued income on investments - Others		100%	
	8.7 Other receivable		100%	
	TOTAL			

Penalty Scale for Microfinance Banks / Institutions

Sr. No.	Nature of Violations	Penalty Scale
a)	Violation of :-	
	i) Cash Reserve Requirement	i-a) Rs 69/- per 100,000/- or part thereof per day on the amount by which the balance with SBP falls short of the fixed <u>minimum</u> . i-b) If the shortfall continues in the subsequent week or thereafter, the penalty shall be increased to Rs 86/- per 100,000/- or part thereof per day.
	ii) Statutory Liquidity Requirement	ii) Rs.86/- per 100,000/- or part thereof per day on the amount by which the liquid assets fall short of the fixed minimum.
b)	Violation of Prudential Regulations for MFBs/MFIs	Rs.10,000/- per case and Rs.500/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).
i)	Violation of instructions regarding location, opening, shifting and closure of branches.	Rs.20,000/- per case and/or Rs.1000/-per day for the period of the irregularity, and/or disciplinary action against responsible officials (s).
