

**IRAF: QUESTIONNAIRE FOR SELF-ASSESSMENT**  
**QUESTIONNAIRE FOR BANKS ON PRUDENTIAL REGULATIONS**

**ANNEXURE I**

S #	Particulars	Compliant	Comments
		Scale 1-5	

<b>CONTRIBUTIONS AND DONATIONS FOR CHARITABLE, SOCIAL, EDUCATIONAL, AND PUBLIC WELFARE PURPOSES</b>			
1.	Did the Bank/DFI expressly disclose in its annual audited financial statements the total donation/contribution made during the year along with names of donees to whom total donations/contributions during the year were made in excess prescribed limit?	1	
2.	Did the Bank/DFI explicitly notify in the disclosure to the annual audited financial statements the names of directors, their interest in the donee and the names and addresses of all donees in case the director or his family members have interest in the donee?		
<b>CREDIT RATING</b>			
3.	Did the Bank/DFI get itself credit rated by a credit rating agency, which is on the approved panel of the State Bank of Pakistan?		
4.	Did the Bank/DFI update its credit rating for the last financial year within six months from the date of close of the financial year?		
5.	Did the Bank/DFI submit the credit rating report complete in all respects to the State Bank of Pakistan within seven days of its receipt from credit rating agency?		
6.	Did the Bank/DFI make public the credit rating report within seven days of its receipt from the credit rating agency?		
7.	Did the Bank/DFI disclose prominently its credit rating in its published annual and quarterly financial statements?		
<b>KNOW YOUR CUSTOMER (KYC) AND ANTI MONEY LAUNDERING MEASURES (AML)</b>			
8.	Did the Bank/DFI and its branches obtain satisfactory evidence duly verified / authenticated by the branch manager and placed on record regarding: <ul style="list-style-type: none"> <li>➤ The true identity of the beneficial owners of all accounts opened by a person, entity etc,</li> <li>➤ The real party in interest or controlling person/entity of the account(s) in case of nominee or minors account?</li> </ul>		
9.	Did the Bank/DFI put in place a system to monitor the accounts and transactions on a regular basis?		
10.	Did the Bank/DFI update customer information and records at reasonable intervals including information on customers' identification and clearly indicating, in writing, if any		

<sup>1</sup> 1 = Fully Compliant, 2 = Significantly Compliant, 3 = Partially Compliant, 4 = Marginally Compliant, 5 = Non Compliant

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	exception is made in fulfilling the due diligence procedure?		
11.	<p>Did the Bank/DFI, a) develop guidelines for Customer Due Diligence including a description of the types of customers that are likely to pose a higher than average risk, b) and apply enhanced due diligence to the following?</p> <ul style="list-style-type: none"> <li>➤ To high-risk customers such as those belonging to countries where KYC and money laundering regulations are lax, those with links to offshore tax havens, customers in cash based businesses in high-value items, and high net worth customers with no clearly identifiable source of income</li> <li>➤ Where it has reason to believe that the customer has been refused banking facilities by another bank / DFI</li> <li>➤ For opening of correspondent banks' accounts</li> <li>➤ In dealing with non-face-to-face/ on-line customers</li> </ul>		
12.	<p>With regard to record retention, does the bank/ DFI</p> <ul style="list-style-type: none"> <li>➤ Maintain all necessary domestic and international record for minimum prescribed time period?</li> <li>➤ Obtain information from SBP before destroying record relating to suspicious transactions?</li> </ul>		
<b>CORRESPONENT BANKING</b>			
13.	Does the bank/ DFI gather and use the information about the correspondent banks regarding factors included in PRs?		
<b>SUSPICIOUS TRANSACTIONS</b>			
14.	<p>With regard to suspicious transactions, does the bank/ DFI</p> <ul style="list-style-type: none"> <li>➤ pay attention to all complex, unusually large transactions as mentioned in the PRs?</li> <li>➤ report to SBP details of all such transactions within the prescribed time period?</li> </ul>		
<b>UNDERTAKING OF CASH PAYMENTS OUTSIDE THE BANK'S AUTHORIZED PLACE OF BUSINESS</b>			
15.	Did the Bank abstain from undertaking any business of cash payments, other than the authorized place of business, except through the installation of Automated Teller Machines (ATM)?		
16.	Did the Bank put in place adequate and suitable security measures for cash feeding and safety of the machines?		

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17.	Did the Bank devise procedures for doing collection and payment of cash for their prime customers through cash carrying companies registered with the concerned government department?		
<b>WINDOW DRESSING</b>			
18.	Did the Bank/DFI refrain from adopting any measures or practices through which an ostensibly different position of the accounts could be depicted in financial statements with particular reference to the deposits, MCR, non-performing loans/assets, provisioning, profit, inter-branch and inter-bank accounts?		
<b>RECONCILIATION OF INTER-BRANCH ACCOUNTS AND SETTLEMENT OF SUSPENSE ACCOUNT ENTRIES</b>			
19.	Did the Bank/DFI reconcile/clear and take to proper head of account all entries outstanding in the Inter-Branch Accounts or the Suspense Account within a maximum period of 30 days?		
<b>FOREIGN CURRENCY DEPOSITS UNDER FE 25-1998</b>			
20.	Did the Bank/DFI adhere to various SBP's regulations governing the placement of FE 25 deposits and applicable prescribed limits for such placements?		
<b>LIMIT ON EXPOSURE TO A SINGLE PERSON/ GROUP</b>			
21.	Did the Bank/DFI adhere to SBP's prescribed limits regarding the exposure to a single person and group, both fund based and non fund based, separately as well as in total?		
<b>LIMIT ON EXPOSURE AGAINST CONTINGENT LIABILITIES</b>			
22.	Does the Bank/DFI restrict its contingent liabilities to prescribed limits with regard to equity?		
<b>MINIMUM CONDITIONS FOR TAKING EXPOSURE</b>			
23.	Does the Bank/DFI meet the minimum conditions as prescribed by SBP before taking exposure including Borrower's Basic Fact Sheet', Loan Application Form, financial accounts and CIB report		
<b>LIMIT ON EXPOSURE AGAINST UNSECURED FINANCING FACILITIES</b>			
24.	Did the Bank/DFI abstain from providing unsecured/clean-financing facility to a person in any form of a sum exceeding the prescribed limit?		
25.	Did the Bank/DFI obtain written declaration from the borrower describing his abstinence from obtaining clean financing in his name or of his family members from other banks/DFIs in excess of the prescribed limit in aggregate?		

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<b>LINKAGE BETWEEN FINANCIAL INDICATORS OF THE BORROWER AND TOTAL EXPOSURE FROM FINANCIAL INSTITUTIONS</b>			
26.	Does the Bank/DFI ensure that <ul style="list-style-type: none"> <li>➤ total exposure (both fund-based and non-fund based) and fund-based exposure availed by a borrower does not exceed their respective prescribed limits in terms of his equity as disclosed in its financial statements?</li> <li>➤ current assets to current liabilities ratio of the borrower is not lower than prescribed limits?</li> </ul>		
27.	Did the Bank/DFI maintain the Exceptions Approval file and make it available to the inspection team of State Bank during the inspection?		
<b>EXPOSURE AGAINST SHARES/TFCs AND ACQUISITION OF SHARES</b>			
28.	Did the Bank/DFI abstain from taking exposure against shares/ TFCs as per the clauses of Regulation R-6. 1(A)		
29.	Did the Bank/DFI <ul style="list-style-type: none"> <li>a. abstain from owning shares of any company/scripts in excess of prescribed limits</li> <li>b. keep total investments share within prescribed limits of their own equity</li> <li>c. adhere to State Bank of Pakistan guidelines for valuation of marketable securities for valuation of shares of companies</li> <li>d. adhere to the prescribed limits while taking exposure in future contracts</li> <li>e. get prior approval from SBP wherever specifically required by the PRs with respect to purchasing shares?</li> <li>f. adhere to the requirements of PRs before engaging in any strategic investment?</li> <li>g. sell off within a period of three months the shares acquired due to the underwriting commitments that are in excess of the prescribed limit of the equity</li> <li>h. adhere to the prescribed limits for holding shares of a company as pledgee, mortgagee, or absolute owner</li> <li>i. maintain minimum prescribed margin against the shares of listed companies and monitor the margin on at least weekly basis and take appropriate action for top-up and sell-out on the basis of their Board of Directors' approved credit policy and acquire pre-fact written authorization from the borrower</li> <li>j. maintain minimum prescribed margins</li> </ul>		

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	respectively for its exposure against TFCs rated 'A' (or equivalent) and TFCs rated 'A-' and 'BBB' (rated by a credit rating agency on the approved panel of State Bank of Pakistan)		
	<b>GUARANTEES</b>		
30.	Did the Bank/DFI fully secure itself against all guarantees issued except for the conditions mentioned in Regulation R-7?		
	<b>CLASSIFICATION AND PROVISIONING FOR ASSETS</b>		
31.	Did the Bank/DFI adhere to the guidelines prescribed by SBP in Regulation R-8 for provisioning and classification of its asset portfolio?		
	<b>ASSUMING OBLIGATIONS ON BEHALF OF NBFCs</b>		
32.	Did the Bank/DFI comply with the SBP guidelines governing obligations on behalf of NBFCs as mentioned in Regulation R-9?		
	<b>FACILITIES TO PRIVATE LIMITED COMPANY</b>		
33.	Did the Bank/DFI formulate a policy, duly approved by their Board of Directors, about obtaining personal guarantees from directors of private limited companies?		
	<b>PAYMENT OF DIVIDEND</b>		
34.	Did the Bank/DFI meet the minimum criteria set forth by State Bank of Pakistan and Banking Companies Ordinance, 1962 relating to payment of dividend?		
	<b>MONITORING</b>		
35.	Did the Bank/DFI obtain monthly statement from borrowers that contains a bank-wise break-up of outstanding amounts and the total value of stocks and receivable before extending fund based facilities to borrowers against hypothecation of stock or receivables on pari-passu basis?		
	<b>UNDERTAKING OF BROKERAGE BUSINESS BY BANKS/ DFI's</b>		
36.	Did the bank setup a separate subsidiary (a limited company) to conduct brokerage business or asset management? <sup>2</sup>		

<sup>2</sup> If answer to Question No. 36 is "No", then the bank would not be required to respond Q.37

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37.	Did the Bank/ DFI comply with SBP's instructions contained in BPD Circular No. 1 of 2005 and any amendments thereupon?		
<b>BANKING COMPANIES ORDINANCE, 1962</b>			
38.	➤ Did the bank follow the Banking Companies Ordinance, 1962 while conducting its business?		

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**President/CEO**

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**Secretary to BOD**