

# Annex 1

## Annex 1.1: List of Scheduled Banks Operating in Pakistan

As on 30th June 2000

As on 31st December 2002

### *Public sector commercial banks*

- 1 First Women Bank Ltd.
- 2 Habib Bank Ltd.
- 3 National Bank of Pakistan
- 4 United Bank Ltd.
- 5 The Bank of Khyber
- 6 The Bank of Punjab

### *Domestic private banks*

- 1 Muslim Commercial Bank Ltd
- 2 Allied Bank of Pakistan Ltd.
- 3 Askari Commercial Bank Ltd.
- 4 Bank Al-Falah Ltd.
- 5 Bank Al-Habib Ltd.
- 6 Bolan Bank Ltd.
- 7 Faysal Bank Ltd.
- 8 Gulf Commercial Bank Ltd.
- 9 Metropolitan Bank Ltd.
- 10 Platinum Commercial Bank Ltd.
- 11 Prime Commercial Bank Ltd.
- 12 Prudential Commercial Bank Ltd.
- 13 Soneri Bank Ltd.
- 14 Union Bank Ltd.

### *Foreign Banks*

- 1 ABN AMRO Bank N.V.
- 2 Al- Baraka Islamic Bank B.S.C. (EC)
- 3 American Express Bank Ltd.
- 4 Bank of Ceylon
- 5 Citibank N.A.
- 6 Credit Agricole Indosuez
- 7 Deutsche Bank AG
- 8 Doha Bank
- 9 Emirates Bank International PJSC
- 10 Habib Bank AG Zurich
- 11 International Finance Investment and Commerce
- 12 Mashreq Bank psc
- 13 Oman International Bank S.A.O.G.
- 14 Rupali Bank Ltd.
- 15 Societe Generale, The French and International Bank
- 16 Standard Chartered Bank
- 17 Standard Chartered Grindlays Bank Ltd.
- 18 The Bank of Tokyo-Mitsubishi Ltd.
- 19 The Hong Kong and Shanghai Banking Corporation

### *Specialized banks*

- 1 Agricultural Development Bank of Pakistan
- 2 Punjab Provincial Cooperative Bank
- 3 Federal Bank for Cooperatives
- 4 Industrial Development Bank of Pakistan

### *Micro Finance Banks*

### *Public sector commercial banks*

- 1 First Women Bank Ltd.
- 2 Habib Bank Ltd.
- 3 National Bank of Pakistan
- 4 The Bank of Khyber
- 5 The Bank of Punjab

### *Domestic private banks*

- 1 Muslim Commercial Bank Ltd
- 2 Allied Bank of Pakistan Ltd.
- 3 United Bank Ltd.
- 4 Askari Commercial Bank Ltd.
- 5 Bank Al-Falah Ltd.
- 6 Bank Al-Habib Ltd.
- 7 Bolan Bank Ltd.
- 8 Faysal Bank Ltd.
- 9 Metropolitan Bank Ltd.
- 10 KASB Bank Ltd.
- 11 Prime Commercial Bank Ltd.
- 12 Saudi Pak Commercial Bank Ltd.
- 13 Soneri Bank Ltd.
- 14 Union Bank Ltd.
- 15 Meezan Bank Ltd
- 16 PICIC Commercial Bank Ltd

### *Foreign Banks*

- 1 ABN AMRO Bank N.V.
- 2 Al- Baraka Islamic Bank B.S.C. (EC)
- 3 American Express Bank Ltd.
- 4 Bank of Ceylon
- 5 Citibank N.A.
- 6 Credit Agricole Indosuez
- 7 Deutsche Bank AG
- 8 Doha Bank
- 9 Habib Bank AG Zurich
- 10 International Finance Investment and Commerce Bank Ltd.
- 11 Mashreq Bank psc
- 12 Oman International Bank S.A.O.G.
- 13 Rupali Bank Ltd.
- 14 Standard Chartered Bank
- 15 The Bank of Tokyo-Mitsubishi Ltd.
- 16 The Hong Kong and Shanghai Banking Corporation Ltd.

### *Specialized banks*

- 1 Zari Taraqiati Bank Ltd. (old ADBP)
- 2 Punjab Provincial Cooperative Bank
- 3 Industrial Development Bank of Pakistan

### *Micro Finance Banks*

- 1 Khushhali Bank
- 2 The First Micro Finance Bank Ltd

## Annex 1.2: List of NBFIs Operating in Pakistan

<b>As on 30th June 2000</b>		<b>As on 31st December 2002</b>	
<i>Development Finance Institutions</i>		<i>Development Finance Institutions</i>	
1	National Development Finance Corporation	1	Pakistan Kuwait Investment Company (Pvt) Ltd.
2	Pakistan Industrial Credit & Investment Corporation Ltd.	2	Pak-Libya Holding Co. (Pvt) Ltd.
3	Pak-Kuwait Investment Company (Pvt) Ltd.	3	Pakistan Industrial Credit and Investment Corporation Ltd.
4	Pak-Libya Holding Co. (Pvt) Ltd.	4	Saudi Pak Industrial & Agricultural Inv. Co. (Pvt) Ltd.
5	Bankers Equity Ltd.	5	Pak-Oman Investment Company Limited
6	Regional Development Finance Corporation	6	Investment Corporation of Pakistan
7	Saudi Pak Industrial & Agricultural Inv. Co. (Pvt) Ltd.	7	SME Bank
8	Small Business Finance Corporation (SBFC)		
9	Investment Corporation of Pakistan		
<i>Investment Banks</i>		<i>Investment Banks</i>	
1	Al - Meezan Investment Bank Ltd.	1	Asset Investment Bank Ltd.
2	Al-Faysal Investment Bank Ltd.	2	Atlas Investment Bank Ltd.
3	AlTowfeek Investment Bank Ltd.	3	Crescent Investment Bank Ltd.
4	Asset Investment Bank Ltd.	4	Escorts Investment Bank Ltd.
5	Atlas Investment Bank Ltd.	5	Fidelity Investment Bank Ltd.
6	Crescent Investment Bank Ltd.	6	First international Investment Bank Ltd.
7	Escorts Investment Bank Ltd.	7	First Standard Investment Bank Limited
8	Fidelity Investment Bank Ltd.	8	Franklin Investment Bank Ltd.
9	First international Investment Bank Ltd.	9	Islamic Investment Bank Ltd.
10	Franklin Investment Bank Ltd.	10	Jahangir Siddiqui Investment bank Ltd.
11	Islamic Investment Bank Ltd.	11	Orix Investment Bank Ltd.
12	Jahangir Siddiqui Investment bank Ltd.	12	Prudential Investment Bank Ltd.
13	Orix Investment Bank Ltd.	13	Security Investment Bank Ltd.
14	Prudential Investment Bank Ltd.	14	Trust Investment Bank Ltd..
15	Security Investment Bank Ltd.		
16	Trust Investment Bank Ltd..		
<i>Leasing Companies</i>		<i>Leasing Companies</i>	
1	Asian Leasing Corporation Ltd.	1	Askari Leasing Company Ltd.
2	Askari Leasing Company Ltd.	2	Capital Assets Leasing Corporation Ltd.
3	Atlas Lease Ltd.	3	Crescent Leasing Company Ltd.
4	Capital Assets Leasing Corporation Ltd.	4	Dawood Leasing Company Ltd.
5	Crescent Leasing Company Ltd.	5	First Leasing Corporation
6	Dadabhoj Leasing Company Ltd.	6	Grays Leasing Ltd.
7	Dawood Leasing Company Ltd.	7	Ibrahim Leasing Ltd.
8	English Leasing Ltd.	8	Inter Asia Leasing Company Ltd.
9	First Leasing Corporation	9	International Multi Leasing Corporation Ltd.
10	Ghandhara Leasing Company Ltd.	10	Lease Pak Ltd.
11	Grays Leasing Ltd.	11	National Development Leasing Corporation Ltd.
12	Ibrahim Leasing Ltd.	12	Natover Lease & Refinance Ltd.
13	Inter Asia Leasing Company Ltd.	13	Network Leasing Corporation Ltd.
14	International Multi Leasing Corporation Ltd.	14	Orix Leasing Pakistan Ltd.
15	Lease Pak Ltd.	15	Pacific Leasing Corporation Ltd.
16	Mercantile Leasing Company Ltd.	16	Pak-Apex Leasing Company Ltd.
17	National Assets Leasing Corporation Ltd.	17	Pak-Gulf Leasing Ltd.
18	National Development Leasing Corporation Ltd.	18	Pakistan Industrial & Commercial Leasing Ltd.
19	Natover Lease & Refinance Ltd.	19	Paramount Leasing Ltd.
20	Network Leasing Corporation Ltd.	20	Saudi Pak Leasing Company Ltd.
21	Orix Leasing Pakistan Ltd.	21	Security Leasing Company Ltd.
22	Pacific Leasing Corporation Ltd.	22	Sigma Leasing Corporation Ltd.
23	Pak-Apex Leasing Company Ltd.	23	Trust Leasing Corporation Ltd.
24	Pak-Gulf Leasing Ltd.	24	Union Leasing Ltd.
25	Pakistan Industrial & Commercial Leasing Ltd.	25	Universal Leasing Corporation Ltd.
26	Pakistan Industrial Leasing Corporation Ltd.		

- 27 Paramount Leasing Ltd.
- 28 Saudi Pak Leasing Company Ltd.
- 29 Security Leasing Company Ltd.
- 30 Sigma Leasing Corporation Ltd.
- 31 Trust Leasing Corporation Ltd.
- 32 Union Leasing Ltd.
- 33 Universal Leasing Corporation Ltd.

**Modarabas**

- 1 Al-Noor Modaraba
- 2 Allied bank Modaraba 1st
- 3 Al-Zamin Modaraba
- 4 B.F. Modaraba
- 5 B.R.R. International Modaraba
- 6 Confidence Modaraba 1st
- 7 Constellation Modaraba 1st
- 8 Crescent Modaraba 1<sup>st</sup>
- 9 Custodian Modaraba 1st
- 10 Dadabhoy Modaraba 1st
- 11 Elite Capital Modaraba 1st
- 12 Equity Modaraba 1st
- 13 Fidelity Leasing Modaraba 1st
- 14 Financial Link Modaraba
- 15 General leasing Modaraba 1st
- 16 Grindlays Modaraba 1st
- 17 Guardian Leasing Modaraba
- 18 Habib Bank Modaraba 1st
- 19 Habib Modaraba 1st
- 20 Hajveri Modaraba 1st
- 21 IBL Modaraba 1st
- 22 Ibrahim Modaraba 1st
- 23 Imrooz Modaraba 1st
- 24 Industrial Capital Modaraba 1st
- 25 Interfund Modaraba 1st
- 26 Islamic Modaraba 1st
- 27 LTV Capital Modaraba
- 28 Mehran Modaraba 1st
- 29 Modaraba Al Tijarah
- 30 Modaraba Al-Mali
- 31 National Modaraba 1st
- 32 Pak Modaraba 1st
- 33 Paramount Modaraba 1st
- 34 Professional Modaraba 1st
- 35 Providence Modaraba 1st
- 36 Prudential Modaraba 1st
- 37 Prudential Modaraba 2nd
- 38 Prudential Modaraba 3rd
- 39 Punjab Modaraba 1st
- 40 Schon Modaraba
- 41 Tri-Star Modaraba 1st
- 42 Tri-Star Modaraba 2nd
- 43 Trust Modaraba
- 44 UDL Modaraba 1st
- 45 Unicap Modaraba
- 46 Unity Modaraba

**Housing Finance Companies**

- 1 Citibank Housing Finance Co. Ltd.
- 2 House Building Finance Corporation

**Modarabas**

- 1 Al-Noor Modaraba
- 2 Allied bank Modaraba 1st
- 3 Al-Zamin Modaraba
- 4 B.F. Modaraba
- 5 B.R.R. International Modaraba
- 6 Constellation Modaraba 1st
- 7 Crescent Modaraba 1st
- 8 Custodian Modaraba 1st
- 9 Elite Capital Modaraba 1st
- 10 Equity Modaraba 1st
- 11 Fayzan Manufacturing Modaraba
- 12 Fidelity Leasing Modaraba 1st
- 13 Financial Link Modaraba
- 14 General leasing Modaraba 1st
- 15 Grindlays Modaraba 1st
- 16 Guardian Leasing Modaraba
- 17 Habib Bank Modaraba 1st
- 18 Habib Modaraba 1st
- 19 Hajveri Modaraba 1st
- 20 IBL Modaraba 1st
- 21 Imrooz Modaraba 1st
- 22 Industrial Capital Modaraba 1st
- 23 Interfund Modaraba 1st
- 24 Islamic Modaraba 1st
- 25 LTV Capital Modaraba
- 26 Mehran Modaraba 1st
- 27 Modaraba Al Tijarah
- 28 Modaraba Al-Mali
- 29 National Modaraba 1st
- 30 Pak Modaraba 1st
- 31 Paramount Modaraba 1st
- 32 Professional Modaraba 1st
- 33 Prudential Modaraba 1st
- 34 Punjab Modaraba 1st
- 35 Tri-Star Modaraba 1st
- 36 Tri-Star Modaraba 2nd
- 37 Trust Modaraba
- 38 UDL Modaraba 1st
- 39 Unicap Modaraba
- 40 Unity Modaraba

**Housing Finance Companies**

- 1 Citibank Housing Finance Co. Ltd.
- 2 House Building Finance Corporation

- 3 International Housing Finance Ltd.
- 4 LTV Housing Finance Ltd.

**Mutual Funds**

- 1 1<sup>st</sup> ICP Mutual Fund
- 2 2<sup>nd</sup> ICP Mutual Fund
- 3 3<sup>rd</sup> ICP Mutual Fund
- 4 4<sup>th</sup> ICP Mutual Fund
- 5 5<sup>th</sup> ICP Mutual Fund
- 6 6<sup>th</sup> ICP Mutual Fund
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- 22 22<sup>nd</sup> ICP Mutual Fund
- 23 23<sup>rd</sup> ICP Mutual Fund
- 24 24<sup>th</sup> ICP Mutual Fund
- 25 25<sup>th</sup> ICP Mutual Fund
- 26 ICP SEMF
- 27 Investment Corporation Of Pakistan (Mutual Funds nly)
- 28 National Investment Trust Ltd.
- 29 Golden Arrow Selected Stock Fund
- 30 Tri-Star Mutual Fund
- 31 Growth Mutual Fund
- 32 Security Stock Fund
- 33 Asian Stock Fund
- 34 Prudential Stock Fund
- 35 KASB Premier Fund
- 36 Safeway Mutual Fund
- 37 First Capital Mutual Fund
- 38 Confidence Mutual Fund
- 39 Dominion Stock Fund
- 40 Al-Meezan Mutual Fund

**Discount Houses**

- 1 First Credit & Discount Corporation (Pvt) Ltd.
- 2 National Discounting Services Ltd.
- 3 Prudential Discount & Guarantee House Ltd.
- 4 Speedway Fondmetal (Pakistan) Limited

**Venture Capital Companies**

- 1 Pakistan Emerging Ventures Ltd.
- 2 Pakistan Venture Capital Ltd.

- 3 International Housing Finance Ltd.
- 4 LTV Housing Finance Ltd.

**Mutual Funds**

- 1 1<sup>st</sup> ICP Mutual Fund
- 2 2<sup>nd</sup> ICP Mutual Fund
- 3 3<sup>rd</sup> ICP Mutual Fund
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- 23 23<sup>rd</sup> ICP Mutual Fund
- 24 24<sup>th</sup> ICP Mutual Fund
- 25 25<sup>th</sup> ICP Mutual Fund
- 26 ICP SEMF
- 27 Investment Corporation Of Pakistan (Mutual Funds Only)
- 28 National Investment Trust Ltd.
- 29 Golden Arrow Selected Stock Fund
- 30 Tri-Star Mutual Fund
- 31 Growth Mutual Fund
- 32 Asian Stock Fund
- 33 Prudential Stock Fund
- 34 KASB Premier Fund
- 35 Safeway Mutual Fund
- 36 First Capital Mutual Fund
- 37 Dominion Stock Fund
- 38 Al-Meezan Mutual Fund

**Discount Houses**

- 1 First Credit & Discount Corporation (Pvt) Ltd.
- 2 National Discounting Services Ltd.
- 3 Prudential Discount & Guarantee House Ltd.
- 4 Speedway Fondmetal (Pakistan) Limited

**Venture Capital Companies**

- 1 Pakistan Emerging Ventures Ltd.
- 2 Pakistan Venture Capital Ltd.
- 3 TMT Venture Limited
- 4 TRG Pakistan Limited

## Annex: 2

### Annex 2.1: Reform Matrix

Area of reform	Date of reform	Reform description
<b>Banking Reforms</b>		
Insurance products to depositors from Banks/NBFIs	Dec-2000	Banks/NBFIs may provide insurance products to their depositors provided (i) it is not mandatory and (ii) there is no discrimination in the rate of return to the depositors who may or may not opt for the insurance cover. The banks/NBFIs shall maintain secrecy of information in regard to access to their books of accounts and shall design their own internal control and procedures. The banks/NBFIs shall, however, ensure that no other rules, regulations & instructions issued by State Bank from time to time are violated and the interest of the depositors is fully protected.
Provision of the facility of evening banking	Dec-2000	Banks may allow the banking services to their clients from 2.30 p.m. to 8.30 p.m. All banking transaction conducted during the said period shall form part of the bank's trial balance for the next working day.
Minimum paid-up capital (net of losses) requirement for scheduled banks	Dec-2000	In order to encourage economies of scale and strengthen the competitive ability of banks, SBP doubled the minimum paid-up capital (net of losses) requirement for scheduled banks to Rs 1.0 billion. Banks were allowed to meet the requirements in two phases, with a minimum capital requirement of Rs 750 million to be met by December 2001 and the final target to be achieved by end-December 2002.  Banks failing to meet this minimum requirement will be converted into non-scheduled banks with corresponding restrictions on their banking activities. In addition, banks have been allowed to issue Term Finance Certificates (as subordinated debt) to raise capital; this will help them improve capital adequacy.
Prior approval from SBP for filing a formal reference to NAB	Jan-2001	Banks/NBFIs intending to initiate any action in respect of imprudent loans, defaulted loans or re-scheduled loans were directed to take approval from SBP for filing a formal reference to NAB or otherwise.
Paid up capital of investment bank, housing finance companies and discount houses	Jan-2001	A minimum paid up capital of Rs 500 million was fixed for investment bank whereas for housing finance companies and discount houses, this requirement was set at Rs 300 million. Any institution short of the required capital on January 31, 2001 would meet 50 percent of the shortfall latest by January 1, 2002 and the remaining 50 percent by January 1, 2003.
Installation and sharing of ATM facility	Feb-2001	Banks were allowed to install Automatic Teller Machines (ATMs) or share this facility with other banks at places other than authorized one, without prior approval of SBP.
General guidelines for Credit Card operations	Mar-2001	SBP issued the general guidelines with a view to provide adequate safety parameters for the growth of domestic credit card operations.
Financial Institutions (Recovery of Finance) Ordinance, 2001		In order to remove the legal difficulties and time delays faced by banks in recoveries against defaulted loans, the Financial Institutions (Recovery of Finance) Ordinance, 2001 has been promulgated. It ensures expeditious recovery of stuck up loans by foreclosure and the sale of mortgaged property, with or without the intervention of courts.

Removal of restriction to pay higher rates of return on deposits of public sector agencies	May-2001	Restriction on banks to pay higher rates of return on deposits of public sector agencies, which was imposed on July 4, 1978, were lifted with effect from May 2, 2001.
Permission to Banks to purchase up to 5 percent of the total paid-up shares of any NBFIs	Jun-2001	Effective from June 1, 2001 banks were allowed to acquire/purchase up to 5 percent of the total paid-up shares of any NBFIs without any prior approval from the State Bank of Pakistan. Similarly any NBFIs may acquire up to 5 percent of the total paid-up shares of any commercial bank. However, in case of acquisition/purchase above 5 percent of the total paid-up shares, banks/NBFIs should seek prior clearance from the State Bank of Pakistan.
Privatization of State-owned Banks	Sep-2001	In September 2001, a 6.4 percent government stake in MCB has been off-loaded and remaining 10.2 percent was divested. The process for privatization of UBL through sale of a 51 percent stake was initiated in June 2001 and is now in its final phase. In addition, Privatization Commission (PC) has invited Expressions of Interest (EOI) from the investors interested in acquiring a minimum 26 percent stake in Habib Bank Limited. Also, the government offloaded 10 percent shares of National Bank of Pakistan through initial public offering in the local stock exchanges and has decided to sell another 10 percent in coming months.
Corporate tax rate reduction in FY03 budget		The corporate tax rate that had been cut from 58 percent to 50 percent in July 2001, was again lowered to 47 percent in the FY03 budget. The rates will be further reduced over the next four years to bring it at par with the rates applicable to other corporates. Also, the withholding tax on T-bills was reduced; and Rs 22 billion was paid in June 2002 as a part-payment against outstanding advance taxes.
Conflict of interest regarding the nomination of directors on the board of a bank/DFI.	Jan-2002	To avoid potential conflict of interest, money changers and members of Stock Exchanges or Brokerage Houses or companies owned or controlled by them or persons directly or indirectly associated with the business of stock market/money changer were declared ineligible to become director including nominee director on the board of a bank/DFI.
Effectiveness of on-site inspection	Mar-2002	To increase effectiveness of on-site inspection it was decided that the draft inspection reports will now invariably be discussed by the President / Chief Executive / Country Manager of the bank/NBFIs with the head of the inspection team of State Bank of Pakistan and no delegation, whatsoever, will be made by any financial institution in this regard.
Restriction on issuance of TCs higher than Rs 10,000 denomination	May-2002	In order to discourage the increased use of Traveller Cheques (TCs) in money laundering, banks were restricted from issuing Rupee TCs in denomination exceeding Rs.10,000. The banks were also required to henceforth ensure proper identification of the purchaser i.e. National Tax Number, National Identity Card, Address at the time of issuance of Rupee TCs for a cumulative amount higher than Rs 10,000.
Implementation of KYC system	June 2002	Banks were advised to implement effective Know Your Customer (KYC) system. During the course of its inspections, SBP would particularly check the efficacy of the KYC system put in place by the banks and its compliance by all the branches and the staff. Stern action to be taken against the banks and the relevant staff member for non-compliance and/or negligence in this area.
Consumer financing at low interest rates for the purchase of computers	Jun-2002	Although the banks and financial institutions are free to determine the pricing of loans, SBP shall appreciate if banks and financial institutions may look into providing consumer loans for financing/purchase of computers at special/low mark up rates to make the purchase of computers affordable.
Reporting of Financial Statements on new formats	Oct-2001	To ensure transparency in banks' financial statements, they are required to report data on new formats in accordance with international standards.

Prior clearance of SBP for appointment of CEOs	Mar-2002	Banks have become liable to take prior clearance of SBP for appointment of CEOs.
Guidelines for Ineligibility to act as Director of Bank/NBFI	Jun-2002	The matter of appointment of Chairman/President/Managing Director/Chief Executive/Member Board of Directors of Banks/NBFIs were reviewed so that a person can become Director/nominee Director of a Bank/NBFI unless he is holding substantial interest (i.e. not less than 20% of the shares) or are working as Chairman, Director, Chief Executive, Chief Financial Officer, Chief Internal Auditor, Research Analyst or Trader (by whatever name/designation called) of money changer business, member of a Stock Exchange or a Corporate Brokerage House or any persons who are acting as consultants, advisers of bank/NBFI in which they intend to be directors.
Fit and Proper Test guidelines for appointment of CEO/BOD	Jun-2002	For promoting good corporate governance and to encourage an effective role of CEO/BOD, certain guidelines under "Fit and Proper Test" have been formulated for their appointment. These guidelines include conforming to the parameters like honesty, reputation, experience, track record, management and financial integrity.
Promotion of consumer financing	Jun-2002	To promote consumer financing in Pakistan it was decided to allow banks to provide financing facilities to general public (individuals) for purchase of consumer durables. Accordingly existing rules were amended to allow financing for such purposes on nil margins.  Banks were also encouraged to have properly formulated lending policies in this regard with adequate delegations of powers to their branches for quick disposal of requests from the interested borrowers.
Issuing lines of responsibilities and proper guidelines to the board of directors	Jun-2002	In order to ensure sound banking practices and existence of proper checks and balances in each institution, SBP has been issuing clear lines of responsibilities and proper guidelines to the board of directors.  They have been made responsible to review and update policies in areas like internal audit, compliance, risk management, credit disbursement, management information system, etc. so as to enhance effective governance in the financial institutions.
<b>Monetary and Debt Management Reforms</b>		
Debt management- Primary Dealers	Jun-2001	The following banks have been appointed as Primary Dealers for the financial year 2002-2002:- 1. American Express Bank Limited 2. Habib Bank Limited 3. Standard Chartered Bank 4. Union Bank limited 5. ABN Amro Bank N.V. 6. National Bank of Pakistan 7. Citibank N.A
	Oct-2002	Reference to EDMD circular No. 1 dated 19th June 2000, wherein under Section D(10) it was stipulated that at any given day end a PD's holding in a single issue of PIB will not exceed 30% of the total issue amount.  With the view to promote Secondary Market activities it has now been decided that henceforth at any given day end a Non PD bank's holding from a single issue of Pakistan Investment Bond (PIB) should not exceed 15% of the total issue amount.

	Jul-2002	The following banks have been appointed as Primary Dealers for the financial year 2002-2003:- <ol style="list-style-type: none"> <li>1. American Express Bank Limited</li> <li>2. Habib Bank Limited</li> <li>3. Standard Chartered Bank</li> <li>4. Union Bank limited</li> <li>5. ABN Amro Bank N.V.</li> <li>6. National Bank of Pakistan</li> <li>7. Citibank N.A</li> </ol>
	Aug-2003	The following institutions have been selected to act as Primary Dealers for the financial year 2003-04. <ol style="list-style-type: none"> <li>1. American Express Bank Limited</li> <li>2. Habib Bank Limited</li> <li>3. Standard Chartered Bank</li> <li>4. Union Bank limited</li> <li>5. ABN Amro Bank N.V.</li> <li>6. National Bank of Pakistan</li> <li>7. Citibank N.A.</li> <li>8. United Bank Limited</li> <li>9. Pak Oman Investment Company Limited</li> <li>10. Bank Alfalah Limited</li> <li>11. Jahangir Siddiqui &amp; Co Limited.</li> </ol>
	Oct-2003	The Government of Pakistan made the following amendment in the Pakistan Investment Bonds Rules, 2000 In the aforesaid Rules, rule 4 has been substituted as under:- “4. The maturity period of the Bonds shall be three, five, ten, fifteen and twenty years.” The above amendment has now allowed Government of Pakistan to issue Pakistan Investment Bonds of 15 and 20 years tenor in addition to 3, 5, and 10-year bonds introduced in December 2000.
Monetary Management	Jun-2001	Discount rate increased from 13 to 14 percent
	Jul-2001	Discount rate Decreased from 14 to 13 percent
	Aug-2001	Discount rate increased from 13 to 12 percent
	Oct-2001	Discount rate Decreased from 12 to 10 percent
	Jan-2002	Discount rate increased from 10 to 9 percent
	Nov-2002	Discount rate Decreased from 9 to 7.5 percent
	Jul-2001	With effect from July 25, 2001, OMOs were conducted as and when required by market conditions. The State Bank of Pakistan, however, gave prior intimation. Other terms and conditions on the subject remained unchanged.
Auction of treasury bills	Oct-2002	Auction of Government of Pakistan Market Treasury Bills will continue to be conducted on alternative Wednesdays. However, 6-Months MTBs will be offered in One Auction and remaining Maturities' MTBs in the Other Auction



Debt management -Non-Competitive Bids-Modus Operandi	Sep-2003	The facility is intended to accommodate retail and small institutional investors in Pakistan Investment Bonds.  The following modus operandi has been laid down for tender/acceptance of non-competitive bids: <ul style="list-style-type: none"> <li>• The non-competitive bids will be sent to SBP separately from the normal bids before auction time with the name and amount of investors without quoting price through primary dealers.</li> <li>• Investors will be allowed to submit one bid in a single tenor.</li> <li>• The non-competitive bid(s) will be accepted at weighted average yield in each tenor.</li> <li>• In case of over-subscription, non-competitive bids will be accepted in order of lowest to highest amount.</li> </ul>
	Sep-2003	In this regard it is advised that for each non-competitive bid there will be a ceiling of Rs. 10 million. Other instructions on the subject will remain unchanged
<b>Exchange and Payments Reforms</b>		
Half yearly statements of commission earnings	Oct-2000	The small indenting houses/agents whose income does not exceed Rs 5 million per annum were exempted with effect from October 2, 2000 from submitting half yearly statements of their commission earnings in foreign exchange to the State Bank of Pakistan required under the instructions contained in paragraph 2(i) Chapter XXI of the Foreign Exchange Manual (7th Edition, 1992).
Tenure of export proceed	Oct-2000	Authorized Dealers were allowed on October 24, 2000 to certify form "E" for export of "Hand Knotted Carpets" for a tenure of up to 270 days usance instead of 180 days usance, provided export proceeds are repatriated within a period of 285 days.
Export earnings in Special Foreign Currency Accounts	Nov-2000	Upper limit of retaining 25 percent export earning in Special Foreign Currency Accounts for payment of commission to overseas buyers and to meet other expenses such as promotional publicity, import of hardware/software and foreign consultant's fee etc., allowed earlier to Software Houses/Companies was enhanced to 35 percent with effect from November 17, 2000.
FE-25 placement	Apr-2001	In order to further liberalize foreign exchange regime banks/NBFIs were allowed to freely utilize Foreign Currency Deposits mobilized by them under FE-25 for lending/ investment /placement in Pakistan and/or abroad with effect from April 2, 2001. Such deposits if maintained abroad would not count towards banks' Nostro Limits.
Outflow of foreign currencies by moneychangers	Apr-2001	Standing permission for outflow of foreign currencies other than US Dollar to the Forex Association for the purpose of exchanging the same into US Dollars was withdrawn with effect from April 18, 2001. Outflow/inflow of foreign currencies by the moneychangers will now be conducted through NBP. Later, NBP was allowed to transfer 25 percent of dollars purchased through the sale of foreign currency notes to the moneychangers.
Purchase or encashment of foreign currency notes	Apr-2001	On April 18, 2001, SBP authorized all bank branches throughout the country to purchase or encash foreign currency notes, coins, travellers' cheques and foreign demand drafts, presented by the public. Earlier, only bank branches holding Authorized Dealer's license were allowed to undertake such transactions.
Business travel exchange quota	May-2001	Business Travel Exchange Quota was enhanced to US\$ 300 per day subject to a maximum of US\$ 9,000 with effect from May 9, 2001. Previously, business visits are allowed exchange facility at the rate of US\$ 200/- per day subject to a maximum of US\$ 6,000/- per person.

Permission to allow remittance of surplus passage/freight	Aug-2001	On August 27, 2001, authorized dealers (ADs) were empowered to allow remittances of surplus passage/freight collection of foreign airlines/ GSAs of foreign airlines in respect of those passages/freight that have already been undertaken.
Nostro limits abolished	Aug-2001	With a view to liberalize the foreign exchange activities, Nostro limits of the ADs were withdrawn with effect from August 31, 2001.
Equity based investment	Sep-2001	Effective from September 1, 2001 resident Pakistanis, including firms and companies, were allowed to make equity based investment (other than portfolio investment) in companies (whether incorporated or not)/ joint ventures abroad on repatriable basis, in accordance with the prescribed guidelines, with prior permission of the SBP.
Inter bank buying and selling	Nov-2001	The restriction placed on ADs for buying and selling foreign exchange from/to other ADs in Pakistan unless backed by permissible customer transaction was withdrawn with effect from November 21, 2001. Hence, ADs could freely buy and sell foreign currency from/to other ADs within permissible exposure limits.
Prescribed limits on foreign exchange payments	Nov-2001	With a view to further liberalizing the foreign exchange activities, the amounts of foreign exchange in excess of the prescribed limits on payments for travel, education, medical treatment aboard and other specified invisibles were allowed subject to certain conditions with effect from November 21, 2001.
Branch licence to AD's	Jan-2002	Previously, the ADs license to branches of the banks/NBFIs was granted by SBP on case-to-case basis. Now, after obtaining an authorization from SBP to deal in foreign exchange, head offices/ principal offices of the banks/NBFIs were freed to decide full/restricted AD license for their branches.
Forward cover to non-residents	Jan-2002	ADs are allowed to sell foreign currencies forward to non-residents for their portfolio investment in the Rupee denominated shares and securities on repatriation basis out of funds remitted from abroad. The forward cover can also be provided on the date of conversion of foreign currency into Rupees pending their investment. Such sales were to be made only for the amounts brought in or the face value of the security, whichever was higher. No forward cover was to be provided for dividend/interest/coupon income and for foreign direct investment.
Forward cover to investment banks	Jan-2002	ADs were allowed to provide forward cover to investment banks, modarabas and leasing companies holding restricted AD license in respect of funds mobilized against issuance of Certificate of Investment and surrendered to the SBP, provided the forward cover facility was not been obtained from SBP.
Duration of forward contract	Jan-2002	ADs were permitted to extend forward contracts on rollover basis even for less than one month.
FCA to Foreign oil/minerals exploration companies	Jan-2002	Foreign oil/minerals exploration companies and foreign contractors and their foreign sub-contractors were allowed to open foreign currency account with ADs subject to certain conditions.
Opening of special foreign currency accounts	Jan-2002	Firms and companies raising foreign equity and foreign currency loans were allowed to open special foreign currency accounts for receiving and retaining the foreign funds under specified conditions.
Ceilings on cheques withdrawn	Jan-2002	Monthly ceiling of Rs 5,000 on cheques drawn from non-resident accounts of persons, firms and companies other than banks, for maintenance were withdrawn.

Advance receipt in special exporters account	Jan-2002	The facility of retaining export proceeds in special exporters account for 3 days is also available for advance payment received for exports.
Extension in realization period	Jan-2002	ADs were allowed to extend realization period to six months (where the terms of sale provide for payment earlier than six months) subject to satisfactory explanation for the extension in the realization period.
Remittances against import	Jan-2002	The powers to allow remittances against import documents received directly by the importer were delegated to the ADs.
Remittances of reinsurance claims	Jan-2002	The powers to allow remittances of claim in respect of reinsurance business were delegated to ADs.
Sanctioning of foreign currency loans	Jan-2002	The powers to sanction foreign currency loan for working capital of foreign controlled companies were delegated to ADs.
NDRP deposits	Jan-2002	It was been decided that after January 31, 2002, fresh deposits under NDRP-III would not be accepted, and that rollover of earlier deposits would also cease. Hence all existing deposits would be paid on maturity.
Issuance of foreign currency travelers' cheques by AD's	Feb-2002	With effect from February 13, 2002 ADs were allowed to issue foreign currency travelers' cheques to foreign and Pakistani nationals (residents and non-residents) against surrender of an equal amount of foreign exchange in cash.
Opening of Special Foreign Currency Accounts	Feb-2002	Effective from February 19, 2002 ADs were delegated powers to allow the opening of Special Foreign Currency Accounts in Pakistan by owners, charterers and operators of ships and/or all floating crafters including tugs, dredgers survey vessels and other specialized crafts. The cash deposits and withdrawals were, however, not permitted.
Integration of FE-31 with FE-25	Apr-2002	To further liberalize the foreign exchange market, surrender requirement for ADs on incremental deposits (FE-31) was withdrawn with effect from April 01, 2002. Hence, no forward cover would be provided by the SBP. The rollover of existing forward covers was also prohibited and ADs advised to take-up the respective forward contracts on maturity. With effect from July 1, 2002, the same CRR and SLR were made applicable on FE-31 deposits as were applicable to FE-25. Effective January 01, 2003, FE-31 deposits will form an integral part of FE-25 deposits.
Rate of return on foreign currency deposits	Jul-2002	To help the banks / NBFIs decide freely, the rate of return on foreign currency deposits mobilized under FE 25-1998, it was decided on 9 <sup>th</sup> July, 2002 to withdraw para 'b' of the BSD Circular No. 19 dated March 31, 2001, which prohibited them from offering rate of return on such deposits exceeding the LIBOR.
Establishment of Exchange Companies	Jul-2002	Pursuant to the promulgation of Ordinance No. XXX of 2002 for the amendments in Foreign Exchange Regulation Act, 1947 for establishment of Exchange Companies, the State Bank announced on 30th July 2002 the procedure for establishing the Exchange Companies in the country.
Reserve requirements	Aug-2002	Effective August 10 2002, it was decided to reduce the Special Cash Reserve requirement from 20 percent to 15 per cent of total FE-25 deposits. Accordingly the banks/ NBFIs were asked to maintain cash reserve in US\$ equivalent to not less than 20 percent of their total FE 25 deposits on daily basis with SBP in the following manner: - a) 5% Cash Reserve Account (US\$) b) 15% Special Cash Reserve Account (US\$)
Rates of mark up charged on Foreign Currency Export Finance	Sep-2002	Effective September 16, 2002, the rates of mark up to be charged on Foreign Currency Export Finance (FCEF) Facility were revised downward from 4.98% to 4.57% for pre-shipment and post shipment financing and

## Annex 2.2: Introduction of New Prudential Regulations during CY00-CY02

(FCEF) Facility		from 4.48% to 4.07% in case of post shipment where post shipment insurance was obtained by exporters. Rate of mark-up for refinance to be charged by SBP from Banks was also reduced from 2.98% to 2.57%. These rates were further reduced as from 15 <sup>th</sup> March, 2003 to 3.93% for pre-shipment and post shipment financing and to 3.43% in case of post shipment financing where post shipment insurance cover was obtained. Rate of mark up for refinance to be charged by SBP from the banks was also reduced to 1.93%.
Margin between the buying and selling rates	Oct-2002	Effective 17 <sup>th</sup> October 2002, it was decided to bring down margin between the buying and selling rates from fifty paisas to twenty paisas per US dollar to match it with the existing inter-bank market conditions.
Foreign currency accounts of ngos, UN/Other Donor Agencies	Dec-2002	It was decided on 3 <sup>rd</sup> December, 2002 to allow rupee amounts encashed, at the interbank rates, from foreign currency accounts of NGOs, UN/Other Donor Agencies, funded through remittances from abroad, to be taken to Afghanistan without any limit. They would also be able to draw foreign currency from their accounts without any limit for taking it to Afghanistan to the extent of such remittances.
Prepayment of private foreign loans	Dec-2002	The pre-payment of Foreign Private Loans (other than the Government guaranteed loans), was allowed w.e.f. 21-12-2002 on a case-to-case basis. The above facility could be availed by borrowers having the Rupee counterpart available with them or the capacity to generate Rupee funds at their own and that the loans were otherwise remittable i.e. the remittance formalities had been completed.
Third currency exposure	Dec-2002	Exporters already had the option to cover their third currency exposure in case goods exported are invoiced in a convertible currency. In order to deepen the forex market, it has been decided to allow such facilities to importers also.
Duration of forward transaction	Dec-2002	The restriction that no forward transactions might be made for a tenor of less than one month was removed and Authorised Dealers were allowed to provide forward cover for exports, imports, foreign private loans covered for any duration, subject to any other existing restriction
Issuance of travelers' cheque by AD	Dec-2002	It was decided on 23-12-2002 to remove the prescribed limit of issuance of travelers' cheques for travel purpose only.
Opening of Pak rupee accounts by shipping companies/airlines	Mar-2003	On 17 <sup>th</sup> March, 2003, shipping companies/airlines having offices in Pakistan or operating their ship/airlines in Pakistan were allowed to open and operate profit-bearing Pak rupee accounts in Pakistan with the condition that profit so earned would not be remittable but can be used for meeting local expenses.
Advance remittances	Apr-2003	It was decided that, effective 1 <sup>st</sup> April, 2003, Authorized Dealers may themselves approve requests of advance remittance upto the extent of 50% of the estimated C&F value of the total quantity of the goods to be imported, subject to adherence to specified procedure.
Amendments in Foreign Currency Export Finance (FCEF) Facility	Apr-2003	SBP will allocate funds under the Foreign Currency Export Finance (FCEF) Facility in the form of credit lines, in accordance with the criteria agreed between SBP and the ADB, to eligible banks on their request supported by documents and expected financing of exports to eligible exporters.
Loans/overdrafts to foreign nationals	Jun-2003	Authorised Dealers were allowed general permission, w.e.f June 25, 2003, to grant loans/overdrafts to foreign nationals upto the extent of their requirement subject to the observance of relevant Prudential Regulations.

Area of Prudential Regulation	PR, date and Circular no.	PR Description
Credit rating of the financial institutions	PR-XXVI ( <b>Jun 6, 2000</b> ) BPRD CR No. 15	With a view to safeguard the interest of prospective investor, depositors and creditors it was made mandatory for all the financial institution to get them rated by the SBP approved penal before June 30, 2001. Further, rating will be updated on continuous basis from year to year and the rating report will be submitted to the SBP. Also, banks were required made this public within one month of the last notification of rating.
Minimum information on the borrower	PR-XXVII ( <b>Mar 15, 2001</b> ) BSD CR No. 10	In order to streamline the standardization of information regarding credit processing, banks were required to obtained the information of prospective borrower as per SBP approved "Borrower's Basic Fact Sheet". This would be in addition to banks own prescribed Loan Application Form (LAF).
Foreign currency deposits under FE 25-1998	PR-XXVIII ( <b>Mar 15, 2001</b> ) BSD CR No. 10	In order to facilitate the banks, it has been decided to further extend the compliance date of 20 percent cap on FE-25 deposits from 30th June, 2002 to 31st December, 2002. All banks/NBFIs are advised to ensure compliance of 20 percent cap on FE-25 deposits within the extended time period positively.
Responsibilities of board of directors	PR-XXIX ( <b>Mar 13, 2002</b> ) BSD CR No. 15	In order to improve the prevailing corporate governance and to make the Board of Directors of banks/DFIs more effective, SBP has been issuing clear lines of responsibilities and proper guidelines to the board of directors. They have been made responsible to review and update policies in areas like internal audit, compliance, risk management, credit disbursement, management information system, etc. so as to enhance effective governance in the financial institutions.
Minimum information on the borrower	PR-XXVII ( <b>Mar 15, 2001</b> ) BSD CR No. 10	In order to streamline the standardization of information regarding credit processing, banks were required to obtained the information of prospective borrower as per SBP approved "Borrower's Basic Fact Sheet". This would be in addition to banks own prescribed Loan Application Form (LAF).

Where PR: Prudential Regulations; CR: Circular.

**Annexure 2.3: Amendments in Prudential Regulations during CY00-CY02**

Area of Prudential Regulation	PR, date of amendment and Circular no.	PR Description
Classification and provisioning for assets	PR-VIII (Apr 27, 2000) BPRD CR no. 9	Every bank/NBFI shall observe prudential guidelines given in this circular in the matter of classification of its assets portfolio and provisioning there against.
Contributions and donations for charitable, social, educational and public welfare purposes	PR-XX (Feb 02, 2000) BPRD CR no. 4	In terms of Section 41 of the Banking Companies Ordinance, 1962, all banks and Development Finance institutions are directed to strictly observe the following rules in the matter of making any donations/contributions for charitable, social, educational or public welfare purposes (i) only those banks which meet provisioning and capital adequacy requirements prescribed by the State Bank of Pakistan and pay positive rates of return to their depositors can make donations. (ii) Every donation or contribution to be made must carry the prior approval of the Board of Directors.
Classification and provisioning for assets	PR-VIII (Mar 29, 2001) BSD CR letter no. 5	It has been decided with immediate effect to substitute the words 'Federal Government' appearing in the Rule-14 circulated vide BPRD Circular No.9 dated April 27, 2000 with the word 'Government'.
Limit on bank's exposure against unsecured advances	PR-III (Mar 26, 2001) BSD CR no. 14	No bank shall provide financing facility in any form of a sum exceeding Rs.100, 000/- and in case of credit cards Rs.500, 000/- to any one individual or person without obtaining realizable securities of the value not below the outstanding amount. Financing facilities granted without securities including those granted against personal guarantees shall be deemed as 'clean' for the purpose of credit regulations.
Maintenance of current and debt-equity ratios	PR-V (Jul 24, 2001) BSD CR no. 18	Keeping in view the capital-intensive nature of the Telecommunication Sector, SBP has been decided to lower the debt-equity ratio to 75: 25.
Financing facilities against shares	PR-VI (Jun 01, 2001) BSD CR no. 22	Banks were allowed to acquire / purchase upto 5 percent of the total paid-up shares of any NBFIs without any prior approval from the State Bank of Pakistan. Similarly any NBFI may acquire upto 5 percent of the total paid-up shares of any commercial bank without any prior approval from the State Bank of Pakistan. In case of acquisition / purchase above 5 percent of the total paid-up shares, banks / NBFIs should approach the State Bank of Pakistan for seeking its prior clearance as hithertofore.
Financing facilities against shares	PR-VI (Sep 14, 2001) BSD CR no. 32	Effective from September 15, 2001, the margin requirement on Financing facilities against shares of listed companies has been decided to reduce from 30percent to 25 percent of the average market value of preceding 12 months. Banks / NBFIs are however; free to set a higher margin requirement keeping in view other factors as hithertofore.

Dealing with directors, major shareholders and employees of banks	PR-VII ( <b>Oct 22, 2001</b> ) BSD CR letter no. 28	The prior written approval of SBP has been withdrawn, in respect of purchase of vehicles by the directors, officers or employees of Banks / NBFIs which remained in their own use for a period of not less than three years provided that such sale is covered under the employees service rules and is effected by the Bank / NBFIs at book value at the date of such transaction.
Service charges on PLS deposit accounts	PR-XIII ( <b>Oct 04, 2001</b> ) BSD CR letter no. 24	In order to remove any ambiguity regarding service charges on PLS deposit accounts, SBP directed the banks that no service charges, whatsoever, can be recovered from any kind of PLS accounts. The banks can, however, recover their cost of maintaining these accounts while working out the rate of return to be offered to the depositors in PLS accounts.
Undertaking of cash payments outside the bank's authorized place of business	PR-XV ( <b>Feb 13, 2001</b> ) BSD CR no. 8	With a view to encourage the banks to make use of the ATM, it has been decided that banks desirous of installation of ATM or sharing of ATM facilities with other banks at places other than authorized one for providing the facility of cash withdrawals may now do so without taking prior approval of the State Bank. Banks shall, however, be requested to give 15 days advance intimation to the State Bank of Pakistan and in case the State Bank does not convey any reservation on the same during the said 15 days period, it shall be deemed to have approved the same.
Limit on bank's exposure to a single person	PR-I ( <b>May 17, 2002</b> ) BPD CR no. 10	The total outstanding financing facilities by a banking company to any single person shall not at any point in time exceed 30 percent of the bank's unimpaired capital and reserves (including revaluation reserves on account of fixed assets to the extent of 50 percent of their value) subject to the condition that the maximum outstanding against fund based financing facilities do not exceed 20 percent of the unimpaired capital and reserves.
Maintenance of assets in Pakistan	PR-XXIV ( <b>Feb 21, 2002</b> ) BSD CR no. 10	In order to provide more space to the banks, it has been decided that every bank shall maintain in Pakistan not less than 80percent (as against the present ratio of 85percent) of the assets created by it against such time and demand liabilities as specified in Part-A of Form-X (prescribed under Rule 17 of the Banking Companies Rules, 1963).
Credit rating of financial institutions	PR-XXVI ( <b>Jan 24, 2001</b> ) BSD CR no. 3	Consequent upon change of the name of DCR-VIS Credit Rating Company Limited, the approved panel of credit rating agencies stands modified with immediate effect to JCR-VIS Credit Rating Company Limited.
Foreign currency deposits under FE 25-1998	PR-XXVIII ( <b>Jan 1, 2002</b> ) BSD CR no. 2	Due to 11 September 2001 event and its implications on global and local financial markets, SBP have introduced some flexibility and widen the scope of the FE-25 Scheme and the relevant Prudential Regulation. It has been decided that while computing the 20 percent cap on FE-25 deposits against local currency deposits, the foreign currency deposits mobilized under FE-25 and utilized for financing of trade related activities will be netted-off.

Where PR: Prudential Regulations; CR: Circular.

**Annex 3: Group-wise data of Select Financial Variables of Banks****Table 3A.1 Public Sector Commercial Banks**

billion Rupees

	1990	1995	1996	1997	1998	1999	2000	2001	2002
Paid-up capital	6.5	6.3	6.5	6.7	37.5	37.6	45.7	48.3	26.1
Equity	14.9	20.0	14.2	-4.5	27.2	19.2	41.1	35.1	49.2
Deposits	329.7	523.7	569.0	597.1	659.0	701.4	743.7	795.2	721.9
Liabilities	377.3	590.5	642.3	694.6	750.9	813.0	861.0	911.5	828.4
Advances	201.2	271.7	288.8	288.7	306.3	356.5	401.7	427.7	319.7
Investment	104.1	189.9	192.6	193.8	233.8	211.6	182.6	175.9	303.8
Assets	392.3	610.4	656.5	696.9	789.3	844.1	902.0	946.5	877.6
Income	37.6	61.3	60.1	70.4	80.6	81.7	85.0	86.8	66.3
Expense	35.9	58.0	64.9	93.2	83.6	85.0	81.0	86.6	55.4

**Table 3A.2: Domestic Private Banks**

billion Rupees

	1991	1995	1996	1997	1998	1999	2000	2001	2002
Paid-up capital	0.8	7.8	8.9	9.8	10.2	10.5	11.6	14.1	24.1
Equity	2.1	13.3	15.1	16.9	17.3	19.2	17.9	21.7	51.4
Deposits	60.1	210.1	250.7	303.7	327.3	354.7	394.2	453.7	754.2
Liabilities	71.5	252.1	298.4	355.3	385.4	426.9	495.6	544.1	916.8
Advances	32.9	121.2	142.1	172.0	186.5	211.4	266.2	262.6	397.9
Investment	23.0	79.2	91.1	131.5	134.8	115.8	94.6	127.8	334.9
Assets	73.5	265.5	313.4	373.4	405.5	448.7	513.5	565.9	968.3
Income	6.3	29.1	35.8	47.1	50.4	50.0	48.9	56.1	76.7
Expense	6.0	25.0	31.7	42.3	47.1	46.0	49.6	51.1	65.4

**Table 3A.3: Foreign Banks**

billion Rupees

	1990	1995	1996	1997	1998	1999	2000	2001	2002
Paid-up capital	1.8	11.4	13.9	17.0	19.0	21.3	22.0	23.0	21.5
Equity	2.5	13.6	16.7	21.2	23.3	24.4	24.6	27.6	29.6
Deposits	24.9	122.0	176.3	221.3	212.9	183.2	187.4	207.8	184.1
Liabilities	30.8	138.9	196.0	247.6	240.0	228.1	256.0	296.1	251.3
Advances	17.3	70.2	89.2	120.1	120.6	125.0	134.0	138.8	131.6
Investment	7.3	39.3	66.2	78.4	70.6	32.6	21.2	42.7	57.3
Assets	33.4	152.5	212.6	268.9	263.3	252.6	280.6	323.7	280.9
Income	4.0	19.1	26.5	39.2	40.1	35.0	30.1	35.6	24.4
Expense	2.8	16.0	21.3	31.8	35.5	30.4	26.4	30.6	17.8



**Table 3A.4: Specialized Banks**

billion Rupees

	1990	1995	1996	1997	1998	1999	2000	2001	2002
Paid-up capital	1.7	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.5
Equity	5.3	8.6	8.9	8.9	-0.2	1.6	-1.3	-10.9	-22.6
Deposits	2.7	9.8	10.1	9.4	10.6	13.8	15.6	18.0	16.4
Liabilities	51.2	81.2	83.6	88.4	98.4	107.0	112.8	117.1	121.1
Advances	47.8	68.6	72.3	73.9	71.6	85.2	86.2	81.2	74.2
Investment	3.3	4.0	4.0	5.9	6.1	5.7	6.0	4.7	5.5
Assets	56.5	89.7	92.5	97.3	98.2	108.6	111.5	106.2	98.5
Income	4.5	7.7	8.1	8.7	7.2	12.2	12.6	13.7	13.7
Expense	3.5	7.3	7.4	7.9	12.5	9.1	15.1	22.8	24.1

**Table 3A. 5: All Banks**

billion Rupees

	1990	1995	1996	1997	1998	1999	2000	2001	2002
Paid-up capital	10.0	29.2	32.9	37.2	70.4	73.1	82.9	89.1	75.2
Equity	22.7	55.4	54.9	42.4	67.6	64.4	82.2	73.4	107.6
Deposits	357.3	865.5	1,006.1	1,131.5	1,209.8	1,253.1	1,340.9	1,474.7	1,676.5
Liabilities	459.4	1,062.7	1,220.3	1,385.9	1,474.7	1,575.0	1,725.4	1,868.9	2,117.6
Advances	266.3	531.8	592.4	654.7	685.1	778.0	888.0	910.4	923.4
Investment	114.7	312.3	354.0	409.6	445.3	365.7	304.3	351.1	701.5
Assets	482.2	1,118.2	1,275.1	1,436.5	1,556.3	1,654.0	1,807.6	1,942.3	2,225.2
Income	46.1	117.2	130.6	165.4	178.3	178.9	176.6	192.1	181.1
Expense	42.3	106.2	125.3	175.2	178.6	170.5	172.1	191.1	162.7

**Annex 4: Group-wise data of Select Financial Variables of NBFIs****Table 4A.1: Development Finance Institutions**

billion Rupees

	FY90	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Paid-up capital	3.8	6.5	7.3	7.4	7.6	7.6	7.6	6.7	8.2
Equity	8.5	14.8	12.8	13.4	11.3	-5.2	-10.7	9.7	17.8
Deposits	17.5	45.2	49.9	79.7	59.2	49.9	43.4	10.9	12.8
Liabilities	42.7	98.7	112.6	146.1	120.2	108.6	102.2	51.4	50.9
Advances	32.3	62.8	61.8	88.5	65.3	45.2	45.0	20.4	17.7
Investment	9.5	25.5	30.5	33.6	24.6	25.7	25.6	21.9	30.2
Assets	51.2	113.5	125.4	159.5	131.5	103.4	91.5	61.1	68.7
Income	5.5	12.3	12.7	16.6	18.0	10.2	9.9	7.8	8.1
Expense	3.8	10.1	12.9	14.7	16.8	14.6	14.4	6.3	3.7

**Table 4A.2: Investment Banks**

billion Rupees

	FY90	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Paid-up capital	0.5	2.6	3.0	3.3	4.3	4.4	4.4	3.2	3.1
Equity	0.5	3.9	4.4	5.0	5.7	5.6	5.7	2.8	3.8
Deposits	1.8	23.0	29.7	32.6	35.4	36.7	25.7	10.8	9.4
Liabilities	1.9	26.5	32.4	36.7	40.2	43.1	35.8	25.2	19.5
Loans & advances	1.7	16.4	18.9	21.2	22.5	20.9	20.0	12.5	8.5
Investment	2.6	8.9	10.2	12.7	11.9	14.9	11.8	11.2	10.3
Assets	2.4	30.5	36.8	41.7	45.9	48.7	41.5	28.0	23.3
Income	0.1	4.4	6.9	5.9	6.7	7.4	7.4	2.8	4.1
Expense	0.1	3.6	6.0	5.2	6.2	6.4	5.9	3.9	3.4

**Table 4A.3: Leasing Companies**

million Rupees

	FY90	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Paid-up capital	303	3,139	3,768	4,155	4,328	4,429	4,662	5,046	5,083
Equity	729	5,330	6,404	7,217	7,457	7,521	8,074	8,389	7,579
Deposits	280	2,112	3,471	4,662	4,529	5,336	10,380	14,096	13,254
Liabilities	5,539	15,093.8	21,032.8	24,140.8	25,582.5	27,994.3	31,310	37,551	36,028
Lease finance	1,896	10,237	14,984	16,032	15,007	16,352	25,808	30,354	28,538
Investment	82	458	602	825	1,025	921	2,365	3,208	2,554
Assets	6,268	20,424	27,437	31,358	33,040	35,515	39,383	45,939	43,608

**Table 4A.4: Modarabas**

million Rupees

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Paid-up capital	6,710	6,760	6,760	7,067	6,765	7,519	7,467	8,538
Equity	7,418	7,365	7,569	7,876	7,039	7,536	6,673	7,634
Deposits	571	654	717	792	790	4,319	4,528	4,160
Liabilities	5,348	5,328	6,350	7,316	7,780	8,113	8,830	9,775
Advances	7,776	7,308	9,159	10,118	9,887	4,270	3,956	4,374
Investment	1,105	1,500	1,015	1,346	1,721	2,703	2,774	2,350
Assets	12,765	12,693	13,920	15,192	14,819	15,649	15,503	17,409

**Table 4A.5: Housing Finance Companies**

million Rupees

	<b>FY90</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>
Paid-up capital	200	423	485	485	485	485	485	485	525
Equity	456	1,165	1,677	2,171	2,817	3,340	3,801	4,507	4,860
Deposits	-	57	145	124	101	231	133	68	20
Liabilities	16,041	18,277	18,488	18,200	18,486	18,204	18,460	19,092	17,573
Advances	14,539	13,738	13,617	13,569	13,376	11,713	11,387	11,518	10,688
Investment	445	3,445	4,411	4,732	5,931	3,388	6,012	5,929	5,085
Assets	16,497	19,443	20,165	20,371	21,303	21,543	22,261	23,599	22,434
Income	661	1,680	1,709	1,850	2,102	1,632	1,825	3,229	1,912
Expense	273	372	477	545	636	705	585	1,976	1,267

**Table 4A.6: Discount Houses**

million Rupees

	<b>FY90</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>
Paid-up capital	10	110	185	635	635	635	647	707	707
Equity	14	259	353	822	886	916	1,012	1,038	1,171
Liabilities	915	553	623	702	717	685	794	357	326
Investment	11	445	568	902	808	924	566	1,141	1,037
Assets	929	812	976	1,524	1,603	1,601	1,805	1,395	1,497
Income	74	63	152	227	270	239	222	260	238
Expense	70	22	63	79	110	77	109	140	102

**Table 4A.7: Venture Capital Companies**

million Rupees

	<b>FY91</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>
Paid-up capital	1	100	100	475	475	475	475	475	480
Equity	1	127	131	532	527	505	368	278	228
Liabilities	3	7	1	98	724	753	660	67	44
Investment	-	97	106	570	1,036	899	772	284	185
Assets	4	134	133	629	1,251	1,265	1,027	346	272
Income	-	4	18	57	113	239	238.0	48.4	26.0
Expense	-	3	8	18	74	129	367.4	135.4	1.6

## Acronyms

AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institution	HBL	Habib Bank Limited
ABL	Allied Bank Limited	HFCs	Housing Finance Companies
AKFED	Aga Khan Fund for Economic Development	IBs	Investment Banks
AKRSP	Aga Khan Rural Support Program	IBB	Islamic Banking Branch
ADB	Asian Development Bank	IBD	Islamic Banking Division
ADBP	Agriculture Development Bank of Pakistan	IBL	Indus Bank Limited
ADs	Authorized Dealers	ICI	Imperial Chemical Industries
ATMs	Automatic Teller Machines	ICP	Investment Corporation of Pakistan
BCO	Banking Companies Ordinance	IDBP	Industrial Development Bank of Pakistan
BEL	Bankers Equity Limited	IFC	International Finance Corporation
BID	Banking Inspection Department	IFSB	Islamic Financial Services Board
BMA	Bahrain Monetary Agency	IMF	International Monetary Fund
BNFBs	Bearer National Fund Bonds	IPS	Investor's Portfolio of Security
BPRD	Banking Policy & Regulation Department	ISE	Islamabad Stock Exchange
BSD	Banking Supervision Department	KASB	Khadim Ali Shah Bukhai
CAMELS	Capital Adequacy, Asset Quality, Management Soundness, Earnings & Profitability, Liquidity and Sensitivity to Market Risk	KB	Khushhali Bank
CBR	Central Board of Revenue	KSE	Karachi Stock Exchange
CDC	Central Depository Company	LCs	Letter of Credits
CDNS	Central Directorate of National Savings	LIBOR	London Inter-bank Offered Rate
CIF	Community Investment Fund	LSE	Lahore Stock Exchange
CIRC	Corporate and Industrial Restructuring Corporation	MBL	Meezan Bank Limited
COIs	Certificates of Investment	MCB	Muslim Commercial Bank
CRR	Cash Reserve Requirement	MFI	Microfinance Institutions
CRWA	Capital to Risk-weighted Assets	MFN	Most Favored Nation
CTFS	Commission for Transformation of Financial System	MOF	Ministry of Finance
CRSIU	Committee on Revival of Sick Industrial Units	MRTBs	Market Related Treasury Bills
DAD	Deposit Account Department	MSDP	Microfinance Sector Development Program
DBC	Dollar Bearer Certificates	MTBs	Market Treasury Bills
DFIs	Development Finance Institutions	NAB	National Accountability Bureau
DHs	Discount Houses	NAV	Net Asset Value
DPF	Deposit Protection Fund	NBP	National Bank of Pakistan
DSCs	Defense Savings Certificates	NDA	Net Domestic Assets
DSFL	Dewan Salman Fibre Limited	NCBs	Nationalized Commercial Banks
DVP	Delivery versus Payment	NCCC	National Credit Consultative Council
ECH	Electronic Clearing House	NCCPL	National Clearing Company of Pakistan Limited
FBs	Foreign Banks	NCSS	National Clearing Settlement System
FBC	Federal Bank for Cooperatives	NDFC	National Development Finance Corporation
FEBCs	Foreign Exchange Bearer Certificates	NDLC	National Development Leasing Corporation
FECs	Foreign Exchange Companies	NIB	Non Interest Based Banking
FE-25	Foreign Exchange Circular No. 25 dated 20th June 1998	NIBAF	National Institute of Banking and Finance
FE-45	Foreign Exchange Circular No. 45 dated 11th August 1985	NBFCs	Non-bank Financial Companies
FWBL	First Women Bank Limited	NBFIs	Non-bank Financial Institutions
GATS	General Agreement of Trading in Services	NGOs	Non-profit Government Organizations
GDP	Gross Domestic Product	NIFT	National Institutional Facilitation Technology
GOP	Government of Pakistan	NIM	Net Interest Margin
HBFC	House Building Finance Corporation	NIT	National Investment Trust
NITL	National Investment Trust Limited	RICs	Regular Income Certificates

NPLs	Non-performing Loans	RMF	Risk Mitigation Fund
NRSP	National Rural Support Program	ROA	Return on Assets
NSS	National Savings Schemes	ROE	Return on Equity
OMOs	Open Market Operations	PPCB	Punjab Provincial Cooperative Bank
PACRA	Pakistan Credit Rating Agency	RTGS	Real Time Gross Settlement System
PBA	Pakistan Banks Association	SBFC	Small Business Finance Corporation
PBC	Pakistan Banking Council	SECP	Securities and Exchange Commission of Pakistan
PC	Privatization Commission	SGLA	Subsidiary General Ledger Account
PCBL	Prudential Commercial Bank Limited	SLR	Statutory Liquidity Requirement/Ratio
PDs	Primary Dealers	SME	Small and Medium Enterprises
PIBs	Pakistan Investment Bonds	SOF	Saudi Oil Facility
PICIC	Pakistan Industrial Credit and Investment Corporation	SPIAIC	Saudi-Pak Industrial & Agricultural Investment Co. (Pvt) Ltd.
PILCORP	Pakistan Industrial Leasing Corporation	SPLC	Saudi-Pak Leasing Corporation
PKIC	Pakistan Kuwait Inv. Company (Pvt) Ltd.	SBP	State Bank of Pakistan
PLHC	Pak-Libya Holding Co. (Pvt) Ltd.	SBP (BSC)	State Bank of Pakistan (Banking Services Corporation)
POL	Petroleum, Oil & Lubricants	SSCs	Special Saving Certificates
PPAF	Pakistan Poverty Alleviation Fund	SWIFT	Society for Worldwide Inter-bank Financial Telecommunication
PRGF	Poverty Reduction and Growth Facility	TCP	Trading Corporation of Pakistan
PSCBs	Public Sector Commercial Banks	TDL	Total External Debt & Liabilities
PSO	Pakistan State Oil	TED	Total External Debt
PTC	Pakistan Telecommunication Corporation	TFCs	Term Finance Certificates
PTCL	Pakistan Telecommunication Company Ltd.	UBL	United Bank Limited
PTCs	Participation Terms Certificates	VCCs	Venture Capital Companies
RDFC	Regional Development Finance Corporation	WAPDA	Water and Power Development Authority
RFCD	Resident Foreign Currency Deposits	WTO	World Trade Organization