PAKISTAN CREDIT GUARANTEE COMPANY (PCGC)

DRAFT CREDIT GUARANTEE GUIDE

For Comments / Feed back

Disclaimer:

This document serves as a guide to PCGC customers which can be amended any time with out any prior intimation to the stakeholders. This is not a policy document

1. Background

Small and Medium Enterprises (SMEs) play an important role in the economic development of a country as majority of the enterprises operating in a country are either small or medium entities. According to an estimate, around 90% of the total enterprises operating in Pakistan fall in the category of SMEs. Thus, the growth of small and medium businesses is imperative for a developing country like Pakistan. There is a need to improve access to formal finance for this sector, particularly, small and rural enterprises. The biggest problem faced by the SMEs is not their size but their isolation; the formal banking channel is reluctant to cater the credit appetite.

Realizing the importance of this sector for economic growth and to improve access to formal sources of finance, State Bank of Pakistan ("SBP") has launched Pakistan Credit Guarantee Company Limited ("PCGC"), in collaboration with Federal Government to improve access to finance for Small, Rural and Micro Enterprises.

2. Role and Scope of PCGC

PCGC was set up as a Partial Risk Sharing facility by the Government of Pakistan and State Bank of Pakistan to incentivize the Financial Institutions ("FI") to lend more to the collateral deficient SMEs and agriculture sector, which was hindering the growth of the SMEs and Rural economy. PCGC will serve as a catalyst and at the same time ensuring sound lending habits amongst the FIs. This in turn would not only help improve the affordability of loan borrowing but also increase the number of qualifying borrowers especially collateral less borrowers. With these initiatives, PCGC envisions an expansion of the finance market, export led growth, women empowerment and employment generation in Pakistan.

PCGC will play a key role promoting conventional and Islamic SME financing and it will endeavor to encourage and collaborate with FIs to provide more SMEs and agriculture loans.

2.1. Objectives of PCGC:

PCGC helps priority sectors (Priority Sectors include as ascribes under section 15 of this guide) access to finance by providing credit guarantees when the business owners lack collateral security to raise funds from financial institutions.

3. Establishment / Legal Status of PCGC

PCGC was notifies and DFI on June 2019 by the Federal Government of Pakistan.

3.1 Shareholders\Sponsors\Governance

Sponsors of PCGC include Ministry of Finance, Government of Pakistan (GOP), State Bank of Pakistan (SBP), Foreign, Commonwealth Development Office (FCDO) formally known as UK DFID. PCGC is a governed under SBP governance framework and Public Sector Governance Rules 2013.

3.2 Major Activities

- Guarantee coverage to Banks/FIs on SME, Agriculture and Micro finance loans.
- Support SME Export oriented business, startup businesses, Women enterprises, Social business enterprises, Disabled person business enterprises etc.
- Capacity building of stakeholders.
- Cooperative work with government, financial institutions and other related organizations.

3.3 Funding Sources

- The funding is provided by contributions from Government of Pakistan and FCDO formally known as DFID UK, World Bank and Guarantee fees collected from Credit Guarantee Business.

4. Benefits of Pakistan Credit Guarantee Company Limited

Increase SME lending	Reduce Collateral constraints	Increase quality of SME credit granting & risk monitoring	Mitigate against business cycles & external shocks
Enhance public information dissemination	Reduce the risk of adverse public policy interventions.	Facilitate access to reinsurance capital	Improve treatment of Risk Weighted Assets
Reduce risk perception / increase risk appetite of banks	Lower financing cost for SMEs	Capacity Building of Financial Institutions	Advisory Services for rejected loan applications

5. Selection of Participating Financial Institutions (PFIs)

PCGC will select Commercial banks, Microfinance banks (MFBs), FIs and Leasing companies to serve as Participating Financial Institutions (PFIs) and will allocate Credit Guarantee Limits (CGLs) to each PFI. The banks, MFBs, FIs and leasing companies to be considered as PFIs shall be in a reasonably good financial condition and shall have considerable share/expertise in small enterprises/agricultural/micro-enterprise financing.

5.1 ELIGIBILITY CRITERIA FOR PARTICIPATING FINANCIAL INSTITUTIONS

Participating Financial Institutions (PFIs). Prior to declaring a Financial Institution (FI) as eligible for availing partial risk coverage from Pakistan Credit Guarantee Company Limited (PCGC) as a PFI; PCGC will carry out a thorough financial due diligence of each candidate FI on their financial aspects as well as to determine their ability to handle social and environmental issues. Moreover, all PFIs should continue to meet the eligibility criteria during the tenure of credit guarantee coverage. PCGC reserves the right to disallow credit guarantee to any PFI not conforming with any of the criteria until such time as the PFI is able to satisfy the PFI eligibility criteria.

The PFIs must comply with the following eligibility criteria:

i. Small and Medium Enterprise (SME) lending commitment and capacity of PFIs.

Each PFI must have:

a) lending policies and strategy related to SMEs, and
b) a track record of performance on relevant SME, Agriculture, Woman Enterprise, Start up, sector lending.

ii. Compliance with applicable prudential regulations and guidelines of SBP/ SECP.

Each, PFI must be in compliance with all applicable prudential regulations and guidelines of SBP and SECP, including but not limited to those for:

a) a minimum capital of risk-weighted basis;
b) recognition of income;
c) loan classification;
d) loan provisioning;
e) overall nonperforming loan ratio for SME loans; and
f) anti-money laundering procedural requirements.

iii. Minimum Institutional rating.

Each PFI must have at least institutional rating of BBB+ (moderate degree of safety for timely repayment of financial obligations). Each PFI must at least maintain its rating throughout the tenure of the credit guarantee facility.

iv. Maintain Financial Soundness.

Provisions will be included in each risk sharing agreement between PCGC and a PFI that require the PFI to (a) maintain financial soundness; (b) conduct its operations in accordance with sound financial principles and practices; (c) maintain a lending and investment policy acceptable to PCGC and SBP / SECP to enable it to effectively appraise the financial, technical, environmental, and economic feasibility of portfolios.

PCGC reserves the right to disallow credit guarantee facility to any PFI not conforming with any of the criteria until such time as the PFI is able to satisfy the criteria. Such PFI shall be required to remedy any default of eligibility criteria within 6 months of default and in any event, within the period of the guarantee tenure.

(v) PFI Corporate Governance.

Each PFI has to demonstrate compliance with SBP's or SECP measures for corporate governance of banks and financial institutions, which includes (a) corporate governance structures that promote effective identification, monitoring, and management of all material business risks; (b) systems for ensuring compliance with all statutory and regulatory requirements; (c) implementation of financial disclosure requirements for market participants and observers; and (d) setting of corporate governance objectives, strategies, and techniques.

(vi) Non-involvement in financial fraud.

PFIs that are involved in large-scale financial fraud cases, or those with an observer placed by SBP or SECP, will become ineligible.

(vii) SME outreach.

Each PFI must have demonstrated capability for lending to priority sector. PCGC Priority Sectors outside metropolitan areas as evidenced by branch operations, lending data, as well as plans or availability for providing credit and advisory services. Collaboration between PFIs and non-government organizations and other civil society institutions is also crucial, as this can facilitate and play an instrumental role in the outreach programs.

(viii) Risk Management Procedures.

Each PFI must have demonstrated capability for proper risk management with adequate processes and/or procedures (e.g., credit risk manual) that cover the necessary (a) credit risk, (b) asset-liability risk, and (c) operational risk. The PFI should have the control structure and capacity to systematically evaluate and/or conduct credit risk appraisal, asset-liability management, internal control and compliance, as well as market risks (e.g. interest rate risk and foreign exchange risk) must have environmental and social safeguards management arrangement in place in form of a subproject screening checklist designed to identify, remedy, and monitor subprojects' compliance according to PCGC's Social and Environment Policy Statement.

6. Eligibility of Borrowers

The borrowers will be micro and small enterprises and farmers with economic landholding without any specific regional or cluster restrictions, across the country. The borrower shall

preferably be a fresh customer; however, an existing borrower can also be extended additional lending facility. PFIs are encouraged to serve collateral-deficient borrowers under CGS and may amend their credit policies for this purpose. The selection criteria for eligible borrowers will include:

a) Regular and estimable positive cash flows to ensure ability of debt servicing;
b) Conformance to Prudential Regulations for SMEs/Agri/Micro Financing;
c) Clean e-CIB record;

7. Pricing and Risk Sharing with the Financial Institutions:

PFIs may apply market-based mark-up rate as per their credit and risk management policy. However, in cases where SBP has provided a refinancing facility (such as SME Refinancing facility for BMR), mark-up rate allowed by SBP to PFIs under the particular facility shall prevail. Furthermore, tentatively 50 to 90 percent risk coverage shall be provided for loans extended to:

a) Startup businesses,
b) Women borrowers, and
c) Small and Rural enterprises operating in under-served areas of the country with respect to SME financing.
d) Renewable energy and energy efficiency
e) Any other acceptable portfolio

For eligible loan portfolios, the risk coverage to PFIs shall be linked with the value of the underlying collateral, PCGC credit risk policy and PCGC pricing policy. PCGC shall operate in the following manner:

Proposed Risk Coverage	**Collateral Value**
90 percent	Startups, FINTECH, Technology driven business, disable person
80 percent	Minimum 80% export sale,
70 Percent	Clean Lending, women enterprises, Transgender, widow,
60 Percent	Value of Collateral up to 100 percent of loan
50 Percent	Value of Collateral Greater than the Loan Amount

In cases, where a loan falls in two categories, higher risk coverage shall prevail. However, PCGC has the right to change the pricing for new loan portfolios without any prior intimation to its customers.

8. Guarantee Structure

The PFIs will be allocated a Credit Guarantee Limit ("CGL") on annual basis that would define the total guaranteed amount of a PFI. PFIs shall report to PCGC all individual cases against which guarantee is solicited. Individual loans extended by PFIs after the allocation of CGL, which meet the eligibility criteria, shall be guaranteed to the extent of the allocated guarantee limit. PFIs shall manage the total loan exposure against the guarantee limit ensuring that guarantee requests submitted to PCGC remain within the allocated limit. The issuance of Credit Guarantee is subject to compliance with provisions of the SBP / SECP and PCGC policies and other instructions issued by the regulations from time to time, as deemed necessary. PFIs shall ensure that the guaranteed loans are not used for purposes contradicting the very objectives of the PCGC business, i.e., the facility will not be used for debt swaps/adjusting an existing loan, buying company shares or financing interest payments etc. PCGC have the right to withdraw any approval of guarantee if it is discovered at any stage that the borrower was not eligible for financing under the facility at the time of extension of the loan facility. In such an event, respective PFI will bear 100 percent credit risk of such borrower.

9. Loan Limit and Tenure of the Guaranteed Amount

Small enterprises (SEs) may be extended financing for a maximum tenor of 5 years and up to the maximum amount allowed under respective SBP's Prudential Regulations/ Schemes.

Microfinance Banks may extend loans to Micro Enterprises as per SBP relevant PRs/ schemes and instructions.

Farmers may be extended financing under SBP agriculture prudential regulations issued and amended from time to time.

10. Applying for Guarantee Cover

The borrowers to be covered under the Guarantee facility shall be issued a unique Customer Identification Number (CIN) by PFIs in the form of 'PFI-xxxxxx-yyy' where 'PFI' is the abbreviated/acronym reference of the PFI, 'xxxxxx' is the six digit number issued to each successive customer in ascending order and 'yyy' is the three digit loan number for the customer. For example XYZ Bank Limited may issue 'XYZ-000025-001' as CIN against the first loan given to its 25th customer under the Scheme.

Each PFI shall nominate at least two senior officials in their head office as Authorized Contact Officials/ Signatories (ACOs) to communicate with the Manager Credit Guarantee and the Manager Business Development, Pakistan Credit Guarantee Company, Head Office, Islamabad. PFIs shall convey the duly verified signatures along-with names, designations and contact details (phone, mobile, fax, email) of nominated ACOs to PCGC. Only those guarantee/ claim requests of PFIs shall be entertained which are signed by nominated ACOs.

PFIs shall apply on monthly basis, within 15 working days of respective month end, for the guarantee facilities for the borrowers who were extended lending facilities during the previous month. The applications for guarantee facility shall accompany a covering letter requesting for the facility and duly filled-in format CG-1 (attached as Appendix I). Both the covering letter, and duly filled-in format shall be signed by nominated ACOs. Each PFI shall have the primary responsibility of ensuring that its total guaranteed loans do not exceed its allocated CGL at any point in time. After ensuring that all the conditions have been complied with, PCGC will intimate the concerned PFI regarding issuance of guarantee through Issuance of Guarantee Letter.

Each PFI shall report its outstanding position of all previously guaranteed loans on quarterly basis, within 15 working days of respective quarter end, as per the format CG-2 (attached as Appendix II).

11. Payment of Claims under Guarantee Coverage

Claims shall be paid to PFIs on case-to-case basis up to the guarantee coverage provided against a particular loan once the loan is categorized as 'Loss'. Objective classification criteria as defined in the relevant Prudential Regulations of SBP shall be followed to categorize a loan as 'Loss'. PFIs shall lodge claims on quarterly basis, within 15 working days of respective quarter-end, against all loans falling under the 'Loss' category in the previous quarter as per

the format CG-3 (attached as Appendix III) duly audited and authenticated by their Internal Audit Department. PFIs would also attach the e-CIB reports of the individual's case for which claims would be lodged.

PCGC shall internally scrutinize the claims in the light of information submitted by PFIs to assess any deviation and seek clarification from concerned PFI, if so required. In case the claim is as per the instructions of the PCGC, then reimburse the guaranteed amount within 15 working days after receipt of complete information relating to the claim request.

12. Recoveries

Re-imbursement of guarantee claim shall not obviate PFIs from the right of recovery of the defaulted amount. PFIs shall continue with their regular procedure for recovery of loans. The proportionate share of PCGC in any recovered amount may be deposited with PCGC designated account on quarterly basis. Recovered amount should be deposited by last date of the respective quarter. The status of recovered amount shall be reported to PCGC on quarterly basis, within 10 working days of respective quarter end, through CG-4 (attached as Appendix IV). Any recovery from a delinquent borrower after reimbursement of guarantee claim by PCGC is to be treated as recovery of principal, while the costs incurred on recovery efforts is not to be passed on to the PCGC.

13. Reporting Timelines

PFIs shall be required to submit on quarterly basis, or as and when required, reports of their financing to micro, small & rural enterprises for evaluation of compliance of all the processed cases with the criteria of the PCGC. The following table provides a summary of all quarterly reporting requirements:

Sr. No.	Report Name	Caption	Timeline
1.	Form CG-1	Report of Fresh Guaranteed Loans by PFI	Within 15 working days after respective quarter end
2.	Form CG-2	Report of Existing Guaranteed Loans by PFI	Within 15 working days after respective quarter end
3.	Form CG-3	Claims on Guarantee Fund	Within 15 working days after respective quarter end along with e-CIB report
4.	Form CG-4	Report of Recoveries from Delinquent Guaranteed Borrowers	Reimbursement: By last date of the respective quarter Reporting: Within 10 working days after respective quarter end

Failure to comply with reporting obligations set out herein shall constitute a material breach of the Guarantee Documents and may result in the termination of the relevant Guarantee in accordance with the Guarantee Documents.

The PFI shall ensure the accuracy and completeness of the Reports submitted to the PCGC.

14. Monitoring of the Guaranteed Portfolio

On the basis of the quarterly data reported by PFIs, PCGC will monitor the performance of PFIs viz-a-viz their allocated limits on quarterly basis and more frequently if deemed necessary. Further, to ensure compliance with the objectives of the PCGC and avoid adverse selection problems on part of PFIs, PCGC may review the guaranteed loan portfolios of PFIs. PCGC will pay special attention to the claims lodged by PFIs.

15. Interpretation

If any question/query arises in regard to the interpretation of any of the provisions of the partial credit guarantee business or of any directions or instructions or clarifications given in connection therewith, the decision of PCGC shall be final.

16. PCGC Priority Sectors:

The following are eligible to access credit guarantee facility:

- Start-up SMEs as well as SMEs undertaking expansion or modernization;
- Qualified female entrepreneurs will be given preference to access credit facility
- Economically and financially viable MSMEs.
- Agriculture farm and non-farm borrowers.
- Solar home solutions
- Renewable and energy efficiency
- Any other sector/ business approved by PCGC board / SBP

17. TENTATIVE SPECIAL PRODUCT LINE OF PCGC

Disability-owned Business

Purpose

- This special guarantee program pursues goals to assist the disabled in their social, economic self-reliance and employment opportunities through promoting business stability and growth of disability-owned enterprises as a consequence of expanding financial support.

Lender

- All commercial banks including Islamic banks.

Eligibility

- Certified disabled person from the competent authority and owned business enterprise.

Self-employed Business Program

Purpose

- It is a guarantee support program particularly designed for social stability of the working class people whose credit ratings, incomes, and available collateral are relatively low and therefore experiencing difficulties to access finance.

Lender:

- All commercial banks including Islamic and microfinance banks

Eligibility

- A micro or small individual enterprise including an unregistered business that conforms to any of the following criteria at the current state of applying for a credit guarantee
- Meeting all eligibility criteria of PM Kamyab Jawan Program

18. Potential Benefits of PCGC

Keeping in view successful Credit guarantee Programs launched by South Korea, China, Singapore, India, Malaysia, USA, Germany, France, UK etc. the benefits shall be as follows;

- Increase flow of funds towards SMEs, startup business, export oriented companies, housing sector and less collateral enterprises
- Increase export and business activities
- Increase documentation, financial inclusion and tax collection
- Significant employment generation
- Increase self-sustainability, industrialization and economic growth
- Supporting vision and efforts of GOP, SBP and donor agencies for economic growth and employment generation

19. LIST OF EXCLUDED ACTIVITIES

1. Any business associated with involvement of Child Labor as prescribed by the Labor Laws of Islamic Republic of Pakistan
2. Any business associated with illegal activities[1]
3. Any business associated with dispute between the partnership
4. Business with unclear e-CIB/bad credit History
5. Non-compliant according to Applicable Laws
6. Noncompliance of social and environmental laws

[1] Business Activities restricted by Islamic Republic of Pakistan.

20. FREQUENTLY ASKED QUESTIONS (FAQs)

1. Question: What is the Borrower Eligibility Criteria for the Guarantee Cover?

Answer: The borrowers will be micro and small enterprises and farmers with economic landholding without any specific regional or cluster restrictions, across the country. The borrower shall preferably be a fresh customer; however, an existing borrower can also be extended additional lending facility. PFIs are encouraged to serve collateral-deficient borrowers under CGS and may amend their credit policies for this purpose. The selection criteria for eligible borrowers will include:

a) Regular and estimable positive cash flows to ensure ability of debt servicing;
b) Conformance to Prudential Regulations for SMEs/Agri/Micro Financing;
c) Clean e-CIB record;

2. Question: What is the Risk Sharing parameters / qualification criteria?

Answer: The outstanding portfolios of eligible categories, may qualify for the risk sharing facility. The risk sharing facility would be provided ranges from 50% to 90% based on the Credit Risk Rating of the PFI, determined by the PCGC based on NPL, CAMEL framework and nature of business/ collateral level. Furthermore, compliance to SBP / SECP regulations etc.

3. Question: How will be the Guarantee structure defined?

Answer: PCGC and PFI will sign the Risk Sharing Agreement ("RSA"). RSA would have details pertaining to individual PFI Limit, Credit Guarantee coverage, pricing, tenure and mutually agreed terms and conditions.

4. Question: Are there any considerations on bank Pricing structure for the customers?

Answer: The objective of the PCGC is to reduce the financing cost for the borrower; Although it would be PFI decision to charge the cost of risk sharing to customer. PCGC may impose price cap for special individuals' cases.

5. Question: How will the Loan Limit and Tenure of guarantee with detailed procedure in case the both are not aligned, calculated?

Answer: The maximum loan limit for single borrower would be as per SBP respective prudential Regulations.

6. **Question: What is the Trigger point for loss cover claim along with details of settlement / payment?**

Answer: The loss under the credit guarantee facility is measured under the applicable prudential regulations and the Risk Sharing Agreement shall have all details regarding, the pricing, risk coverage ratio, the reporting expected from PFI, PCGC liability and the payment/ settlement.

7. **Question: How can we apply for Credit Guarantee?**

Answer: The process would have following key steps:

1. Bank/DFI/MFB will be registered as Participating Financial Institution ("PFI");
2. A risk Sharing agreement will be signed between PCGC & PFI;
3. Submission of portfolio to PCGC;
4. PCGC will review the portfolios; and
5. PCGC will issue Credit Guarantee cover to the PFI.

8. **Question: What is the process of payment and recoveries of claims:**

Answer: The Risk Sharing Agreement shall have details regarding the payment and settlement procedure. Furthermore, the RSA shall be singed between PCGC & the respective PFI. Upfront annual fee will be paid in semiannual installments. In case of recovery, quarterly payment will be paid to PCGC. Payment of loss claim will be paid in two weeks' time subject to fulfillment of SBP and PCGC requirements.

9. **Question: Monitoring and pay back requirements etc.**

Answer: The Risk Sharing Agreement ("RSA") shall have details regarding the on-site & off-site monitoring of the portfolio from the PCGC. The detail mechanism regarding reporting shall be embedded in the RSA. However, PFI would be expected to submit quarterly portfolio details for the monitoring of the portfolio and fresh Loans or replacement of Loans can be submitted on monthly basis on the prescribed format.

10. **Question: Any charges that bank or customer will have to pay for said credit cover:**

Answer: The PCGC shall charge nominal annual fee ranges from 0.25% to 1.5% of the outstanding portfolio from the PFI only. Risk based pricing methodology will be followed i.e., Higher the risk coverage applied, then Higher will be pricing subject to other terms and conditions. However, the borrower will not pay any cost or the PFI cannot pass-on the cost of premium to the borrower.

11. **Question: Is SBP product for Special Persons covered?**

Answer: Yes

12. **Question: As per SBP CGS, we have obtained SBP Refinance credit limits along with CGS for Women Entrepreneur & Special Persons. What would be reporting mechanism and please also specify either the not yet disbursed loan is eligible for Credit Guarantee:**

Answer: A borrower availing refinance facility under the any SBP scheme may also
Obtain a Credit Guarantee Facility for the same loan and vice-versa.

Furthermore, in such cases, the mark-up rate applicable under the refinance scheme shall prevails. The outstanding portfolio and the new loans are eligible for Credit Guarantee. However, not disbursed loan may not be eligible for the Credit Guarantee Cover.

13. **Question: Is the partial credit guarantee available only for clean / collateral less loans or will it also cover partly-collateralized and collateral deficient loans as well? There are many cases where, although collateral is available, but it does not meet the bank's acceptance parameters due to legal other reasons.**

Answer: **Fresh/ New** Borrowers Which are not availing any facility currently, or have not previously availed any financing facility from formal sources.

Collateral Deficient Borrowers which are availing financing facility from a bank currently, but are unable to get additional financing due to lack/or deficiency of Collaterals.

Therefore, partial credit guarantee facility is available for all types of borrowers. However, any business or borrower having any legal issues would not qualify for the credit guarantee coverage regardless of collateral level.

14. **Question: Can different coverage ratios be considered for different loan categories (by type of borrower or by size of loan)?**

Answer: No, initially the PCGC is providing risk sharing services on portfolio basis; although different segment of the loan i.e., SME, Agriculture etc. may have different risk coverage ratios.

15. **Question: What is the borrower selection criteria, if any, by PCGC in SME, Agri, and Women Entrepreneurs?**

Answer: The PFI shall follow the SBP relevant Prudential Regulations the scope of Credit Guarantee facility and the PFI credit policies shall be followed for the borrower selection criteria. The RSA shall have details regarding the general guidelines for the borrower selection criteria.

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Pakistan Credit Guarantee Company Limited

Credit Guarantee for Small and Rural Enterprises

Quarterly Report of Fresh Guaranteed Loans by the PFI

Form CG-1

Name of the PFI:
Report for the Period:

Customer Identification Number (CIN)	Name of the Customer	CNIC of the Customer/NTN for firms	Customer Category	Business Sector of the Customer	Amount Sanctioned	Mark-up rate	Sanction Date	Expiry Date	Outstanding Amount of loan as on reporting date	Guarantee Share of the Sanctioned Amount	Amount of Fresh Guarantees Requested	Gender of the Borrower / Key Sponsor	District of the Borrower	Relationship with PFI	Urban / Rural	Ownership Structure	Annual Sales Turnover (In Rs.)	No. of Employees	Land Holding (In Acres)	Value of Collateral	Lending Type
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22

1 - The PFI has carried out its internal due diligence of all of the above-mentioned accounts individually and ensured that the loans under the guarantee portfolio are eligible as per the PFI' s own risk assessment criteria.
2 - The clients are eligible as per the instructions of the Guarantee Facility
3 - The PFI acknowledges that only the principal amount is guaranteed under the facility.
4 - The bank has assessed repayment capacity of borrower based on its cash flows

Authorized Signatory

Signature:

Name:

Designation:

Authorized Signatory

Signature:

Name:

Designation:

S. No.	Notes & Definitions
1	Each PFI shall issue a unique Customer Identification Number to each fresh client in the form of "PFI - (Six digit successive number of the customer)-(three Digit Loan Number of Customer" i.e. ABC Bank Limited may issue ABC-000025-005 for 5th loan given to its 25th customer under the guarantee scheme.
2	Name of the customer=Text Field
3	13 digit CNIC No
4	Customer Category=Agri/Small Enterprise/Micro Enterprise
5	Business Sector of the customer
6	Sanctioned Amount should not exceed applicable limits for each category
7	Mark up rate to be in absolute numbers: e.g. 13.5%, 15% ,
8	Sanction date of loan shall be in proper date format : e.g June 01, 2014
9	Expiry Date of Loan should be in proper date format: e.g. June 07, 2015
10	The sanctioned Loans of the banks which have already been reported and given guarantee cover shall be reported separately in Form CG-2. The status of earlier guaranteed loans shall not be given in this report.
11	The sanctioned loan is guaranteed up-to 90% of the sanctioned amount, however; at any given point in time, PCGC Guarantee shall be available to the extent of guaranteed %age of the outstanding principal amount.
12	Fresh guarantee request amount is calculated by multiplying % share of guarantee and sanctioned amount. The request of the fresh guarantee limits shall in no case exceed allocated guarantee limit.
13	Gender: Mention the gender of the individual in case of Sole Proprietorship or Farmer. In case of Sole Proprietorship with more than 1 sponsor, mention gender of the key sponsor
14	Value should be district and not town/tehsils etc
15	Relationship with PFI= New or Existing Customer
16	Urban or Rural: The borrowers located within the jurisdiction of the district city are considered as urban whereas others included outside of urban city are considered as rural
17	Ownership Structure: include Sole Proprietorship, Partnership, Private Company etc
18	Provide Annual sales turnover of the borrower in plain figures, (not in millions) Limit for SE=150 million
19	Input No. of employees. (Limit for Small Enterprise=50, For Micro Enterprise=10)
20	Landholding in Acres (Limits for KPK + Punjab= 50 Acre & Baluchistan +Sindh=64 Acre)
21	Collateral: The FSV of all Assets / Guarantee B44 used as security for lending is used as Value of Collateral. Clean facilities are those which have no asset / guarantee (other than Personal Guarantee or Credit Guarantee under this scheme).
22	Lending type= General Lending/Sector Specific Lending

Pakistan Credit Guarantee Company Limited	
Credit Guarantee for Small and Rural Enterprises	
Quarterly Report of Existing Guaranteed loans by the PFI	
Form CG-2	
Name of the PFI:	
Report for the Period:	

Customer Identification Number (CIN)	Outstanding Amount as on reporting date	Guarantee Share of the Outstanding loan	Amount of Guarantee Outstanding	Days Past Due (DPD)	Remarks (If Any)
			=Guarantee Share **x** Outstanding Amount		
Total					

Authorized Signatory

Signature:

Name:

Designation:

Authorized Signatory

Signature:

Name:

Designation:

Pakistan Credit Guarantee Company Limited									Form CG-3
Credit Guarantee for Small and Rural Enterprises									
Quarterly Claim on Guaranteed Fund									
Name of the PFI:									
Date of Claim:									
S No.	**Customer Identification Number (CIN)**	**Customers CNIC #**	**Outstanding Loan Amount (Principal)**	**Original Loan Amount**	**Outstanding Guaranteed Amount**	**Last Payment Amount**	**NPL Category on date of Claim**	**Possible Reasons of Delinquency with Documentary evidence if any**	**Details of administrative actions. including restructuring and legal actions taken by PFI to rectify delinquency**

Notes: The bank will have the right to lodge claim on credit guarantee fund after an account fails under the "Loss" category of NPLs as per the PRs

Authorized Signatory

Signature:

Name:

Designation:

Authorized Signatory

Signature:

Name:

Designation:

Pakistan Credit Guarantee Company Limited
Credit Guarantee for Small and Rural Enterprises
Report of Recoveries from Delinquent Guaranteed Borrowers
Form CG-4
Name of the PFI:
Report for the Period:

Customer Identification Number (CIN)	Recovery Date	Original Loan Amount	Amount Recovered	% share of Guarantee in Recovered Amount	Guarantee Amount Refunded	Date of Transfer of funds to PCGC A/c
				Recovered Loan Amount x '%age Guarantee Share (already conveyed to PCGC through CG-1)		

Notes: The costs incurred on recovery efforts is to be borne by the concerned bank.

For loans guaranteed under the facility, any recovery by a PFI from a delinquent customer shall be accounted towards the recovery of the principle (not mark-up) till the time that full principal amount is recovered.

Authorized Signatory

Signature:

Name:

Designation:

Authorized Signatory

Signature:

Name:

Designation:

www.pcgc.com.pk

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Guarantee Company

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