Pakistan
Microfinance Network
Achieving Together

PAKISTAN MICROFINANCE REVIEW 2021

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Abbreviations

API	Application Performing Interface
SECP	Securities and Exchange Commission of Pakistan
SBP	State Bank of Pakistan
PMIC	Pakistan Microfinance Investment Company Ltd
PMRC	Pakistan Mortgage Refinancing Company Ltd
SME	Small and Medium Enterprise
NBMFC	Non-Banking Microfinance Company
MFP	Microfinance Provider
MFI	Microfinance Institution
MFB	Microfinance Bank
KYC	Know Your Customer
CDD	Customer Due Diligence
AML	Anti-Money Laundering
CFT	Counter Terrorist Financing
ICAP	Institute of Chartered Accountants of Pakistan
FLGF	First-Loss Guarantee Facility
PPTFC	Private Placed Term Finance Certificate
MFCG	Microfinance Credit Guarantee
OSS	Operational Self Sufficiency
FSS	Financial Self Sufficiency
PAR	Portfolio at Risk
CAR	Capital Adequacy Ratio
MoF	Ministry of Finance
A2F	Access to Finance
GoP	Government of Pakistan

Highlights

YEAR	2021	2020	2019	2018	2017
Active	8.0	7.0	7.4	6.7	5.5
Borrowers (in					
millions)	372	319	302	256	196
Gross Loan					
Portfolio					
(PKR billions)	3.5	3.4	3.8	3.5	2.7
Active Women					
Borrowers					
(in millions)	3,667	3,722	3,802	4,102	3,533
Branches	41,384	44,57	46,163	42,048	36,053
Total Staff	704	3	493	427	330
Total Assets		617			
(PKR billions)	401		266	239	186
Deposits		373			
(PKR billions)	163		105	90	74
Total Debt		117			
(PKR billions)	123		111	89	66
Total Revenue		111			
(PKR billions)	97		97	119	125
OSS		100			
(percentage)	95		95	109	122
FSS		99			
(percentage)	4.8		3.9	1.6	0.5
PAR > 30		3.2			
(percentage)					

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Section 1
The Year in Review

Financial Year 2021 was another challenging year for the economy and the microfinance industry as the recovery from the first and second waves was in progress while the third wave added more obstacles to the road of recovery. Pakistan, like other countries, was threatened by the third wave of the Global Pandemic, Covid-19. However, effective and timely measures led to a V-shaped recovery of the economy.

While the threat of Covid-19 was still prevailing over the head of the Global Economy, Policy makers and regulators in Pakistan were persistent in keeping the policy rate to 7 percent to facilitate economic activities for MFPs and their clients. In addition to this, keeping in mind the Covid-19 impact, regulators provided an extension for one more year to defer and reschedule loans for clients' facing problems in repaying their borrowed credits. Similar extensions were provided in the area of reporting and compliance where the implementation of IFRS 9 was delayed for NBMFCs which otherwise would have added financial and non-financial difficulties for the microfinance sector.

On the other side, the concept of smart lockdown was implemented by the government dvuring the second wave and more efficiently in the third wave which allowed breathing room for MFPs to operate and reach their existing and potential clients as operations were allowed to be resumed under certain SOPs which were very strictly adhered to.

As the crisis proved to be a catalyst for digitization and automation in FY 2020 and several steps were taken on the funding side including setting up guarantee funds and social impact funds, the impact of Covid-19 led to the realization of technology as an important element for the effective and efficient outreach to the clients. Hence, FY 2021 was a transitioning year where the majority MFPs started to integrate into their operations as well.

1.1 MACRO-ECONOMY & THE MICROFINANCE INDUSTRY

Despite the third wave of Covid-19 and a prediction of 2.1 percent GDP Growth, the economy surpassed the target, closing the growth at 3.9 percent in FY 2021. (Table 1). While Covid-19 impact and the restrictions that came along had repercussions on the interest rate and inflation rate as both components closed at 10.75 percent and 12.30 percent. Agriculture, manufacturing, and Services sectors successfully reached the projected growth.

On the Fiscal front, revenues from taxes experienced a significant increase of 18 percent which had a major role in reducing the current, fiscal, and primary balances affected. The current account deficit fell to a 10-year low which led to a reduction in Gross Public Debt and Primary balance.

In addition to this, the interest rates were stagnant for three quarters which were subjected to Covid-19 and the smart lockdown, keeping in view the stress on profitability due to limited operational movements and the liquidity requirements for the sustenance of business operations.

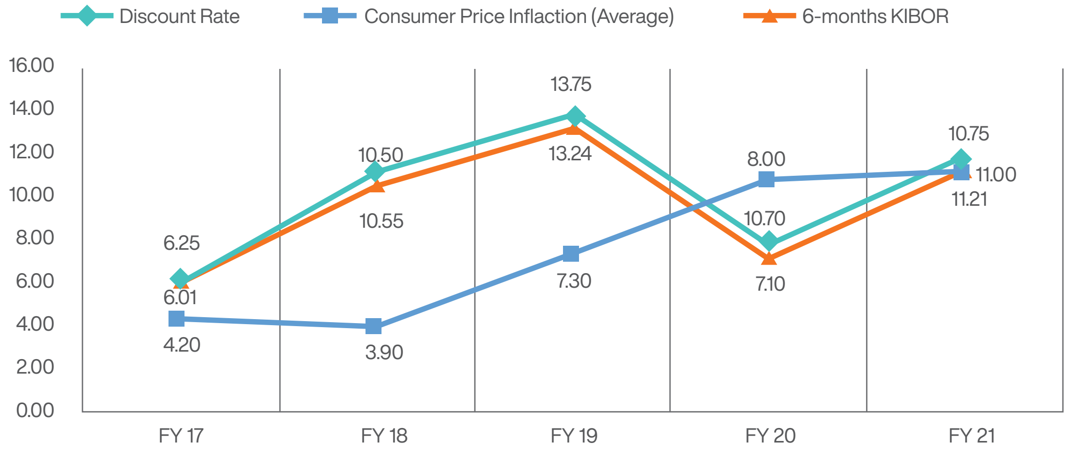
Following the impact of Covid-19 in FY 2020, policymakers and regulators anticipated a recovery trend. Nevertheless, the trend was anticipated with pessimism as targets were projected with a skeptical approach. However, the actual growth surpassed targets in every indicator. While the agriculture projected growth and actual growth were the same, the manufacturing sector's actual growth was 3.6 percent (Projected: 0.1 Percent) the and Services Sector's actual growth was 4.4 percent (Projected: 2.6 percent). Though target-based incentives were one of the major contributors to the growth, policies like minimum support price (MSP) of wheat increased significantly, the availability of input equipment was subsidized, the reduction of tariffs on imported raw materials, and the elimination of peak-hour electricity tariff rates resulted in decreased cost of productions, particularly export-oriented operations led to a meeting and crossing the targets. Furthermore, the expedited processing of GST refunds had additional positive effects on the export sector. The government extended the deadlines for claiming benefits under the amnesty scheme to June 2021 to encourage construction, while the SBP was implemented.

Table 1.1: Selected Macroeconomic Indicators

Macroeconomic Indicators	FY 19	FY 20	FY 21	
			Target	Actual
	Percent Growth			
Real GDP	1.9	-0.4	2.1	3.9
Agriculture	0.6	3.3	2.8	2.8
Industry	-2.3	-3.8	0.1	3.6
Services	3.8	-0.6	2.6	4.4
Private Sector Credit	11.6		N/A	11.2
National Consumer Price Index	6.8	10.7	5-7	8.0
Exports	-1.1	-7.1	1.5	13.7
Imports	-9.9	-15.9	1.1	23.3
Exchange Rate	-24.1	-4.8	N/A	6.7
	Percent of GDP			
Current Account Balance	-4.8	-1.7	-1.6	-0.6
Primary Balance	-3.6	-1.8	-0.5	-1.4
Fiscal Balance	-9.1	-8.1	-9.2	-7.1
Gross Public Debt	86.1	87.6	N/A	83.5

Source: State of Pakistan's Economy 2021

Exhibit 1.11: Historic Trend in Macroeconomic Indicators

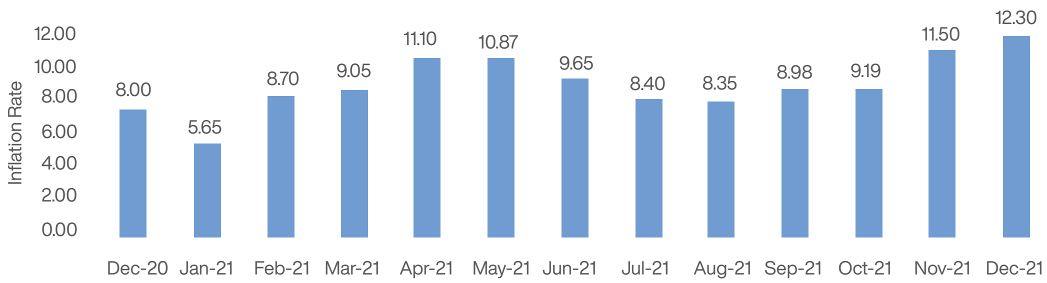


FINANCIAL YEAR

The beginning of the year also witnessed an increase in inflation compared to the prior year. Consumer Price Index (CPI), stood at 11 percent compared to 8 percent in December 2020 (Figure 1.2). This was primarily driven by higher food prices, particularly essential commodities such as Wheat and Flour, Pulses, Sugar, Gur, and Edible oil. While the government made efforts to contain the prices of food commodities, the ease in lockdown led to stimulation of the economic activities which contributed to the increase in these indicators

The landscape of macroeconomic variables presents a trend in line with the overall GDP growth. The inflation has experienced volatility during FY 2021 and closing at 12.30 – an increase of 4.30 percent from FY 2020 – While policymakers and regulators absorbed the inflationary pressure and maintained CPI at 8.9 percent till June 2021, the impact of power tariffs, an uptick in fuel prices and the deterioration of exchange rate ultimately forced the inflation to increase and closing the consumer Price Index to 11 percent in December 2021. **(Exhibit 1.11 and 1.12)**

Exhibit 1.12: Monthly Trend in Inflation Rate

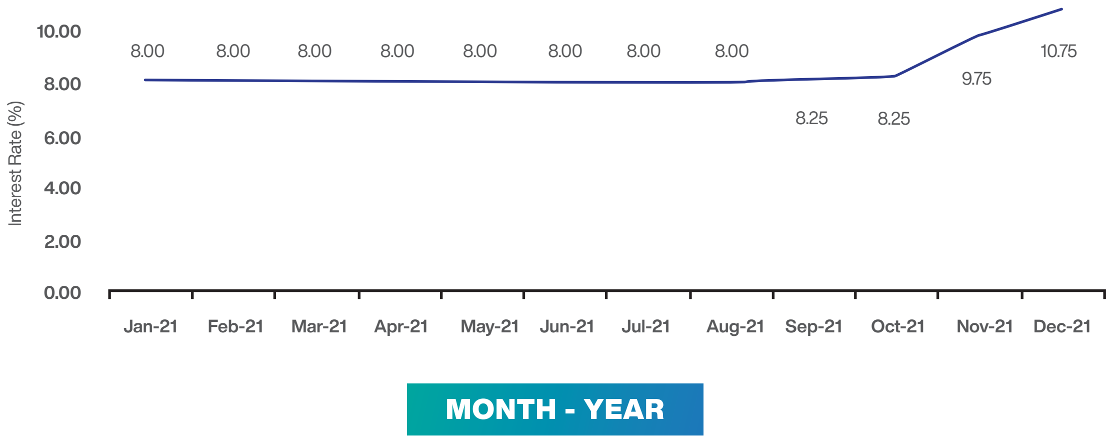


MONTH - YEAR

Inflation Rate

The recovery from two waves of Covid-19 in FY 2020 and the predicted consequences from the upcoming third wave led SBP to put the ceiling over the interest for three quarters. Hence the interest rate has been stagnant at 8 percent as shown in **Exhibit 1.3.** While keeping in context, the Covid-19 impact, SBP also took various measures to provide a room the for-microfinance sector to operate without facing the risk of solvency. These measures include an increase in loan limits, cuts in the policy rate and principal, deferments, and Loan Rescheduling. However, as the economy was transitioning to the normal course of action. After maintaining the policy rate at 7 percent during all MPC meetings held in FY2021, SBP began to tighten its monetary policy stance in September 2021. Due to a rebound in domestic demand, increased commodity prices, and ongoing inflationary pressures, Pakistan's monetary policy changed course in Q4, 2021 in line with the country's evolving economic outlook. As a result, during three consecutive monetary policy decisions, the policy rate rose by a total of 275 basis points to 9.75 percent. As a result, the MPC increased the policy rate by 250 basis points at an unscheduled meeting on April 7, 2022. The MPC believed that by taking this measure, the external sector and price stability would be protected.

Exhibit 1.13: Monthly Trend in Interest Rate



Due to the success of the pandemic containment measures during the first wave, second wave, and third wave, the economy continued on the track of a V-shaped recovery during FY 2021 journey. Though skeptical target projections hinted at the element of growth and with appropriate regulatory policies linear recovery was seen in the agriculture sector, while improvement in the services sector and industrial output was exponential. **(Table 1.1)**

The FY 2021 witnessed swift measurements taken from the government and SBP which resulted in effective and efficient management during the Global Pandemic time. The economy has been steadily progressing towards a more sustainable and inclusive growth path. The performance in the agriculture, LSM, construction and export sector were among the key success stories. The rupee was stable and foreign exchange reserves (SBP and commercial) reached $ 23.2 billion (as of 3rd June 2021), The business confidence returned and economic activity started to return to normal course.

The FY saw improvements in the Current Account of the country as the fiscal deficit fell by 78 percent despite plummeting economic activity which significantly hindered tax revenue growth during the first half of the year. The year witnessed the deficit improve to USD 2.966 billion as compared to USD 13.434 billion in the previous fiscal year, whereas the current account remained in surplus for five consecutive months from July 2020 onwards. The Central Bank accredited this advancement to an improved trade balance and sustainable inflows in remittances. This improvement in the current account in tandem with greater financial inflows also led to the increase in the SBP's reserves to the highest they have been in the last three years.

FY 2020 was a challenging year for the Microfinance industry. However, FY 2021 proved to be a recovery period for the microfinance sector. In terms of Micro Credit, the number of active borrowers experienced an increase of 16 percent while Gross Loan Portfolio experienced an increase of 21 percent closing the active borrowers base at 8.12 million borrowers (2020: 7 million) and Gross Loan Portfolio at 392,585 million PKR (324,155 million PKR). Indicators of micro-savings presented a similar trend, an increase of 23 percent was witnessed in the savers base while a 13 percent increase was observed in Savings value, clocking the savers base at 78 million (2020: 64 million) and savings values at 422 million PKR (374 million: PKR). The landscape of micro-insurance was no exception either. An increase of 16 percent was experienced in the Policyholders base, closing the figure at 8.4 million (2020: 7.3 million) and sum insurance closed at a value of 324,201 million PKR (2020: 244,650 million PKR). **(Table 1.12).**

Table 1.12: Growth in Microfinance Outreach[2]

Outreach Indicators	Micro-Credit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (PKR Million)	Active Savers	Value (PKR Million)	Policy Holders	Sum Insured (PKR Million)
Q4 2020	7,005,885	324,155	64,112,657	374,362	7,324,379	244,650
Q1 2021	7,591,130	340,473	67,442,325	372,572	7,652,045	261,976
Q2 2021	8,031,941	355,700	70,314,180	379,023	8,514,016	315,807
Q3 2021	8,209,632	367,790	72,524,715	386,524	8,498,506	324,201
Q4 2021	8,122,085	392,585	78,731,952	422,547	8,498,506	324,201

The middle class and those at the bottom of the pyramid are the groups most susceptible to lockdowns, as revealed in FY 2020, and a sizable proportion of borrowers were still having trouble meeting their debt commitments. Additionally lacking a lender of last resort, NBMFCs continued to be more susceptible to changes in liquidity levels. Additionally, these organizations had to deal with domestic banks which were unsure about their loan lines and not willing to extend their credit lines due to an increase in perceived risk related to the microfinance industry. Furthermore, with Covid-19 third wave and its unclear effects created uncertainty in the first part of FY 2021, several steps at the policy level were undertaken by the regulators, and policymakers gave operational space for the microfinance sectors. The Government of Punjab (GOP) and State Bank Pakistan (SBP) nevertheless collaborated to promote weaker groupings. SBP continued to be proactive in addressing new challenges by actively involving the microfinance sector and introducing policies that increased loan limits, relaxed the Covid-19 Relief Portfolio, which includes DRP Loans classified as past due by 60 days rather than 30 days, reversed interest/profit/markup/services charges that had already been suspended for an extended period, promoted micro-housing and enterprise financing, and encouraged branchless banking.

POLICY AND REGULATORY REVIEW

REGULATORY RELIEF BY SBP FOR MFBS

Keeping in view the continuation of Covid 19 in FY 2021, SBP provide regulatory relief to the MFBs in December 2021, by issuing a circular . This circular was in continuation to circulars 01, 04, and 07 issued in 2020. To mitigate the adverse effects of Covid 19 on their clients, MFBs deferred/restructured their outstanding loans with them.

This circular allowed MFBs to extend relief to the affected clients by relaxing the provisioning and classification of the asset criteria for the deferred and restructured portfolio. This relaxation had been extended till March 31, 2022. The provisioning requirements and asset classification criteria have been relaxed. **(Table 1.21)**

Table 1.21: Growth in Microfinance Outreach

CATEGORY	Determinant (Existing)	Determinant (DRP)
Other Assets Especially Mentioned (OEM)	Loans (principal/mark-up) are overdue for 30 days or more but less than 60 days	Loans (principal/mark-up) are overdue for 60 days or more but less than 90 days
Substandard	Loans (principal/mark-up) are overdue for 60 days or more but less than 90 days	Loans (principal/mark-up) are overdue for 90 days or more but less than 120 days
Doubtful	Loans (principal/mark-up) are overdue for 90 days or more but less than 180 days	Loans (principal/mark-up) are overdue for 120 days or more but less than 210 days
Loss	Loans (principal/mark-up) are overdue for 180 days or more	Loans (principal/mark-up) are overdue for 210 days or more

This relaxation will not only facilitate the clients and reduce the impact of Covid 19 but also, allow MFBs to smoothen future losses due to delinquencies. Similarly, the application of IFRS 9 on MFBs has been declined to minimize the impact of Covid 19.

NEW REGULATORY REQUIREMENTS FOR NBMFCS

In the year 2021 SECP introduced several new regulatory requirements for NBMFCs. These requirements covered areas of risk management, funding & liquidity management, credit underwriting, and corporate governance.

The risk management requirements were applied to NBMFCs having a Gross Loan Portfolio of over PKR 500 million. The entities are required to have a comprehensive risk framework duly approved by their boards. Moreover, the risk management framework needs to cover all risks and not just be restricted to credit risk only. In addition, contingency planning for various stress situations needs to be developed and reviewed regularly.

Secondly, NBMFCs were required to have a funding and liquidity management framework with an aim to have diverse sources of funding to remain sustainable and meet their double bottom-line objective. Through this amendment, NBMFCs have not only been encouraged to diversify their funding sources but also use diverse financial instruments to meet their funding needs. Importantly, a single lender borrower limit has been imposed ranging between 60 percent to 75 percent depending upon their debt-to-equity ratio. While the CAR limit has not been imposed on NBMFCs so far but from these regulatory changes, it appears we are heading toward its imposition in the future. Also, the changes require the creation of a special reserve fund by NBMFCs require where at least 5 percent of the after-tax profits shall be credited and reported as a separate head in the statement of financial position as part of the equity.

Thirdly, the NBMFCs board shall establish and oversee a loan underwriting policy aligned with its risk governance framework, its risk tolerances and limits, and its overall risk appetite and strategy, and the policy shall be reviewed by the board periodically. Entities shall have written manuals and policies about the screening, approval, monitoring, and collection of loans. In addition, NBMFCs have been asked to develop know-your-customer (KYC), Customer Due Diligence (CDD), and AML/CFT policies.

Lastly, a code of corporate governance for NBMFCs has been introduced which prescribes having independent and women directors on the board, disclosures on conflict of interest, directors training, and frequency of meetings. Sub-committees of the board dealing with Audit, Human Resources & Remuneration, and risk management need to be formed. Special emphasis has been made on having an internal audit function for the NBMFCs. Moreover, external auditors for NBMFCs should be appointed having satisfactory ratings on the Quality Control Review program of ICAP.

These amendments in the regulations are among the most comprehensive issued by SECP since the nonbank microfinance entities were brought under the regulatory umbrella in 2015. It is reflective of the fact that entities are expanding and growing and there is a need to formalize their risk management, credit underwriting standards, and corporate governance. All these steps are essential for NBMFCs to scale up their operations. While in essence, diversifying funding sources and using multiple instruments to raise funds by NBMFCs is a welcome step, however, in practice it will be difficult for mid and smaller-sized entities as raising debt from local commercial lenders except for PMIC remains a challenge. Extension on the application of the amendment on a case-to-case basis in tandem with SECP efforts to encourage commercial lending to NBMFCs can see these entities successfully diversify their funding sources.

INDUSTRY INITIATIVES

Covid-19, with its multiple waves, had continued to make headlines and pose challenges for the microfinance sector of Pakistan during the year 2021. The economic turmoil also badly impacted the end clients as well as the Microfinance Providers in the country. In the face of these challenges, the Pakistan Microfinance Investment Company – PMIC had continued to play a leading role as an apex for the microfinance sector and extended unwavering support to its borrowers (MFPs) as well as the overall microfinance sector. During the year, the credit disbursements from PMIC to borrowing institutions were utilized to serve around 720,000 microfinance clients, of which 85% were women. 65% of the portfolio at year-end was outstanding in rural areas, which is in line with PMIC's objective to serve those in marginalized areas and enhance development outcomes. PMIC's model of financing is in line with its vision to enhance employment and income-generating opportunities as almost 31% of the portfolio was dedicated to trade/manufacturing and production purposes, while exposures in agriculture and livestock aggregated at 33%. Loans to the services sector stood at 17% at year-end while 3.2% of the portfolio was deployed in Education, Renewable Energy, Housing, and Consumer loans.

PMIC was able to maintain the entity rating at "AA/A-1+" and successfully raised funds from commercial banks during 2021, closing the year at Rs. 11.3 billion of commercial borrowings. PMIC, as the lead advisor and arranger, completed PKR 3.5 billion Privately Placed Term Finance Certificate (PPTFC) transaction - under its Social Impact Fund - for U Microfinance Bank. Furthermore, PMIC introduced its "First Loss Guarantee Facility" ("FLGF") to incentivize commercial funding into the microfinance sector. With the eclipse of the PPAF PRISM facility and SBP's Microfinance Credit Guarantee (MFCG) under the Financial Inclusion Program, a need was felt for such a guarantee facility to assist mid-tier entities to borrow commercially.

PMIC continued to deploy innovative initiatives to achieve its triple bottom-line mandate. In this regard, PMIC launched its first-ever Challenge Fund-CF under the thematic area of "Accelerating Access to Finance and Increasing Income of Small Farmers". The CF would offer a competitive environment to participating organizations in deploying innovative product verticals and business models for end clients. Further, PMIC successfully launched its "New Institutional Development Fund", with more lenient eligibility criteria to attract PMIC financing to support new entrants in the microfinance sector.

PMIC KfW Renewable Energy Initiative – PRIME had also continued to provide financing for access to solar home solutions to clients residing in off-grid and poor grid areas of Pakistan. PMIC had also launched a digital application-based livestock microinsurance pilot in collaboration with Asia Insurance and three MFIs. Opportunity International and PMIC also agreed to scale up the initiative to improve the quality of education in the country by financing low-cost private schools and building the capacity of school teachers in pedagogical skills and owners in school management.

The microfinance sector is expected to grow exponentially in the year 2022, especially with increased vaccination of individuals across Pakistan, risk of covid-19 related lockdowns remains low and business as normal has returned. The client appetite for financing from MFPs is expected to rise as they require capital to rebuild their livelihood means. However, financial institutions should remain privy to higher credit risk, especially on account of increased inflationary pressures on end clients due to economic turmoil in the country - which will impact the repayment capacity of clients. PMIC will continue to play its role as a sector developer and meet the financing needs of MFPs, with support from its shareholders, commercial banks, and other financial institutions in the country. PMIC, in collaboration with regulators, will continue to help the sector grow, both in terms of clients as well as loan books, and help MFPS to expand outreach of microfinance operations in marginalized areas of the country. PMIC and PMN collaboration will remain instrumental in helping MFPs embrace best practices from the global microfinance landscape and enable them to tackle challenges faced in achieving growth in a risk-averse manner.

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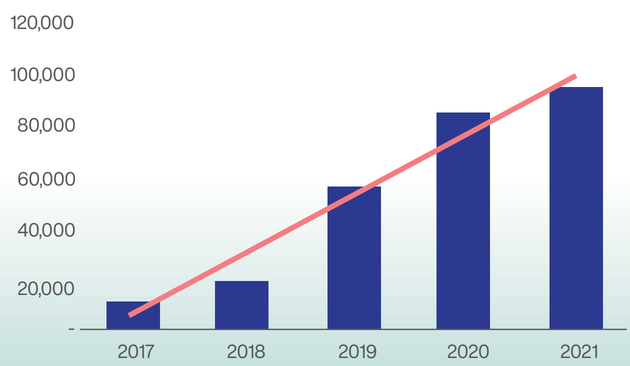
PMIC launched its first-ever Challenge Fund-CF under the thematic area of "Accelerating Access to Finance and Increasing Income of Small Farmers". At a time, when lending to the Agri sector is decreasing in the microfinance sector this challenge fund, can arrest this decrease and introduce new products to promote lending to this segment. Further, PMIC successfully launched its "New Institutional Development Fund", with more lenient eligibility criteria to attract PMIC financing to support new entrants in the microfinance sector. With a potential market of over 40 million clients and active microfinance providers being around 40, new entrants can accelerate financial inclusion in the economy.

MICROFINANCE INDUSTRY & AFFORDABLE HOUSING

In order to address the challenge of the chronic housing shortage in the country and secondly, to boost the economy given the importance of the construction industry, an ambitious housing subsidy program was launched by the government of Pakistan under the banner of "Mere Ghar Mera Pakistan" and creation of Naya Pakistan Housing & Development Authority (NAPHDA). SBP followed this up by giving indicative housing targets for commercial banks.

The emphasis on low-cost housing came at a time when microfinance entities in Pakistan were looking towards diversifying their asset bases. Tier 0 housing loans were created keeping in view the MFBs with a limit of PKR 2 million. Microfinance players built up

Exhibit 1.32: Housing Borrowers in Microfinance Industry



"Mere Ghar Mera Pakistan"

their capacities and introduced housing loan products for the clientage. To refinance the loans keeping in view their longer tenors, refinance lines from Pakistan Mortgage Refinance Company (PMRC) were obtained. Up to 12 lines amounting to PKR 5.15 billion were disbursed to MFBs and NBMFCs. Due to these efforts, housing loans extended by the industry closed at 93 thousand **(Exhibit 1.3.2).** Going forward, low-cost housing finance has the potential to become an integral part of the product offerings of the microfinance industry.

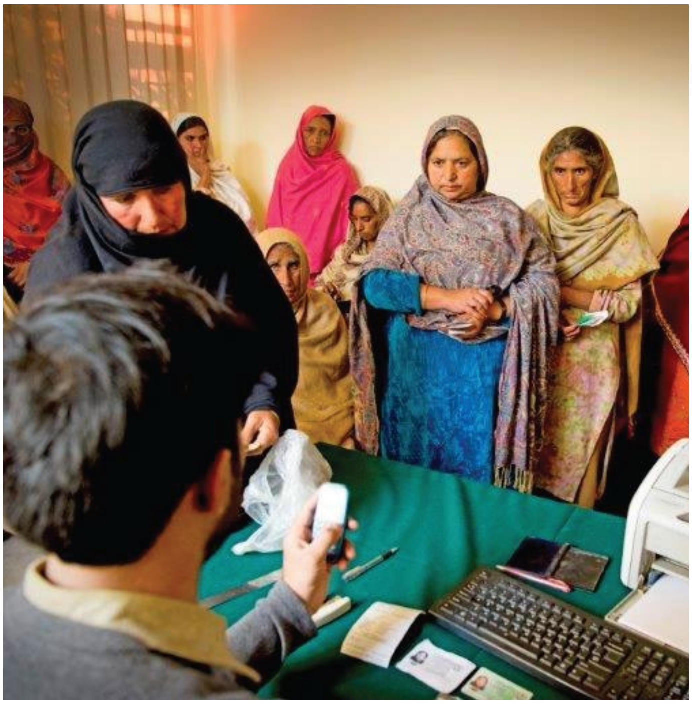
BANKING ON EQUALITY

Women in Pakistan are disproportionately underserved by the financial system of Pakistan. To achieve greater financial inclusion, it is pertinent to include men and women equally. Women represent 49% of the Pakistani population and the country cannot grow economically without them. According to the World Bank's global demand side survey Findex, as of 2021, 21% of adults have a formal financial account, increasing from 13% in 2014. Whereas, female accounts have increased to 13.5% from 7% in 2017.

The State Bank of Pakistan (SBP) has proposed policies identifying five pillars that will promote institutional diversity, product diversification and development capability, customer acquisition, and facilitation by emphasizing the provision of facilities to women. The SBP has further stressed the importance of the collection of disaggregated data for the distinction and identification of the imbalance in the inclusion of both sexes in the financial sector. Although gender-neutral policies have been in place in the financial sector they have proved to be insufficient in reducing the gender gap. Gender mainstreaming should be the main priority of policymakers as it will allow them to see through the gender lens and have a specialized gender focus on the issue.

To promote the role of women in the workforce it is very important to address the internal gender imbalance. Women in top leadership roles at financial organizations will assist policymakers in developing women-friendly policies with practical knowledge from within the field. Currently, 13% of the banking staff and 1% of the branchless banking agents are women. We can improve gender diversity by increasing the number of women champions at customer touchpoints. These women champions will have to take gender sensitivity training apart from being well versed with the bank products and government and SBP schemes to assist women entrepreneurs and customers. The SBP aims to implement such resources in at least 75% of the touchpoints. It will also be ensured that female labor force participation is increased to 20% by 2024 to further promote the agenda of gender diversity. Although it is mandatory for the institutions to have at least one woman on their board, there are gaps in implementation. Therefore, through this policy, the importance and implementation will be reiterated.
To focus on gender-inclusive design, it is imperative to have dedicated teams working on gendersegmented product design by keeping in mind the importance of the existing social norms and marketing the products accordingly. To promote these products, financial institutions will collaborate with organizations and trade bodies. This will help them in achieving their set targets for savings and credit products for women. Furthermore, creating a separate tab for women's financial services on the FI's website will also increase the reach of the desired products among potential women customers.

The dearth of gender-disaggregated data further impedes the development of informed policies and actions for reducing the financial gender gap. Under this policy, SBP will instruct financial institutions to collect and report gender-disaggregated data focusing on the dissemination of products and services to women. Additionally, SBP will also have in-house research done on gender and thus develop tools for impact assessment in reducing the gender gap.



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The fifth pillar of the policy initiative comprises setting up a policy forum on gender and finance. The forum will not only discuss the drivers and barriers to women's financial inclusion but will also act as a catalyst for internalizing gender mainstreaming within the organizations. This forum will be chaired by Governor SBP and include members from Banks, DFIs, MFBs, SECP, women's chamber of commerce, civil society, 15 private sector, gender leaders, etc. Annual conferences will also be held in this regard for knowledge sharing and supporting women's financial inclusion.

Apart from all these initiatives, it is pertinent to understand that social norms inhibit overall financial inclusion as the root cause goes beyond providing access. Nonetheless, gender blind practices continue to increase the gaps, despite the advancement in technology. Implementing the proposed policies will incorporate different gender perspectives and thus aims to advance women's financial inclusion in Pakistan.

1.4 CONCLUSION

The year saw the microfinance industry another year of the Covid 19, however, the launch of covid vaccinations and the success of the government strategy of smart lockdowns showing results saw the industry eyeing a return to normalcy. The macroeconomic condition remained conducive with inflationand interest rising steadily. The central bank continued with an accommodative monetary policy.

On the policy, side saw SBP continued to facilitate the MFBs by providing them relief in the classification of assets and provisioning. Similarly, the application of the IFRS 9 was delayed by a year by both SECP and SBP to mitigate the effect of its application on MFPs during the Covid crisis. SECP rolled out acomprehensive set of regulations focusing on governance, risk management, credit risk, and liquidity management for the NBMFCs. These were the most detailed set of regulations for NBMFCs since they were under the regulatory umbrella of SECP in 2015. This moves signals more formalization of the NBMFCs by the regulator.

Several initiatives were launched by PMIC, SBP, and members in the year. PMIC continued to be the main source of commercial debt for the sector. In addition, it did its first transaction under the Social Impact Fund by issuing privately placed bonds. To promote commercial lending to the sector, PMIC launched its First loss guarantee fund in the year. Keeping in view the focus on the housing sector by the government, several players have entered the affordable housing market and borrowed from the PMRC. The year also saw SBP making a concentrated effort to improve women's access to finance by launching Banking on Equality Policy with targets for the entire financial sector.

Overall, the sector fared well than in previous years and successfully negotiated the Covid crisis.

Section 2
Financial Performance Review

This section provides a detailed analysis of the financial performance of the Microfinance sector of Pakistan in the fiscal year 2021. The performance has been evaluated at three different levels: industrywise, across peer groups, and institution-wise. 88 financial metrics derived from the reporting organization's audited financial statements provide support for the study. The indicators are compared across time – horizontal – and regions to develop a reliable and fair assessment of the sector.

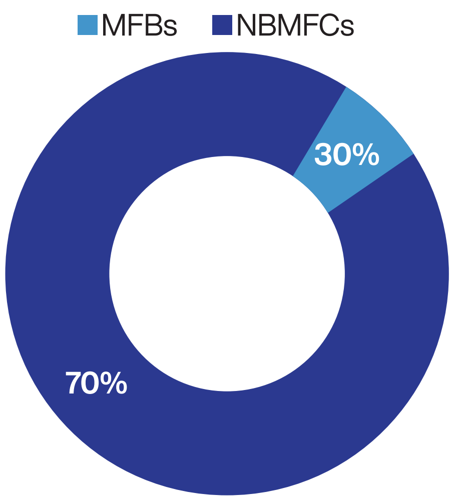
Detailed financial information is provided in the Annex A-I and A-II of the PMR. Aggregate data has been compiled for five years, whereas the peer group and institution-specific data has been made available for the current and previous fiscal years.
A total of 33 MFPs submitted their audited financial statements for PMR 2021. For a complete list of reporting organizations refer to Annex B.

Industry players have been categorized into two groups for benchmarking and comparison purposes: Microfinance Banks (MFBs) and Non-Bank Microfinance Companies (NBMFCs). See **Box 2.1** for detailed definitions.

The distribution of respondents (number of reporting organizations) by peer group is given in **Exhibit 2.0.**
The MFB peer group comprises 10 entities while the NBMFCs are represented by 23 entities.

DISTRIBUTION OF MFPS BY PEER GROUPS

Exhibit 2.0: Distribution of Respondents by Peer Group



Box 2.1: Peer Groups

Microfinance Bank (MFB): A bank licensed and prudentially regulated by the SBP to exclusively service the microfinance market. The first MFB was established in 2000 under a presidential decree. Since then, 11 MFBs have been licensed under the Microfinance Institutions Ordinance, of 2001. MFBs are legally empowered to accept intermediate deposits from the public.

Non-Bank Microfinance Company (NBMFC): With the introduction of the non-bank microfinance regulatory framework by SECP in 2015, the institutions carrying out microfinance services are required to be registered with SECP as NBMFCs. Presently, 24 PMN member entities have obtained the NBMFC license, while 1 is an NBFC operating with an Investment finance service license.

SCALE & OUTREACH

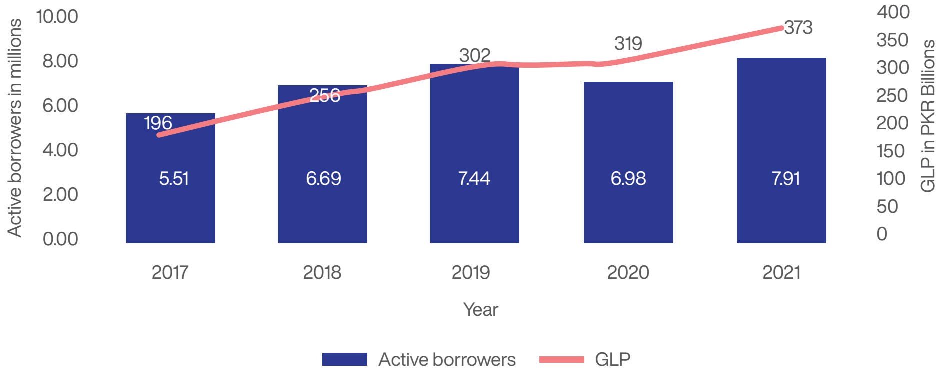
This section focuses on the outreach indicators to provide performance analysis through comparison of credit growth and its composition, deposit mobilization, depth of outreach and gender distribution.

BREADTH

While the impact of Covid-19 was observed in the fiscal year 2020, and the Covid-19 wave was in continuity, the recovery from pandemic was observed in the fiscal year of 2021 as the outreach indicators represented stellar growth. The value of Gross Loan Portfolio at the year-end 2021 closed at 373 billion PKR as compared to the 319 billion PKR in prior year as shown in the Exhibit 2.2, representing an increase of 17 percent. Number of active borrowers depicted a similar trend. A growth of 13 percent was observed during the fiscal year 2021 as number of borrowers grew from 6.98 million in 2020 to 7.91 million.

Exhibit 2.1: Micro-Credit Outreach

ACTIVE BORRWERS & GROSS LOAN PORTFOLIO



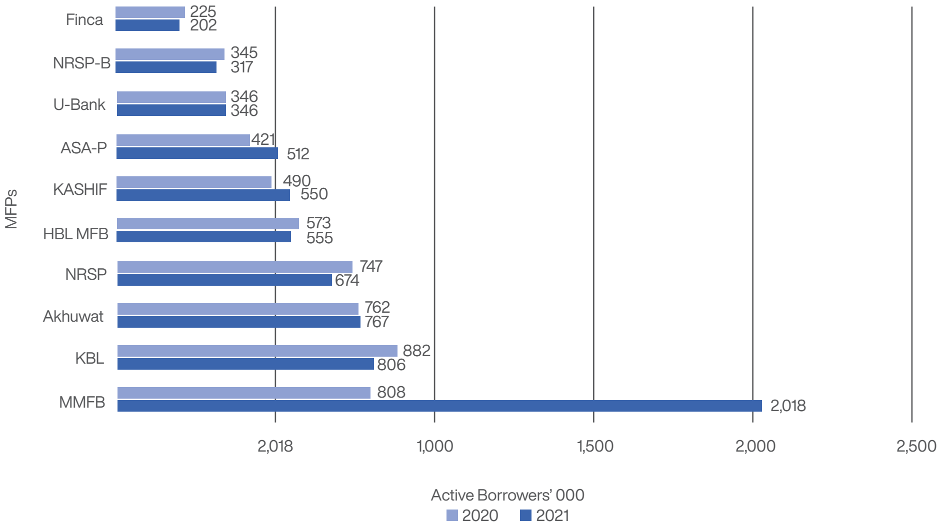
Among the entities contributing to the increase in active borrowers, Mobilink Microfinance Bank (MMFB) remained at the top contributing 1.2 million new active borrowers to their portfolio. ASA-P and Kashf Foundation (KF) followed the trend and contributed 91 thousand and 60 thousand of new clients to their portfolio.

By the year-end, Mobilink Microfinance Bank (MMFB) remained at the top with a clientele of 2 million followed by Khushhali Microfinance Bank (KBL) with 806 thousand clients, Akhuwat with 767 thousand clients, National Rural Support Programme (NRSP) with the 674 thousand clients and HBL MFB, formerly known as FMFB, with 555 thousand clients in their respective portfolio. The total outreach of the top 10 MFPs constitutes 85 percent of the total outreach (2020: 80 percent) whereas the top 5 MFPs have a market share of 61 percent. **(Exhibit 2.2)**

The highlight of this particular indicator is the 1.2 million increase in Mobilink Microfinance Bank (MMFB) clientele, primarily because of nano loans, closing its client portfolio at 2 million at the end of the fiscal year 2021.

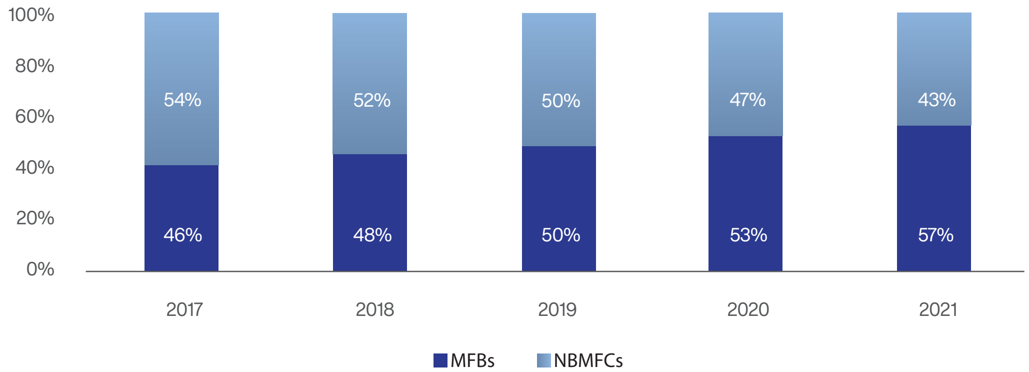
ACTIVE BORRWERS

Exhibit 2.2: Top 10 MFPs in terms of Active Borrowers



During the fiscal year 2021, MFBs' share of clientele increased by 4 percent, closing at 57 percent client market share (2020: 53 percent) whereas a decrease of the same magnitude was experienced in the NBMFCs collective clients leading to 43 percent of client market share. The increase in MFBs clientele share is mainly because of the exponential increase in Mobilink Microfinance Bank's (MMFB) client portfolio. **(Exhibit 2.3)**

Exhibit 2.3: Active Borrowers by Peer Group



By the end of 2021, the Gross Loan Portfolio (GLP) stood at 372 billion PKR as compared to 319 billion PKR in fiscal year 2020. Both NBMFCs and MFBs contributed to the growth in Gross Loan Portfolio (GLP).

However, the contribution from MFBs was substantial. MFBs contributed to an aggregate increase of 44 million PKR where Mobilink Microfinance Bank (MMFB), Khushhali Bank (KBL) and HBL MFB formerly known as FMFB, accumulated an additional 40 billion PKR to the portfolio. On the contrary, Telenor Microfinance Bank (TMFB) and FINCA Bank were the two MFBs which experienced a decrease in their Gross Loan Portfolio by an approximate aggregate amount of 2.7 billion PKR. NBMFCs contributed to the increase by net aggregate amount of 10 billion PKR where the Kashf Foundation (KF), Akhuwat, ASA-P and RCDP collectively contributed to an amount of 10.6 billion PKR to the increase while National Rural Support Programme (NRSP), Thardeep Micro Finance (TMF), Punjab Rural Support Programme (PRSP) and FFO offset this increase by a total amount of 1.6 billion PKR. **Exhibit 2.4** displays the trend by peer group over the time period of five years

Exhibit 2.4: Gross Loan Portfolio by Peer Group

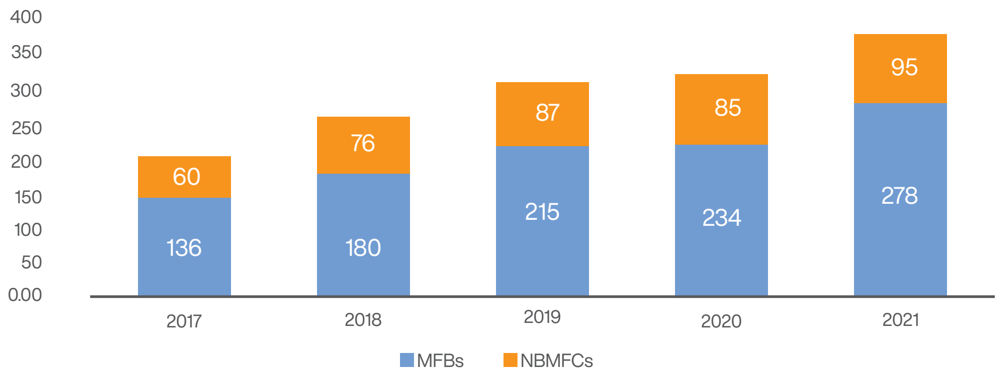
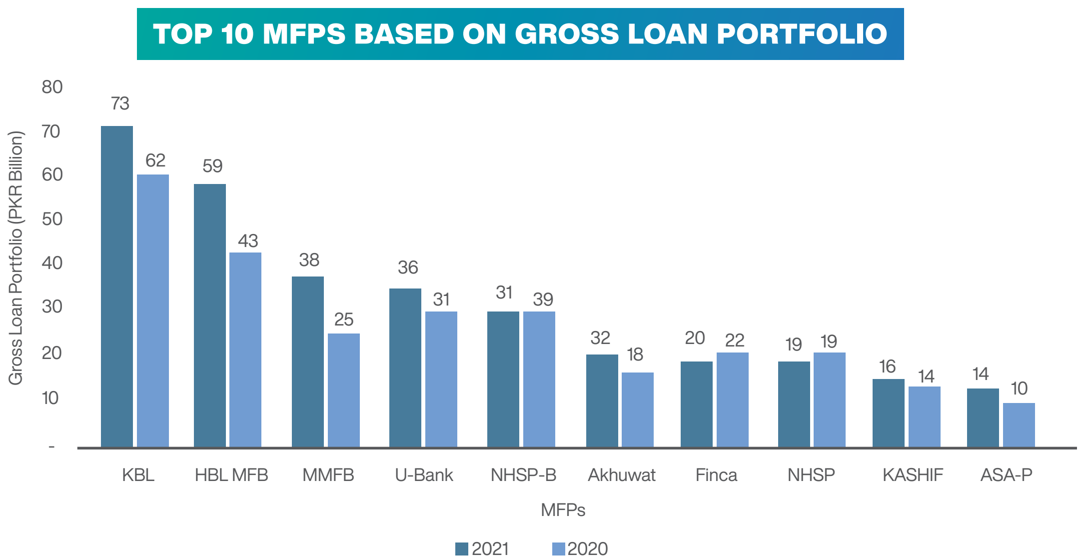


Exhibit 2.5 displays top 10 MFPs based on Gross Loan Portfolio (GLP). Top 10 MFPs Gross Loan Portfolio (GLP) covers 88 percent of the total portfolio, 1 percent increase compared to fiscal year 2020. In addition to this, Telenor Microfinance Bank (TMFB) was replaced by ASA-P which has a total portfolio standing at 14 billion PKR at the year end 2021. Khushhali Bank (KBL) remains at the top with a Gross Loan Portfolio (GLP) of 72 billion PKR, despite experiencing a drop at number of active borrowers. Mobilink Microfinance Bank (MMFB) and Akhuwat has improved their position by two steps from prior year position by locking their portfolio at 39 billion PKR and 21 billion PKR, depicting a steep increase of 52 percent and 22 percent respectively. On the other side, Finca Bank and National Rural Support (NRSP) experienced decrease in their Gross Loan Portfolio (GLP) of 1.8 billion PKR and 878 million PKR closing their Gross Loan Portfolio (GLP) at 19.6 billion PKR and 18.5 billion PKR.

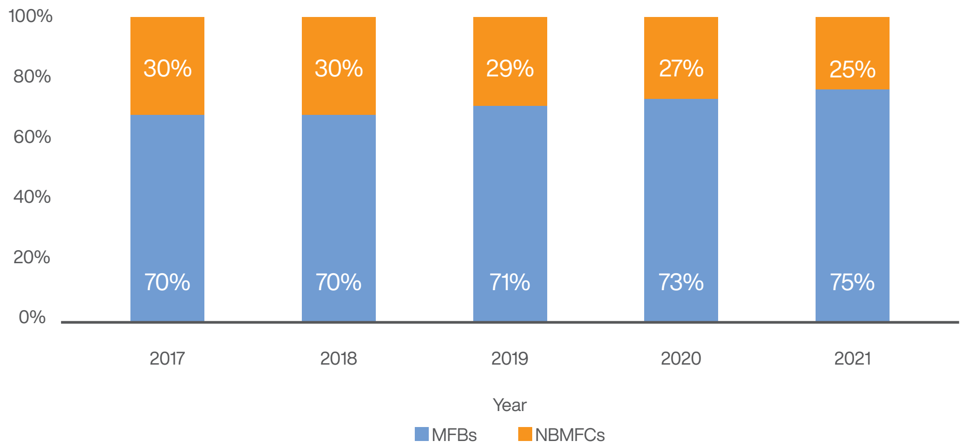
Exhibit 2.5: Top 10 MFPs based on Gross Loan Portfolio (GLP)



By the end of the year, peer groups followed the same trend as in fiscal year 2020. MFBs continued to increase their Gross Loan Portfolio (GLP) and accounted for 75 percent of total GLP compared to 73 percent in preceding year. Consequently, the GLP share of NBMFCs declined by 2 percent, closing at 25 percent Gross Loan Portfolio (GLP) share. **(Exhibit 2.6)**.

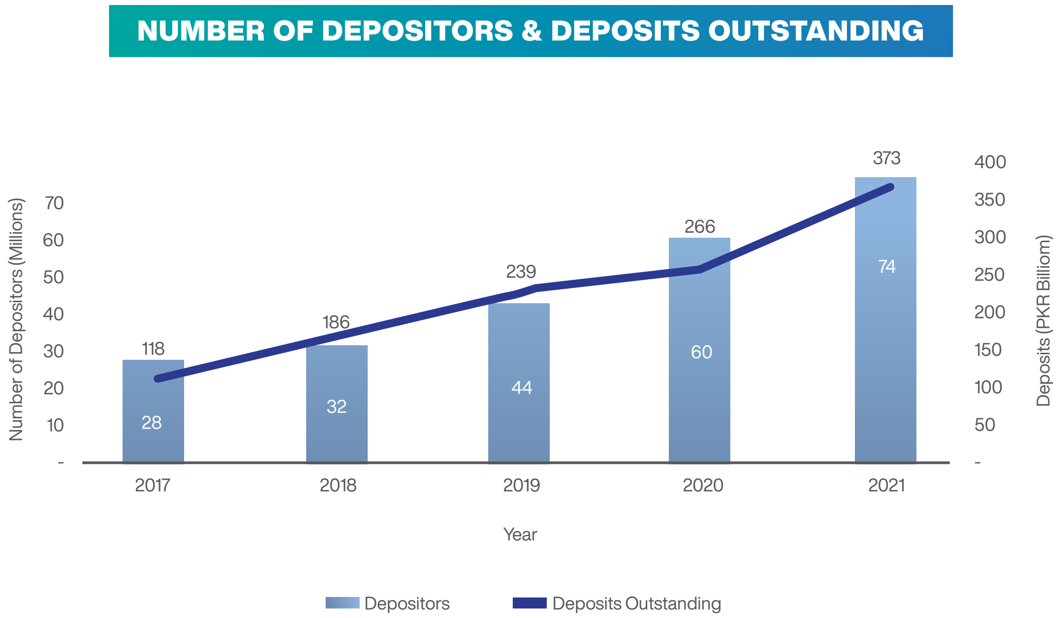
Despite the decrease in percentage of Gross Loan Portfolio (GLP) in NBMFC peer group, the average loan size experienced an increased from 25 thousand PKR to 28 thousand PKR. On the contrary, decline of average loan size was experienced by MFBs peer group. By the year end 2021, the average loan size of MFBs was 61 thousand PKR (2020: 64 thousand PKR). The decrease in MFBs average loan size is due to inclusion of the nano loans.

Exhibit 2.6: Gross Loan Portfolio by Peer Group



During the year under review, the microsavings indicators experienced remarkable growth as depositors increased by 24 percent, from 60 million in 2020 to closing balance of 74 million by the end of 2021. The increasing trend was depicted in the amount of deposit outstanding as well. An increase of 7.5 percent was experienced during the year 2021, which led to an addition of 28 billion PKR. Hence closing the figure at 401 billion PKR. **(Exhibit 2.7)**

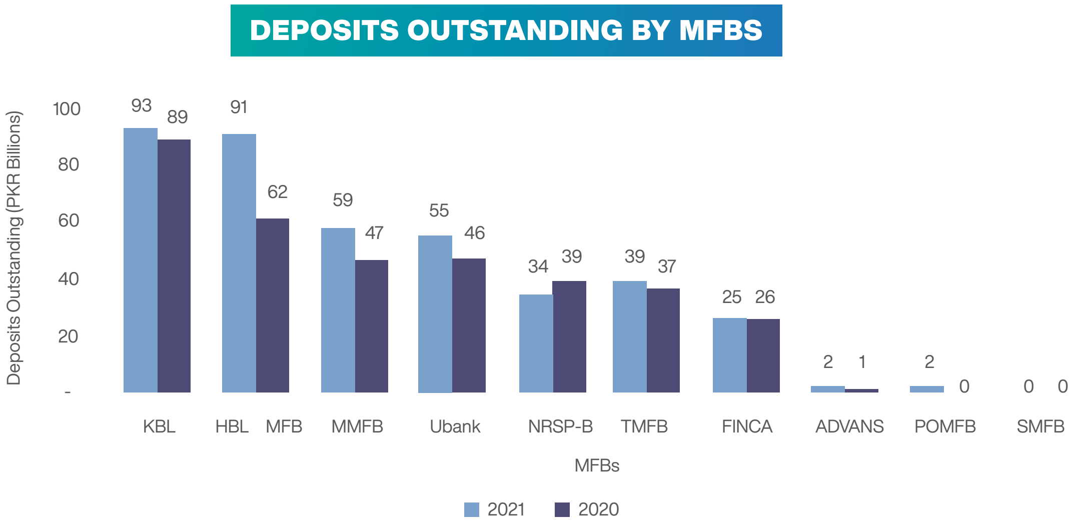
Exhibit 2.7: Number of Depositors and Outstanding Deposits



Mobilink Microfinance Bank (MMFB), Telenor Microfinance Bank (TMFB) and U Bank led the growth by increasing the depositor base by 13.7 million depositors collectively, representing 96 percent of the change during the fiscal year 2021. Mobilink Microfinance Bank (MMFB) is the leading MFP in this indicator and contributed an increase of 11.3 million depositors during the fiscal year 2021. This is primarily due to the increase user base of M-Wallets. Mobilink Microfinance Bank (MMFB) and Telenor Bank (TMFB) has retained their position and remain the largest providers of microsavings in terms of depositors with an outreach of 39.8 million and 24.6 million, where as Khushhali Bank was replaced by U bank which has 2.7 million depositors in its portfolio.

The landscape of value of deposits has experienced a significant development in the fiscal year 2021. Despite the fact, Khushhali Bank (KBL), HBL MFB formerly known as FMFB and Mobilink Microfinance Bank (MMFB) remained the leaders in this indicators by closing their deposit value at 93 million PKR, 91 million PKR and 58 million PKR respectively. However, Advans and Pak Oman Microfinance Bank experienced tremendous growth. Pak Oman Micro Finance rose from 6 million PKR to 1.7 billion PKR during year 2021, whereas Advans increased their deposit value by 1.2 billion PKR and closing its deposit value portfolio at 2.2 billion PKR. **(Exhibit 2.8)** However, Deposit to Liabilities has experienced a contrary trend. A decrease of 4 percent was observed due to additional Tier 2 borrowings which were raised to keep the cushion against liquidity crunch and to meet the Capital Adequacy Ratio (CAR) which indicates the recovery phase of Microfinance Sector from Covid-19 impact.

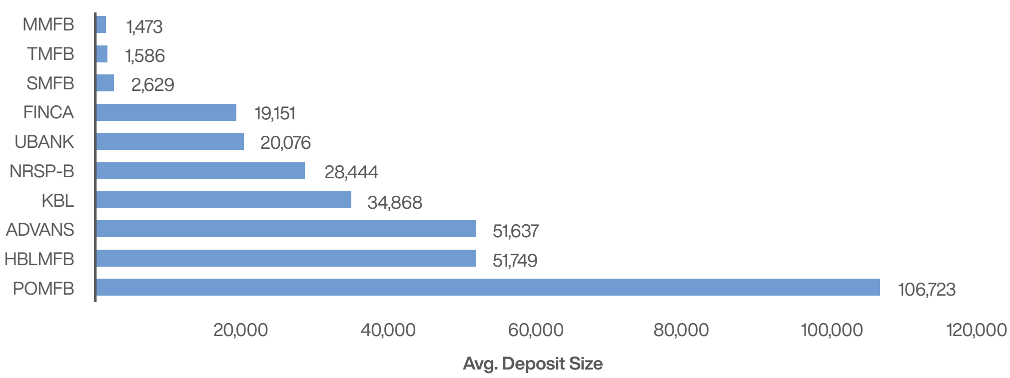
Exhibit 2.8: Deposits Growth by MFBs



The average deposit size of MFBs experienced a slight decline of 7 percent and stands 5,397 PKR (2020: 5,806 PKR- Apna Microfinance Bank (AMFB) is not included) The low deposit size of the industry is due to the surge in the number of M-Wallets represented by Telenor Microfinance Bank (TMFB) and Mobilink Microfinance Bank (MMFB). Furthermore, the decrease is due to low value of M-wallets where Mobilink Microfinance Bank (MMFB) experienced a drop of 10 percent in average loan size during fiscal year 2021.

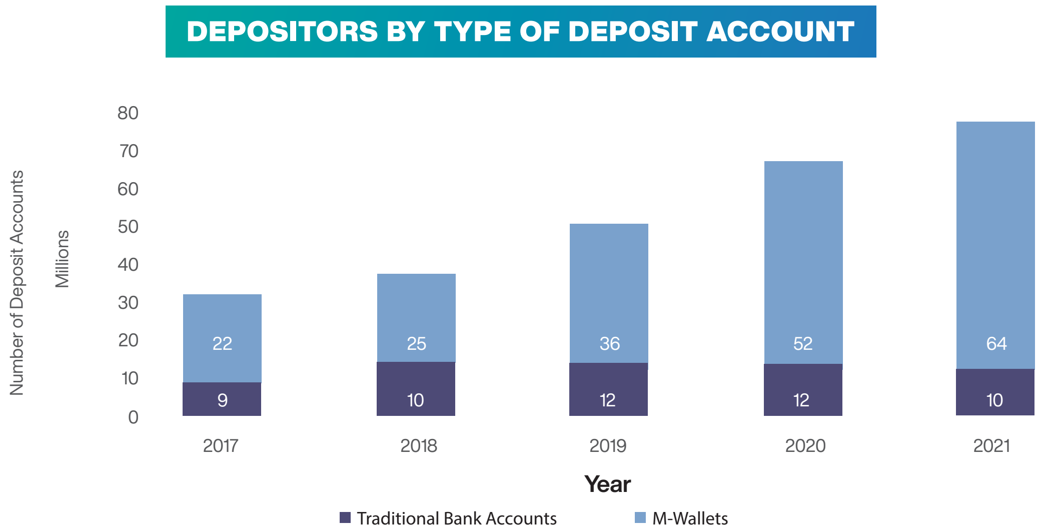
Pak Oman Micro Finance Bank is leading with the average deposit size of 106 thousand PKR followed by HBL MFB formerly known as FMFB, with the average loan size of 51 thousand PKR and Advans replacing Khushhali Bank (KBL) from previous year, with the average loan size of 51 thousand PKR. **(Exhibit 2.9)**

Exhibit 2.9: Average Deposit Size of MFBs



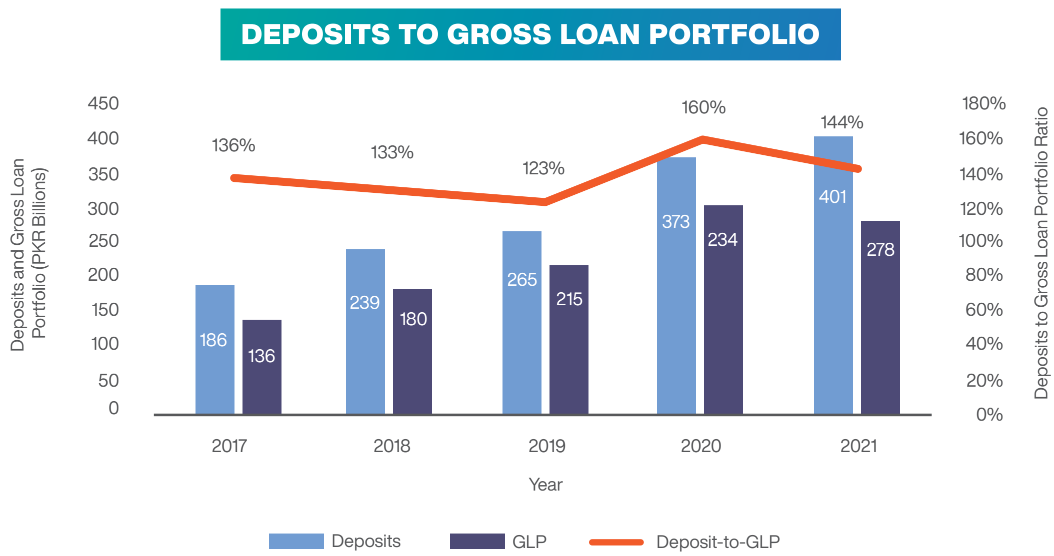
Analyzing the depositors by type of deposit reveals that M-Wallets has continued the increasing trend. An increase of 24 percent was experienced by M-wallets which led to the additions of 11.7 million depositors during the fiscal year 2021. In comparison, traditional bank accounts experienced a negative trend leading to a loss of 1.5 million depositors, 18 percent decrease, in fiscal year 2021. This is the first time over the past 5 years where a negative trend in depositors was experienced by traditional bank accounts. Over the half decade, M wallets experienced an increase from 22.1 million to 64.3 million, an average increase of 35 percent. On the flip side, traditional banks grew from 8.7 million to 10.3 million, an average increase of merely 5 percent only. **(Exhibit 2.10).** The composition of these M-Wallets is currently divided amongst 3 MFBs i.e., Mobilink Microfinance Bank (MMFB) with a market share of 61 percent, Telenor Microfinance Bank (TMFB) with 38 percent and Finca Bank with just 1 percent. The increase in their usage has been reinforced due to the provision of value-added services by these digital providers, such as Debit Cards for cash withdrawal, Utility Bill payments, Funds Transfer Facilities and Home Remittance Services along with the increased access of mobiles phones, ease of M-wallets usage and greater access of M-wallets across the region.

Exhibit 2.10: Depositors by Type of Deposit Account



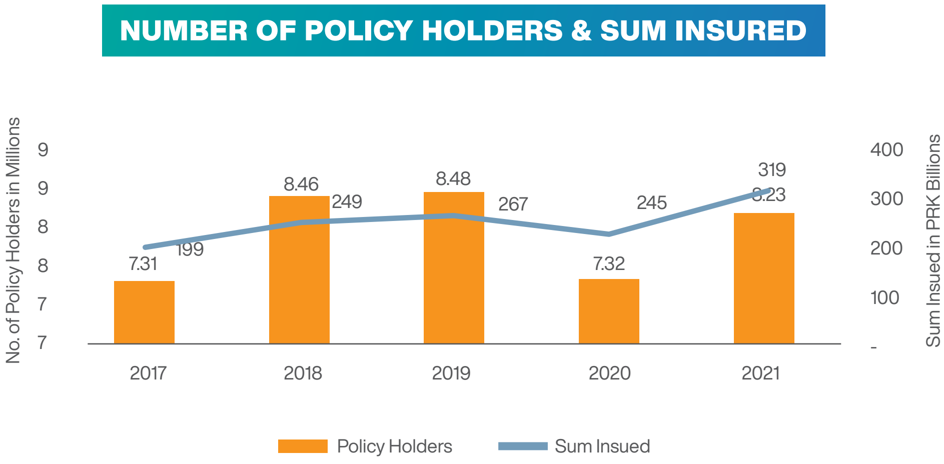
Analysis of deposits and Gross Loan Portfolio (GLP) of MFBs depict an increasing trend in both indicators. However, the growth in Gross Loan Portfolio (GLP) was twice the growth of deposits which lead to a decrease of 15 percent in the ratio. The ratio signified the reliance of MFBs on deposits as an affordable source of financing, especially during the recovery conditions in the fiscal year 2021. However, the decrease indicates that MFBs are on the path of recovery as disbursements were 44 million as compared to 18 million in 2020, which indicates three times more disbursements during the fiscal year 2021. **(Exhibit 2.11).** Hence, expanding their lending and outreach which can be further supplemented by the increase in clientele during 2021 as shown in **Exhibit 2.11.**

Exhibit 2.11: Deposits to Gross Loan Portfolio



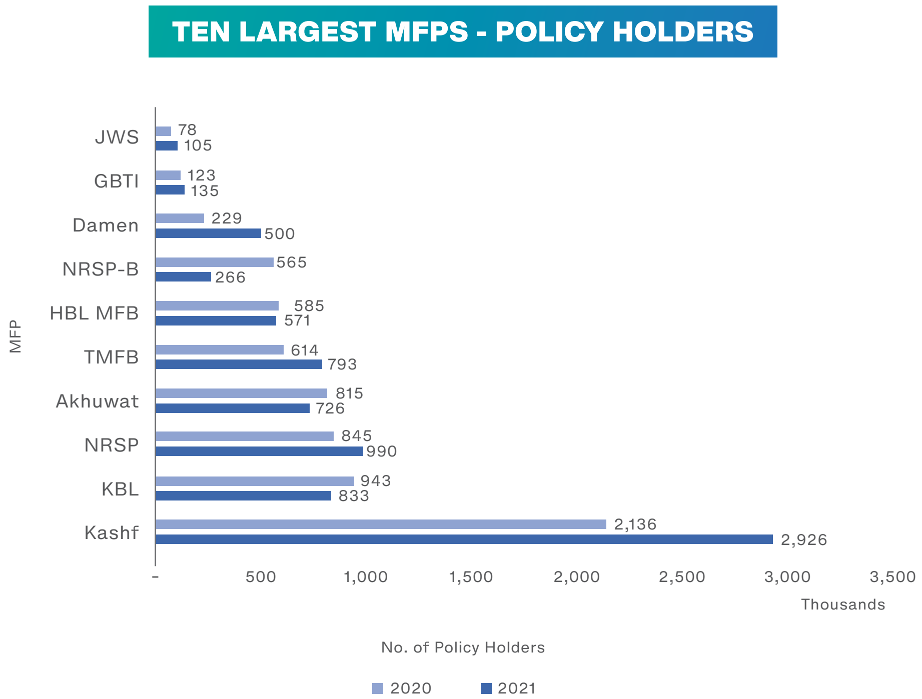
In the landscape of Microinsurance, Policy holders accounted for 8.2 million, an increase of 12 percent compared to the previous year. Accordingly, the sum insured stood at PKR 319 billion, indicating a decrease of 8 percent during the same period **(Exhibit 2.12).** In the landscape of insurance policies, urban sector has partial edge over rural sector over the spread of policy holders as former makes up 52 percent of total policy holders while later comprises of 48 percent of policy holder.

Exhibit 2.12: Number of Policy Holders & Sum Insured



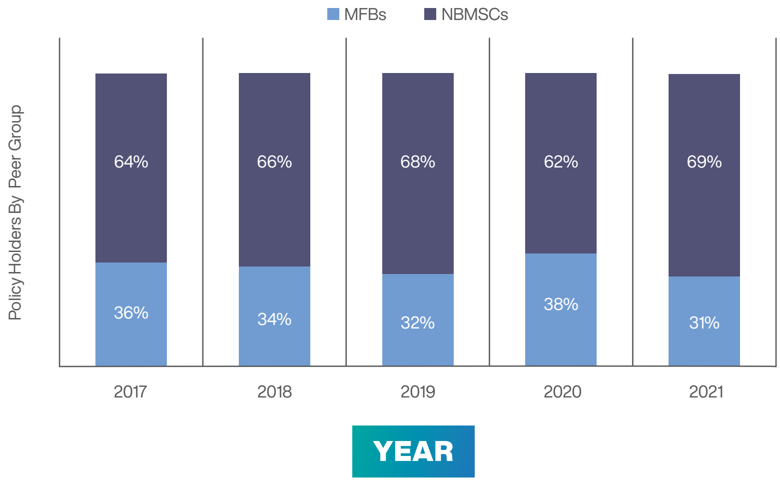
The breakdown of policy holders by MFPs remained the same except for one change. JWS replaced Safco Support Foundation (SSF). In addition to this, ten largest MFPs represented 95 percent of the total policy holders of the industry which remained unchanged, whereas the top five increased their share by 3 percent, leading to a representation of 76 percent. By the year end, Kashf Foundation (KF) remained the largest provider of microinsurance, reaching almost 3 million policy holders and improving their market share from 29 percent to 36 percent, followed by Khushhali Bank (KBL), National Rural Support Programme (NRSP), Akhuwat and Telenor Microfinance Bank (TMFB), the combined outreach merely changed as compared to fiscal year 2020 and stands at an aggregate amount of 3.3 million. **(Exhibit 2.13)**

Exhibit 2.13: Largest MFPs by Policy Holders



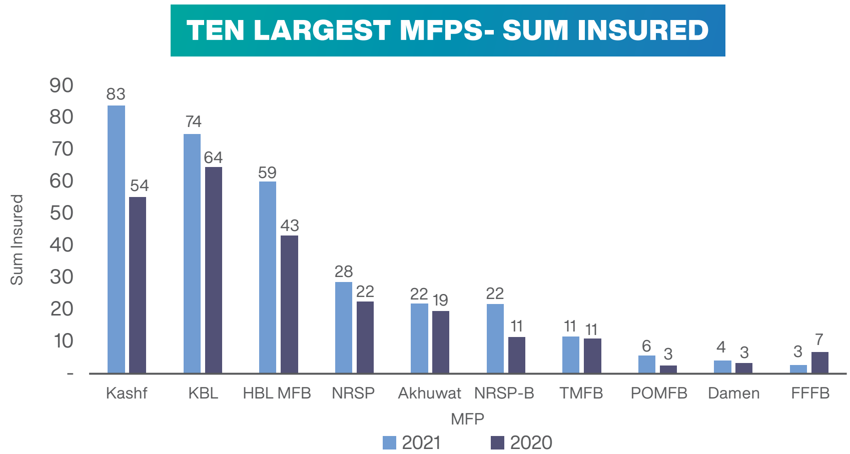
During the fiscal year 2021, NBMFCs increased their portfolio of policy holders by approximately 7 percent which equates to addition of 1.16 million policy holders, translating into an increase in insurance portfolio value of 37 million PKR or 35 percent increase. On the other side, a contrary trend was experienced where 7 percent decline was experienced which culminated into decrease of 260 thousand policy holders and 16 percent decrease in the aggregate insurance value of MFBs. **(Exhibit 2.14).**

Exhibit 2.14: Policy Holders by Peer Group



At the institution level, Kashf Foundation (KF) regained its position by crossing Khushhali Bank (KBL) by increasing its portfolio from 54 million PKR to 83 billion PKR, a significant increase of 54 percent while KBL stood at 74 billion PKR and witnessing an increase of 16 percent. Overall, all the MFPs witnessed an increasing trend in their insurance portfolio with the exception of Mobilink Microfinance Bank (MMFB) which has witnessed a significant decrease of 59 percent closing at 2.7 billion PKR. A deeper analysis indicated that the top 10 largest MFPs in terms of sum insured represented 97 percent of the total industry portfolio, while the top 5 made up 83 percent. **(Exhibit 2.15)**

Exhibit 2.15: Largest MFPs in terms of Sum Insured

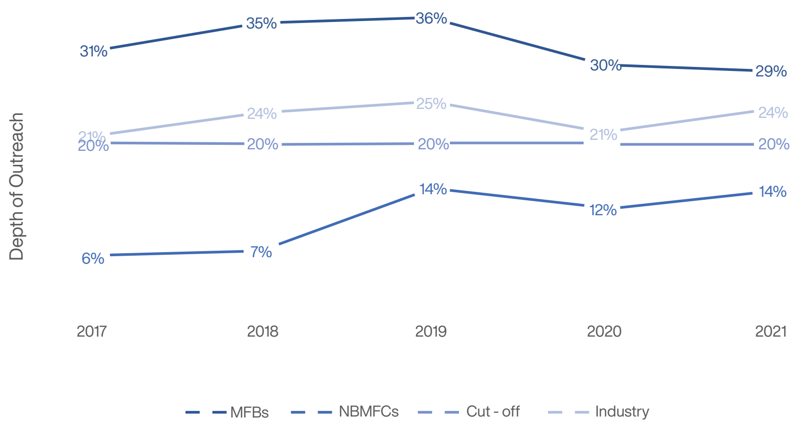


DEPTH

The depth indicators are associated with the quality of outreach. Thus, outreach indicator depicts the measures of serving the lowest socio-economic segment. Hence, the depth is measured by a proxy indicator: average loan balance per borrower in proportion to Gross National Income (GNI). A value below 20 percent is assumed to mean that the MFP is poverty focused.

Based on the observations of past half decade, the average is 23 percent where an increase of 3 percent was witnessed from the previous fiscal year. The ratio continued the trend of exceeding 20 percent cut-off point. During the year, the ratio of NBMFCs stood at 14 percent, a slight increase of 2 percent from the previous fiscal year. However, the ratio of NBMFCs is still below the threshold. In contrast, the ratio of MFBs witnessed a decrease of 1 percent but still continues to exceed the 20 percent threshold. A decrease in in MFBs is associated with nano loans offered by Mobilink Microfinance Bank (MMFB) and Telenor Microfinance Bank (TMFB) which is catering to variety of customer segments across the region. **(Exhibit 2.16)**

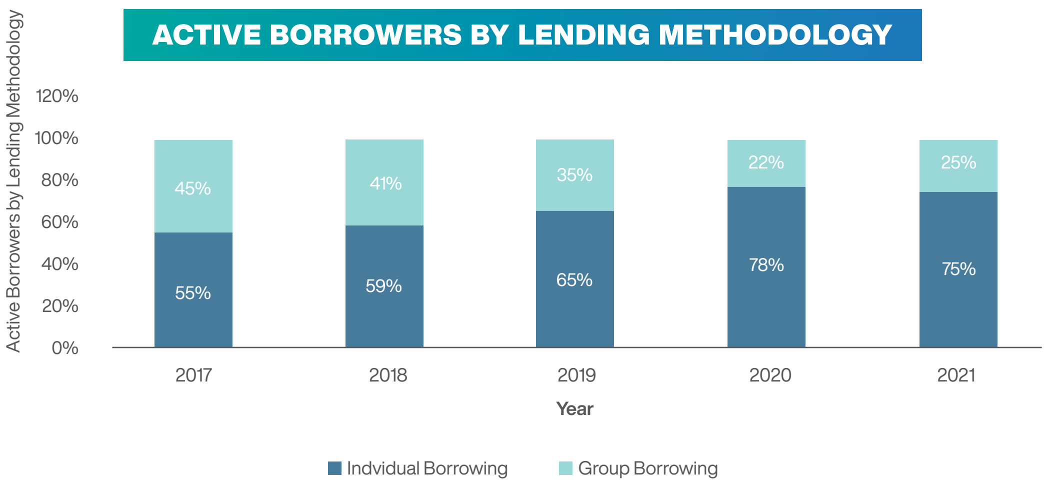
Exhibit 2.16: Depth of Outreach by Peer Group



LENDING METHODOLOGY

The analysis of the outreach based on Lending Methodology depicts the declining trend in the individual borrowing methodology which has caused group lending to decrease over time. By 2021, the proportion of individual borrowing had decreased to 75 percent compared to 78 percent in the prior year. Consequently, the proportion of group lending increased from 22 percent to 25 percent over the year. **(Exhibit 2.17)**

Exhibit 2.17: Trend in Active Borrowers by Lending Methodology

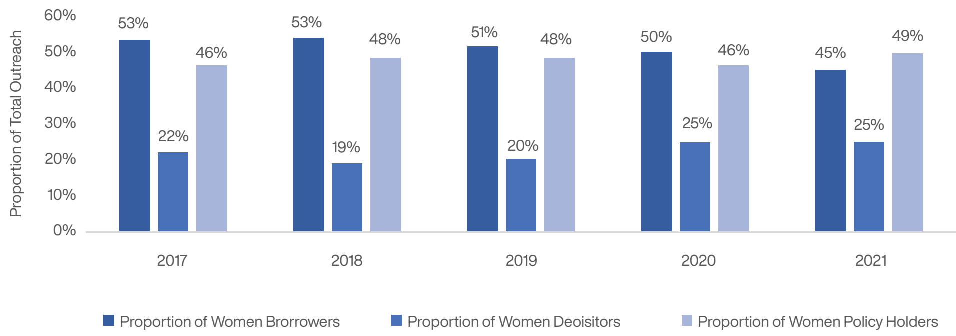


GENDER DISTRIBUTION

Over the timeline of past five years, microfinance sector has shifted its focus on reducing poverty through enhancing gender balance. In terms of Microcredit, a mere decrease of 5 percent was witnessed in women clientele whereas contrary trend – an increase of 4 percent- was experienced in women policy holders. On the Microsavings front, women remained unchanged as they constituted 25 percent of the total depositors. **(Exhibit 2.18)**

Exhibit 2.18: Outreach to Women – Microcredit, Microsavings and Microinsurance

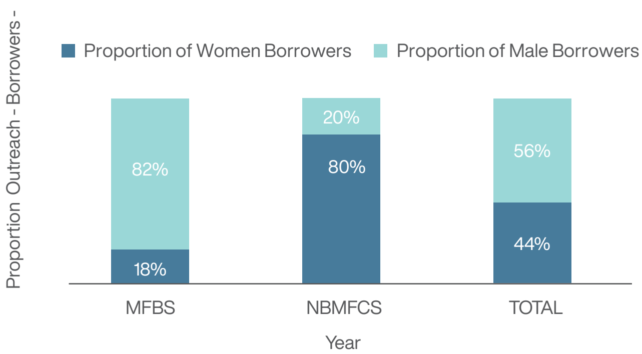
OUTREACH TO WOMEN: MICROCREDIT, MICROSAVINGS & MICROINSURANCE



Gender distribution of credit outreach by peer groups depicts that while the industry maintains a gender balance, NBMFCs continue to target women clients as 80 percent of their total outreach comprises of women. On the contrary, women clients for MFBs stood at 18 percent of total outreach **(Exhibit 2.19).** Players with the most women outreach were NRSP, Kashf Foundation (KF), ASA-P, Akhuwat and Mobilink Microfinance Bank (MMFB). These top 5 have a combined outreach of over 2.2 million women borrowers

Exhibit 2.19: Gender Distribution of Credit Outreach by Peer Groups

GENDER DISTRIBUTION OF OUTREACH BY PEER GROUPS

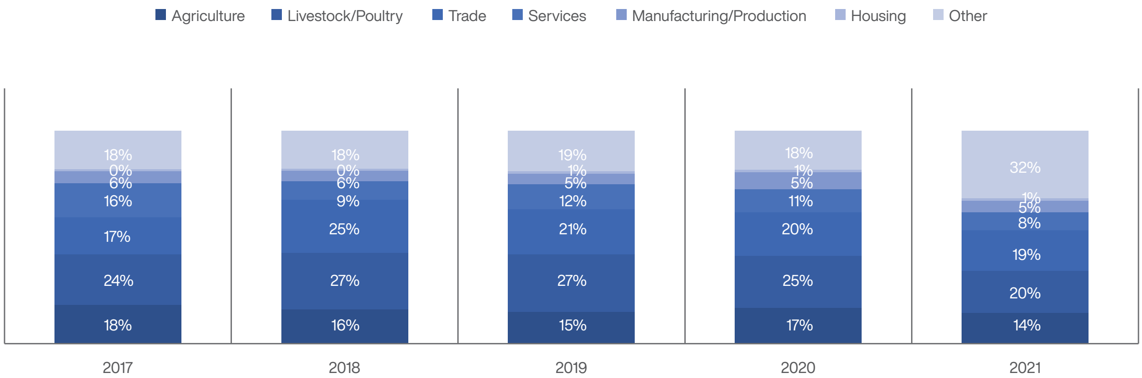


PORTFOLIO DISTRIBUTION BY SECTOR

A decreasing trend was witnessed in Livestock/Poultry active borrowers with 20 percent and a decrease of 5 percent. Trading and housing sector were relatively stable constituting of 19 percent and 1 percent of the total active borrowers. Agriculture comprised of 14 percent of total outreach by the end of fiscal year 2021, compared to 17 percent previously, while Services sector also experienced a decline in its share by 3 percent to bring it to 8 percent. Manufacturing/Production witnessed a similar trend of 3 percent to record 5 percent of total outreach. **(Exhibit 2.20).**

Exhibit 2.20: Distribution of Active Borrowers by Sector

ACTIVE BORROWERS BY SECTOR

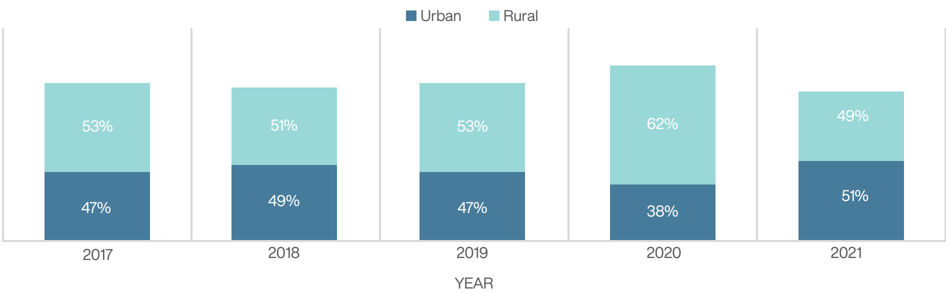


RURAL - URBAN LENDING

During the period of 2021, there has been a significant changes in this indicator. Active Borrowers in the urban areas surged by 23 percent whereas active borrowers in rural areas experienced a decrease of the same magnitude. Upon deeper analysis, the main contributor towards the increase in urban areas is Mobilink Microfinance Bank (MMFB), closing their urban active borrowers at 1.7 million as compared to just 40 thousand in the prior fiscal year (2020). On the flip side, Khushhali Bank (KBL), HBL MFB and NRSP remained concentrated in the rural segment of the population. **(Exhibit 2.21)**

Exhibit 2.21: Distribution of Active borrowers by Urban / Rural areas

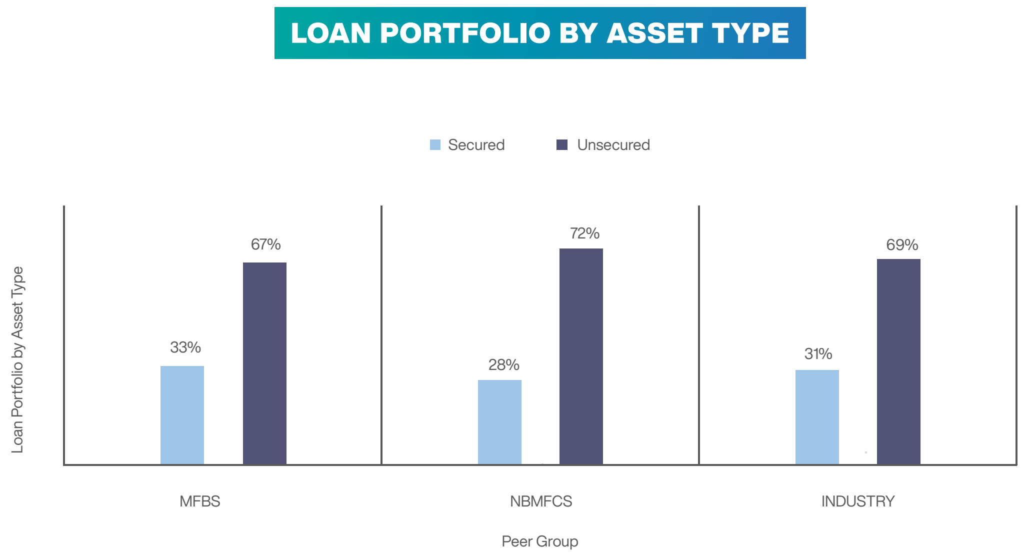
ACTIVE BORROWERS BY URBAN / RURAL AREA



LOAN PORTFOLIO BY ASSET TYPE

In the landscape of loan portfolio by asset type, the industry is predominantly supported by unsecured financing which constitutes of 69 percent of total outreach whereas secured financing contributes to 31 percent of the outreach. Comparing to prior fiscal year, the secured financing has improved by 7 percent. This primarily reason is the result of Covid-19 impact which was experienced during the year 2020. At the peer group level, only 33 percent of the outreach of MFBs makes up for secured financing which increased by 5 percent (2020: 28 percent), while over 100 percent increase was experienced in NBMFCs resulting in 28 percent of secured borrowing (2020: 14 percent). **(Exhibit 2.22)**

Exhibit 2.22: Loan Portfolio by Asset Type



FINANCIAL STRUCTURE

ASSET BASE

The total asset base of the industry registered a growth of 5 percent and locked their asset base at 649 billion PKR. NBMFCs witnessed a significant growth of 21 percent where as MFBs experienced a small increase of 1 percent. On the contrary, MFBs asset base constituted of 77 percent of the total asset base closing at 501 billion PKR whereas NBMFCs asset base closed at 148 billion PKR. **(Exhibit 2.23, 2.24)**

Exhibit 2.23: Share of Asset Base by Peer Group

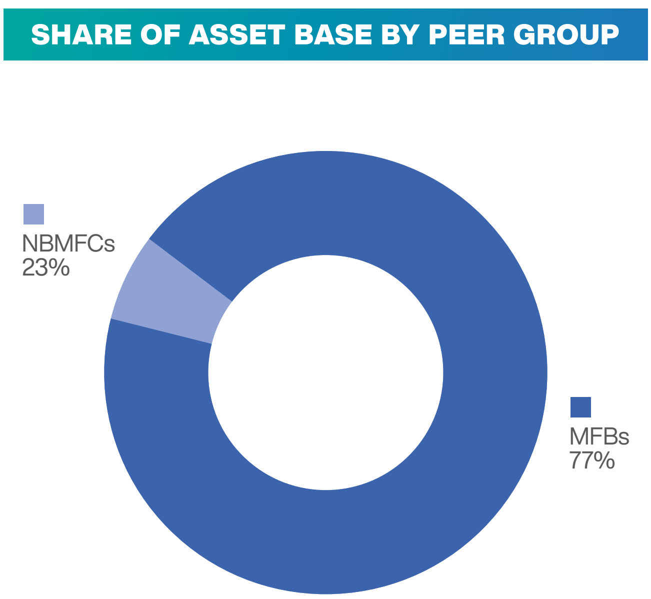
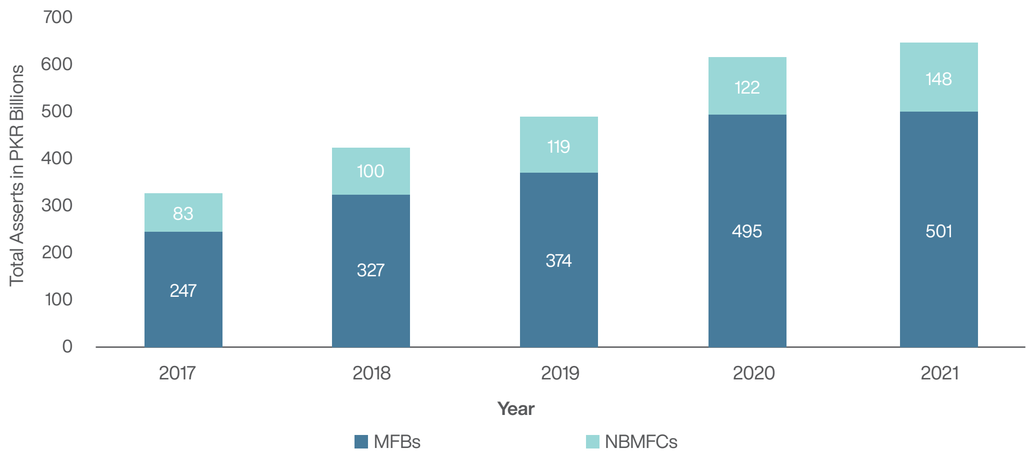


Exhibit 2.24: Total Asset Base of the Industry by peer group

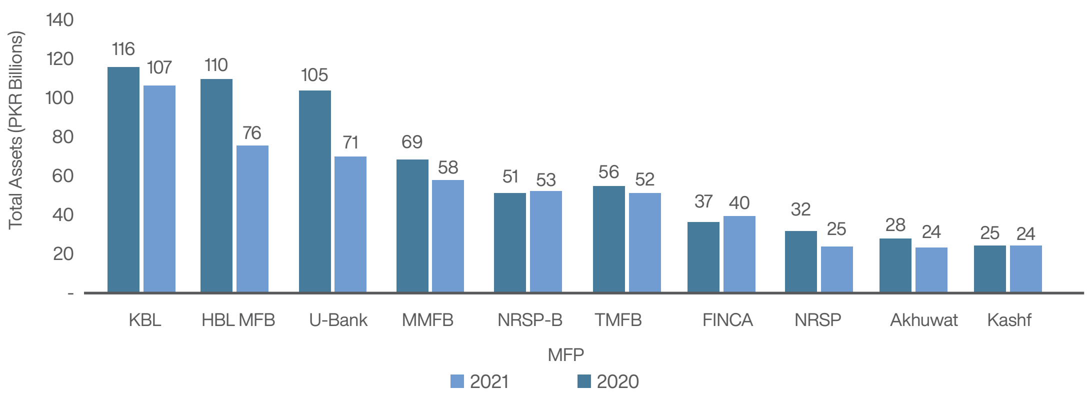
TOTAL ASSET BASE OF THE INDUSTRY BY PEER GROUP



The asset base of top 10 MFPs rose from 530 million PKR to 629 million PKR in their asset portfolio translating the increase of 19 percent during the fiscal year 2021. Among the MFB peer group, HBL MFB, U Bank and Mobilink Microfinance Bank (MMFB) contributed an amount of 78 million PKR where as NRSP and Akhuwat contributed an increase of 12 million PKR. Overall, Khushhali Bank (KBL) is leading by closing their asset base at 116 billion PKR while HBL MFB closed its asset base at 110 billion followed by U Bank with an asset base of 104 million. **(Exhibit 2.25)**

Exhibit 2.25: Total Assets of the ten largest MFPs

TOTAL ASSETS OF LARGER MFPS

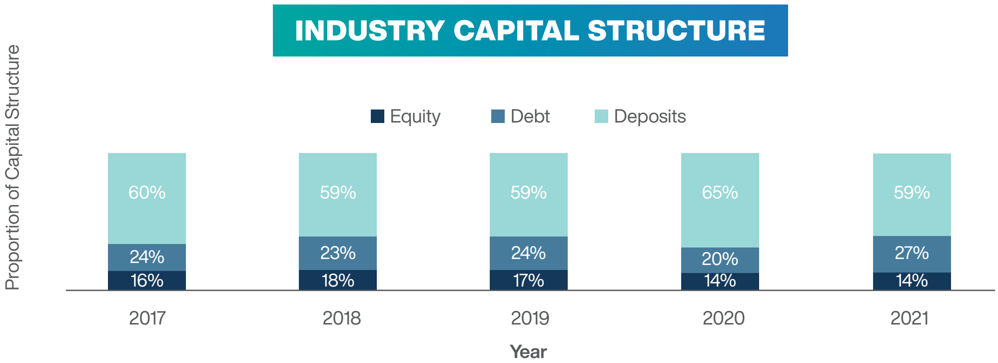


FUNDING PROFILE

The trend in the Industry Capital Structure portrayed different trend as compared to previous fiscal year.

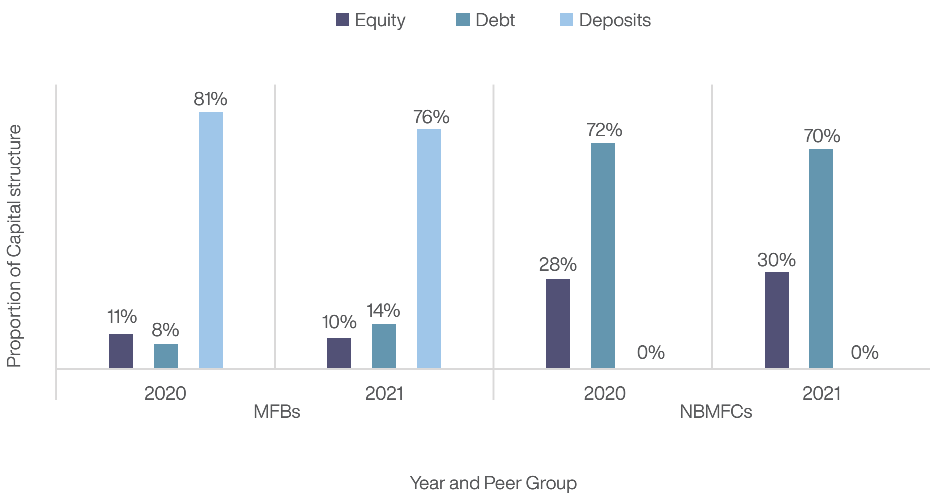
While the equity weightage remained constant, but the deposits experienced a decline while the debt experienced an increase. By 2021, 59 percent of the industry's funding needs were being met by deposits as shown in **Exhibit 2.26.** The share of the debt among the capital structure was recorded at 27 percent, indicating an incline of 7 percent during the year, while the share of equity remained at 14 percent. **(Exhibit 2.26)**

Exhibit 2.26: Industry Capital Structure



Analyzing the split between capital structure among peer group reveals that MFBs debt reliance increased 6 percent due to the cushion available to prevent liquidity crunch. On the flip side, the deposits proportion decreased by 5 percent and equity experienced a similar trend of decrease, but a mere 1 percentmagnitude was experienced. Overall, MFBs continues to use the mix of deposits, debt and equity to meet the capital requirements where dependency on deposits is the most considerable tool for MFBs. The trend experienced by NBMFCs was contrary where element of equity increased by 2 percent while the debt component witnessed a decrease by same magnitude. **(Exhibit 2.27)**

Exhibit 2.27: Capital Structure by Peer Group



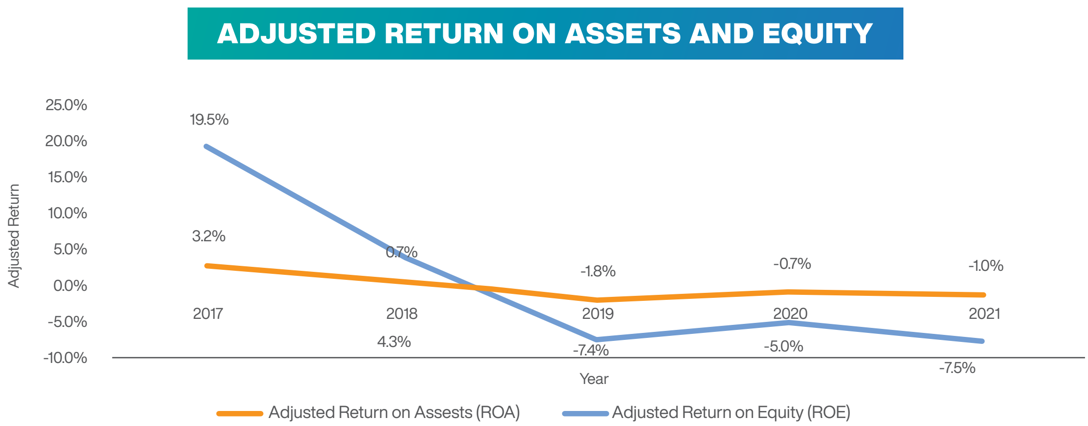
PROFITABILITY & SUSTAINABILITY

During the year, total revenue continued to experience an increasing trend as witnessed over the timeline of five years. Revenue closed at 123 billion PKR, experiencing significant growth of 10.63 percent. Profit displayed a negative trend as it reported a loss of 5 billion PKR. Further analysis of the split of profit ndicates that the MFB peer group recorded a loss of 8.5 billion PKR. In contrast, NBMFCs generated a profit of 4.8 billion PKR. Among the list of lost-making MFPs, Telenor Microfinance Bank (TMFB) remains at the top with a huge loss of 10.4 billion PKR, followed by NRSP-Bank and FINCA Bank owning a loss of 1.8 billion PKR and 2.34 billion PKR. PRSP reported a significant loss of 286 million PKR from the NBMFCs peer group. On the bright side, five MFPs closed their profit by reaching or crossing 1 billion PKR. The list constitutes HBL MFB (2.3 billion PKR), ASA-P (2.3 billion PKR), U Bank (1.3 billion PKR), MMFB (1.06 million PKR), and KBL (1 billion PKR). **(Exhibit 2.28)**

Exhibit 2.28: Total Revenue & Net Income

The impact of huge loss experienced by the sector had a considerable impact on Adjusted Return on Equity, changing from -5.0 percent to -7.5 percent, while Adjusted Return on Asset experienced a minor deflection and closed at -1.0 percent as compared -0.7 percent in fiscal year 2020. The underlying reason for experiencing a small decrease in ROA is primarily due to significant increase in asset base as discussed in **Exhibit 2.26.**

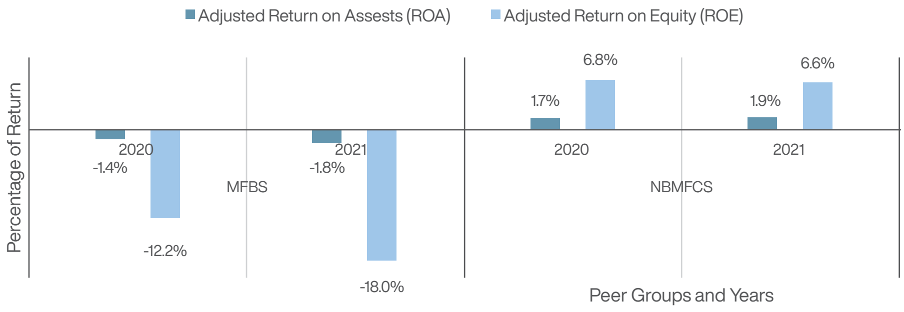
Exhibit 2.29: Adjusted Return on Assets and Equity



Doing a deeper analysis on ROA and ROE by segregating into peer groups reveals that ROE has deteriorated for both MFBs and NBMFCs where a slight decrease was experienced by MFB peer group while NBMFCs experienced a slight increase in Adjusted Return on Assets. Further analysis indicates that MFBs experienced a decrease of almost 6 percent, closing the adjusted ROE at -18 percent (-12.2%: 2020) while ROA decreased from -1.4 percent (-1.8%: 2020). The primary reasons for drastic decrease in adjusted ROE is due to the huge loss incurred by Telenor Microfinance Bank (TMFB). In the case of NBMFCs, the adjusted ROE declined from 6.8 percent (2020) to 6.6 percent (2021). On the contrary, adjusted ROA witnessed a marginal increase of 0.2 percent, locking adjusted ROA at 1.9% at the end offiscal year 2021.

Exhibit 2.30: Adjusted Return on Assets & Return on Equity by Peer Group

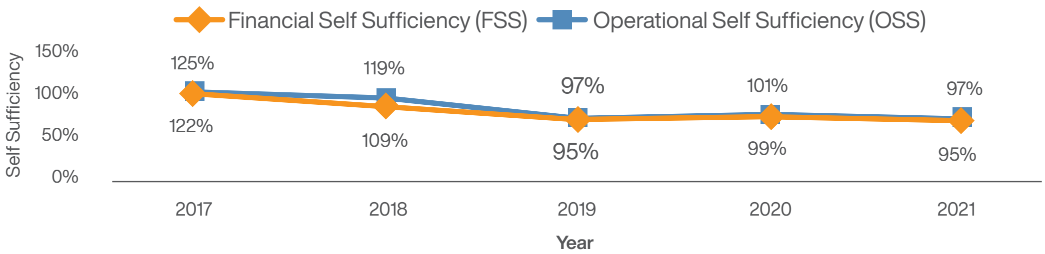
ADJUSTED RETURN ON ASSETS & RETURN ON EQUITY BY PEER GROUP



The ratios of Financial Self-Sufficiency (FSS) and Operational Self-Sufficiency (OSS) of the industrymimicked the trend of adjusted profit of the industry during the year as depicted in **Exhibit 2.31.** The FSS dropped from 99 percent previously to 95 percent by the end of the year. Similarly, the OSS also dropped from 101 percent in the prior year to over 97 percent once again. **(Exhibit 2.31)** In terms of peer groups, MFBs had an OSS of 91.3 percent while NBMFCs maintained the ratio at 107 percent. Similarly, the FSS stood at 91.3 percent for MFBs and 117 percent for NBMFCs. Deeper analysis indicates that 3 MFBs ratios were less than 100 percent where TMFB was constant while FINCA and NRSPBank were added to the list. On the NBMFCs side, Punjab Rural Support Program (PRSP), Soon ValleyDevelopment Program (SVDP), OPD Support Program and Taleem Finance Company Limited (TFCL) werebelow the threshold of 100 percent

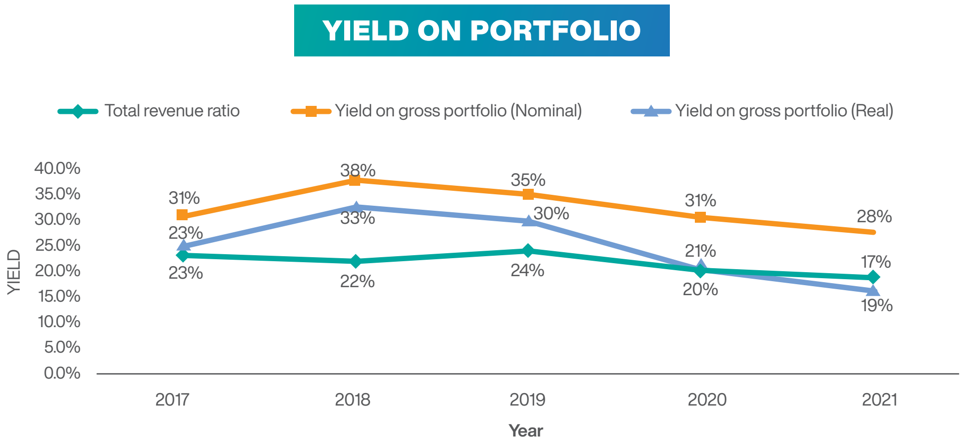
Exhibit 2.31: Financial & Operational Self Sufficiency

FINANCIAL & OPERATIONAL SELF SUFFICIENCY



The total revenue ratio experienced a nominal decrease of 1 percent, decreasing to 19 percent. A peer group analysis indicates that the ratio was recorded MFBs ratio decreased from 18.8 percent to 17.5 while it stood at 24.6 percent from 24.9 percent for NBMFCs. The Yields on Portfolio also experienced a decline as well, as the Nominal Yield declined from 31 percent to 28 percent whereas the Real Yield dropped from 21 percent to 19 percent during the period under review. The significant increase of 17 percent in the average total assets of the industry and average Gross Loan Portfolio (GLP) -646 billion PKR and 372 billion PKR- whereas a mere increase in revenue from portfolio -95 billion PKR- of 0.6 percent led to the decrease of the discussed ratios. **(Exhibit 2.32).**

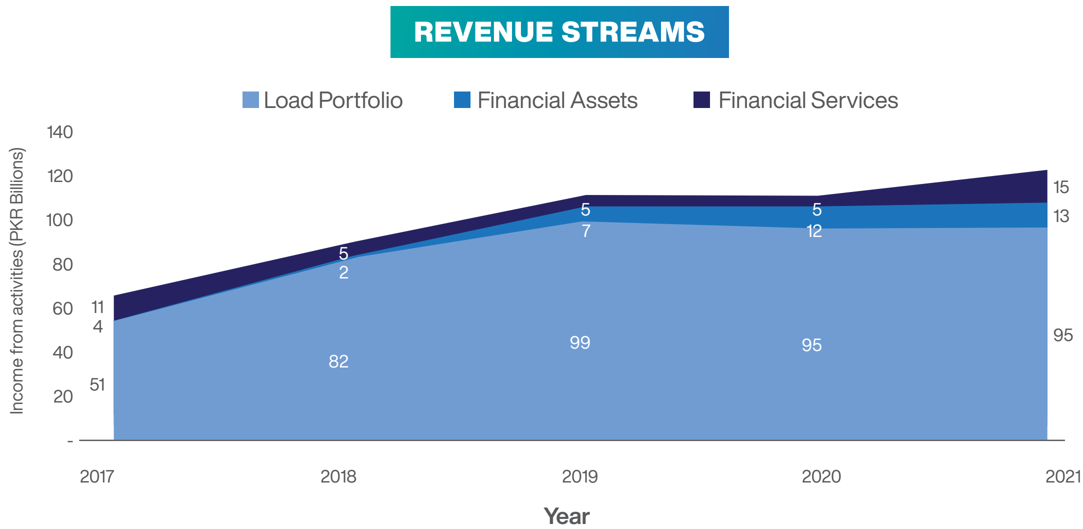
Exhibit 2.32: Trend in Yield on Portfolio



By the end of the year the total revenue of industry rose from 111 billion PKR to 123 billion PKR. An analysis of revenue segments indicates that revenue from loan portfolio comprised of 78 percent -95 billion PKR-, income from financial assets was 10 percent of the total revenue, standing at 12.8 billion PKR and Income from Financial services was 12 percent of the total revenue standing at 14 billion PKR. While the figures of total revenue are encouraging, it is worth noting that the proportion of income from loans declined by 7 percent while income of financial services experienced a contrary trend of same magnitude. **(Exhibit 2.33).**

In terms of peer group, the income from loan portfolio of MFBs continued to decrease as it experienced a further decline of 7 percent resulting in 79 percent of the total MFBs revenue. In contrast, income from financial services and other sources increased its proportion to 8 percent of the total MFBs revenue. On the NBMFCs side, the trends were similar. Income from loan declined from 83 percent to 74 percent while the income from financial services and other sources constitutes of 22 percent proportion of the total revenue of NBMFCs

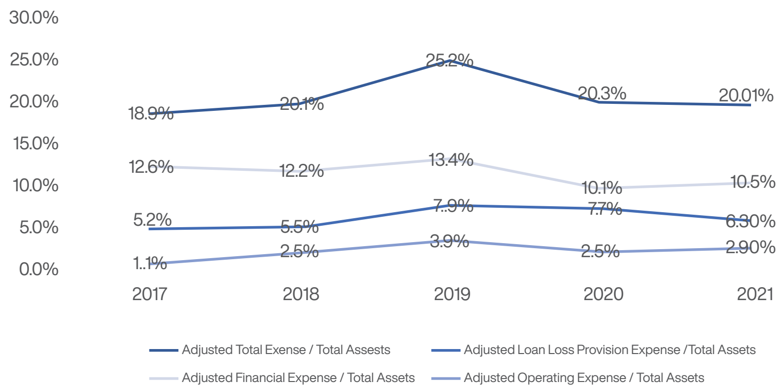
Exhibit 2.33: Revenue Streams



The trend of key expense ratios as a percentage of total assets presented myriad changes. While adjusted loan loss provision expense and adjusted operating expense experienced an increase in the ratios, ratios of adjusted total expense and adjusted financial expense experienced a decline. Adjusted total expense experienced a mere decrease as the number was still 20 percent, however, adjusted financial expense decreased by almost 1.5 percent in the fiscal year 2021. The declined is contributed by the increase in the average asset as well as the decline in financial expense by 7 percent. On the side of the increase, adjusted loan loss reserve experienced an increase of 0.5 percent whereas adjusted operating expense booked an increase of 0.7 percent. **(Exhibit 2.34).** The adjusted total expense for the industry stood at over PKR 129 billion, an increase of PKR 17 billion from the prior year. Out of this figure, PKR 70 billion PKR was classified as operating expenses as compared to PKR 56 billion in 2020. This was followed by financial expenses of PKR 40 billion PKR, a decline of 2 billion PKR from the prior year, and loan loss expense of PKR 19 billion,an increase of 6 billion PKR from the prior fiscal year (14 billion PKR: 2020)

Exhibit 2.34: Trend in Expense Ratios to total assets

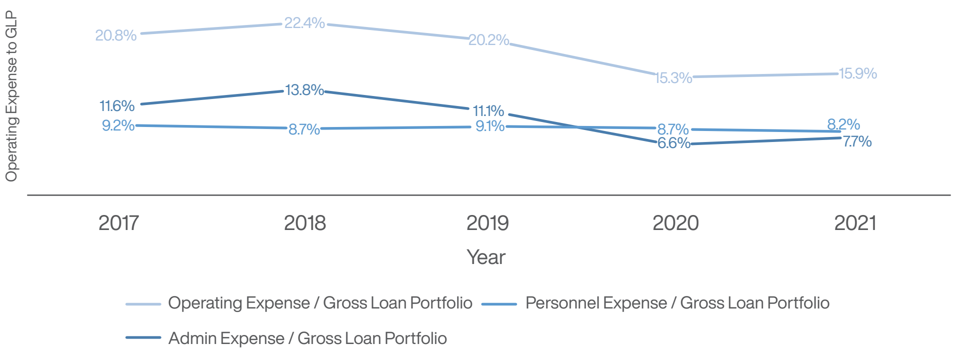
EXPENSE RATIO TRENDS



Analysis on the expense side of industry presents increase in all the indicators. Adjusted Operating Expense to GLP and Adjusted Admin Expense to GLP depicted a small increase of 0.7 percent and 0.5 percent whereas admin expense surged by 1.1 percent. At the closing of 2021, Operating expense stood at 54 billion PKR with admin expense standing at 26.5 billion PKR, contributing to almost 50 percent in the operating expense. Both operating expense and admin expense increased by an amount of 7 billion PKR and 6 billion PKR. Hence contributing to the increase in respective ratios. **(Exhibit 2.35)**

Exhibit 2.35: Trend in Operating Expenses to Gross Loan Portfolio

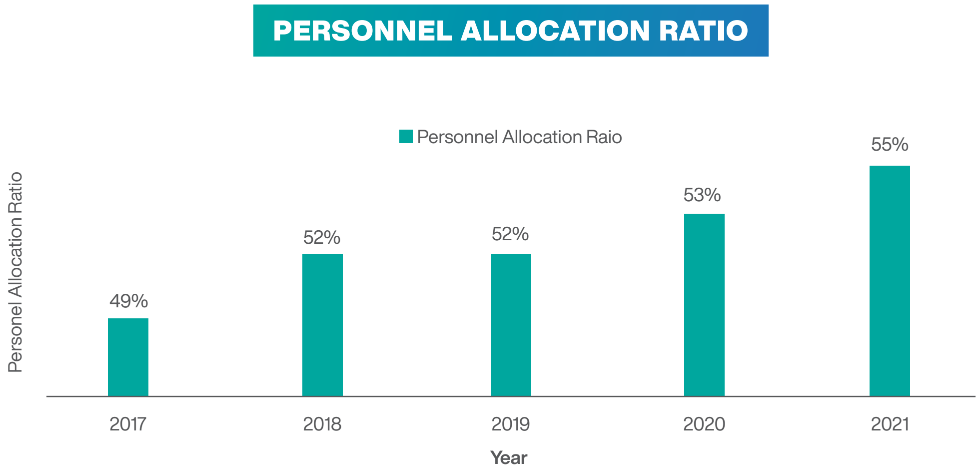
OPERATING EXPENSES TO GLP



PRODUCTIVITY

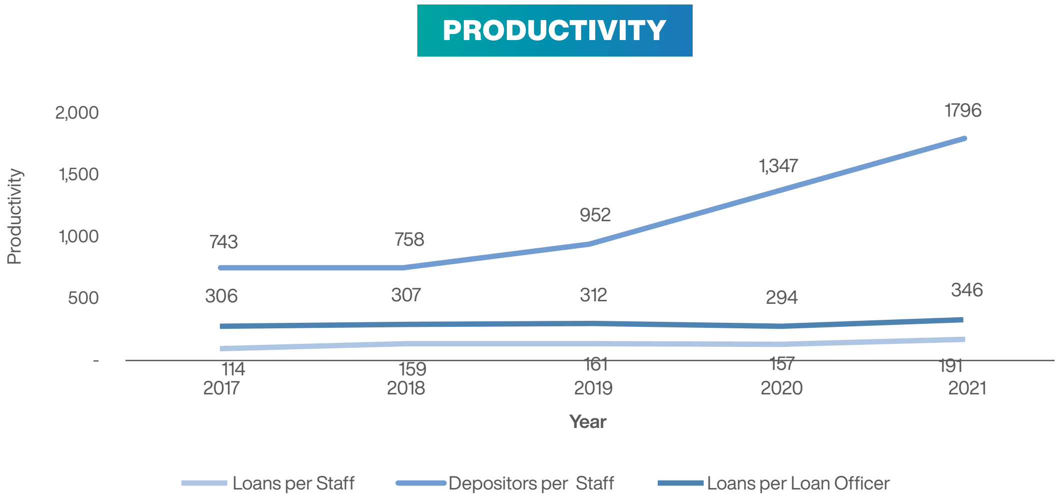
Personal allocation ratios continued to improve as the ratio saw a marginal rise this year. The sector experienced 2 percent improvement from the previous fiscal year. The total staff employed in the industry closed at 41,384 number. Out of this number, 22,869 were loan officer. **(Exhibit 2.36).** By the end of the year, the ratio for MFBs improved from 46.1 percent to 47.8 percent, whereas NBMFCs with the growth of 1 percent, stood at 63 percent.

Exhibit 2.36: Trend in Personnel Allocation Ratio



The productivity indicators over the last few years have been consistently improving, where someindicators represented an exponential trajectory. Loans per staff ratio witnessed an increase from 157 to 191 by the year end. Furthermore, the improved productivity led to an increase in the borrowers per loan officer rising from 294 in 2020 to 346 by 2022. **(Exhibit 2.37).** In terms of peer groups, the borrowers per staff for NBMFCs stood at 172 and the loans per loan officer were recorded at 271. In the case of MFBs, the loans per staff clocked at 208 and the loans per loan officer were 435. In contrast, on the deposit side, the growth in deposits bore fruit as the number of depositors per staff improved remarkably from 1,347 to 1,796 by the end of the year under review.

Exhibit 2.37: Staff Productivity

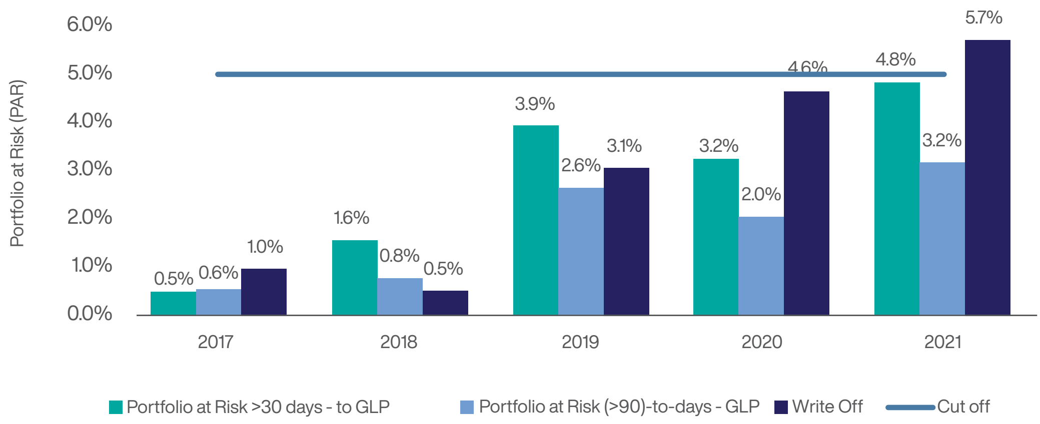


CREDIT RISK

The Portfolio at Risk > 30 days continues to remain below the 5 percent cut-off. The year saw PAR > 90 days to GLP increased from 3.2 percent previously to 4.8 percent where PAR > 90 days depicted the same trend - 2.0 percent to 3.2- percent. Furthermore, surge in write offs was observed as the write offs to GLPincreased from 4.6 percent to 5.3 percent by the end of 2021 **(Exhibit 2.38).** The increase in ratios explains the recovery phase from covid-19 impact.

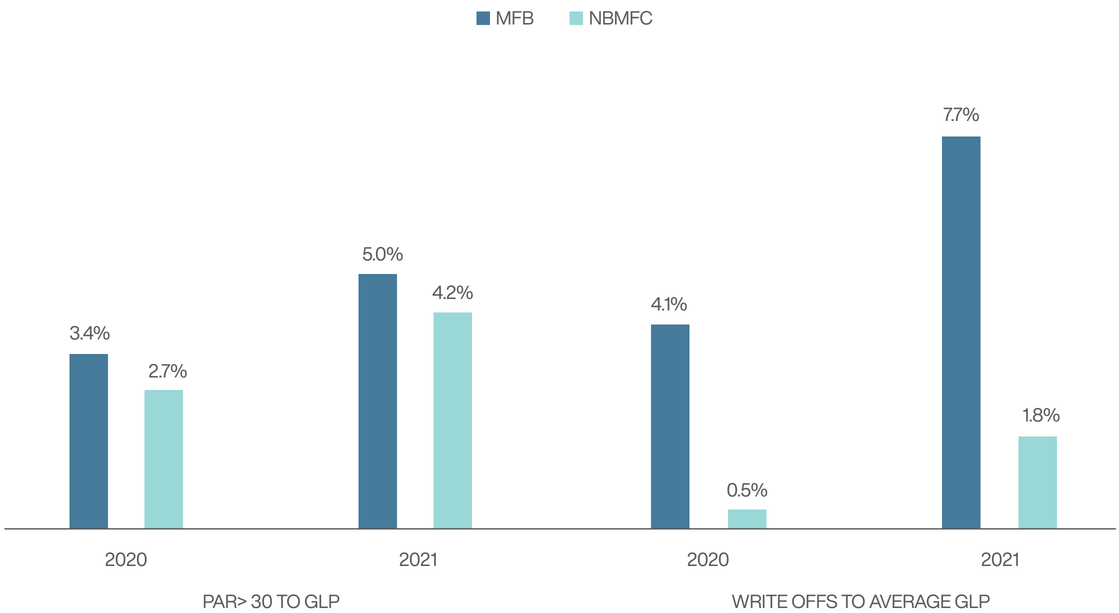
Exhibit 2.38: Trend in Portfolio at Risk (PAR) and Write offs

PORTFOLIO AT RISK (PAR) AND WRITE OFFS



The increase in the credit risk indicators is derived from the increase in the PAR ratios for 30 days, which can be observed in **Exhibit 2.39.** A breakdown by peer group indicated that the ratio rising trend for MFBs and NBMFCs. Both peer groups witnessed a significant increase where MFB PAR > 30 days rose from 3.4 percent to 5.0 percent and NBMFCs rose from 2.7 percent to 4.5 percent. Furthermore, write offs to GLP increased for MFB peer group saw a sharp incline, witnessing the change from 4.1 percent to 7.7 percent for MFBs while NBMFCs increase was less steep as it went 0.5 percent to 1.8 percent.

Exhibit 2.39: Credit Risk by Peer Group



Pakistan Microfinance Network
Achieving Together

Section 3
Social Performance Review

The goal of Pakistan's microfinance industry has been to increase the population's marginalized groups'access to economic opportunities and progress. The industry has remained committed to meeting the unique requirements of its customers, which includes integrating Social Performance Management into its procedures, practices, and operations with an emphasis on steady financial inclusion. A microfinanceinstitution's social performance management demonstrates how successfully it achieves the social objectives mentioned in its purpose and vision. As a result, social performance is measured using a variety of variables, such as the target market, governance principles, client safety, the goods and services provided, and environmental protection laws.

Without taking into account social and developmental sectors that need improvement, increasing access to financial services is unsustainable. Microfinance Institutions (MFIs) have prioritized these areas, as shown by their participation in a range of social and development initiatives, such as expanding access to financial services, fostering the growth of new and existing businesses, reducing poverty, creating jobs, and advancing gender equality. These efforts not only support the microfinance industry, but MFIs alsoutilize them to monitor their success in attaining their own social and development objectives. As a result, the development of social performance indicators is carefully monitored to manage the bottom line on both the financial and social fronts.

The next section will present an overview of the key social performance indicators used for monitoring by the microfinance sector in Pakistan. In this section, the industry trends across various Social Performance (SP) indicators like social goals, poverty targets, governance & HR, diversity in financial and non-financial service provision, client protection and environmental protection will be analyzed.

ANALYSIS OF THE SECTOR'S SOCIAL PERFORMANCE INDICATORS

The Microfinance Information Exchange (MIX), in collaboration with the Social Performance Task Force(SPTF), has developed an annual social performance reporting framework for MFPs. Indicators on institutions' social objectives, target markets, governance and HR practices, financial and non-financial services, and environmental protection are all included in the framework, which divides social performance into five key areas. The MIX framework lets MFPs choose from a variety of categories that are appropriate for their particular institution as self-reported data. For instance, if women, clients residing in urban regions, teenagers and adolescents, and clients living in rural areas are relevant to their operations, the MFI may report to targeting all or none of these groups within the "target population" sub-section.
At the time of this publication, 26 PMN members have reported their organizational data using the new MIX social performance framework. The PMN members that have reported the data include 7 Microfinance Banks (MFBs) and 20 Non-Bank Microfinance Companies (NBMFCs).

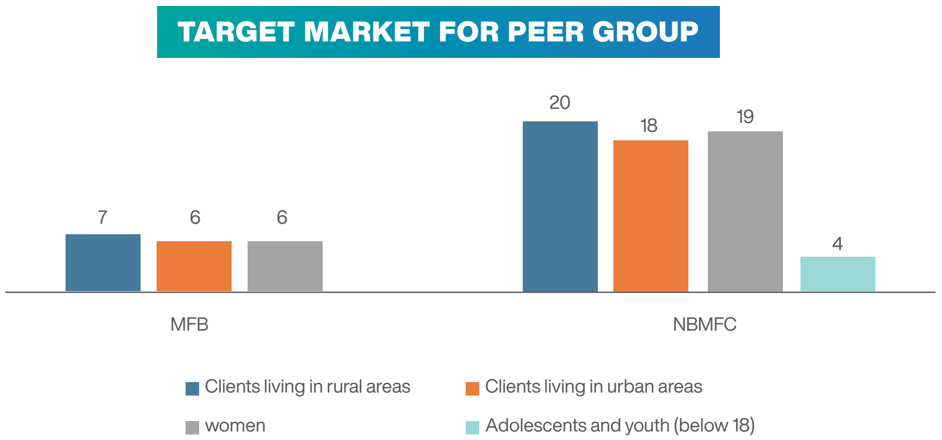
SOCIAL GOALS

TARGET MARKET

The variety of customer that the MFIs serve is determined by the target market. The target market part of the social performance reporting framework outlines four key categories: "clients living in rural regions," "clients living in urban areas," "women," and "adolescent and youth."

The organization's overarching aim and mission may be more effectively channeled with the aid of a target market, which can also help them make the most use of their limited resources. Identification of the target market must be done in-depth in order to provide services that are pertinent, client-focused, and successful in achieving the goals of a business.

Exhibit 3.1: Target Market for Peer Groups



MFPs target markets by peer group which are highlighted in **Exhibit 3.1** Out of the 10 MFBs that have submitted data, the majority cited several goals, including clientele in urban and rural locations. 6 of the 7 also stated that they offered services to women. All of the 20 NBMFCs that submitted reports target customers in rural regions, with the majority focusing on women and clients in metropolitan areas.

Overall, customers are chosen based on their geography and gender, with women typically receiving preference; some only lend to women. MFPs coverage in metropolitan regions is 95%, women as a special target market is 84%, and rural areas 100% of the time. Furthermore, this year NBMFCs clientele added another target market - adolescents and youth (below 18)-. The list includes Agahe, CSC, JWS and SRSP.

DEVELOPMENT GOALS

The MFIs are seen to have explicitly designed products, services, and procedures to achieve their social goals. Increased access to financial services remained the top objective of all 27 MFIs closely followed by the poverty reduction with 25 MFIs. Other commonly cited objectives included growth of existing businesses (24), gender equality and women's empowerment (19), and employment generation (18).
Supporting the development of start-up enterprises is still a lower priority as 9 NBMFCs report it as part of their development goals where MFBs remained conservative in this particular objective.

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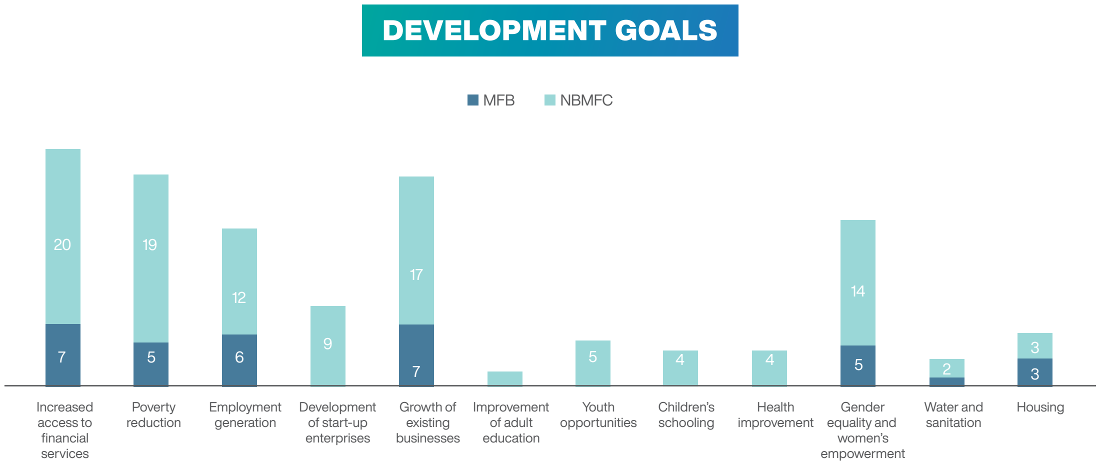
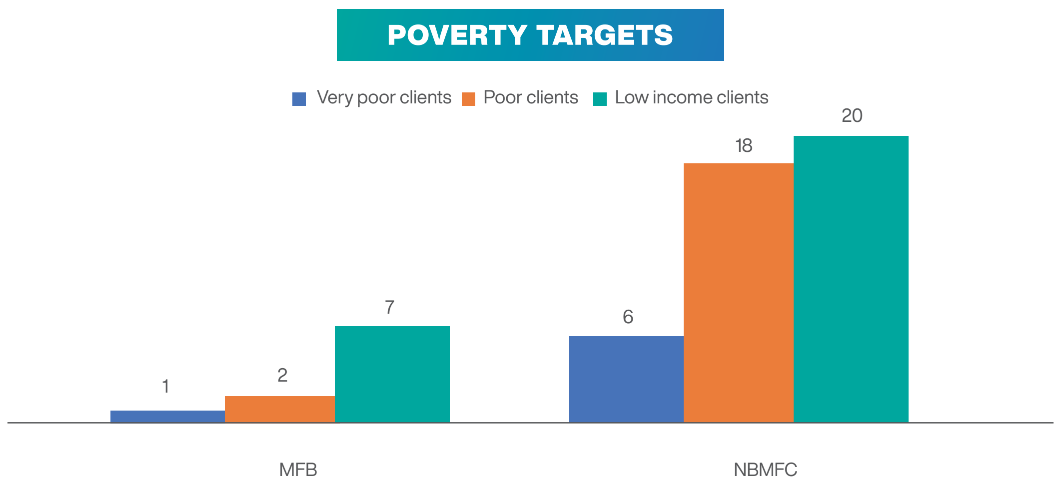
Exhibit 3.2: Development Goals



POVERTY TARGETING

Nearly all reporting MFIs aim to reach several challenged demographic subgroups. According to 27reporting MFPs, Low-income consumers are, overall, the sector's most prevalent target market in terms of income. Only 7 MFIs reported targeting extremely poor consumers, while 20 MFIs are shown to target poor clientele. Compared to MFBs, the disproportionately greater percentage of NBMFCs were seen to lend largely to poor clients and very poor clients

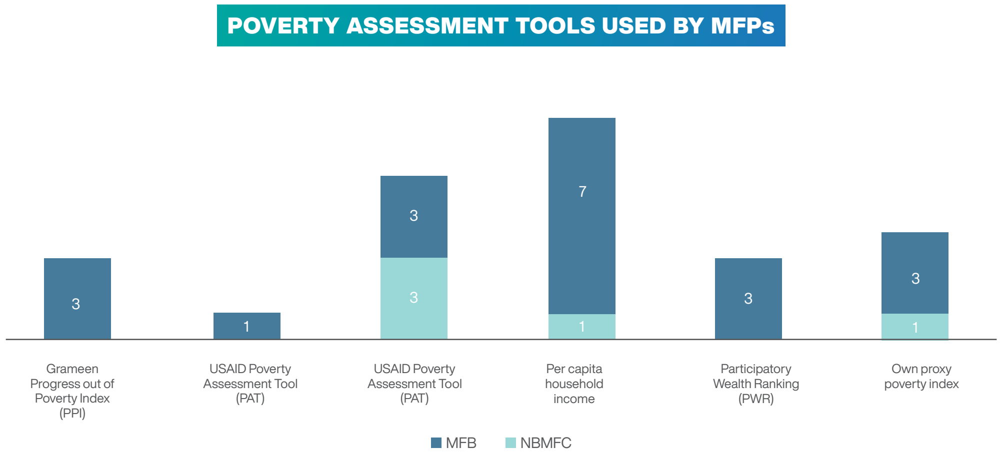
Exhibit 3.3: Poverty Targets



POVERTY MEASUREMENT TOOLS

In Pakistan's microfinance industry, a large number of MFIs have established methods for gauging poverty. These methods use relevant dimensions and indicators, a threshold level, and poverty measures to determine the amount of poverty for reporting measures. For the goal of calculating and/or tracking the degrees of poverty among customers, several methods gather economic, social, and/or other sorts of wellbeing indicators from these clients. Client poverty levels should be measured and analyzed to aid with client targeting, set baselines for clientpoverty for impact assessments to follow, evaluate financial services to better meet client requirements, and gauge the overall efficacy of the program.

Exhibit 3.4: Poverty Assessment Tools Used by MFPs



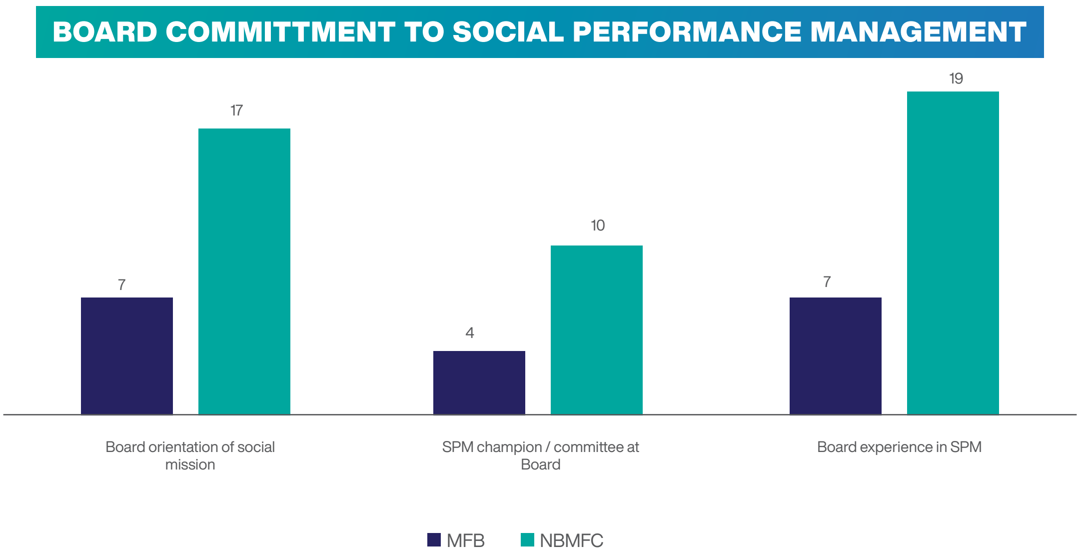
It is clear that MFIs are not confined to the usage of a single model. As seen in **Exhibit 3.1.4,** some reporting MFIs utilize a single approach to determine the levels of poverty, while others use variety of models. The per capita household income measure is used by more MFIs (8), followed by the per capita household spending metric (6) and the usage of their own proxy poverty index (4). The USAID Poverty Assessment Tool, the Grameen Progress out of Poverty Index, and Participatory Wealth Ranking are some further infrequently used measurements.

GOVERNANCE AND HR

The entire social goal of microfinance institutions is seen to benefit greatly from good governance andhuman resource management methods. The development of policies to promote the social goals of theenterprises is indicated by two USSPM standards, which deal with governance and human resource (HR) management. In order to provide MFIs a mechanism to evaluate institutional adherence to their social development objectives, the incorporation of social performance indicators within governance and HR structures is warranted.

To ensure commitment to social goals in the governance structure, it is essential to make board membersaware of the MFI's social mission, have a Social Performance (SP) advocate at the board level, and have board members with the necessary experience in Social Performance Management. To this end, themajority of reporting institutions have reported conducting board orientation for their respective social missions.

Exhibit 3.5: Board Commitment to Social Performance Management



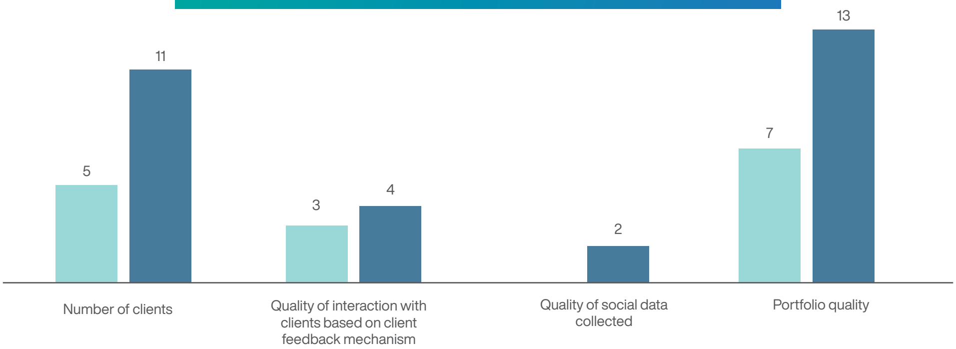
While 17 out of 20 NBMFCs indicated that an orientation session is held for their board members, allreported MFBs adhere to the practice of orienting board members on the organization's social goal.Similar to this, 10 out of 20 NBMFCs and 4 out of 10 MFBs reported having an SPM champion or committee at the board level. All MFBs and 19 out of 20 NBMFCs indicated compliance on the indication for boardmembers' experience in SPM.

HR PRACTICES

This evaluation tool examines the relationship between HR policies and social performance, the number of clients who get incentives, and staff incentives with reference to social performance. The average percentage of female representation at various levels in microfinance organizations is shown in the last section.

Exhibit 3.6: Staff Incentives Related to SPM

STAFF INCENTIVES RELATED TO SPM



The quality of social data collected, the quantity of clients entertained by field staff, the quality of interactions with clients based on client feedback mechanisms, and/or the portfolio quality maintained by field staff are all ways that staff incentives track the MFs' adherence to social performance.

5 out of 7 MFBs in the peer group claimed that their staff incentives were based on client volume, while 7 MFBs reported that their incentive structures were based on portfolio quality. Only 3 MFBs indicated that the caliber of the client interactions their employees had with clients was also related to staff incentives, but none of the MFBs claimed that the caliber of the social data that was gathered for the same was high.

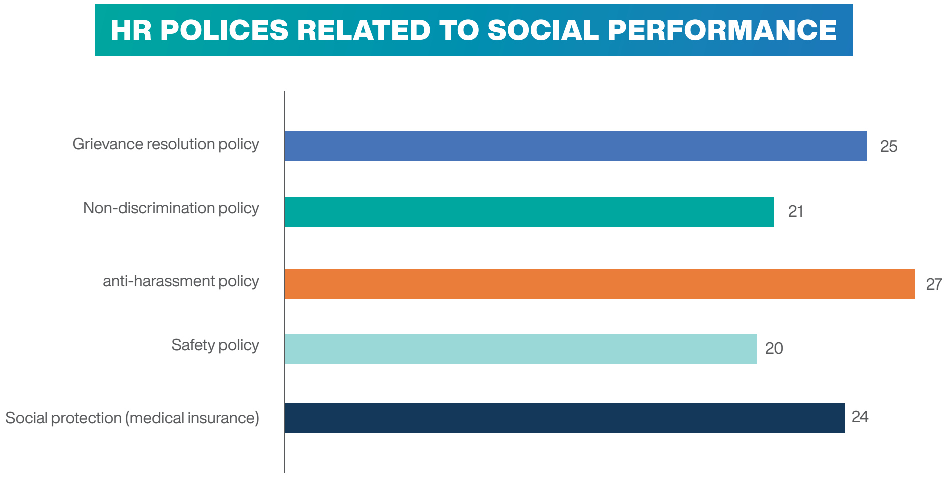
Amongst the NBMFC peer group, 11 out of 20 NBMFCs reported that their incentive structure was linked to the number of clients while 13 NBMFCs reported that the incentive structure was linked to the portfolio quality.

Exhibit 3.7: Methods for Calculating Staff Incentives

METHOD FOR INCENTIVING NUMBER OF CLIENTS

The second metric examines how MFIs compensate employees based on social performance indicators; incentives or bonus programs are connected (wholly or partially) to the number of clients in field officers' client portfolios. These may be determined by the overall number of clients, the number of clients who satisfy certain requirements, or the retention of current clients. **Exhibit 3.2.4** shows that all MFPs use a combination of these measures for calculating staff incentives, with the most common being incentives related to "total number of clients" followed by number of new clients and then client retention.

Exhibit 3.8: HR Policies Related to Social Performance



The third indicator encompasses the USSPM standards for responsible treatment of employees.

Exhibit 3.2.5 presents 25 MFIs have policies pertainingto employee grievance resolution, and nondiscrimination reporting together with excellent HR policies relating to Social Performance. 24 MFPs claiming to have social protection measures in place, such as medical insurance, pension contributions, etc., social protection appears to have slipped down the priority list from last year. In contrast, it appears that the importance of anti-harassment has increased been the top priority of all MFPs as all 27 MFPs report this factor as an integral component of HR Policies related to social performance.

Exhibit 3.9: Average Percentage of Females in MFPs

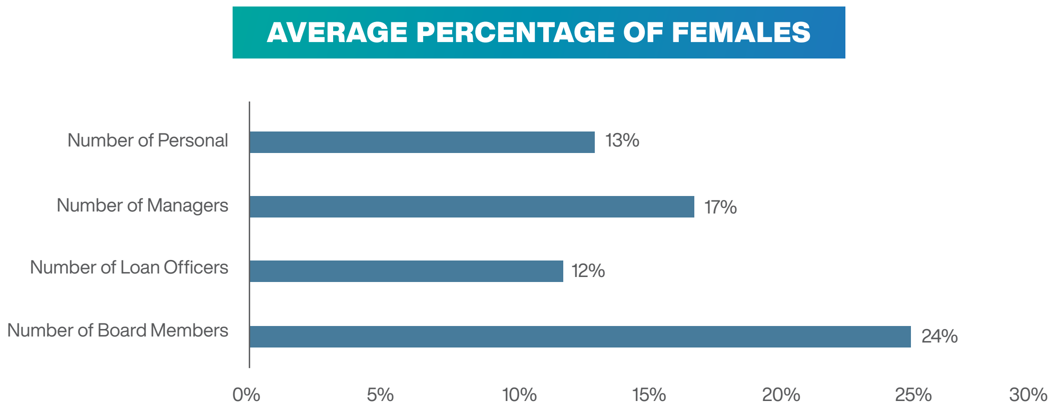


Exhibit 3.2.6 shows that there are on average 24% females who are board members, 12% females who are loan officers, 17% females who are managers and an overall 13% females form part of the personnel. These numbers have decreased from last year except for the number of managers, which rose by 3%. The data for this section was available for 27 MFPs, but it can be considered a representative sample since it includes all the major players in the industry.

Given that the microfinance industry is largely geared towards women borrowers, the sector itself does not have an adequate representation of women in day-to-day operations and management, even though it fares slightly better at the board and managerial level.

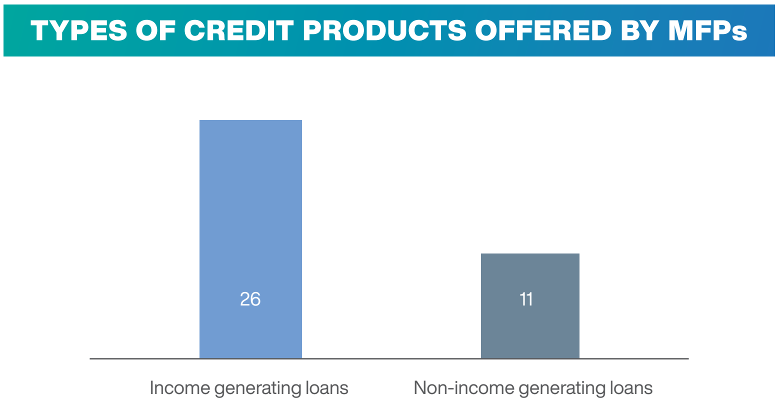
PRODUCTS AND SERVICES: FINANCIAL

Microfinance includes a variety of financial services, such as credit, insurance, and money transfer, forlow-income and underprivileged households. This section explains how these items are further divided in order to assess how well the financial services and products are tailored to meet the demands of the customers.

CREDIT

All reporting organizations offer microcredit services, for income-generating purposes as well as for nonincome-generating (consumption) purposes.

Exhibit: 3.10: Types of Credit Products Offered by MFPs



As **Exhibit 3.3.1.1.** shows, 26 of the reporting MFIs offer income-generating loans, while only 11 MFIs offers non-income generating loans in addition to income-generating ones.
The income generating loans extended by MFIs includes microenterprise loans, SME loans, agriculture/livestock loans and express loans. While for the non-income generating loans offered, the main categories include education loans, emergency loans, housing loans and other household consumption loans.

Exhibit 3.11: Credit Offerings by Peer Groups

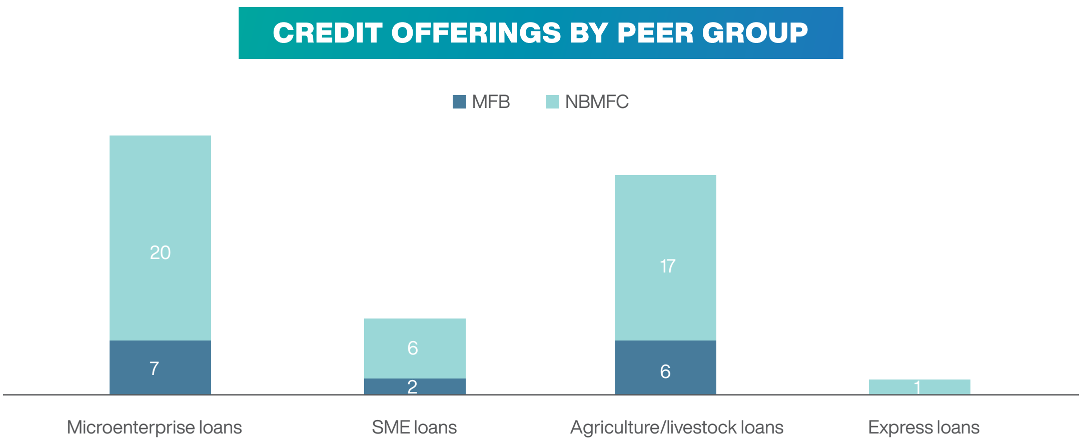


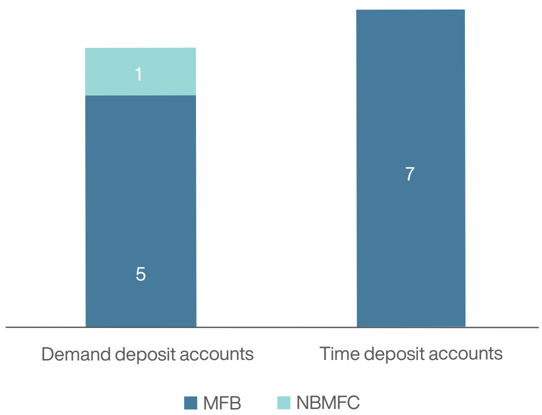
Exhibit 3.3.1.2 shows the comparison of MFBs, and NBMFCs with respect to the category of income generating loans offered to their clientele. All reporting MFIs offer microenterprise loans while majority of them also extend credit for agriculture/livestock loans. However, MFIs offering SME and express loans remained the same.

DEPOSITS

Given the regulatory structure in Pakistan for savings product/deposits, only MFBs can intermediate deposits and hence offer voluntary deposit accounts (both demand deposit accounts and time deposit accounts). **Exhibit 3.3.2.** shows all MFBs relied on Time deposit accounts as the major saving product while 5 MFBs also relied demand deposit products.

Exhibit 3.12: Savings Products Offering by MFPs

TYPES OF SAVINGS PRODUCTS OFFERED BY MFPs



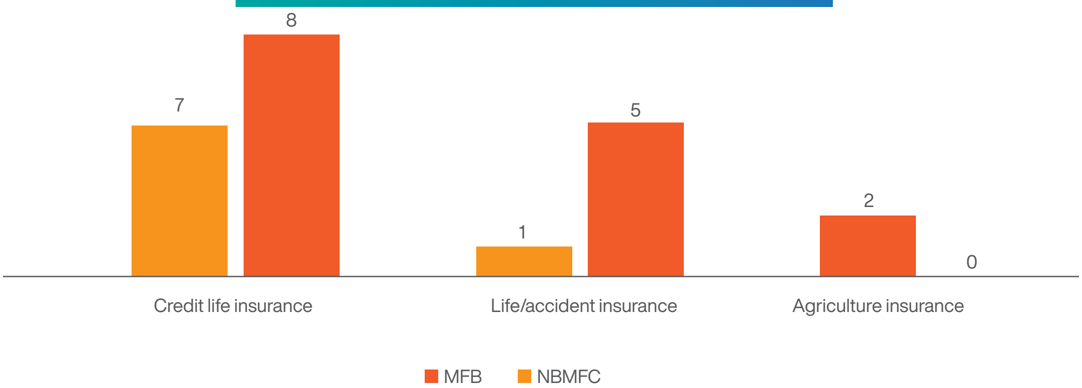
All MFBs, being regulated banks, are allowed to intermediate client deposits, and thus all reporting MFBs can take deposits.

INSURANCE

Clients in the microfinance industry are becoming more and more interested in insurance products, and there is enough demand for MFIs to provide these services. To address the base of the pyramid, several micro-insurance solutions are being created and made available. To satisfy the demands of their customers and to shield them from the possibility of losses, the majority of reporting MFIs provide insurance options.

Exhibit 3.13: Types of Compulsory Insurance

TYPES OF COMPULSORY INSURANCE



As **Exhibit 3.3.3.1** shows the most common compulsory insurance product offered by MFIs to its clients is the credit life insurance product, with almost all MFIs offering it. Other compulsory insurance products include life/accident insurance and agriculture insurance. Some MFIs offer voluntary insurance products on a needs-basis to customers through partnerships with insurance providers. While most MFBs offer compulsory insurance, there are a few that offer voluntary insurance products as well.

Exhibit 3.14: Types of Voluntary Insurance

TYPES OF VOLUNTARY INSURANCE

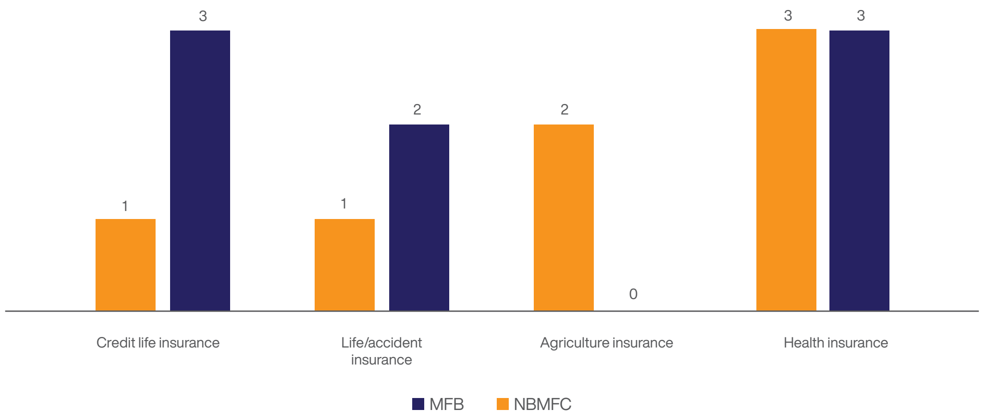


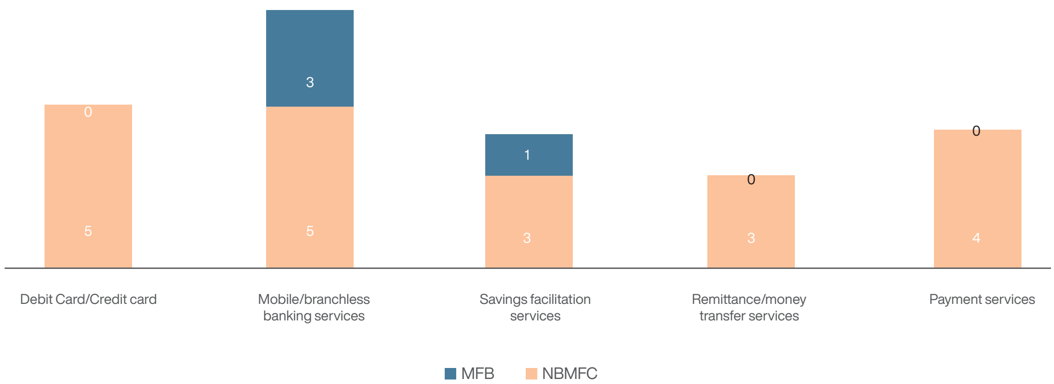
Exhibit 3.14 demonstrates that optional insurance products include health, life/accident, agriculture, and credit life insurance. NBMFCs has tapped into other forms of insurance which includes credit life insurance and Life/accident insurance. The majority of voluntary insurances are provided by MFBs. Among MFBs, KBL provide the most variety which ranges from credit life insurance to agriculture insurance.

OTHER FINANCIAL SERVICES OFFERED

The provision of debit/credit cards, mobile/branchless banking services, savings facilitation services, remittance/money transfer services, payment services, micro-leasing, and scholarship/educational awards are only a few of the other financial services provided by MFPs. **Exhibit 3.3.4** demonstrates that the MFB peer group is the primary supplier of these financial services among MFPs, offering clients the most popular financial services such as debit/credit cards, branchless banking, payments, and money transfer services.

Exhibit 3.15 Types of Financial Services Offered

TYPES OF FINANCIAL SERVICES OFFERED



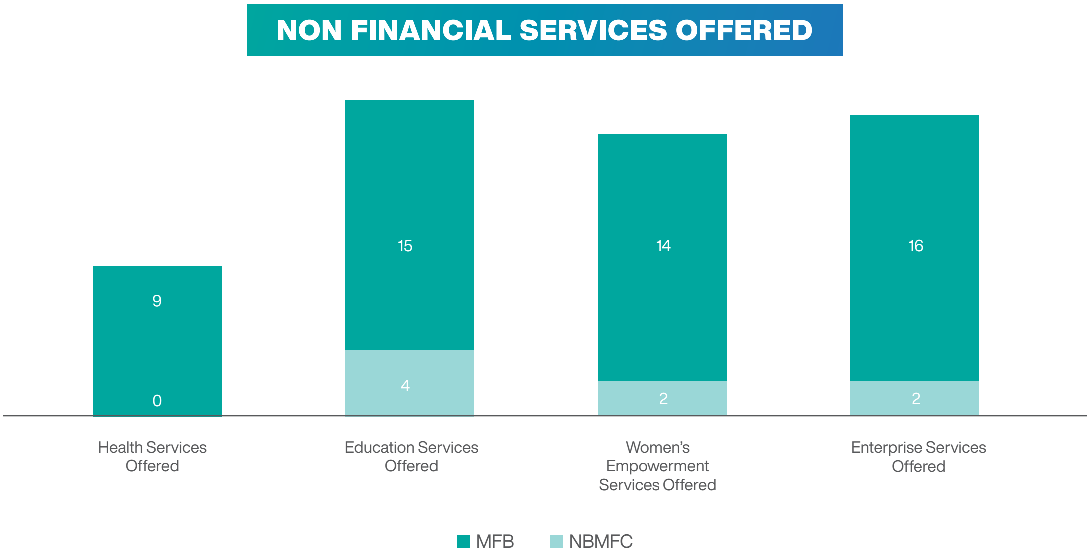
However, some NBMFCs are also offering clients other services such as, mobile/branchless banking services while some are extending support to clients through savings facilitation.

PRODUCTS AND SERVICES: NON-FINANCIAL

NBMFCs often provide their consumers with non-financial services in addition to financial services. MFIsprovide these non-financial services in order to increase their customers' ability to combat poverty and improve their standard of living. These services may involve the empowerment of women, entrepreneurship training, and business administration education, among other things. The institution may provide non-financial services on its own or in conjunction with another party. Depending on capacity and ambition, each institution offers a different set of talents, but the main goal is always to aid customers in acquiring new ones to assist their businesses. These can be in the form of commercial and/or technical skill training, as well as the provision of fundamental services like health and education. These services are divided into four primary areas for analysis: enterprise, education, health, and women's empowerment.

NBMFCs are more active in offering all forms of non-financial services in the market, especially those devoted to a specific social purpose, as opposed to MFBs, which have a lead in the supply of other financial services. (See **Exhibit 3.3.5.**).

Exhibit 3.16 Non-Financial Services Offered

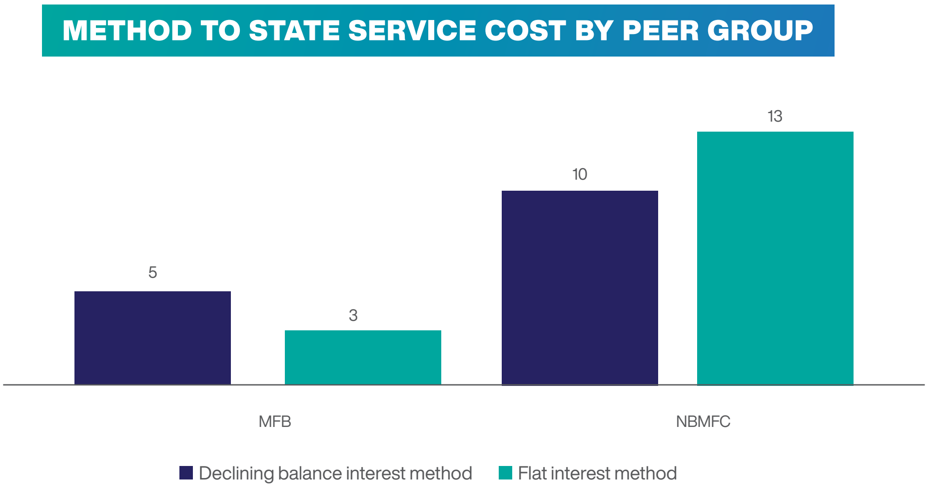


With an emphasis on financial literacy education, the MFB peer group has principally focused its effortson the delivery of educational services. NBMFCs frequently offer services related to education and women's empowerment, followed by health services. It is noted that NBMFCs have also shifted their focus on Enterprise services. A few NBMFCs also provide basic medical and specialized medical services for women and children, among other health services.

TRANSPARENCY OF COST

One of the financial service provider's main responsibilities is to provide price transparency. For good consumer protection, social performance, and responsible microfinance, it is seen as a necessary prerequisite. The microfinance industry as a whole is working to provide this information to borrowers in a standardized manner that permits comparison and streamlines the decision-making process.

Exhibit 3.17: Method to State Service Cost by Peer Group



As of 2021, majority MFIs reported utilizing the flat technique for determining interest rates, while few MFIs reported using the decreasing balance method. It is observed that a sizable portion of MFIs in Pakistan continue to communicate prices to clients using the flat methodology, in which interest rates are communicated based on the stated initial principal amount of the loan, regardless of the payment plan. However, the number of MIFIs giving flat interest rates has reduced whilst the number of MFPs offering decreasing balance has grown compared to previous year. This shift towards declining balance method is encouraging as the interest calculated through this method is based on the amount of the loan principal which the borrower has not yet repaid thus, reducing the burden of interest payment on borrowers and leading to greater economic empowerment.

All MFBs in Pakistan are required by State Bank of Pakistan (SBP) to disclose the interest cost to theborrower. **Exhibit 3.3.6.** shows that 5 MFBs use the declining balance interest method and 3 MFBs use the flat interest method. It is also seen that 5 NBMFCs use the declining balance interest method while 10 NBMFCs use the flat interest method. It is noted that few NBMFCs use both methods.

CLIENT PROTECTION (CP)

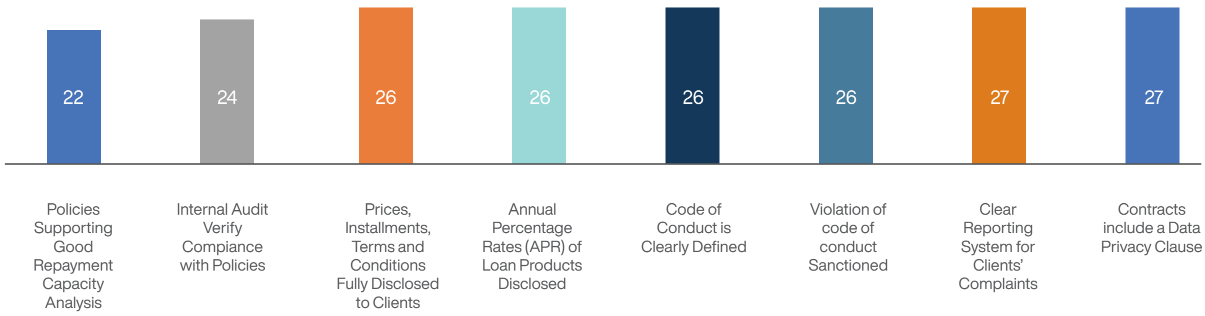
There are seven all-encompassing principles of client protection developed by the SMART Campaign4: An international consortium of microfinance stakeholders focusing on pricing transparency, which include the following:

- Appropriate product design and delivery
- Prevention of over-indebtedness
- Transparency
- Responsible pricing
- Fair and respectful treatment of clients
- Privacy of client data
- Mechanisms for complaint resolution

APR disclosure, full pricing terms disclosure, code of conduct violations, clear reporting systems, and data privacy clauses were among the criteria used to analyze the sector with regard to client protection. Othercriteria included internal audit compliance. Overall, the industry exhibits strong compliance to CP principles, notably with almost all reporting MFIs exhibiting compliance on disclosure of pricing and APR and contracts having data protection clauses. The majority of MFIs also have established rules of conduct and transparent methods for addressing customer complaints. All reporting banks exhibit complete compliance with the fundamental CP indicators due to the regulatory framework established by State Bank, under which MFBs fall.

Exhibit 3.18: Client Protection Indicators

CLIENT PROTECTION INDICATORS



ENVIRONMENTAL POLICIES

The idea of reaching a triple bottom line— accomplishing an objective of environmental and social goals in addition to the financial targets—by adding environmental and social performance management has gained popularity in recent years. The indicators examined in this study may be generally divided into two categories: the existence of environmental legislation and the kinds of environmentally friendly goods and/or services that are provided. These environmental policies cover MFPs' efforts to raise consumer awareness of environmental effects, their possession of the tools required to assess the environmental risks posed by their clients' activities and goods, and their inclusion of loan contract clauses that guarantee the reduction of environmental risks through their clients' businesses and particular loans associated with environmentally friendly goods.

Exhibit 3.19: Environmental Policies in Place

ENVIROMENTAL POLICIES IN PLACE

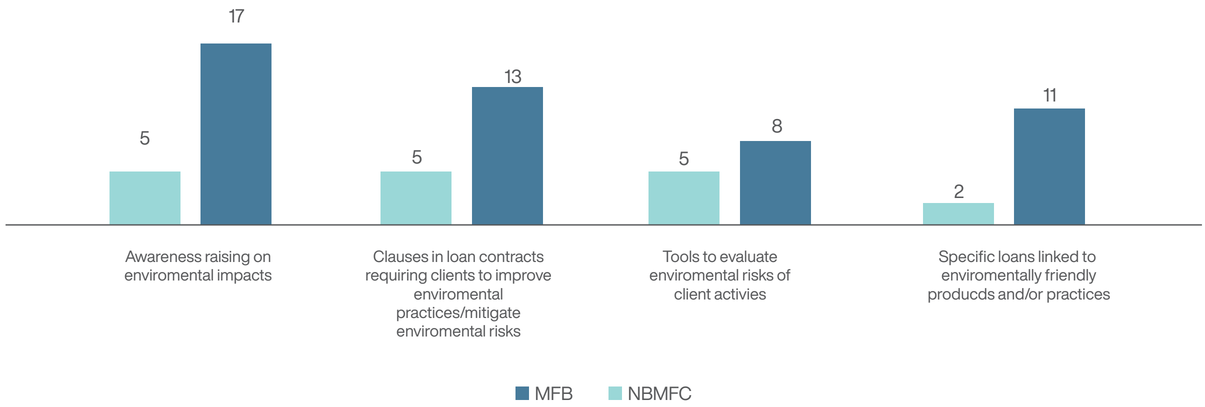


Exhibit 3.19 shows that a significant number of NBMFCs have policies in place to promote environmental protection. The most common area within the domains of environment being addressed by NBMFCs are 'awareness raising on environmental impacts' and requiring clients to improve environmental practices as a total of 17 NBMFCs are working on the former whereas 13 NBMFCs are working on the later.

At sector level, as evident from **Exhibit 3.5.1.** there is a growing focus on developing tools to evaluate environmental risks of clients as well as on provision of specific loans linked to environmentally friendly products and/or practices.

Exhibit 3.20: Environmentally Friendly Products/Services Offered

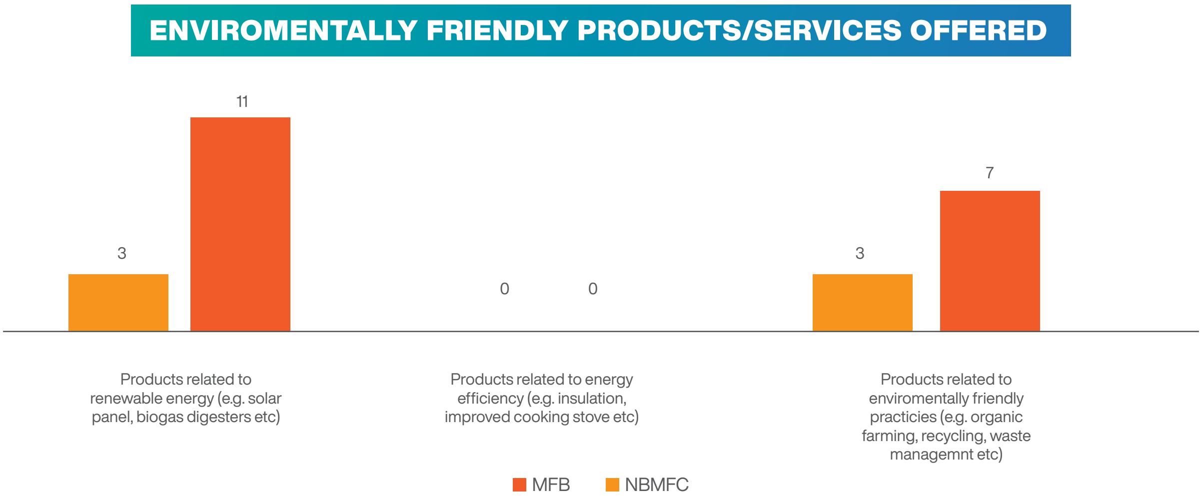


Exhibit 3.20 shows that within the category of providing environmentally friendly loans, the most common loan product being offered relates to renewable energy with a total of 14 MFIs focusing on this aspect. A rising number of MFIs is also focusing on loan products for adopting environmentally friendly practices, however, more focus needs to be given to products related to energy efficiency.

CONCLUSION

The examination of the present section demonstrates that there is a persistently strong commitment to enhancing social performance and meeting the requirements of the many socially excluded groups. The industry has a good trend for the majority of measures, particularly for board commitment to social performance management, HR policies and Client protection. These institutional-level indicators suggest that social performance indicators are regularly supervised, reported on, and monitored at the highest level to guarantee compliance in management and operations. However, the industry must actively pursue a policy of boosting the representation of women at all levels of operations. In addition to increasing the number of women employed, this will improve the microfinance sector's reputation as a sector that promotes equal employment opportunities. Additionally, it can result in the introduction of better guidelines and services created to better meet the requirements of female consumers and borrowers.

The target market for microfinance includes a sizeable section of the low-income and impoverished populations in both urban and rural regions, with considerable attention paid to very poor customers as well. Along with reducing poverty, enhancing access to financial services, and fostering the expansion of credit outreach, the sector actively focuses on women's emancipation through specially created goods and services. However, there are certain underrepresented and neglected groups, including young people, LGBTQ people, and people with impairments. There is a sizable market to tap into, especially among the younger demographic, and tailoring goods and services to these markets might go a long way toward achieving the aim of national financial inclusion.

The industry has the ability to make a big contribution in offering insurance products to the lower-income group. Expanding insurance services is necessary to meet the broader range of risks that susceptible clients face, especially those related to the agricultural sector where the vulnerabilities of underprivileged farmers are multiplied as a result of climate change. The population in the low-income sector has been disproportionately affected by the recent pandemic, floods, and locust assaults; thus, there is a demand for insurance products that may function as a buffer against such shocks. To meet the insurance demands of its clients, MFPs might alter and expand the volume and range of insurance products supplied. To enhance the use of insurance products by clients, MFPs should also spread knowledge of the advantages and applications of both new and current insurance products. The microfinance sector should broaden its operations and focus on social enterprises and impactoriented companies in order to increase the industry's reach. Low-cost private schools, affordable housing, renewable energy initiatives, agricultural value chains, micro-enterprise loans, etc. are a few examples of these enterprises. In addition to broadening the audience served, this would also diversify the product mix, which would help the MFPs achieve their triple-bottom-line objectives.

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Section 4
The Way Forward

NANO LENDING IN PAKISTAN

Alternative lending solutions are growing in emerging markets with large financially excluded populations.Digital credit offerings are growing in these markets at a rapid pace. They offer fully automated shortterm loans to the consumers which provide them access to liquidity. Nano lending or nano loans, therefore, means very nominal loans in monetary amounts. A step towards financial inclusivity, the scheme aims to offer small, collateral-free loans to marginalized individuals who do not have the wherewithal or the inclination to get themselves attached to a bank account. Artificial intelligence determines their creditworthiness, and the loan provider disburses the sanctioned amount to the borrower's account within a couple of minutes without any human involvement.

As the name implies, the amount of Nano-Finance is small. It can meet your needs for emergency hospitalization, help you with cash flow shortages for your home expenses and if you are a roadside hawker, you might get enough funds to meet your weekly business expenses. The money is disbursed via mobile wallets or through a branchless banking agent. Nano-Finance carries a high risk of default. To mitigate the risk, Nano-Finance companies offer loans at higher rates. These companies need to maintain a NET-positive cash flow to operate. The benefit to the applicant is that the loan is processed by companies that work in a regulated industry. Also, the terms and conditions of the loans are transparent.

Many such players have been active in Africa and have also entered the Pakistani markets. Several existing players in addition to new players have started offering nano loans in the country. These players include both telcos based MFBs as well as new entities structured as Non-Bank Finance Companies (NBFCs) under the Securities & Exchange of Pakistan. While numbers for nano loans are hard to come by but in the country where 30 percent of the population has access to the internet via smartphones and only 2 percent have access to formal financial services. With a supportive ecosystem including a payments system, creditbureaus, and unique ID, growth in nano lending is natural.

However, given low levels of financial and digital literacy and the relatively new area for regulatory oversight, clients are vulnerable to being exploited. Moreover, the advent of unlicensed nano-lending apps and their predatory operating (incomplete sentence) To mitigate such risks, players need to invest in digital and financial literacy while regulators need to proactively block unlicensed apps and a separate regime for nano lending may be incorporated. With digital lending all set to become part of the financial landscape shortly, a combination of responsible practices by practitioners and regulatory oversight of nano lending can provide a solid foundation for it.

MICROFINANCE IN POST-COVID ERA

Pakistan was spared the worst of the pandemic Covid 19 in the last two years through a mix of indigenous strategies of smart lockdowns and timely vaccination, however, over 1.5 million people were affected by the virus with deaths of over 30 thousand. Normal life and the economy were disrupted. The microfinance industry was also impacted by Covid. Initially, NBMFCs were not included in the essential services and 63 their operations were halted for a few weeks. Moreover, despite the gradual opening of the economy, field operations remained confined for the microfinance players for the initial few months.

Policymakers and regulators remained cognizant of the challenges brought up by the pandemic. To provide relief, the Ministry of Finance brought up substantial relief packages for SME and a salary & wages scheme was introduced for entities to meet their payroll obligations. While NBMFCs were eligible for the salary & wages scheme, however, no package like SMEs was extended to the microfinance sector. Moreover, both the regulators (SBP and SECP) encouraged the microfinance providers to provide relief to the customer in terms of deferments and rescheduling of the outstanding loans.

While many of these steps were taken with good intent, their impact was adverse. Deferred and rescheduled loans going up to a year had an unintentional consequence of affecting the credit discipline among the clientage. The relief was misperceived as write-offs resulting in delinquencies for players. With the moratoria and payment holidays ending, practitioners have been forced to write off delinquent loans which have reduced profitability and even hit the capital adequacy of some of the players. At a time when microfinance players are needed to play an instrumental role in rebuilding the economy, the losses incurred have resulted in diverting their focus toward their sustainability.

For microfinance players to grow and expand their outreach especially mid-sized and smaller entities require liquidity which can be in form of either direct funding lines or guarantee funds allowing them to borrow commercially at favorable terms. Smaller entities particularly those which are not for profit may require blended finance facilities to shore up their financial positions. Institutes needing recapitalization shall require equity and quasi-equity funds to be routed to them to strengthen their balance sheets.

Moreover, to put the industry on the path of growth, first-loss guarantees need to be in place. Funds for such facilities can be generated through multilateral or government and may be routed through the national apex.

DIGITAL BANKING IN PAKISTAN

Digital banking can be defined as the digitization of all the banking services that were normally available inside brick-and-mortar bank branches. Keeping in view the advancements in technology and changing customer preferences especially buoyed by the Covid-19 pandemic most of the banks have shifted to online banking.

While the two words online banking and digital banking are used interchangeably and considered synonymous, online banking is a limited set of services that allows money transfers, bill payments, and online management of accounts. On the contrary, digital banking encapsulates digitization at each level from the front to the back end. Not only can a customer make payments and deposits but also apply for loans and other financial services.

Digital banking offers a cost-effective solution to promote financial inclusion in a country like Pakistan where access to finance is quite low. It can be used to provide credit to unserved segments, reduce intermediary costs, encourage innovation, and improve customer experience. Keeping the above in view, SBP has launched licensing and regulatory framework for digital banks in Pakistan. Initially, SBP plans to offer two types of licenses namely Digital Retail Bank (DRB) and Digital Full Bank (DFB). DRB will be focused on retail clientage whereas DFB can not only meet the requirements of retail clients but also serve business and corporate clients.
64 As per reports up to 20 applications have been received for digital banking licenses under the framework whereas SBP plans to initially issue 5 licenses. Applicants include conventional and Islamic banks, fintech and telcos, and international players.

A2F in Pakistan can be accelerated through the introduction of digital banking like in other countries across the region and the globe. The new licensing regime offers opportunities to existing banks to convert into digital players, EMI and fintech to scale up and global players in the field to bring their experience to the country. However, it must be kept in mind that becoming a digital bank requires a special mindset and innovative culture to make an impact and succeed in its mission.

FUNDING LANDSCAPE FOR THE MICROFINANCE INDUSTRY

Funding needs for the microfinance industry vary by peer groups. While MFBs have been successfully mobilizing retail and fixed deposits over those last few years, they have recently begun to shore up their capital base by issuing Tier 2 capital and injection of equity among certain players. Three MFBs issued Tier 2 capital to strengthen their balance sheets and meet the regulatory requirements of minimum capital and capital adequacy.
NBMFCs continued to rely on the national apex PMIC, international lenders, and local commercial banks to meet their funding needs. Borrowing was capped from PMIC due to single-borrower limits imposed by SECP which pushed NBMFCs to borrow from commercial and international lenders. International borrowing

though expensive but convenient remains popular with NBMFCs. Lending from commercial banks remained a challenge with continued low uptake in private-sector credit, concerns about NBMFCs governance, internal controls, and MIS, and a low level of understanding of industry dynamics.

Given these challenges previous government's launch of the Kamyab Pakistan Program (KPP), ensured a steady stream of financing for the microfinance industry with the GOP guaranteeing 100 percent exposure of the commercial banks on the retail players, however, with the government subsidizing operating & financing costs as well it could have led to a major disruption in the industry and crowd out conventional microfinance in the country. Initially, 5 entities received funds from leading commercial banks before the scheme was discontinued due to the change in the administration. However, this showed that wholesale guarantees offered to commercial banks either by SBP or MoF can ensure a steady stream of funds to the sector and promote A2F at the bottom of the pyramid.

Similarly, keeping in view the stress on the housing sector in the last few years, the microfinance sector was also encouraged to enter the low-cost housing segment by the policymakers and regulators with a Tier 0 category specially created for them. Being a new segment, the microfinance sector began gearing to serve the segment and introduce it as a new asset class in their loan offerings to clients. Several capacity-building initiatives were carried out by PMRC, PMN, and the entities themselves. PMRC not only extended mortgage refinancing lines to MFBs but also to a couple of NBMFCs to promote affordable housing. Combined with interest rate and operating cost subsidy being borne by the GOP, the scheme received a good response. However, due to GOP's financial difficulties the scheme is currently on hold, going forward affordable housing will remain an area of focus for microfinance players.

OPEN BANKING

The conventional banking industry can be revolutionized by open banking. Open banking utilizes the Application Programming Interface (APIs) to securely share financial data with other financial institutions.

Use of open banking APIs has facilitated the users in easily switching between one bank's checking account service to another bank's service. Open banking's secure APIs give access to the third-party to access customer's data and use it to provide consolidated information in different forms. Customer's transaction data can be used to identify a tailored financial product and services for them. For example, a new savings account that would provide a better interest rate as compared to the current savings account or details about a new credit card with a lower interest rate. Lenders will also be able to get a clearer picture of customer's financial situation and risk level thus allowing them to offer loans in profitable terms. Similarly, customer's will also be able to see the accurate picture of their finances before applying for a debt. This will be gathered through the data available in their accounts. Small businesses can also benefit by saving time through online accounting and aid companies in fraud detection by monitoring customer accounts and identifying problems sooner. Due to open banking, smaller and newer banks will be able to compete with large, established banks by reducing costs, providing better technology, and better customer service. The conventional banks in addition to the smaller and new banks will innovate and adopt new technology, thus strengthening customer relationships and retention. The orthodox idea of simply facilitating transactions will be replaced by helping customers in managing their finances. Although open banking is not a new concept, but it has been making waves in the financial industry for the past few years only. Aion, a financial service provider, combines artificial intelligence with data insights to help customers in building a budget and managing their money. In the U.S., open banking is led by the industry. The commercial opportunity has been identified by the banks themselves and they have initiated services that allow the customers to share their data securely. As a result, Fintechs are accessing people's data and providing them with improved and tailored financial services. In Europe, open banking is often regulation-driven. The EU revised the Payment Services Directive (PSD2), from 2019 onwards, it was mandated that all banks will allow their customers to securely share their account information with other financial service providers. A financial services provider in Australia is able to provide a holistic view of the customer's finances and offer tailored products as the regulations there go further - savings accounts, investment accounts and pension accounts are all in scope, with plans to include utility, telecom, and travel data connections in the future. Meanwhile, the central bank in Nigeria introduced a legal framework to regulate its previously industry-led effort.

London-based IWOCA uses customer income and spending history to improve credit decisioning and offer flexible and customized loan payback schedules. Technology-focused lending aggregators like Funding Xchange reduce the loan origination timeline by automating and standardizing the way loan applications are qualified, submitted, and processed. The company uses open-banking transaction data to better evaluate an SME's eligibility and affordability against the appetite of lenders

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in its marketplace and is accessible by banks, lenders, lessors, and brokers. Approximately one-third solutions are being targeted towards SMEs. The SMEs are eagerly waiting for solutions that aggregate payments and other financial services into their current systems such as the integration of bank accounts, tax, accounts and reconciliation activities in one place. Fintechs like FriendlyScore and BudgetBakers let the businesses monitor their financial standing and plan accordingly from one portal. There is a clear opportunity in the SME market as there are very few options that are providing solutions to SMEs in areas of lending and finance management.

66 State Bank of Pakistan (SBP) has been working on open banking in Pakistan. The working plan has been designed using World Bank's assistance and will soon be materialized. Open banking will change how customers interact with banks and other financial services in Pakistan. It aims to bring digital financial tools to more people, thus also increasing the financial inclusion in the country. Prosper Technologies provides a cloud platform that allows users to, only with their explicit consent, easily share their financial data with the business of their choice. The Prosper platform connects to each financial institution individually and exposes the data through a unified and secure API for identity, financial, income and employment data. The platform provides this access in a fast, compliant, secure and trusted manner.
FinTech companies, banks and other companies providing financial products can build their services on top of this platform. It is expected that the consumer will welcome such a hassle-free service as they will not have to perform cumbersome manual tasks to get access to a financial product or service. Instead, through the Prosper platform, the task becomes digitally streamlined and access to a financial product or service can be obtained within seconds. Using open banking, small loans and credit can also be provided to customers (people and businesses) who didn't have access to these services in the past. Lenders require credit histories and up-to-date information that can be stead fasted through open banking. It can show that these entities are creditworthy through different aspects. For example, the lenders can be provided access to their payroll data or history of regular rent payments or overall cashflow. Thus, allowing the lending organizations in disseminating funds easily.

Annexure

Annex A: Sources of Data

A. Microfinance Banks (MFBs)

A.1. ADVANS Pakistan Microfinance Bank Limited (ADVANS)

- A.F. Ferguson & Co. Chartered Accountants audited the annual accounts of ADVANS for the year ending on 31st December 2021. The numbers reported in the PMR match these audited accounts
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (as highlighted in the audited accounts).

A.2. FINCA Microfinance Bank Limited (FINCA)

- KPMG Taseer Hadi and Co. audited the annual accounts of FINCA for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.3. HBL Microfinance Bank Limited (HBL MFB)

- KPMG Taseer Hadi and Co., Chartered Accountants audited the annual accounts of HBL MFB for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

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A.4. Khushhali Microfinance Bank Limited (KBL)

- EY Ford Rhodes audited the annual accounts of KBL for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.5. Mobilink Microfinance Bank Limited (MMFB)

- EY Ford Rhodes audited the annual accounts of MMFB for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.6. National Rural Support Programme Microfinance Bank (NRSP-B)

- A.F. Ferguson & Co., Chartered Accountants audited the annual accounts of NRSP-B for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.7. Pak-Oman Microfinance Bank (POMFB)

- EY Ford Rhodes audited the annual accounts of POMFB for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.8. Sindh Microfinance Bank Limited (SMFB)

- Naveed Zafar Ashfaq Jaffery & Co. audited the annual accounts of SMFB for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.8. Sindh Microfinance Bank Limited (SMFB)

- Naveed Zafar Ashfaq Jaffery & Co. audited the annual accounts of SMFB for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.9. Telenor Microfinance Bank Limited (TMFB)

- EY Ford Rhodes audited the annual accounts of TMFB for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The auditors have drawn attention to a material uncertainty in relation to going concern, based on losses incurred by the bank during the prior and this financial year.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

A.10. U Microfinance Bank Limited (Ubank)

- KPMG Taseer Hadi and Co. audited the annual accounts of U-Bank for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B. Non-Bank Microfinance Companies (NBMFCs)

B.1. ASA Pakistan limited (ASA-P)

- EY Ford Rhodes have audited the annual accounts of ASA-P for the year ending at 31st December 2021. The numbers reported in the PMR match these audited accounts.
- ASA-P prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- All necessary adjustments to ASA-P data have been made in order to remove subsidies.
- There is proper disclosure in the balance sheet of the loan portfolio and loan loss provision; expense charged during the year is disclosed in the income statement.
- Related-party transactions have been properly disclosed in notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.3. Akhuwat Islamic Microfinance (Akhuwat)

- Deloitte Yousuf Adil has audited the annual accounts of Akhuwat for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- Akhuwat prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex.

B.4. CSC Empowerment & Inclusion Programme (CEIP)

- Riaz Ahmad & Co. audited the annual accounts of CSC for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- All necessary adjustments to CSC data have been made in order to remove subsidies.
- CSC prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- Grant income has been properly disclosed in financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; portfolio aging; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.5. Damen Support Programme (DSP)

- A.F. Ferguson and Co. audited the annual accounts for DAMEN for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- DAMEN prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; aging on number of loans and value of portfolio (verifiable from audited accounts); number of loans doubtful; number of staff; number of credit officers; and number of branches.

B.6. Farmer Development Organization (FDO)

- Mudassar Ehtisham & Co. audited the annual accounts for FFO for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- All necessary adjustments to FFO data have been made in order to remove subsidies. There is no adjustment on loan loss provisioning expense as FFO is aggressive in its policies.
- FFO prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; aging on number of loans and value of portfolio; number of staff; number of credit officers; and number of branches.

B.7. FFO Support Program (FFO)

- Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants audited the annual accounts for FFO for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- All necessary adjustments to FFO data have been made in order to remove subsidies. There is no adjustment on loan loss provisioning expense as FFO is aggressive in its policies.
- FFO prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; aging on number of loans and value of portfolio; number of staff; number of credit officers; and number of branches.

B.8. Ghazi Barotha Taraqiati Idara (GBTI)

- BDO Ebrahim & Co. audited the annual accounts for GBTI for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- GBTI prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- There is proper disclosure in the balance sheet of the loan portfolio and loan loss provision; expense charged during the year is disclosed in the income statement.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; aging on number of loans and value of portfolio (not verifiable from audited accounts); number of staff; number of credit officers; and number of branches.

B.9. JWS Pakistan (JWS-P)

- Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants audited the annual accounts for JWS for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- JWS prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; aging on number of loans and value of portfolio (verifiable from audited accounts); number of staff; number of credit officers; and number of branches (also available in audited accounts).

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B.10. Kashf Foundation (Kashf)

- EY Ford Rhodes audited the annual accounts for Kashf for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- The financial statements have been presented as per the requirements of the Securities & Exchange Commission of Pakistan.
- All necessary adjustments to KF data have been made in order to remove subsidies.
- Kashf prepares accounts on historical cost basis using the accrual system of accounting.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.11. Mojaz Support Program (MOJAZ)

- BDO Ebrahim & Co. has audited the annual accounts of Mojaz for the year ending at 30st June 2021. The numbers reported in the PMR match these audited accounts.
- MOJAZ prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.12. National Rural Support Programme (NRSP)

- KPMG Taseer Hadi and Co. has audited the annual accounts of NRSP for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts, which were provided to PMN by NRSP.
- NRSP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.13. OPD Support Program (OPD)

- Grant Thornton Anjum Rahman & Co. has audited the annual accounts of OPD for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- OPD prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.14. Punjab Rural Support Programme (PRSP)

- EY Ford Rhodes audited the annual accounts for PRSP for the year ending at 30th June 2021.
- All necessary adjustments to PRSP data have been made in order to remove subsidies.
- PRSP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.15.Rural Community Development Program (RCDP)

- BDO Ebrahim & Co. has audited the annual accounts of Mojaz for the year ending at 30st June 2021. The numbers reported in the PMR match these audited accounts.
- MOJAZ prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.16. SAFCO Support Foundation (SAFCO)

- Deloitte Yousuf Adil audited the annual accounts for SAFCO for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- All necessary adjustments to SAFCO data have been made in order to remove subsidies.
- SAFCO prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; and number of credit officers.

B.13. OPD Support Program (OPD)

- Grant Thornton Anjum Rahman & Co. has audited the annual accounts of OPD for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- OPD prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.18.Sindh Rural Support Organisation (SRSO)

- BDO Ebrahim & Co. has audited the annual accounts of Mojaz for the year ending at 30st June 2021. The numbers reported in the PMR match these audited accounts.
- MOJAZ prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.17. Shah Sami Sachal Foundation (SSSF)

- EY Ford Rhodes audited the annual accounts for PRSP for the year ending at 30th June 2021.
- All necessary adjustments to PRSP data have been made in order to remove subsidies.
- PRSP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.19. Sarhad Rural Support Programme (SRSP)

- KPMG Taseer Hadi & Co. has audited the annual accounts of SRSO for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts, which were provided to PMN by SRSO.
- SRSO prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Related-party transactions have been properly disclosed in notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; and number of credit officers

B.13. OPD Support Program (OPD)

- Grant Thornton Anjum Rahman & Co. has audited the annual accounts of OPD for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- OPD prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.20. Soon Valley Development Program (SVDP)

- Kreston Hyder Bhimji and Co. has audited the annual accounts of SVDP for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- SVDP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.21. Taleem Finance Company Limited (TFCL)

- Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants. has audited the annual accounts of SVDP for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- SVDP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

B.22. Thardeep Microfinance Foundation (TMF)

- BDO Ebrahim & Co. audited the annual accounts for TMF for the year ending at 30th June 2021.
- All necessary adjustments to TMF data have been made in order to remove subsidies.
- TMF prepares its financial statements under the historical cost convention in conformity with accepted accounting practices.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; and number of credit officers.

B.23. Villagers Development Organisation (VDO)

- Zahid Jamil & Co. has audited the annual accounts of VDO for the year ending at 30th June 2021. The numbers reported in the PMR match these audited accounts.
- VDO prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- Information on grants and grant income has been properly disclosed in the financial statements and notes to the financial statements.
- The following data has been taken from the organisation's MIS: number of clients disaggregated by region (rural/urban) and by sex; number of staff; number of credit officers; and number of branches (also available in audited accounts).

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Annex B - Financial Performance

Infrastructure ('000)

MFBs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Age of Institution	21	21	10	10	11	17	14	16	10	7	137
Total Assets (PKR '000)	116,491,643	110,020,565	104,578,285	69,158,827	51,380,715	55,581,262	37,052,458	7,180,863	3,371,238	2,085,357	556,901,214
Total Equity (PKR '000)	11,263,522	10,083,342	7,491,093	6,140,825	4,278,973	6,250,186	3,737,612	2,406,070	757,325	969,348	53,378,295
Total Liabilities (PKR '000)	105,228,121	99,937,223	97,087,193	63,018,003	47,101,742	49,331,076	33,314,846	4,774,793	2,613,913	1,116,010	503,522,920
Total Branches (including Head Office)	206	239	196	105	151	66	131	47	14	81	1,236
Total Staff	4,664	3,756	3,007	2,076	2,786	2,207	2,402	217	409	351	21,875
- of which women	496	587	241	192	66	457	538	151	56	11	2,795

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Infrastructure ('000)

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO	CEIP	FFO
Age of Institution	21	21	10	10	11	17	14	16	10	7	137	21	29
Total Assets (PKR '000)	116,491,643	110,020,565	104,578,285	69,158,827	51,380,715	55,581,262	37,052,458	7,180,863	3,371,238	2,085,357	556,901,214	2,178,246	1,723,948
Total Equity (PKR '000)	11,263,522	10,083,342	7,491,093	6,140,825	4,278,973	6,250,186	3,737,612	2,406,070	757,325	969,348	53,378,295	373,388	823,687
Total Liabilities (PKR '000)	105,228,121	99,937,223	97,087,193	63,018,003	47,101,742	49,331,076	33,314,846	4,774,793	2,613,913	1,116,010	503,522,920	1,804,859	900,261
Total Branches (including Head Office)	206	239	196	105	151	66	131	47	14	81	1,236	30	29
Total Staff	4,664	3,756	3,007	2,076	2,786	2,207	2,402	217	409	351	21,875	336	220
- of which women	496	587	241	192	66	457	538	151	56	11	2,795	84	69

Infrastructure ('000)

NBMFCs

	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO	Sub - Total NBMFCs	Total Industry
Age of Institution	13	12	26	6	16	4	3	32	24	26		
Total Assets (PKR '000)	1,201,719	1,587,634	1,163,237	558,511	257,285	105,473	278,216	2,638,716	298,401	35,208	147,578,654	704,479,868
Total Equity (PKR '000)	209,969	741,365	594,121	56,888	76,131	2,110	242,653	1,867,179	186,500	31,251	41,650,215	95,028,509
Total Liabilities (PKR '000)	991,750	846,268	569,117	501,622	181,154	103,364	35,562	771,537	111,901	3,957	105,928,439	609,451,359
Total Branches (including Head Office)	26	33	38	11	4	6	2	9	3	3	2,441	3,677
Total Staff	230	264	159	111	53	45	23	28	73	10	19,509	41,384
- of which women	58	43	48	3	18	10	5	14	15	1	3,648	6,443

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Financing Structure (in PKR '000)

MFBs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Total Assets	116,491,643	110,020,565	104,578,285	69,158,827	51,380,715	55,581,262	37,052,458	7,180,863	3,371,238	2,085,357	556,901,214
Total Equity	11,263,522	10,083,342	7,491,093	6,140,825	4,278,973	6,250,186	3,737,612	2,406,070	757,325	969,348	53,378,295
Total Debt	7,608,379	4,882,977	38,679,606		8,378,192		5,181,379	2,482,284	100,000	750,000	68,062,818
- Subsidised Debt*											
- Commercial Debt	7,608,379	4,882,977	38,679,606		8,378,192		5,181,379	2,482,284	100,000	750,000	68,062,818
Total Deposits	93,162,369	91,362,605	55,000,290	58,658,397	34,126,738	39,049,724	25,419,127	1,771,283	2,272,273	271,023	401,093,829
Total Liabilities	105,228,121	99,937,223	97,087,193	63,018,003	47,101,742	49,331,076	33,314,846	4,774,793	2,613,913	1,116,010	503,522,920
Gross Loan Portfolio	72,513,035	59,244,624	36,411,345	38,369,833	30,975,486	11,796,071	19,695,729	5,600,002	2,494,002	957,831	278,057,958
weighted avg.											
Equity-to-Asset Ratio	9.7%	9.2%	7.2%	8.9%	8.3%	11.2%	10.1%	33.5%	22.5%	46.5%	9.6%
Commercial Liabilities-to-Total Debt	100.0%	100.0%	100.0%	0.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt-to-Equity Ratio	0.7	0.5	5.2	0.0	2.0	0.0	1.4	1.0	0.1	0.8	1.3
Deposits-to-Gross Loan Portfolio	128.5%	154.2%	151.1%	152.9%	110.2%	331.0%	129.1%	31.6%	91.1%	28.3%	144.2%
Deposits-to-Total Assets	80.0%	83.0%	52.6%	84.8%	66.4%	70.3%	68.6%	24.7%	67.4%	13.0%	72.0%
Cost of Funds	8.6%	6.5%	6.0%	2.9%	8.9%	4.9%	8.6%	5.3%	7.8%	6.1%	6.6%
Gross Loan Portfolio-to-Total Assets	62.2%	53.8%	34.8%	55.5%	60.3%	21.2%	53.2%	78.0%	74.0%	45.9%	49.9%

Financing Structure (in PKR '000)

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO	CEIP	FFO
Total Assets	31,981,700	25,014,146	28,081,439	15,858,581	7,142,530	55,581,262	37,052,458	7,180,863	3,371,238	2,085,357	556,901,214	2,178,246	1,723,948
Total Equity	10,923,143	5,295,834	3,514,475	6,571,166	2,362,529	6,250,186	3,737,612	2,406,070	757,325	969,348	53,378,295	373,388	823,687
Total Debt	20,802,431	18,311,293	24,402,999	8,491,311	3,823,284		5,181,379	2,482,284	100,000	750,000	68,062,818	1,708,011	150,000
- Subsidised Debt*	800,092		24,402,999		396,007							105,776	
- Commercial Debt	20,002,339	18,311,293		8,491,311	3,427,278		5,181,379	2,482,284	100,000	750,000	68,062,818	1,602,235	150,000
Total Deposits						39,049,724	25,419,127	1,771,283	2,272,273	271,023	401,093,829		
Total Liabilities	21,058,557	19,718,312	24,566,965	9,287,415	4,780,001	49,331,076	33,314,846	4,774,793	2,613,913	1,116,010	503,522,920	1,804,859	900,261
Gross Loan Portfolio	18,500,634	16,274,826	21,642,654	14,001,167	4,967,245	11,796,071	19,695,729	5,600,002	2,494,002	957,831	278,057,958	1,607,298	701,539
weighted avg.													
Equity-to-Asset Ratio	34.2%	21.2%	12.5%	41.4%	33.1%	11.2%	10.1%	33.5%	22.5%	46.5%	9.6%	17.1%	47.8%
Commercial Liabilities-to-Total Debt	96.2%	100.0%	0.0%	100.0%	89.6%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	93.8%	100.0%
Debt-to-Equity Ratio	1.9	3.5	6.9	1.3	1.6	0.0	1.4	1.0	0.1	0.8	1.3	4.6	0.2
Deposits-to-Gross Loan Portfolio	0.0%	0.0%	0.0%	0.0%	0.0%	331.0%	129.1%	31.6%	91.1%	28.3%	144.2%	0.0%	0.0%
Deposits-to-Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	70.3%	68.6%	24.7%	67.4%	13.0%	72.0%	0.0%	0.0%
Cost of Funds	5.0%	11.0%	0.0%	12.6%	14.3%	4.9%	8.6%	5.3%	7.8%	6.1%	6.6%	9.1%	78.0%
Gross Loan Portfolio-to-Total Assets	57.8%	65.1%	77.1%	88.3%	69.5%	21.2%	53.2%	78.0%	74.0%	45.9%	49.9%	73.8%	40.7%

*Below market rate

Financing Structure (in PKR '000)

NBMFCs

	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO	Sub - Total NBMFCs	Total Industry
Total Assets	1,201,719	1,587,634	1,163,237	558,511	257,285	105,473	278,216	2,638,716	298,401	35,208	147,578,654	704,479,868
Total Equity	209,969	741,365	594,121	56,888	76,131	2,110	242,653	1,867,179	186,500	31,251	41,650,215	95,028,509
Total Debt	963,058	817,756	535,556	484,266	56,000	65,886	25,000		100,591	3,211	94,420,018	162,482,836
- Subsidised Debt*		41,482	332,056								26,842,849	26,842,849
- Commercial Debt	963,058	776,274	203,500	484,266	56,000	65,886	25,000		100,591	3,211	67,577,169	135,639,987
Total Deposits						31,040					31,040	401,124,869
Total Liabilities	991,750	846,268	569,117	501,622	181,154	103,364	35,562	771,537	111,901	3,957	105,928,439	609,451,359
Gross Loan Portfolio	799,902	849,993	313,874	313,874	170,691	80,616	163,491	98,752	54,549	30,842	94,813,599	372,871,556
weighted avg.												
Equity-to-Asset Ratio	17.5%	46.7%	51.1%	10.2%	29.6%	2.0%	87.2%	70.8%	62.5%	88.8%	28.2%	13.5%
Commercial Liabilities-to-Total Debt	100.0%	94.9%	38.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	71.6%	83.5%
Debt-to-Equity Ratio	4.6	1.1	0.9	8.5	0.7	31.2	0.1	0.0	0.5	0.1	2.27	1.71
Deposits-to-Gross Loan Portfolio	0.0%	0.0%	0.0%	0.0%	0.0%	38.5%	0.0%	0.0%	0.0%	0.0%	0.00	107.6%
Deposits-to-Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	29.4%	0.0%	0.0%	0.0%	0.0%	0.00	56.9%
Cost of Funds	9.9%	11.6%	3.2%	9.3%	29.7%	10.2%	1.3%	0.0%	37915.6%	0.0%	0.0%	6.8%
Gross Loan Portfolio-to-Total Assets	66.6%	53.5%	27.0%	56.2%	66.3%	76.4%	58.8%	3.7%	18.3%	87.6%	64.2%	52.9%

*Below market rate

Financial Performance (in PKR '000)

MFBs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Income from Loan Portfolio	18,501,974	14,491,003	11,050,433	9,567,572	7,296,302	2,201,571	5,038,958	1,720,000	749,411	252,828	70,870,051
Income from Investments	2,010,265	1,974,110	2,183,924	1,146,586	1,073,564	2,109,360	666,970		25,559	91,578	11,281,917
Income from Other Sources	72,540	163,809	155,665	3,688	705,722	6,039,090	102,065	171,966	142,247	1,062	7,557,853
Total Revenue	20,584,779	16,628,922	13,390,022	10,717,846	9,075,588	10,350,021	5,807,993	1,891,965	917,218	345,467	89,709,820
Less : Financial Expense	8,713,604	6,294,003	5,589,495	1,697,010	3,790,047	1,926,625	2,623,081	224,685	184,562	61,801	31,104,913
Gross Financial Margin	11,871,175	10,334,919	7,800,526	9,020,836	5,285,541	8,423,396	3,184,913	1,667,280	732,655	283,666	58,604,907
Less: Loan Loss Provision Expense	3,937,456	1,804,102	1,409,157	987,881	3,987,771	1,544,680	1,920,358	315,539	74,239	15,452	15,996,636
Net Financial Margin	7,933,719	8,530,817	6,391,369	8,032,954	1,297,769	6,878,716	1,264,555	1,351,741	658,416	268,215	42,608,271
Personnel Expense	3,457,305	3,281,693	2,337,680	2,461,881	1,976,562	1,935,600	2,024,455	580,580	299,816	164,136	18,519,708
Admin Expense	3,475,823	2,987,954	2,697,526	4,514,697	1,183,658	3,174,422	1,582,332	447,369	302,200	58,267	20,424,247
Less: Operating Expense	6,933,128	6,269,647	5,035,205	6,976,579	3,160,220	5,110,021	3,606,787	1,027,949	602,016	222,403	38,943,956
Other Non Operating Expense		2,854	27,129	-4,274		12,212,819					12,238,528
Net Income before Tax	1,000,591	2,258,316	1,329,035	1,060,649	-1,862,451	-10,444,124	-2,342,232	323,792	56,400	45,811	-8,574,213
Provision for Tax	330,194	702,068	217,998	324,420	-630,642	320,647	-819,708	107,866	2,515	18,464	573,821
Net Income/(Loss)	670,397	1,556,248	1,111,037	736,230	-1,231,809	-10,764,771	-1,522,523	215,926	53,885	27,347	-9,148,034
Adjusted Financial Expense on Borrowings											
Inflation Adjustment Expense	730	701	19	381	279	-248	168	49	37	2,784	4,903

Financial Performance (in PKR '000)

NBMFCs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Adjusted Loan Loss Provision Expense											
Total Adjustment Expense	730	701	19	381	279	-248	168	49	37	2,784	4,903
Net Income/(Loss) After Adjustments	669,667	1,555,547	1,111,018	735,848	-1,232,088	-10,764,523	-1,522,692	215,877	53,848	24,562	-9,152,936
Average Total Assets	111,797,259	93,191,826	87,645,844	63,741,737	52,270,938	53,923,105	38,451,670	5,813,591	2,677,538	1,992,298	511,505,806
Average Total Equity	11,028,700	8,385,842	6,583,145	5,760,778	4,894,714	5,707,411	4,490,543	2,296,573	655,382	956,049	50,759,137
weighted avg.											
Adjusted Return-on-Assets	0.6%	1.7%	1.3%	1.2%	-2.4%	-20.0%	-4.0%	3.7%	2.0%	1.2%	-1.8%
Adjusted Return-on-Equity	6.1%	18.5%	16.9%	12.8%	-25.2%	-188.6%	-33.9%	9.4%	8.2%	2.6%	-18.0%
Financial Expense Ratio	12.9%	12.3%	16.5%	5.3%	12.5%	15.7%	12.7%	5.5%	10.3%	8.1%	12.2%
Operational Self Sufficiency (OSS)	105.1%	115.7%	111.0%	111.0%	83.0%	49.8%	71.3%	120.6%	106.6%	115.3%	91.3%
Financial Self Sufficiency (FSS)	105.1%	115.7%	111.0%	111.0%	83.0%	49.8%	71.3%	120.6%	106.5%	114.2%	91.3%

Financial Performance (in PKR '000)

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO
Income from Loan Portfolio	5,103,271	5,001,078	1,762,757	5,159,251	1,679,234	1,101,104	934,241	693,307	157,076	867,529	502,958
Income from Investments	129,113	633,592		69,507			34,913	40,560		47,093	282,073
Income from Other Sources		165,864	539,263	58,840	250,323	287,634		17,891	159,899	-23,187	2,739,379
Total Revenue	5,232,384	5,800,534	2,302,019	5,287,598	1,929,557	1,388,738	969,154	751,757	316,975	891,435	3,524,410
Less : Financial Expense	1,038,414	2,022,448		1,067,741	546,904	691,222	407,132	254,093	75,425	271,541	106,786
Gross Financial Margin	4,193,970	3,778,086	2,302,019	4,219,857	1,382,653	697,516	562,023	497,664	241,550	619,894	3,417,624
Less: Loan Loss Provision Expense	1,032,037	487,533		321,033	165,735	71,868	149,728	38,670		75,014	73,153
Net Financial Margin	3,161,933	3,290,553	2,302,019	3,898,823	1,216,918	625,648	412,295	458,994	241,550	544,880	3,344,471
Personnel Expense	2,034,675	1,656,260	1,298,001	1,035,884	537,911	332,848	376,077	205,101	270,314	325,929	977,664
Admin Expense	662,180	768,921	481,693	453,967	325,584	138,594	150,985	136,961	258,111	143,031	2,126,924
Less: Operating Expense	2,696,855	2,425,181	1,779,695	1,489,851	863,495	471,442	527,062	342,061	528,425	468,960	3,104,588
Other Non Operating Expense	-70,678	96,276		67,552	34,017		-124,345				
Net Income before Tax	535,755	769,097	522,325	2,341,420	319,406	154,206	9,578	116,933	-286,875	75,920	239,883
Provision for Tax				686,674		186				1,422	
Net Income/(Loss)	535,755	769,097	522,325	1,654,746	319,406	146,786	9,578	116,933	-286,875	74,498	239,883
Adjusted Financial Expense on Borrowings	68,676	1,451	2,415,577		25,986				11,580		29,509
Inflation Adjustment Expense	409	330	607	207	34	17	69	139	46	12	29

Financial Performance (in PKR '000)

NBMFCs

	CEIP	FFO	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO
Income from Loan Portfolio	463,253	307,326	233,484	266,807	87,923	112,806	45,422	31,077	31,967	17,933		6,367
Income from Investments	26,307	19,726	30,669	20,133	55,365	23,581	1,552	1,684		8,162	3,286	
Income from Other Sources	12,382	1,852	1,262	21,994	19,288	7,671	7,531		9,213	2,658,784	123,610	233
Total Revenue	501,942	328,904	265,415	308,933	162,575	144,058	54,505	32,761	41,179	2,684,879	126,896	6,600
Less : Financial Expense	155,705	117,016	95,077	94,521	16,940	45,230	16,649	9,918	1,111	14	513	332
Gross Financial Margin	346,237	211,888	170,338	214,412	145,636	98,828	37,856	22,843	40,069	2,684,865	126,382	6,268
Less: Loan Loss Provision Expense	52,214	117,016	19,107	22,143	35,737	33,978		2,855	1,541			36
Net Financial Margin	294,023	94,871	151,231	192,269	109,899	64,850	37,856	19,988	38,528	2,684,865	126,382	6,232
Personnel Expense	174,769	126,500	98,871	107,638	53,418	57,236		25,345	54,989	20,054	27,930	3,718
Admin Expense	102,690	63,325	50,089	43,643	24,737	26,245	35,016	8,029	18,737	7,609	80,835	2,146
Less: Operating Expense	277,459	189,825	148,960	151,281	78,155	83,481	35,016	33,374	73,725	27,663	108,765	5,864
Other Non Operating Expense				11,392	9,209					2,634,068		
Net Income before Tax	16,565	-94,954	2,271	29,596	22,536	-18,631	2,840	-13,385	-35,198	23,135	17,617	368
Provision for Tax						4,686	799		3,794			107
Net Income/(Loss)	16,565	-94,954	2,271	29,596	22,536	-23,318	2,041	-13,385	-38,991	23,135	17,617	261
Adjusted Financial Expense on Borrowings	11,371		2,688	2,445	20,915		860	1,451			10,551	
Inflation Adjustment Expense	137	19	18	56	2	5	149	1				

Pakistan Microfinance Network
Achieving Together

Financial Performance (in PKR '000)

NBMFCs

	Sub - Total NBMFCs	Total Industry
Income from Loan Portfolio	24,566,172	95,436,223
Income from Investments	1,427,315	12,709,231
Income from Other Sources	7,059,723	14,617,575
Total Revenue	33,053,209	122,763,029
Less : Financial Expense	7,034,731	38,139,645
Gross Financial Margin	26,018,478	84,623,384
Less: Loan Loss Provision Expense	2,699,397	18,696,033
Net Financial Margin	23,319,081	65,927,352
Personnel Expense	9,801,132	28,320,840
Admin Expense	6,110,050	26,534,298
Less: Operating Expense	15,911,182	54,855,138
Other Non Operating Expense	2,657,490	14,896,018
Net Income before Tax	4,750,408	-3,823,804
Provision for Tax	697,667	1,271,488
Net Income/(Loss)	4,045,506	-5,095,292
Adjusted Financial Expense on Borrowings	2,603,058	2,603,058
Inflation Adjustment Expense	2,284	7,187

Pakistan Microfinance Network
Achieving Together

Financial Performance (in PKR '000)

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO
Adjusted Loan Loss Provision Expense					20,918			23,167			
Total Adjustment Expense	69,085	1,781	2,416,184	207	46,937	17	139	34,793	12	29,538	11,508
Net Income/(Loss) After Adjustments	466,671	767,316	-1,893,859	1,654,539	272,469	146,769	116,794	-321,668	74,486	210,346	5,057
Average Total Assets	28,333,210	24,746,909	25,880,501	13,842,540	7,037,121	5,446,240	3,858,112	3,184,368	3,351,064	4,648,466	2,028,286
Average Total Equity	10,549,725	4,851,413	3,253,312	5,702,864	2,171,726	395,802	805,585	1,675,081	748,366	1,649,505	947,445
weighted avg.											
Adjusted Return-on-Assets	1.6%	3.1%	-7.3%	12.0%	3.9%	2.7%	3.0%	-10.1%	2.2%	4.5%	0.2%
Adjusted Return-on-Equity	4.4%	15.8%	-58.2%	29.0%	12.5%	37.1%	14.5%	-19.2%	10.0%	12.8%	0.5%
Financial Expense Ratio	5.0%	13.6%	0.0%	8.8%	11.9%	16.8%	10.4%	4.7%	11.1%	6.1%	10.7%
Operational Self Sufficiency (OSS)	111.4%	115.3%	129.3%	179.5%	119.8%	112.5%	118.4%	52.5%	109.3%	107.3%	103.4%
Financial Self Sufficiency (FSS)	109.8%	115.2%	54.9%	179.5%	116.4%	112.5%	118.4%	49.6%	109.3%	106.3%	101.0%

Financial Performance (in PKR '000)

NBMFCs

	CEIP	FFO	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO
Adjusted Loan Loss Provision Expense											55,888	
Total Adjustment Expense	11,508	19	2,705	2,500	20,917	5	1,009	1,452			66,439	
Net Income/(Loss) After Adjustments	5,057	-94,973	-434	27,096	1,619	-23,322	1,032	-14,837	-38,991	23,135	-48,822	261
Average Total Assets	2,028,286	1,457,065	1,176,514	1,295,370	1,048,362	526,171	250,847	109,263	285,690	2,489,899	211,781	34,683
Average Total Equity	947,445	477,984	208,834	445,317	582,010	68,547	75,110	7,838	262,149	1,856,137	102,549	31,046
weighted avg.												
Adjusted Return-on-Assets	0.2%	-6.5%	0.0%	2.1%	0.2%	-4.4%	0.4%	-13.6%	-13.6%	0.9%	-23.1%	0.8%
Adjusted Return-on-Equity	0.5%	-19.9%	-0.2%	6.1%	0.3%	-34.0%	1.4%	-189.3%	-14.9%	1.2%	-47.6%	0.8%
Financial Expense Ratio	10.7%	22.2%	11.8%	13.4%	4.6%	13.7%	9.4%	11.2%	1.0%	0.0%	0.1%	1.1%
Operational Self Sufficiency (OSS)	103.4%	77.6%	100.9%	110.6%	116.1%	88.5%	105.5%	71.0%	53.9%	100.9%	116.1%	105.9%
Financial Self Sufficiency (FSS)	101.0%	77.6%	99.8%	109.6%	101.0%	88.5%	103.5%	68.8%	53.9%	100.9%	72.2%	105.9%

Financial Performance (in PKR '000)

NBMFCs

	Sub - Total NBMFCs	Total Industry
Adjusted Loan Loss Provision Expense	200,954	200,954
Total Adjustment Expense	2,806,296	2,811,199
Net Income/(Loss) After Adjustments	1,239,210	-7,913,726
Average Total Assets	135,365,732	646,871,538
Average Total Equity	37,909,950	88,669,087
weighted avg.		
Adjusted Return-on-Assets	0.9%	-1.2%
Adjusted Return-on-Equity	3.3%	-8.9%
Financial Expense Ratio	7.7%	11.0%
Operational Self Sufficiency (OSS)	116.8%	97.0%
Financial Self Sufficiency (FSS)	106.2%	94.9%

Operating Income (in PKR '000)

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO	CEIP
Revenue from Loan Portfolio	5,103,271	5,001,078	1,762,757	5,159,251	1,679,234	1,101,104	934,241	693,307	157,076	867,529	502,958	463,253
Total Revenue	5,232,384	5,800,534	2,302,019	5,287,598	1,929,557	1,388,738	969,154	751,757	316,975	891,435	3,524,410	501,942
Adjusted Net Operating Income / (Loss)	466,671	767,316	-1,893,859	1,654,539	272,469	146,769	-91,472	116,794	-321,668	74,486	210,346	5,057
Average Total Assets	28,333,210	24,746,909	25,880,501	13,842,540	7,037,121	5,446,240	4,123,268	3,858,112	3,184,368	3,351,064	4,648,466	2,028,286
Gross Loan Portfolio (Opening Balance)	23,269,783	13,550,820	13,949,464	10,290,958	4,195,007	5,037,882	3,477,566	2,244,515	2,408,160	2,175,630	1,902,197	1,297,808
Gross Loan Portfolio (Closing Balance)	18,500,634	16,274,826	21,642,654	14,001,167	4,967,245	3,184,206	3,282,906	2,619,684	822,357	2,712,170	1,620,330	1,607,298
Average Gross Loan Portfolio	20,885,208	14,912,823	17,796,059	12,146,063	4,581,126	4,111,044	3,380,236	2,432,099	1,615,259	2,443,900	1,761,264	1,452,553
Inflation Rate*	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
weighted avg.												
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	18.5%	23.4%	8.9%	38.2%	27.4%	25.5%	23.5%	19.5%	10.0%	26.6%	75.8%	24.7%
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	8.9%	13.2%	-82.3%	31.3%	14.1%	10.6%	-9.4%	15.5%	-101.5%	8.4%	6.0%	1.0%
Yield on Gross Portfolio (Nominal)	24.4%	33.5%	9.9%	42.5%	36.7%	26.8%	27.6%	28.5%	9.7%	35.5%	28.6%	31.9%
Yield on Gross Portfolio (Real)	13.6%	22.0%	0.4%	30.1%	24.8%	15.8%	16.6%	17.4%	0.2%	23.7%	17.4%	20.4%

Operating Income (in PKR '000)

NBMFCs

	FFO	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO	Sub - Total NBMFCs	Total Industry
Revenue from Loan Portfolio	307,326	233,484	266,807	87,923	112,806	45,422	31,077	31,967	17,933		6,367	24,566,172	95,436,223
Total Revenue	328,904	265,415	308,933	162,575	144,058	54,505	32,761	41,179	2,684,879	126,896	6,600	33,053,209	122,763,029
Adjusted Net Operating Income / (Loss)	-94,973	-434	27,096	1,619	-23,322	1,032	-14,837	-38,991	23,135	-48,822	261	1,239,210	-7,913,726
Average Total Assets	1,457,065	1,176,514	1,295,370	1,048,362	526,171	250,847	109,263	285,690	2,489,899	211,781	34,683	135,365,732	646,871,538
Gross Loan Portfolio (Opening Balance)	352,469	807,905	565,840	428,037	344,689	181,987	96,115	60,815	153,794	907,879	28,873	87,728,197	317,672,181
Gross Loan Portfolio (Closing Balance)	701,539	799,902	849,993	313,874	313,874	170,691	80,616	163,491	98,752	54,549	30,842	94,813,599	372,871,556
Average Gross Loan Portfolio	527,004	803,904	707,917	370,955	329,281	176,339	88,366	112,153	126,273	481,214	29,858	91,270,898	345,271,869
Inflation Rate*	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
weighted avg.													
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	22.6%	22.6%	23.8%	15.5%	27.4%	21.7%	30.0%	14.4%	107.8%	59.9%	19.0%	24.4%	19.0%
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	-28.9%	-0.2%	8.8%	1.0%	-16.2%	1.9%	-45.3%	-94.7%	0.9%	-38.5%	4.0%	3.7%	-6.4%
Yield on Gross Portfolio (Nominal)	58.3%	29.0%	37.7%	23.7%	34.3%	25.8%	35.2%	28.5%	14.2%	0.0%	21.3%	26.9%	27.6%
Yield on Gross Portfolio (Real)	44.6%	17.8%	25.7%	13.0%	22.6%	14.8%	23.4%	17.4%	4.3%	-8.7%	10.8%	15.9%	16.6%

Outreach
MFBs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Active Borrowers	806,434	554,520	346,390	2,018,447	317,099	177,987	201,508	55,981	15,059	53,993	4,547,418
Active Women Borrowers	229,637	165,912	61,558	290,756	25,157	26,047	21,805	18,145	772	53,988	893,777
Gross Loan Portfolio (PKR '000)	72,513,035	59,244,624	36,411,345	38,369,833	30,975,486	11,796,071	19,695,729	5,600,002	2,494,002	957,831	278,057,958
Annual per Capita Income (PKR)*	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414
Number of Loans Outstanding	806,434	554,520	346,390	2,018,447	317,099	177,987	202,094	55,981	15,059	53,993	4,548,004
Depositors	2,671,838	1,765,497	2,739,578	39,829,714	1,199,807	24,624,870	1,327,315	16,597	44,005	103,106	74,322,327
Number of Deposit Accounts	2,990,122	1,765,497	2,739,578	39,829,747	1,240,365	24,651,620	1,708,490	16,651	44,005	103,106	75,089,181
Number of Women Depositors	849,197	520,627	143,512	10,987,376	224,789	5,444,178	194,026	4,657	4,491	103,105	18,475,958
Deposits Outstanding (PKR '000)	93,162,369	91,362,605	55,000,290	58,658,397	34,126,738	39,049,724	25,419,127	1,771,283	2,272,273	271,023	401,093,829
weighted avg.											
Proportion of Active Women Borrowers (%)	28.5%	29.9%	17.8%	14.4%	7.9%	14.6%	10.8%	32.4%	5.1%	100.0%	19.7%
Average Loan Balance per Active Borrower (PKR)	89,918	106,839	105,117	19,010	97,684	66,275	97,742	100,034	165,615	17,740	61,146
Average Loan Balance per Active Borrower/per Capita Income	36.5%	43.4%	42.7%	7.7%	39.6%	26.9%	39.7%	40.6%	67.2%	7.2%	24.8%
Average Outstanding Loan Balance (PKR)	89,918	106,839	105,117	19,010	97,684	66,275	97,458	100,034	165,615	17,740	61,138
Average Outstanding Loan Balance / per Capita Income	36.5%	43.4%	42.7%	7.7%	39.6%	26.9%	39.6%	40.6%	67.2%	7.2%	24.8%
Proportion of Active Women Depositors (%)	31.8%	29.5%	5.2%	27.6%	18.7%	22.1%	14.6%	28.1%	10.2%	100.0%	24.9%
Average Saving Balance per Active Depositor (PKR)	34,868	51,749	20,076	1,473	28,444	1,586	19,151	106,723	51,637	2,629	5,397
Active Deposit Account Balance (PKR)	31,157	51,749	20,076	1,473	27,513	1,584	14,878	106,377	51,637	2,629	5,342

* SBP Annual Report - Statistical Supplement FY 21

Outreach

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO	CEIP
Active Borrowers	674,385	550,090	767,111	512,309	144,338	89,848	116,188	105,909	34,555	91,865	58,401	43,903
Active Women Borrowers	556,219	548,968	322,187	498,082	137,548	61,111	116,188	62,453	17,689	88,026	54,830	41,171
Gross Loan Portfolio (PKR '000)	18,500,634	16,274,826	21,642,654	14,001,167	4,967,245	3,184,206	3,282,906	2,619,684	822,357	2,712,170	1,620,330	1,607,298
Annual per Capita Income (PKR)*	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414
Number of Loans Outstanding	674,385	550,090	767,111	512,309	144,338	89,848	116,188	105,909	34,555	91,865	58,401	43,903
Depositors	-	-	-	-	-	-	-	-	-	-	-	-
Number of Deposit Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Number of Women Depositors	-	-	-	-	-	-	-	-	-	-	-	-
Deposits Outstanding (PKR '000)												
weighted avg.												
Proportion of Active Women Borrowers (%)	82.5%	99.8%	42.0%	97.2%	95.3%	68.0%	100.0%	59.0%	51.2%	95.8%	93.9%	93.8%
Average Loan Balance per Active Borrower (PKR)	27,433	29,586	28,213	27,330	34,414	35,440	28,255	24,735	23,799	29,523	27,745	36,610
Average Loan Balance per Active Borrower/per Capita Income	11.1%	12.0%	11.4%	11.1%	14.0%	14.4%	11.5%	10.0%	9.7%	12.0%	11.3%	14.9%
Average Outstanding Loan Balance (PKR)	27,433	29,586	28,213	27,330	34,414	35,440	28,255	24,735	23,799	29,523	27,745	36,610
Average Outstanding Loan Balance / per Capita Income	11.1%	12.0%	11.4%	11.1%	14.0%	14.4%	11.5%	10.0%	9.7%	12.0%	11.3%	14.9%
Proportion of Active Women Depositors (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Saving Balance per Active Depositor (PKR)	-	-	-	-	-	-	-	-	-	-	-	-
Active Deposit Account Balance (PKR)	-	-	-	-	-	-	-	-	-	-	-	-

* SBP Annual Report - Statistical Supplement FY 21

Pakistan Microfinance Network
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Outreach

NBMFCs

	FFO	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO	Sub - Total NBMFCs	Total Industry
Active Borrowers	42,755	40,080	35,532	24,953	11,753	4,316	5,135	305	6,401	2,941	1,946	3,365,019	7,912,437
Active Women Borrowers	42,561	17,924	35,237	24,214	8,493	2,140	2,201	29	6,401	2,941	858	2,647,471	3,541,248
Gross Loan Portfolio (PKR '000)	701,539	799,902	849,993	313,874	313,874	170,691	80,616	163,491	98,752	54,549	30,842	94,813,599	372,871,556
Annual per Capita Income (PKR)*	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414	246,414
Number of Loans Outstanding	42,755	40,080	35,532	24,953	11,753	4,316	5,135	305	6,401	2,941	1,946	3,365,019	7,913,023
Depositors	-	-	-	-	-	-	-	-	-	-	-	-	74,322,327
Number of Deposit Accounts	-	-	-	-	-	-	-	-	-	-	-	-	75,089,181
Number of Women Depositors	-	-	-	-	-	-	-	-	-	-	-	-	18,475,958
Deposits Outstanding (PKR '000)													401,093,829
weighted avg.													
Proportion of Active Women Borrowers (%)	99.5%	44.7%	99.2%	97.0%	72.3%	49.6%	42.9%	9.5%	100.0%	100.0%	44.1%	78.7%	44.8%
Average Loan Balance per Active Borrower (PKR)	16,408	19,958	23,922	12,579	26,706	39,548	15,699	536,036	15,428	18,548	15,849	28,176	47,125
Average Loan Balance per Active Borrower/per Capita Income	6.7%	8.1%	9.7%	5.1%	10.8%	16.0%	6.4%	217.5%	6.3%	7.5%	6.4%	11%	19.1%
Average Outstanding Loan Balance (PKR)	16,408	19,958	23,922	12,579	26,706	39,548	15,699	536,036	15,428	18,548	15,849	28,176	47,121
Average Outstanding Loan Balance / per Capita Income	6.7%	8.1%	9.7%	5.1%	10.8%	16.0%	6.4%	217.5%	6.3%	7.5%	6.4%	11.4%	19.1%
Proportion of Active Women Depositors (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	24.86%
Average Saving Balance per Active Depositor (PKR)	-	-	-	-	-	-	-	-	-	-	-	-	5,397
Active Deposit Account Balance (PKR)	-	-	-	-	-	-	-	-	-	-	-	-	5,342

* SBP Annual Report - Statistical Supplement FY 21

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Operating Efficiency

MFBs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Operating Expense (PKR '000)	6,933,128	6,269,647	5,035,205	6,976,579	3,160,220	5,110,021	3,606,787	1,027,949	602,016	222,403	38,943,956
Personnel Expense (PKR '000)	3,457,305	3,281,693	2,337,680	2,461,881	1,976,562	1,935,600	2,024,455	580,580	299,816	164,136	18,519,708
Average Gross Loan Portfolio (PKR '000)	67,309,338	51,328,239	33,865,353	31,806,490	30,204,386	12,261,282	20,623,120	4,059,631	1,784,220	758,913	254,000,971
Average Number of Active Borrowers	806,434	554,520	346,390	2,018,447	317,099	177,987	201,508	55,981	15,059	53,993	4,547,418
Average Number of Active Loans	806,434	554,520	346,390	2,018,447	317,099	177,987	202,094	55,981	15,059	53,993	4,548,004
weighted avg.											
Adjusted Operating Expense-to-Average Gross Loan Portfolio	10.30%	12.2%	14.9%	21.9%	10.5%	41.7%	17.5%	25.3%	33.7%	29.3%	15.3%
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	5.14%	6.4%	6.9%	7.7%	6.5%	15.8%	9.8%	14.3%	16.8%	21.6%	7.3%
Adjusted Admin Expense-to-Average Gross Loan Portfolio	5.16%	5.82%	7.97%	14.19%	3.92%	25.89%	7.67%	11.02%	16.94%	7.68%	8.0%
Average Salary/Gross Domestic Product per Capita	3.0	3.5	3.2	4.8	2.9	3.6	3.4	10.9	3.0	1.9	3.4
Adjusted Cost per Borrower (PKR)	8,597	11,306	14,536	3,456	9,966	28,710	17,899	18,362	39,977	4,119	8,564
Adjusted Cost per Loan (PKR)	8,597	11,306	14,536	3,456	9,966	28,710	17,847	18,362	39,977	4,119	8,563

Pakistan Microfinance Network
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Operating Efficiency

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO
Operating Expense (PKR '000)	2,696,855	2,425,181	1,779,695	1,489,851	863,495	471,442	527,062	342,061	528,425	468,960	3,104,588
Personnel Expense (PKR '000)	2,034,675	1,656,260	1,298,001	1,035,884	537,911	332,848	376,077	205,101	270,314	325,929	977,664
Average Gross Loan Portfolio (PKR '000)	20,885,208	14,912,823	17,796,059	12,146,063	4,581,126	4,111,044	3,380,236	2,432,099	1,615,259	2,443,900	1,761,264
Average Number of Active Borrowers	681,574	550,090	767,111	512,309	144,338	89,848	116,188	105,909	34,555	91,865	58,401
Average Number of Active Loans	681,574	554,805	767,111	512,309	144,338	89,848	116,188	105,909	34,555	91,865	58,401
weighted avg.											
Adjusted Operating Expense-to-Average Gross Loan Portfolio	12.9%	16.3%	10.0%	12.3%	18.8%	11.5%	15.6%	14.1%	32.7%	19.2%	176.3%
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	9.7%	11.1%	7.3%	8.5%	11.7%	8.1%	11.1%	8.4%	16.7%	13.3%	55.5%
Adjusted Admin Expense-to-Average Gross Loan Portfolio	3.17%	5.16%	2.71%	3.74%	7.11%	3.37%	4.47%	5.63%	15.98%	5.85%	120.76%
Average Salary/Gross Domestic Product per Capita	1.8	2.2	1.3	1.8	3.9	1.6	2.4	1.5	2.2	1.9	10.4
Adjusted Cost per Borrower (PKR)	3,957	4,409	2,320	2,908	5,982	5,247	4,536	3,230	15,292	5,105	53,160
Adjusted Cost per Loan (PKR)	3,957	4,371	2,320	2,908	5,982	5,247	4,536	3,230	15,292	5,105	53,160

Pakistan Microfinance Network
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Operating Efficiency

NBMFCs

	CEIP	FFO	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO	Sub - Total NBMFCs	Total Industry
Operating Expense (PKR '000)	277,459	189,825	148,960	151,281	78,155	83,481	35,016	33,374	73,725	27,663	108,765	5,864	15,911,182	54,855,138
Personnel Expense (PKR '000)	174,769	126,500	98,871	107,638	53,418	57,236		25,345	54,989	20,054	27,930	3,718	9,801,132	28,320,840
Average Gross Loan Portfolio (PKR '000)	1,452,553	527,004	803,904	707,917	370,955	329,281	176,339	88,366	112,153	126,273	481,214	29,858	91,270,898	345,271,869
Average Number of Active Borrowers	43,903	42,755	40,080	35,532	24,953	11,753	4,316	5,135	305	6,401	2,941	1,946	3,372,208	7,919,626
Average Number of Active Loans	43,903	42,755	40,080	35,532	24,953	11,753	4,316	5,135	305	6,401	2,941	1,946	3,376,923	7,924,927
weighted avg.														
Adjusted Operating Expense-to-Average Gross Loan Portfolio	19.1%	36.0%	18.5%	21.4%	21.1%	25.4%	19.9%	37.8%	65.7%	21.9%	22.6%	19.6%	17.4%	15.9%
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	12.0%	24.0%	12.3%	15.2%	14.4%	17.4%	0.0%	28.7%	49.0%	15.9%	5.8%	12.5%	10.7%	8.2%
Adjusted Admin Expense-to-Average Gross Loan Portfolio	7.07%	12.02%	6.23%	6.16%	6.67%	7.97%	19.86%	9.09%	16.71%	6.03%	16.80%	7.19%	6.7%	7.7%
Average Salary/Gross Domestic Product per Capita	2.1	2.3	1.7	1.7	1.4	2.1	0.0	2.3	9.7	2.9	1.6	1.5	2.0	2.8
Adjusted Cost per Borrower (PKR)	6,320	4,440	3,717	4,258	3,132	7,103	8,113	6,499	241,722	4,322	36,982	3,013	4,718	6,926
Adjusted Cost per Loan (PKR)	6,320	4,440	3,717	4,258	3,132	7,103	8,113	6,499	241,722	4,322	36,982	3,013	4,712	6,922

Pakistan Microfinance Network
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Operating Expense (in PKR '000)

	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO	Sub - Total NBMFCs	Total Industry
Adjusted Total Expense	162,689	52,525	46,146	76,377	2,661,744	165,166	6,232	31,094,810	129,378,843
Adjusted Financial Expense	45,230	17,509	9,918	1,111	14	513	332	9,625,787	40,730,700
Adjusted Loan Loss Provision Expense	33,978		2,855	1,541		55,888	36	2,900,351	18,896,986
Operating Expense	83,481	35,016	33,374	73,725	2,661,730	108,765	5,864	18,568,673	69,751,156
Adjustment Expense	5	1,009	1,452			66,439		2,806,296	2,811,199
Average Total Assets	526,171	250,847	109,263	285,690	2,489,899	211,781	34,683	135,365,732	646,871,538
weighted avg.									
Adjusted Total Expense-to-Average Total Assets	30.9%	20.9%	42.2%	26.7%	106.9%	78.0%	18.0%	23.0%	20.0%
Adjusted Financial Expense-to-Average Total Assets	8.6%	7.0%	9.1%	0.4%	0.0%	0.2%	1.0%	7.1%	6.3%
Adjusted Loan Loss Provision Expense-to-Average Total Assets	6.5%	0.0%	2.6%	0.5%	0.0%	26.4%	0.1%	2.1%	2.9%
Adjusted Operating Expense-to-Average Total Assets	15.9%	14.0%	30.5%	25.8%	106.9%	51.4%	16.9%	13.7%	10.8%
Adjusted Personnel Expense	10.9%	0.0%	23.2%	19.2%	0.8%	13.2%	10.7%	7.2%	4.4%
Adjusted Admin Expense	5.0%	14.0%	7.3%	6.6%	0.3%	38.2%	6.2%	4.5%	4.1%
Adjustment Expense-to-Average Total Assets	0.0%	0.4%	1.3%	0.0%	0.0%	31.4%	0.0%	2.1%	0.4%

Productivity

MFBs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Number of Active Borrowers	806,434	554,520	346,390	2,018,447	317,099	177,987	201,508	55,981	15,059	53,993	4,547,418
Number of Active Loans	806,434	554,520	346,390	2,018,447	317,099	177,987	202,094	55,981	15,059	53,993	4,548,004
Number of Active Depositors	2,671,838	1,765,497	2,739,578	39,829,714	1,199,807	24,624,870	1,327,315	16,597	44,005	103,106	74,322,327.00
Number of Deposit Accounts	2,990,122	1,765,497	2,739,578	39,829,747	1,240,365	24,651,620	1,708,490	16,651	44,005	103,106	75,089,181.00
Total Staff	4,664	3,756	3,007	2,076	2,786	2,207	2,402	217	409	351	21,875
Total Loan Officers	2,668	1,739	1,150	733	1,613	902	892	480	87	196	10,460
weighted avg.											
Borrowers per Staff	173	148	115	972	114	81	84	258	37	154	208
Loans per Staff	173	148	115	972	114	81	84	258	37	154	208
Borrowers per Loan Officer	302	319	301	2,754	197	197	226	117	173	275	435
Loans per Loan Officer	302	319	301	2,754	197	197	227	117	173	275	435
Depositors per Staff	573	470	911	19,186	431	11,158	553	76	108	294	3,398
Deposit Accounts per Staff	641	470	911	19,186	445	11,170	711	77	108	294	3,433
Personnel Allocation Ratio	57.2%	46.3%	38.2%	35.3%	57.9%	40.9%	37.1%	221.2%	21.3%	55.8%	47.8%

Productivity

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO
Number of Active Borrowers	674,385	550,090	767,111	512,309	144,338	89,848	116,188	105,909	34,555	91,865	58,401
Number of Active Loans	674,385	550,090	767,111	512,309	144,338	89,848	116,188	105,909	34,555	91,865	58,401
Number of Active Depositors	-	-	-	-	-	-	-	-	-	-	-
Number of Deposit Accounts	-	-	-	-	-	-	-	-	-	-	-
Total Staff	4,472	3,115	3,919	2,297	559	831	641	545	506	691	381
Total Loan Officers	3,551	2,101	2,350	1,149	627	448	346	258	223	392	244
weighted avg.											
Borrowers per Staff	151	177	196	223	258	108	181	194	68	133	153
Loans per Staff	151	177	196	223	258	108	181	194	68	133	153
Borrowers per Loan Officer	190	262	326	446	230	201	336	411	155	234	239
Loans per Loan Officer	190	262	326	446	230	201	336	411	155	234	239
Depositors per Staff	0	0	0	0	0	0	0	0	0	0	0
Deposit Accounts per Staff	0	0	0	0	0	0	0	0	0	0	0
Personnel Allocation Ratio	79.4%	67.4%	60.0%	50.0%	112.2%	53.9%	54.0%	47.3%	44.1%	56.7%	64.0%

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Productivity

NBMFCs

	CEIP	FFO	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO	Sub - Total NBMFCs	Total Industry
Number of Active Borrowers	43,903	42,755	40,080	35,532	24,953	11,753	4,316	5,135	305	6,401	2,941	1,946	3,365,019	7,912,437
Number of Active Loans	43,903	42,755	40,080	35,532	24,953	11,753	4,316	5,135	305	6,401	2,941	1,946	3,365,019	7,913,023
Number of Active Depositors	-	-	-	-	-	-	-	-	-	-	-	-	-	74,322,327
Number of Deposit Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	75,089,181
Total Staff	336	220	230	264	159	111	53	45	23	28	73	10	19,509	41,384
Total Loan Officers	140	136	114	116	101	44	13	20	7	15	8	6	12,409	22,869
weighted avg.														
Borrowers per Staff	131	194	174	135	157	106	81	114	13	229	40	195	172	191
Loans per Staff	131	194	174	135	157	106	81	114	13	229	40	195	172	191
Borrowers per Loan Officer	314	314	352	306	247	267	332	257	44	427	368	324	271	346
Loans per Loan Officer	314	314	352	306	247	267	332	257	44	427	368	324	271	346
Depositors per Staff	0	0	0	0	0	0	0	-	-	-	-	-	-	1,796
Deposit Accounts per Staff	0	0	0	0	0	0	0	-	-	-	-	-	-	1,814
Personnel Allocation Ratio	41.7%	61.8%	49.6%	43.9%	63.5%	39.6%	24.5%	44.4%	30.4%	53.6%	11.0%	60.0%	63.6%	55%

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Risk (in PKR '000)

MFBs

	KBL	HBL MFB	Ubank	MMFB	NRSP-B	TMFB	FINCA	POMFB	Advans	SMFB	Sub - Total MFB
Portfolio at Risk > 30 days	2,047,302	2,331,735	1,023,486	1,246,849	2,121,550	2,007,464	2,922,149	216,190	77,711	10,612	14,005,048
Portfolio at Risk > 90 days	915,678	1,687,955	758,111	630,390	1,989,258	1,239,010	1,113,312	174,311	49,160	7,316	8,564,501
Loan Loss Reserve (Balance Sheet)	1,628,791	2,372,208	2,035,615	906,341	2,335,971	1,026,186	868,536	227,987	63,861	13,366	11,478,863
Loan Portfolio Written Off during year	10,757,278	1,295,724	18,156	436,598	1,646,089	3,543,037	1,628,624	158,171	129,176	8,275	19,621,128
Gross Loan Portfolio	72,513,035	59,244,624	36,411,345	38,369,833	30,975,486	11,796,071	19,695,729	5,600,002	2,494,002	957,831	278,057,958
Average Gross Loan Portfolio	67,309,338	51,328,239	33,865,353	31,806,490	30,204,386	12,261,282	20,623,120	4,059,631	1,784,220	758,913	254,000,971
weighted avg.											
Portfolio at Risk (>30)-to-Gross Loan Portfolio	2.8%	3.9%	2.8%	3.2%	6.8%	17.0%	14.8%	3.9%	3.1%	1.1%	5.0%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	1.3%	2.8%	2.1%	1.6%	6.4%	10.5%	5.7%	3.1%	2.0%	0.8%	3.1%
Write off-to-Average Gross Loan Portfolio	16.0%	2.52%	0.1%	1.4%	5.4%	28.9%	7.9%	3.9%	7.2%	1.1%	7.7%
Risk Coverage Ratio (Loan Loss Reserve-to-Portfolio at Risk > 30 days)	79.6%	101.7%	198.9%	72.7%	110.1%	51.1%	29.7%	105.5%	82.2%	0.0%	82.0%

Risk (in PKR '000)

NBMFCs

	NRSP	KASHF	Akhuwat	ASA-P	RCDP	TMF	DSP	SAFCO	PRSP	JWS-P	SRSO
Portfolio at Risk > 30 days	1,604,224	604,911		32,402	563,417	58,331	2,922,149	156,310	146,199	38,596	29,657
Portfolio at Risk > 90 days	1,547,216	213,272		21,361	522,156	40,717	1,113,312	104,194	144,471	37,065	29,472
Loan Loss Reserve (Balance Sheet)	1,562,966	491,484	194,310	210,211	635,853	36,183	868,536	191,160	159,387	38,596	73,153
Loan Portfolio Written Off during year	180,414	500,353	14,518	309,060	82,790	76,538	1,628,624	12,820	153,147	12,537	11,599
Gross Loan Portfolio	18,500,634	16,274,826	21,642,654	14,001,167	4,967,245	3,184,206	19,695,729	2,619,684	822,357	2,712,170	1,620,330
Average Gross Loan Portfolio	20,885,208	14,912,823	17,796,059	12,146,063	4,581,126	4,111,044	20,623,120	2,432,099	1,615,259	2,443,900	1,761,264
weighted avg.											
Portfolio at Risk (>30)-to-Gross Loan Portfolio	8.7%	3.7%	0.0%	0.2%	11.3%	1.8%	14.8%	6.0%	17.8%	1.4%	1.8%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	8.4%	1.3%	0.0%	0.2%	10.5%	1.3%	5.7%	4.0%	17.6%	1.4%	1.8%
Write off-to-Average Gross Loan Portfolio	0.9%	3.4%	0.1%	2.5%	1.8%	1.9%	7.9%	0.5%	9.5%	0.5%	0.7%
Risk Coverage Ratio (Loan Loss Reserve-to-Portfolio at Risk > 30 days)	97.4%	81.2%	#DIV/0!	648.8%	0.0%	0.0%	29.7%	122.3%	109.0%	100.0%	246.7%

Risk (in PKR '000)

NBMFCs

	CEIP	FFO	MOJAZ	Agahe	GBTI	SVDP	SSSF	OPD	TFCL	SRSP	FDO	VDO
Portfolio at Risk > 30 days	206,635	27,813	34,247	28,522	96,935	42,414	7,792	38			1,456	1,541
Portfolio at Risk > 90 days	162,618	25,980	34,230	25,001	92,739	39,573	4,333	1,722	237		1,386	781
Loan Loss Reserve (Balance Sheet)	124,011	45,572	63,989	41,389	35,737	39,251		2,470	2,453	496	2,010	1,541
Loan Portfolio Written Off during year	21,181	14,028	1,954		1,620	33,978		323		1,157		
Gross Loan Portfolio	1,607,298	701,539	799,902	849,993	313,874	313,874	170,691	80,616	163,491	98,752	54,549	30,842
Average Gross Loan Portfolio	1,452,553	527,004	803,904	707,917	370,955	329,281	176,339	88,366	112,153	126,273	481,214	29,858
weighted avg.												
Portfolio at Risk (>30)-to-Gross Loan Portfolio	12.9%	4.0%	4.3%	3.4%	30.9%	13.5%	4.6%	0.0%	0.0%	0.0%	2.7%	5.0%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	10.1%	3.7%	4.3%	2.9%	29.5%	12.6%	2.5%	2.1%	0.1%	0.0%	2.5%	2.5%
Write off-to-Average Gross Loan Portfolio	1.5%	2.7%	0.2%	0.0%	0.4%	10.3%	0.0%	0.4%	0.0%	0.9%	0.0%	0.0%
Risk Coverage Ratio (Loan Loss Reserve-to-Portfolio at Risk > 30 days)	60.0%	0.0%	186.8%	145.1%	36.9%	92.5%	0.0%	6587.0%	#DIV/0!	#DIV/0!	138.0%	100.0%

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Risk (in PKR '000)

NBMFCs

	Sub - Total NBMFCs	Total Industry
Portfolio at Risk > 30 days	3,972,236	17,977,284
Portfolio at Risk > 90 days	3,266,195	11,830,696
Loan Loss Reserve (Balance Sheet)	3,999,902	15,478,765
Loan Portfolio Written Off during year	1,628,942	21,250,069
Gross Loan Portfolio	94,813,599	372,871,556
Average Gross Loan Portfolio	91,270,898	345,271,869
weighted avg.		
Portfolio at Risk (>30)-to-Gross Loan Portfolio	4.2%	4.8%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	3.4%	3.2%
Write off-to-Average Gross Loan Portfolio	1.8%	6.2%
Risk Coverage Ratio (Loan Loss Reserve-to-Portfolio at Risk > 30 days)	100.7%	86.1%

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Infrastructure

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Assets (PKR '000)	61,928,036	81,557,894	105,443,135	145,186,197	225,316,798	330,422,557	426,585,182	493,299,908	616,610,582	705,010,378
Branches (including Head Office)	1,630	1,606	2,026	2,754	2,430	3,533	4,102	3,802	3,722	3,672
Total Staff	15,153	17,456	21,516	25,560	29,413	36,053	42,048	46,163	44,573	41,259
Growth Rate										
Total Assets	27.5%	31.7%	29.3%	37.7%	55.2%	46.6%	29.1%	15.6%	25.0%	14.3%
Branches (including Head Office)	5.2%	-1.5%	26.2%	35.9%	-11.8%	45.4%	16.1%	-7.3%	-2.1%	-1.3%
Total Staff	6.7%	15.2%	23.3%	18.8%	15.1%	22.6%	16.6%	9.8%	-3.4%	-7.4%

Financing Structure

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Assets (PKR '000)	61,928,036	81,557,894	105,443,135	145,186,198	225,316,798	330,422,557	426,238,163	493,299,908	616,610,582	705,010,378
Total Equity (PKR '000)	11,679,373	17,049,706	22,873,920	29,688,776	36,535,925	51,343,541	71,877,730	76,279,119	82,981,940	95,028,509
Total Debt (PKR '000)	25,876,598	26,913,359	34,682,369	38,554,959	54,710,855	74,100,602	90,697,783	105,390,934	117,451,206	163,395,870
Commercial Liabilities (PKR '000)	19,361,179	21,662,200	18,679,724	19,030,672	43,167,480	57,114,700	66,409,350	80,151,898	95,728,276	136,526,025
Deposits (PKR '000)*	20,840,990	32,925,558	42,715,846	60,028,340	118,096,732	185,909,781	238,556,412	264,983,900	373,002,084	401,124,869
Gross Loan Portfolio (PKR '000)	33,877,284	46,613,582	63,531,465	90,296,341	132,003,052	196,013,814	255,714,803	301,908,767	318,533,543	372,871,556
Ratios										
Equity-to-Asset Ratio	18.9%	20.9%	21.7%	20.4%	16.2%	15.5%	16.9%	15.5%	13.5%	13.5%
Commercial Liabilities-to-Total Debt	74.8%	80.5%	53.9%	49.4%	78.9%	77.1%	73.2%	76.1%	81.5%	83.6%
Debt-to-Equity Ratio	2.22	1.58	1.52	1.30	1.50	1.44	1.26	1.38	1.42	1.72
Deposits-to-Gross Loan Portfolio	61.5%	70.6%	67.2%	66.5%	89.5%	95.3%	93.3%	87.8%	117.1%	107.6%
Deposits-to-Total Assets	33.7%	40.4%	40.5%	41.3%	52.4%	56.5%	56.0%	53.7%	60.5%	56.9%
Gross Loan Portfolio-to-Total Assets	54.7%	57.2%	60.3%	62.2%	58.6%	59.3%	60.0%	61.2%	51.7%	52.9%

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Outreach

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Active Borrowers	2,040,518	2,392,874	2,997,868	3,632,532	4,225,968	5,512,457	6,687,038	7,440,153	6,979,244	7,912,419
Active Women Borrowers	1,275,387	1,442,197	1,692,451	2,001,772	2,273,389	2,717,487	3,506,009	3,809,463	3,366,951	3,541,248
Gross Loan Portfolio (PKR '000)	33,877,284	46,613,582	63,531,465	90,100,405	132,003,052	196,013,814	255,714,803	301,908,767	318,533,543	372,871,556
Annual per Capita Income (PKR)***	118,085	143,808	143,808	153,060	153,060	170,508	162,230	162,230	214,539	246,414
Number of Loans Outstanding	2,040,518	2,401,849	2,998,895	3,632,532	4,227,317	5,513,311	6,687,038	7,440,546	6,979,244	7,912,419
Depositors****	1,730,823	2,150,675	5,675,437	10,661,366	15,937,079	35,844,058	31,869,605	43,962,131	60,024,973	74,356,882
Number of Deposit Accounts	1,730,823	2,998,641	5,675,437	10,661,366	15,937,079	35,939,126	32,020,588	44,359,158	60,897,385	75,089,181
Number of Women Depositors	334,994	837,144	2,503,582	3,009,992	142,784	84,276	4,589,646	8,878,330	13,832,745	20,556,076
Deposits Outstanding	20,840,990	32,925,559	42,715,786	60,028,340	118,096,732	185,909,900	238,556,412	265,937,620	373,002,084	401,093,829
Weighted Avg.										
Proportion of Active Women Borrowers (%)	62.5%	60.3%	56.5%	55.1%	53.8%	49.3%	52.4%	51.2%	48.2%	44.8%
Average Loan Balance per Active Borrower (PKR)	16,602	19,480	21,192	24,804	31,236	35,558	38,240	40,578	45,640	47,125
Average Loan Balance per Active Borrower/Per Capita Income	14.1%	13.5%	14.7%	16.2%	20.4%	20.9%	23.6%	25.0%	21.3%	19.1%
Average Outstanding Loan Balance (PKR)	16,602	19,407	21,185	24,804	31,226	35,553	38,240	40,576	45,640	47,125
Average Outstanding Loan Balance / Per Capita Income	14.1%	13.5%	14.7%	16.2%	20.4%	20.9%	23.6%	25.0%	21.3%	19.1%
Proportion of Active Women Depositors (%)	19.4%	38.9%	44.11%	28.23%	0.90%	0.24%	14.40%	20.20%	22.71%	27.65%
Average Saving Balance per Active Depositor (PKR)	12,041	15,309	7,526	5,630	7,410	5,187	7,485	6,049	6,214	5,394
Active Deposit Account Balance (PKR)	12,041	10,980	7,526	5,630	7,410	5,173	7,450	5,995	6,125	5,342

Financial Performance

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Income from Loan Portfolio	10,040,720	13,542,893	18,581,489	26,007,641	36,582,140	50,540,640	82,133,667	99,240,218	94,778,730	95,351,563
Income from Investments	1,774,610	1,742,975	2,051,547	3,946,607	2,716,932	3,717,490	1,504,694	6,912,061	11,657,364	12,681,157
Income from Other Sources	816,461	2,093,035	3,707,417	2,919,233	2,471,332	11,467,052	5,385,641	4,560,111	4,714,170	14,877,753
Total Revenue	12,631,792	17,378,903	24,340,453	32,873,481	41,770,404	65,725,182	89,024,002	110,712,390	111,150,264	122,910,473
Less : Financial Expense	3,974,467	4,767,589	5,451,197	6,550,481	8,963,917	14,121,730	20,337,250	34,245,848	41,187,339	38,139,644
Gross Financial Margin	8,657,325	12,611,314	18,889,256	26,323,001	32,806,487	51,603,452	68,686,752	76,466,541	69,962,925	84,770,829
Less: Loan Loss Provision Expense	643,991	658,812	794,500	1,258,313	2,504,433	2,832,799	5,039,886	17,683,371	13,230,983	18,524,472
Net Financial Margin	8,013,334	11,952,503	18,094,756	25,064,687	30,302,054	48,770,653	63,646,866	58,783,171	56,731,942	66,246,356
Personnel Expense	3,784,676	5,032,342	6,557,709	8,712,495	11,575,971	15,112,625	18,808,167	25,795,245	27,037,328	28,318,873
Admin Expense	2,886,025	3,880,920	5,951,408	7,244,592	9,076,966	19,019,029	29,877,326	31,316,096	20,489,787	26,539,779
Less: Operating Expense	1,342,633	8,913,262	12,509,117	15,957,087	20,652,937	34,131,654	48,685,493	57,111,340	47,527,115	54,858,652
Other Non Operating Expense	257,651	380,993	1,546,240	2,719,173	772,940	1,638,024	821,616	4,659,948	8,212,298	15,094,585
Net Income before Tax	1,084,982	2,658,248	4,039,399	6,388,427	8,876,178	13,000,975	14,139,757	(2,988,118)	992,529	(3,706,881)
Provision for Tax	152,380	503,118	614,684	1,230,787	1,977,555	3,012,831	4,245,214	2,825,637	2,900,649	1,271,699
Net Income/(Loss)	932,602	2,155,130	3,424,715	5,157,640	6,898,623	9,988,144	9,894,543	(5,813,755)	(1,908,120)	(4,978,579)
Adjusted Financial Expense on Borrowings	205,943	181,422	113,553	402,632	491,926	677,186	2,092,594	2,493,406	1,497,881	3,585,460
Inflation Adjustment Expense	870	1,152	916	270	722	6,126	1,703	4,247	3,988	4,852
Adjusted Loan Loss Provision Expense	49,456	18,743	13,625	275,656	321,188	310,174	4,956,922	91,484	489,243	200,954
Total Adjustment Expense	256,270	201,317	128,095	678,559	813,820	993,486	7,051,218	2,589,137	1,991,112	3,791,266
Net Income/(Loss) After Adjustments	676,332	1,953,814	3,296,620	4,479,081	6,084,802	8,994,658	2,843,325	(8,402,893)	(3,899,232)	(8,777,080)
Average Total Assets	57,182,714	70,192,281	95,494,664	125,951,408	178,064,618	284,188,864	405,382,316	459,745,104	553,386,504	647,136,793
Average Total Equity	11,594,943	14,513,187	20,629,780	29,905,254	32,240,189	46,142,667	65,477,485	113,372,981	78,180,526	89,798,353
Ratios										
Adjusted Return-on-Assets	1.2%	3.3%	3.5%	3.6%	3.4%	3.2%	0.7%	-1.8%	-0.7%	-1.4%
Adjusted Return-on-Equity	5.8%	16.1%	16.0%	15.0%	18.9%	19.5%	4.3%	-7.4%	-5.0%	-9.8%
Operational Self Sufficiency (OSS)	109.4%	118.1%	119.9%	124.1%	127.0%	124.7%	118.9%	97.4%	100.9%	97.1%
Financial Self Sufficiency (FSS)	107.0%	116.5%	117.7%	121.0%	123.9%	122.4%	108.7%	95.2%	99.1%	94.3%

Operating Income (Figures in PKR '000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue from Loan Portfolio	10,040,720	13,542,893	18,581,489	26,007,641	36,582,140	50,540,640	82,133,667	99,240,218	94,778,730	95,351,563
Total Revenue	12,631,792	17,378,903	24,821,486	32,873,481	41,770,404	65,725,182	89,024,002	110,712,390	111,150,264	122,910,473
Adjusted Net Operating Income / (Loss)	828,712	2,456,931	3,286,779	4,474,629	6,084,786	9,222,456	2,837,406	(8,373,865)	(3,899,232)	(8,777,080)
Average Total Assets	57,182,714	70,192,281	95,494,664	125,951,408	178,064,618	284,188,864	405,382,316	459,745,104	553,386,504	647,136,793
Gross Loan Portfolio (Opening Balance)	25,743,757	34,668,730	48,423,008	63,402,462	89,528,314	132,248,995	178,491,865	264,615,272	301,792,012	316,915,092
Gross Loan Portfolio (Closing Balance)	33,877,284	46,105,712	63,531,465	90,283,337	132,003,052	196,013,814	255,714,803	301,908,767	318,533,543	372,871,556
Average Gross Loan Portfolio	29,810,520	40,387,221	55,977,237	76,842,899	110,765,683	164,131,404	217,103,334	283,262,019	310,162,778	344,893,324
Inflation Rate ***	10.40%	9.20%	8.20%	3.60%	3.70%	4.57%	3.90%	3.90%	8.00%	9.50%
Ratios										
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	22.3%	24.8%	26.0%	26.1%	23.5%	23.1%	22.0%	24.1%	20.1%	19.0%
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	7.0%	14.1%	13.2%	13.6%	14.6%	14.0%	3.2%	-7.6%	-3.5%	-7.1%
Yield on Gross Portfolio (Nominal)	34.2%	33.5%	34.6%	34.6%	33.0%	30.8%	37.8%	35.0%	30.6%	27.6%
Yield on Gross Portfolio (Real)	21.6%	22.3%	24.4%	29.9%	29.8%	25.1%	32.7%	30.0%	20.9%	16.6%

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Operating Expense

(Figures in PKR '000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Adjusted Total Expense	11,803,080	14,540,979	20,842,120	27,121,782	33,707,341	53,711,567	81,635,662	115,834,968	112,144,858	130,351,176
Adjusted Financial Expense	4,181,281	4,950,162	5,742,091	6,911,552	9,455,843	14,798,916	22,124,334	36,288,824	42,685,220	41,672,513
Adjusted Loan Loss Provision Expense	693,447	677,555	808,125	1,533,970	2,825,622	3,142,973	10,004,220	17,774,855	13,720,226	18,725,426
Adjusted Operating Expense	6,928,352	8,913,262	14,291,904	18,676,260	21,425,876	35,769,678	49,507,108	61,771,289	55,739,413	69,953,237
Adjustment Expense	256,270	201,317	453,639	678,579	813,837	993,486	7,058,630	2,589,137	1,991,112	3,791,266
Average Total Assets	57,182,714	70,192,281	95,494,664	125,951,408	178,064,618	284,188,864	405,382,316	459,745,104	553,386,504	647,136,793
Ratios										
Adjusted Total Expense-to-Average Total Assets	20.6%	20.7%	21.8%	21.5%	18.9%	18.9%	20.1%	25.2%	20.3%	20.1%
Adjusted Financial Expense-to-Average Total Assets	7.3%	7.1%	6.0%	5.5%	5.3%	5.2%	5.5%	7.9%	7.7%	6.4%
Adjusted Loan Loss Provision Expense-to-Average Total Assets	1.2%	1.0%	0.8%	1.2%	1.6%	1.1%	2.5%	3.9%	2.5%	2.9%
Adjusted Operating Expense-to-Average Total Assets	12.1%	12.7%	15.0%	14.8%	12.0%	12.6%	12.2%	13.4%	10.1%	10.8%
Adjusted Personnel Expense	6.6%	7.2%	6.9%	6.9%	6.5%	5.3%	4.6%	5.6%	4.9%	4.4%
Adjusted Admin Expense	5.0%	5.5%	6.2%	5.8%	5.1%	6.7%	7.4%	6.8%	3.7%	4.1%
Adjustment Expense-to-Average Total Assets	0.4%	0.3%	0.5%	0.5%	0.5%	0.3%	1.7%	0.6%	0.4%	0.6%

Operating Efficiency (Figures in PKR '000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Expense (PKR 000)	6,928,352	8,913,262	12,745,665	15,957,087	20,652,937	34,131,654	48,685,493	57,111,340	47,527,115	54,858,652
Personnel Expense (PKR 000)	3,784,676	5,032,342	6,794,257	8,712,495	11,575,971	15,112,625	18,808,167	25,795,245	27,037,328	28,318,873
Average Gross Loan Portfolio (PKR 000)	29,810,520	40,387,221	55,977,237	76,842,899	110,765,683	164,131,404	217,103,334	283,262,019	310,162,778	344,893,324
Average Number of Active Borrowers	2,040,518	2,350,650	2,997,868	3,632,532	4,225,968	5,512,457	6,687,038	7,440,153	6,979,244	7,912
Average Number of Active Loans	2,040,518	2,359,625	2,998,895	3,632,532	4,227,317	5,513,311	6,687,038	7,440,546	6,979,244	7,912
Weighted Avg.										
Adjusted Operating Expense-to-Average Gross Loan Portfolio	23.2%	22.1%	22.8%	20.8%	18.6%	20.8%	22.4%	20.2%	15.3%	15.9%
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	12.7%	12.5%	12.1%	11.3%	10.5%	9.2%	8.7%	9.1%	8.7%	8.2%
Average Salary/Gross Domestic Product per Capita	2.12	2.00	2.2	2.2	2.6	2.5	2.8	3.4	2.83	2.79
Adjusted Cost per Borrower (PKR)	3,395	3,792	4,252	4,393	4,887	6,192	7,281	7,676	6,810	8840.9
Adjusted Cost per Loan (PKR)	3,395	3,777	4,250	4,393	4,886	6,191	7,281	7,676	6,810	8840.9

Productivity (Figures in PKR '000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Active Borrowers	2,040,518	2,255,126	2,997,868	3,632,532	4,225,968	5,512,457	6,687,038	7,440,153	6,979,244	7,912,419
Number of Active Loans	2,040,518	2,263,432	2,997,868	3,632,532	4,227,317	5,513,311	6,687,038	7,440,546	6,979,244	7,912,419
Number of Active Depositors	1,730,823	1,897,872	5,675,437	10,661,366	15,937,079	35,844,058	31,869,605	43,962,131	60,024,973	74,356,882
Number of Deposit Accounts	1,730,823	2,707,872	5,675,437	10,661,366	15,937,079	35,939,126	32,020,588	44,359,575	60,897,385	75,089,181
Total Staff	15,153	15,673	19,227	25,343	29,413	36,705	42,048	46,163	44,573	41,259
Total Loan Officers	7,541	6,892	8,801	9,923	15,342	18,028	21,614	23,870	23,756	22,867
Weighted Avg.										
Borrowers per Staff	135	144	156	143	144	150	159	161	157	192
Loans per Staff	135	144	156	143	144	150	159	161	157	192
Borrowers per Loan Officer	271	327	341	366	275	306	309	312	294	346
Loans per Loan Officer	271	328	328	366	276	306	309	312	294	346
Depositors per Staff	114	121	295	421	542	977	758	952	1,347	1,802
Deposit Accounts per Staff	114	173	295	421	542	979	762	961	1,366	1,820
Personnel Allocation Ratio	49.8%	44.0%	45.8%	39.2%	52.2%	49.1%	51.4%	51.7%	53.3%	55.4%

Risk (Figures in PKR '000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Portfolio at Risk > 30 days	1,232,842	1,157,297	659,418	1,321,207	1,565,459	1,001,736	3,992,741	11,898,097	10,333,191	17,973,883
Portfolio at Risk > 90 days	1,020,316	932,166	379,637	781,212	1,073,562	1,085,263	1,972,010	7,957,233	6,484,334	11,814,693
Loan Loss Reserve	759,621	708,355	1,189,884	1,468,006	2,814,919	4,202,893	6,266,625	13,416,022	11,775,153	15,436,920
Loan Written Off during Year	675,835	615,293	1,222,076	917,855	1,147,319	1,581,598	1,091,556	8,671,416	14,285,825	21,258,154
Gross Loan Portfolio	33,877,284	46,105,712	63,531,465	90,081,589	132,003,052	196,013,814	255,714,803	301,908,767	318,533,543	372,871,556
Average Gross Loan Portfolio	29,810,520	40,387,221	55,977,237	76,690,720	110,765,683	164,131,404	217,103,334	283,262,019	310,162,778	344,893,324
Weighted Avg.										
Portfolio at Risk (>30)-to-Gross Loan Portfolio	3.6%	2.5%	1.0%	1.5%	1.2%	0.5%	1.6%	3.9%	3.2%	4.8%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	3.0%	2.0%	0.6%	0.9%	0.8%	0.6%	0.8%	2.6%	2.0%	3.2%
Write Off-to-Average Gross Loan Portfolio	2.3%	1.5%	2.2%	1.2%	1.0%	1.0%	0.5%	3.1%	4.6%	5.7%
Risk Coverage Ratio (Adjusted Loan Loss Reserve-to-Portfolio at Risk > 30 days)	61.6%	61.2%	180.4%	111.1%	179.8%	419.6%	157.0%	112.8%	114.0%	4.1%

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Annex C: Adjustments to Financial Data

Rationale

- Adjustments to financial statements are made when doing benchmark analysis. They are made for two primary reasons:

- to give an institution a more accurate picture of its financial position by accounting for factors unique to an MFP, including the predominance of below-market-rate funding sources as such factors distort an MFP's on-going performance; and
- to make the data of various MFPs comparable.

Thus, adjustments are made in order to bring organisations operating under varying conditions and with varying levels of subsidy onto a level playing field.

The following adjustments are made to data used for the PMR:

A. Inflation Adjustment
B. Subsidies Adjustment
C. Loan Loss Provisioning

A. Inflation Adjustment

Inflation adjustment adjusts for the effect of inflation on an MFP's equity and non-monetary assets, i.e. fixed assets. Inflation decreases the real value of an MFP's equity. As the monetary value of fixed assets increases, it is possible to track increases in price levels. The net loss (or gain) is considered to be a cost of funds, and results in a decrease (or increase) in net operating income.

Calculation of inflation adjustment

- Inflation-adjusted revenue
  =net fixed assets (prior FY)×average annual inflation rate (current FY)
- Inflation-adjusted expense
  =equity (prior FY) ×average annual inflation rate (current FY)
- Net Inflation-adjusted expense
  =inflation"-" adjusted revenue- inflation"-" adjusted expense

B. Subsidies Adjustment

Adjustments for three types of subsidies are made:

B.1 A cost-of-funds subsidy from loans at interest free rate
B.2 Current-year cash donations to fund portfolio and cover expenses
B.3 In-kind subsidies, such as rent-free office space or the services of personnel not paid by the MFP and thus not reflected on its income statement

Additionally, for multipurpose MFPs, an attempt to isolate the performance of the financial services programme is made by removing the effect of any cross-subsidisation. Cash donations flowing through the income statement are accounted for by reclassifying them below net operating income in the income statement. Thus, adjustments for cash donations are not made since these are handled through a direct reclassification in the income statement. This year no MFP has disclosed receipt of any in-kind subsidy.

B.1 Cost-of-funds Subsidy

The cost-of-funds adjustment reflects the impact of soft loans on the financial performance of an MFP. The analyst needs to calculate the difference between what an MFP actually paid in interest on its subsidised liabilities and a shadow market rate for each country. This difference represents the value of the subsidy, considered an additional financial expense. Only funds received as loans that have a finite (1-5 years) term length need to be adjusted. Client deposits are not adjusted. Subordinated debt and other quasi-equity accounts are reclassified as 'other equity' on the balance sheet.

Care is taken in the choice of an appropriate shadow rate, thus PMN has used the KIBOR rate on outstanding loans as reported by the State Bank of Pakistan on its website (10.75%) to make this adjustment.

Steps in calculation of cost-of-funds subsidy adjustment

1. Calculate the figure interest free borrowings. Borrowings do not include deposits or "other liabilities". If an MFI has given an average balance, see if this is more appropriate to use; if not, calculate the average from last year's ending balance.
2. Multiply by the shadow market rate.
3. Compare with the amount actually paid in interest and fees. If less than "market" rate, impute the difference (market price minus financial expense paid on borrowings) to the subsidised cost-of-funds adjustment expense.

B.2 Cash Donations

Funds donated to cover operational costs constitute a direct subsidy to an MFP. The value of the subsidy is therefore equal to the amount donated to cover expenses incurred in the period reported. Some donations are provided to cover operating shortfall over a period greater than one year. Only the amount spent in the year is recorded on the income statement as revenue. Any amount still to be used in subsequent years appears as a liability on the balance sheet (deferred revenue). This occurs because theoretically, if an MFP stopped operations in the middle of a multi-year operating grant, it would have to return the unused portion of the grant to the donor. The unused amount is therefore, considered as a liability.

Funds donated to pay for operations should be reported on the income statement separately from the revenue generated by lending and investment activities. This practice is meant for accurately reporting the earned revenue of an MFP. Donated funds are deducted from revenue or net income prior to any financial performance analysis because they do not represent revenue earned from operations.

Note: Costs incurred to obtain donor funds (fundraising costs) should also be separated from operating expenses, because the benefit of receiving the funds is not included.

B.3 In-kind Subsidy

Imputed costs (book value) of donated/loaned-out vehicles, machinery and buildings need to be included in operating expenses. Expatriate staff salaries paid by the donor or parent company, or other technical assistance, need to be accounted for. Here, imputed salaries are used instead of salaries actually received by them, i.e. the salary range that a local hire would get for the same level of workload/position is used.

Note: The analyst must use his/her judgment in deciding whether or not the in-kind donation represents a key input to the ongoing operations of the MFP. An appropriate basis for valuation is important. This could include selecting a percentage of the total cost and attributing it to programme expense. The percentage may be selected on the basis of sales proportion, management input, etc.

Calculation of in-kind subsidy adjustment

Add the in-kind subsidy of a given operating expense account to the unadjusted number for the account.

C. Loan Loss Provisioning

PMN standardises loan loss provisioning for MFPs to a minimum threshold or risk. MFPs vary tremendously in accounting for loan delinquency. Some count the entire loan balance as overdue the day a payment is missed. Others do not consider a loan delinquent until its full term has expired. Some MFPs write off bad debt within one year of the initial delinquency, while others never write off bad loans, thus carrying forward a default that they have little chance of ever recovering.

The analyst applies a standard loan loss provisioning to all MFPs and adjusts where necessary to bring them to the minimum threshold. In some cases, these adjustments may not be precise. Portfolio aging information may only be available on different aging scales.

Steps in calculation of loan loss provisioning adjustment

1. Multiply the PAR age categories by the following reserve factors:
- PAR up to 90 days – no provisioning
- PAR 91-180 days x 0.50
- PAR 181-360 days x 1.00
- Renegotiated loans x 0.50
2. Add the above reserve calculations. If the sum is more than the current reserves, make calculated the reserve the new loan loss reserve. If not, keep the current reserves.
3. Add the unadjusted loan loss provision expense to the difference between the adjusted net loan portfolio and the unadjusted net loan portfolio. This is the adjusted loan loss provision expense.

Age
The number of years an organisation has been functioning as a microfinance provider (MFP).

Active Saving Account Balance
The average balance of savings per account (as opposed to average balance of savings per depositor).

Adjustment Expense
Total adjustment cost related to inflation, subsidized cost of borrowing, loan loss provisioning and in-kind subsidies.

Adjusted Financial Expense Ratio
The adjusted financial expense ratio is calculated by using the standardised ageing-of-portfolio technique. The principle of conservatism is used hence loan loss provision in audited accounts is greater than the amount computed by the analyst.

Adjusted Loan Loss Reserve
Formula = (adjusted financial expense)/(adjusted average total assets)

Adjusted Operating Expense
Also included in operating expense:

Imputed cost (book value) of donated/loaned vehicles, machinery and buildings

Expatriate staff salaries paid by donor or parent company

Other technical assistance paid for with donations
Formula = personal expense+administration expense
Note: Imputed salaries should be used instead of salaries actually received by such persons. Thus, the salary range that a local hire would get for the same level of workload/position should be used. Judgment is used to decide whether or not the in-kind donation represents a key input to the ongoing operations of the MFP.

Adjusted Operating Expense Ratio
Formula = (adjusted operating expense)/(adjusted average total assets)

Adjusted Portfolio at Risk > (30, 60, 90 Days)
Indicates the credit risk of a borrower above the specified number of days (30, 60, 90) past his/her due date for instalment payment.
Formula = (outstanding balance less loans overdue > 30 or 60 or 90 days)/(adjusted gross loan portfolio)

Adjusted Cost per Borrower
Accounts for loan size differentials. Generally the operating expense ratio is lower (more efficient) for institutions with higher loan sizes, ceteris paribus. This indicator discounts the effect of loan size on efficient management of loan portfolio.
Formula = (adjusted operating expense)/(average number of active borrowers)

Adjusted Cost per Loan
Formula = (adjusted operating expense)/(average number of active loans)

Adjusted Financial Expense
Includes actual cost of borrowing and shadow cost of subsidised funding.

Adjusted Financial Expense on Borrowing
The cost-of-funds adjustment reflects the impact of soft loans on the financial performance of the institution. The analyst calculates the difference between what the MFP actually paid in interest on its subsidised liabilities and what it would have paid at a shadow market rate for each country. This difference represents the value of the subsidy, considered an additional financial expense.

Adjusted Loan Loss Provision Expense Ratio
Formula = (adjusted net loan loss provision expense)/(adjusted average total assets)

Adjusted Loan Loss Provision Expense
Loan loss provision expense is calculated with the standardised ageing-of-portfolio technique. It is, however, ensured that if the actual loan loss provision expense is higher than the adjusted number then the conservatism principle is followed.

Adjusted Operating Expense
Includes actual operational expenses and in-kind subsidy adjustments.

Adjusted Operating Expense Ratio
Indicative of the efficiency of an MFP's loan portfolio.
Formula = (adjusted operating expense)/(average gross loan portfolio)

Adjusted Personnel Expense
Includes actual personnel expenses (salaries and benefits), and in-kind subsidy adjustments.

Adjusted Personnel Expense Ratio
Formula = (adjusted personnel expense)/(average gross loan portfolio)

Adjusted Profit Margin
Formula = (adjusted net operating income)/(adjusted financial revenue)

Adjusted Return on Assets

Formula = (adjusted net operating income, net of taxes)/(average total assets)

Adjusted Return on Equity
Formula = (adjusted net operating income, net of taxes)/(average total equity)

Adjusted Total Expense
Includes all actual and adjusted expenses related to operations, cost of borrowings, loan losses and inflation adjustment.

Adjusted Total Expense Ratio
Formula = (adjusted (financial expense + net loan loss provision expense + operating expense) cost)/(average total assets)

Average Gross Loan Portfolio
Average of opening and closing balance of gross loan portfolio.

Average Loan Balance per Active Borrower
Indicates average loan balance outstanding.

Average Loan Balance per Active Borrower to Per Capita Income
Used to measure depth of outreach. The lower the ratio the more poverty-focused the MFP.

Average Number of Active Borrowers
The average of opening and closing balance of active borrowers.
Formula = (active borrowers (opening balance) + active borrowers (closing balance))/2

Average Number of Active Loans
Average of opening and closing balance of active loans

Average Outstanding Balance
Indicates the average balance of loans outstanding.
Formula = (adjusted gross loan portfolio)/(adjusted number of loans outstanding)

Average Outstanding Balance to Per Capita Income
Measure of depth of outreach. The lower the ratio the more poverty-focused the MFP.
Formula = (average outstanding balance)/(per capita income)

Average Saving Balance per Saver
Indicates average amount of saving balance per saver.

Average Total Assets
Average of opening and closing balance of total assets.

Average Total Equity
Average of opening and closing balance of total equity.

Borrowers per Loan Officer
Measure of loan officer productivity indicating the number of borrowers managed by a loan officer.
Formula = (number of active borrowers)/(number of loan officers)

Borrowers per Staff
Measure of staff productivity, indicating the number of borrowers managed by the staff on average.
Formula = (number of active borrowers)/(number of total personnel)

Commercial Liabilities

The principal balance of all borrowings, including overdraft accounts, for which the organisation pays a nominal rate of interest that may be greater than or equal to the local commercial interest rate.

Commercial Liabilities-to-Gross Loan Portfolio Ratio
Indicates efficiency of an MFP's loan portfolio.
Formula = (all liabilities at "market" price)/(gross loan portfolio)

Deposits
Demand deposits from the general public and members (clients) held with the institution. These deposits are not conditional to accessing a current or future loan from the MFP and include certificates of deposit or other fixed term deposits.

Deposit-to-Gross Loan Portfolio Ratio
Inverse of the advance-to-deposit ratio.
Formula = deposits/(gross loan portfolio)

Deposit-to-Total Asset Ratio
Indicates the percentage of assets financed through deposits.
Formula = deposits/(total assets)

Equity-to-Asset Ratio
This is a simple version of the capital adequacy ratio as it does not take into account risk weighted assets. This ratio indicates the proportion of a company's equity that is accounted for by assets.
Formula = (total equity)/(total assets)

Financial Expense
Total of financial expense on liabilities and deposits.

Financial Revenue
Total revenue from loan portfolio and other financial assets, as well as other financial revenue from financial services.

Financial Revenue from Other Financial Assets
Net gains on other financial assets.

Financial Revenue from Loan Portfolio
Total interest, fees and commission on loan portfolio.

Financial Revenue Ratio
Indicates the efficiency with which an MFP is utilising its assets to earn income from them.
Formula = (financial revenue)/(average total assets)

Financial Self-Sufficiency
Formula = (financial revenue)/(adjusted expenses (financial + net loan loss provision + operating) + inflation adjustment)

Gross Loan Portfolio
The outstanding principal for all outstanding client loans, including current, delinquent and restructured loans. It does not include:

- loans that have been written-off;
- interest receivable; and
- employee loans.

For accounting purposes, the gross loan portfolio is categorised as an asset.

Gross Loan Portfolio-to-Total Asset Ratio
Indicates the efficiency of assets deployed in high yield instruments and core business of an MFP.
Formula = (gross loan portfolio)/(total assets)

Inflation Adjustment Expense

Inflation decreases the real value of an MFP's equity. Fixed assets are considered to track the increase in price levels, and their value is considered increased. The net loss (or gain) treated as a cost of funds is disclosed on the income statement and decreases net operating income.

Inflation Rate

The rate at which prices increase over time, resulting in a fall in the purchasing value of money. This rate is derived from the annualised consumer price index (CPI) as reported by the State Bank of Pakistan.

Liabilities-to-Equity Ratio (Debt-Equity Ratio)

Formula = (total liabilities)/(total equity)

Loan Loss Provision Expense

The sum of loan loss provision expense and recovery on loan loss provision.

Loans per Loan Officer

Formula = (number of active loans)/(number of loan officers)

Loans per Staff

Formula = (number of active loans)/(number of personnel)

Net Adjusted Loan Loss Provision Expense

The sum of loan loss provision expense and recovery on loan loss provision. MFPs vary tremendously in accounting for loan delinquency. Some count the entire loan balance as overdue the day a payment is missed. Others do not consider a loan delinquent until its full term has expired. Some MFPs write off bad debt within one year of the initial delinquency, while others never write off bad loans, thus carrying forward a defaulting loan that they have little chance of ever recovering.

Number of Active Borrowers

Number of borrowers with loans outstanding.

Number of Active Loans

The number of loans that have been neither fully repaid nor written off, and thus are part of the MFP's gross loan portfolio.

Number of Active Women Borrowers

Number of women borrowers with loan amount outstanding.

Number of Active Women Borrowers to total Active Borrowers

Indicates percentage of women borrowers to total active borrowers.

Number of Loans Outstanding

The number of loans outstanding at the end of the reporting period. Depending on the policy of the MFP, one borrower can have two or more loans outstanding; hence, the number of loans could be more than the number of borrowers.

Number of Savers

The number of depositors maintaining voluntary demand deposit and time deposit accounts with an MFP.

Number of Saving Accounts

One depositor can have more than two deposit accounts. Hence, the number of deposit accounts could be more than the number of depositors.

Number of Women Savers

The number of women savers with voluntary demand deposit and time deposit accounts.

Offices
The total number of staffed points of service (POS) and administrative sites (including head office) used to deliver or support the delivery of financial services to microfinance clients.

Operating Expense
Total of personnel expense and administrative expense.

Operational Self-Sufficiency
Formula = (financial revenue)/(financial expense + net loan loss provision expense + operating expense)

Per Capita Income
Average income per person.

Percentage of Women Savers to Total Savers
Indicates the percentage of women in the total saving portfolio.

Personnel
The number of individuals actively employed by an MFP. This number includes contract employees and advisors who dedicate the majority of their time to the organisation, even if they are not on the MFP's roster of employees. This number is expressed as a full-time equivalent, such that an advisor who spends two-thirds of his/her time with the MFP is accounted for as two-thirds of a full-time employee.

Personnel Allocation Ratio
The higher this indicator is, the more lean the head office structure of the organisation. This indicator is used to measure organisational efficiency.
Formula = (loan officers)/(total staff)

Risk Coverage Ratio
Indicates the provision created by an MFP against its credit risk.
Formula = (adjusted loan loss reserve)/(PAR > 30 days)

Saving Outstanding
Total value of demand deposit and time deposit accounts.

Savers per Staff
Formula = (number of savers)/(number of personnel)

Loan Loss Provision Expense
The sum of loan loss provision expense and recovery on loan loss provision.

Loans per Loan Officer
Formula = (Number of Active Loans)/(Total Loan Officers)

Total Assets
Total net asset accounts, i.e. all asset accounts net of any allowance. The one exception to this is the separate disclosure of the gross loan portfolio and loan loss reserve.

Total Equity
Equity represents the worth of an organisation net of what it owes (liabilities). Equity accounts are presented net of distributions, such as dividends.

Formula = total assets-total liabilities

Total Liabilities

Liabilities represent the borrowings of an organisation, i.e. the amount owed. Examples of liabilities include loans and deposits. This number includes both interest-bearing and non-interest-bearing liabilities of an MFP.

Total Number of Loan Officers

The number of staff members who dedicate the majority of their time to direct client contact. Front office staff include more than those typically qualified as credit or loan officers. They may also include tellers, personnel who open and maintain accounts — such as savings accounts — for clients, delinquent loan recovery officers, and others whose primary responsibilities bring them in direct contact with microfinance clients.

Loans Written Off during Year

The value of loans written off during the year.

Write-Off Rate

Formula = (loans written off during the year)/(average gross loan portfolio)

Yield on Gross Portfolio (Nominal)

Indicates the yield on an MFP's loan portfolio and is usually used as a proxy to look at the MFP's (realized) effective interest rate.
Formula = (financial revenue from loan portfolio)/(average gross loan portfolio)

Yield on Gross Portfolio (Real)

The number of depositors maintaining voluntary demand deposit and time deposit accounts with an MFP.
Formula = (yield on gross portfolio (nominal) - inflation rate)/(1 + inflation rate)

Annex D: Social Performance Indicators

Microfinance Bank		KBL	TMFB	NRSP Bank	FINCA	ADVANS	MMFB	SMFB
Social Goals								
1.1 Target market	Clients living in rural areas	1	1	1	1	1	1	1
	Clients living in urban areas Women	1	1		1	1	1	1
	Adolescents and youth (below 18)	1	1		1	1	1	1
	None of the above							
1.2 Development goals	Increased access to financial services	1	1	1	1	1	1	1
	Poverty reduction	1	1	1	1	1		1
	Employment generation		1	1	1	1	1	1
	Development of start-up enterprises							
	Growth of existing businesses	1	1	1	1	1	1	1
	Improvement of adult education							
	Youth opportunities							
	Children's schooling							
	Health improvement							
	Gender equality and women's	1	1			1	1	1
	empowerment				1			
	Water and sanitation			1			1	
	Housing	1						
	None of the above							
1.3 Poverty level	Very poor clients	1						
	Poor clients	1		1				
	Low income clients	1	1	1	1	1	1	1
	No specific poverty target							
1.4 Does MF measure poverty	Yes			1	1			1
	No	1				1	1	
	Unknown		1					
1.5 Poverty measurement tool	Grameen Progress out of							
	Poverty Index (PPI)							
	USAID Poverty Assessment		1	1				1
	Tool (PAT)		1					
	Per capita household							
	expenditure							
	Per capita household income							
	Participatory Wealth Ranking							
	(PWR)				1			
	Housing index	1				1	1	
	Food security index							
	Means test							
	Own proxy poverty index							
	None of the above							

		KBL	TMFB	NRSP Bank	FINCA	ADVANS	MMFB	SMFB
3.3 Types of non-income generating loans	Education loans	1						
	Emergency loans	1	1				1	
	Housing loans	1		1	1			1
	Other household			1	1		1	
	needs/consumption					1		
	None of the above							
3.4 Types of savings products	Compulsory sacings		1					
	accounts	1	1	1	1	1	1	1
	Voluntary savings accounts							
	Does not offer savings							
	accounts							
3.5 Types of voluntary savings products	Demand deposit accounts	1	1		1	1	1	
	Time deposit accounts	1	1	1	1	1	1	1
	None of the above							
3.6 Compulory insurance required	Yes		1	1	1	1	1	
	No	1						1
	Unknown							
3.7 Types of compulory insurance required	Credit life insurance		1	1	1	1	1	
	Life/accident insurance						1	
	Agriculture insurance				1		1	
	None of the above	1						1
3.8 Voluntary insurance offered	Yes	1		1	1		1	
	No		1			1		
	Unknown							1
3.9 Types of voluntary insurance offered	Credit life insurance	1						
	Life/accident insurance	1						
	Agriculture insurance	1		1				
	Health insurance	1			1		1	
	House insurance							
	Workplace insurance							
	None of the above					1		
3.10 Other financial services offered	Yes	1		1	1		1	
	No					1		1
	Unknown							
3.11 Types of other financial services offered	Debit/credit card	1		1	1		1	
	Mobile/branchless banking services					1		1
	Savings facilitation services							
	Remittance/money transfer services							
	Payment services							
	Microleasing							
	Scholarship/educational grants							
	None of the above							

Microfinance Bank		KBL	TMFB	NRSP Bank	FINCA	ADVANS	MMFB	SMFB
Social Goals								
3.12 Enterprise services offered	Yes	1		1				
	No		1		1	1	1	1
	Unknown							
3.13 Types of enterprise services offered	Enterprise skills development			1				
	Business development services	1	1			1	1	
	None of the above							
3.14 Women's enpowerment services	Yes						1	1
	No	1	1	1	1	1		
	Unknown							
3.15 Types of women's empowerment services offered	Leadership training						1	
	for women						1	1
3.16 Education services offered	Yes		1	1	1		1	1
	No	1				1		
	Unknown							
3.17 Types of education services offered	Financial literacy education	1		1	1		1	
	Basic health/nutrition education		1			1		1
	Child and youth education							
	Occupational health and safety in the workplace education							
	None of the above							
3.18 Health services offered	Yes							
	No	1	1	1	1	1	1	1
	Unknown							
3.19 Types of health services offered	Basic medical services							
	Special medical services for women and children	1	1	1		1	1	1
	None of the above							
Client Protection								
4.1 Do policies support good repayment capacity analysis	Yes	1	1	1	1		1	1
	No							
	Partially					1		
	Unknown							
4.2 Does internal audit verify compliance with policies	Yes	1	1	1	1	1	1	1
	No							
	Partially							
	Unknown							

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Microfinance Bank		KBL	TMFB	NRSP Bank	FINCA	ADVANS	MMFB	SMFB
Social Goals **4.3 The institution fully discloses to the clients all prices, installments, terms, and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, third party fees, and whether these can change over time.**	Yes No Partially Unknown	1	1	1	1	1	1	1
4.4 The institution clearly presents to clients the total amount that the client pays for the product, regardless of local regulations (including in the absence of industry-wide	Yes No Partially Unknown	1	1	1	1	1	1	1
4.5 The institution clearly spells out in a Code of Conduct (i.e., in Code of Conduct, Code of Ethics, Book of Employee Rules) the specific standards of professional conduct that are expected of all employees involved in collections (including third party staff).	Yes No Partially Unknown	1	1	1	1	1	1	1
4.6 The institution sanctions cases of violations of the Code of Conduct or collections policies (identified by management, internal audit or an efficient complaint mechanism) according to set rules.	Yes No Partially Unknown	1	1	1	1	1	1	1

Microfinance Bank		KBL	TMFB	NRSP Bank	FINCA	ADVANS	MMFB	SMFB
Social Goals								
4.7 The institution's policies include how to handle complaints. They include how to inform clients about the complaint mechanism. The institution's clients receive a timely	Yes	1	1	1	1	1	1	1
	No							
	Partially							
	Unknown							
4.8 The institution's contracts include a data privacy clause, describing how and when data can be shared (in addition to credit bureau information).	Yes	1	1	1	1	1	1	1
	No							
	Partially							
	Unknown							
4.9 How interest rate of most representative credit product is stated	Declining balance interest method	1		1		1	1	1
	Flat interest method		1		1		1	
Environment								
5.1 Environmental policies in place	Awareness raising on environmental impacts	1	1	1	1		1	
	Clauses in loan contracts requiring clients to imrove environmental practices/mitigate environmental risks	1		1	1		1	1
	Tools to evaluate environmental risks of clients' activities	1		1	1	1	1	1
	Specific loans linked to environmentally friendly products and/or practices							
	None of the above	1						
5.2 Types of environmentally friendly products and/or practices offered	Products related to renewable energy (e.g. solar panels, biogas digesters etc)	1 1		1			1 1	1
	Products related to energy efficiency (e.g. insulation, improved cooking stove etc)		1		1	1		
	Products related to environmentally friendly practices (e.g. organic farming, recycling, waste management etc)							
	None of the above							

		MFB	NBMFC
1.1 Target market	Clients living in rural areas	7	20
	Clients living in urban areas	6	18
	Women	6	19
	Adolescents and youth (below 18)	0	4
	None of the above	0	0
1.2 Development goals	Increased access to financial services	7	20
	Poverty reduction	5	19
	Employment generation	6	12
	Development of start-up enterprises	0	9
	Growth of existing businesses	7	17
	Improvement of adult education	0	1
	Youth opportunities	0	5
	Children's schooling	0	4
	Health improvement	0	4
	Gender equality and women's empowerment	5	14
	Water and sanitation	1	2
	Housing	3	3
	None of the above	0	0
1.3 Poverty level	Very poor clients	1	6
	Poor clients	2	18
	Low income clients	7	20
	No specific poverty target	0	3
1.4 Does MFP measure poverty	Yes	3	16
	No	3	4
	Unknown	1	0
1.5 Poverty measurement tool	Grameen Progress out of Poverty Index (PPI)	0	3
	USAID Poverty Assessment Tool (PAT)	0	1
	Per capita household expenditure	3	3
	Per capita household income	1	7
	Participatory Wealth Ranking (PWR)	0	3
	Housing index	0	0
	Food security index	0	0
	Means test	0	0
	Own proxy poverty index	1	3
	None of the above	3	3

Governance and HR		MFB	NBMFC
2.1 Board orientation of social mission	No Unknown	7 0 0	17 2 0
2.2 SPM champion/ committee at Board	No Unknown	4 3 0	10 10 0
2.3 Board experience in SPM	No Unknown	7 0 0	19 0 1
2.4 Staff incentives related to SP	Number of clients Quality of interactionw ith clients based on client feedback mechanism Quality of social data collected Portfolio quality None of the above	5 3 0 7 0	11 4 2 13 5
2.5 How number of clients is incentivized	Incentive on "total number of clients" Incentive on "number of new clients" Incentive on "client retention" None of the above	5 3 4 0	8 7 8 7
2.6 HR policies related to SP	Social protection (medical insurance and/or pension contribution) Safety policy Anti-harassment policy Non-discrimination policy Grievance resolution policy None of the above	6 6 7 6 6 0	18 14 20 15 19 0
Products and Services **3.1 Types of credit products**	Income generating loans Non-income generating loans Does not offer credit products	7 4 0	19 7 2
3.2 Types of income generating loans	Microenterprise loans SME loans Agriculture/livestock loans Express loans None of the above	7 2 6 0	20 6 17 1
3.3 Types of non-income generating loans	Education loans Emergency loans Housing loans Other household needs/consumption None of the above	1 3 4 3 1	6 4 3 8 10

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		MFB	NBMFC
3.4 Types of savings products	Compulsory sacings accounts Voluntary savings accounts Does not offer savings accounts	1 7 0	1 2 18
3.5 Types of voluntary savings products	Demand deposit accounts Time deposit accounts None of the above	4 3 0	10 10 0
3.6 Compulory insurance required	Yes No Unknown	5 2	14 6
3.7 Types of compulory insurance required	Credit life insurance Life/accident insurance Agriculture insurance None of the above	5 1 2 2	8 5 0 6
3.8 Voluntary insurance offered	Yes No Unknown	4 2 0	5 15 0
3.9 Types of voluntary insurance offered	Credit life insurance Life/accident insurance Agriculture insurance Health insurance House insurance Workplace insurance None of the above	1 1 2 3 0 0 1	3 2 0 3 0 0 13
3.10 Other financial services offered	Yes No Unknown	5 2 0	4 15 1
3.11 Types of other financial services offered	Debit/credit card Mobile/branchless banking services Savings facilitation services Remittance/money transfer services Payment services Microleasing Scholarship/educational grants None of the above	5 5 3 3 4 0 0 1	0 3 1 0 0 0 0 15
3.12 Enterprise services offered	Yes No Unknown	2 5 02 5 0	16 4 0
3.13 Types of enterprise services offered	Enterprise skills development Business development services None of the above	0 1 4	15 8 5

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		MFB	NBMFC
3.14 Women's enpowerment services	Yes No Unknown	2 5 0	14 6 0
3.15 Types of women's empowerment services offered	Leadership training for women Women's rights education/gender issues training Counseling/legal services for female victims of voilence None of the above	1 2 0 4	12 10 3 6
3.16 Education services offered	Yes No Unknown	4 3 0	15 4 1
3.17 Types of education services offered	Financial literacy education Basic health/nutrition education Child and youth education Occupational health and safety in the workplace education None of the above	4 0 0 0 3	14 11 8 1 5
3.18 Health services offered	Yes No Unknown	0 7 0	9 9 2
3.19 Types of health services offered	Basic medical services Special medical services for women and children None of the above	0 0 6	5 3 11
Client Protection **4.1 Policies Supporting Good Repayment Capacity Analysis**	Yes No Partially Unknown	6 0 1 0	16 4 0 0
4.2 Internal Audit Verify Compliance With Policies	Yes No Partially Unknown	7 0 0 0	17 2 0 0
4.3 Prices, Installments, Terms, and Conditions Fully Disclosed to Clients	Yes No Partially Unknown	7 0 0 0	19 1 0 0

		MFB	NBMFC
4.4 Annual Percentage Rates (APR) of Loan Products Disclosed	Yes No Partially Unknown	7 0 0 0	19 0 0 1
4.5 Code of Conduct is Clearly Defined	Yes No Partially Unknown	7 0 0 0	19 0 0 0
4.6 Violations of Code of Conduct Sanctioned	Yes No Partially Unknown	7 0 0 0	19 0 1 0
4.7 Clear Reporting System for Clients' Complaints	Yes No Partially Unknown	7 0 0 0	20 0 0 0
4.8 Contracts Include a Data Privacy Clause	Yes No Partially Unknown	7 0 0 0	20 0 0 0
4.9 How interest rate of most representative credit product is stated	Declining balance interest method Flat interest method	5 3	10 13
Environment **5.1 Environmental policies in place**	Awareness raising on environmental impacts Clauses in loan contracts requiring clients to imrove environmental practices/mitigate environmental risks Tools to evaluate environmental risks of clients' activities Specific loans linked to environmentally friendly products and/or practices None of the above	5 5 5 2 0	17 13 8 11 1

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		MFB	NBMFC
5.2 Types of environmentally friendly products and/or practices offered	Products related to renewable energy (e.g. solar panels, biogas digesters etc)	3	11
	Products related to energy efficiency (e.g. insulation, improved cooking stove etc)	0	0
	Products related to environmentally friendly practices (e.g. organic farming, recycling, waste management etc)	3	7
	None of the above	3	4

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Non Banking MicroFinance Company's	SOCIAL GOALS	AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
1.1 Target market	Clients living in rural areas	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	Clients living in urban areas	1	1	1	1	1		1	1	1	1	1	1	1	1	1	1	1		1	1
	Women	1	1	1	1	1	1	1	1	1			1	1	1	1	1	1	1	1	1
	Adolescents and youth (below 18)	1			1		1											1			
	None of the above																				
1.2 Development goals	Increased access to financial services	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	Poverty reduction	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1	1	1	1	1
	Employment generation	1	1			1	1	1	1		1		1		1	1	1				1
	Development of start-up enterprises			1		1	1					1	1			1		1		1	1
	Growth of existing businesses	1	1	1	1	1	1	1	1	1	1	1	1	1		1		1	1		1
	Improvement of adult education																				1
	Youth opportunities						1				1		1		1				1		
	Children's schooling	1									1		1					1			
	Health improvement						1						1							1	1
	Gender equality and women's empowerment		1			1		1	1	1		1	1	1	1		1	1	1	1	1
	Water and sanitation																1				1
	Housing			1	1																1
	None of the above																				
1.3 Poverty level	Very poor clients				1					1		1	1		1			1			
	Poor clients	1	1	1	1	1	1			1	1	1	1	1	1	1	1	1	1	1	1
	Low income clients	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	No specific poverty target					1			1								1				
1.4 Does MFP measure poverty	Yes	1	1	1	1	1	1	1	1	1	1	1	1	1	1			1	1		
	No															1	1			1	1
	Unknown																				
1.5 Poverty measurement tool	Grameen Progress out of Poverty Index (PPI)		1				1		1												
	USAID Poverty Assessment Tool (PAT)										1										
	Per capita household expenditure	1										1	1								
	Per capita household income	1				1				1		1	1					1		1	
	Participatory Wealth Ranking (PWR)					1							1						1		
	Housing index																				
	Food security index																				
	Means test																				
	Own proxy poverty index																				
	None of the above			1	1			1						1	1						1

Governance and HR	SOCIAL GOALS	AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
2.1 Board orientation of social mission	Yes	1	1	1	1		1	1	1	1	1	1	1	1	1	1		1	1		1
	No					1											1				
	Unknown																				
2.2 SPM champion/ committee at Board	Yes	1	1			1		1		1	1	1	1		1						1
	No			1	1		1		1					1		1	1	1	1	1	
	Unknown																				
2.3 Board experience in SPM	Yes	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1
	No																				
	Unknown																		1		
2.4 Staff incentives related to SP	Number of clients							1	1	1	1	1	1			1	1	1		1	1
	Quality of interactionw ith clients based on client feedback mechanism									1	1						1				1
	Quality of social data collected									1											1
	Portfolio quality			1				1	1	1	1			1	1	1	1	1	1	1	1
	None of the above	1	1		1	1	1														
2.5 How number of clients is incentivized	Total number of clients								1	1	1				1	1	1		1	1	
	Number of new clients							1	1	1		1		1		1					
	Client retention							1		1		1	1		1	1					1
	None of the above	1	1	1	1	1	1											1			
2.6 HR policies related to SP	Social protection (medical insurance and/or pension contribution)	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1		1	1
	Safety policy	1	1	1	1	1	1	1	1	1	1		1				1			1	1
	Anti-harassment policy	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	Non-discrimination policy	1	1	1	1	1	1	1	1	1	1		1				1	1	1		1
	Grievance resolution policy	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1	1
	None of the above														1						
															1						
Products and Services																					
3.1 Types of credit products	Income generating loans	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1
	Non-income generating loans			1	1			1	1	1	1										1
	Does not offer credit products											1								1	

Products and Services		AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
3.2 Types of income generating loans	Microenterprise loans	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	SME loans						1		1	1	1		1								1
	Agriculture/livestock loans	1		1		1	1	1	1	1	1	1		1	1	1	1	1	1	1	1
	Express loans							1													
	None of the above																				
3.3 Types of non-income generating loans	Education loans			1					1	1	1					1					1
	Emergency loans			1				1			1										1
	Housing loans			1							1										1
	Other household needs/consumption			1				1		1	1			1		1		1			1
	None of the above	1	1		1	1	1					1	1		1				1	1	
3.4 Types of savings products	Compulsory savings accounts		1																		
	Voluntary savings accounts														1		1				
	Does not offer savings accounts	1	1	1	1	1	1	1	1	1	1	1	1	1		1		1	1	1	1
3.5 Types of voluntary savings products	Demand deposit accounts																				
	Time deposit accounts																1				
	None of the above	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1
3.6 Compulory insurance required	Yes	1	1	1	1	1	1	1	1	1	1			1	1		1		1	1	1
	No											1	1			1		1			
	Unknown																				
3.7 Types of compulory insurance required	Credit life insurance	1					1		1	1	1								1		1
	Life/accident insurance					1								1	1		1			1	
	Agriculture insurance																				
	None of the above		1	1	1							1	1			1		1			
3.8 Voluntary insurance offered	Yes														1					1	1
	No	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1		
	Unknown																				
3.9 Types of voluntary insurance offered	Credit life insurance										1									1	1
	Life/accident insurance														1	1	1	1	1		
	Agriculture insurance																				
	Health insurance				1			1							1						
	House insurance																				
	Workplace insurance																				
	None of the above	1	1	1		1	1		1	1		1	1	1							

Products and Services		AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
3.10 Other financial services offered	Yes																1				1
	No	1	1	1	1	1	1	1	1	1	1	1	1		1	1		1	1	1	
	Unknown													1							
3.11 Types of other financial services offered	Debit/credit card																				
	Mobile/branchless banking services	1								1											1
	Savings facilitation services																1				
	Remittance/money transfer services																				
	Payment services																				
	Microleasing																				
	Scholarship/educational grants																				
	None of the above		1	1	1	1	1	1	1		1	1	1	1	1			1	1	1	
3.12 Enterprise services offered	Yes	1				1	1	1	1	1	1	1	1		1	1	1	1	1	1	1
	No		1	1	1									1							
	Unknown																				
3.13 Types of enterprise services offered	Enterprise skills development			1	1	1		1	1	1	1	1	1		1	1	1	1	1	1	1
	Business development services			1		1		1	1	1						1	1	1			
	None of the above	1	1				1							1							
3.14 Women's enpowerment tservices	Yes			1	1	1		1	1	1	1	1	1			1	1	1	1	1	
	No	1	1												1						1
	Unknown						1							1		1					
3.15 Types of women's empowerment services offered	Leadership training for women			1	1	1		1	1	1	1	1	1			1	1	1	1	1	
	Women's rights education/gender issues training	1	1				1							1	1	1					1
	Counseling/legal services for female victims of voilence																				
	None of the above																				
3.16 Education services offered	Yes	1	1			1		1		1	1	1	1	1	1	1	1	1	1	1	
	No			1	1		1		1												1
	Unknown																				

Products and Services		AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
3.17 Types of education services offered	Financial literacy education	1	1			1		1		1	1	1	1		1	1	1	1	1	1	
	Basic health/nutrition education					1		1		1			1	1	1	1	1	1	1	1	
	Child and youth education					1				1		1	1		1	1	1	1			
	Occupational health and safety in the workplace education									1											
	None of the above			1	1		1		1												
3.18 Health services offered	Yes						1	1		1				1	1	1	1	1	1		
	No	1	1	1					1		1	1	1							1	
	Unknown				1	1															1
3.19 Types of health services offered	Basic medical services									1					1	1	1		1		
	Special medical services for women and children													1	1			1			
	None of the above	1	1	1		1	1		1		1	1	1							1	1
Client Protection																					
4.1 Do policies support good repayment capacity analysis	Yes	1	1	1		1	1	1	1	1	1		1	1			1	1	1		1
	No											1			1	1				1	
	Partially																				
	Unknown																				
4.2 Does internal audit verify compliance with policies	Yes	1	1	1	1	1	1	1	1	1	1		1	1	1		1	1	1	1	1
	No											1				1					
	Partially																				
	Unknown																				
4.3 The institution fully discloses to the clients all prices, installments, terms, and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, third party fees, and whether these can change over time.	Yes	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1	1
	No											1									
	Partially																				
	Unknown																				

Products and Services		AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
4.4 The institution clearly presents to clients the total amount that the client pays for the product, regardless of local regulations (including in the absence of industry-wide	Yes	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1
	No																				
	Partially																				
	Unknown															1					
4.5 The institution clearly spells out in a Code of Conduct (i.e., in Code of Conduct, Code of Ethics, Book of Employee Rules) the specific standards of professional conduct that are expected of all employees involved in collections (including third party staff).	Yes	1	1		1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1
	No																				
	Partially																				
	Unknown															1					
4.6 The institution sanctions cases of violations of the Code of Conduct or collections policies (identified by management, internal audit or an efficient complaint mechanism) according to set rules.	Yes	1	1		1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1
	No																				
	Partially															1					
	Unknown																				

Products and Services		AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
4.7 The institution's policies include how to handle complaints. They include how to inform clients about the complaint mechanism. The institution's clients receive a timely	Yes	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	No																				
	Partially																				
	Unknown																				
4.8 The institution's contracts include a data privacy clause, describing how and when data can be shared (in addition to credit bureau information).	Yes	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	No																				
	Partially																				
	Unknown																				
4.9 How interest rate of most representative credit product is stated	Declining balance			1	1			1		1			1	1		1	1	1		1	1
	interest method	1	1		1	1	1		1	1	1		1		1				1	1	1
	Flat interest method																				
Environment																					
5.1 Environmental policies in place	Awareness raising on environmental	1	1		1	1	1		1	1	1		1	1	1	1	1	1	1		1
	impacts	1			1	1	1	1		1	1		1		1		1	1		1	1
	Clauses in loan contracts requiring	1			1	1				1	1				1			1			
	clients to imrove environmental	1		1	1	1		1	1	1	1		1			1				1	1
	practices/mitigate environmental risks																				
	Tools to evaluate environmental risks																				
	of clients' activities																				
	Specific loans linked to																				
	environmentally friendly products																				
	and/or practices																				
	None of the above																				

Products and Services		AGAHE	ASA-P	Akhuwat	CSC	FFO	JWS	Kashf Foundation	TFCL	RCDP	SSF	SSSF	FDO	DSP	GBTI	VDO	NRSP	SRSP	PRSP	SRSO	TMF
5.2 Types of environmentally friendly products and/or practices offered	Products related to renewable energy (e.g. solar panels, biogas	1		1	1	1				1	1	1	1				1		1		1
	digesters etc)		1			1					1				1	1				1	1
	Products related to energy efficiency (e.g. insulation, improved cooking stove etc)						1	1	1					1							
	Products related to environmentally friendly practices (e.g. organic farming, recycling, waste management etc)																				
	None of the above																				

MFBs		Number of Personnel	Number of managers	Number of loan officers	Number of board members	NBMFCs		Number of Personnel	Number of managers	Number of loan officers	Number of board members
AMFB	Total Female Percentage	2421 219 9%	549 37 7%	735 30 4%	7 0 0%	GBTI	Total Female Percentage	27% 163 51	0% 6 1	35% 137 48	14% 8 3
FINCA	Total Female Percentage	2392 390 16%	13 3 23%	962 42 4%	8 3 38%	JWS	Total Female Percentage	31% 664 97	17% 81 8	35% 392 83	38% 7 2
HBLMFB	Total Female Percentage	3489 525 15%	11 2 18%	1739 312 18%	8 3 38%	Kashf	Total Female Percentage	15% 3205 1417	10% 26 9	21% 2101 1047	29% 9 4
KBL	Total Female Percentage	4586 503 11%	115 10 9%	2668 288 11%	9 1 11%	Micro Options	Total Female Percentage	44% 12 6	35% 4 2	50% 9 4	44% 7 4
MMFB	Total Female Percentage	1605 143 9%	377 29 8%	733 14 2%	6 1 17%	NRSP	Total Female Percentage	50% 4670 778	50% 20 0	44% 3551 574	57% 9 2
NRSP - Bank	Total Female Percentage	3161 69 2%	245 3 1%	1613 13 1%	7 2 29%	OPD Support Programme	Total Female Percentage	17% 48 12	0% 5 0	16% 20 7	22% 5 1
POMFB	Total Female Percentage	834 115 14%	87 4 5%	480 84 18%	8 0 0%	OPRCT	Total Female Percentage	25% 156 36	0% 35 10	35% 89 12	20% 7 1
SMFB	Total Female Percentage	218 4 2%	20 1 5%	177 0 0%	6 1 17%	PRSP	Total Female Percentage	23% 554 100	29% 25 1	13% 223 95	14% 13 4
TMFB	Total Female Percentage	2592 302 12%	577 66 11%	902 51 6%	8 1 13%	RCDP	Total Female Percentage	18% 1089 155	4% 103 3	43% 627 148	31% 7 3

NBMFCs		Number of Personnel	Number of managers	Number of loan officers	Number of board members	NBMFCs		Number of Personnel	Number of managers	Number of loan officers	Number of board members
Agahe	Total	240	45	116	7	SRSO	Total	417	13	244	11
	Female	34	3	22	3		Female	57	2	52	2
	Percentage	14%	7%	19%	43%		Percentage	14%	15%	21%	18%
Akhuwat	Total	3925	16	2350	6	SSF	Total	515	15	258	7
	Female	103	0	74	0		Female	130	2	112	2
	Percentage	3%	0%	3%	0%		Percentage	25%	13%	43%	29%
ASA	Total	2056	505	1149	6	SVDP	Total	111	6	44	7
	Female	173	9	156	1		Female	3	3	0	3
	Percentage	8%	2%	14%	17%		Percentage	3%	50%	0%	43%
DSP	Total	709	9	346	6	TMF	Total	772	28	448	7
	Female	236	2	118	3		Female	84	2	55	2
	Percentage	33%	22%	34%	50%		Percentage	11%	7%	12%	29%
FFO	Total	229	8	136	7	VDO	Total	12	3	4	10
	Female	62	0	47	1		Female	1	1	1	1
	Percentage	27%	0%	35%	14%		Percentage	8%	33%	25%	10%