

Eligibility Criteria for Islamic SME Finance

Currently, following is the eligibility criteria for prospective SME borrowers that meet the minimum criterion of qualifying for obtaining financing from our Islamic SME division.

This please may be noted that these requirements only represent a reasonable benchmark for eligibility and their fulfillment does not make the Bank liable to approve the finance. Bank on its discretion can vary these benchmarks on case to case basis as per its Internal Policies and/ or advised by State Bank of Pakistan. Bank holds the final right to accept/reject a Credit application.

Eligibility Criteria

Age of Business & Experience of Key Decision Maker - Min 3 years

Purpose of Loan - Facility shall be availed to meet business needs only.

-Clear and precise intended fund utilization needs to be in place from the borrower.

Financials: Leverage Ratio	:	As per bank's leverage policy framework
Current Ratio	:	Min 1.0x
Profit Before Tax	:	Positive for at least 3 years
Debt Coverage	:	Min 1.5x
Debtors Aging List	:	Min 70% within 120 days
Cash Flows	:	Positive cash flow from operating activities
Min. Turnover	:	At least 50% of total sales from banking channels.

e-CIB Status;

- Clean credit history for the last 12 months, no write-off or litigation in past with any Bank of the firm and sponsors/ partners/ directors of the firm

Market Check

Supplier Checking	:	Positive feedback from suppliers
Buyer Checking	:	Positive feedback from buyers
General Market Check	:	No Negative feedback.

Credit Check : No Negative feedback from its Financial Institution

Collateral Requirement : Yes. The exact requirement will vary on case to case basis (No third party collateral is acceptable)

Financing Limits

Bank will assess customer's financing needs and set financing limits accordingly. Maximum limit will be as per Prudential Regulations of SE & ME.

Pricing Criteria

Profit/ Rental to be charged to customer are based on One / Three/ Six months KIBOR + agreed spread. The recovery of profit/ rental is on quarterly basis or as agreed with the customer. All other charges are as per Bank's prevailing Schedule of Charges (SOC).

Submission of Documents

Following are the set of documents required to process client's financing request:

Legal Entity documents;

In case of limited liability company;

- Memorandum and Articles of Association – Certified copy of SECP
- List of directors along with their respective signatures, on Letter Head of the Company
- Directors' CNIC- copies
- Form-29 – Certified copy of SECP
- Form – A & B – Certified copy of SECP
- Board Resolution – On Company's Letter Head as prescribed by the Bank
- Search Report of the company regarding the details of Charges on the assets of the co.

In case of partnership (registered/ un-registered);

- Partnership Deed (if registered – Certified copy of Registrar of Firms)
- Registration Certificate of Registrar of Firms, if registered partnership
- List of Partners along with their respective signatures, on Letter Head of the Firm
- Partners' CNIC- copies

In case of Sole Proprietorship;

- Sole Proprietorship Certificate
- Proprietors' CNIC- copy

Request letter for financing facility (ies)

Borrowers Basis Fact Sheet as prescribed by the SBP

Facility Application Form as prescribed by the Bank

Copy of NTN

Copy CNIC(s) of all owners/partners/directors/key decision makers

Audited Financials for last 3 years
Management accounts for the interim period

Company Profile

List of Suppliers with credit terms

List of Buyers with credit terms

Details of Receivables along-with its ageing

Details of Contract in Hand and completed- as prescribed by the Bank

Details of collateral offered (No third party collateral is acceptable)

- Mortgage of Residential, Commercial, Industrial Property
- Liquid Collateral, Bank Account, Government Securities

Any other document/information required by the Bank during the review of provided details.

Modes of Repayment its Frequency & Penalties

Finance can be adjusted upon its maturity date or prematurely before maturity date i.e. any time during the validity of finance period, subject to Bank's Internal Approvals and Sharia's concurrence. The late payment penalty amount and other charges may be applicable as per Bank's prevailing SoC and/or Bank Charity policy.

How to apply

Any company, who fulfills to the concerned Relationship Manager/ SME Division Bank's eligibility criteria, may apply for credit facilities / trade lines from any of Bank's branches. The Branch Manager and/or Branch Operations Manager shall guide the applicant and forward the applicant's request to the concerned relationship manager

Process Flow for Emaan Islamic SME Relationship Banking

The process flow for Emaan Islamic Relationship Banking is associated with the receiving and processing credit facilities under Islamic Mode of Financing which once approved by the Credit Risk of the Bank and making the credit lines available in the T-24 system for the customers to utilize them, within the agreed time frame.

Relationship Banking

- Relationship is initiated in two ways; either the Relationship Manager (RM) will approach the customer directly or the customer will come to the Bank looking for possible solutions that suit his/her requirements. In either case it will be mandatory for the RM to visit the business place of the customer and record the meeting in form of a Call Report. Call report should be comprehensive covering relevant details of the client business in order to determine the future of relationship.
- RM will request Credit Administration Department (CAD) for e-CIB by 12:00 noon; the request will have to be made on the given format as provided by CAD from time to time. CAD will respond within 01 business day. Cut off time will be 11:00 am.

- RM will forward the Call Report, financial information and other relevant information and documentation as provided by the customer to the Team Leader (TL) who will review and forward the same to Regional/ Corporate Head for his review and recommendations thereof.
- Once agreed by the Regional Head, the RM will prepare the Credit Application (CA) as per the approved format(s) entailing all the details as required in the CA. All necessary attachments that are required to be part of the CA will have to be attached. RM will not send an incomplete CA in any respect, to the Team Leaders.
- RM will sign the CA and forward to TL for review and recommendation. It will also be the responsibility of the TL to ensure that the CA package is complete in all respects and no
- Attachment is missing as this helps to save time required for approval. Upon satisfactory review, the TL will forward the CA to the Credit Risk for approval.
- Renewals will have to be submitted within 45 to 60 business working days prior to the expiry of the credit limits, for all exposures under EIB (Relationship Banking).
- New financing requests will have to be submitted within 05 business working days from receipt of all requisite information from the customer.
- Legal Opinion will be obtained prior to proceeding for Evaluation, the cost of the same is to be borne by the customer and to be paid up front.
- CAD will review cases and initiate the evaluation of property (residential, commercial, industrial land) on the same day. Cut off time will be 12:00 noon.
- Evaluation Report of property and Legal Opinion will take about 03 working days if within the city and outside city will take 07 working days.

- Industrial Evaluation will take 07 working days if within the city and outside city will take 09 working days.
- All properties will have to be revaluated after every 02 years or earlier if required. All such requests will also be initiated by CAD within 02 business working days upon receipt of such requests.
- All fresh charge registrations, up gradations, enhancements, reductions etc. with Securities & Exchange Commission of Pakistan (SECP) will be done through CAD within 05 business working days and Certificate from SECP must be obtained within 15 working days from date of such requests.
- Once the facility is approved the RM will open the customer's account, nominated profit account and their linkage as per account opening process.

Details of Regions
 Emaan Islamic SME Financing
 Province

Province	Targeted Region
Punjab	Lahore
	Rawalpindi
Sindh	Karachi
Baluchistan	Quetta
KPK	Peshawar
Capital	Islamabad

Emaan Islamic SME Segment and Sectors

Agriculture & Food Products	
01	<i>Agriculture Production-Crops</i>
01	Corn
02	Cotton
03	Fruit Orchards
04	Grams/Pulses
05	Rice
06	Sugar Cane
07	Tobacco
08	Vegetables
09	Wheat

10	Misc. Agriculture Prod.-Crops
02	<i>Livestock & Fisheries</i>
01	Dairy Farms
02	Fisheries
03	General Livestock
04	Poultry Farms
05	Prepared Feeds For Animals/Poultry
06	Misc. Livestock & Fisheries
03	<i>Agricultural Services</i>
01	Cotton Ginning
02	Flour Mills
03	Guar (Extraction)
04	Jute Mills
05	Others (Rice husking, Corn milling)
04	<i>Sugar</i>
01	Cane Sugar Refined
02	Beet Sugar Refined
05	<i>Edible Oil</i>
01	Edible Fats and Oils
02	Oil Extraction
03	Vegetable Oil and Ghee Mills
04	Misc. Edible Oil Related
06	<i>Food / Beverages</i>
01	Bakery Products
02	Bottled & Canned Drinks
03	Canned Fruits, Vegetables, Jams, Jellies
04	Cereal Breakfast Foods, Candies, Confectionery Products

05	Dairy Products (Milk, Butter, Cheese, Cream)
06	Ice Cream & Frozen Desserts
07	Restaurants / Franchises
08	Tea Blending & Packaging
09	Miscellaneous Food Products
07	<i>Tobacco Products</i>
01	Cigarette Manufacturing
08	<i>Government Commodity / Bulk Import, Export Operations (including TCP, PASSCO, GCP, FID, etc.)</i>
01	Rice
02	Cotton
03	Fertilizer
04	Palm-oil
05	Vegetable-oil
06	Wheat
02	Forest Paper Products
01	<i>Wood, Paper, Board, Allied Products</i>
01	Packaging, Paperboard Containers
02	Pulp Mills/Paper Mills
03	Safety Matches
04	Veneer, Plywood
05	Wood Products
06	Misc. Wood, Paper Products
03	Construction & Construction Products
01	<i>Cement</i>
02	<i>Construction & Construction Products</i>

01		Building Construction-Gen. Contractors/Developers
02		Ceramics (Tiles, Sanitary-ware)
03		Heavy Construction/Erection (Civil, Mechanical)
04		Sheet Glass
05		Misc. Construction Products (other than Cement)
04		Petroleum and Gas
01		<i>Distribution/Marketing</i>
01		Petrol & Petroleum Products
02		Compressed Natural Gas / Liquefied Petroleum Gas
02	01	<i>Exploration</i>
03		<i>Pipelines</i>
01		Crude Oil / White Oil
02		Natural Gas
04	01	<i>Crude Oil Refining</i>
05	01	<i>Utilities (Gas)</i>
06	01	<i>Misc. Petroleum, Other Related</i>
05		Leather / Leather Products
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01		<i>Leather / Leather Products</i>
01		Leather Footwear
02		Leather Garments
03		Leather Tanning & Finishing
04		Misc. Leather Products

06	<u>Carpets & Rugs</u>
	-
01	Woolen Hand Knotted
02	Synthetic Machine-made
07	Textile Products
01	Dyeing/Printing/Finishing
02	Textile Composite
03	Textile Spinning
04	Textile Weaving
01	Woven Garments Mfg.
01	Knit Outerwear Mills
02	Knit Undergarments/Hosiery Mills
03	Knitting, Dyeing Mills
01	Canvas/Tarpaulin
02	Silk (Man Made) Mills
03	Towels
04	Woolen Textiles
05	Misc. Textiles
08	Electric Power & Allied
01	Distribution
02	Generation
03	Transmission
04	Utilities (Electric)
05	Misc. Electric Power & Allied
09	Light Engineering, Electric/Electronic Equipment
01	<i>Electric / Electronic Equipment</i>
01	Cables & Conductors
02	Consumer Durables (Refrigerator, Freezer, Air-conditioner, Washing Machine)

03		Consumer Electronics (TV, VCR, Microwave, Stereo)
04		Electric Appliances (Fans, Kitchen Appliances)
05		Heavy Electric Equipment Mfg. (Switch-gear, Transformers, etc.)
06		Telephone / Communication Equipment
02		<i>Light Engineering Equipment</i>
01		Textile Machinery
02		Ball & Roller Bearings
03		Pumps
04		Other Mechanical
10		Media, Publishing, Printing
01	01	Newspapers: Printing & Publishing
	02	Books & Periodicals: Printing & Publishing
	03	Commercial Printing
	04	Misc. Media, Publishing (TV)
11		Chemicals & Allied Products
01		- <i>Chemicals</i>
		Adhesives & Sealants
		Alkalis & Chlorine
		Carbon Black
		Chemical Dyes
		Explosives
		Industrial Gases
		Industrial Inorganic Chemicals
		Industrial Organic Chemicals
		Paints, Varnishes, Lacquers & Polishes
		Pesticides
		Plastic Materials, Resins, Synthetic Materials
		Misc. Chemical Products
02	01	PTA

03	01	<i>Polyester Staple Fiber & Acrylic</i>
04		<i>Synthetic Rubber and Plastic Products</i>
	01	Fabricated, Molded, Extruded Rubber Products
	02	Foam Products
	03	Synthetic Rubber
	04	Misc. Plastic Products
12		Pharmaceuticals
	01	01 Basic Pharmaceuticals Manufacture
		02 Pharmaceuticals (Formulation)

13 Fertilizers

- 01 Phosphatic
- 02 Urea

14 Auto & Allied

- 01 01 Agricultural Equipment (Tractors, etc.)
- 02 Automobile Assembly
- 03 Automotive Batteries
- 04 Automotive Parts
- 05 Heavy Transportation Equipment (Trucks, etc.)
- 06 Motorcycle Assembly
- 07 Tires & Tubes

15 Transportation

- 01 01 Airlines
- 02 Railways
- 03 Shipping Companies
- 04 Misc. Transportation

16 Communications

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- 01 01 *Pakistan Telecommunication Corporation Ltd.*
- 02 01 *Cellular Phone Operators*

17 Commerce

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- 01 *Commodities / Raw Materials*
- 01 Commodities / Raw Materials General Trading
- 02 Commodities / Raw Materials Trading: Export

03		Commodities / Raw Materials Trading: Import
02		<i>Manufactured Products</i>
		Heavy Electrical Machinery Importers
		Heavy Mechanical Machinery Importers
		Automobiles / Spares Importers
		Consumer Products Importers
18		Non-Metallic Minerals: Mining / Quarrying
01	01	Coal Mining
	02	Crushed & Broken Stone
	03	Marble
	04	Sand & Gravel
	05	Miscellaneous Non-metal Minerals Except Fuel
19		Metal Mining
	-	
01	01	Copper Ores
	02	Miscellaneous Metal Ores
20		Metal Products
	-	
01		<i>Primary Metal Industries</i>
	01	Ship Breaking
	02	Steel Foundries
	03	Steel Mills (Blast Furnace)
	04	Steel Pipes & Tubes
	05	Steel Re-rolling Mills
	06	Steel Wire & Related Industries
	07	Misc. Primary Metal Industries
		Fabricated Metal, Except Machinery, Transport Equipment
02	01	Cutlery, Hand-tools, General Hardware Products
	02	Metal Cans
	03	Metal Drums
	04	Misc. Fabricated Metal Products

21 Financial Institutions

01 01 Commercial Banks

- 02 Development Finance Institutions
- 03 General Insurance
- 04 Investment Banks
- 05 Leasing Companies
- 06 Life Insurance
- 07 Modarabas
- 08 Stock Brokers

22 Government

- 01 01 Civic Bodies
- 02 Federal Government
- 03 Federal Government Autonomous Bodies
- 04 Local Bodies
- 05 Provincial Government Autonomous Bodies
- 06 Provincial Governments

23 Credit Programs

- 01 - *Prime Minister's Schemes*
- 02 PM's National Self-Employment Scheme (Max. PKR 1.0 mln)
- 03 PM's National Self-Employment Scheme (Max. PKR 0.3 mln)
- 04 PM's Transportation Scheme
- 05 Self-Employment Scheme (PKR 10,000 to PKR 300,000)
- 06 Small Business Loans (PKR 0.3 mln to PKR 5.0 mln)

02 *Other Credit Programs*

(Individual programs will be allocated codes by Credit Policy, upon approval)

- 24 Services
 - 01 -
 - 01 Tourism
 - 01 Hotels
 - 02 Travel Agents
 - 02 01 Courier Companies
 - 03 Health-care
 - 01 Hospitals
 - 02 Medical Laboratories & Other Health Services
 - 04 Misc. Service
 - 01 Clearing Agents
 - 02 Cold Storages
 - 03 Educational Institutions
 - 04 Professionals (Doctors, Engineers, Lawyers, etc.)
 - 05 Service Stations (Petrol Pumps)
- 25 Miscellaneous
 - 01 Consumer / Personal Care Products
 - 01 Cosmetics
 - 02 Detergents
 - 03 Soaps
 - 04 Toiletries
 - 05 Misc. Consumer / Personal Care Products
 - 02 Miscellaneous Manufacturing
 - 01 China-ware (Crockery, etc.)
 - 02 Glass-ware

03	Handicrafts
04	Heavy Machinery Manufacturing
05	Industrial Abrasives
06	Sporting Goods
07	Surgical Instruments
08	Others