



**CBB Reporting
Appendix BR-2
Guidelines for Completion of
PIR for MFIs**



**FORM PIR for MFIs
CENTRAL BANK OF BAHRAIN
PRUDENTIAL INFORMATION REPORT (Microfinance Institutions)
CONVENTIONAL and ISLAMIC
GUIDANCE**

General:

1. Form “PIR” for MFIs is to be used by all Microfinance Institutions, which are engaged in providing credit, in Bahrain when preparing the supervisory return to the CBB based on the separate financial statements of the entity using accounting policies that are consistent with International Financial Reporting Standards (IFRS) or AAOIFI, as applicable.
2. All microfinance institutions operating in Bahrain must complete the Form PIR. This form is intended to be a financial report of the institution as a separate legal entity and should be prepared on an unconsolidated basis. Microfinance institutions should therefore include all assets and liabilities in relation to business undertaken in and from the Kingdom of Bahrain in addition to their assets, liabilities and results of operations in overseas branches, if any.
3. Microfinance institutions should complete the form in Bahraini Dinars (BD). Amounts should be reported to the nearest one thousand.
4. A major purpose of the form is to assess the microfinance institutions’ financial performance including asset quality, earnings, operational losses and liquidity in accordance with international best practice.
5. PIR is required from all microfinance institutions showing the financial position and related data as at the end of each calendar quarter. The completed return should be sent no later than 20 days after the relevant quarter end to:

Conventional Microfinance institutions: Islamic Microfinance institutions:

Director of Retail Banking
Supervision Directorate

Director of Islamic Financial
Institutions Supervision Directorate

Central Bank of Bahrain
P.O. Box 27
Manama



Section A (Statement of Financial Position)

1. Section A provides the CBB with information about the MFI's financial position. Figures provided should reconcile with the financial statements as of the end of each quarter. This section is intended for reporting purposes only.
2. The statement of financial position is presented in three sections as follows:-
 - (a) Capital: Represents the shareholders' equity.
 - (b) Liabilities: Represents all liabilities.
 - (c) Assets: Represents all assets (monetary and non-monetary assets).

Section B (Statement of Income)

3. The statement of income represents the cumulative income and expenses of the Microfinance Institution as of the respective quarter-end. Figures provided should be reconcilable with the financial statements.

Section C (Classification of Credit Facilities as per Module RM)

4. This section provides financial information about the MFI's credit facilities. The credit facilities are broken down as standard, non-performing credit facilities, rescheduled credit facilities as well as the market value of the collaterals held against such credit facilities (if any).
5. 'Standard facilities' are those, which are 'performing' as the contract requires. These facilities are not past due and there is no reason to suspect that the customer's financial condition or the adequacy of collateral has deteriorated in any way.
6. 'Watch-list facilities' are those which show some weaknesses in the customer's (or counterparty's) financial condition or creditworthiness, requiring more than normal attention but not necessarily requiring the allocation of specific provisions (or impairment allowances). 'Watch' could include 'performing' facilities which are not regular in repayment or are regular but there is minor deterioration in the financial position of the customer or counterparty or the underlying collateral. 'Watch' must include any facilities which are less than 60 days overdue and which are not (yet) included in 'sub-standard', 'doubtful' or 'loss' (i.e. the facility can be regarded as overdue but not yet 'impaired' according to IFRS).



7. 'Sub-standard facilities' are those where interest/profit or principal is 60 days or more overdue. 'Sub-standard facilities' also include those where full repayment (collectability) is in doubt due to inadequate protection by the impaired paying capacity of the customer or by impairment of the collateral pledged. Sub-standard facilities are characterised by the distinct possibility of loss if observed weaknesses are not corrected and may therefore be viewed as, 'impaired' or non-performing. Sub-standard may therefore include facilities that are not yet overdue, or are less than 60 days overdue.
8. 'Doubtful facilities' are those where interest/profit or principal is 120 days or more overdue. 'Doubtful facilities' have all the weaknesses inherent in a facility classified as 'substandard' with the added characteristic that observed weaknesses make full collection (or liquidation), on the bases of currently existing facts and valuations highly questionable or improbable. The probability of loss is extremely high, but total loss may not necessarily occur because some pending factors may strengthen the asset quality.
9. 'Loss facilities' are those where interest/profit or principal is 180 days or more overdue (see Paragraph RM 2.5.6 for minimum required provisioning levels). 'Loss facilities' are considered uncollectible or of such little value that their continuance at any material value is not warranted. The category 'loss' means that it is not considered practical or desirable to give a positive valuation to this facility, even though partial recovery may be effected in the future.
10. Rescheduled credit facilities are those on which the Microfinance Institution has provided concessions and amended the terms of the original credit facility/facilities in order to accommodate the situation of the borrower.

Section D (Capital Requirements as per Module CA)

11. Capital items should tally with Section A (line item 1.7), and assets should tally with Section A (line item 3.7).

Section E (Movement of Provisions)

12. Report in this sheet the movement of the specific and collective impairment provisions for credit facilities during the quarter.



13. For the credit facilities defined as ‘Non-performing’ in Section C (Classification of Credit Facilities as per Module RM). Licensees must apply the minimum specific provision levels outlined below:

Substandard	:	10% of the outstanding amount
Doubtful	:	30% of the outstanding amount
Loss	:	100% of the outstanding amount

Section F (Twenty Five Largest Exposures and Creditors “Liabilities”)

14. For purposes of Table 1, all exposures to the same counterparty should be aggregated. Similarly, for Table 2, all liabilities to the same counterparty should be aggregated

Section G (Expenditure Requirement)

15. This section details the expenditure requirements as the microfinance institution is required to maintain net liquid assets, in a minimum amount of three months estimated expenditures.
16. Net liquid assets comprise of unencumbered cash, cash equivalents, treasury bills and bank placements or deposits maturing within 30 days less any liabilities due within 30 days.
17. Estimated three months expenditures include salaries, rent, general utilities and other operating costs.