Islamic Banking Bulletin

March 2017

Islamic Banking Department
State Bank of Pakistan

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5th Global Forum on Islamic Finance
Organized by COMSATS, Lahore
March 21, 2017

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Distinguished Guests, Ladies & Gentlemen

Assalam-o- Alaikum and Good Morning!

I am delighted to be here today at fifth Global Islamic Finance Forum (GIFF) focusing on “Present and Future of Islamic Banking in Pakistan”. I would like to convey my sincere appreciation to the organizers; COMSATS, being consistent in their successful efforts of gathering leading scholars, researchers and practitioners of Islamic finance all across the globe. Programs like this are significant given the industry is graduating towards a more mature level with an increasing debate on its greater contribution more towards social welfare, wealth redistribution and poverty alleviation.

As Muslims we firmly believe that Islam provides a perfect architecture for civilization with guidelines for every sphere of life that complement and support each other. Finance being an integral pillar of an economy, is of critical importance. Development of financial sector can be a great stimulator for economic growth if it has the capacity to direct resources towards sectors that demand these the most. To this end, Islam has put forward a system that eradicates riba, emphasizes on real economic activity, links risk with return and creates circulation of wealth that results in equitable distribution of income.

Ladies & Gentlemen!

It gives me a great deal of pride as a Muslim to witness that Islamic finance has expanded rapidly over the past few decades, and is now emerging as a strategic financial segment to many economies. The recurring financial crises and especially the severity of the last one has indicated the inability of conventional financial system to withstand the endogenous and exogenous shocks due to its structural flaws. This also highlighted some key issues regarding effective financial intermediation, financial innovation and regulatory and surveillance framework. In this background, Islamic finance, which has been around for over three decades, has received significant attention as serious alternate to conventional system. The relative resilience of Islamic Finance on one hand, has earned confidence in its viability and sustainability, but, on the other hand, has brought huge responsibility for practitioners of this Shari’ah compliant system to capitalize on its intrinsic strengths to demonstrate advantages that this system claims. This task is challenging given the changing global financial landscape and the evolution of Islamic finance industry to advanced level. Though impressive growth rate of the industry in general is being witnessed as a sign of greater fortune around the corner, however, there are challenges that still need to be addressed for ensuring the sustainable growth of Islamic finance for becoming an integral component of overall finance.

Ladies & Gentlemen

Before I discuss challenges faced by the industry, let me take this opportunity to share with you, briefly, the current state of Islamic banking in Pakistan and the direction it is taking for having a strong foothold in the banking system. Both the Government and State Bank of Pakistan (SBP) are fully committed and are making serious endeavors for promotion of Islamic banking and its related fields in the country. These efforts have undoubtedly assisted in broadening of access to Shariah based financial services to faith sensitive clients.

SBP's approach of re-launching Islamic banking in 2001-02, in parallel to conventional banking, has worked well, as reflected by the increasing share of Islamic banking in overall banking system of the country. Islamic banking industry has posted an impressive annual growth rate of over 20 percent over the last five years. By end December 2016, the share of Islamic banking has reached to 11.7 percent in terms of assets, while in terms of deposits its share is 13.3 percent, with a network of 2,322 branches of 21 Islamic banking institutions in 112 districts across the country. Given the strong growth momentum owing to overwhelming demand, supportive government and the central bank, future outlook of the industry looks positive.

SBP has played a critical role in growth of Islamic banking in the country over all these years. Promoting Islamic finance has remained an important component of strategic goals of the central bank and we have tried to perform a dual role of regulator as well as facilitator for the industry. SBP is among the few regulators that have introduced comprehensive legal, regulatory and Shariah compliance framework for Islamic banking industry.

Ladies & Gentlemen!

Taking the best of diversified audience here including industry experts, academia and Shariah scholars, I am urged to discuss some of the key challenges Islamic finance industry has to overcome to further accelerate its growth.

Effective liquidity management has always been the primary focus of banking industry; however, this has gained more significance in present times. Basel III, aimed at developing more resilient and sustainable financial sector focused on liquidity risk management along with improving the quality and quantity of capital, is a reflection of this. With particular respect to Islamic banking industry, this issue is more prominent owing to factors like dearth of Shariah compliant investment opportunities, limited availability of Shariah compliant money markets & instruments and Shariah compliant alternate of standing facilities. In Pakistan, issuance of domestic sovereign sukuk since 2008 did provide some relief to the domestic industry for its liquidity management but the gap between demand and supply could not be bridged due to infrequent issuance of sukuk owing largely to issues regarding documentation, title of assets, taxation etc. Being cognizant of this challenge, we at SBP, in consultation with industry, are working on developing multiple solutions for liquidity management for Islamic banking industry. In this backdrop, I encourage industry and academia to collaborate to develop innovative solutions for deployment of excess liquidity.

In a global environment where Islamic banking is operating parallel to centuries old conventional industry, it is imperative to expand its scope. It would be difficult for Islamic financial institutions with their prevalent model, having limited product mix and outreach, to compete with conventional banks in the future. I believe that in order to harness the true potential of Islamic finance, the industry needs to revisit its prevalent paradigm. There is a need for Islamic financial institutions to move away from the traditional business model and explore new opportunities/markets by developing more innovative products and reaching out to non- traditional sectors.

Ladies & Gentlemen!

Let me share with you that to address the challenge of low level of financial inclusion, Pakistan has launched a National Financial Inclusion Strategy (NFIS) and Islamic Banking & Finance has been identified as an integral part of the strategy to target both voluntary and involuntary financial exclusion. I believe that Islamic finance has the potential to contribute to inclusive economic growth by increasing access of formal financial services to underserved sectors like small and medium enterprises (SMEs), agriculture, low cost housing and microfinance. Recognizing the importance of these strategic sectors towards economic development, SBP has also assigned indicative targets to banking industry including Islamic banking institutions for SME and agriculture sectors. Catering to these sectors can also help Islamic finance industry to play its due role towards social welfare and poverty alleviation.

At this point, I would like to emphasize on the role of technology as we have seen that branchless banking has produced impressive results in increasing financial inclusion. Islamic finance can also leverage on technology to increase its penetration to the lowest spectrum of population; microfinance clients, who are otherwise considered costly.

The growing interest in Islamic finance warrants availability of required level of skilled human resources. However, one of the biggest challenges faced by the Islamic finance industry is the shortage of qualified Islamic finance professionals, who can lead the industry into the next level of growth and development. Further, locally as well as globally there is a disconnect between academia and industry, which is critical in supplying high quality talent, matching the needs of the industry. Being cognizant of the importance of skilled human resource for the industry, SBP, as a facilitator has supported the industry not only by conducting programs on its own and through its training subsidiary National Institute of Banking and Finance (NIBAF) but has also provided assistance to initiatives taken by other stakeholders. Towards this end, another significant step of SBP is establishment of three Centers of Excellence in Islamic Finance Education (CEIFEs) at well renowned educational institutions; IBA Karachi, LUMS Lahore, and IMSciences Peshawar. These institutions are fully operational and are working effectively not only to provide regular supply of human resource but are also conducting training programs for existing human resource of the industry.

We, at SBP, recognize that Research & Development (R&D) is key for any evolving industry; therefore, we are encouraging the culture of research and development in Islamic finance. These Centres of Excellence I just mentioned have been mandated to work as research incubators as well. I would like to use this platform to encourage universities/academic/training institutes to undertake action oriented research on key areas like efficiency, innovative business models and participatory based modes which can provide the much needed boost to the emerging Islamic finance industry and support its growth trajectory. Collaboration between academia, Shariah scholars and industry professionals can be effective in this regard.

Ladies & Gentlemen!

Present Government has shown strong commitment towards building sound foundations of Islamic finance industry in the country. To this end the most significant initiative was the formation of a high level Steering Committee (SC) for Promotion of Islamic Banking in December, 2013. The committee completed its tenure of two years in 2015 and submitted a comprehensive set of recommendations aimed at addressing challenges faced by the industry. You will be pleased to know that this time task has not been finished with the finalization of the report but an Implementation Committee (IC) has also been formed by Ministry of Finance in order to execute the recommendations of the Steering Committee. Honorable Minister of Finance, Revenue, Economic Affairs, Statistics and Privatization is Patron-in-Chief while Governor State Bank of Pakistan is Chairman of the Committee. Under the Implementation Committee, four sub-committees have been formed; (i) Sub-Committee on Legal & Regulatory Framework (ii) Sub-Committee on Taxation (iii) Sub-Committee on Islamic Capital Market and (iv) Sub-Committee on Awareness & Capacity Building. These sub-committees are working diligently for smooth and efficient implementation of the Steering Committee's recommendations in their respective areas.

Given the commitment and concerted efforts of all stakeholders, I am optimistic that Islamic banking and finance is likely to grow on a sustainable basis in the future to a level where it provides a genuine alternative to a riba based system. However, I would reiterate that true potential of Islamic finance in Pakistan is still to be explored and there is a need of financial intermediation based on real economic activities. Islamic finance needs to emphasize on value adding and value based financial intermediation to achieve next level of growth trajectory. I believe that this would bring more stability to the financial systems, improve equitable distribution of economic gains, and support the overall economic development.

In the end, I wish you all a very productive conference and again thank the organizers for inviting me here.

Thank you!

Islamic Banking Industry - Progress & Market Share

Overview

Assets and Deposits of Islamic Banking Industry (IBI) were recorded at Rs.1,885 billion and Rs.1,564 billion respectively by end March, 2017. Market share of Islamic banking assets and deposits in overall banking industry stood at 11.7 percent and 13.2 percent, respectively by end March, 2017 **(see Table 1)**. Profit after tax (PAT) of IBI was recorded at Rs.3.8 billion at the end of the quarter under review. Among other profitability indicators, return on assets (ROA) and return on equity (ROE) were recorded at 0.8 percent and 12.2 percent, respectively.

Table 1: Industry Progress and Market Share

Particulars	Industry Progress			YoY Growth (%)	Share in Overall Banking Industry (%)		
	Mar-16	Dec-16	Mar-17	Mar-17	Mar-16	Dec-16	Mar-17
Total Assets (Rupees in billions)	1,625	1,853	1,885	16.0	11.4	11.7	11.7
Deposits (Rupees in billions)	1,336	1,573	1,564	17.1	12.9	13.3	13.2
Number of Islamic Banking Institutions	22	21	21	-	_	_	_
Number of Islamic Banking Branches*	2,082	2,322	2,317	11.3	_	_	_
Source: Data submitted by banks under quarterly Reporting Chart of Account (RCOA)							
***I**ncluding sub-branches							

Branch Network of Islamic Banking Industry

The network of IBI consisted of 21 Islamic Banking Institutions; 5 full-fledged Islamic banks (IBs) and 16 conventional banks having standalone Islamic banking branches (IBBs) by end March, 2017. Branch network of IBI was recorded at 2,317 branches (spread across 116 districts) by end March, 2017. Province/ Region wise breakup of branches reveals that Punjab and Sindh jointly account for 77.2 percent share in overall IBI's branch network. The number of Islamic banking windows operated by conventional banks having Islamic banking branches stood at 1,239 by end March, 2017 (see **Annexure I** for details).

Table 2: Region Wise Branches (March 31, 2017)

Province/Region	Total Number	Share (%)
Punjab	1,088	46.9
Sindh	703	30.3
Khyber Pakhtoonkhawa	255	11.0
Baluchistan	99	4.3
Gilgit Baltistan	9	0.4
FATA	9	0.4
Federal Capital	118	5.1
AJK	36	1.6
Total	**2,317**	**100**

Asset and Liability Structure

Assets: Assets of IBI registered growth of Rs.32 billion during the quarter January to March, 2017 to reach Rs.1,885 billion compared to Rs.1,853 billion in the previous quarter. Market share of IBI's assets in overall banking industry's assets was recorded at 11.7 percent by end March, 2017. Analysis of assets composition of IBI shows that increase in assets was mainly contributed by financing that witnessed quarterly growth of 12.4 percent during the review quarter. On the other hand, investments of IBI registered a decline of 0.3 percent. The share of net financing and investments in total assets (net) of IBI was recorded at 48.9 percent and 25.9 percent, respectively at the end of the quarter under review (see section below on **Investments** and **Financing** for details).

Bifurcation of assets among IBs and IBBs shows that assets of both IBs and IBBs increased by Rs.15 billion (1.3 percent) and Rs.17 billion (2.4 percent), respectively during the review quarter. However, the share of IBs (61.7 percent) remained higher than that of IBBs (38.3 percent) in overall assets of IBI.

Investments

Investments (net) of IBI were recorded at Rs.490 billion by end March, 2017 compared to Rs.489 billion in the previous quarter. In contrast, investments of overall banking industry witnessed an increase of 6.6 percent during the review quarter. This slow down in investments of IBI can be mainly linked with the fact that no sovereign domestic Sukuk has been issued since March, 2016.

Financing and Related Assets

Financing and related assets (net) of IBI witnessed growth of Rs.102 billion during the review quarter and reached at Rs.923 billion. Break up of financing among IBs and IBBs shows that financing of IBs and IBBs grew by Rs.45 billion and Rs.57 billion, respectively. Financing to deposits ratio (FDR) of IBI was recorded at 59 percent by end March, 2017 compared to 52 percent in the previous quarter. It is pertinent to mention here that overall banking industry's advances to deposits ratio (ADR) stood at 47.5 percent by end March, 2017. Like previous quarters, Diminishing Musharaka remained the leading mode for financing followed by Murabaha and Musharaka (see **Table 3**).

Table 3: Financing Mix (% Share)

	Mar-16	Dec-16	Mar-17
Murabaha	22.1	15.8	16.4
Ijarah	7.2	6.8	6.4
Musharaka	14.5	15.6	16.3
Diminishing Musharaka	32.4	34.7	32.3
Salam	5.3	4.4	5.2
Istisna	8.0	8.4	8.9
Others	10.5	14.3	14.5
Total	**100.0**	**100.0**	**100.0**

Table 4: Financing Concentration (% Share)

	Mar-16	Dec-16	Mar-17	Industry
Chemical and Pharmaceuticals	7.7	6.6	6.1	3.9
Agribusiness	5.9	3.9	5.2	7.8
Textile	16.6	15.7	13.2	13.9
Cement	1.6	1.9	1.6	1.2
Sugar	4.7	2.7	4.7	4.5
Shoes and leather garments	0.7	0.5	0.5	0.4
Automobile and transportation equipment	1.7	1.6	1.2	1.7
Financial	0.6	0.6	0.6	3.2
Electronics and electrical appliances	1.5	1.1	1.2	1.4
Production and transmission of energy	9.2	15.8	15.4	15.0
Individuals	12.6	12.1	11.7	9.0
Others	37.2	37.5	38.6	38.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

In terms of sector wise financing, production & transmission of energy and textile remained leading sectors and their share in overall financing of IBI recorded at 15.4 percent and 13.2 percent, respectively by end March, 2017 (see **Table 4**).

Breakup of segment wise financing reveals that corporate sector accounts for 74.8 percent share in overall financing of IBI followed by consumer financing having 10.3 percent share (see **Table 5**). Like previous quarters, financing extended by IBI to Small and Medium Enterprises (SMEs) and Agriculture remained lower compared to overall banking industry's averages.

Table 5: Client Wise Financing Portfolio (% Share)

	Mar-16	Dec-16	Mar-17	Industry
Corporate Sector	74.3	77.5	74.8	68.8
SMEs	2.6	3.4	2.9	6.1
Agriculture	0.7	0.8	0.6	4.7
Consumer Financing	10.9	10.5	10.3	6.3
Commodity Financing	9.0	5.6	9.4	9.5
Others	2.5	2.2	2.0	4.6
Total	**100.0**	**100.0**	**100.0**	**100.0**

Asset Quality

Asset quality indicators of IBI, including non-performing finances (NPFs) to financing (gross) and net NPFs to net-financing were better than those of overall banking industry's averages. However, Provisions to NPFs ratio was recorded at 80.5 percent compared to industry's average of 85.4 percent by end March, 2017 (see **Table 6**).

Table 6: Assets Quality Ratios (%)

	Mar-16	Dec-16	Mar-17	Industry
NPFs to Financing (gross)	5.0	4.1	3.9	9.9
Net NPFs to Net Financing	0.5	0.7	0.8	1.6
Provisions to NPFs	90.6	84.7	80.5	85.4

Liabilities

Deposits of IBI were recorded at Rs.1,564 billion by end March, 2017. Market share of IBI's deposits in overall banking industry's deposits was recorded at 13.2 percent. The breakup of deposits shows that the share of customers' deposits and financial institutions' deposits in overall deposits of IBI stood at 94.8 percent and 5.2 percent respectively by end March, 2017 (see **Table 7**).

Table 7: Break up of Deposits

	Rupees in billions			% Growth	
	Mar-16	**Dec-16**	**Mar-17**	**YoY**	**QoQ**
Customers					
Fixed Deposits	318	338	344	8.2	1.8
Saving Deposits	534	604	616	15.4	2.0
Current accounts - Remunerative	6	9	7	16.7	(22.2)
Current accounts - Non-remunerative	389	504	507	30.3	0.6
Others	6	7	9	50.0	28.6
Sub-total	**1,253**	**1,462**	**1,483**	**18.4**	**1.4**
Financial Institutions					
Remunerative Deposits	82	109	79	(3.7)	(27.5)
Non-remunerative Deposits	1	2	2	100.0	-
Sub-total	**83**	**111**	**81**	**(2.4)**	**(27.0)**
Total	**1,336**	**1,573**	**1,564**	**17.1**	**(0.6)**

A further breakup of deposits shows that customers' deposits grew by Rs.21 billion while financial institutions' deposits witnessed decline of Rs.30 billion during the review quarter. The share of IBs and IBBs in overall deposits of IBI stood at 61.2 percent and 38.8 percent respectively by end March, 2017.

Liquidity Ratios

Liquid Assets of IBI were recorded at Rs.552 billion by end March, 2017 compared to Rs.610 billion in the previous quarter. Liquid Assets to Total Assets and Liquid Assets to Deposits ratios were registered at 29.3 percent and 35.3 percent, respectively (see **Table 8**).

Table 8: Liquidity Ratios (%)

	Mar-16	Dec-16	Mar-17	Industry
Liquid Assets (Rupees in billions)	596	610	552	8,729
Liquid Asset to Total Assets	36.7	32.9	29.3	54.0
Liquid Assets to Deposits	44.6	38.8	35.3	73.9

Capital

The capital base of IBI stood at Rs.127 billion by end March, 2017 compared to Rs.124 billion in the previous quarter. Capital to Total Assets and Capital-Net Non Performing Assets (NPAs) to Total Assets ratios of IBI stood at 6.7 percent and 6.3 percent, respectively (see **Table 9**).

Table 9: Capital Ratios (%)

	Mar-16	Dec-16	Mar-17	Industry
Capital to Total Assets	6.6	6.7	6.7	7.6
(Capital-Net NPAs) to Total Assets	6.4	6.4	6.3	8.1

Profitability

Profit after tax (PAT) of IBI was recorded at Rs.3.8 billion by end March, 2017 compared to Rs.2.9 billion in the same quarter last year. ROA and ROE of IBI were recorded at 0.8 percent and 12.2 percent, respectively during the review quarter (see **Table 10**). Like previous quarters. Operating Expense to Gross Income of IBI remained higher than that of overall banking industry.

Table 10: Profitability & Earning Ratios of IBI (%)

	Mar-16	Dec-16	Mar-17	Industry
Return on Assets (ROA)	0.7	0.7	0.8	1.2
Return on Equity (ROE)	10.8	10.6	12.2	14.2
Operating Expense to Gross Income	77.6	75.1	71.1	55.5

Country Model: Luxembourg

The Grand Duchy of Luxembourg, a landlocked country in Western Europe, having financial sector as leading contributor to its GDP occupies a special place in global financial market. Luxembourg is not only a leading world business centre but also the second largest investment fund centre along with being the world leader in the cross-border distribution of retail investment funds. With respect to Islamic Finance, Luxembourg is recognized as leading European Centre for Islamic finance.

History of Islamic finance in Luxembourg goes back to 1978 when it became the first country in Europe to host an Islamic finance institution (Islamic Banking System Holdings Limited Luxembourg) and since then the country has played a significant role in growth of Islamic finance; Luxembourg Stock Exchange was the first exchange to list a sukuk, the first Eurozone country issuing a sovereign sukuk and third largest Islamic fund centre with Saudi Arabia and Malaysia at first two positions. Luxembourg is the first European country that became member of the International Islamic Liquidity Management (IILM) while Luxembourg’s Central Bank (BCL) is the first European central bank to become member of the Islamic Financial Services Board (IFSB). Moreover, Luxembourg considers its wide investment treaty network with over 80 countries including Saudi Arabia, Malaysia, and Turkey etc as boosting factor to its Islamic finance credentials.

Legal & Regulatory Framework

With the aim to become a global hub for Islamic finance, Luxembourg has taken major steps to extend conducive legal and regulatory framework for Islamic finance industry. Luxembourg tax laws are considered the most efficient and dynamic laws to cater to changing needs of evolving industry like Islamic finance. All major modes of Islamic finances are realized in tax efficient manner. Contracts like fiduciary contracts also allow the distinction between legal and economic ownership ensuring the compliance with the principles of Islamic finance.

As Luxembourg tax law is based on the economic approach and substance over form principles, Islamic investment can easily be accommodated under this law. Therefore the wide range of regulated investment vehicles, semi-regulated investment vehicles and unregulated holding companies by Luxembourg accommodate the requirements of Islamic finance. Moreover, it is also allowed to appoint Shariah Board at any type of regulated vehicle while purification of income is commonly accepted by Luxembourg authorities and service providers. Furthermore, favourable legal framework in Luxembourg allows issuance of sukuk from all types of entities under various forms.

Sukuk: Luxembourg offers variety of investment vehicles that may be considered suitable for issuance of sukuk. The securitization has proven to be specifically beneficial for innovative sukuk structures. Favourable Securitization Law for listing of sukuk signifies Luxembourg as a prime location for listing of sukuk. Sukuk issues have a choice between two markets: a regulated market, designated as the Bourse de Luxembourg, and a multilateral trading facility, Euro multilateral trading facility (MTF).

Shariah Compliant Investment Funds

Luxembourg is ranked fifth by Ernst & Young's Islamic funds and investments report. There are currently almost 40 Islamic funds in Luxembourg making it one of the world's largest place of domicile outside of the Islamic world. Luxembourg has also developed alternate structures like hedge funds, private equity and real estate funds which offer Shariah compliant services.

In order to become a global hub for Islamic finance, it is of paramount importance that all related stakeholders are knowledgeable in Islamic finance and therefore Luxembourg has taken significant steps in this regard; Diploma in Islamic Finance is a proof to this which is being offered with the partnership between Luxembourg Banking Training Institute (IFBL) and the ICMA centre of the University of Reading and a further partnership between Luxembourg School of Finance (LSF) and INCEIF (Malaysian leading university in Islamic finance)

Given a business oriented environment, a proactive financial supervisory authority in addition to efficient tax system Luxembourg is spearheading global Islamic finance transaction. Despite all these efforts Luxembourg remains in the shadow of several other jurisdictions continuously favoured by Islamic investors. However, all players in Luxembourg market are committed to make the country essential for future expansion of Islamic finance.

Sources

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A Brief on IFSB 17: Islamic Financial Services Board (IFSB)'s Core Principles for Islamic Finance Regulation (Banking Segment) (CPIFR 23 to CPIFR 33)

The Islamic Financial Service Board (IFSB) Council, in its 21st meeting held on December 12, 2012 at Islamic Development Bank's headquarters in Jeddah, Kingdom of Saudi Arabia, approved the preparation of a set of IFSB Core Principles for Islamic Finance Regulation (CPIFR) and also the setting up of a Working Group for CPIFR (CPIFRWG). Accordingly, 33 CPIFR were prepared by IFSB.

In previous editions of Islamic Banking Bulletin (July-September, 2016 and October-December, 2016), principles 1 to 13 and 14 to 22 of CPIFR were discussed, respectively. In the present edition, we will discuss the last 11 principles CPIFR 23 to CPIFR 33, which like the previous nine principles, relate to prudential regulations and requirements for institutions offering Islamic financial services (IIFS).

CPIFR 23- Country and transfer risks (BCP 21): The supervisory authority determines that IIFS have adequate policies and processes to identify, measure, evaluate, monitor, report and control or mitigate country risk and transfer risk in their international financing and investment activities on a timely basis.

CPIFR 24- Equity investment risk: The supervisory authority satisfies itself that adequate policies and procedures including appropriate strategies, risk management and reporting processes are in place for equity investment risk management, including Muḍarabah and Musharakah investments in the banking book (i.e. financing on a profit-and-loss sharing basis), taking into account the IIFS's appetite and tolerance for risk. In addition, the supervisory authority ensures that the IIFS have in place appropriate and consistent valuation methodologies; define and establish the exit strategies in respect of their equity investment activities; and have sufficient capital when engaging in equity investment activities.

CPIFR 25- Market risk: The supervisory authority determines that IIFS have an adequate market risk management process that takes into account their risk appetite, risk profile, and market and macroeconomic conditions and the risk of a significant deterioration in market liquidity. This includes prudent policies and processes to identify, measure, evaluate, monitor, report and control or mitigate market risks on a timely basis.

CPIFR 26- Rate of return risk: The supervisory authority determines that IIFS have adequate systems to identify, measure, evaluate, monitor, report and control or mitigate rate of return (ROR) risk in the banking book on a timely basis. These systems take into account the IIFS's risk appetite, risk profile and market and macroeconomic conditions. The supervisory authority also assesses the capacity of an IIFS to manage the ROR risk and any resultant displaced commercial risk (DCR), and obtains sufficient information to assess its investment account holders' (IAHs) behavioural and maturity profiles.

CPIFR 27- Liquidity risk: The supervisory authority sets prudent and appropriate liquidity requirements (which can include either quantitative or qualitative requirements or both) for IIFS that reflect the liquidity needs of the IIFS. The supervisory authority determines that IIFS have a strategy that enables prudent management of liquidity risk and compliance with liquidity requirements. The strategy takes into account the IIFS's risk profile as well as market and macroeconomic conditions and includes prudent policies and processes, consistent with the IIFS's risk appetite, to identify, measure, evaluate, monitor, report and control or mitigate liquidity risk over an appropriate set of time horizons.

CPIFR 28- Operational risk: The supervisory authority determines that IIFS have an adequate operational risk management framework that takes into account their risk appetite, risk profile and market and macroeconomic conditions. This includes prudent policies and processes to identify, assess, evaluate, monitor, report and control or mitigate operational risk on a timely basis.

CPIFR 29- Internal control and audit: The supervisory authority determines that IIFS have adequate internal control frameworks to establish and maintain a properly controlled operating environment for the conduct of their business taking into account their risk profile. These include clear arrangements for delegating authority and responsibility; separation of the functions that involve committing the IIFS, paying away its funds, and accounting for its assets and liabilities; reconciliation of these processes; safeguarding the IIFS's assets; and appropriate independent internal audit and compliance functions to test adherence to these controls as well as applicable laws and regulations.

CPIFR 30- Financial reporting and external audit (BCP 27): The supervisory authority determines that IIFS and banking groups maintain adequate and reliable records, prepare financial statements in accordance with accounting policies and practices that are widely accepted internationally and annually publish information that fairly reflects their financial condition and performance and bears an independent external auditor's opinion. The supervisory authority also determines that IIFS and parent companies of banking groups have adequate governance and oversight of the external audit function.

CPIFR 31- Transparency and market discipline: The supervisory authority determines that IIFS and banking groups regularly publish information on a consolidated and, where appropriate, solo basis that is easily accessible and fairly reflects their financial condition, performance, risk exposures, risk management strategies and corporate governance policies and processes. The supervisory authority also determines that IIFS implement a process for assessing the appropriateness of their disclosures, including validation and frequency.

CPIFR 32- Islamic "windows" operations: Supervisory authorities define what forms of Islamic "windows" are permitted in their jurisdictions. The supervisory authorities review Islamic windows' operations within their supervisory review process using the existing supervisory tools. The supervisory authorities in jurisdictions where windows are present satisfy themselves that the institutions offering such windows have the internal systems, procedures and controls to provide reasonable assurance that (a) the transactions and dealings of the windows are in compliance with Shariah rules and principles; (b) appropriate risk management policies and practices are followed; (c) Islamic and non-Islamic business are properly segregated; and (d) the institution provides adequate disclosures for its window operations.

CPIFR 33- Abuse of financial services (BCP 29): The supervisory authority determines that IIFS have adequate policies and processes, including strict customer due diligence (CDD) rules to promote high ethical and professional standards in the financial sector and prevent IIFS from being used, intentionally or unintentionally, for criminal activities.

Source:
IFSB website http://www.ifsb.org/

Events and Developments at Islamic Banking Department (IBD)-SBP

Launching Ceremony of Dunya Media Group's "Islamic Banking & Finance Awareness Drive 2017" at CEIF – IBA

Dunya Media Group launched the subject awareness drive on January 4, 2017 at Centre of Excellence in Islamic Finance Education (CEIFE) – IBA. The Deputy Governor (FM, IB & SIs) – SBP was the Chief Guest of the occasion. Islamic Banking Department (IBD) -SBP collaborated and supported Dunya Media Group in the launch of their awareness drive on Islamic finance. Dunya Media Group plans to hold a series of awareness sessions in major cities of the country. Their awareness drive on Islamic finance will have coverage in both print and electronic platforms of Dunya Media Group. The drive aims at broadening awareness of Islamic finance amongst the masses.

Training Programs on "Fundamentals of Islamic Banking Operations" (FIBO) held at Sargodha and Hyderabad

IBD in collaboration with NIBAF arranged two training programs titled 'Fundamentals of Islamic Banking Operations (FIBO)'. The training programs had a focus on enhancing skills and knowledge base of field staff of Islamic banking institutions particularly Branch Managers (BMs), Operation Managers (OMs) and Relationship Managers (RMs). These programs were organized during the period March 13 – 17, 2017 and March 27 – 31, 2017 at Sargodha and Hyderabad respectively. The training programs were also attended by academia and Shariah scholars of the respective regions.

Islamic Banking News and Views

A. Local Industry News

Moody's banking system outlook for Pakistan

Pakistan's economic expansion will benefit the country's banks over the next 12 to 18 months, and drives Moody's stable outlook. The accelerating economy, boosted by progress in structural reforms and China-funded infrastructure projects, will stimulate lending growth at the country's banks and support loan performance. The biggest challenge facing the banking system will be its concentrated exposure to the low-rated Pakistan government (B3 stable) and its agencies, as well as the banks' modest capital levels. Real GDP is expected to expand by 4.9 per cent and five per cent in the fiscal years ending June, 2017 and 2018.
http://www.cpifinancial.net/news/post/39757/moodys-banking-system-outlook-pakistan

SBP launches Prudential Regulations

The State Bank of Pakistan (SBP) has issued Prudential Regulations for infrastructure project financing. Taking into consideration the environmental impact of projects, the regulations have also set rules on technical, legal, cash flow-generating capacity, risk assessment and insurance aspects among others. The SBP encourages banks and development financial institutions to utilize Islamic finance for infrastructure projects.
www.islamicfinancenews.com

Sub-Committee on Islamic Finance proposes tax exemptions

Pakistan's Islamic banking subcommittee on taxation has finalized recommendations to create tax neutrality for Islamic financial institutions. According to the Business Recorder, the sub-committee has proposed for the provincial governments to exempt the registration of the sale/purchase of immovable property by financial institutions under any Islamic contract from the levy of capital value tax, registration fee, stamp duty, district/municipal/town taxes and any other related taxes. The recommendations are reportedly being communicated to the federal and provincial governments.
www.islamicfinancenews.com

SBP updates Shariah audit guidelines

The State Bank of Pakistan has updated the Shariah governance framework for Islamic banking institutions regarding external Shariah audit. Under the new guidelines, Shariah board members of Islamic banks are not allowed to be engaged with any external audit firms, among other provisions.
http://www.sbp.org.pk/ibd/2017/CL1.htm

Meezan Bank to launch digital platform

Meezan Bank has partnered with Inov8 to develop the latter's FalconPay Payment's digital ecosystem powered by MasterCard's digital wallet solution, Masterpass. The Islamic bank said in a statement that the partnership is aimed at building a platform for customers to use its services on-the-go, with online purchases and bookings. Meezan Bank will be the first bank in Pakistan to allow linking of customers' accounts to that of FalconPay Payments.
www.islamicfinancenews.com

Pakistan mulls Islamic commodity platform

Pakistani Islamic banks are in discussion with the Pakistan Mercantile Exchange to develop a commodity Murabahah trading platform to manage their excess liquidity. According to The News, work

is underway to design a system that would integrate the platform with international exchanges in Dubai, London and Malaysia.
www.islamicfinancenews.com

Pakistan's Modaraba sector makes headway post-regulatory reforms
Pakistan's Modaraba sector has been witnessing a sustained growth level in recent times as it benefits from the Securities and Exchange Commission of Pakistan (SECP)'s efforts to strengthen corporate governance, investor protection and Shariah compliance by overhauling the regulatory infrastructure for Modaraba. According to the SECP, the Modaraba sector currently has low leverage levels and healthy dividend payout, due to the recent regulations put in place by the regulator. There are now 25 Modarabas with total assets of PKR38.8 billion (US$365.14 million) and profits of PKR1.18 billion (US$11.1 million).
www.islamicfinancenews.com

B. International Industry News

IMF calls for framework to streamline Islamic banking
The International Monetary Fund (IMF) called for establishing a policy framework and environment that promote financial stability and sound development of Islamic banking. The guidelines, released by the IMF headquarters in Washington, noted that it was particularly to develop such a framework in the countries where Islamic banking has become systemically important. The IMF noted that Islamic banking continues to grow rapidly, in size and complexity, contributing to financial deepening and inclusion in many countries but this growth also poses a challenge to supervisory authorities and central banks.
https://www.dawn.com/news/1316169

Islamic finance sees big growth in Europe
Islamic finance, despite its label, is not limited to Muslim countries. It has shown growth globally, including in Europe. Total Islamic finance assets worldwide are projected to grow to $3.5 trillion by 2021 from $2 trillion currently, according to Thompson Reuters' Islamic Finance Development "Resilient Growth" report. There are 622 institutions providing Islamic finance courses worldwide, and 201 provide Islamic finance degrees, according to the report. Europe is increasingly showing interest in Islamic finance education. There are 109 institutions that provide Islamic finance education in Europe, 63 percent of them in the UK.
http://www.arabnews.com/node/1046871/business-economy

AAOIFI issues exposure draft for Shariah governance
AAOIFI has issued an exposure draft of the governance standard on central Shariah boards, as announced in a press release. The draft, which is expected to be issued at the beginning of 2017, covers the appointment and termination of board members, the functions of the central Shariah board and the responsibilities of the appointing authority among others.
www.islamicfinancenews.com

Demand for Shariah-compliant banking increases 449 percent in UK
The demand for Shariah-compliant banking is at an all-time high in the United Kingdom. The Islamic banking industry has surged 449 percent since 2012 and it is becoming an established part of British banking system. The most impressive growth is being seen in the areas of Home Purchase Plans and Buy-to-Let Purchase Plans. In fact, Islamic home finance in the UK was at an all-time high in 2016.
http://www.inquisitr.com/3955524/demand-for-shariah-compliant-banking-increases-449-percent-in-uk/

Sukuk market remains inactive in the Gulf

Sukuk issuance was muted last year and, contrary to some market commentators, S&P Global Ratings does not believe that this was primarily due to the drop in Gulf banks' liquidity. The rating agency believes that the Gulf Cooperation Council (GCC) liquidity remains adequate in global comparison and that banks may respond to the lack of growth opportunities by reallocating some liquidity to the bond and sukuk markets. Also, while about one-half of sukuk investors were based in the GCC region in 2014-16, a large portion is based outside, mainly in Asia and Europe, S&P said.
http://timesofoman.com/article/102334/Business/Sukuk-market-remains-inactive-in-the-Gulf

Morocco turns to Islamic finance

Halal credits and Shariah compliant bank accounts are now available in Morocco as the Central Bank and the Ministry of Economy and Finance have authorized the opening of five Islamic banks, referred to as "participatory" banks, according to a press release published. No authorizations had so far been granted to foreign banks by Bank Al-Maghrib. Three conventional institutions will also be allowed to "offer their clients participatory banking products."
https://www.moroccoworldnews.com/2017/01/205344/morocco-turns-islamic-finance/

Islamic finance roots grow deeper in Kenya

The Insurance (Amendment) Act 2016 signed into law by the Kenyan President is set to enhance Kenya's position as the premier Islamic financial hub on the African continent. The move came a week after the Capital Markets Authority (CMA) was admitted by the Council of the Islamic Financial Services Board (IFSB) as an associate member of the board.
http://www.nation.co.ke/lifestyle/smartcompany/Islamic-finance-roots-grow-deeper-in-Kenya/1226-3504652-837irvz/

AAOIFI publishes draft Murabahah Standard

AAOIFI has published the exposure draft of its financial accounting standard on Murabahah and other deferred payment sales. According to a press release, the institution has requested for feedback from the Islamic finance industry. The draft includes guidance on recognition, measurement, presentation, disclosures and other related accounting treatments among others and proposes to introduce the accounting for the liability side for Murabahah and deferred payment sales transactions.
www.islamicfinancenews.com

Articles & Views

Islamic finance and UN Sustainable Development Goals: A regulatory perspective

Notably, the recent global financial crisis has posed poignant challenges about the stability and sustainability of the financial system. Therefore, the recurring financial debacles coerce a dire need for an economic model that addresses these global challenges. In the process of exploring possible answers to the challenges, what has remained less explored is the fact that Islamic finance offers basic principles closely in line with the concept of sustainable development (SD) adopted by the UN.
www.islamicfinancenews.com

Challenges to maintain leading growth in Islamic banking

Islamic banking continues to broaden its reach and is able to compete effectively with conventional banks, supported by an increasing range of products and higher quality service. Islamic banking assets in the GCC are now worth over $600 billion, and well over $1.1 trillion for the wider region. In the past,

Islamic banks were some way behind their conventional banking counterparts in terms of innovation, technology and service, which are not only important to defend market franchises but are crucial as a differentiator in a competitive market environment. But now many in the Gulf and the Middle East, which have performed well over the last few years, have become early investors in technology, targeting product and service innovation as a central theme of their strategy.
http://pakobserver.net/challenges-to-maintain-leading-growth-in-islamic-banking/

New report outlines actions to leverage Islamic finance for development
The World Bank Group and the Islamic Development Bank published the first Global Report on Islamic Finance, which details the prospects for the global Islamic finance industry and its potential to help reduce worldwide income inequality, enhance sharing prosperity, and achieve the Sustainable Development Goals. Subtitled “A Catalyst for Shared Prosperity”, the report provides an overview of trends in Islamic finance, identifies major challenges hindering the industry’s growth, and recommends policy interventions to leverage Islamic finance for promoting shared prosperity.
http://www.worldbank.org/en/news/feature/2017/02/21/new-report-outlines-actions-to-leverage-islamic-finance-for-development

Islamic finance and digital currencies: The halal aspect
With the growing utilization of fintech in the Islamic finance sector, the question arises what role digital currencies and blockchain technologies play in Shariah banking and most of all whether they are halal or not. This is such a new topic that not much had been released on it from Islamic scholars, and there is no official position yet by large Islamic finance organizations. But there is an increasing number of financial service companies that start using such modern technologies in a quest to tap the potential of particularly younger Islamic investors.
http://www.gulf-times.com/story/532032/Islamic-finance-and-digital-currencies-The-halal-a

Alternative investments in Islamic finance
It has been a challenging year for some alternative investments, as turbulent markets and low oil prices send investors scurrying for safe havens. However, other alternative asset classes such as gold funds and real estate have gained traction from this volatility.
www.islamicfinancenews.com

Liquidity management in Islamic finance
Liquidity management remains one of the primary concerns of the Islamic finance sector. Over the past year, the industry has seen very encouraging developments from central banks and institutions such as the International Islamic Liquidity Management Corporation (IILM) in managing liquidity in their respective jurisdictions.
www.islamicfinancenews.com

Going digital – how can Islamic banks truly benefit?
The term digital banking is broad. To some it means a bank offering customers mobile banking apps or a paperless bank; to others it means true digital augmentation (the enhancement of virtual presence through the use of digital content) and leveraging these opportunities. While the majority of banks offer digital channels, a truly digital bank should cover both the customer and the execution experience, providing a personal, targeted approach.
www.islamicfinancenews.com

Risk management in Islamic finance

Risk management is crucial for Islamic finance, particularly given the risk and return-sharing principle that governs the industry. While in theory offering lower risk exposure due to Islamic finance's firm principles and basis in the real economy, Islamic transactions and institutions nevertheless face real and unique risks that require a robust and comprehensive management process.
www.islamicfinancenews.com

The potential of Islamic finance for infrastructure projects

The OECD has said that there is a financing gap of over US$1 trillion per annum in infrastructure investment in the emerging economies of Asia, Africa and the Middle East, many of which have growing Islamic economies. Funding is needed for schools and hospitals, transport, water and sanitation, power plants and telecommunications, all vital to ensure that development takes place in line with the UN's Sustainable Development Goals to improve the lives of billions of people by 2030.
www.islamicfinancenews.com

Shariah pensions – an untapped market

Shariah compliant pensions have yet to be explored by Islamic financial institutions. As per the PWC research report, 'Asset management 2020', the global size of pension fund assets would reach US$57 trillion by 2020 from the current figure of US$36 trillion, whereas MENA and Asia Pacific will constitute US$5 trillion and US$6.5 trillion respectively by 2020. If Shariah pensions can take only 10% of this potential market by 2020, it could be projected to reach US$1 trillion by 2020.
www.islamicfinancenews.com

Annexure: I

Islamic Banking Branch Network

(As of March 31, 2017)

Type	Name of Bank	No of Branches*	Windows
Islamic Banks	AlBaraka Bank (Pakistan) Limited	193	-
	BankIslami Pakistan Limited	204	-
	Dubai Islamic Bank Pakistan Limited	200	-
	Meezan Bank Limited	571	-
	MCB -Islamic Bank Limited	66	-
	Sub-Total	**1,234**	
Islamic Branches of Conventional Banks	Allied Bank Limited	77	-
	Askari Bank Limited	91	-
	Bank AL Habib Limited	41	93
	Bank Alfalah Limited	153	121
	Faysal Bank Limited	146	-
	Habib Bank Limited	45	494
	Habib Metropolitan Bank Limited	25	213
	National Bank of Pakistan	129	-
	Silkbank Limited	10	-
	Sindh Bank Liited	14	13
	Soneri Bank Limited	16	-
	Standard Chartered Bank (Pakistan) Limited	10	89
	Summit Bank Limited	14	35
	The Bank of Khyber	77	39
	The Bank of Punjab	48	-
	United Bank Limited	47	142
	Sub-Total	**943**	**1,239**
Sub Branches	AlBaraka Bank (Pakistan) Limited	13	-
	Askari Bank Limited	3	-
	BankIslami Pakistan Limited	118	-
	Faysal Bank Limited	1	-
	The Bank of Punjab	2	-
	Habib Bank Limited	2	-
	United Bank Limited	1	-
	Sub-Total	**140**	**-**
	Grand Total	**2,317**	**1,239**

**Including Sub-branches*

Source: Information/Data obtained from different banks

Annexure: II

Province wise Break-up of Islamic Banking Branch Network

(As of March 31, 2017)

Type	Bank Name	Azad Kashmir	Balochistan	FATA	Federal Capital	Gilgit-Baltistan	Khyber Pakhtunkhwa	Punjab	Sindh	Grand Total
Islamic Banks	AlBaraka Bank (Pakistan) Limited	4	5	-	4	-	19	101	60	193
	BankIslami Pakistan Limited	3	12	-	9	2	17	90	71	204
	Dubai Islamic Bank Pakistan Limited	7	5	-	11	-	8	85	84	200
	Meezan Bank Limited	6	19	-	30	2	36	288	190	571
	MCB -Islamic Bank Limited	-	9	1	3	-	7	26	20	66
	Islamic Banks	**20**	**50**	**1**	**57**	**4**	**87**	**590**	**425**	**1,234**
Islamic Branches of Conventional Banks	Allied Bank Limited	1	4	-	6	-	8	43	15	77
	Askari Bank Limited	-	3	-	8	1	13	46	20	91
	Bank AL Habib Limited	-	2	-	1	-	3	12	23	41
	Bank Alfalah Limited	1	5	-	10	-	8	90	39	153
	Faysal Bank Limited	1	10	-	6	1	22	72	34	146
	Habib Bank Limited	2	1	1	4	-	4	23	10	45
	Habib Metropolitan Bank Limited	-		-	1	-	4	8	12	25
	National Bank of Pakistan	7	5	1	3	-	20	68	25	129
	Silkbank Limited	-	1	-	1	-	2	4	2	10
	Sindh Bank Limited	1	1	-		-	2	7	3	14
	Soneri Bank Limited		1	-	2	1	2	6	4	16
	Standard Chartered Bank (Pakistan) Limited			-	1	-	1	2	6	10
	Summit Bank Limited		1	-	2	2	1	2	6	14
	The Bank of Khyber		4	6	2	-	52	10	3	77
	The Bank of Punjab	1		-	4	-	6	37	-	48
	United Bank Limited	1	4	-	1	-	11	14	16	47
	Islamic Banking Branches Total	**15**	**42**	**8**	**52**	**5**	**159**	**444**	**218**	**943**
Sub Branches	AlBaraka Bank (Pakistan) Limited	-	-	-	1	-	2	9	1	13
	Askari Bank Limited	-	1	-	-	-	1	1		3
	BankIslami Pakistan Limited	1	6	-	8	-	5	41	57	118
	Faysal Bank Limited	-	-	-	-	-	-	1	-	1
	Habib Bank Limited	-	-	-	-	-	-	-	2	2
	The Bank of Punjab	-	-	-	-	-	-	2	-	2
	United Bank Limited	-	-	-	-	-	1	-	-	1
	Sub Branches Total	**1**	**7**	**0**	**9**	**0**	**9**	**54**	**60**	**140**
Grand Total		**36**	**99**	**9**	**118**	**9**	**255**	**1,088**	**703**	**2,317**

Annexure: III

District wise Break-up of Islamic Banking Branch Network

(As of March 31, 2017)

S. No	Province	District	No of Branches
1	Sindh	Badin	1
2		Dadu	5
3		Daharki	1
4		Ghotki	2
5		Hyderabad	43
6		Jacobabad	4
7		Jamshoro	1
8		Karachi City	590
9		Khairpur	2
10		Larkana	4
11		Matiari	1
12		Mirpurkhas	10
13		Naushahro Feroze	2
14		Shaheed Benazir Abad	9
15		Sanghar	7
16		Shikarpur	1
17		Sukkur	12
18		Tando Allahyar	4
19		Tando Mohammad Khan	1
20		Thatta	1
21		Umer Kot	2
Sindh Total			**703**
22	Punjab	Attock	13
23		Alipur	1
24		Bahawalnagar	9
25		Bhalwal	1
26		Bahawalpur	18
27		Bhakkar	1
28		Chakwal	10
29		Chiniot	3
30		Dera Ghazi Khan	8
31		Faisalabad	86
32		Gujranwala	44
33		Gujar Khan	1
34		Gujrat	40
35		Hafizabad	3
36		Jhang	9
37		Jhelum	11
38		Kasur	11
39		Khanewal	13
40		Khushab	3
41		Lahore City	442
42		Layyah	5
43		Lodhran	4
44		Liaquatpur	1
45		Mandi Bahauddin	10
46		Mailsi	1
47		Mianwali	7
48		Multan	56
49		Muzaffargarh	6
50		Nankana Sahib	3
51		Narowal	3
52		Okara	11
53		Pakpattan	5
54		Rahim Yar Khan	23
55		Rajanpur	2
56		Rawalpindi	109
57		Sadiqabad	1
58		Sahiwal	21
59		Sargodha	21
60		Sheikhupura	16
61		Sialkot	34
62		Toba Tek Singh	10
63		Vehari	12
Punjab Total			**1088**

S. No	Province	District	No of Branches
64	Khyber Pakhtunkhwa	Abbottabad	40
65		Bannu	4
66		Batkhela	1
67		Batagram	3
68		Buner	2
69		Charsadda	9
70		Chitral	5
71		Dera Ismail Khan	9
72		Hangu	3
73		Haripur	6
74		Karak	1
75		Kohat	7
76		Lakki Marwat	1
77		Lower Dir	7
78		Malakand	7
79		Mansehra	11
80		Mardan	17
81		Nowshera	14
82		Peshawar	69
83		Shangla	2
84		Swabi	5
85		Swat	24
86		Tank	1
87		Upper Dir	7
Khyber Pakhtunkhwa Total			**255**
88	Gilgit-Baltistan	Skardu	1
89		Diamir	5
90		Gilgit	3
Gilgit-Baltistan Total			**9**
91	FATA	Bajaur Agency	1
92		Khyber Agency	4
93		Orakzai Agency	4
FATA Total			**9**
94	Federal Capital	Islamabad	118
Capital Total			**118**
95	Balochistan	Chaghi	1
96		Gawadar	3
97		Harnai	1
98		Turbat	1
99		Khuzdar	2
100		Killa Abdullah	6
101		Killa Saifullah	4
102		Lasbela	4
104		Loralai	6
105		Pishin	5
106		Quetta	59
107		Zhob	6
108		Ziarat	1
Balochistan Total			**99**
109	Azad Kashmir	Bagh	1
110		Bhimber	1
111		Dadyal	4
112		Kotli	2
113		Mirpur	18
114		Muzaffarabad	7
115		Hattian Bala	1
116		Poonch	2
Azad Kashmir Total			**36**
Grand Total			**2,317**