ISLAMIC BANKING BULLETIN

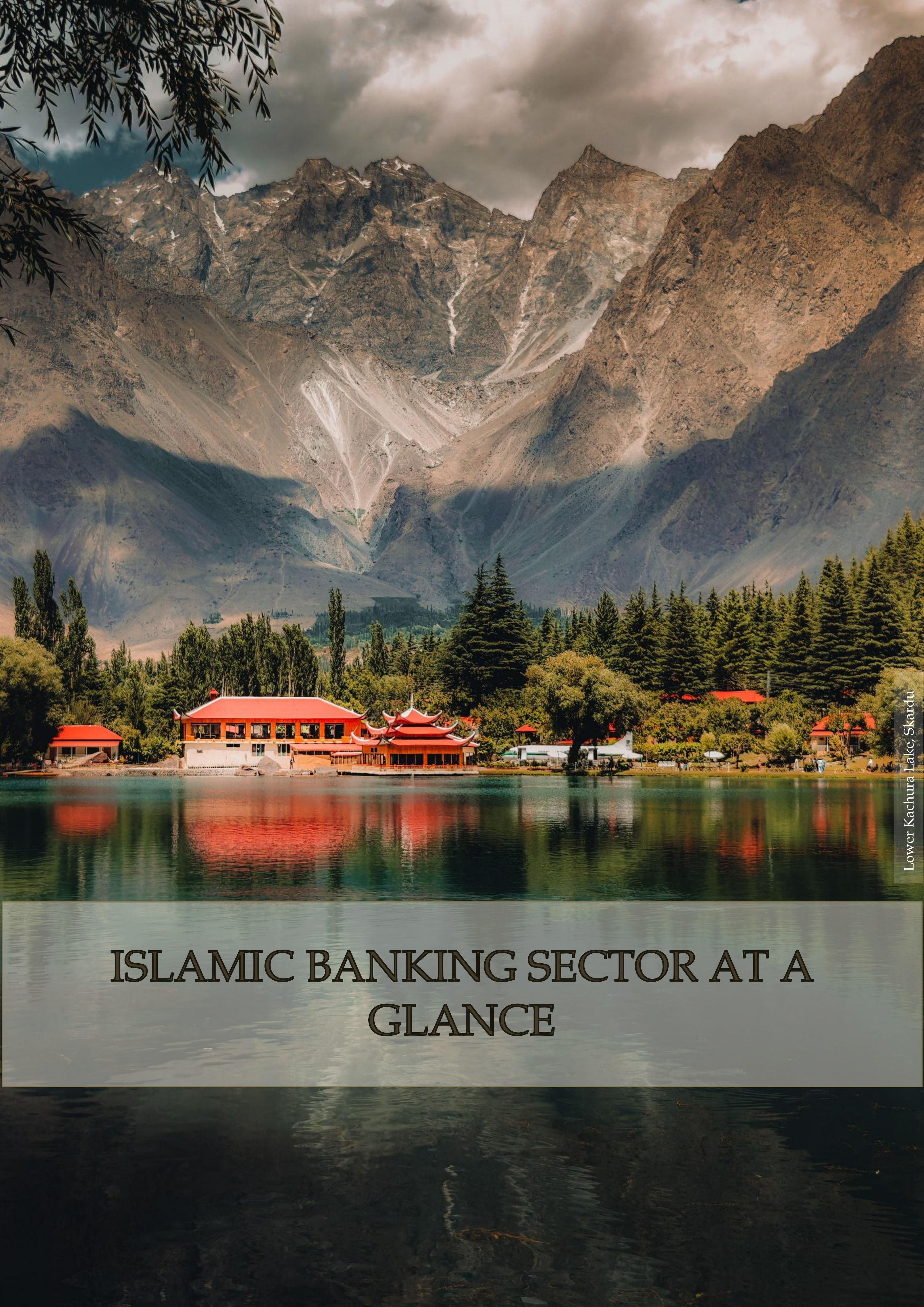
June 2026

A Quarterly Publication by the
Islamic Finance Policy
Department
State Bank of Pakistan

ISLAMIC BANKING BULLETIN

For the period ending June 30, 2026

Contents



Lower Kachura Lake, Skardu

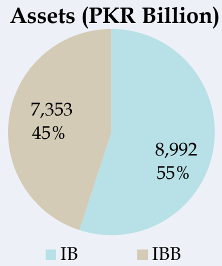
ISLAMIC BANKING SECTOR AT A GLANCE

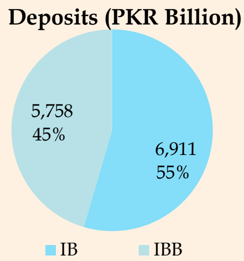
Islamic Banking Snapshot – June 2026

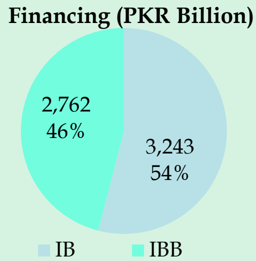
Overall Summary

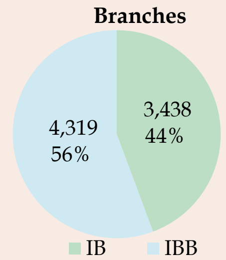
	Assets	Deposits	Financing	No. of Branches
Total	PKR 16.3 Trillion	PKR 12.7 Trillion	PKR 6.0 Trillion	7,757
Change in Quarter	+ PKR 1,686 Billion + 11.5%	+ PKR 1,370 Billion + 12.1%	+ PKR 424 Billion +7.6%	+ 83 +1.1%
Share in Total Banking Industry	23.7% + 0.7%	29.2% + 0.7%	39.1% + 0.9%	

Share of IBBs & IBs

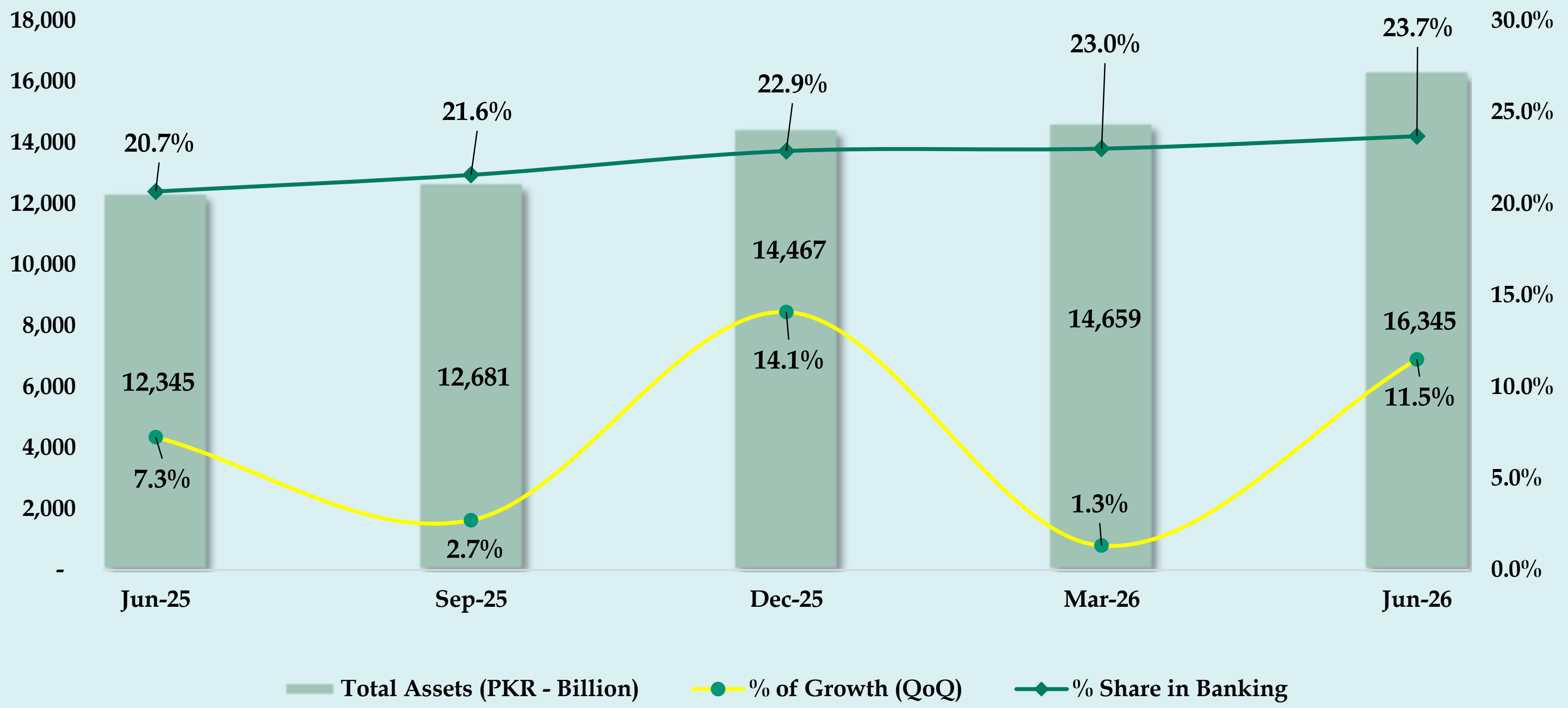




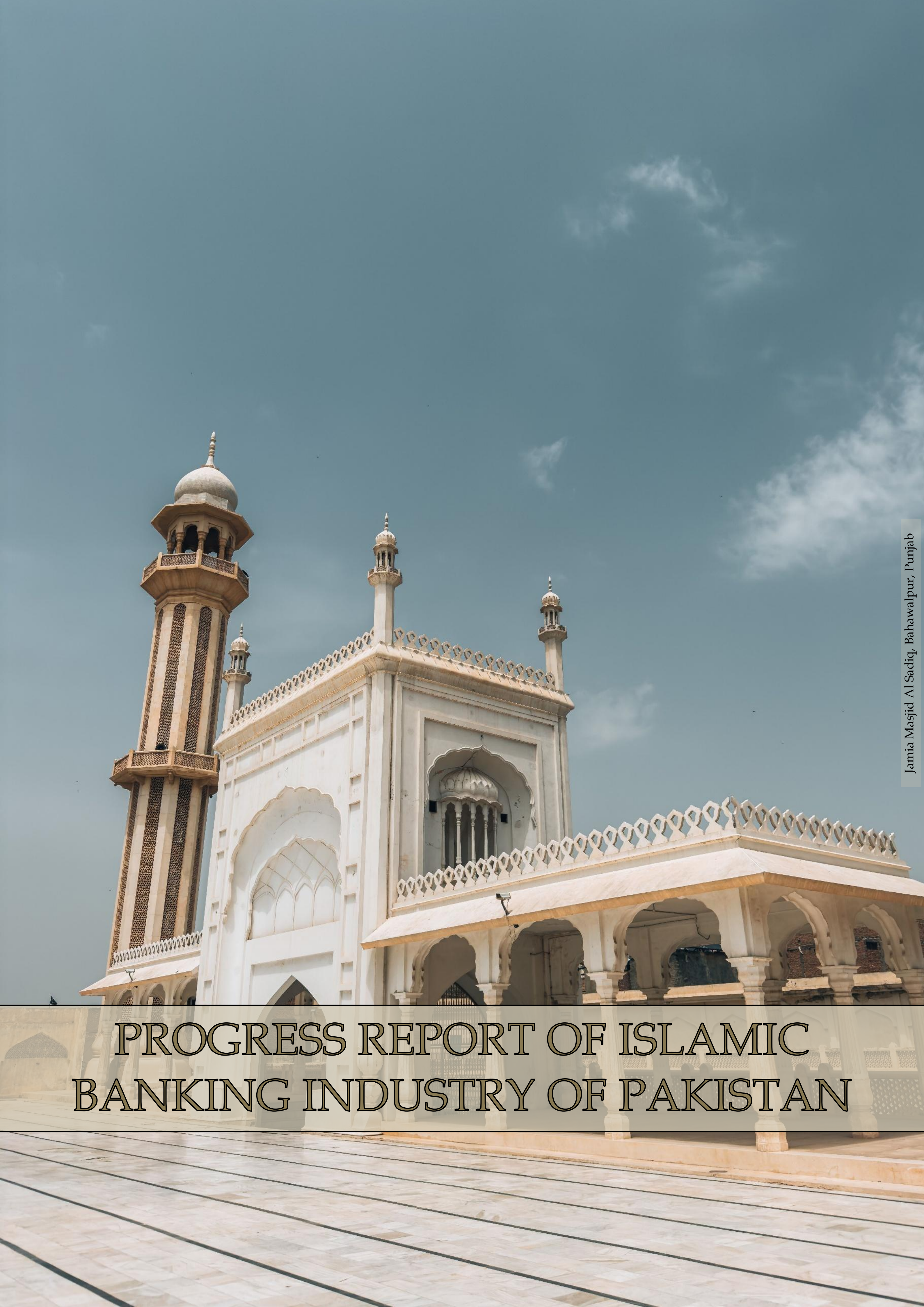




Islamic Banking Assets - Growth and Market Share



PROGRESS REPORT OF ISLAMIC BANKING INDUSTRY OF PAKISTAN



Jamia Masjid Al Sadiq, Bahawalpur, Punjab

Overview

Pakistan's Islamic banking industry maintained its growth trajectory through the second quarter of 2026, consolidating its standing within the wider financial system. By end-June 2026, Islamic Banking Institutions (IBIs) comprised seven full-fledged Islamic Banks (IBs) — including Raqami Islamic Digital Bank Limited — together with 16 conventional banks, including digital Mashreq Bank Pakistan Limited, offering Shariah-compliant services through dedicated Islamic Banking Branches (IBBs).

During April - June 2026, the total assets of IBIs increased by PKR 1,686 billion, reaching PKR 16,345 billion. Deposits also expanded by PKR 1,370 billion to stand at PKR 12,669 billion as of June 2026 **(Table 1)**. On a quarter-on-quarter (QoQ) basis, assets and deposits recorded robust growth of 11.5 percent and 12.1 percent, respectively. The financing portfolio expanded by 7.6 percent on a QoQ basis, reaching PKR 6,005 billion. Net investments registered growth of 11.8 percent, to PKR 7,914 billion. This trend reflects rising demand for Shariah-compliant products, thereby enhancing the sector's overall financial depth.

In terms of market share, Islamic banking assets represented 23.7 percent of total banking industry’s assets by June-2026, a substantial YoY growth of 3 percent. Deposits accounted for a larger share at 29.2 percent where such increase can be attributed to increasing footprints and conversion efforts. The sector contributed 39.1 percent of overall financing, with investments comprising 18.1 percent of the industry's overall portfolio — underscoring its sustained expansion.

Taken together, these developments underscore the sector's sustained momentum and its deeper embedment within Pakistan's financial system. The consistent progress across core performance indicators, coupled with an expanding branch network, illustrates both the resilience of Islamic banking and the strengthening consumer inclination toward Shariah-compliant financial solutions.

Table 1: Industry Progress and Market Share* **(Amount in PKR Billion)**

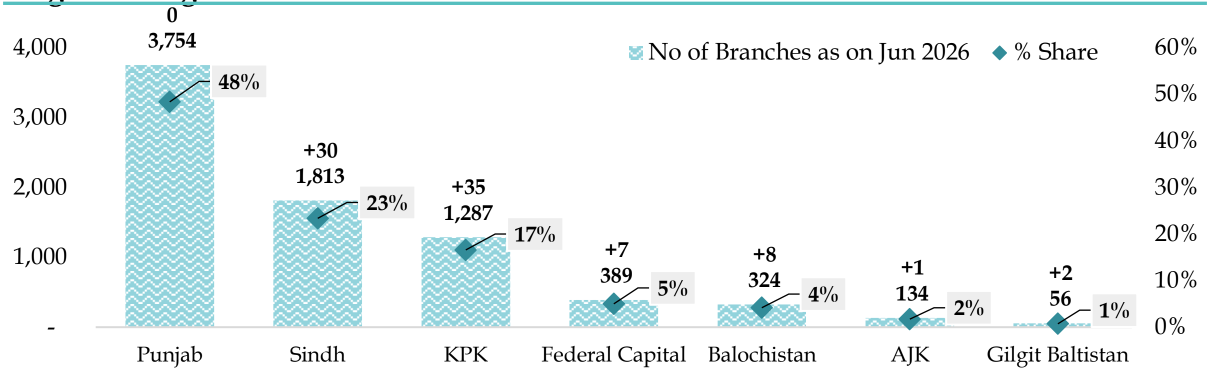
Particulars	Islamic Banking Industry Progress			Percent Growth (YoY)			Share in Overall Banking Industry (%)		
	Jun-25	Mar-26	Jun-26	Jun-25	Mar-26	Jun-26	Jun-25	Mar-26	Jun-26
Assets	12,345	14,659	16,345	27.4	27.4	32.4	20.7	23.0	23.7
Deposits	9,533	11,299	12,669	29.5	34.2	32.9	25.5	28.5	29.2
Investments (Net)	5,935	7,081	7,914	32.2	30.6	33.3	15.8	17.7	18.1
Financing (Net)	4,033	5,581	6,005	16.9	38.8	48.9	30.5	38.2	39.1
Number of Islamic Banking Institutions	21	23	23	(4.5)	9.5	9.5	-	-	-
Number of Branches**	6,395	7,674	7,757	23.1	25.9	21.3	-	-	-
Number of Islamic Banking Windows	2,735	3,473	3,733	32.3	31.0	36.5	-	-	-

*** The numbers include data of Digital Banks.**
****Number includes sub-branches**
Source: Data submitted by banks under quarterly Reporting Chart of Accounts (RCOA)

Branch Network of Islamic Banking Industry

In the second quarter of 2026, the industry witnessed a net addition of 83 branches, marking a quarterly growth of 1.1 percent and raising the total Islamic Branch network to 7,757 branches by June 2026 **(Figure 1)**. The branches of IBIs are spread across 145 districts, underscoring the sector's consistent geographic footprint and its growing role in promoting financial inclusion and further strengthening public access to Shariah-compliant financial services.

Figure 1: Region-wise Branch Network

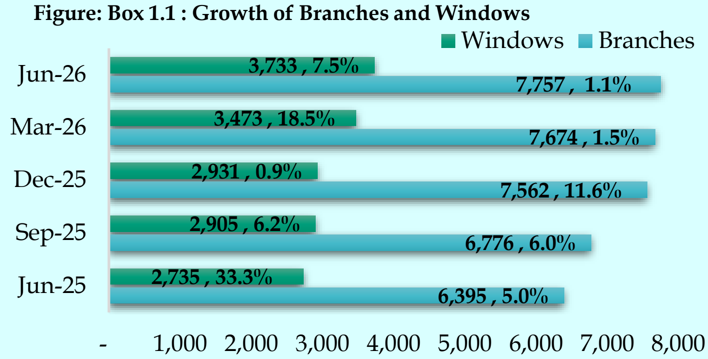


Source: SBP

Box 1: Quarterly growth of Islamic Banking Branches and Windows

The Islamic banking branch network maintained a steady expansionary trend, with dedicated branches rising from 6,395 to 7,757 — a cumulative increase of 21.3 percent during the period from June 2025 to June 2026. Islamic banking windows grew even faster, climbing from 2,735 to 3,733 over the same period — a cumulative increase of 36.5 percent during the period from June 2025 to June 2026 **(Figure: Box 1.1)**.

Figure: Box 1.1 : Growth of Branches and Windows



The province-wise expansion in Islamic banking branches was broad-based, though growth rates varied notably across regions from June 2025 to June 2026. Khyber Pakhtunkhwa (KPK) recorded the fastest growth, with branches rising from 964 to 1,287 (increase of 32.7 percent) reflecting the most aggressive network expansion among all provinces/regions. Followed by KPK, Federal Capital and Azad Jammu Kashmir recorded the CAGR of 26.9 and 24.4 percent respectively.**(Box Table1)**.

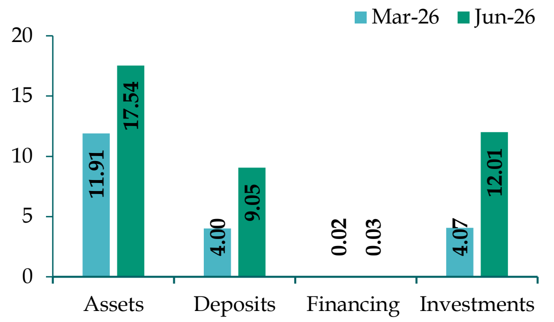
Box Table 1: Province Wise Quarterly Growth of Branches

Name of Province	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	CAGR (%)
Punjab	3,164	3,310	3,682	3,753	3,754	19.1
Sindh	1,530	1,572	1,754	1,783	1,813	17.6
Khyber Pakhtunkhwa	964	1,106	1,250	1,252	1,287	32.8
Federal Capital	306	332	370	383	389	26.9
Balochistan	272	293	319	316	324	21.1
Azad Jammu Kashmir	111	113	133	133	134	24.4
Gilgit Baltistan	48	50	54	54	56	15.1
Total	**6,395**	**6,776**	**7,562**	**7,674**	**7,757**	**21.3**

Digital Banks

Pakistan's banking sector is meaningfully progressing in digital transformation, with increasing emphasis on Shariah-compliant financial services. Inclusion of two digital banks — Raqami Islamic Digital Bank Limited and Mashreq Bank Pakistan Limited expanded the outreach of Islamic banking offerings to the larger segment of the population through digital platforms. Furthermore, Easypaisa Bank Limited had been granted in-principle approval to extend Islamic financial services during the last quarter.

Figure 2: Islamic Digital Banks (I-DBs) Indicators (PKR Billion)



Source:SBP

The total assets of Islamic digital banks rose to PKR 17.54 billion as of end-June 2026, marking a significant QoQ expansion of 47.3 percent from PKR 11.91 billion as of end-March 2026. Deposits recorded stronger growth, reaching PKR 9.05 billion as of June 2026, compared to PKR 4.00 billion in corresponding period, a surge of 126.3 percent. Investments and financing followed a similar trajectory, posting QoQ growth of 194.8 percent and 39.3 percent respectively **(Figure 2)**. These outcomes underscore rising confidence in digital Islamic banking solutions, reinforcing their role in advancing financial inclusion and strengthening the digital finance landscape.

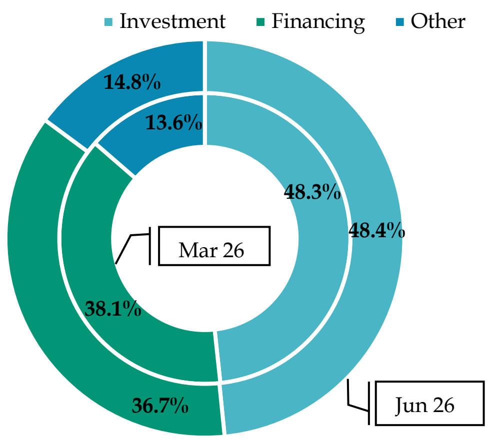
Assets and Liabilities Structure

Assets

The total assets of IBIs increased by PKR 1,686 billion during the quarter ended June 2026, reaching to PKR 16,345 billion, up from PKR 14,659 billion in the corresonding quarter. Islamic banking assets accounted for 23.7 percent of the overall banking industry, reflecting an increase from 23.0 percent as of March 2026 and underscoring the sector's rising market share.

A deeper look reveals that the asset composition consists of net financing 36.7 percent, while net investments account for 48.4 percent of total Islamic banking assets **(Figure 3)**. The overall increase in the assets is primarily driven by lending to financial institutions and investment activity.

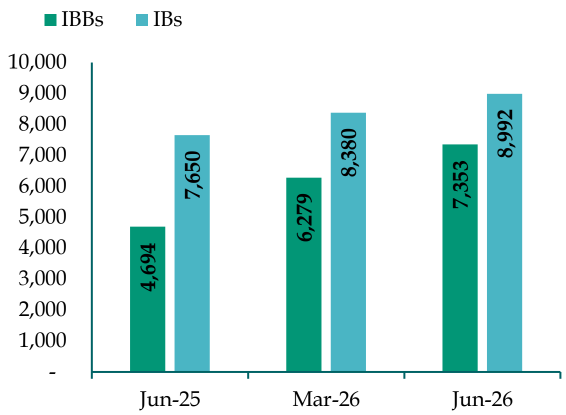
Figure 3 : Major Contributors of the Change in Assets



Break up of Assets of IBs and IBBs

IBs recorded an increase of PKR 613 billion, reaching PKR 8,992 billion, whereas IBBs posted stronger growth, rising by PKR 1,074 billion during the quarter to stand at PKR 7,353 billion. As of June 2026, IBs accounted for 55.0 percent of total Islamic banking assets, with IBBs contributing the remaining 45.0 percent **(Figure 4)**. These figures highlight the rising demand among customers for Shariah compliant products.

Figure 4: Breakup of Assets (PKR Billion)

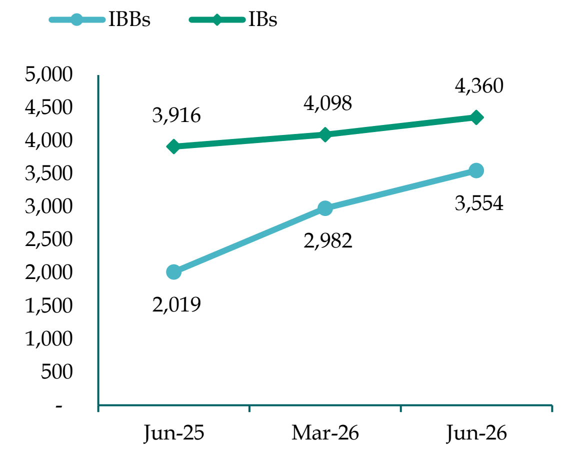


Source: SBP

Investments

IBIs continued to strengthen their investment portfolios during the quarter, with net investments rising by PKR 833 billion to reach PKR 7,914 billion by end-June 2026. This increase was driven by allocations in various Government of Pakistan Ijarah Sukuk (GIS), alongside the impact of newly introduced Government of Pakistan Hybrid Sukuk issued during the quarter (see Box 2).

Figure 5: Breakup of Investment (PKR Billion)



Source: SBP

An examination of the composition shows that IBBs of conventional banks boosted their net investments by PKR 571 billion, bringing the total to PKR 3,554 billion. Moreover, IBs also recorded growth, rising by PKR 262 billion to stand at PKR 4,360 billion. IBs led with 55.1 percent share in total net investments of IBIs, while IBBs accounted for the remaining 44.9 percent share **(Figure 5)**. These figures foretell the growing demand for Shariah-compliant products among customers.

Box 2: Pakistan's Debut Sovereign Hybrid Sukuk: An Innovation to Ease the Shariah-Compliant Investment Constraint

Islamic banking assets in Pakistan have grown to 23.7 percent of the banking system. However, the stock of Shariah-compliant, sovereign-risk paper eligible for SLR and liquidity placement has been limited to the Government of Pakistan Ijarah Sukuk (GIS) program, constrained by the government's fixed pool of leasable physical assets. The Government of Pakistan Hybrid Sukuk (GHS), introduced on April 15, 2026, were designed to address this constraint.

The GHS pools two Shariah-compliant financing modes into a single certificate where 55 percent of proceeds were deployed through an Ijarah Sale-and-Leaseback against real government assets, and the remaining 45 percent through a Commodity Murabaha arrangement. In this structure, a given stock of government assets supports a larger volume of sukuk issuance than under a pure Ijarah-only GIS. The GHS offered two tenors: a 1-year Fixed Rate Sukuk issued at a discount, and a 10-year Variable Rental Rate (VRR) Sukuk. Both were auctioned fortnightly during the first quarter of issuance (April–June 2026).

Combined GHS issuance across the quarter reached approximately PKR 1.09 trillion, of which the 10-year VRR tranche accounted for PKR 729.3 billion (67 percent) against a target of PKR 550 billion, reflecting a 133 percent utilization rate. The 1-year tranche raised PKR 361.6 billion against a PKR 850 billion target, a 43 percent utilization rate.

Demand was consistently stronger for the 10-year period as bid-to-target ranged from 3.9 times to 6.1 times at every auction, versus 0.3 times to 3.0 times for the 1-year tranche, which was undersubscribed in five of six auctions and saw accepted bids fall to PKR 1.7 billion on May 20. This indicates that investor appetite, driven mainly by Islamic banks deploying surplus liquidity, favored locking in a long-dated return over repeated short-tenor rollovers.

The 1-year cut-off yield rose from 11.80 percent (April 15) to a quarterly high of 12.89 percent (June 10) before falling to 11.69 percent on June 23, alongside that auction's sharply higher bid-to-target (3.0 times). The scale of the 10-year tranche supports the rationale of introducing the hybrid structure. It absorbed PKR 729 billion of demand in one quarter, with only 55 percent of proceeds requiring tangible Ijarah backing. For IBIs, the GHS represents a partial response to a structural gap. By expanding issuance capacity without requiring a proportional increase in Ijarah assets, the GHS allows volume to align more closely with demand. It also introduces tenor diversification, combining 1-year fixed-rate discount paper with 10-year floating-rate paper, whereas earlier issuance was concentrated in Ijarah-only structures.

Government of Pakistan Hybrid Sukuk Issuance, Apr–Jun 2026 (Amount in million PKR*)

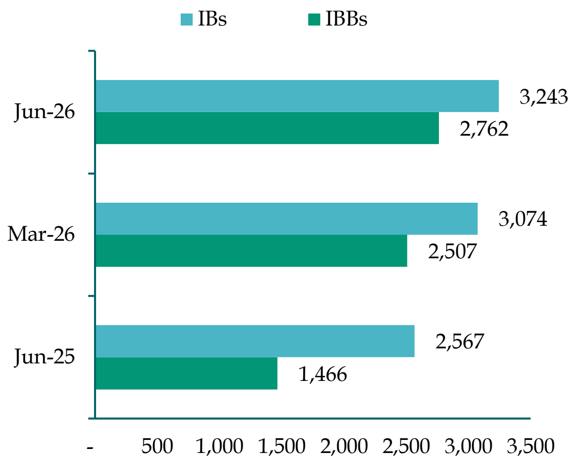
Auction Date	1-Year Fixed Rate (Discount)				10-Year Variable Rental Rate		
	Target	Offered	Accepted	Cut-off Yield	Target	Offered	Accepted
15-Apr-26	150,000	84,282	60,098	11.80%	50,000	196,200	49,200
29-Apr-26	100,000	51,157	29,632	12.00%	50,000	292,224	84,716
13-May-26	150,000	79,422	59,610	12.50%	50,000	305,504	90,844
20-May-26	150,000	45,782	1,670	12.49%	50,000	206,448	74,617
10-Jun-26	150,000	69,904	48,851	12.89%	150,000	832,665	233,472
23-Jun-26	150,000	454,363	161,738	11.69%	200,000	952,638	196,434
Total	**850,000**	**784,910**	**361,599**	–	**550,000**	2,785,679	**729,283**

Source: Pakistan Stock Exchange *Offered and Accepted figures are realized

Financing & Related Assets

The financing and related assets registered a solid increase, reaching PKR 6,005 billion by the end of June 2026, up from PKR 5,581 billion in March 2026, an overall increase of PKR 424 billion. The financing of IBs increased by PKR 169 billion to PKR 3,243 billion, whereas IBBs recorded a rise of PKR 254 billion, taking their financing portfolio to PKR 2,762 billion. **(Figure 6).**

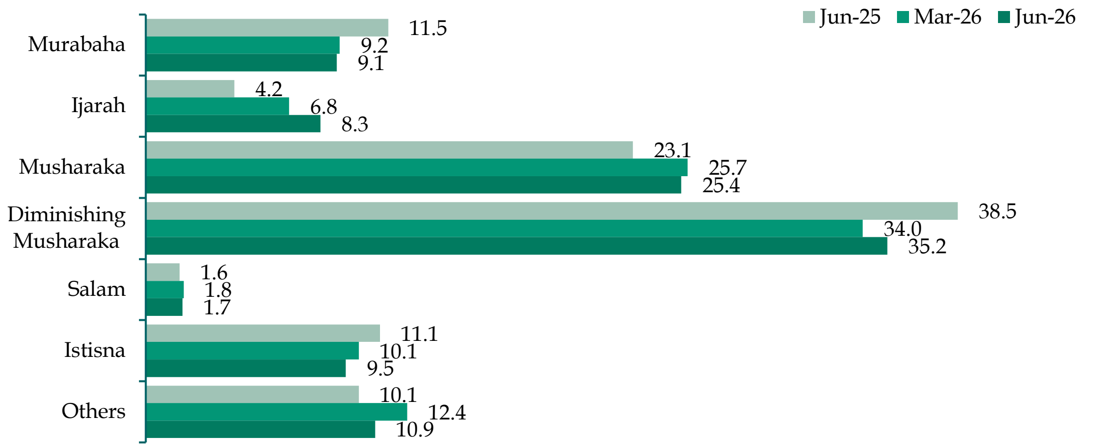
Figure 6: Breakup of Financing (PKR Billion)



Source: SBP

A review of the financing composition indicates that Diminishing Musharaka has strengthened its share, now representing 35.2 percent of the total financing portfolio, followed by Musharaka with 25.4 percent. Murabaha and Istisna remain close, with Istisna leading at 9.5 percent and Murabaha following at 9.1 percent of financing. The remaining 20.9 percent share was acquired by other modes of financing, undertaken by IBIs **(Figure 7)**.

Figure 7 : Mode-wise Financing (Share in %)



Source: SBP

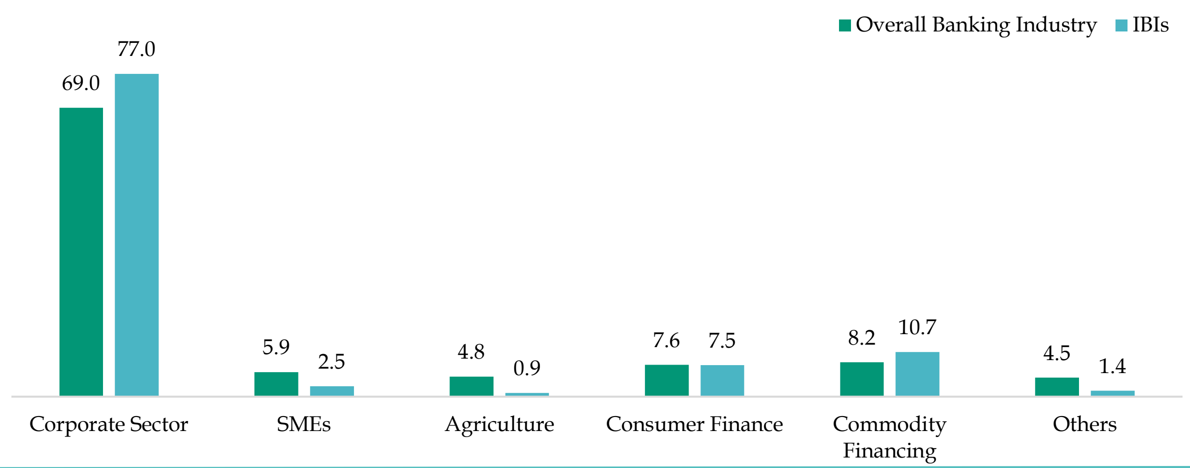
A sector-wise analysis of financing shows that the Production and Transmission of Energy sector led segments with increased share, representing 16.7 percent of total financing. The textile sector followed closely with a 13.9 percent share, while agribusiness accounted for 10.3 percent, underscoring their significant role in shaping the financing composition. The remaining 59.1 percent was distributed across other sectors **(Table 2)**.

Table 2: Sector wise Financing (Share in %)

Sector	Jun-25	Mar-26	Jun-26	Overall Banking Industry
Chemical and Pharmaceuticals	8.4	6.5	7.4	4.8
Agribusiness	12.3	10.6	10.3	10.2
Textile	19.6	14.4	13.9	15.4
Cement	2.0	2.4	2.3	1.7
Sugar	4.4	6.2	4.8	3.9
Shoes and leather garments	0.3	0.3	0.3	0.4
Automobile and transportation equipment	1.4	1.3	1.0	0.9
Financial	1.6	1.3	1.4	2.8
Electronics and electrical appliances	2.3	1.5	1.4	1.3
Production and transmission of energy	12.1	15.7	16.7	12.5
Individuals	10.2	8.0	8.5	9.2
Others	25.4	32.0	32.0	36.9
Total	**100.0**	**100**	**100.0**	**100.0**

The corporate sector accounted for the largest share of financing at 77.0 percent, reflecting strong economic activity and demand within the segment. Commodity financing followed with a 10.7 percent share, while consumer financing stood at 7.5 percent, signaling continued appetite for retail credit. In contrast, financing extended to SMEs and the agriculture sector remained limited, comprising 2.5 percent and 0.9 percent, respectively, highlighting the need for further efforts to strengthen these areas **(Figure 8)**.

Figure 8 - Client Wise Financing Portfolio (Share in %)



Source: SBP

Asset Quality

The asset quality of IBIs showed marginal improvement by end-June 2026. The Non-Performing Financing (NPF) ratio to gross financing stood at 2.2 percent, while net NPFs to net financing remained in negative territory at -0.60 percent, reflecting a comfortable provisioning buffer. Provisions held against NPFs remained sound, rising modestly from 125.0 percent in the previous quarter to 125.7 percent, reflecting the continued adherence of IBIs to cautious and effective risk management practices **(Table 3)**.

Table-3: Assets Quality Ratio of IBI (%)

Ratio	Jun-25	Mar-26	Jun-26	Overall Banking Industry
NPFs to Gross Financing	3.5	2.4	2.2	5.5
Net NPFs to Net Financing	(0.3)	(0.6)	(0.6)	(0.6)
Provisions to NPFs	108.2	125.0	125.7	110.2

Liabilities

Total deposits of IBIs sustained their growth momentum in the second quarter of 2026, rising by PKR 1,370 billion to reach PKR 12,669 billion. This increase further strengthened IBI's position in the overall banking industry, with their market share climbing to 29.2 percent.

A closer look into deposit composition shows that current and saving deposits remained the primary drivers of growth, standing at PKR 5,667 billion and PKR 4,198 billion, respectively. Saving deposits registered a modest increase of PKR 52 billion, while current deposits advanced

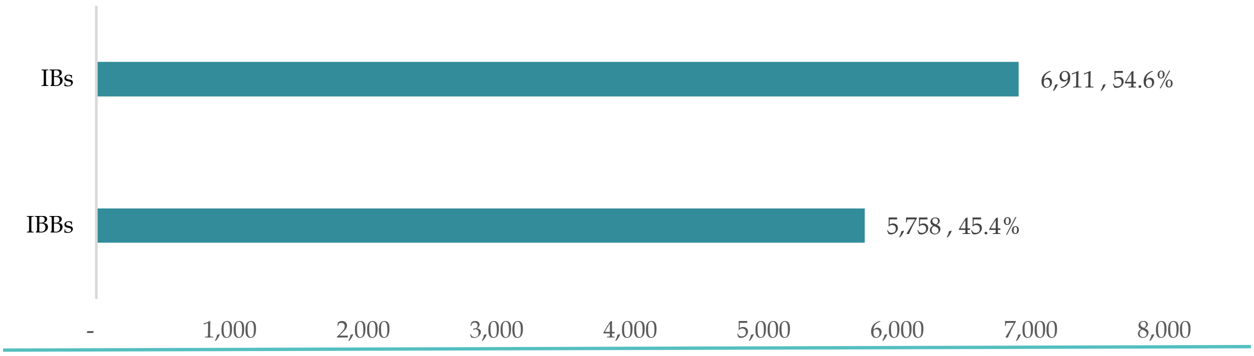
Table-4: Break up of Deposits (Amount in PKR Billion, Growth in %)

Category	Jun-25	Mar-26	Jun-26	% of Total (1+2)	Yearly Growth (%)	Quarterly Growth (%)
Customers (1)						
Fixed Deposits	871	951	1,058	8.3	21.5	11.2
Saving Deposits	3,492	4,146	4,198	33.1	20.2	1.3
Current Deposits	4,025	5,050	5,667	44.7	40.8	12.2
Others	117	93	166	1.3	41.8	78.8
Sub-Total	**8,505**	**10,240**	**11,089**	**87.5**	**30.4**	**8.3**
Financial Institutions (2)						
Remunerative Deposits	771	757	1,233	9.7	59.8	63.0
Non-remunerative Deposits	257	302	347	2.7	35.0	15.1
Sub-Total	**1,028**	**1,058**	**1,580**	**12.5**	**53.6**	**49.3**
Total (1+2)	**9,533**	**11,299**	**12,669**	**100.0**	**32.9**	**12.1**

significantly by PKR 617 billion. Fixed deposits also recorded moderate growth during the quarter, rising by PKR 106 billion **(Table 4)**.

IBs recorded an increase in deposits of PKR 504 billion, bringing their total to PKR 6,911 billion by June 2026. IBBs registered an even sharper surge, with deposits rising by PKR 867 billion to reach PKR 5,758 billion. By the end of June 2026, IBs accounted for 54.6 percent of total IBIs deposits, while IBBs held the remaining 45.4 percent share **(Figure 9)**.

Figure 9 : Deposits Bifurcation - by Share



Source: SBP

Liquidity

The liquidity position of IBIs remained broadly stable during the review period. The Liquid Assets to Total Assets ratio recorded a marginal increase to 55.6 percent, while the Liquid Assets to Total Deposits ratio also edged up slightly to 71.8 percent, reflecting an overall comfortable liquidity standing.

Meanwhile, the Net Financing to Deposits ratio declined marginally to 47.4 percent by end-June 2026, suggesting a relatively faster deposit growth amid a cautious financing approach adopted by IBIs during the quarter. **(Table 5)**.

Table-5: Liquidity Ratios (%)

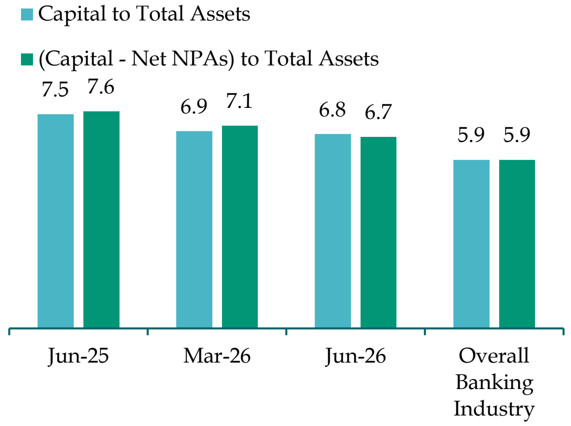
Ratios	Jun-25	Mar-26	Jun-26	Overall Banking Industry
Liquid Assets to Total Assets	52.3	53.7	55.6	68.3
Liquid Assets to Total Deposits	67.7	69.7	71.8	108.8
Financing to Deposit Ratio (FDR)	42.3	49.4	47.4	35.5
Liquidity Coverage Ratio (LCR)*	246.5	217.3	203.3	214.1
Net Stable Funding Ratio (NSFR)*	213.2	188.7	187.8	169.5

*The ratios represent full-fledged Islamic banks only

Capital

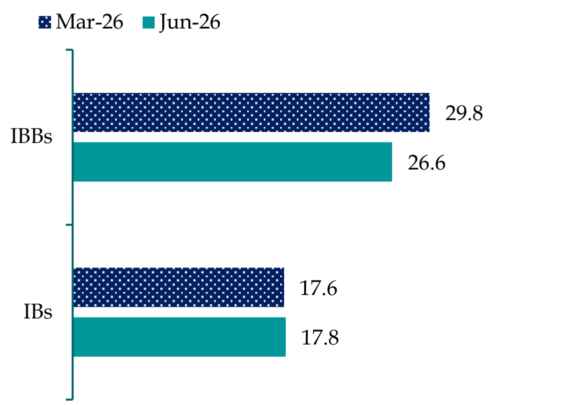
During the quarter under review, capital ratios of IBIs exhibited a marginally declining trend. The Capital to Total Assets ratio edged down slightly to 6.8 percent, indicating a relative increase in the share of assets financed through liabilities. Similarly, the (Capital – Net NPAs) to Total Assets ratio declined modestly to 6.7 percent from 7.1 percent in the preceding quarter **(Figure 10).** Meanwhile, the Capital Adequacy Ratio (CAR) for IBs improved slightly to 17.8 percent from 17.6 percent, whereas for IBBs, it declined to 26.6 percent from 29.8 percent **(Figure 11)**.

Figure 10 - Capital Ratios (%)



Source: SBP

Figure 11 - Capital Adequacy Ratio (%)



Source: SBP

Profitability

The profitability of IBIs improved on year-on-year basis, with profit before tax rising to PKR 221.6 billion by the end of June 2026 compared to PKR 210.7 by end June 2025. However, Return on Assets (ROA) slightly reduced to 2.9 percent while Return on Equity (ROE) also declined to 43.3 percent during the same period. Further, the operating costs recorded an increase over the year, with the 'Operating Expense to Gross Income' ratio recorded at 47.6 percent. This suggests that further managing operational efficiency for IBIs remains key to sustaining long-term growth and competitiveness.

Table-6: Profitability Ratios (%)

Particulars	Jun-25	Mar-26	Jun-26	Overall Banking Industry
Profit before Tax (PKR Billion)	210.7	120.1	221.6	785.7
ROA before Tax	3.6	3.3	2.9	2.4
ROE before Tax	47.2	47.7	43.3	40.1
Operating Expense to Gross Income	42.1	49.8	47.6	49.8

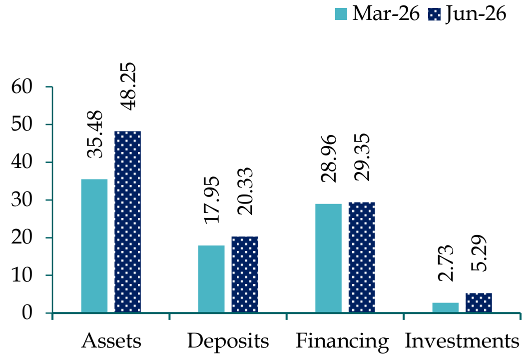
SBP Regulated Islamic Financial Institutions (Other than Commercial Banks)

At present, four Microfinance Banks are offering Islamic Microfinance products. Moreover, two Development Finance Institutions (DFIs) are offering Shariah-compliant products.

Microfinance Banks having Islamic Operations

The Islamic microfinance sector is playing its due role in bringing Islamic finance products and services to underserved areas. A total of four Microfinance Banks (MFBs), including NRSP Microfinance Bank Limited, U Microfinance Bank Limited, Mobilink Microfinance Bank Limited and LOLC Microfinance Bank Limited, are providing Islamic financial services. In addition, four Microfinance Banks, including HBL Microfinance Bank Limited, Sindh Microfinance Bank Limited, Abhi Microfinance Bank Limited and ASA Microfinance Bank (Pakistan) Limited have been given in-principle approval to offer Islamic financial services.

Figure 12: Islamic Microfinance Banks (IMB) Indicators (PKR Billion)



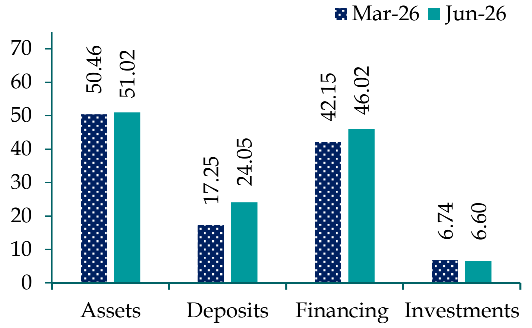
Source:SBP

By the end of June 2026, the Islamic microfinance banking network remained stable at 118 branches and 23 Islamic banking windows, reinforcing its outreach to far settled communities. The Islamic MFB's asset base showed a healthy increase, reaching PKR 48.25 billion, with a quarterly increase of PKR 12.77 billion (36.0 percent). Deposits also grew by PKR 2.39 billion (13.3 percent) in the review quarter to stand at PKR 20.33 billion. Financing posted a modest increase of 1.4 percent, while investments surged sharply by 93.8 percent, reaching PKR 29.35 billion and PKR 5.29 billion respectively **(Figure 12)**.

Development Finance Institutions (DFIs) having Islamic Operations

Two Development Finance Institutions (DFIs) namely, Pakistan Mortgage Refinance Company Limited and Pak Kuwait Investment Company Limited are currently offering Shariah-compliant financial services. Meanwhile, two DFIs including Pak Libya Investment Company Limited and Pak Oman Investment Company Limited have been granted in-principle approval for Islamic operations. This continued participation of DFIs in the Islamic finance space reflects the sustained demand for Shariah-compliant financial products and services across this segment.

Figure 13: Islamic Development Finance Institutions (I-DFIs) Indicators (PKR Billion)



Source:SBP

As of June 2026, the combined Islamic asset base of DFIs offering Islamic products increased slightly to reach at PKR 51.02 billion compared to PKR 50.46, while deposits grew to PKR 24.05 billion as compared to PKR 17.25 billion in March 2026. Financing activities also expanded, amounting to PKR 46.02 billion underscoring the commitment to providing long-term, development-oriented financing **(Figure 13)**. DFIs thus continue to reinforce the role of Islamic finance in Pakistan's economic development.

EVENTS AND DEVELOPMENTS

Bahria Grand Jamia Masjid, Lahore

Events and Developments at Islamic Finance Group (IFG) – SBP

❖ **Young Islamic Banking Professionals (Y-IBP), Awareness for Academic Faculty in Islamic Banking Program (AAF-IBP) and other Awareness Programs at Universities**

In collaboration with SBP BSC, Islamic Finance Development Department arranged three (3) iterations each of the Young Islamic Banking Professionals (Y-IBP) and Awareness for Academic Faculty in Islamic Banking (AAF-IBP) programs. These programs were conducted at SZABIST, Larkana; the University of Sargodha; and the International Islamic University, Islamabad and provided participants with a brief academic and theological background of the core principles, products, and operational framework of Islamic banking.

These programs play a pivotal role in creating awareness of Islamic banking among the leaders and professionals of tomorrow, as well as among academic faculty members.

❖ **Capacity Building Program for Shariah Scholars**

Two iterations of a two-day Capacity Building Program for Shariah Scholars were organized to strengthen participants' understanding of Islamic finance and Shariah governance. The first program was held on April 23–24, 2026 for Shariah Scholars at Jamia-tul-Kauthar, Islamabad while the second was organized on June 30–July 1, 2026, at NIBAF, Karachi.

These programs covered key aspects of Shariah governance, contemporary issues in Islamic finance, regulatory developments, and practical applications. These initiatives facilitated the conceptual development of Shariah Scholars about Islamic banking and contributed to promoting effective Shariah-compliant financial systems and the overall growth of Pakistan’s Islamic finance ecosystem.

❖ **Islamic Finance Session for Microfinance Banks and Institutions**

A two-day virtual training session on Islamic Finance for Microfinance Banks and Microfinance Institutions was held on April 7–8, 2026. The program aimed to enhance participants’ understanding of Islamic finance and its practical application in microfinance operations, product development, and financial inclusion. Through discussions on key concepts and industry practices, the session sought to strengthen sectoral capacity and encouraged the adoption of Shariah-compliant solutions to better serve diverse societal segments and promote inclusive financial growth.

❖ **Shariah Experts in Islamic Banking Professionals (SE-IBP)**

In collaboration with SBP BSC, six (6) sessions were conducted under the Shariah Experts in Islamic Banking Professionals (SE-IBP) program across various cities. The sessions engaged over 383 Madrasa students and were designed to create awareness of Islamic banking among Madrasa students and to enhance their understanding of its principles and practices.

The program provided participants with an overview of the fundamental concepts, Shariah principles, products, and operational framework of Islamic banking. Each session concluded with a quiz to shortlist participants for complimentary Islamic banking training and internship opportunities, supporting capacity building and encouraging career pathways in the Islamic banking and finance industry.

❖ **International Delegation Visit from Uzbekistan and Ethiopia**

A delegation from Al Muamalat Consulting, Uzbekistan visited the State Bank of Pakistan (SBP) on April 27,2026 to learn from Pakistan’s Islamic Banking experience. The delegation met with officials from Islamic Finance Group of SBP to learn from Pakistan's experiences in Islamic finance specially in regulatory framework, liquidity management instruments.

A delegation from Ethiopia, comprising Board members and CEOs of microfinance banks, visited the State Bank of Pakistan (SBP) on June 15,2026 as part of a study tour focused on microfinance, Islamic microfinance, and digitalization in the financial sector. During the visit, the delegation met with the Executive Director, Islamic Finance Group (IFG), and participated in a knowledge-sharing session. SBP officials highlighted Pakistan's regulatory framework, key industry initiatives, and financial inclusion practices in Islamic banking. The visit provided an opportunity for mutual learning and strengthened cooperation in advancing Islamic finance and financial inclusion.

Annexure I: Islamic Banking Branch Network

Islamic Banking Branch Network
(As of Jun 30, 2026)

Type	Name of Bank	No. of Branches	Windows
Islamic Banks	Meezan Bank Limited	1,150	-
	Faysal Bank Limited	898	-
	BankIslami Pakistan Limited	509	-
	MCB Islamic Bank Limited	322	-
	Dubai Islamic Bank Pakistan Limited	310	-
	AlBaraka Bank (Pakistan) Limited	185	-
	Sub-Total	**3,374**	-
Conventional Banks having Standalone Islamic Banking Branches	United Bank Limited	788	738
	Habib Bank Limited	620	509
	National Bank of Pakistan	312	674
	The Bank of Punjab	212	533
	Askari Bank Limited	378	343
	Allied Bank Limited	318	389
	Habib Metropolitan Bank Limited	252	311
	Bank Alfalah Limited	446	0
	Bank Al Habib Limited	419	0
	The Bank of Khyber	212	44
	Soneri Bank Limited	199	10
	Bank Makarmah Limited	12	80
	Zarai Taraqiati Bank Limited	35	55
	Sindh Bank Limited	59	12
	Standard Chartered Bank (Pakistan) Limited	2	35
	Sub-Total	**4,264**	**3,733**
	Total Full-Fledged Branches and Windows	**7,638**	**3,733**
Sub-Branches	BankIslami Pakistan Limited	60	-
	The Bank of Khyber	20	-
	Askari Bank Limited	18	-
	United Bank Limited	10	-
	Bank Alfalah Limited	4	-
	Allied Bank Limited	3	-
	Faysal Bank Limited	2	-
	MCB Islamic Bank Limited	2	-
	Total Sub-Branches	**119**	**-**
	Grand Total Branches/Sub-Branches/Windows	**7,757**	**3,733**

Source: Information/Data obtained from different banks

Annexure II: Province/Region wise Break-up of Islamic Banking Branch Network

Province/Region wise Break-up of Islamic Banking Branch Network									
(As of June 30, 2026)									
Type	**Name of Bank**	**Azad Kashmir**	**Baluchistan**	**Federal Capital**	**Gilgit-Baltistan**	**Khyber Pakhtunkhwa**	**Punjab**	**Sindh**	**Grand Total**
Islamic Banks including Sub-Branches	Meezan Bank Limited	15	45	51	8	99	592	340	1,150
	Faysal Bank Limited	15	30	32	8	74	513	228	900
	BankIslami Pakistan Limited	7	34	31	6	47	264	180	569
	MCB Islamic Bank Limited	3	11	18	3	36	172	81	324
	Dubai Islamic Bank Pakistan Limited	5	8	18	3	21	146	109	310
	AlBaraka Bank (Pakistan) Limited	1	4	11	3	18	97	51	185
	Sub-Total	**46**	**132**	**161**	**31**	**295**	**1,784**	**989**	**3,438**
Conventional Banks having Standalone Islamic Banking Branches including Sub-Branches	United Bank Limited	21	64	28	-	207	311	167	798
	Habib Bank Limited	12	13	26	2	167	263	137	620
	Bank Alfalah Limited	1	8	39	-	40	292	70	450
	Bank Al Habib Limited	5	19	21	1	76	195	102	419
	Askari Bank Limited	4	32	36	7	74	178	65	396
	Allied Bank Limited	8	4	19	2	64	177	47	321
	National Bank of Pakistan	19	13	12	4	63	142	59	312
	Habib Metropolitan Bank Limited	5	15	11	1	45	110	65	252
	The Bank of Khyber	3	7	16	-	167	26	13	232
	The Bank of Punjab	5	9	7	2	23	146	20	212
	Soneri Bank Limited	2	3	10	1	47	87	49	199
	Sindh Bank Limited	2	3	-	-	2	30	22	59
	Zarai Taraqiati Bank Limited	1	2	1	3	16	10	2	35
	Bank Makarmah Limited	-	-	2	2	1	2	5	12
	Standard Chartered Bank (Pakistan) Limited	-	-	-	-	-	1	1	2
	Sub-Total	**88**	**192**	**228**	**25**	**992**	**1,970**	**824**	**4,319**
	Grand Total	**134**	**324**	**389**	**56**	**1,287**	**3,754**	**1,813**	**7,757**

Annexure III: District wise Break-up of Islamic Banking Branch Network

S. No.	District	No. of Branches*
1	Islamabad	389
Islamabad Total		**389**
Balochistan		
2	Quetta	141
3	Gwadar	17
4	Kech	15
5	Loralai	15
6	Pishin	13
7	Killa Abdullah	12
8	Killa Saifullah	12
9	Lasbela	12
10	Khuzdar	11
11	Jaffarabad	8
12	Panjgur	8
13	Zhob	8
14	Chagai	7
15	Sibi	6
16	Nasirabad	6
17	Duki	4
18	Kalat	4
19	Nushki	4
20	Ziarat	4
21	Kharan	4
22	Mastung	3
23	Harnai	2
24	Kachhi (Bolan)	2
25	Sohbatpur	2
26	Awaran	1
27	Barkhan	1
28	Chaman	1
29	Musakhel	1
Balochistan Total		**324**
Khyber Pakhtunkhwa		
30	Peshawar	251
31	Swat	134
32	Lower Dir	70
33	Mardan	70
34	Abbottabad	66
35	Mansehra	61
36	Nowshera	59
37	Swabi	54
38	Kohat	54

S. No.	District	No. of Branches*
50	Bajaur	16
51	Shangla	16
52	Battagram	13
53	Lower Chitral	13
54	Upper Chitral	13
55	Kurram	9
56	Lakki Marwat	9
57	Tank	7
58	Upper Kohistan	6
59	North Waziristan	4
60	South Waziristan	3
61	Lower Kohistan	2
62	Orakzai	2
63	Torghar	1
KPK Total		**1,287**
Punjab		
64	Lahore	909
65	Rawalpindi	367
66	Faisalabad	298
67	Multan	222
68	Sialkot	199
69	Gujranwala	166
70	Gujrat	153
71	Rahim Yar Khan	110
72	Sargodha	108
73	Bahawalpur	100
74	Sahiwal	82
75	Bahawalnagar	71
76	Okara	69
77	Sheikhupura	68
78	Khanewal	64
79	Vehari	64
80	Attock	62
81	Toba Tek Singh	57
82	Mandi Bahauddin	54
83	Kasur	50
84	Jhelum	47
85	Dera Ghazi Khan	46
86	Muzaffargarh	38
87	Chakwal	36
88	Jhang	36
89	Pakpattan	33

S. No.	District	No. of Branches*
101	Kot Addu	7
102	Murree	4
103	Talagang	2
104	Taunsa Sharif	1
Punjab Total		**3,754**
Sindh		
105	Karachi*	1,392
106	Hyderabad	108
107	Sukkur	40
108	Mirpur Khas	32
109	Shaheed Benazirabad	31
110	Sanghar	28
111	Naushahro Feroze	23
112	Larkana	21
113	Khairpur Mirs	20
114	Dadu	14
115	Badin	13
116	Ghotki	11
117	Jamshoro	11
118	Thatta	11
119	Matiari	8
120	Tando Allah Yar	8
121	Umerkot	8
122	Kambar Shahdadkot	6
123	Kashmore	6
124	Shikarpur	6
125	Tando Mohammad Khan	6
126	Jacobabad	5
127	Sujawal	5
Sindh Total		**1,813**
Gilgit Baltistan		
128	Gilgit	18
129	Skardu	13
130	Diamir	9
131	Ghizer	6
132	Astore	3
133	Ghanche	3
134	Hunza	3
135	Shigar	1
Gilgit Baltistan Total		**56**
Azad Kashmir		
136	Mirpur	42

39	Haripur	52
40	Malakand	51
41	Charsadda	39
42	Buner	36
43	Upper Dir	33
44	Dera Ismail Khan	30
45	Bannu	29
46	Karak	26
47	Hangu	22
48	Khyber	19
49	Mohmand	17

90	Nankana Sahib	29
91	Khushab	26
92	Narowal	26
93	Layyah	22
94	Bhakkar	21
95	Chiniot	21
96	Hafizabad	19
97	Mianwali	19
98	Rajanpur	19
99	Lodhran	18
100	Wazirabad	11

137	Kotli	20
138	Muzaffarabad	18
139	Bagh	15
140	Poonch	15
141	Bhimber	14
142	Sudhanoti	5
143	Haveli	3
144	Hattian Bala	1
145	Neelum	1
Azad Kashmir Total		**134**
Grand Total		**7,757**

***Karachi includes all districts of Karachi division.**