ISLAMIC BANKING BULLETIN

July - September 2020

Islamic Banking Department
State Bank of Pakistan

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Progress & Market Share of Islamic Banking Industry (IBI)

Overview

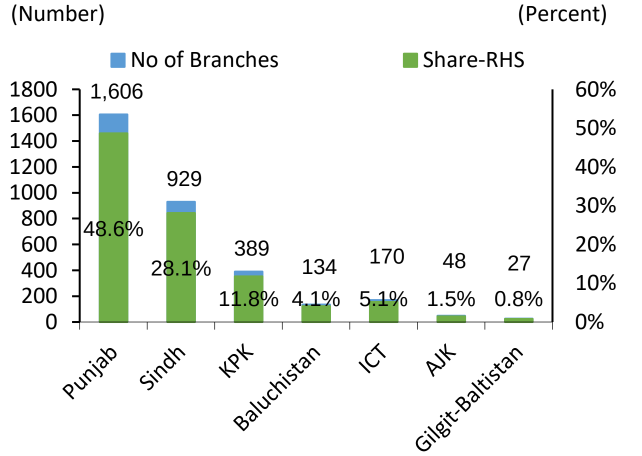
At the end of the quarter under review (July-September 2020), the **asset base** of Islamic banking industry (IBI) grew by 4.8 percent (Rs 175.8 billion) and stood at Rs 3,809 billion while **deposits** stood at Rs 3,034 billion, depicting a quarterly growth of 3 percent (Rs 87.5 billion). Assets and deposits of IBI depicted YoY growth of 27.2 percent and 26 percent, respectively. Likewise, 'financing & investments (net)' recorded a quarterly growth of 6.3 percent (Rs 163 billion) and reached Rs 2,760 billion, whereas, the YoY growth was 28.9 percent. In terms of market share, IBI stands at 16.0 percent and 17.3 percent, respectively in **assets** and **deposits** of overall banking industry by end September 2020 while for 'financing & investments (net)'of IBI the share is 14.2 percent for the said period. Moreover, at the end of the September 2020, profit before tax of IBI stood at Rs 69.9 billion.

Table 1: Industry Progress and market share							(Amount in Rs Billion)		
	Trends			Yearly Growth (YoY) in %			Share in Overall Banking Industry (in %)		
	Sep-19	Jun-20	Sep-20	Sep-19	Jun-20	Sep-20	Sep-19	Jun-20	Sep-20
Total Assets	2,995	3,633	3,809	21.8	21.4	27.2	13.8	15.3	16.0
Deposits	2,407	2,946	3,034	20.1	22.0	26.0	16.1	16.9	17.3
Net Financing & Investment	2,140	2,597	2,760	12.7	20.8	28.9	12.1	13.6	14.2
Total IBIs	22	22	22	-	-	-	-	-	-
Total No. of Branches*	2,979	3,274	3,303	10.0	12.4	10.9	-	-	-
** including sub-branches*									
Source: SBP									

Branch Network of IBIs

At the end of September 2020, infrastructure of Islamic banking industry remained same with 22 Islamic banking institutions (IBIs); 5 full-fledged Islamic banks (IBs) and 17 conventional banks having standalone Islamic banking branches (IBBs). However, the branch network of IBI saw a quarterly increase from 3,274 branches to 3,303 branches. As evident from **Figure-1**, branches are concentrated in Punjab, followed by Sindh and Khyber-Pakhtunkhwa (KP). The number of Islamic banking windows (dedicated counters at conventional branches) operated by conventional banks having IBBs stood at 1,386 (see **Annexure I** for bank-wise details of branches and windows).

Figure 1: Region Wise Branch Network



Source:SBP

Asset and Liability Structure

Assets

Assets of IBI increased from Rs 3,633 billion by end June 2020 to Rs 3,809 billion by end September 2020, primarily due to investments. It was a considerable increase of Rs 176 billion (4.8 percent QoQ growth) compared to a minor increase of Rs 2.9 billion (0.1 percent) during the corresponding period of 2019.

Net Financing & Investments

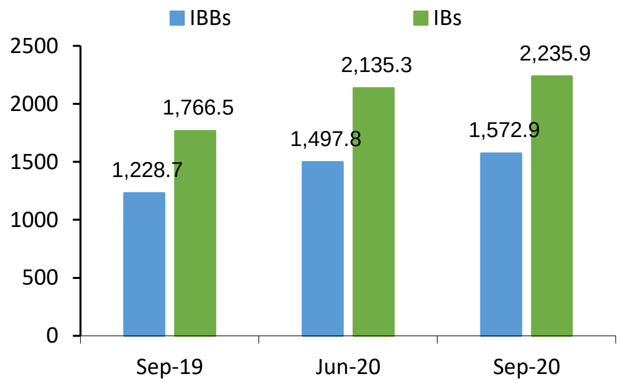
Following the usual trend, 'financing & investments (net)' constituted the major share (72.5 percent) in total assets of IBI by end September 2020, though lower than that of overall banking industry's share of 81.4 percent. The share of Financing and Investments (net) in total assets of IBI was 44.4 percent and 28.1 percent, respectively (see section below on **Investments, Financing & Related Assets** for further details).

Break-up of Assets of IBs and IBBs

At the end of September 2020, assets of IBs witnessed a notable rise of 4.7 percent (Rs 100.7 billion) to Rs 2,235.9 billion (see **Figure 2**) from Rs 2,135.3 billion by end June 2020. On the other hand, assets of IBBs witnessed a surge of 5 percent (Rs 75.1 billion) to Rs 1,572.9 billion. Further, the share of IBs and IBBs in overall assets of IBI stood at 58.7 percent and 41.3 percent, respectively.

Figure 2: Breakup of Assets

(RS Billion)



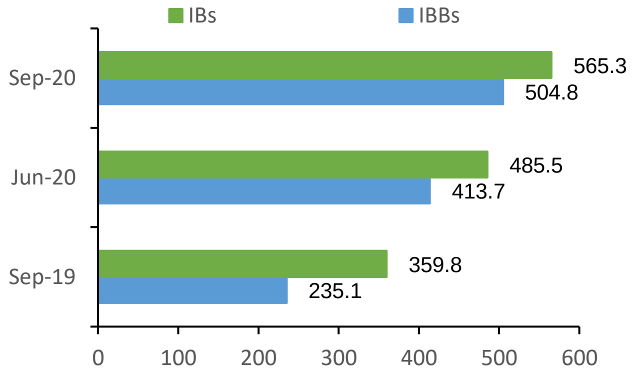
Source: SBP

Investments

At the end of September 2020, investments (net) made by IBI surged considerably to the tune of 19 percent (Rs 170.9 billion) and stood at Rs 1070.1 billion compared to a deceleration of 1.9 percent in corresponding period of 2019. This increase was mainly due to investments made by IBIs in GoP Sukuk; during the period under review GoP has issued sovereign Sukuk of Rs 162 billion.

Figure 3: Breakup of Investments

(Rs. Billion)



Source: SBP

An analysis of investments made by IBs & IBBs revealed that Investments (net) made by IBBs witnessed a growth of 22 percent (Rs 91.1 billion), which was greater than the growth of 16.4 percent (Rs 79.8 billion) made by IBs (See **Figure 3** for details).

Financing and Related Assets

At the end of September 2020, financing & related assets (net) of IBI stood at Rs 1,689.8 billion. Breakup of the data between **IBs** and **IBBs** revealed that financing & related assets (net) of IBs saw a quarterly rise of 0.9 percent (Rs 8.9 billion) to reach to Rs 972.6 billion. On the other hand, financing & related assets (net) of IBBs experienced a decline of 2.3 percent (Rs 16.8 billion) and stood at Rs 717.3 billion.

In terms of **mode wise financing**, following the usual trend, the share of Diminishing Musharakah remained the highest in overall financing of IBI with a share of 34.5 percent, followed by Musharaka (23.5 percent) and Murabaha (13.3 percent) (see **Table 2** for details).

Table-2: Mode Wise Financing (Share in Percent)

Mode	Sep-19	Jun-20	Sep-20
Murabaha	13.0	13.4	13.3
Ijarah	6.1	5.1	5.3
Musharaka	20.0	21.2	23.5
Diminishing Musharaka	35.0	31.0	34.5
Salam	2.3	1.8	1.5
Istisna	8.7	10.5	7.9
Others	14.9	17.0	13.9
Total	**100.0**	**100.0**	**100.0**

In terms of **sector wise financing**, ‘production & transmission of energy’ retained its leading position during the quarter under review with a share of 15.6 percent in overall financing of IBI, followed by ‘textile’ (14.3 percent) and ‘individuals’ (10.2 percent) by end September 2020 (see **Table 3**). Similar trend was also observed during the corresponding period of 2019. Furthermore, this trend of sector wise financing made by IBI is also in line with the trend of overall banking industry.

Table 3: Sector Wise Financing – (Share in percent)

Sector	Sep-19	Jun-20	Sep-20	Overall Banking Industry
Chemical & Pharmaceuticals	3.4	3.6	4.8	3.6
Agribusiness	7.2	8.2	7.8	7.6
Textile	11.9	14.2	14.3	14.4
Cement	3.5	3.8	3.8	2.3
Sugar	2.5	3.8	2.1	2.3
Shoes and leather garments	0.5	0.5	0.5	0.4
Automobile & transportation equipment	1.4	1.2	1.2	1.6
Financial	0.4	0.3	0.3	2.4
Insurance	0.0	0.0	0.0	0.1
Electronics & electrical appliances	1.1	0.9	0.8	1.2
Production & transmission of energy	18.3	14.7	15.6	16.4
Individuals	11.4	9.5	10.2	8.9
Others	38.4	39.2	38.5	38.9
Total	**100.0**	**100.0**	**100.0**	**100.0**

Review of **client wise financing** revealed that corporate sector had the significant share i.e. 72.1 percent in overall financing of IBI, followed by commodity financing and consumer financing with a share of 13.4 percent and 9.9 percent, respectively.

Further, the share of SMEs and agriculture financing in overall financing extended by IBI is still on lower side (see **Table 4)**.

Table 4: Client Wise Financing Portfolio (share in percent)				
Segment	**Sep-19**	**Jun-20**	**Sep-20**	**Overall Banking Industry**
Corporate Sector	73.6	71.9	72.1	72.0
SMEs	3.3	3.1	3.0	4.7
Agriculture	0.4	0.3	0.3	4.0
Consumer Finance	10.4	9.2	9.9	7.1
Commodity Financing	11.0	14.3	13.4	10.2
Staff Financing	1.1	1.1	1.3	1.9
Others	0.2	0.1	0.0	0.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

Asset Quality

Asset quality indicators of IBI; 'Non-performing financing (NPFs) to financing (gross)' and 'Net NPFs to net financing' marginally increased from 3.3 percent and 0.7 percent by end June 2020 to 3.7 and 0.9 percent, respectively by end September 2020 (see **Table 5**), owing to a meagre increase in NPFs. Non-performing ratio of IBI (3.7 percent) is well below than the overall banking industry ratio of 9.9 percent.

Table-5: Assets Quality Ratio (Share in percent)				
Ratio	**Sep-19**	**Jun-20**	**Sep-20**	**Overall Banking Industry**
NPFs to Financing (gross)	3.1	3.3	3.7	9.9
Net NPFs to Net Financing	0.9	0.7	0.9	1.7
Provisions to NPFs	72.4	78.1	77.5	84.7
Net NPAs to Total Capital	8.2	6.9	7.1	7.6

Liabilities

Deposit base of IBI witnessed a quarterly increase of 3 percent (Rs 87.5 billion) to Rs 3,033.5 billion by end September 2020, higher than the growth in deposit base of overall banking industry, which saw a rise of 0.8 percent during the period under review.

Category Wise Breakup of Deposits

The category wise breakup of deposits showed that all categories of deposits witnessed growth on quarterly basis with the exception of 'fixed deposits' and 'others'. Saving deposits improved by 7.1 percent (Rs 76.6 billion) while 'current deposits' by 2 percent (Rs 20.2 billion) (see **Table 6**).

Table 6: Break up of Deposits (Rs in Billion, Growth in percent)					
Category	**Sep-19**	**Jun-20**	**Sep-20**	**YoY**	**QoQ**
A. Deposits (1+2)	**2,406.9**	**2,946.0**	**3,033.5**	**26.0**	**3.0**
1. Customers	**2,212.0**	**2,729.8**	**2,813.7**	**27.2**	**3.1**
Fixed Deposits	543.6	616.7	609.1	12.0	(1.2)
Saving Deposits	880.2	1,082.3	1,158.9	31.7	7.1
Current Deposits*	768.8	989.6	1,009.8	31.4	2.0
Others	19.4	41.2	35.9	85.1	(12.9)
2. Financial Institutions	194.9	216.2	219.8	12.8	1.7
Remunerative Deposits	190.4	210.2	212.6	11.7	1.1
Non-remunerative Deposits	4.5	6.0	7.3	61.3	20.1
B. Currency Wise - Breakup of Deposits					
Local Currency Deposits	2,254.9	2,785.1	2,860.4	26.8	2.7
Foreign Currency Deposits	151.9	160.9	173.1	14.0	7.6
*** include both remunerative & non-remunerative**					

Breakup of deposits between IBs & IBBs

At the end of September 2020, deposits of IBs increased by 3 percent (Rs 53.7 billion) to reach to Rs 1,815.6 billion. Likewise, deposits of IBBs experienced a growth of 2.9 percent (Rs 33.8 billion) and stood at Rs 1,217.9 billion. Accordingly, the share of IBs in overall deposits of IBI saw a slight increase from 59.8 percent to 59.9 percent, whereas share of IBBs saw a meagre fall from 40.2 percent to 40.1 percent.

Liquidity

At the end of September 2020, IBI's 'liquid assets to total assets' and 'liquid assets to total deposits' experienced a quarterly growth and stood at 24.8 percent and 31.2 percent, respectively (see **Table-7**). Further, financing to deposits ratio (FDR) of IBI stood at 55.7 percent, higher than the FDR (45 percent) of the overall banking industry.

Table-7: Liquidity Ratios (share in percent)				
Ratios	**Sep-19**	**Jun-20**	**Sep-20**	**Overall Banking Industry**
Liquid Asset to **t**otal Assets	19.5	22.2	24.8	54.4
Liquid Assets to Deposits	24.3	27.3	31.2	73.8
Financing to Deposits (Net)	64.2	57.6	55.7	45.0

Capital

The ratios of *'capital to total assets'* and *'capital minus net NPAs to total assets'* of IBI were recorded at 6.8 percent and 6.3 percent, respectively by end September 2020 (see **Table 8**), lower than the respective ratios of the overall banking industry, which were noted at 7.5 percent and 7 percent, respectively.

Table-8: Capital Ratios (share in percent)				
Ratios	**Sep-19**	**Jun-20**	**Sep-20**	**Overall Banking Industry**
Capital to Total Assets	6.6	6.8	6.8	7.5
(Capital - Net NPAs) to Total Assets	6.1	6.3	6.3	7.0

Profitability Indicators

Profit before tax of IBI was recorded at Rs 69.9 billion, while, other earnings ratios **'**Return on assets (ROA)' and 'return on equity (ROE)' (before tax) stood at 2.6 percent and 39 percent, respectively. During the period under review, 'operating expense to gross income' of IBI was recorded at 45.7 percent, whereas, 'operating expense to gross income' of overall banking industry was recorded at 47.9 percent (see **Table 9**).

Table-9: Profitability Ratios (in percent)				
	Sep-19	**Jun-20**	**Sep-20**	**Overall Banking Industry**
Profit before tax (Rs billion)	45.8	49.0	69.9	331.9
ROA before tax	2.1	2.9	2.6	1.9
ROE before tax	33.2	42.2	39.0	25.3
Operating Expense to Gross Income	52.5	44.9	45.7	47.9

Country Model: United Arab Emirates

i. Introduction

The United Arab Emirates (UAE) consists of federation of seven emirates, bordering Saudi Arabia to the south and west and share maritime borders with Qatar. The UAE has an open economy with a high per capita income at par with those of leading West European nations and a sizable annual trade surplus. For more than three decades, oil and global finance have been driving the UAE's economy. However, successful efforts at economic diversification have reduced the portion of GDP from the oil and gas sector to 30 percent (CIA, 2020). Due to the COVID-19 pandemic a global slowdown and disruptions in supply chains may weigh heavily on the UAE's non-oil sector while the real GDP is projected to contract by 6.6 percent for the year 2020 (IMF, 2020).

As discussed below, UAE has a pioneering role in the development of Islamic banking & finance and at present it is considered 4th largest market (IFSB, 2020) in terms of share in global assets after Iran, Saudi Arabia and Malaysia.

ii. Islamic Banking and Finance

In 1975, DIB became the world's first Islamic commercial bank. Abu Dhabi Islamic bank became the second Islamic financial institution established in 1998. Sharjah Islamic Bank was the world's first to convert from conventional to full-fledged Islamic bank in 2002.

At present there are eight full-fledged Islamic banks and some Conventional banks providing Islamic financial services through there dedicated Islamic windows. Total Islamic banking assets in 2019 registered at AED 572,842 million, an increase from AED 505,499 million in 2016, which accounted for 18.6 percent of the total banking industry share. The deposits represent 21.5 percent of the total banking deposits by end of 2019. The UAE growth rates remain the second highest in the Gulf Cooperation Council (GCC), with Islamic banking assets growing at 6.7 percent and financing at 5.1 percent (IFSB Stability Report 2020).

iii. Legal & Regulatory Framework

UAE operates a parallel banking system, where there is no separate Shariah regulations and legislation within UAE for Islamic financial institutions. Nevertheless, there are specific regulations and provisions under the general financial market regulations for Islamic banks. In UAE, the UAE Central Bank under law No. 6 of 1985 regulates Islamic financial institutions. According to the article 5 of Federal law No. 6, establishment of higher Shariah authority is mandated in order to supervise over Islamic banks, financial institutions and investment companies to ensure the legitimacy of their transactions according to the provision of Shariah Law. In 2016, the UAE government approved to set-up a national Shariah board within the Central Bank of UAE to supervise Shariah boards of individual banks and financial institutions.

There are no separate courts for dispute resolutions of Islamic financial institutions, though courts are allowed to refer to Shariah in the absence of clear legislation and established customary business practices.

In 2010, the UAE Insurance Authority (IA) introduced a comprehensive set of regulations to regulate the local takaful industry. In continuation, in 2014 the law was further supplemented by new financial regulations, which included separate rules for takaful insurer, recognizing the special nature of the takaful business. The IA has also rolled out new regulations relating to family takaful and life insurance Regulations for Sukuk is also under review that would comply with local laws instead of the common English law.

iv. Sukuk

Growing financing needs of the UAE government and its related entities, Sukuk are now a mainstream component of the capital market in the UAE, though conventional bond still holds a significant capital market share. Some of the notable ones were Sharjah US$750 million Sukuk that received orders in excess of US$3.2 billion and Dubai's return to the global Islamic capital market with a US$1 billion Sukuk facility, its first Islamic issuance since 2014. UAE leads the international Sukuk market with 27.7 percent of international issuance share followed by Malaysia 25.2 percent.

In 2019, the UAE also issued first corporate green Sukuk issued by Majid Al Futtaim of US$600 million. The Dubai Islamic Economy Development Centre signed a MoU with the Dubai International Financial Centre, Dubai Financial Market and Climate Bonds Initiative to collaborate in growing green Sukuk sector, with the aim of promoting green Sukuk issuances in the UAE and across the world.

v. Takaful

Takaful market in UAE sustained its growth momentum, albeit at a slower growth rate. Takaful sector has benefited from an increase in demand as a result of compulsory cover in the medical and liability businesses and regulatory changes such as setting a minimum pricing for motor insurance. UAE market is the second-biggest market in the region, with a 10.3 percent share of the GCC takaful market in 2018. Currently there are 12 Islamic insurers in UAE market, all regulated by the Insurance Authority.

vi. Conclusion

Since inception of Islamic Development Bank in UAE in 1975, the Islamic banking grew at a moderate rate in the Emirates. The future outlook of the Islamic banking in the Emirates is optimistic owning to majority Muslim population and the UAE government's ambition to lay the conducive regulatory environment for Islamic economy to align with Dubai plan 2021. Further, the development of separate Shariah Legal framework for Islamic banking and finance is a key for future development of Shariah finance industry in the Emirates.

Sources of Information

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AAOIFI Shariah Standard No. 19 on 'Loan (Qard)'

State Bank of Pakistan, vide IBD Circular No. 01 of 2020, has adopted following three AAOIFI Shariah Standards:

i. No. 19 Loan (Qard)
ii. No. 23 Agency and the Act of an Un commissioned Agent (Fodooli)
iii. No. 28 - Banking Services in Islamic Banks

These standards will be shared in detail; one by one, in the coming issues. In the current issue, Standard No. 19 Loan (Qard) is being presented below along with the amendments recommended by the Shariah Advisory Committee of State Bank of Pakistan.

1. Scope of the Standard

This Standard covers loans and the accompanying benefits or costs irrespective of the institution being a lender or a borrower.

The Standard does not cover what is not a loan (Qard), like the price in a credit sale and investment accounts, because they have standards specific to them.

2. Definition of Qard

Qard is the transfer of ownership in fungible wealth to a person on whom it is binding to return wealth similar to it.

3. Elements (Arkan) of a Loan (Qard) Contract and Its Conditions

- ✓ **3/1** The contract of loan (Qard) is concluded through offer and acceptance by the use of the words Qard and Salaf or any other word or act that conveys the meaning of Qard.
- ✓ **3/2** The legal capacity for making a donation is stipulated for the lender.
- ✓ **3/3** The legal capacity to undertake transactions is stipulated for the borrower.
- ✓ **3/4** It is stipulated for the subject matter of the contract that it be known fungible (Mithli) marketable wealth.
  - ➢ **3/4/1** The borrower comes to own the subject matter of Qard (the wealth loaned) through possession, he becomes liable for (the repayment of) a similar subject matter.
  - ➢ **3/4/2** The applicable rule is the return of an amount similar to the loan amount at the place where it was delivered.

4. Rules for Excess Benefit Stipulated in the Qard Contract

- ✓ **4/1** The stipulation of an excess for the lender in loan is prohibited, and it amounts to Riba, whether the excess is in terms of quality or quantity or whether the excess is a tangible thing or a benefit, and whether the excess is stipulated at the time of the contract or while determining the period of delay for satisfaction or during the period of delay and, further, whether the stipulation is in writing or is part of customary practice.
- ✓ **4/2** It is permissible to stipulate the satisfaction (repayment) of Qard at a place other than that where the loan was made.

5. **Rules for Excess Benefit Not Stipulated in the Contract**
   - ✓ **5/1** It is not permissible to the borrower to offer tangible property or extend a benefit to the lender during the period of the Qard when this is done for the sake of Qard, unless giving of such benefits is a practice continuing among the parties from a time prior to the contract of Qard.
   - ✓ **5/2** An excess over Qard is permissible in terms of quantity or quality, or offering of tangible property or extending of a benefit, at the time of satisfaction when it is not stipulated or is part of custom, irrespective of the subject matter of Qard being cash or kind.

6. **Stipulation of a Period in Qard**
   It is permissible to stipulate a period in Qard. The borrower is, therefore, under no obligation to return it prior to the termination of the period nor can the lender demand it back prior to the end of the period. If, however, no period is stipulated, it is binding upon the borrower to return its substitute (Badal) on demand.

7. **Stipulation of a Contract in Qard**
   It is not permissible to stipulate a contract of Bay' (exchange, sale) or Ijarah or other commutative contract within the contract of Qard.

8. **Stipulation of a Reward for Raising Loans for Another**
   It is permissible to stipulate a reward for raising loans for another as long as it is not a fictional device (Hilah) for dealing in Riba. [see item 8/3/2 of Shariah Standard No. (15) on Ju'alah at the end of which it is stated "with the condition that the transactions are not employed for raising interest bearing loans through stipulations, customary practice or dealings among Institutions"]

9. **Service Charges for Qard**
   - ✓ **9/1** It is permissible to a lending institution to charge for services rendered in loans equivalent to the actual amount directly spent on such services. It is not permissible to the institution to charge an amount in excess of such a service charge. All charges in excess of the actual amount spent are prohibited, and it is necessary to ensure precision in the determination of the actual charges so that they do not lead to an excess that can be deemed a benefit. The fundamental rule is that an excess that can be deemed a benefit. The fundamental rule is that each loan bears its own specific charges, unless this becomes difficult as in the case of a group or common loan, in which case there is no restriction in the way of bearing direct collective charges for all the loans on the basis of the entire sum. It is necessary that the method loans on the basis of the entire sum. It is necessary that the method of determining the charges be laid down by the Shariah Supervisory Board of the institution in detail, and this is to be done by distributing the expenses incurred among all the loans and each loan is to bear its share proportionately. An explanation of such circumstances is to be presented before the Board along with suitable documents.

- ✓ **9/2** Indirect expenses incurred in rendering services for loans are not included in actual expenses, like the salaries of the employees, the rentals of space, assets and means of transport as well as other management and general expenses of the institution.

10. Key Modern Applications of Qard

Among the most important modern applications of Qard are the following:

10/1 Current accounts

- ✓ **10/1/1** The reality of current accounts is that these are loans and not deposits. Thus, the institution comes to own the amounts and a liability to repay the amount is established against it.
- ✓ **10/1/2** it is permissible for the institution to demand wages for services rendered to the holders of the current accounts.
- ✓ **10/1/3** It is permissible for the institution to render services related to deposits and withdrawals to the owners of the current accounts with or without compensation like cheque books and ATM cards and the like. There is no restriction on the institution if it distinguishes between owners of current accounts with respect to what relates to deposits and withdrawals, like exclusive booths for receiving the owners of some accounts, or like distinguishing between the types or cheques.

10/2 Perquisites for Qard

- ✓ It is not permitted to the institution to present to the owners of current accounts, in lieu of such accounts, material gifts, financial incentives, services or benefits that are not related to deposits and withdrawals. Among these are exemptions from charges in whole or in part, like exemption from credit card charges, deposit boxes, transfer charges and letters of guarantee and credit.

  The perquisites and incentives that are not specific to current accounts are not governed by this rule.

10/3 Charges on credit cards for cash withdrawals from ATMs

- ✓ **10/3/1** The charges imposed on cards for cash withdrawals from bank teller machines are a charge for services and are independent of the loan.
- ✓ **10/3/2** It is necessary that the charges imposed on credit cards for cash withdrawals from bank teller machines be an amount that is certain within the limits of reasonable charges excluding profit from Qard. It is not permissible to link the charge to the amount withdrawn. It is not permissible to the institution to slice the withdrawals as a device for obtaining repeated charges just as it is not permissible (for this purpose) to take into account the period of repayment of the amount withdrawn. Where there is a difference in currencies, the application of the rate for the prevailing currency is stipulated [see also item 415, Shariah Standard No. (2) on Credit and Charge Cards].

10/4 Overdrafts between the institution and its correspondents

✓ In order to avoid interest between the institution and its correspondents, there is no restriction if the institution comes to an agreement with other correspondent banks to place a ceiling upon the overdrafts of one drawn upon the other without any claims for profits (interest). [See item 2/4/a of Shariah Standard No. (1) on Trading in Currencies]

Adoption of the Standard in Pakistan

For adoption of the standard in the country, following amendments have been made on the advice of the Shariah Advisory Committee, State Bank of Pakistan.

Clause No.	Original clause	Clarifications/amendments
3/2	The legal capacity for making a donation is stipulated for the lender.	The term 'legal capacity' may be read as 'legally capable'.
3/3	The legal capacity to undertake transactions is stipulated for the borrower	The term 'legal capacity' may be read as 'legally capable'.
3/4	It is stipulated for the subject matter of the contract that it be known fungible (Mithli) marketable wealth.	The clause shall be read as follows: It is stipulated for the subject matter of the contract shall be Maal-e-Mutaqawwam (valuable, and permissible from Shariah perspective) known, and fungible (mithli).
3/4/2	The applicable rule is the return of an amount similar to the loan amount at the place where it was delivered.	The word 'applicable' may be read as 'principal'.
4/1	The stipulation of an excess for the lender in loan is prohibited, and it amounts to Riba, whether the excess is in terms of quality or quantity or whether the excess is a tangible thing or a benefit, and whether the excess is stipulated at the time of the contract or while determining the period of delay for satisfaction or during the period of delay and, further, whether the stipulation is in writing or is part of customary practice.	The text "determining the period of delay for satisfaction or during the period of delay and, further, whether" may be read as "extending the repayment period or during the credit period, regardless". Accordingly the clause 4/1 will be read as, "The stipulation of an excess for the lender in loan is prohibited, and it amounts to Riba, whether the excess is in terms of quality or quantity or whether the excess is a tangible thing or a benefit, and whether the excess is stipulated at the time of the contract or while extending the repayment period or during the credit period, regardless the stipulation is in writing or is part of customary practice."

4/2	It is permissible to stipulate the satisfaction (repayment) of Qard at a place other than that where the loan was made.	The text 'the satisfaction' and brackets around the word 'repayment' shall be omitted.
5/2	An excess over Qard is permissible in terms of quantity or quality, or offering of tangible property or extending of a benefit, at the time of satisfaction when it is not stipulated or is part of custom, irrespective of the subject matter of Qard being cash or kind.	The word 'satisfaction' may be read as 'repayment'.
6	It is permissible to stipulate a period in Qard. The borrower is, therefore, under no obligation to return it prior to the termination of the period nor can the lender demand it back prior to the end of the period. If, however, no period is stipulated, it is binding upon the borrower to return its substitute (Badal) on demand.	The text 'return its substitute (badal)' may be read as 'repay.'
8	It is permissible to stipulate a reward for raising loans for another as long as it is not a fictional device (Hilah) for dealing in Riba. [see item 8/3/2 of Shariah Standard No. (15) on Ju'alah at the end of which it is stated "with the condition that the transactions are not employed for raising interest bearing loans through stipulations, customary practice or dealings among Institutions"]	The word 'another' may be read as 'others'. The term 'stratagem' may be added within brackets with term 'Hilah' to read as "(stratagem/Hilah)." The text 'dealings among institutions' may be read as 'collusion with institutions'.
9/1	It is permissible to a lending institution to charge for services rendered in loans equivalent to the actual amount directly spent on such services. It is not permissible to the institution to charge an amount in excess of such a service charge. All charges in excess of the actual amount spent are prohibited, and it is necessary to ensure precision in the determination of the actual charges so that they do not lead to an excess that can be deemed a benefit. The fundamental rule is that an excess that can be deemed a benefit. The fundamental rule is that each loan bears its own specific charges, unless this becomes difficult as in the case of a group or common loan, in which case there is no as in the case of a group or common loan, in which case there is no restriction in the way of bearing direct collective charges for all the loans on the basis of the entire sum. It is necessary that the method loans on the basis of the entire sum. It is necessary that the method of determining the charges be laid down by the Shariah Supervisory Board of the institution in detail, and this is to be done by distributing the expenses incurred among all the loans and each loan is to bear its share proportionately. An explanation of such circumstances is to be presented before the Board along with suitable documents.	The Islamic Banking Institutions shall refer to Shariah Governance Framework and amendments therein as notified by State Bank of Pakistan from time to time. The text 'in consultation with the accounting department' shall be added after the text "...Shariah Supervisory Board of the institution in detail," to reflect the complete Arabic translation. The accounting and relevant department(s) shall facilitate Shariah Board of the institution in validating the methods for determining the charges.

10/1/1	The reality of current accounts is that these are loans and not deposits. Thus, the institution comes to own the amounts and a liability to repay the amount is established against it.	The text 'and not deposits' shall be deleted. The word 'reality' may be read as 'nature'.
10/1/2	It is permissible for the institution to demand wages for services rendered to the holders of the current accounts.	The words 'demand wages' may be read as 'charge fee'.
10/1/3	It is permissible for the institution to render services related to deposits and withdrawals to the owners of the current accounts with or without compensation like cheque books and ATM cards and the like. There is no restriction on the institution if it distinguishes between owners of current accounts with respect to what relates to deposits and withdrawals, like exclusive booths for receiving the owners of some accounts, or like distinguishing between the types or cheques.	The text 'owners of the current accounts' may be read as 'current account holders'. The text 'receiving the owners of some current accounts' may be read as 'some current account holders'. This clause may be read with IBD Circular No. 1 of 2014 and any amendments therein as notified from time to time.
10/2	It is not permitted to the institution to present to the owners of current accounts, in lieu of such accounts, material gifts, financial incentives, services or benefits that are not related to deposits and withdrawals. Among these are exemptions from charges in whole or in part, like exemption from credit card charges, deposit boxes, transfer charges and letters of guarantee and credit. The perquisites and incentives that are not specific to current accounts are not governed by this rule.	This clause may be read as follows: "It is not permitted to the institution to present to the current accounts holders, in lieu of only such accounts, tangible gifts, financial incentives, services or benefits that are not related to deposits and withdrawals. Among these are exemptions from charges in whole or in part, like exemption from credit card charges, lockers, transfer charges and letter of guarantee and letter of credit. The perquisites and incentives that are not specific to current accounts are not governed by this rule."
10/3/2	It is necessary that the charges imposed on credit cards for cash withdrawals from bank teller machines be an amount that is certain within the limits of reasonable charges excluding profit from Qard. It is not permissible to link the charge to the amount withdrawn. It is not permissible to the institution to slice the withdrawals as a device for obtaining repeated charges just as it is not permissible (for this purpose) to take into account the period of repayment of the amount withdrawn. Where there is a difference in currencies, the application of the rate for the prevailing currency is stipulated [see also item 415, Shariah Standard No. (2) on Credit and Charge Cards]	This clause may be read as follows: "It is necessary that the charges imposed on credit cards for cash withdrawals from bank teller machines be a lump sum amount within the limits of reasonable charges (Ujrat ul Misl) that do not lead to making profit on qard. It is not permitted to link the charge to the amount withdrawn. It is not permitted for the institution to set slabs for withdrawals, as a device for obtaining repeated charges. (While determining the withdrawal

	charges) It is also not permissible to take into account the period of repayment of the amount withdrawn. Where there is a difference in currencies, the prevailing exchange rate shall be applied. See also item 4/5 of Shariah Standard No. 2 pertaining to Credit and Charge cards.” The clause to be read with applicable Foreign Exchange Rules and Regulations/ Directions/ Instructions issued by State Bank of Pakistan from time to time.

As per practice, these amendments are issued by SBP as footnotes of the standard.

Source:

1. AAOIFI website: http://aaoifi.com/
2. IBD Circular No. 01 2020, January 03, 2020 {https://www.sbp.org.pk/ibd/2020/index.htm }

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

A. Developments

Adoption of AAOIFI Shariah Standards

In pursuance to one of the IBD's objective to further strengthen Shariah compliance framework and harmonize the Shariah practices in Islamic banking industry, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shariah Standard No. 49 - Unilateral and Bilateral Promise has been adopted along with clarifications/amendments vide IBD Circular No. 03 of 2020. With the adoption of this standard, the total number of AAOIFI standards, which have been adopted by SBP now stands at 16. The IBD follows a comprehensive approach to adopt AAOIFI Shariah standards, which includes taking the feedback of internal and external stakeholders on select Shariah standards; thorough review and feedback of various working groups (comprising of Shariah scholars and industry practitioners) of Shariah Standards; and followed by preparation of recommendations by Review Committee (comprising of senior Shariah scholars of the industry). These recommendations are subsequently presented in the meeting of Shariah Advisory Committee of SBP for its advice before adoption & issuance.

SBP issued Circular on Revised Instructions on Islamic Banking Windows (IBWs) Operations

Keeping in view the significant potential of Islamic Banking Windows (IBWs) in enhancing the share and outreach of Shariah compliant financial services and increase in financial inclusion, SBP has issued revised instructions vide IBD Circular No.2 of 2020 for banks to expand the scope of operations of IBWs. IBWs can now offer all types of financing products to their customers including Corporates, SMEs, Agriculture, Housing, and Consumers. However, this facility is subject to the condition that respective IBW branch shall be converted into full-fledged Islamic banking branch within a period of three years.

Islamic Banking News and Views

I. Local Industry News

SBP revises Stress Testing Framework

The State Bank of Pakistan (SBP) has revised guidelines on stress testing, the key mechanism to assess banks' risk management. The SBP released a revised suite of Guidelines on Stress Testing, which replaces the earlier framework issued in 2012. Stress testing is a key tool used globally by banks for risk management and capital planning. "The revised guidelines will further strengthen the risk management capacity of the banks, Development Finance Institutions (DFIs) and microfinance Banks (MFBs), in line with evolving international best practices and changing local economic and financial dynamics.

https://www.dawn.com

Pakistan to attract diaspora investments with upcoming digital Shariah compliant sovereign instruments

SBP, in collaboration with several commercial banks launched the Roshan Digital Account allowing non-resident Pakistani's to open a bank account without physically visiting any branch. The account holders can inter alia invest in Naya Pakistan Certificates and their Shariah compliant counterpart.

https://www.islamicfinancenews.com

Expected growth in insurance/Takaful sector due to Sehat Sahulat Program

Pakistan has remained one of the country in the region with lowest insurance penetration rate. According to Swiss Reinsurance company report in 2016, globally, Pakistan is at 85th position among countries with high insurance penetration. In Pakistan, insurance/Takaful sector is comprised of around 30 general (Non – Life) insurance and 03 general Takaful (Islamic insurance) companies while life insurance companies are seven and family (Life) takaful companies are two (Insurance Association of Pakistan, 2020). Securities and Exchange Commission regulates Insurance and takaful industry. But from the last five years or so, insurance/takaful sector in Pakistan is growing at an unprecedented pace.

https://thefrontierpost.com/expected-growth-in-insurance-takaful-sector-due-to-sehat-sahulat-program/

SBP relaxes Islamic banking window rules as 25 percent market share target deadline draws nearer

In a bid to gain a larger Islamic banking market share, the State Bank of Pakistan (SBP) is easing rules for Shariah banking windows allowing more conventional banks to tap the Muslim financing segment. But there is a catch these counters will need to convert into fully-fledged Islamic banking branches within three years if they want a slice of the Islamic financing pie. This decision comes against the backdrop of a seemingly ambitious national target: the government is pushing for Shariah compliant banking to command 25 percent of total assets and deposits of the overall banking industry and a 30 percent share in the total branch network by the end of 2023.

https://www.islamicfinancenews.com

II. International Industry News

Shariah governance in Malaysia: Safeguarding independence of Shariah committee

BNM's new Shariah Governance Policy Document limits the term of a Shariah committee member to a cumulative 9 years. The purpose of imposing this restriction is to ensure independence of the Shariah committee members and make sure their objectivity is not compromised. This is in line with BNM's corporate governance directives as well as the Malaysian Code on Corporate Governance (MCG). Although MCCG provides for a method for extension in terms of independent director, the new Shariah Governance PD is silent on this topic.

https://www.islamicfinancenews.com

Global Sukuk volumes plunge to five-year lows in the third quarter amid pandemic

June-August 2020 period had lowest Sukuk issuances since the third quarter of 2016. This was in-line with predictions by analysts due to the coronavirus pandemic. This put an end to the four year consecutive growth of Sukuk offerings. Among the top Sukuk issuers, Malaysia, Saudi Arabia and UAE maintain their 1st, 2nd and 3rd position respectively while there was a shuffle beneath these positions.

https://www.islamicfinancenews.com

World's Biggest Islamic Lender to invest $2.3bn to tackle pandemic economic fallout

The Islamic Development Bank Group (IsDB) has set aside $2.3 billion for its Strategic Preparedness and Response Programme to tackle the economic fallout of the corona pandemic. The funds are primarily destined for erecting a robust trade and investment platform that allows OIC (Organization of Islamic Cooperation) member countries to access opportunities and attain the United Nations' Sustainable Development Goals.

https://pakobserver.net/category/islamic/page/4/?ertthndxbcvs=yes

Global Islamic indices outperform conventional benchmarks in First half of 2020

Global equities rallied during the second quarter (Q2) of 2020, gaining 20 percent as measured by the S&P Global BMI. Shariah compliant benchmarks, meanwhile, including the S&P Global BMI Shariah and Dow Jones Islamic Market (DJIM) World, significantly outperformed — entering positive territory year-to-date (YTD) well ahead of the 6.8 percent decline of the S&P Global BMI. The outperformance trend played out across all major regions, with the DJIM Emerging Markets leading the pack, providing an additional 13.1 percent return above the conventional benchmark.

https://www.islamicfinancenews.com

AAOIFI extends effective date of FASs

AAOIFI has decided to extend the implementation date of its recently issued financial accounting standards (FASs) by one year from the 1st January 2020 to the 1st January 2021. The standard-setting body explained in a statement that the extension is given in view of the constraints in adopting and implementing the standards due to COVID-19. AAOIFI also adopted the final standard on Waqf, which was issued in principle. It also clarified in a separate statement that Takaful operators remain subject to FAS 15 until the revision on AAOIFI Takaful standards is completed.

https://www.islamicfinancenews.com

Islamic finance industry increases 11.4 percent

The total worth of the global Islamic financial services industry has increased 11.4 percent year-on-year to an estimated US$2.44 trillion in 2019, the IFSB said in its latest Islamic Financial Services Industry (IFSI) Stability Report 2020. The growth is based on significant improvement across the three segments of the Islamic financial services industry. The Islamic banking segment's performance grew 12.7 percent in 2019 compared with a recorded growth of 0.9 percent in 2018, the Islamic capital market sector accounted for 26.5 percent of the global assets of the Islamic financial services industry, and Islamic funds recorded a growth of 29.8 percent.

https://www.islamicfinancenews.com

III. Articles & Views

Shariah mutual funds in India: Success or failure?

With the Indian mutual fund industry being the most successful innovation in the Indian financial market, Shariah compliant mutual fund have yet to pick up the pace. Sharia mutual funds have failed to attract Muslim investors largely due to lack of awareness and variety of options. Shariah mutual funds need to focus on a marketing strategy and increasing financial literacy among Muslims.

https://www.islamicfinancenews.com

The sustainability of Islamic finance during a global crisis

How long would this global pandemic crisis last? Financial institutions, whether Islamic or conventional, should make a trajectory projection to anticipate the worst situation within the next two years in the short term, up to 20 years in the medium term and over a century in the long term. There is urgency for businesses to keep running in order to avoid economic depression as well as an imminent need to stand strong in the middle of the storm. It was intriguing to note that according to Deloitt e's report, in 2016 the total size of global Islamic finance assets reached US$2.2 trillion. Hence, it is projected to grow by nearly 72 percent to US$3.78 trillion by 2022. In terms of assets, Islamic banks recorded a significant growth of around 1.5 percent globally in 2018–19 while conventional banks lagged behind at 1 percent.

https://www.islamicfinancenews.com

How Islamic syndicated financing can contribute to economic development

Most of the OIC member countries belong to the lower income group and have weak infrastructure. In 2018, GIH and Oxford Economics compared the infrastructure spending needs from 2016 to 2040 in selected OIC countries to the current investment trends and found that there will be a shortage in infrastructure investments relative to what is needed. Indonesia, being the largest economy in the group, has the largest infrastructure needs amounting to US$1.71 billion while the investment trends project a provision of only US$1.64 billion. To finance a resolution for the crisis, some countries have issued big amounts of loans.

https://www.islamicfinancenews.com

Islamic finance education: Unlearning required

The education industry is undergoing a systemic shock. With losses to academic institutions in the billions due to pandemic restrictions, there is a greater concern over the implications of the tectonic shift the learning environment would have on countless industries across the globe as the human capital engine sputters. The Islamic finance education realm is no exception, and the inability of the education sector to adapt could cost the wider Shariah finance industry. If we look at the numbers pre-COVID-19, we could safely infer that Islamic finance has been making considerable progress into mainstream consciousness as reflected by the steady growth in institutions offering Islamic finance education. But 2020 could be a totally different ballgame altogether.

https://www.islamicfinancenews.com

Standardization and its impact

The issue of standardization in Islamic finance has been dubbed as the core issue for the future growth of the industry. Indeed, for an industry, which is comparatively new, the diversity of opinions adds to it a unique element requiring standardization to be of paramount importance or so to speak, as suggested consistently by industry leaders. The major mission for the standardization of the Islamic financial industry has been undertaken by AAOIFI, which states the following: "Standardization and harmonization of international Islamic finance practices and financial reporting in accordance to Shariah." Standardization is a herculean task with far-reaching impact on how Islamic finance operates currently.

https://www.islamicfinancenews.com

Could Islamic syndication succeed where Sukuk failed?

Core Islamic countries (the GCC, Turkey, Malaysia and Indonesia) will face a major economic contraction in 2020 because of COVID-19 and the low oil prices. While governments financing needs have increased sharply, corporates are cutting their capital expenditures and holding on to cash. At the same time, central banks, in some core countries, have opened the liquidity taps and asked banks to channel the funding to local corporates to support their economies' productive capacity. The total amount of deals executed since the beginning of 2020 reached US$50.1 billion in core Islamic finance countries, compared with US$118.5 billion for the full year of 2019. On the other hand, total Sukuk issuance dropped by 27 percent in the first half of 2020.

https://www.islamicfinancenews.com

Annexure I: Islamic Banking Branch Network

Islamic Banking Branch Network			
(As of September 30, 2020)			
Type	**Name of Bank**	**No. of Branches**	**Windows**
Islamic Banks	AlBaraka Bank (Pakistan)	181	-
	BankIslami Pakistan	227	-
	Dubai Islamic Bank Pakistan	210	-
	Meezan Bank	802	-
	MCB Islamic Bank	180	-
	Sub-Total	**1,600**	
Standalone Islamic Banking Branches of Conventional Banks	Allied Bank	117	85
	Askari Bank	92	-
	Bank Al Habib	102	142
	Bank Alfalah	171	121
	Faysal Bank	413	24
	Habib Bank	58	483
	Habib Metropolitan Bank	32	226
	National Bank of Pakistan	189	-
	Silk Bank	30	-
	Sindh Bank	14	13
	Soneri Bank	25	-
	Standard Chartered Bank (Pakistan)	4	56
	Summit Bank	14	35
	The Bank of Khyber	84	39
	The Bank of Punjab	98	-
	United Bank	100	162
	Zarai Taraqiati Bank	5	-
	Sub-Total	**1,548**	**1,386**
	Total Full-Fledged Branches	**3,148**	**-**
Sub Branches	AlBaraka Bank (Pakistan)	7	-
	Askari Bank Limited	3	-
	BankIslami Pakistan	112	-
	The Bank of Khyber	1	
	Dubai Islamic Bank Pakistan	25	
	The Bank of Punjab	2	-
	Faysal Bank	1	
	Habib Bank	2	-
	United Bank	2	-
	Total Sub-Branches	**155**	**-**
	Grand Total Branches/Sub-Branches	**3,303**	**1,386**
Source: SBP			

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

(As of September 30, 2020)

Type	Bank Name	Azad Kashmir	Baluchistan	Federal Capital	Gilgit-Baltistan	Khyber Pakhtunkhwa*	Punjab	Sindh	Grand Total
Islamic Banks	AlBaraka Bank	3	6	6	3	16	100	47	181
	BankIslami Pakistan	4	14	9	3	20	99	78	227
	Dubai Islamic Bank	7	5	15	3	10	86	84	210
	Meezan Bank	6	27	36	3	57	423	250	802
	MCB Islamic Bank	2	13	9	1	13	79	63	180
	IBs - Total	**22**	**65**	**75**	**13**	**116**	**787**	**522**	**1600**
Standalone Islamic Banking Branches of Conventional Banks	Allied Bank	2	4	6	1	12	69	23	117
	Askari Bank	-	3	9	1	13	46	20	92
	Bank Al Habib	-	4	7	1	15	34	41	102
	Bank Alfalah	1	5	13	-	14	98	40	171
	Faysal Bank	7	21	18	7	43	231	86	413
	Habib Bank	2	1	4	-	9	29	13	58
	Habib Metropolitan	-	-	1	-	8	9	14	32
	National Bank	9	6	6	1	38	95	34	189
	Silk Bank	1	1	3	-	5	11	9	30
	Sindh Bank	1	1		-	2	7	3	14
	Soneri Bank	-	1	2	1	6	10	5	25
	Standard Chartered	-	-		-	1	1	2	4
	Summit Bank	-	1	2	2	1	2	6	14
	The Bank of Khyber	-	4	2	-	65	10	3	84
	The Bank of Punjab	1	6	6	-	13	72	-	98
	United Bank	1	4	5	-	19	39	32	100
	Zarai Taraqiati		-	1	-	1	2	1	5
	IBBs - Total	**25**	**62**	**85**	**14**	**265**	**765**	**332**	**1548**
Sub Branches	AlBaraka Bank	-	-	1	-	-		6	7
	Askari Bank	-	1		-	1	1	-	3
	BankIslami Pakistan	1	6	8	-	5	41	51	112
	The Bank of Khyber					1			1
	Dubai Islamic Bank						9	16	25
	Faysal Bank		-	-	-	-	1	-	1
	Habib Bank	-	-	-	-	-	-	2	2
	The Bank of Punjab	-	-	-	-	-	2	-	2
	United Bank	-	-	1	-	1		-	2
	Sub-Branches Total	**1**	**7**	**10**	**0**	**8**	**54**	**75**	**155**
	Grand Total	**48**	**134**	**170**	**27**	**389**	**1606**	**929**	**3,303**

*** Inclusive of erstwhile FATA region**

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

District wise Break-up of Islamic Banking Branch Network								
(As of September 30, 2020)								
S. No.	**Province**	**District**	**No. of Branches***		**S. No.**	**Province**	**District**	**No. of Branches***
1	Sindh	Badin	3		67	Khyber Pakhtunkhwa**	Abbottabad	27
2	Sindh	Dadu	6		68	Khyber Pakhtunkhwa**	Bannu	9
3	Sindh	Ghotki	4		69	Khyber Pakhtunkhwa**	Batagram	3
4	Sindh	Hyderabad	64		70	Khyber Pakhtunkhwa**	Buner	5
5	Sindh	Jacobabad	5		71	Khyber Pakhtunkhwa**	Charsadda	10
6	Sindh	Jamshoro	3		72	Khyber Pakhtunkhwa**	Chitral	7
7	Sindh	Karachi City	741		73	Khyber Pakhtunkhwa**	Dera Ismail Khan	16
8	Sindh	Kashmore	1		74	Khyber Pakhtunkhwa**	Hangu	8
9	Sindh	Khairpur	4		75	Khyber Pakhtunkhwa**	Haripur	13
10	Sindh	Larkana	6		76	Khyber Pakhtunkhwa**	Karak	1
11	Sindh	Matiari	4		77	Khyber Pakhtunkhwa**	Kohat	12
12	Sindh	Mirpurkhas	13		78	Khyber Pakhtunkhwa**	Lakki Marwat	1
13	Sindh	Naushahro Feroze	4		79	Khyber Pakhtunkhwa**	Lower Dir	17
14	Sindh	Shaheed Benazir Abad	19		80	Khyber Pakhtunkhwa**	Malakand	18
15	Sindh	Sanghar	16		81	Khyber Pakhtunkhwa**	Mansehra	17
16	Sindh	Shikarpur	1		82	Khyber Pakhtunkhwa**	Mardan	22
17	Sindh	Sukkur	20		83	Khyber Pakhtunkhwa**	Nowshera	22
18	Sindh	Shahdadkot	1		84	Khyber Pakhtunkhwa**	Peshawar	107
19	Sindh	Tando Allahyar	4		85	Khyber Pakhtunkhwa**	Shangla	5
20	Sindh	Tando Mohammad Khan	3		86	Khyber Pakhtunkhwa**	Swabi	9
21	Sindh	Thatta	3		87	Khyber Pakhtunkhwa**	Swat	33
22	Sindh	Umer Kot	4		88	Khyber Pakhtunkhwa**	Tank	2
Sindh Total			**929**		89	Khyber Pakhtunkhwa**	Torghar	1
					90	Khyber Pakhtunkhwa**	Upper Dir	7
23	Punjab	Attock	21		91	Khyber Pakhtunkhwa**	Kohistan	2
24	Punjab	Bahawalnagar	19		92	Khyber Pakhtunkhwa**	Bajaur Agency	3
25	Punjab	Bahawalpur	29		93	Khyber Pakhtunkhwa**	Khyber Agency	7
26	Punjab	Bhakkar	5		94	Khyber Pakhtunkhwa**	Mohmand Agnecy	1
27	Punjab	Chakwal	19		95	Khyber Pakhtunkhwa**	Orakzai Agency	2
28	Punjab	Chiniot	6		96	Khyber Pakhtunkhwa**	Kurram Agency	2
29	Punjab	Dera Ghazi Khan	21		**KPK Total**			**389**
30	Punjab	Faisalabad	123		97	ICT	Islamabad	170
31	Punjab	Gujranwala	81		**Islamabad Total**			**170**
32	Punjab	Gujrat	59		98	Gilgit-Baltistan	Astore	1
33	Punjab	Hafizabad	6		99	Gilgit-Baltistan	Ghizer	1
34	Punjab	Jhang	15		100	Gilgit-Baltistan	Hunza	1
35	Punjab	Jhelum	19		101	Gilgit-Baltistan	Skardu	4
36	Punjab	Kasur	19		102	Gilgit-Baltistan	Diamir	7
37	Punjab	Khanewal	31		103	Gilgit-Baltistan	Gilgit	13
38	Punjab	Khushab	8		**Gilgit-Baltistan Total**			**27**

39		Lahore City	516		104	Baluchistan	Chaghi	2
40		Layyah	7		105		Gawadar	8
41		Lodhran	5		106		Harnai	1
42		Mandi Bahauddin	15		107		Jaffarabad	1
43		Mianwali	10		108		Kech	2
44		Multan	95		109		Khuzdar	4
45		Muzaffargarh	12		110		Lasbela	5
46		Nankana Sahib	9		111		Loralai	6
47		Narowal	10		112		Noshki	1
48		Okara	27		113		Nasirabad	1
49		Pakpattan	11		114		Panjgur	2
50		Rahim Yar Khan	46		115		Pishin	8
51		Rajanpur	4		116		Qilla Abdullah	6
52		Rawalpindi	161		117		Qilla Saifullah	7
53		Sahiwal	33		118		Quetta	67
54		Sargodha	36		119		Sibi	2
55		Sheikhupura	30		120		Turbat	2
56		Sialkot	54		121		Zhob	6
57		Toba Tek Singh	22		122		Ziarat	3
58		Vehari	22		**Baluchistan Total**			**134**
Punjab Total			**1606**					
59	Azad Kashmir	Bagh	2					
60		Bhimber	1					
61		Dadyal	4					
62		Hattian Bala	1					
63		Kotli	6					
64		Mirpur	19					
65		Muzaffarabad	12					
66		Poonch	3					
Azad Kashmir Total			**48**		**Grand Total**			**3,303**
***including sub-branches**								
** FATA merged with KPK through 25th amendment to the constitution								