April-June 2024

Quarterly Islamic Banking Bulletin

Islamic Finance Policy Department

State Bank of Pakistan

TABLE OF CONTENTS

PROGRESS & MARKET SHARE OF ISLAMIC BANKING INDUSTRY

OVERVIEW

Assets of Islamic Banking Industry (IBI) rose by PKR 454 billion from quarter ending March, 2024, and reached PKR 9,689 billion by end of June 2024. Likewise, deposits of IBI also maintained an upward trajectory, increased by PKR 488 billion during the period and reached to PKR 7,363 billion compared to quarter ending March, 2024. The year-on-year (YoY) growth of assets and deposits of IBI was registered at 19.4 percent and 25.4 percent, respectively. Financing (net) showed yearly growth of 3.8 percent and reached PKR 3,449 billion, whereas Investments (net) increased by 29.3 percent to PKR 4,489 billion by the quarter end of June, 2023.

With respect to market share, assets and deposits of IBI in the overall banking industry stood at 18.8 percent and 22.7 percent, respectively. The market share of financing (net) and investment (net) of IBI in the overall banking industry stood at 28.6 percent and 14.5 percent, respectively by the end of June, 2024. The number of IBI branches increased to 5,196, with a YoY growth of 14.6 percent. While, Islamic Banking Windows (IBWs) increased to 2,066, portraying YoY growth of 12.6 percent.

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

Particulars	Islamic Banking Industry Progress			Growth (YoY)			Share in Overall Banking Industry (%)		
	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24
Assets	8,118	9,235	9,689	19.7	22.6	19.4	19.9	19.9	18.8
Deposits	5,870	6,875	7,363	20.9	28.5	25.4	21.9	23.2	22.7
Investments (net)	3,472	4,405	4,489	30.0	41.3	29.3	16.1	16.3	14.5
Financing (net)	3,324	3,259	3,449	12.3	1.0	3.8	27.6	28.0	28.6
Number of Islamic Banking Institutions	22	22	22	-	-	-	-	-	-
Number of Branches*	4,534	5,101	5,196	11.0	15.2	14.6	-	-	-
Number of Islamic Banking Windows	1,834	1,916	2,066	25.4	4.6	12.6	-	-	-

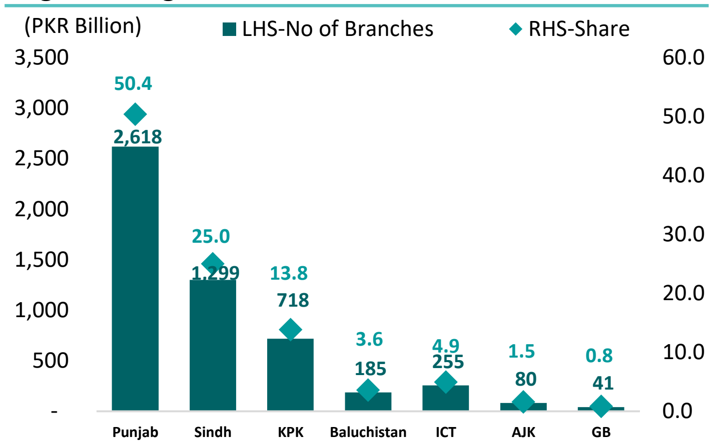
**number includes sub-branches*

Source: Data submitted by banks under quarterly Reporting Chart of Accounts (RCOA)

BRANCH NETWORK OF ISLAMIC BANKING INDUSTRY

Islamic Banking Institutions (IBIs) includes 22 banks, comprising of 6 full-fledged Islamic banks and 16 conventional banks having standalone Islamic banking branches. IBI branch network has shown a quarterly growth of 1.9 percent with the addition of 95 branches. With the inclusion of these branches, IBI branch network increased to 5,196. **Figure 1** depicts the geographical distribution of branches. Islamic

Figure 1: Region Wise Branch Network



Source: SBP

Banking Branches are operating in 131 districts across Pakistan. In addition to that 2,066 IBWs have been operating across the country by end of June, 2024.

ASSETS AND LIABILITIES STRUCTURE

ASSETS

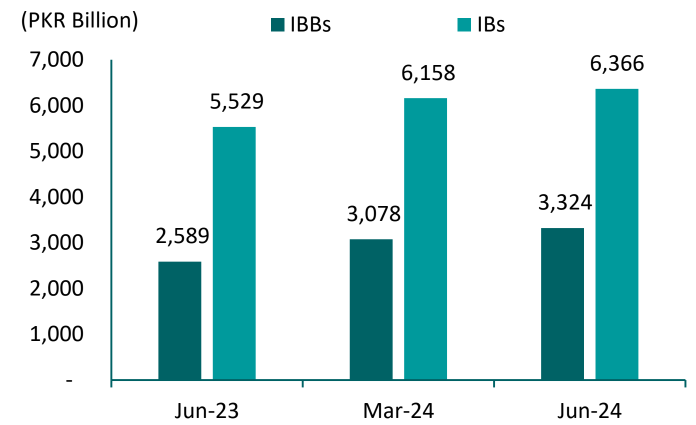
During the period under review, assets of IBI have increased by PKR 454 billion and were PKR 9,689 billion in comparison to PKR 9,235 billion in the preceding quarter.

Market share of IBI's assets in overall banking industry's assets was recorded at 18.8 percent. The breakdown of Islamic banking assets reveals that the share of financing (net) stood at 35.6 percent, whereas investments (net) was recorded at 46.3 percent (see section below on Investments and Financing for details).

BREAK UP OF ASSETS OF IBs AND IBBs

Asset size for both Islamic Banks (IBs) and Islamic Banking Branches (IBBs) continued its upward trajectory during the quarter. Assets of IBs increased by PKR 208 billion and reached to PKR 6,366 billion. Similarly, the assets of IBBs increased by PKR 246 billion and reached at PKR 3,324 billion. The share of IBs and IBBs in the overall IBI asset stood at 65.7 percent and 34.3 percent, respectively by end June, 2024 **(Figure 2)**.

Figure 2: Breakup of Assets



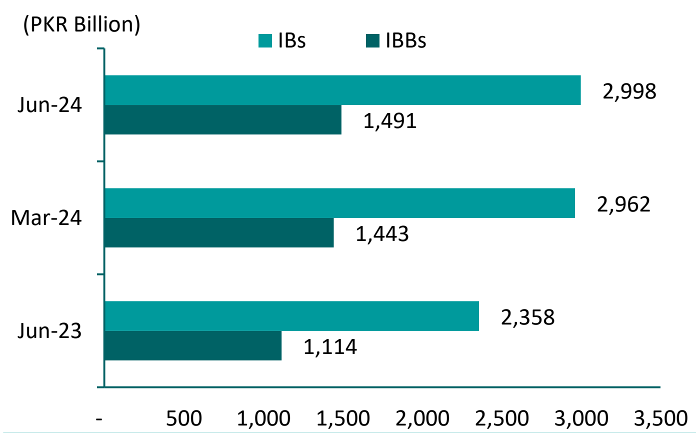
Source: SBP

INVESTMENTS

Investments (net) of IBI grew by PKR 84 billion (1.9 percent) and stood at PKR 4,489 billion by quarter end compared to previous quarter. The breakdown of investments (net) portfolio shows that IBBs investment increased by PKR 48 billion and stood at PKR 1,491 billion. Similarly, investment (net) portfolio of IBBs increased by PKR 36 billion to a total of PKR 2,998 billion by the end of June, 2024.

In terms of share, IBs and IBBs investments (net) as percentage of total investments (net) stood at 66.8 percent and 33.2 percent respectively. **(Figure 3)**.

Figure 3: Breakup of Investment



Source: SBP

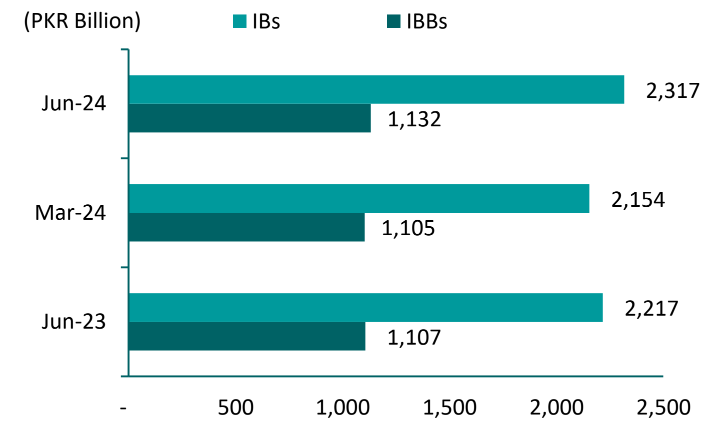
FINANCING & RELATED ASSETS

Financing & related assets stood at PKR 3,449 billion showing increase of PKR 190 billion in quarter ended June, 2024. The major share of financing was contributed by IBs which stood at PKR 2,317 billion, whereas IBBs contributed PKR 1,132 billion. **(Figure 4)**.

In terms of mode wise financing, Diminishing Musharakah had a leading share with 31.9 percent of the total financing, followed by Musharakah with 29.4 percent and Murabaha financing with 10.9 percent share. The share of other modes of financing including Ijarah, Salam, Istisna, others, stood at 27.8 percent of total financing of IBIs **(Table 2)**.

In the sector wise financing of IBIs, textile sector led with a share of 15.1 percent, followed by agribusiness with a share of 13.1 percent and production and transmission of energy with share of 10.9 percent **(Table 3)**.

Figure 4: Breakup of Financing



Source: SBP

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

Mode	Jun-23	Mar-24	Jun-24
Murabaha	13.6	12.6	10.9
Ijarah	3.8	4.2	4.3
Musharakah	25.2	24.4	29.4
Diminishing Musharakah	32.4	32.6	31.9
Salam	2.0	2.6	2.4
Istisna	8.1	10.9	9.9
Others	14.9	12.7	11.2
Total	**100.0**	**100.0**	**100.0**

Table 3: Sector Wise Financing (Share in %)

Sector	Jun-23	Mar-24	Jun-24	Overall Banking Industry
Chemical and Pharmaceuticals	4.8	5.5	5.9	3.6
Agribusiness	15.4	9.9	13.1	8.9
Textile	15.6	15.7	15.1	15.0
Cement	2.5	2.3	2.2	1.8
Sugar	3.3	5.3	4.3	3.6
Shoes and leather garments	0.4	0.4	0.5	0.4
Automobile and transportation equipment	1.2	1.1	1.1	1.3
Financial	1.4	1.5	0.7	2.8
Electronics and electrical appliances	0.7	1.0	1.1	1.3
Production and transmission of energy	10.5	10.8	10.9	13.3
Individuals	10.7	10.3	9.8	9.1

Others	33.5	36.2	35.3	38.9
Total	**100.0**	**100.0**	**100.0**	**100.0**

The breakdown of client wise financing portrays that the share of corporate sector financing in total client wise financing decreased to 69.8 percent in June 2024. Commodity financing contributed to 16.7 percent with second largest share, which was followed by consumer financing with a share of 7.8 percent. The share of SME and agriculture financing was reported as 1.9 percent and 1.4 percent, respectively **(Table 4)**.

Table 4: Client Wise Financing Portfolio (Share in %)

	Jun-23	Mar-24	Jun-24	Overall Banking Industry
Corporate Sector	66.8	72.5	69.8	68.7
SMEs	1.7	1.9	1.9	4.0
Agriculture	1.1	1.2	1.4	4.0
Consumer Finance	9.4	8.4	7.8	6.6
Commodity Financing	19.3	13.8	16.7	11.0
Others	1.7	2.2	2.4	5.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

ASSET QUALITY

During the quarter under review, the asset quality ratios of IBI such as Non-Performing Financing (NPF) to Financing (Gross) stood at 3.7 percent, whereas NPFs to Financing (Net) was recorded at -0.73 percent. IBI provisions to NPFs increased from 116.4 percent in the previous quarter to 119.2 percent by end June 2024 **(Table-5)**.

Table-5: Assets Quality Ratio (%)

Ratio	Jun-23	Mar-24	Jun-24	Overall Banking Industry
NPFs to Financing (gross)	3.2	3.7	3.7	7.6
Net NPFs to Net Financing	(0.01)	(0.64)	(0.73)	(0.40)
Provisions to NPFs	100.3	116.4	119.2	105.3

LIABILITIES

Deposits of IBIs carried on the momentum gained in the previous quarter with an increase of PKR 488 billion i.e. 7.1 percent, reached at PKR 7,363 billion. The market share of deposits in the overall banking industry stood at 22.7 percent as of June 30, 2024. Current deposits and saving deposits were the major constituents, each amounting to PKR 2,737 billion and PKR 2,751 billion, respectively. During the quarter under review, saving deposits and current deposits have shown a rise of PKR 262 billion i.e. 10.5 percent and PKR 165 billion i.e. 6.4 percent, whereas fixed deposits increased by PKR 37 billon i.e. 3.5 percent **(Table 6)**.

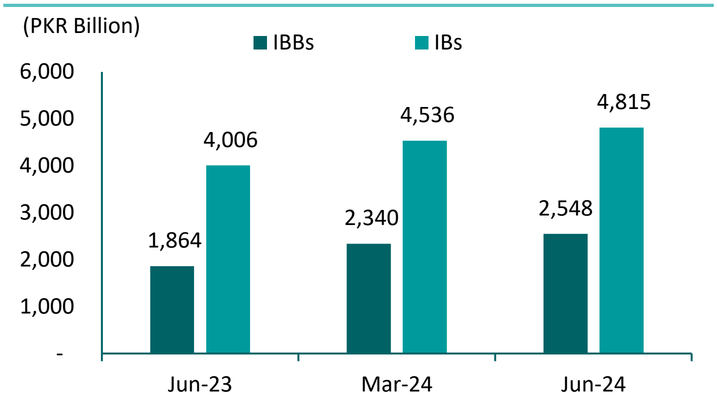
Table-6: Break up of Deposits (Amount in PKR Billion, Growth in %)

Category	Jun-23	Mar-24	Jun-24	Yearly Growth (%)	Quarterly Growth (%)
1. Customers					
Fixed Deposits	940	1,054	1,091	16.0	3.5
Saving Deposits	1,986	2,489	2,751	38.5	10.5

Current Deposits	2,277	2,571	2,737	20.2	6.4
Others	117	109	129	10.3	18.3
Sub-total	**5,320**	**6,223**	**6,708**	**26.1**	**7.8**
2. Financial Institutions					
Remunerative Deposits	524	603	617	17.7	2.3
Non-remunerative Deposits	26	50	38	46.2	(24)
Sub-total	**550**	**652**	**655**	**19.1**	**0.5**
Total (1+2)	**5,870**	**6,875**	**7,363**	**25.4**	**7.1**

The bifurcation of deposits among IBs and IBBs shows that the deposits of IBs increased by PKR 279 billion and reached to PKR 4,815 billion by end June, 2024. Similarly, IBB's deposits improved by PKR 208 billion to reach at PKR 2,548 billion by the end of quarter. The share of IBs and IBBs in the overall deposits of IBI was registered at 65.4 percent and 34.6 percent respectively, by June 2024 **(Figure-5).**

Figure 5: Breakup of Deposits



Source: SBP

LIQUIDITY

During the period under review, Liquid Assets to Total Assets Ratio decreased to 47.7 percent, whereas Liquid Assets to Total Deposits Ratio dropped to 62.8 percent. While, Financing to Deposits (Net) Ratio decreased to 46.8 percent by end June, 2024 **(Table 7)**.

Table-7: Liquidity Ratios (%)

Ratios	Jun-23	Mar-24	Jun-24	Overall Banking Industry
Liquid Assets to Total Assets	44.6	49.7	47.7	66.8
Liquid Assets to Total Deposits	61.7	66.8	62.8	106.1
Financing to Deposits (Net)	56.6	47.4	46.8	37.2

CAPITAL

Capital ratios of IBI were observed to be increasing during the quarter under review. Capital to Total Assets Ratio increased to 7.6 percent, whereas (Capital - Net NPAs) to Total Assets Ratio improved to 7.7 percent which was previously recorded at 7.4 percent **(Table 8)**.

Table-8: Capital Ratios (%)

Ratios	Jun-23	Mar-24	Jun-24	Overall Banking Industry
Capital to Total Assets	6.2	7.3	7.6	5.6
(Capital - Net NPAs) to Total Assets	6.1	7.4	7.7	5.4

PROFITABILITY

Profit before tax of IBI was registered at PKR 243.5 billion at the quarter end. Meanwhile, earnings ratios i.e. 'Return on Assets (ROA)' and 'Return on Equity (ROE)' (before tax) were 5.2 percent and 70.6 percent, respectively. During the period under review, 'operating expense to gross income' of IBI was recorded at 34.7 percent **(Table 9).**

Table-9: Profitability Ratios (%)

Particulars	Jun-23	Mar-24	Jun-24	Overall Banking Industry
Profit before tax (PKR billion)	154.4	123.5	243.5	598.2
ROA before tax	4.0	5.4	5.2	2.5
ROE before tax	66.8	74.0	70.6	42.6
Operating Expense to Gross Income	36.9	33.8	34.7	48.1

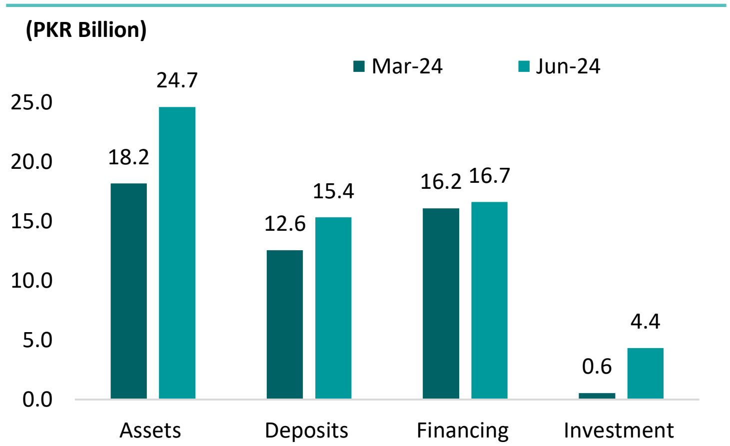
SBP REGULATED ISLAMIC FINANCIAL INSTITUTIONS (OTHER THAN COMMERCIAL BANKS)

At present, two Microfinance Banks, NRSP Microfinance Bank Limited and U Microfinance Bank Limited are offering Islamic Microfinance services and operate a combined total of 127 branches. Additionally, two Development Finance Institutions, Pakistan Kuwait Investment Company Limited (PKIC) and Pakistan Mortgage and Refinance Company Limited (PMRC) also offer Islamic products and services.

ISLAMIC MICROFINANCE BUSINESS

The microfinance banks that have Islamic operations include two banks: NRSP Microfinance Bank Limited and U Microfinance Bank Limited. The branch network of Islamic microfinance business (banking) consisted of 127 branches by end June, 2024. The assets size of the Islamic microfinance industry was recorded at PKR 24.7 billion by end June, 2024 showing increase of PKR 6.5 billion i.e. 35.71 percent as compared to previous quarter. Likewise, deposits of Islamic microfinance banking institutions stood at PKR 15.4 billion by end June, 2024 showing increase of PKR 2.8 billion i.e. 22.22 percent **(Figure 6)**.

Figure 6: Islamic Microfinance Business

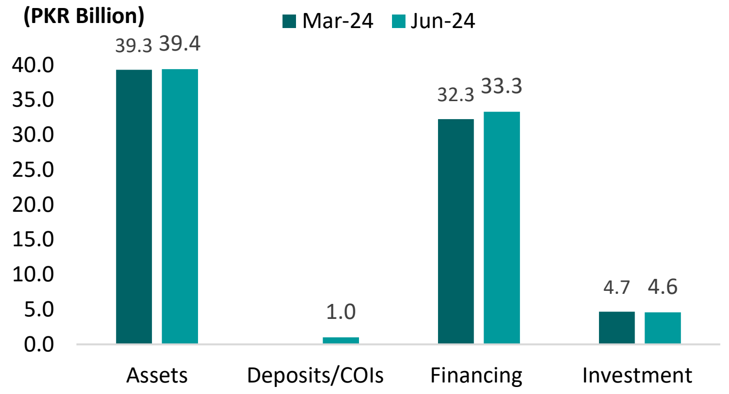


Source:SBP

DEVELOPMENT FINANCE INSTITUTIONS HAVING ISLAMIC OPERATIONS

Development Finance Institutions having Islamic operations include, Pakistan Mortgage Refinance Company Limited (PMRC) and Pakistan Kuwait Investment Company Limited (PKIC). The combined Islamic asset size of these institutions was PKR 39.4 billion by end June, 2024. On the other hand, Certificates of Investment (COI) stood at PKR 1.0 billion by end June, 2024. **(Figure 7)**

Figure 7: Islamic Development Finance Institutions (I-DFIs) Indicators



Source:SBP

COUNTRY MODEL – INDONESIA

Overview

Indonesia, a diverse nation of more than 300 ethnic groups, has charted impressive economic growth since overcoming the Asian financial crisis of the late 1990s. Indonesia is the world's largest Muslim and fourth most populous nation. It is also the 10th largest economy in terms of purchasing power parity. Indonesia is pursuing a 20-year development plan, spanning from 2005 to 2025, which aims to further strengthen Indonesia's economy by improving the country's human capital and competitiveness in the global market. One of the top Islamic finance jurisdictions in the world, Indonesia enjoys strong support from its leadership and government and is home to a thriving Halal ecosystem.

Regulatory Landscape

Indonesia's robust Islamic financial system is regulated by the Financial Services Authority, Otoritas Jasa Keuangan (OJK), along with Bank Indonesia, the Central Bank, while the National Shariah Board of the Indonesian Council of Ulama publishes Fatwas on specific Islamic products and transactions. The 2019–24 Shariah Economy Master Plan (MEKSI), launched in May 2019, aims to strengthen Halal products, Shariah finance, the MSME sector and the digital economy of the country. In line with this plan, the 2020–25 Shariah Banking Development Roadmap was launched by the OJK in 2021 to accelerate the development of Islamic banking in Indonesia by strengthening licensing, regulation and supervision in the sector.

Banking and Finance

There are 14 Islamic banks, 34 Islamic banking windows (Conventional Banks with Islamic Banking Branches/Operations) and 196 Rural Shariah Banks in the country, as well as micro Waqf, numbering around 33 nationwide. As the deadline for conversion to Islamic banking looms close, Vice-President Ma'ruf Amin in September 2022 gave instructions to the banks to accelerate the process.

Capital Markets and Sukuk

Indonesia's capital market remains active on the Sukuk issuances. Sovereign Sukuk issuances dominate the Indonesian market, making up about 97 percent of total issuances. Along with Malaysia, it is a pioneer of green Sukuk, with its first issuance in 2018 after the government launched its green Sukuk framework.

FinTech

Indonesia has a rapidly growing fintech sector. In 2018, the OJK launched the Digital Financial Innovation Regulation for Fintech Companies, which cover the supervision and regulation of the local fintech sector. In 2019, the Indonesian Islamic Economics Master Plan (MEKSI) 2019-2024 introduced three Islamic fintech initiatives — LinkAja Syariah, a digital payment system that utilizes local Islamic banks as settlement banks; digital Zakat payments; and a centralized digital platform for Islamic cooperatives. In the past few years, the Islamic fintech sector has shown rapid growth as well, with the emergence of P2P lending and other tech based solutions and services that aim to achieve financial inclusion.

Takaful

The long-term growth potential of the Indonesian takaful sector is positive, reflecting government support and growing awareness of takaful products among the Muslim population. Over the past two years, the takaful products penetration rate has risen to roughly 9 percent in 2022 from about 5 percent in 2020, mainly attributed to digitalisation through InsurTechs and traditional insurers' digital platforms. However, long-term structural challenges persist, such as the small capital base of the sector and the limited range of takaful products. Only six operators are fully-fledged takaful operator since 2014 due to high capital requirements and operating expenses, although over 70 percent of all operators are required to spin off their Shari'ah business units (SBUs) by the October 2024 deadline.

Sources of Information

World Bank {https://www.worldbank.org/}

Islamic Finance News {https://www.islamicfinancenews.com/}

Islamic Financial Services Board {https://www.ifsb.org/}

ADOPTION OF AAOIFI SHARIAH STANDARD NO. (4): SETTLEMENT OF DEBTS BY SET-OFF

With a view to further strengthen Shariah compliance framework and harmonize the Shariah practices in Islamic banking industry, the AAOIFI Shariah Standards No. 4 Settlement of Debt by Set-off has been adopted by SBP, which is discussed below along with the amendments advised by the Shariah Advisory Committee (SAC) of SBP.

1. Scope of the Standard

This standard covers the settlement of debt by way of set-off. The standard shall not apply to discharge of liability by way of transfer, waiving of obligation, composition, acquisition of a right payable or bilateral cancellation of a contract, as they are covered by their respective Standards.

2. Definition of Set-Off and Its Various Forms

A set-off is to extinguish a debt receivable by a debt payable. It is divided into two main forms: mandatory set-off and contractual set-off.

2/1 Mandatory set-off

A mandatory set-off is a set-off that occurs without the need for bilateral agreement or consent of both indebted parties and, in some cases of mandatory set-off, it is one party that is forced to comply with the request of the other party for set-off. It is divided into compulsory set-off (on both parties) (2) and set-off on demand (of the person with the superior debt whereby the other party is obliged to comply with the demand).

2/1/1 A compulsory set-off is the spontaneous discharge of two debts that is not contingent on the request or consent of both or either party.

2/1/2 The conditions of the permissibility of compulsory set-off are the following:

a) Each party should be a creditor and debtor simultaneously.

b) Both debts should be equal in kind, type, description and maturity. However, if the two debts are not equal in amount,a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt will remain a creditor for the remaining balance.

c) Neither of the two debts should be encumbered by an obligation to a third party, such as the right of a mortgagee to one of the debts. The intention of this is to protect rights associated with the amount of the debt and belonging to third parties.

d) The set-off should not be arranged in a manner that results in violation of a rule of Shariʹah, such as Riba (usury) or *Shubhat al-Riba* (a transaction potentially involving Riba).

2/1/3 A set-off on demand is the discharge of two debts at the request of the creditor for the superior debt and his consent to forgo the excess of the amount or privilege he is owed over what he owes. This set-off will take place whether or not the creditor for the smaller debt consents.

2/1/4 The conditions of permissibility of a set-off on demand are the following:

a) Each party should be a creditor and debtor simultaneously.

b) The creditor for the superior debt, in terms of quality and duration, should consent to relinquish his additional right or privilege. An example of superiority in terms of quality is when the debt is secured by a mortgage, or when a third party has given a guarantee to pay the debt, and the owner of the secured debt consents to relinquish this guarantee. Superiority in terms of duration exists if the duration of one of the debts is shorter, or one debt is now due and the other is not yet due. In these cases, the debt which has the shorter duration or which is now due is superior.

c) Both debts should be similar in kind and type, but not necessarily in quality and date of maturity. However, if the two debts are not equal in amount, a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt will remain a creditor for the remaining balance.

d) The set-off should not be arranged in a manner that results in violation of a rule of Shariʹah, such as Riba (usury) or a transaction potentially involving Riba.

2/2 Contractual set-off

2/2/1 A contractual set-off is the discharge of two debts by the consent of the two parties to extinguish their obligations towards each other.

2/2/2 The conditions of the permissibility of a contractual set-off are the following:

a) Each party should be a creditor and debtor simultaneously.

b) The two parties should mutually consent to the set-off.

c) The set-off should not be arranged in a manner that results in violation of a rule of Shariʹah, such as Riba or a transaction potentially involving Riba.

2/2/3 A contractual set-off is permissible even without the need for two debts to be similar in kind, type, description or maturity. This is because the agreement on contractual set-off means that each party has agreed to relinquish any extra privilege associated with his debt. A contractual set-off is also permissible if the two debts are not equal in terms of amount, in which case a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt is entitled to request payment of the remaining balance. [see item 2/10 (a) of the Shariʹah Standards on Trading in Currencies]

3. Bilateral Exchange of Promises to Conclude a Set-Off in the Future

It is permissible for the Institution and its customers or other Institutions to exchange bilateral promises that debts that may be created between them in the future will be settled by way of set-off, in which case all the conditions mentioned in the items 2/1 and 2/2 will be applicable at the time of actual set-off. However, if the currencies of the two debts differ, a bilateral exchange of promise of set-off should be concluded on the basis that a set-off will take place based on the current currency exchange rateat the time of actual set-off; this ruling is to prevent the practices of Riba by roundabout methods or by implied agreement for practicing Riba.

4. Application of the Rules of Set-Off to Some Modern Transactions

The followings are some rules of set-off to modern transactions: 4/1 Stipulating set-off between the customer and the Institution in respect of debts to the Institution arising out of sales on deferred payment. The agreement on contractual set-off of future debts, commonly known as set-off and consolidation, is a practice employed by a large number of financial Institutions. This form of set-off may take place either compulsorily or contractually depending on whether the situation that gives rise to this set-off meets the conditions of compulsory set-off or the conditions of contractual set-off. Moreover, by pre-stipulating this type of set-off in the agreement, a fresh agreement may be avoided at the time of set-off when the two currencies are different or when one of the debts is superior to the other.

4/2 A set-off may take place between a financial Institution accepting a cheque and the drawer of the cheque, through the clearing-house. This form of set-off may also take place either compulsorily or contractually depending on whether the state that gives rise to this set-off meets the conditions of compulsory set-off or the conditions of contractual set-off.

4/3 Set-off that is concluded among financial Institutions through international or national networking systems, such as credit card or debit card organisations. This form of set-off may be either compulsory or contractual depending on whether the state that gives rise to this set-off meets the conditions of compulsory set-off or the conditions of contractual set-off.

5. Currency Swaps

The currency swaps that are concluded on the basis of Riba are not permissible. This is because in this process it is the interest-based securities that are set-off against interest-based securities.

6. Date of Issuance of the Standard

This Standard was issued on 29 Safar 1422 A.H., corresponding to 23 May 2001 A.D.

Adoption of the Standard in Pakistan:

For adoption of the Standard in Pakistan, following amendments have been made on the advice of the Shariah Advisory Committee, SBP:

Clause No.	Clarifications/Amendments
Clause 1: The following is added as a footnote to the clause: This clause may be read as follows: "Scope of the Standard This standard covers the settlement of debt by way of set-off. The standard shall not apply to discharge of liability by way of transfer, waiving of obligation, settlement through reconciliation of debt, acquisition of a right payable or bilateral cancellation of a contract, as they are covered by their respective Standards."	
Clause 2: The following is added as a footnote to the clause: This clause may be read as follows: "Definition of Set-Off and Its Various Forms To extinguish a debt receivable for a person from his debtor against a debt payable on that person to his debtor. It is divided into two main forms: mandatory set-off and contractual set-off."	
Clause 2/1: The following is added as a footnote to the clause: This clause may be read as follows: "Mandatory set-off A mandatory set-off is a set-off that occurs without the need for bilateral agreement or consent of both indebted parties and, in some cases of mandatory set-off, it is one party that is forced to comply with the request of the other party for set-off. It is divided into (1) compulsory set-off (on both parties) and (2) and set-off on demand."	
Clause 2/1/2: The following is added as a footnote to the clause:	

This clause may be read as follows: “The conditions of the permissibility of compulsory set-off are the following: a) Each party should be a creditor and debtor of each other. b) Both debts should be equal in kind, type, description and maturity. However, if the two debts are not equal in amount, a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt will remain a creditor for the remaining balance. c) Neither of the two debts should be encumbered by an obligation to a third party, with an intention to avoid damage to the third party such as the right of a mortgagee. d) The set-off should not be arranged in a manner that results in violation of a rule of Shari’ah, such as Riba (usury) or Shubhat al-Riba (a transaction potentially involving Riba).”
Clause 2/1/3: The following is added as footnote to the clause: This clause may be read as follows: “A set-off on demand is the discharge of two debts at the request of the creditor for the superior debt and his consent to forgo from the feature which distinguishes his right. This set-off will take place whether or not the creditor of the inferior debt consents.”
Clause 2/1/4: The following is added as footnote to the clause: This clause may be read as follows: “The conditions of permissibility of a set-off on demand are the following: a) Each party should be a creditor and debtor of each other. b) The person with the superior right agrees to forgo his right in superiority e.g. in terms of the characteristics of the debt such as his debt is secured through mortgage or guarantee or superiority in tenure of debt such as tenure of his debt is shorter or his debt has become due and the other debt is deferred. c) Both debts should be similar in kind and type, but not in quality and date of maturity. However, if the two debts are not equal in amount, a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt will remain a creditor for the remaining balance. d) The set-off should not be arranged in a manner that results in violation of a rule of Shari’ah, such as Riba (usury) or a transaction potentially involving Riba (شبهة الربا).’’
Clause 2/2/2: The following is added as footnote to the clause: This clause may be read as follows: “The conditions of the permissibility of a contractual set-off are the following: a) Each party should be a creditor and debtor of each other. b) The two parties should mutually consent to the set-off. c) The set-off should not be arranged in a manner that results in violation of a rule of Shari’ah, such as Riba or a transaction potentially involving Riba (شبهة الربا).’’
Clause 2/2/3: The following is added as a footnote to the clause: This clause may be read as follows: “A contractual set-off is permissible even without the need for two debts to be similar in kind, type, description or maturity. This is because the agreement on contractual set-off means that each party has agreed to relinquish any extra privilege associated with his debt. A contractual set-off is also permissible if the two debts are not equal in terms of amount, in which case a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt is entitled to demand payment of the remaining balance. [see item 2/10 (a) of the Shari’ah Standards on Trading in Currencies].”
Clause 3: The following is added as a footnote to the clause: This clause may be read as follows: “Bilateral Exchange of Promises to Conclude a Set-Off in the Future Bilateral promise between the institution and its customers or between the institution and other institutions on settlement of debts that may be created between them in the future is permissible, in this

case all the conditions mentioned in the items 2/1 and 2/2 will be applicable. However, if the currencies of the two debts differ, a bilateral exchange of promise of set-off should be concluded on the basis that a set-off will take place based on the prevailing exchange rate at the time of settlement. This ruling is to prevent from the possible concealment of Riba."
Clause 4: The following is added as a footnote to the clause: This clause may be read as follows: "Contemporary applications of rules of set off (Muqassa) Following are some contemporary applications for the rules of set-off:"
Clause 4/1: The following is added as a footnote to the clause: This clause may be read as follows: "Stipulating set-off between the customer and the Institution in respect of debts to the Institution arising out of sales on deferred payment. The agreement on contractual set-off of future debts, commonly known as set-off and consolidation, is a practice employed by a large number of financial Institutions. This form of set-off may take place either compulsorily or contractually according to the condition of any of the two forms. Moreover, by pre-stipulating this type of set-off in the agreement, a fresh agreement may be avoided at the time of set-off when the two currencies are different or when one of the debts is superior to the other."
Clause 4/2: The following is added as a footnote to the clause: This clause may be read as follows: "A set-off may take place between a financial Institution accepting a cheque and the drawer of the cheque, through the clearing-house. This form of set-off may also take place either compulsorily or contractually according to the condition of any of the two forms."
Clause 4/3: The following is added as a footnote to the clause: This clause may be read as follows: "Set-off that is concluded among financial Institutions through international or national networking systems, such as credit card or debit card organisations. This form of set-off may be either compulsory or contractual according to the condition of any of the two forms."
Clause 5: The following is added as a footnote to the clause: This clause may be read as follows: "Swaps The swaps that are concluded on the basis of Riba are not permissible. This is because in this process it is the set-off between interests of interest-based securities."

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

Source:

1. AAOIFI website

2. IFPD Circular No. 01 of 2024

EVENTS AND DEVELOPMENTS AT ISLAMIC FINANCE GROUP (IFG) – STATE BANK OF PAKISTAN (SBP)

Fundamentals of Islamic Banking Operations (FIBO)

Islamic Finance Group (IFG), SBP, in collaboration with National Institute of Banking and Finance (NIBAF) conducted one (01) iteration of 'Fundamentals of Islamic Banking Operations (FIBO)' program in Faisalabad during April 22 – 26, 2024. This program was aimed to enhance the capacity of the industry professionals, Shariah scholars, academia, etc. The session was attended by 43 participants.

Islamic Banking Branch Operations (IBBO)

IFG-SBP in collaboration with NIBAF holds a shorter duration capacity building program titled 'Islamic Banking Branch Operations (IBBO)' in 2nd/3rd tier cities which aims to upscale capacity levels of Islamic banking branch level staff as well as local Shariah scholars, academia, etc. During the quarter from April - June, 2024, one (01) iteration of IBBO was held in Timergara on April 23 – 25, 2024 and was attended by 39 participants.

Capacity Building Program for Government Officials

To upgrade the capacity levels of government officials, IFG-SBP in collaboration with NIBAF arranged a capacity building program in Karachi on May 20 – 21, 2024. The program was attended by a diverse audience including officials from the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX), Universities and Boards Department – Sindh, Agriculture, Supply and Prices Department – Sindh, Sui Southern Gas Company Limited (SSGCL) and Sindh Revenue Board. Such sessions are aimed to enable the participants in identifying different forms of Riba and sensitizing them on their prohibition. The session also shed light on the Shariah-compliant product structures and how they cater to the need of the market without violating any principles of Shariah.

Focused Capacity Building Programs for Shariah Scholars

To upgrade the capacity levels of Shariah scholars serving the industry, two (2) such capacity building programs were arranged by IFG-SBP during May 2024 at Islamabad and Karachi respectively. The theme of the first program was 'Demystifying Islamic Banking in Microfinance sector', while the second program focused on 'Unveiling Islamic Finance'. The said programs were also attended by officials of IBIs.

Awareness Sessions for University Students

In order to increase awareness and clarify doubts about Islamic banking & finance in the young minds, IFG-SBP conducted three (03) awareness sessions for university students during the quarter. These sessions were conducted at Malakand University – Chakdara, University of Education – Faisalabad and University of Sahiwal during the quarter from April – June, 2024. The sessions were attended by approx. 400 participants cumulatively.

Young Islamic Banking Professionals (Y – IBP) Program

IFDD-SBP in collaboration with Development Finance Support Department, SBP BSC, has initiated a series of dedicated awareness sessions on Islamic finance for the students of universities. The half-day sessions aim to introduce young students to the fundamentals of Islamic banking. At the end of each session, a quiz was conducted for shortlisting them to attend Islamic banking trainings on complimentary basis, as well as to seek internship opportunities with Islamic banking institutions. During the period under review, nine sessions were conducted in Islamabad, Karachi, Quetta, Multan, Sialkot, Hyderabad, Sukkur, Bannu and Kotli – AJK which were attended by approx. 1,300 students.

Shariah Experts in Islamic Banking Professionals (SE-IBP)

IFG-SBP in collaboration with SBP BSC also conducts a specialized program titled "Shariah Experts in Islamic Banking Professionals (SE-IBP)" for Shariah scholars and students associated with Madaris with an aim to spread awareness of Islamic banking and finance among the Shariah fraternity. Similar to above, each of these sessions were also followed up by a quiz for shortlisting students, enabling them to attend Islamic banking trainings on complimentary basis, as well as to seek internship opportunities with Islamic banking institutions. In this connection, three (15) such sessions were conducted across the country during Q4 of FY 2023 – 24 which were attended by more than 1,100 participants. These programs are instrumental for students in further developing their knowledge base in this field.

Islamic Banking Certification Course (IBCC)

IBCC is an intensive course in the Islamic banking industry in terms of its coverage, training delivery as well as participation/attendance and evaluation. This certification is aimed at enhancing the capacity levels of human resource of Islamic banking industry including Shariah scholars of different schools of thoughts. In this connection, two such iterations dedicated for Shariah scholars were held during April – June 2024 wherein the first program was held in collaboration with Minhaj University Lahore. This was followed up by another iteration of IBCC which was conducted in collaboration with Al-Sadiq Institute of Islamic Education, Finance and Takaful, Karachi.

ISLAMIC BANKING NEWS AND VIEWS

i. Local Industry News

Govt. to launch domestic Green Sukuk bonds by December

Pakistan intends to launch domestic green Sukuk bonds by December 2024, as confirmed by Federal Minister for Finance and Revenue, Senator Muhammad Aurangzeb. These bonds will finance projects geared towards sustainable development, according to a statement from the Finance Division released on Friday. This announcement was made as part of Aurangzeb's keynote speech delivered via an online platform at the UK-Pakistan Green Investment Forum, which was organized by the British High Commission in Pakistan on Friday. In his statement, Mr. Aurangzeb detailed Pakistan's strategy to harness innovative financing methods to attract international climate finance. He also acknowledged the substantial funding deficits in projects focused on adaptation, resilience, and mitigation, and emphasized the critical need to bridge these gaps.
https://profit.pakistantoday.com.pk/

SECP, IFSB pledge Islamic finance expansion

A three-day capacity-building workshop on Islamic Capital Markets, jointly organised by the Securities and Exchange Commission of Pakistan (SECP) and the Islamic Financial Services Board (IFSB), concluded, underscoring Pakistan's significant progress in developing the Islamic finance industry. The workshop aimed to enhance the capacity of regulatory and supervisory authorities. Chairman SECP Akif Saeed reaffirmed the organisation's commitment to supporting the continued development and expansion of the Islamic finance industry in Pakistan. He referred to the historic judgment of the Federal Shariat Court and the government's pledge to transform the entire financial system in accordance with Shariah principles. Head of Islamic Finance at SECP, Tariq Naseem, mentioned a roadmap for capacity building in partnership with various organisations, affirming Pakistan's commitment to Islamic finance.
https://tribune.com.pk/

ii. International Industry News

Emirates Islamic successfully issues $750 million sustainability Sukuk

Emirates Islamic, one of the leading Islamic financial institutions in the UAE, has announced the successful pricing of its $750 million first ever sustainability Sukuk. The five-year issue witnessed robust demand from investors across different regions and was oversubscribed 2.8 times. The strong order book, which exceeded $2.10 billion, allowed the bank to tighten the profit rate to 5.431 per cent per annum, at a spread of 100 basis points over five-year US Treasuries. This sustainability Sukuk was issued in line with Emirates NBD Group's sustainable finance framework and in compliance with Shariah rules and principles as determined by Emirates Islamic's internal Shariah supervision committee. This is the first sustainability Sukuk issued out of the UAE following the release of the International Capital Market Association (ICMA), the Islamic Development Bank (IsDB) and London Stock Exchange Group (LSEG) Guidance on green, social & sustainability Sukuk in April 2024.
https://www.khaleejtimes.com/

MENA Sukuk market surges 48% to $6.2bn: Bloomberg data

Sukuk issuance across the Middle East and North Africa surged 48 percent to $6.2 billion in the first half of 2024, driven by green and social projects, a new analysis showed. Growth in the Islamic bonds sector has been primarily driven by environmental, social, and governance-related and sovereign issuances, reflecting efforts to diversify funding bases and capitalize on rising investor interest in Islamic finance portfolios, according to data from Bloomberg's Capital Markets League Tables. According to Bloomberg's analysis, Saudi Arabia led the growth with five Sukuk issuances totaling $3.98 billion, while the UAE accounted for the remaining $2.25 billion from three issuances. This positive trend underscores the Islamic financial sector's commitment to ESG investing, particularly in light of the UAE's major climate finance announcements at COP28 last year.
https://www.arabnews.com/

Emirates Islamic becomes first Islamic bank in the region to introduce Fractional Sukuk for investors

Emirates Islamic, one of the leading Islamic financial institutions in the UAE, has launched Fractional Sukuk, an innovative new product catering to investors. The exclusive offering grants customers access to international Sukuk markets with a minimum investment as low as USD 25,000. The international Sukuk market typically requires a minimum investment of USD 200,000, posing a challenge for retail investors seeking exposure to Sukuk markets. Investors interested in accessing the Sukuk markets with smaller investment amounts will benefit from Shariah-compliant Fractional Sukuk, as this will enable them to diversify their investment portfolio and create an alternative income source. Investors have the freedom to build customised Sukuk portfolios tailored to their investment objectives with Fractional Sukuk based on their risk appetite, desired yields, credit ratings, and other criteria.
https://www.zawya.com/

iii. Issue Based Articles

Sukuk: empowering retail investors

The debut of Pakistan's inaugural listed sovereign Sukuk in December last year, valued at Rs.30 billion, on the Pakistan Stock Exchange (PSX), alongside robust investor interest totaling nearly Rs.400 billion, has paved the way for the consistent issuance of Shariah-compliant securities. This momentum could catalyse the creation of innovative Islamic capital market products such as Sukuk Exchange-traded Funds (ETFs) and Sukuk tokenisation for retail investors. As anticipated, the Ministry of Finance actively introduced the Sukuk of various durations through the PSX in January 2024 adding instruments for three and five-year tenures. This step has helped in tapping into the liquidity with investors pursuing Shariah-compliant returns and helped the government to get a more favourable rate than the conventional options. In the last five months, the total Sukuk issuance at the PSX has exceeded Rs308 billion (approximately $1.1 billion), and a stable trend is expected to continue in light of the Shariah Court ruling for conversion into the Islamic financial system for government borrowing.

The future of Sukuk tokenisation appears promising, with continued technological innovation driving growth and expansion. As awareness of Islamic finance grows globally, Sukuk tokenisation is poised to play a pivotal role in democratising access to Sukuk markets and fostering financial inclusion for all. In conclusion, Sukuk tokenisation offers numerous benefits for retail investors, ranging from enhanced accessibility and liquidity to cost efficiency and risk management. By leveraging technology, Sukuk tokenisation can contribute to the

growth of Islamic capital markets and reshape the Islamic finance landscape, empowering retail investors and driving sustainable growth in Sukuk investment.
https://tribune.com.pk/

Demand for Islamic derivatives on the rise

Demand for Islamic derivatives, financial instruments that comply with Islamic law, is on the rise in Muslim-majority countries, according to Fitch Ratings. This trend coincides with the growing strength of Islamic banks and the increasing need to manage risk in developing financial sectors. The report highlights the growing adoption of Islamic derivatives by Islamic banks. Instruments like profit-rate swaps and forward-exchange contracts can help mitigate exposure to interest-rate fluctuations, foreign exchange movements, and other market risks. Fitch views moderate and well-managed use of Islamic derivatives positively when assessing an Islamic bank's creditworthiness. Conversely, a lack of hedging or excessive exposure to structural market risks, such as unhedged long-term fixed-rate assets, can negatively impact a bank's profile. It's important to note that while derivatives can be valuable tools, they also introduce new risks, including counterparty credit risk, liquidity risk, and operational challenges.

Regulatory efforts are underway to nurture the Islamic derivatives market. The UAE central bank, for instance, has encouraged Islamic banks to adopt hedging techniques, including these Sharia-compliant instruments. Similarly, Saudi Arabia has launched a conventional derivatives market and introduced Sharia-compliant products. Additionally, the Saudi Central Bank is considering close-out netting legislation, a move that could further enhance market efficiency. The rise of Islamic derivatives reflects the growing importance of risk management for Islamic banks in a maturing financial landscape.
https://www.zawya.com/

Developing an Islamic financial identity

Many customers still view Islamic banks relying on conventional benchmarks negatively, posing a barrier to the widespread adoption of Islamic finance. Introducing a new benchmark isn't solely about adhering to regulations. It can also alleviate confusion for the general public and foster a positive perception of industry expansion. A distinct benchmark can bolster stakeholders' trust and differentiate Islamic financial product offerings. The State Bank of Pakistan has also recognised the necessity for a separate benchmark in its previous strategic plan for Islamic banking, aiming to bolster public confidence in the industry. Differences between Islamic and conventional benchmarks rely on factors like market dynamics, calculation methods, and other underlying elements such as economic correlations, the market share of Islamic banks, and the activity within the Islamic interbank market. It is anticipated that markets permitting Islamic and conventional banking systems will closely align their benchmarks, whereas markets exclusively accommodating Islamic banking are expected to take a distinct course with their benchmark evolution.

Creating an Islamic pricing benchmark warrants substantial attention. To ensure the successful establishment and broader acceptance of such a benchmark, stakeholders must prioritise Sharia compliance, foster industry collaboration, maintain transparency in methodology, ensure widespread dissemination, and institute close monitoring within the Islamic finance community. As the industry advances, the present moment presents a suitable time for policymakers, regulators, industry participants, and academics to convene under the guidance

of Sharia scholars. Together, they can explore effective models for Islamic pricing benchmarks that will instill confidence and trust among customers and propel the growth of Islamic finance in Pakistan.
https://www.dawn.com/

ANNEXURE I: ISLAMIC BANKING BRANCH NETWORK

Annexure: I

Islamic Banking Branch Network
(As of June 30, 2024)

Type	Name of Bank	No. of Branches	Windows
Islamic Banks	AlBaraka Bank (Pakistan) Limited	164	-
	BankIslami Pakistan Limited	369	-
	Dubai Islamic Bank Pakistan Limited	210	-
	Faysal Bank Limited	729	-
	Meezan Bank Limited	1,006	-
	MCB Islamic Bank Limited	229	-
	Sub-Total	**2,707**	
Conventional Banks having Standalone Islamic Banking Branches	Allied Bank Limited	132	308
	Askari Bank Limited	142	-
	Bank Al Habib Limited	237	69
	Bank Alfalah Limited	364	-
	Habib Bank Limited	408	569
	Habib Metropolitan Bank Limited	220	187
	National Bank of Pakistan	188	180
	Silk Bank Limited	23	-
	Sindh Bank Limited	14	14
	Soneri Bank Limited	58	15
	Standard Chartered Bank (Pakistan) Limited	2	38
	Bank Makramah Ltd	7	30
	The Bank of Khyber	126	-
	The Bank of Punjab	161	155
	United Bank Limited	223	501
	Zarai Taraqiati Bank Limited	28	0
	Sub-Total	2,333	2,066
	Total Full-Fledged Branches and windows	**5,040**	**2,066**
Sub Branches	AlBaraka Bank (Pakistan) Limited	6	-
	Allied Bank Limited	1	
	Askari Bank Limited	3	-
	Bank Alfalah Limited	3	
	BankIslami Pakistan Limited	100	-
	MCB Islamic Bank Limited	2	
	The Bank of Khyber	10	
	Dubai Islamic Bank Pakistan Limited	25	
	The Bank of Punjab	2	-
	Faysal Bank Limited	2	
	United Bank Limited	2	-
	Total Sub-Branches	**156**	**-**
	Grand Total Branches/Sub-Branches/Windows	**5,196**	**2,066**

Source: Information/Data obtained from different banks

ANNEXURE II: PROVINCE/REGION WISE BREAK-UP OF ISLAMIC BANKING BRANCH NETWORK

Annexure: II

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

(As of June 30, 2024)

Type	Name of Bank	Azad Kashmir	Baluchistan	Federal Capital	Gilgit-Baltistan	Khyber Pakhtunkhwa	Punjab	Sindh	Grand Total
Islamic Banks	AlBaraka Bank (Pakistan) Limited	2	4	7	3	14	92	42	164
	BankIslami Pakistan Limited	6	18	19	5	32	177	112	369
	Dubai Islamic Bank Pakistan Limited	7	5	15	3	10	86	84	210
	Faysal Bank Limited	11	25	31	7	57	416	182	729
	Meezan Bank Limited	13	39	42	5	76	540	291	1,006
	MCB Islamic Bank Limited	2	10	14	1	29	117	56	229
	Sub-Total	**41**	**101**	**128**	**24**	**218**	**1,428**	**767**	**2,707**
Conventional Banks having Standalone Islamic Banking Branches	Allied Bank Limited	3	4	9	1	15	85	15	132
	Askari Bank Limited	-	6	11	3	22	69	31	142
	Bank Al Habib Limited	1	10	10	1	42	100	73	237
	Bank Alfalah Limited	1	9	25	-	39	227	63	364
	Habib Bank Limited	12	12	16	2	60	206	100	408
	Habib Metropolitan Bank	3	10	8	1	37	99	62	220
	National Bank of Pakistan	9	4	6	1	40	95	33	188
	Silk Bank Limited	-	1	3	-	3	9	7	23
	Sindh Bank Limited	1	1		-	2	7	3	14
	Soneri Bank Limited	-	1	4	1	16	28	8	58
	Standard Chartered Bank (Pakistan) Limited	-	-	-	-	-	1	1	2
	Bank Makramah Ltd	-	0	2	2	1	1	1	7
	The Bank of Khyber	-	5	6	-	101	11	3	126
	The Bank of Punjab	5	7	7	2	21	111	8	161
	United Bank Limited	3	7	8	-	71	84	50	223
	Zarai Taraqiati Bank Limited		-	1	3	14	9	1	28
	Sub-Total	**38**	**77**	**116**	**17**	**484**	**1,142**	**459**	**2,333**
	Total Full-Fledged Branches	**79**	**178**	**244**	**41**	**702**	**2,570**	**1,226**	**5,040**
Sub Branches	Allied Bank Limited	-	-	1	-	-	-	-	1
	AlBaraka Bank (Pakistan) Limited	-	-	-	-	-	-	6	6
	Askari Bank Limited	-	1	-	-	1	1	-	3
	Bank Alfalah Limited			1			0	2	3
	BankIslami Pakistan Limited	1	6	8	-	4	33	48	100
	Dubai Islamic Bank Pakistan Limited	-	-	-	-	-	9	16	25
	MCB Islamic Bank Limited						1	1	2
	Faysal Bank Limited		-	-	-	-	2	-	2
	The Bank of Khyber	-	-	-	-	10	-	-	10
	The Bank of Punjab	-	-	-	-	-	2	-	2
	United Bank Limited	-	-	1	-	1	-	-	2
	Total Sub-Branches	**1**	**7**	**11**	**0**	**16**	**48**	**73**	**156**
	Grand Total	**80**	**185**	**255**	**41**	**718**	**2,618**	**1,299**	**5,196**

ANNEXURE III. DISTRICT WISE BREAK-UP OF ISLAMIC BANKING BRANCH NETWORK

Annexure: III

District wise Break-up of Islamic Banking Branch Network

(As of June 30, 2024)

S. No.	Province	District	No. of Branches*
1	Sindh	Badin	4
2		Dadu	10
3		Ghotki	6
4		Hyderabad	77
5		Jacobabad	5
6		Jamshoro	6
7		Karachi City	1042
8		Kashmore	3
9		Khairpur	10
10		Larkana	9
11		Matiari	4
12		Mirpurkhas	18
13		Naushahro Feroze	9
14		Shaheed Benazir Abad	20
15		Sanghar	21
16		Shikarpur	3
17		Sukkur	23
18		Shahdadkot	4
19		Tando Allahyar	5
20		Tando Mohammad Khan	5
21		Thatta	7
22		Umer Kot	8
Sindh Total			**1,299**
23	Punjab	Attock	36
24		Bahawalnagar	44
25		Bahawalpur	62
26		Bhakkar	9
27		Chakwal	28
28		Chiniot	13
29		Dera Ghazi Khan	34
30		Faisalabad	209
31		Gujranwala	129
32		Gujrat	112
33		Hafizabad	13
34		Jhang	24
35		Jhelum	29
36		Kasur	32
37		Khanewal	44
38		Khushab	17
39		Lahore City	733
40		Layyah	17
41		Lodhran	8
42		Mandi Bahauddin	25
43		Mianwali	14
44		Multan	151
45		Muzaffargarh	29
46		Nankana Sahib	18
47		Narowal	14
48		Okara	45
49		Pakpattan	20
50		Rahim Yar Khan	73
51		Rajanpur	15
52		Rawalpindi	258
53		Sahiwal	55
54		Sargodha	70
55		Sheikhupura	43
56		Sialkot	119
57		Toba Tek Singh	41
58		Vehari	35
Punjab Total			**2,618**
59	Azad Kashmir	Bagh	6
60		Bhimber	6
61		Dadyal	4
62		Hattian Bala	1
63		Kotli	11
64		Mirpur	27
65		Muzaffarabad	15
66		Poonch	10
Azad Kashmir Total			**80**
67	Khyber Pakhtunkhwa	Abbottabad	38
68		Bannu	17
69		Batagram	8
70		Buner	21
71		Charsadda	20
72		Chitral	12
73		Dera Ismail Khan	21

S. No.	Province	District	No. of Branches*
74	Khyber Pakhtunkhwa	Hangu	12
75		Haripur	24
76		Karak	7
77		Kohat	22
78		Lakki Marwat	4
79		Lower Dir	46
80		Malakand	31
81		Mansehra	30
82		Mardan	36
83		Nowshera	32
84		Peshawar	146
85		Shangla	10
86		Swabi	16
87		Swat	95
88		Tank	3
89		Torghar	1
90		Upper Dir	26
91		Kohistan	5
92		Bajaur Agency	10
93		Khyber Agency	15
94		Mohmand Agnecy	1
95		Orakzai Agency	3
96		Kurram Agency	5
97		North Waziristan Agency	1
KPK Total			**718**
98	ICT	Islamabad	255
Islamabad Total			**255**
99	Gilgit-Baltistan	Astore	2
100		Baltistan	1
101		Ghizer	2
102		Ghanche	1
103		Hunza	1
104		Skardu	7
105		Diamir	8
106		Shigar	1
107		Gilgit	18
Gilgit-Baltistan Total			**41**
108	Balochistan	Chaghi	4
109		Duki	1
110		Gawadar	9
111		Harnai	0
112		Jaffarabad	3
113		Kalat	1
114		Kech	3
115		Khuzdar	4
116		Kharan	1
117		Lasbela	6
118		Loralai	11
119		Mastung	1
120		Noshki	2
121		Nasirabad	3
122		Panjgur	4
123		Pishin	9
124		Qilla Abdullah	10
125		Qilla Saifullah	9
126		Quetta	88
127		Sibi	2
128		Sohbatpur	1
129		Turbat	3
130		Zhob	6
131		Ziarat	4
Baluchistan Total			**185**
Grand Total			**5,196**

*including sub-branches