

**Brief overview &
Highlights 2019**

Pakistan Banao Certificates

*Contribution to Pakistan's
Growth*

IRASG

Result Assured Services for Growth

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Foreword

In exercise of the powers conferred by section 28 of the Public Debt Act, 1944, the Federal Government is pleased to announce Pakistan Banao Certificates (PBC) governed by the Pakistan Banao Rules, 2018.

PBC is a sovereign US Dollar instrument offered by Government of Pakistan that provides opportunities to overseas Pakistanis to contribute in their country's economic development.

PBCs are being marketed by the consortium of six banks, including National Bank of Pakistan, Habib Bank, Allied Bank, JS Bank and Standard Chartered Bank. The transaction is being managed by the SBP and NBP, which provides services such as collection of proceeds, distribution of periodic payments (profit and redemption) and handling of investors' queries with respect to investment in the certificates.

Pakistan Banao Certificates

Pakistan Banao Certificates (PBC) have been issued by the Government of Pakistan (GoP) through the State Bank of Pakistan (SBP) in exercise of the powers conferred by section 28 of the Public Debt Act, 1944.

The salient features of the PBC as per rules framed under SRO 97 (I)/2019 dated Jan 25, 2019 and SRO 104 (I)/2019 dated Jan 29, 2019 are as follows:

S.No.	Particulars	Features	
1) 2)	Eligible Investors	(a) Pakistani individuals having Computerized National Identity Card (CNIC);	
		(b) Pakistani individuals having National Identity Card for Overseas Pakistani (NICOP); and (c) Holders of Pakistan Origin Card(POC)	
3)	Investment Limit	<i>Minimum amount</i>	US \$5,000
		<i>Maximum amount</i>	None
4)	Maturity period	3 and 5 years from date of issue.	
5)	Type of instrument	Scrip less certificates through Subsidiary General Ledger Account (SGLA)	
6)	Sources of funds	Remittance through official banking channel from investors' own account maintained abroad.	
7)	Rate of profit	Fixed rate of six months LIBOR plus four hundred basis points	
8)	Frequency of profit payment	Half yearly, with reference to date of investment	
9)	Encashment	PKR	Anytime
		US Dollar	Allowed after 1 year (payment is subject to deduction of principal amount at rates notified by Ministry of Finance)
10)	Tax	Exempted from withholding tax	
11)	Zakat	Exempted	

1. Procedure for investment in certificates

Operational instructions for investment in Pakistan Banao Certificates released by the State Bank of Pakistan (SBP) are as under:

- 1.1 The registration is done through PBC Web Portal as follows:

<https://www.pakistanbanaocertificates.gov.pk>

The investor will electronically fill the registration form available on the Web portal by providing the necessary details such as e-mail ID, name, identity document (NICOP/POC/CNIC), address and contact number, investment (amount & tenor) etc.

Upon submission of investment request on PBC Web Portal, a unique reference number will be sent to investor's registered e-mail address along with details for remittance of funds in SBP account.

- 1.2 Funds should be remitted from investor's personal bank account abroad to the following SBP account maintained with NBP New York

Name and Address of SBP's Correspondent Bank and Account Numbers for PBCs:

Bank Name & Address: NATIONAL BANK OF PAKISTAN
NEW YORK, U.S.A
Bank's SWIFT Code: NBPAUS33

Account Details for 3-Years Certificate:

Account Title: PBC Collection Account – 3 years
Account Number: 5640-5083

Account Details for 5-Years Certificate:

Account Title: PBC Collection Account – 5 years
Account Number: 5640-5085

Beneficiary Details

Beneficiary's Name: STATE BANK OF PAKISTAN
Beneficiary's Address: I.I. CHUNDRIGAR ROAD, KARACHI,
PAKISTAN
Beneficiary's SWIFT Code: SBPPPKKA

- 1.3 While remitting funds to SBP, the investor must provide **unique reference number, Date of Birth and Place of Birth** in the Field 70/ 72 of the SWIFT message.

- 1.4 The investor should ensure that the amount submitted to SBP account is exactly equal to the amount of investment; while the charges, if any, should be paid separately from the investor's personal account.

In the case where submitted amount is less than the subscribed amount in the investment request; certificates will not be issued and the investor will be required to transfer the remaining amount. However, in case where submitted amount is in excess of the subscribed amount, only the subscribed amount would be invested.

- 1.5 Upon completion of verification of investor's credentials and their screening by NBP and confirmation of receipt of funds in SBP PBCs account; scrip less certificates will be issued to the investor through subsidiary general ledger account (SGLA). As part of electronic confirmation, the details of investment including date of issue, amount, maturity date, profit payment schedule and certificate number etc., will be confirmed at the investor's registered e-mail address, and the investor's IPS account on the [PBC Web Portal](#) will be updated accordingly.

- 1.6 Profit in US Dollars will be remitted on the due date of profit payment, to the investor's nominated USD account, which can be in his/her country of residence or in Pakistan.

A shut period of 5 working days (in accordance with Pakistan Standard Time) will be observed prior to the due date of periodic profit payment; therefore any request for encashment received during the period will be processed after the due date of semi-annual profit payment.

- 1.7 In case of a holiday on the periodic profit or principal payment date, the next working day falling after the holiday will be considered the periodic profit date/principal payment date. In such case, no profit will be payable for the period of the holidays.

- 1.8 No profit will be payable for a broken six-monthly profit period i.e. if the certificate is encashed before the next profit payment date or for holding the certificates beyond maturity.

- 1.9 In case of death of an investor, the payment (principal and profit, if any), will be made to the legal heirs of the deceased investor in accordance with the succession certificate issued by a court of competent jurisdiction.

- 1.10 In case the investor wishes to change account details and mailing address at any time, the request of the same may be submitted to NBP.

2. Redemption at Maturity:

- 2.1 Principal amount (in US Dollars) will be sent to the investor's personal account (as designated on the [PBC Web Portal](#)) on the maturity date.
- 2.2 In case the investor opts for redemption of principal payment in PKR at maturity, an additional amount equal to one percent will be paid to the investor with the last six monthly profit payments. For this purpose, the investor will provide details of personal PKR bank account on the [PBC Web Portal](#). Redemption in PKR will be made at the 'weighted average customer PKR-US Dollar exchange rate (buying side)' issued by the State Bank of Pakistan of the last working day falling before maturity date.
- 2.3 For redemption in PKR, the investor would have to submit the PKR redemption request at least ten (10) working days before the maturity date, using the **Redemption tab** on the [PBC Web Portal](#) and provide the following information:
 - Select Security for redemption in PKR:
 - Account Title: [Must be investor's personal account in Pakistan]
 - Account No: [IBAN]
 - Bank: [Name]
 - Branch: [Name]
- 2.4 The investor's bank account would be credited, with either USD or PKR, as opted, with the maturity proceeds.

3. Premature Encashment:

- 3.1 The Investor will have the option of Premature Encashment of his/her investment in either USD or PKR.
- 3.2 The request for Premature Encashment would be submitted through the [PBC Web portal](#)
- 3.3 Premature Encashment in PKR would be allowed anytime without any deduction.
- 3.4 In case of premature encashment in PKR, the investor will provide his/her personal PKR bank account details on the [PBC Web Portal](#). In this case, the principal will be paid in equivalent PKR at the weighted average customer PKR-US Dollar exchange rate (buying side) of the last working day falling before the premature encashment date.
- 3.5 Premature Encashment in USD would be allowed subject to deductions at the following rates as have been notified by the Ministry of Finance vide gazette notification no. S.R.O. 106(I)/2019 dated January 30, 2019.

**Deductions and annualized profit rates on
Early Encashment of 3 year certificates**

When 3-year certificates are held for a period of:	Deduction as % of principal amount	Annualized profit rate
Less than 6 months	Nil	Nil
6 months	1.125%	4.000%
1 year	1.500%	4.750%
1.5 year	2.250%	4.750%
2 years	1.500%	5.500%
2.5 years	1.875%	5.500%

**Deductions and annualized profit rates on
Early Encashment of 5 year certificates**

When 5-year certificates are held for a period of:	Deduction as % of principal amount	Annualized profit rate
Less than 6 months	Nil	Nil
6 months	1.375%	4.000%
1 year	2.000%	4.750%
1.5 year	3.000%	4.750%
2 years	2.500%	5.500%
2.5 years	3.125%	5.500%
3 years	1.500%	6.250%
3.5 years	1.750%	6.250%
4 years	1.000%	6.500%
4.5 years	1.125%	6.500%

Note: No profit shall be paid for any incomplete six-monthly period.

- a) The date of encashment will be the date on which the request for premature encashment is successfully made on the PBC Web Portal.
- b) After due verification of the request for premature encashment, the amount payable (net of deduction, if any) will be sent to the investor's personal account.

Source documents:

DMMD circular No. 02 of 2019

S. R. O. 97(I)/2019

S. R. O. 104(I)/2019

S. R. O. 105(I)/2019

S. R. O. 106(I)/2019

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Please feel free to contact us at one of our three locations. Call or send us an email and we will be happy to assist you.

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