

1. Title

- 1.1. This policy may be called 'The Charity Donation Policy of First National Bank Modaraba ('FNBM')', and herein after referred to as 'The Policy'.

Objectives and Application

- 1.2. The purpose of the Policy is to act as a guideline for the identification of genuine avenues for charity donations, and for the process of approval of such donations.
- 1.3. The Policy is approved by the Board of Directors of National Bank Modaraba Management Company Ltd, the managers of FNBM on _____ and is applicable w.e.f. _____.

Modifications and Amendments

- 1.4. The Board of Directors reserves the right to modify and amend the Policy in whole or in part as it may consider expedient from time to time.

2. Definitions

- 2.1. **Charity** means provision of certain basic goods or services vital for human subsistence (including food, shelter, health/medical care, and education) without any price (or at a significantly subsidized price) to those underprivileged members of the public at large (without any discrimination on the basis of cast, creed, or political affiliations) who cannot afford such goods or services by themselves.
- 2.2. **Charitable Institute** means any association, foundation, society, trust, fund, corporation, company, organization, or institute solely formed for the purpose of (and engaged in) Charity; and is recognized and/or registered as such by the Government.
- 2.3. **Eligible Charitable Institutes** mean those Charitable Institutes that satisfy the criteria of being eligible for Charity Donation under Clause (7); and also the Charitable Institutes included in the Annexure A under Clause (8).
- 2.4. **Charity Donation** means money donated by FNBM to a Charitable Institute from Charity Fund.

Charity Donation Committee

3. Charity Donation Committee shall comprise of the CEO, Admin/Operations Head, and Head of Credit & Risk Management, and CFO.

Charity Fund

4. Charity Fund means the balance of amount standing to the credited of Charity Fund Account maintained in the General Ledger of FNBM.
5. Charity Fund Account shall normally be credited with those amounts of late payment charges/penalties collected from clients primarily on their delayed payments of installments of Islamic financing facilities obtained from FNBM, that cannot be treated as income and are to be paid out as charity according to the established Principles of Islamic financing; and, in exceptional cases, with any amount as may be authorized by the Board of Directors.
6. Charity Fund Account shall normally be debited by Charity Donations.

Criteria of Eligible Charitable Institutes for Charity Donations

7. Charity Donation shall be made by FNBM only to a Charitable Institute that fulfills following conditions:
 - 7.1. It is recognized and/or registered by the Government or by any Governmental Authority under any Law in force as a non-profit making charitable institute (meaning that any income derived by it is utilized for its charitable purposes);
 - 7.2. Its income, or donation given to it, should preferably be exempt from income tax under the Income Tax Ordinance 2001;
 - 7.3. It prepares accounts and financial statements (including balance sheet and the statement of source & utilization of funds) on regular basis, whether made public or not, and gets them audited by a Firm of Chartered Accountants, atleast on annual basis;
 - 7.4. It does not in any way purport to be supporting in any form, or operating for the benefit of, any particular cast, creed or a political party (however this does not mean to exclude any Charitable Institute run by a social or religious sect or a political party for the benefit of the public at large without any kind of discrimination); and
 - 7.5. It preferably has a history of atleast one year of demonstrated charitable acts.
8. In addition to the institutes that may come under the ambit of the Clause (7), the Board of directors, on recommendation of Charity Donation Committee under Clause (9), may specify a list of Eligible Charitable Institutes for charitable donations and may also prescribe limits and conditions for such donations. The updated list of such Charitable Institutes, along with the details of any limits & conditions, shall form Annexure A of the Policy.
9. The Charity Donation Committee may recommend to the Board, with proper justification, for the inclusion or exclusion of a Charitable Institute in Annexure A under Clause (8).

Charity Donation Policy of First National Bank Modaraba

Frequency and Mode of Charity Donation

10. Charity shall be donated annually for each financial year of FNBM. In this respect the entire balance of Charity Fund as at the end of the last day (30th June) of the financial year shall be donated as the Charity for that financial year.
11. The Charity for a financial year shall be donated within six month after the financial year end.
12. All Charity Donations shall be made through crossed cheque(s) issued in the name of the Charitable Institute(s) selected for this purpose.

Selection and Approval of Charitable Institutes for Charity Donation

13. The power of selection and approval of Eligible Charitable Institutes for charity donation for a financial year vests in the Charity Donation Committee.
14. For each financial year the Charity Donation Committee shall select from the Eligible Charitable Institutes under Clause (7) or Clause (8) and approve a list of Charitable Institutes for Charitable Donations under Clause (10). Provided that:
 - 14.1. Not more than 20% of the amount shall be donated to any one charitable institute; and
 - 14.2. Each year (if it is not the first year after this policy come into effect) the list shall contain atleast one charitable institute different from such list of the immediately preceding year.

Powers of the Board of Directors under Exceptional Cases

15. Notwithstanding anything contained in this policy the Board of Directors shall have the power, in exceptional cases whether on recommendation of Charity Donation Committee or otherwise, to approve charity donation for any charitable purpose in any manner as it may deem expedient.
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