


In the name of Allah, the Beneficent, the Merciful
Report of Shari'ah Board
31 December 2024

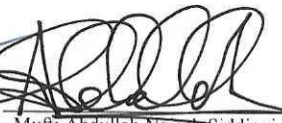
الحمد لله وكفى و سلام على عباده الذين اصطفى - أما بعد !

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Al Baraka Bank (Pakistan) Limited "The Bank" are conducted in a manner that complies with Shari'ah principles at all times, we are required to submit a report on the overall Shari'ah compliance environment of the Bank.
2. To form our opinion as expressed in this report, the Shari'ah Compliance Department of the bank carried out reviews, on a test check basis, of each class of transactions, the relevant documentations and process flows. Further, we have also reviewed the internal Shari'ah audit reports. The External Shari'ah auditor's work is also in progress. Based on the above, we are of the view that:
 - I. The Bank has, complied, by and large, with Shari'ah rules and principles in the light of fatawa, rulings and guidelines issued by its Shari'ah Board
 - II. The Bank has generally complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Board.
 - III. The Bank has a mechanism in place to ensure Shari'ah compliance in their overall operations. We, nevertheless, encourage improved controls and promotion of better awareness among all levels of staff to further strengthen the compliance mechanism.
 - IV. The Bank has a well-defined system in place in the form of a Shari'ah compliance review, internal Shari'ah audit and inspections to ensure that any earnings realized from sources or by means prohibited by Shari'ah shall be identified. In this regards, some discrepancies have been found in few transactions. The Bank has undertaken to give to charity all income earned from the transactions pronounced Non-Shari'ah Compliant and detected in our sample. Further, the charity fund is being properly utilized.
 - V. The Bank has generally complied with SBP instructions on profit and loss distribution and pool management. As the Bank is managing multiple pools, it has finalized as suggested in past years and implemented a new comprehensive automated solution for profit distribution, management of special pools and asset tagging. We urge that this automation be regularly be maintained and updated.
 - VI. As awareness, capacity and sensitization of the staff, management and the Board of Directors in appreciating the importance of Shari'ah compliance in the products and processes of the Bank is an integral ingredient of an Islamic Bank, the Bank has initiated training sessions for staff. We urge that serious attention of the upper management be paid to this issue. This should continue regularly and annually.
 - VII. The Shari'ah Board has been provided adequate resources enabling it to discharge its duties effectively.
3. Furthermore, following are some other matters of the Bank which have been taken up with the management:
 - I. Trained Human resource is a critical aspect for an Islamic Bank in terms of ensuring compliance with Shariah rules and propagating Islamic banking products and services. The Bank has been continuously losing its trained manpower thus increasing the risk of Shariah non-compliance. However, the SB has come into notice that turnover ratio has improved but more needs to be done by the Bank in this matter.
 - II. The Bank requires strengthening its Internal Shari'ah Audit function.
 - III. Islamic Banking and Shari'ah related trainings should be increased across all regions and at all levels. Training for all senior management is still pending and hence needs to be enhanced with special attention to the bank branches and rural areas. Customer awareness sessions which have been organized should preferably continue.

وآخر دعوانا ان الحمد لله رب العالمين



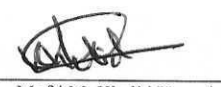
Shaikh Esam Mohammad Ishaq
Chairman Shari'ah Board



Mufti Abdullah Najeeb Siddiqui
Resident Shari'ah Board Member



Mufti Zubair Haq Nawaz
Member Shari'ah Board



Mufti M. Khalid Hasani
Member Shari'ah Board

Shaban 08, 1445, Feb 07, 2025