


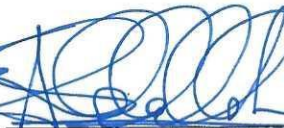
In the name of Allah, the Beneficent, the Merciful
Report of Shari'ah Board
31 December 2025


الحمد لله وكفى و سلام على عباده اللذين اصطفى . اما بعد !


1. While the responsibility of ensuring that the operations of Al Baraka Bank (Pakistan) Limited "The Bank" are fully Shariah compliant, lies SOLELY with Board of Directors and Executive Management, we the Shariah Board are nevertheless 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 has carried out reviews, on a test check basis, of each class of transactions, the relevant documentations and process flows. Furthermore, we have also reviewed the internal Shari'ah audit reports. The External Shari'ah auditor's work is still in progress but we have yet to receive the report. Based on the above, we are of the view that:
 - I. The Bank has, by and large complied with Shari'ah rules and principles as issued by the Fatawa, rulings and guidelines of 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 its operations and we would like to record our appreciation of the performance of the Shariah Compliance department. 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 implemented a new comprehensive automated solution for profit distribution, management of special pools and asset tagging. This automation should be regularly 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 resources are a critical aspect for an Islamic Bank to ensuring compliance with Shariah rules and promote 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 needs to further enhance the functions and reports of its Internal Shari'ah Audit.
 - 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 as highlighted before, and special attention should be given to the bank branches and rural areas. Customer awareness sessions which have been organized should also 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 06, 1447, Jan 26, 2026

