

Report of Shariah Board

(For the Year 2015)

In the name of Allah, the Beneficent, the Merciful

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of **The Bank of Khyber**, Islamic Banking are conducted in a manner that comply with the Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of **The Bank of Khyber**, Islamic Banking.
2. To form our opinion as expressed in this report, the Shariah Compliance Department carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows etc. Further, we have also reviewed the work carried out by internal/external Shariah audit. Based on above and to the best of our knowledge we are of the view that:
 - i. The IBG-BOK has complied with Shariah rules and principles in the light of Fatawas (decisions), rulings and guidelines issued by the Shariah Board.
 - ii. The IBG-BOK has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
 - iii. BOK has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations. The mechanism comprising of Internal Shariah Audit Department, a Shariah Compliance Division headed by RSBM, full time RSBM in the bank and regular / frequent in-house and external trainings for Islamic Banking staff in line with Shariah Governance Framework of SBP is in place.
 - iv. IBG-BOK has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by the Shariah have been credited to charity account and are being properly utilized.
 - v. Islamic Banking deposits are accepted on Musharakah basis as approved by its Shariah Board. As advised by the SB, the Bank is in process of developing / acquiring software for Islamic Banking Profit Distribution and Pool Management.
 - vi. The level of awareness, capacity and sensitization of the staff, management and BOD is high enough in appreciating the importance of Shariah compliance in the products and processes of the bank.
 - vii. The management has been providing adequate resources to SB to discharge its functions and perform its duties.
3. There are no significant Shariah related issues which are to be resolved.

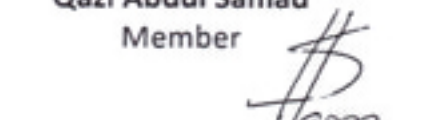

Muhammad Ayub
Member


Dr. Shams ul Haq Hanif
Member


Qazi Abdul Samad
Member


Syed Muhammad Abbas
Member


Dr. Dost Muhammad
Member


Dr Shahzad Iqbal Sham
Member


Mufti Muhammad Zahid
Chairman