

PER Policy

1. If there is an extraordinary stream of income which has resulted in an unusual increase in the profit which is substantially higher than the normal market rates of return on such funds, for a certain profit distribution period, the Bank may decide, after taking permission from the Shari'a Advisor, to create a profit equalization reserve (PER).
2. In that case, before distributing the net profit of the **CMP amongst the Shareholders and depositors**, an equalization reserve may be established by transferring a suitable percentage of the overall net profit to it.
3. The Bank can rely on such reserve for the interest of all the fund providers/investors in the **CMP** as well as the Shareholders in case of unfavorable or competitive market environment where the returns are below the anticipated or desired level.
4. The reserve amount shall be invested as per SBP guidelines, in the following manner:
5. The funds of PER shall only be invested in Shariah compliant SLR eligible securities and the returns earned on these funds will also be credited into the PER account. The profit sharing ratio for the Bank as Mudarib shall not be more than 10% for managing PER.
6. All transfers and deductions from this reserve will be carried out with prior approval from the Shari'a Advisor of the Bank.
7. The monthly contribution into PER will not exceed 2% of Net Income, and the accumulated balance of PER shall not exceed 30% of the Islamic Banking Fund (IBF).
8. 50% of the balance available in PER shall be reflected as liability and remaining 50 % as reserve in the books of the Bank.