

## **FAQs on Profit Sharing on Saving Deposits of IBIs (IFPD Circular 09 of 2024)**

<b>S. No.</b>	<b>Question</b>	<b>Answer</b>
<b>Q.1.</b>	Whether FCY pool(s) will be included for calculating weighted average gross yield?	Yes, FCY pool(s) will be included for calculation of weighted average gross yield of all pools.
<b>Q.2.</b>	What will be the treatment of premium contribution to be paid for the deposit protection (on eligible deposits), as outlined in DPC Circular No. 04 & 05 of 2018?	The premium contribution paid to the Deposit Protection Corporation (DPC) to protect the depositors shall be proportionately charged to the respective pool for the purpose of determining the gross earnings of the pool.
<b>Q.3.</b>	Whether direct expense, write-offs, loss on sale of investment and provisions created as per relevant SBP regulations will be deducted from gross income while calculating weighted average gross yield?	Yes, as per instructions for profit & loss distribution and pool management for Islamic Banking Institutions (IBIs), direct expense, write-offs, loss on sale of investment and provisions will be deducted from gross income while calculating weighted average gross yield.
<b>Q.4.</b>	How the monthly Weighted Average Gross Yield (WAGY) of an IBI shall be calculated?	<p>Steps to calculate the monthly WAGY on all pools are as under:</p> <ol style="list-style-type: none"> <li>1. Calculate monthly gross earnings (profit/return earned) of each pool, which will be equivalent to gross earnings less allowable expenses including provisions, write offs, DPC premium etc.</li> <li>2. Calculate average monthly balance of assets for each pool.</li> <li>3. Calculate monthly gross yield of each pool by dividing the resultant value of step 1 by the resultant value of step 2 above.</li> <li>4. The WAGY on all pools shall be determined by adding the weighted average gross yield of each pool*</li> </ol> <p>*Except pool(s) created for Shariah compliant standing ceiling facility and Shariah compliant open market operations (OMOs)</p>
<b>Q.5.</b>	Whether fee income i.e. non-funded income will be considered in weighted average gross yield.	No, fee income i.e. non-funded income will not be considered in calculation of weighted average gross yield.
<b>Q.6.</b>	Whether minimum profit rate as 75% of gross yield will also apply to short term deposit certificates offered by IBIs and	No, the minimum profit rate as 75% of gross yield of an IBI is applicable to PKR saving depositors (excluding deposits of financial institutions, public sector enterprises and public limited companies) and it will not be applicable on term deposits. SBP financing schemes will be governed by their respective terms & conditions.

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	SBP financing availed under various refinance schemes?	
<b>Q.7.</b>	Whether remunerative current deposits based on nominal profit sharing basis will be exempted?	The minimum profit rate will be applicable to saving deposits only and will not be applicable to current deposits including remunerative current deposits.
<b>Q.8.</b>	Are IBIs allowed to offer Hiba to saving depositors over and above 75% of WAGY?	Yes, IBIs can offer Hiba to saving depositors over and above 75% of WAGY.
<b>Q.9.</b>	Whether the instructions on maximum mudarib share as 50% of distributable income of the pool will remain applicable for deposits of financial institutions, public sector enterprises and public limited company?	Yes, the instruction of the on maximum mudarib share as 50% of distributable income of the pool will remain the same.