

TERMS AND CONDITIONS APPLICABLE TO CERTIFICATES OF ISLAMIC INVESTMENT ISSUED BY MEEZAN BANK LIMITED

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1. These Terms and Conditions ("Terms") shall govern all Certificates of Islamic Investment ("COIIs") presently issued by the Bank and/or as introduced by the Bank from time to time. These include without limitation the "Monthly Mudarabah Certificates" or "MMCs" Dollar Mudarabah Certificates or "DMCs" and "Meezan Providence Certificates" or "MPCs".
2. All terms defined in the Application for Certificates of Islamic Investment ("Application") shall have the same meaning herein, unless otherwise defined.
3. The Bank shall use the monies received by it from investor for the issue of the COIIs solely and exclusively for the purpose of investing in the business of the Bank specified in the Application ("Business") Business as defined in clause below.
4. Each COII evidences an investment by the registered holder of such COII ("COII Holder") of the principal value of such COII in the Business.
5. The COIIs shall be issued only subject to receipt of clear funds for investment from the Applicant. Within 15 days from the date of receipt of clear funds and completion of documentation formalities from the Applicant, the Bank shall issue an advice of the issue of such COIIs ("COII Advice"). The COII Advice shall be in such form as may be determined by the Bank from time to time and shall evidence the entitlement of the COII Holders to the COIIs referenced therein.
6. The relationship between the Bank and the COII Holder shall be based on the principles of Mudarabah where the COII Holder is the Raab ul Maal and the Bank is the Mudarib.
7. The Bank as the Mudarib may invest or disinvest, at its sole discretion, monies received by it from the COII Holders in any of the businesses (The "Business") of the Bank as it deems fit.
 - a. All COII Holders shall be assigned weightages based on the features of COII(s) held by them, such as tenure, Profit payment options and other applicable features for the purposes of calculation of profit. The weightages applicable to all COIIs shall be announced every month and shall be available at the Bank upon request and at the web site of the Bank at www.meezanbank.com.
 - b. The Bank shall share in the profit on the basis of a predetermined percentage of the gross income of the Business (the "Management Share"). The Gross Income of the Business is defined as all income of the Business minus all direct costs and expenses incurred in deriving that income. The Management Share shall be varied from time to time and shall be available at the Bank upon request and at the web site of the Bank at www.meezanbank.com.
 - c. The Bank may at its option also participate in the Business as an investor (Rab -ul- Maal).
8. Additional features in respect of COIIs as may be applicable from time to time shall be stipulated in product brochures and at the web site of the Bank at www.meezanbank.com
9. The COIIs may be collected personally from the Bank or dispatched by courier to the registered address of the COII Holder upon a written request to the Bank accompanying the COII Advice. In case of joint holders such COIIs may be sent to the registered address of either of the joint holders.
10. Each COII shall be valid from the date of issue for a term as per the instruction of the Applicant. The last day of the term of such COII shall be hereinafter referred to as "Maturity Date". Provided that MMCs and MPCs shall not be of a fixed and determinable tenor and shall continue until terminated in accordance with the terms herein contained. The expression "Maturity Date" shall also mean and include the date at which such MMCs are terminated.
11. The Bank shall redeem a COII (where applicable) and pay the Profit, if any, that has accrued in respect of such COII to the registered holder thereof in accordance with the instructions given on the Application. The Profit may be paid on a monthly, quarterly or semi- annually basis or on maturity, as made available by the Bank in respect of any COII and indicated on the Application. (The date on which each Profit payment accrues shall be hereinafter referred to as the "Profit Payment Date"); provided that the registered holder of such COII may alter such instructions, and any subsequent instructions, by notice in writing to the Bank at least 7 Days prior to the Maturity Date of such COII. In case of MMCs Profit will be payable on monthly basis.
12. Subject to Clauses 15 and 16 where applicable the Bank shall redeem each COII it has been instructed (in accordance with Clause 6 above) to redeem at its Maturity Date by paying the COII Holder as at the Maturity Date the principal value of such COII. Such payment shall be made by the Bank within 7 Days of the Maturity Date of such COII, provided that if such COII has been delivered to the COII Holder pursuant to Clause 6 above, the original COII to be redeemed must be submitted to the Bank at least 7 Days prior to its Expiration Date. Following such redemption, the Bank will cancel such COII and remove it from the Register and will have no further obligations in respect of such COII save for the obligation to pay Profit (as defined hereunder), if any, accrued on such COII as set out in Clause 11.
13. Subject to Clauses 15 and 16, the Bank shall pay the Profit, if any, that has accrued on a COII as instructed on the Application within 7 Days of the Profit Payment Dates of such COII. The payment of Profit as aforesaid shall be subject to deduction of such withholding tax and Zakat as may be required by law.
14. Subject to Clauses 15 and 16, the Bank shall renew each COII it has been instructed (in accordance with Clause 8 above) to renew for a further period. In the absence of any instructions given on the Application, the principal value of the COII along with Profit accruing thereon shall be invested by the Bank for the same term as the original COII in accordance with the terms and conditions applicable to the original COII and governed by these Terms as if the COII was issued on the day immediately succeeding the Maturity Date of the original COII.
15. The Bank may at the Maturity Date of a COII determine that the investment of a COII Holder in the Business is no longer required and may in such circumstances redeem such investment as contemplated by Clause 8 of these Terms and following such redemption and payment, if any, of Profit in accordance with Clause 10 above, the Bank will have no further obligations pursuant to such COIIs. In addition, the Bank may at any time prior to the Maturity Date of a COII determine that the investment of the registered holder of such COII in the Business is no longer required and may in such circumstances redeem such investment by paying such registered holder, subject to Clause 17 and Clause 18 below as applicable, the principal value of such COII. Following such redemption the Bank will cancel such COII, remove it from the Register and will have no further obligations pursuant to such COII save for the obligation to pay such part of the Profit, as would have been payable in respect of such COII in accordance with Clause 17 below had such COII not been redeemed prior to its Expiration Date. The determination of the Bank as to the proportion of the Profit payable to the COII Holder shall be final and shall not be challenged in any manner whatsoever. The payment of such proportion of the Profit shall be made within 14 Days of redemption as aforesaid and shall be subject to the deduction of such withholding tax as may be required by law. On redemption as aforesaid the COII redeemed will not be returned by the COII Holder to the Bank.
16. A COII Holder may, at any time from its date of issue and prior to its Maturity Date, redeem each COII by submitting an application in writing to the Bank requesting the same together with the original COII sought to be redeemed if such COII has been delivered to the COII Holder pursuant to Clause 9 above. The Bank shall within 14 Days of the receipt of such application cancel such COII, remove the COII and subject to Clauses 18 below return the principal value thereof to the COII Holder. The Bank shall, within 14 Days of the receipt of such application, pay to the COII Holder such part of the Profit as may be determined by the Bank, in accordance with the Early Redemption Schedule available at Meezan Bank's website www.meezanbank.com/ upon request. Provided that in case of the early encashment of the MMCs before their Maturity Dates no Profit will be payable if such early encashment is made within the first one (1) month of such COIIs and subsequently Profit shall be payable in respect of each completed month of the MMCs. Further provided that the early redemption of the MPCs shall be subject to the conditions that (i) partial redemption shall not be allowed; (ii) no Profit shall be payable in respect of MPCs redeemed prior to the completion of at least three (3) months from the date of issuance thereof; (iii) In case of early redemption of the MPCs (subject to (i) and (ii) of this clause) the Profit shall be payable with reference to the Early Redemption Schedule which shall be available from the Bank upon request or shall be available at the web site of the Bank at www.meezanbank.com. Redemption of any amounts subject to COIIs by the customer shall amount to the transfer of its respective share in the Business along with all related risks and rewards as such redemption shall be on the basis of the principal value of the investment, subject to the provisions in respect of Loss in Clause 18 and Profit in Clause 17 and 19 hereof. The Bank shall not be

liable to refund with holding tax already deducted from the Profit payments on behalf of the COII Holder, in the event of early encashment of the COIIs. Upon premature encashment of the COIIs the Bank may also deduct any amounts paid by way of Profit from the principal value of the COII or Profit payable thereon, where amounts already paid by way of Profit were paid with reference to a rate higher than the rate applicable for the tenor of the COII. The determination of the Bank as to the proportion of the Profit payable to the COII Holder shall be final and shall not be challenged in any manner whatsoever. The payment of such proportion of the Profit shall be subject to the deduction of such withholding tax as may be required by law and to the deduction of such service fees as may be fixed by the Bank from time to time. Save as aforesaid, the Bank will have no further obligation to a COII Holder applying for early redemption of a COII as contemplated by this Clause 16.

17. The calculation of Profit applicable to all investments in the COIIs is based on weightages. The Bank shall deduct its management share based on a predetermined percentage of the Gross Income of the business. The Bank may change its management share and the weightages applicable to the calculation of profit from time to time. As such the weightages and the management share shall be available at the web site of the Bank at www.meezanbank.com or may be obtained from the Bank upon request. Since at the end of the month all accounts are finalized, if any amount of Profit/Loss is allocated by the Bank, it shall be considered final and binding on all Customers. No Customer or any other person shall be entitled to question the basis of determination of such profit/Loss.

18. In event of a loss, on either capital or revenue account, in respect of the Business, each COII Holder shall share in such loss on a pro rata basis proportionately to the principal value of COIIs registered in his/her/its name in relation to the principal value of all the COIIs registered in the name of all COII Holders. The Bank's determination of such loss shall be final and binding on all COII Holders.

19. Each COII Holder shall be entitled to a share of the profit earned on the Business in respect of each COII registered in his/her/its name ("Profit"). The Profit payable to a COII Holder shall be calculated with reference to the rates of return determined by the Bank from time to time in accordance with the weightages applicable to each COII with reference to its tenure and other features. The determination of the Bank as to the Profit payable to each registered COII Holder shall be final and shall not be challenged in any manner whatsoever.

20. In the event that the Bank determines that no Profit is payable to a registered COII Holder in respect of a COII it shall intimate the same to such registered COII Holder. In the event that the Business suffers a loss the Bank shall, if so requested by a COII Holder in writing within eight weeks of the COII Holder having notice of such loss, provide an explanation of such loss to the COII Holder ("Aggrieved Holder"). In the event that the Aggrieved Holder is not satisfied with the explanation he/she/it shall be entitled to refer the matter to the Shariah Judicial Committee within 7 Days of receipt of the explanation from the Bank. The Shariah Judicial Committee shall consist of a Shariah expert, a lawyer and an accountant each appointed by the Bank and shall decide the referred matter within 15 Days of the referral. The decision of the Shariah Judicial Committee in respect of the referred matter shall be final and shall not be challenged in any manner whatsoever. If, after due consideration of the matter, the Shariah Judicial Committee determines that the loss incurred by the Business was caused by the gross negligence or willful default of the Bank, the COII Holders will not be liable to share in such loss as contemplated by Clause 18 above.

21. The Bank shall keep a register of COII Holders, showing name, address, amount, serial number, tenure of the COII. ("Register") and the use of the term "registered" in respect of a COII Holder shall be construed as meaning that the relevant COII Holder appears in the Register as the holder of the relevant COIIs.

22. There may be up to four joint holders of a COII. A COII may not be split, endorsed or negotiated in any manner. A COII may only be transferred by the execution of an agreement in the form prescribed by the Bank duly stamped with appropriate stamp duty and supported by evidence of title to the COII (the "Transfer Agreement") which will be retained by the Bank. The Bank shall not be bound to recognize such transfer unless the original Transfer Agreement is delivered to the Bank. Every Transfer Agreement must be deposited with the Bank together with the COII to be transferred, in the event that such COII has been delivered to the holder(s) thereof and with an application requesting the registration of such transfer. Upon registration of a transfer by the Bank, the transferee of the COII will become the exclusive owner of the COII as the registered holder thereof and the Bank will dispatch the transferred COII as per the terms of the Transfer Agreement to the transferee of the COII.

23. The Bank may at its discretion allow the marking of a lien upon the sums subject to the COIIs. The COII Holders and the financial/other institutions/others providing facilities/loans against the investment of the COIIs ("Institutions") shall make written requests to mark a lien upon the funds subject to the COIIs. The funds subject to the lien may comprise the principal value of the COII and/or Profit subject to the mutual agreement of Bank and the COII Holders. During the currency of the lien the Bank will not allow encashment of the COIIs by any of the COII Holders, their successors in interest and assigns or any one claiming under them.

24. The details of the lien shall be endorsed on the COIIs subject to the lien and shall be kept by the Bank in its custody until the written notice of discharge of the lien has been given by the Institution to the Bank. Upon creation of the lien, the details of the lien shall be entered in the Register of COII Holders and shall remain there until fully discharged in writing by the Institution. The lien shall be deemed to have been created upon the date of issuance of a letter of the Bank confirming the marking of the lien.

25. The Bank shall not be liable for any loss, damage or claim arising due to loss, theft, defacing or forgery pertaining to any COII. The Bank shall not be responsible for any act undertaken by it on the basis of documents purporting to be genuine.

26. Every registered holder of a COII will be recognized by the Bank as entitled to his COII free from any equity, set off or cross-claim on the part of the Bank against the original or any intermediate holder of the COII. Notwithstanding the aforesaid the Bank shall be entitled to adjust any sums payable by a registered holder of a COII to the Bank on any account whatsoever against any sum payable by the Bank to such registered holder in respect of the COII.

27. If a COII is delivered by the Bank to the holder thereof and such COII is worn out, defaced, lost or destroyed, the Bank may issue a new COII in lieu thereof on payment of such fee (if any) as may be required by the Bank and on such terms as to evidence and indemnity with or without security as the Bank may think fit, but so that in the case of defacement the defaced COII shall be surrendered before the new COII is issued. In the case of loss or destruction, the person availing himself of the provisions of this Clause 27 - shall also pay to the Bank (if demanded) all expenses incidental to the investigation of evidence of loss or destruction and the preparation of the requisite form of indemnity as aforesaid.

28. The COII shall be governed by and be subject to all laws, rules, regulations, orders, notifications, directives and such like ("Laws") as may be applicable from time to time in Pakistan. The Bank shall not be liable for any loss whatsoever sustained by the holder(s) of a COII in consequence of any action or omission of the Bank due to any change in the Laws or any action or inaction or omission of the government or any of its agencies or authorities whether de jure or de facto, including without limitation imposition of foreign exchange controls, freezing of foreign currency or other accounts/investments or non-release or non-availability of currency.

29. These Terms shall be read in conjunction with the Terms and Conditions for Accounts and Services of the Bank which shall also apply to the COIIs. In case of any inconsistency, these Terms will supercede the Terms and Conditions for Accounts and Services and the Bank's interpretation of these Terms and the Terms and Conditions for Accounts and Services shall be final and binding on all COII Holders.

30. These Terms may be amended by the Bank from time to time and such amended Terms will be intimated to the COII Holders through appropriate means including the posting of such amended Terms on the website of the Bank at www.meezanbank.com which will become effective upon notification.

www.meezanbank.com

24/7 Call Center 111-331-331