

More than
500
Branches
Infinite Possibilities

ANNUAL REPORT 2015



Meezan Bank
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Celebrating The Power of Networks

with over 500 Branches

The true power of networks lies in their ability to improve efficiency by using connectivity. While some networks are natural and some created by man, all networks exist to offer connections based on common purposes, needs and interests.

With a branch network spanning more than 500 branches across 143 cities, Meezan Bank understands the power of networks more than most. Our Vision is to establish 'Islamic banking as banking of first choice' and our branch network has been integral to this purpose. Over the years, as our network has expanded, we have gone further and further to bring Islamic banking closer to people. We have created relationships based on trust, quality service and a deep understanding of people's preferences and needs, enabling us to deliver a banking experience par excellence.

So whether we speak of the network of trust that exists between us and over a million customers, or the combination of networks that makes banking convenient for them, our annual report this year is dedicated to the power of networks.

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The Year in Review

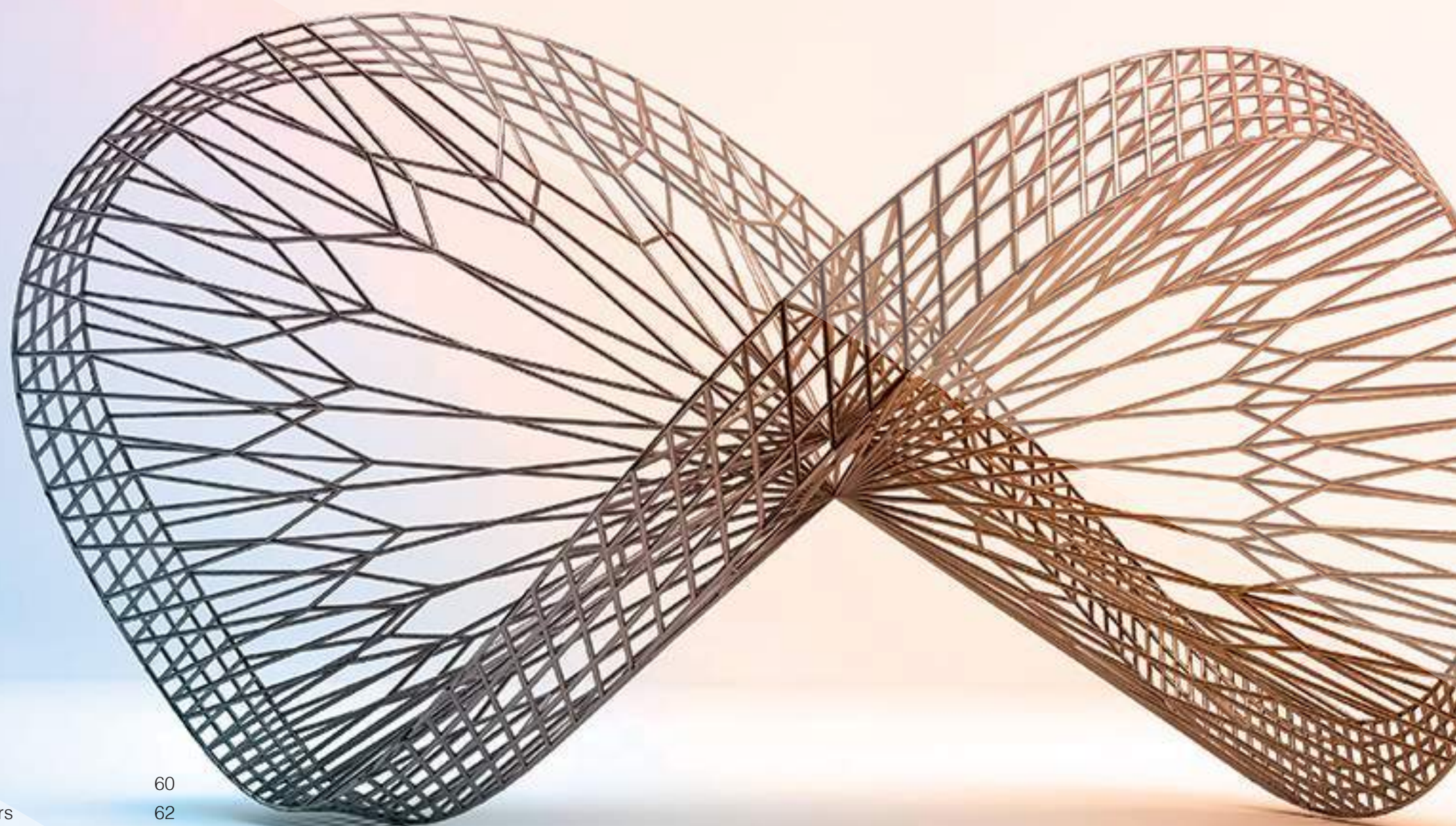
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Vision

Establish Islamic banking as banking of first choice...

Mission

To be a premier Islamic bank, offering a one-stop shop for innovative value-added products and services to our customers within the bounds of Shariah...



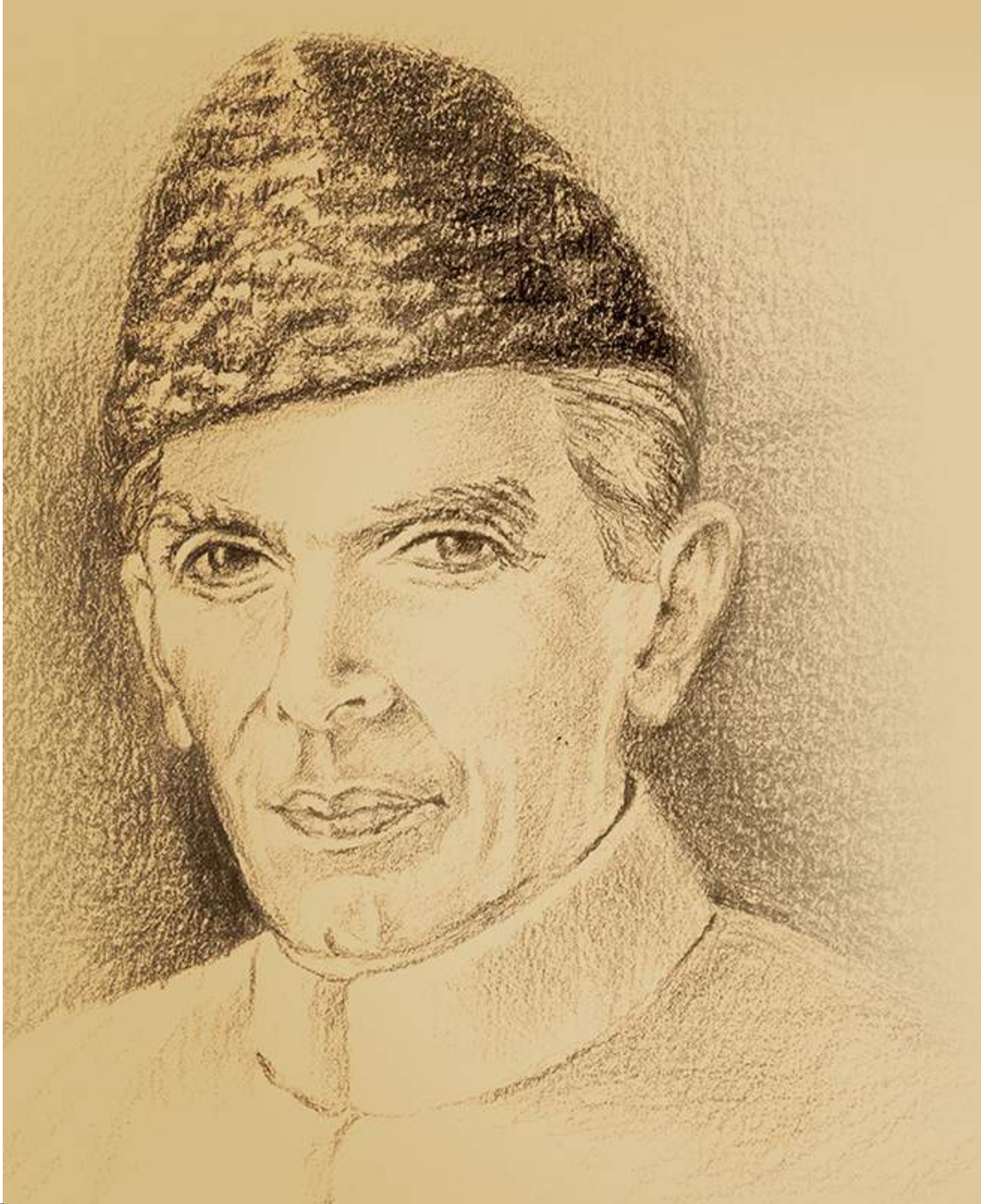
Our Values

Core Values: Shariah-compliance, Integrity, Professionalism, Innovation, Service Excellence, Social Responsibility.

Staff: Committed, motivated and professionally trained employees who are empathic to their customers' needs.

Brand Personality: A sober and established, strong, empathic, professional person; who is an extremely loyal and dependable friend and business partner, and is committed to offering comprehensive value-based Shariah-compliant financial solutions.

Relationships: Our relationships are long-term. We recognize and value our customers' needs above all and strive to ensure their fulfillment. All customers are treated with professionalism and in a friendly manner. It is our endeavour to ensure that they receive efficient and timely service. The Meezan Bank experience is a unique one.



Quaid's Concept of Islamic Banking

"I shall watch with keenness the work of your Research Organization in evolving banking practices compatible with Islamic ideas of social and economic life. The economic system of the West has created almost insoluble problems for humanity and to many of us it appears that only a miracle can save it from disaster that is now facing the world. It has failed to do justice between man and man to eradicate friction from the international field. On the contrary, it was largely responsible for the two world wars in the last half century. The Western world, in spite of its advantages of mechanisation and industrial efficiency is today in a worse mess than ever before in history. The adoption of Western economic theory and practice will not help us in achieving our goal of creating a happy and contented people.

We must work our destiny in our own way and present to the world an economic system based on true Islamic concept of equality of manhood and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity the message of peace which alone can save it and secure the welfare, happiness and prosperity of mankind."

Quaid-e-Azam Mohammad Ali Jinnah
Founder of the Islamic Republic of Pakistan

On the occasion of the Opening Ceremony of The State Bank of Pakistan on July 1, 1948.

Leaf Network

The rays of sunshine on a green leaf are an exquisite depiction of its true occupation: turning light into life. Taking sustenance from the sun and the earth and creating the oxygen we breathe. Behind this process is one of nature's most intricate visible networks – that of a leaf. Taking a closer look at the surface of a leaf reveals a new level of design, containing a network of pathways that connect to each other while spreading out to the furthest reaches of the leaf. The veins in the leaf's network don't just carry water and nourishment through the leaf – they also act as a skeleton, holding the leaf up so that it can capture sunlight and give it strength against the wind. This kind of multi-function network is what we are increasingly seeing in the technological world around us. More and more devices, cellular phones being a good example, are taking on multiple roles in our lives. Similarly, within the banking function, it is our constant endeavor to give multiple roles to each customer contact point, with a single objective - maximizing customer convenience! For example, ATMs can now accept deposits, make interbank transfers and even process utility bill payments, saving customers' time and effort.



Railway Network

It was in the early 1800s when the modern age of the trains began, making the railway network one of the backbones of transportation systems in many countries, including the Indian sub-continent. Railway tracks became the forerunners of civilization in many areas, with settlements cropping up along the railway tracks and eventually becoming towns and cities. As the masses mobilized, trade and industry flourished, with the railway network at the heart of it all. Even today, in developed and developing countries, railway networks form a critical part of the transportation system, providing vital cargo links as well as high speed, low cost passenger travel options, impacting the national economy in many ways. In much the same way, the technology network within Meezan Bank links our customers to various aspects of our service - whether it is simple connectivity between branches or more complex services like Internet Banking or ATMs. While fulfilling its key role of communication, the technology network has a wide and far reaching impact on our relationships with our customers.



Road Network

While air travel and railways hold their own places in the transportation system of the world, they are nowhere as popular as the intricate network of highways, roads and streets that connect people and places to each other. Providing the primary mode of transport for people, road networks are the most important piece of infrastructure in any country, particularly developing countries like ours. As far as man-made networks go, perhaps few are as multi-faceted in their purpose as road networks are. Although their primary function is singular – providing transportation – the secondary uses of this function range from education, to healthcare, to livelihoods and so much more. There are parallels to this in the world of banking: the accounts that our customers open with us primarily provide a channel for saving money, but through these accounts – relationships deepen: opening channels to availing other facilities such as obtaining financing for acquiring a car or purchasing a house or even expanding their business. And when people choose Meezan Bank, they get the added benefit of the absolute peace of mind that comes with Islamic banking.





PC Board Network

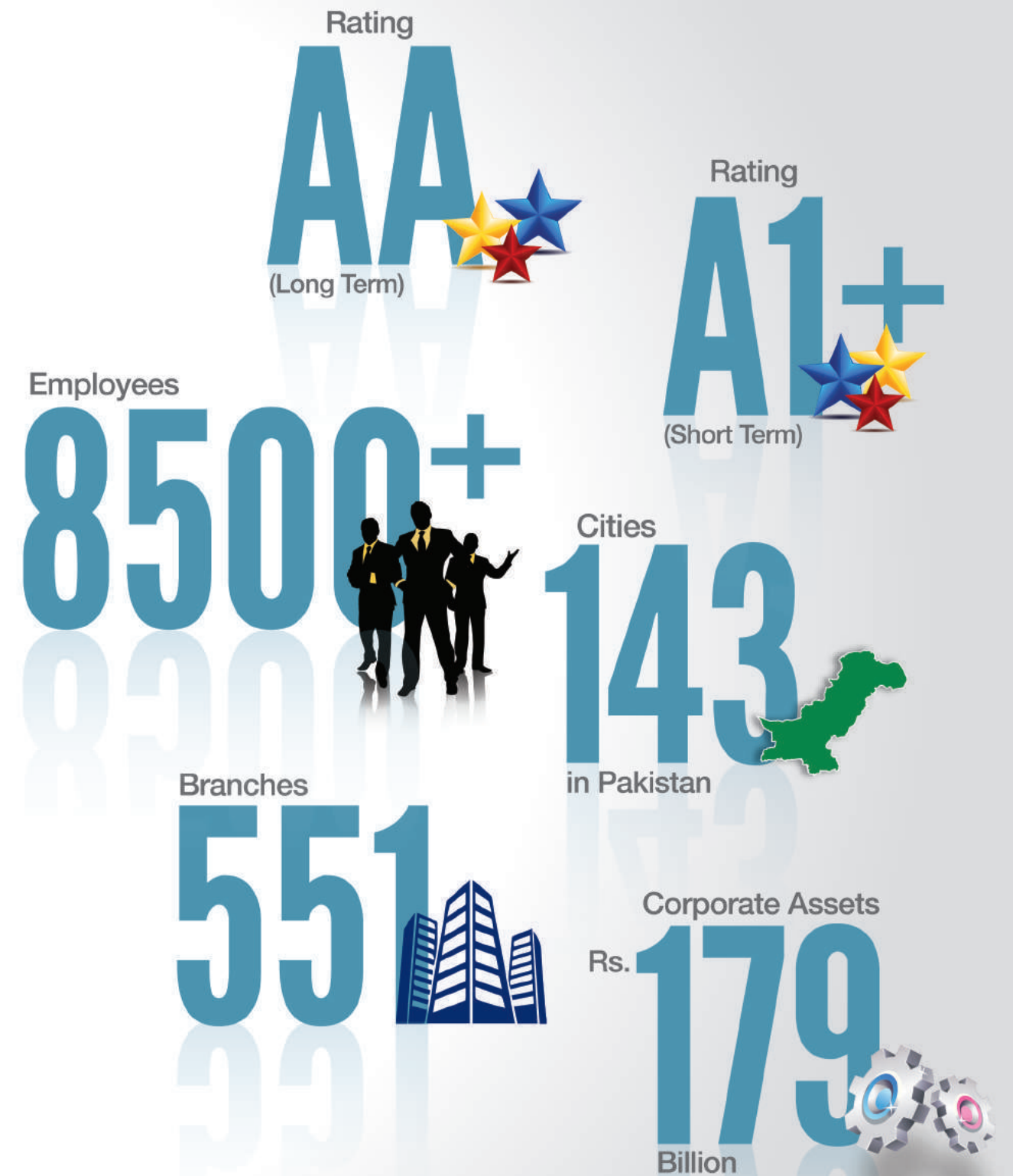
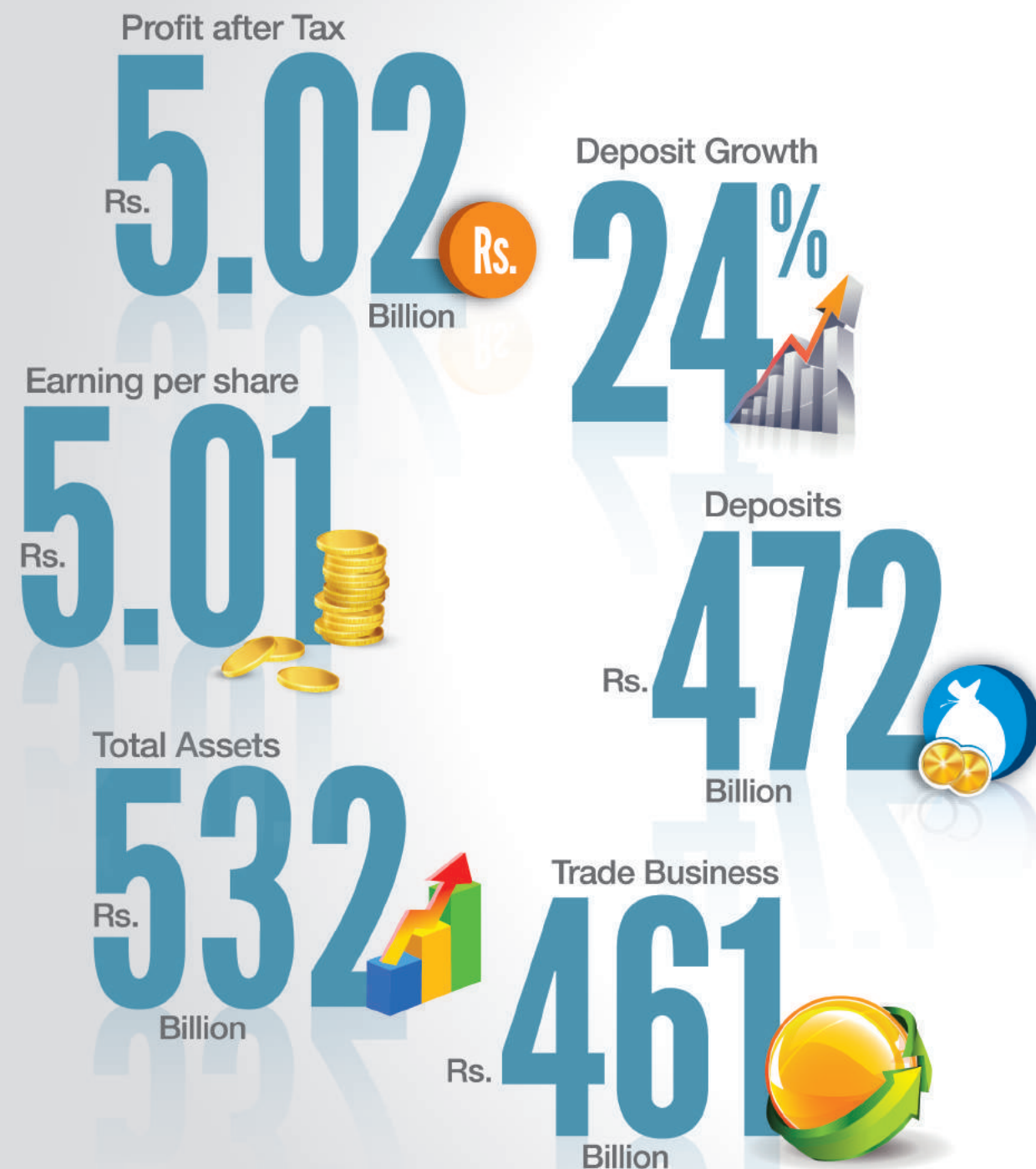
At the heart of every electronic device, be it a TV or a smartphone, is a printed circuit board. The board acts as the chassis of the system, providing a physical support for the components to be attached on it, while also providing a system for the components to communicate with each other and with peripheral devices. The printed circuit board, or PC board, as it is commonly known, is made of a non-conductive material. Conductive lines are printed onto the board, which provide the network for communication across the PC board through conduction of electric current and signals. The technology was invented in the late 1930s by Paul Eisler, an Austrian who first used a PC board in a radio. Since then, the PC board has evolved but its basic function and modus operandi remain the same. Hidden from view inside our devices, these PC boards are far more commonplace than one might think. In fact, every home and office contains dozens of them. This presence is similar to the role that a bank plays in its customer's life – from simplifying everyday tasks like paying utility bills to large transactions like financing a home or an industry: there are so many ways that your bank helps make your life easier and better, everyday.

Meezan Bank's Network

Being the pioneers of Islamic banking in Pakistan, Meezan Bank has always had a calling higher than that of achieving business success: to spearhead the spread of Islamic banking in the country, living up to its Vision statement of establishing 'Islamic banking as banking of first choice'. The success of Meezan Bank in the industry, evidenced by its classification amongst the top ten banks of the country, has paved the way for other Islamic banks to grow. A keystone of this success has been its constantly growing branch network, which now spans more than 550 branches in over 140 cities nationwide. Only a handful of banks have a network as wide and as established as this. All our branches provide real time online banking facilities to our customers, along with other conveniences such as lockers, ATMs, etc. The branch network is so much more than the tangible face of Meezan Bank – it is our steadfast link to our customers and their needs. There is another network, somewhat less tangible, which connects us to our customers and enables them to bank seamlessly and effortlessly – our phone banking system, internet banking system and mobile banking application are part of this network of convenience. By ensuring that all these networks run effectively and efficiently, we are able to provide world class, Shariah-compliant banking services, making us the country's Premier Islamic bank.



The Year 2015 in numbers



Key Figures at a Glance

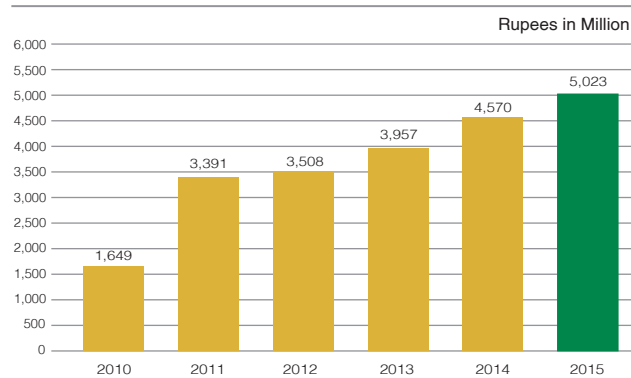
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| Profit and Loss Account | | | | | | |
| Return on financings, investments and placements | 33,114 | 28,803 | 23,171 | 21,837 | 18,032 | 12,290 |
| Return on deposits and other dues expensed | 14,897 | 15,440 | 12,526 | 11,385 | 8,666 | 6,606 |
| Net Spread earned before provisions | 18,217 | 13,363 | 10,645 | 10,452 | 9,366 | 5,684 |
| Provision against non performing Islamic financings and related assets | (442) | (551) | (126) | (395) | (1,424) | (1,450) |
| Reversal / (Provision) for diminution in the value investments and impairment | (121) | 84 | 33 | (56) | 35 | (47) |
| Net Spread after provisions | 17,654 | 12,896 | 10,552 | 10,001 | 7,977 | 4,187 |
| Fee, commission, forex and other income | 3,626 | 3,322 | 1,962 | 1,413 | 1,347 | 2,056 |
| Dividend income and capital gain / (loss) on investments | 971 | 1,433 | 1,539 | 986 | 1,158 | 419 |
| Income before expenses | 22,251 | 17,651 | 14,053 | 12,400 | 10,482 | 6,662 |
| Administrative and operating expenses | 13,799 | 10,753 | 8,406 | 7,170 | 6,126 | 4,536 |
| Profit before Taxation | 8,452 | 6,898 | 5,647 | 5,230 | 4,356 | 2,126 |
| Taxation | 3,429 | 2,328 | 1,690 | 1,722 | 965 | 477 |
| Profit after Taxation | 5,023 | 4,570 | 3,957 | 3,508 | 3,391 | 1,649 |
| Statement of Financial Position | | | | | | |
| Islamic Financings and Related Assets | 207,569 | 175,712 | 127,623 | 88,678 | 70,377 | 60,265 |
| Total Assets | 531,850 | 437,510 | 329,725 | 274,437 | 200,550 | 154,752 |
| Total Deposits | 471,821 | 380,422 | 289,811 | 230,426 | 170,030 | 131,070 |
| Share Capital | 10,027 | 10,027 | 10,027 | 9,034 | 8,030 | 6,983 |
| Total Shareholders Equity | 25,557 | 23,275 | 17,908 | 15,494 | 13,324 | 10,740 |
| Market Capitalization | 45,875 | 47,129 | 39,488 | 27,147 | 13,956 | 11,801 |
| Number of Staff | 8,581 | 7,429 | 6,248 | 5,953 | 4,900 | 4,364 |
| Number of Branches | 551 | 428 | 351 | 310 | 275 | 222 |
| Ratios | | | | | | |
| Break up Value (Rs.) | 25.49 | 23.21 | 17.86 | 17.14 | 16.60 | 15.38 |
| Market Value per Share (Rs.) | 45.75 | 47.00 | 39.38 | 30.05 | 17.38 | 16.9 |
| Price to Book Value Ratio | 1.79 | 2.03 | 2.21 | 1.75 | 1.05 | 1.10 |
| Cash Dividend (%) | 30 | 27.50 | 20 | 15 | 10 | - |
| Stock Dividend (%) | - | - | - | 11.00 | 12.50 | 15.00 |
| Right Shares at par (%) | - | - | - | - | - | - |
| Price Earning Ratio | 9.1 | 10.3 | 10.0 | 7.7 | 4.1 | 8.2 |
| Earning per Share (Rs.) | 5.01 | 4.56 | 3.95 | 3.50 | 3.75 | 2.05 |
| Net Spread to Gross Return (%) | 55.01 | 46.39 | 45.94 | 47.86 | 51.94 | 46.25 |
| Net Profit Before Tax to Gross Income (%) | 22.41 | 20.56 | 21.17 | 21.57 | 21.21 | 14.40 |
| Net Profit After Tax to Gross Income (%) | 13.32 | 13.62 | 14.83 | 14.47 | 16.51 | 11.17 |
| Admin Expense to Income before provisions (%) | 60.49 | 59.35 | 59.41 | 55.97 | 51.60 | 55.59 |
| Financing / Advances to Deposit Ratio - ADR (%) | 44.0 | 46.2 | 44.0 | 38.5 | 41.4 | 46.0 |
| Investment to Deposit Ratio - IDR (%) | 16.30 | 29.99 | 52.31 | 66.21 | 57.92 | 41.94 |
| Capital Adequacy Ratio (%) | 10.98 | 11.88 | 12.48 | 14.08 | 14.89 | 12.41 |
| Return on Average Assets (%) | 1.04 | 1.19 | 1.31 | 1.48 | 1.91 | 1.18 |
| Return on Average Equity (%) | 20.57 | 22.20 | 23.69 | 24.34 | 28.18 | 16.64 |



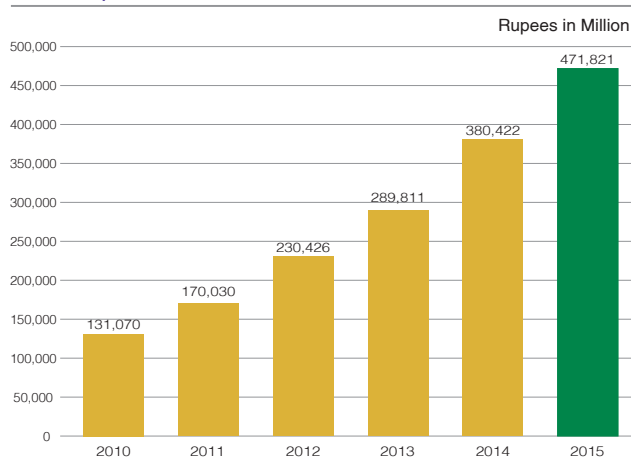
Rupees in Million

| 2009 | 2008 | 2007 | 2006 | 2005 |
|---------|--------|--------|--------|--------|
| 10,102 | 6,803 | 4,574 | 2,704 | 1,459 |
| 4,970 | 3,088 | 2,452 | 1,464 | 690 |
| 5,132 | 3,715 | 2,122 | 1,240 | 769 |
| (1,443) | (428) | (435) | (122) | (69) |
| (89) | (289) | (1) | (1) | 30 |
| 3,600 | 2,998 | 1,686 | 1,117 | 730 |
| 1,332 | 802 | 742 | 441 | 262 |
| 266 | (95) | 606 | 250 | 360 |
| 5,198 | 3,705 | 3,034 | 1,808 | 1,352 |
| 3,458 | 2,713 | 1,765 | 1,028 | 719 |
| 1,740 | 992 | 1,269 | 780 | 633 |
| 715 | 371 | 306 | 176 | 214 |
| 1,025 | 621 | 963 | 604 | 419 |
| 46,985 | 41,521 | 36,053 | 28,326 | 20,493 |
| 124,169 | 85,276 | 67,179 | 46,439 | 30,676 |
| 100,333 | 70,234 | 54,582 | 34,449 | 22,769 |
| 6,650 | 4,926 | 3,780 | 3,780 | 2,037 |
| 9,091 | 6,341 | 5,720 | 4,763 | 3,025 |
| 10,467 | 10,581 | 14,572 | 7,465 | 4,736 |
| 3,669 | 3,170 | 2,205 | 1,389 | 786 |
| 201 | 166 | 100 | 62 | 28 |
| 13.67 | 12.87 | 15.13 | 12.6 | 14.85 |
| 15.74 | 21.48 | 38.55 | 19.5 | 23.25 |
| 1.15 | 1.67 | 2.55 | 1.55 | 1.57 |
| - | - | - | - | - |
| 5.00 | 8.60 | 20.00 | 10.00 | 16.00 |
| - | 35 | - | 50 | 20 |
| 9.2 | 17.6 | 15.1 | 10.5 | 15.9 |
| 1.62 | 1.22 | 1.96 | 1.88 | 1.46 |
| 50.80 | 54.61 | 46.39 | 45.86 | 52.69 |
| 14.87 | 13.21 | 21.43 | 22.98 | 30.42 |
| 8.76 | 8.27 | 16.27 | 17.80 | 20.15 |
| 51.38 | 61.35 | 50.86 | 53.23 | 51.68 |
| 46.8 | 59.1 | 66.1 | 82.2 | 90.0 |
| 23.21 | 20.68 | 19.30 | 8.35 | 7.05 |
| 12.77 | 9.58 | 10.71 | 12.80 | 10.67 |
| 0.98 | 0.82 | 1.70 | 1.57 | 1.67 |
| 13.29 | 10.30 | 18.39 | 15.64 | 16.70 |

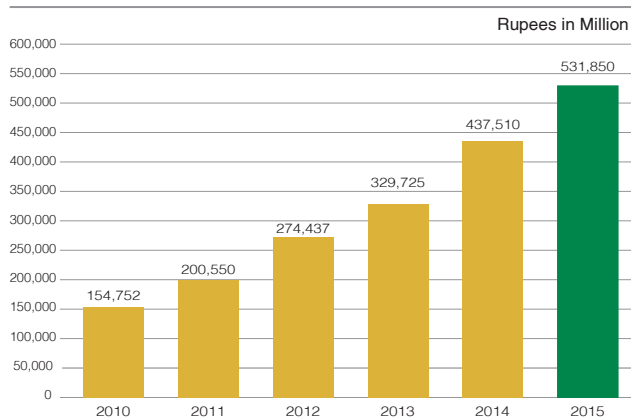
Profit After Taxation



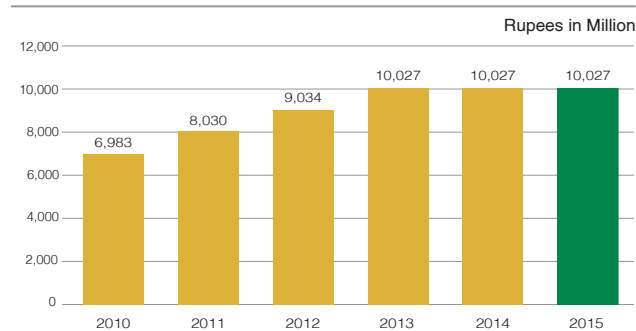
Total Deposits



Total Assets



Share Capital



Six Years' Horizontal Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

| Statement of Financial Position | | | | | | | | | | | | |
|---|----------|------------|----------|------------|----------|------------|----------|------------|---------|------------|---------|------------|
| | 2015 | 15 Vs 14 % | 2014 | 14 Vs 13 % | 2013 | 13 Vs 12 % | 2012 | 12 Vs 11 % | 2011 | 11 Vs 10 % | 2010 | 10 Vs 09 % |
| Assets | | | | | | | | | | | | |
| Cash and balances with treasury banks | 43,686 | 47 | 29,729 | 4 | 28,583 | 49 | 19,125 | 15 | 16,641 | 30 | 12,781 | 52 |
| Balances with other banks | 11,175 | 103 | 5,501 | 55 | 3,554 | (8) | 3,851 | 64 | 2,348 | (76) | 9,940 | 89 |
| Due from financial & other institutions | 170,474 | 88 | 90,766 | 1,120 | 7,443 | 1,389 | 500 | (88) | 4,065 | (61) | 10,512 | (70) |
| Investments | 76,910 | (33) | 114,089 | (25) | 151,614 | (1) | 152,460 | 55 | 98,489 | 79 | 54,967 | 136 |
| Islamic financings and related assets | 207,569 | 18 | 175,712 | 38 | 127,623 | 44 | 88,678 | 26 | 70,377 | 17 | 60,264 | 28 |
| Operating fixed assets | 8,057 | 28 | 6,273 | 12 | 5,595 | 14 | 4,898 | 23 | 3,985 | 30 | 3,066 | 27 |
| Deferred tax asset | - | (100) | 815 | 522 | 131 | (76) | 546 | (32) | 801 | 134 | 342 | 68 |
| Other assets | 13,979 | (4) | 14,625 | 182 | 5,182 | 18 | 4,379 | 14 | 3,844 | 33 | 2,880 | (8) |
| | 531,850 | 22 | 437,510 | 33 | 329,725 | 20 | 274,437 | 37 | 200,550 | 30 | 154,752 | 25 |
| Liabilities | | | | | | | | | | | | |
| Bills payable | 6,560 | 17 | 5,620 | 55 | 3,615 | 18 | 3,059 | 34 | 2,282 | 29 | 1,767 | 41 |
| Due to financial institutions | 13,610 | (12) | 15,465 | 36 | 11,375 | (38) | 18,461 | 100 | 9,236 | 58 | 5,829 | (31) |
| Deposits and other accounts | 471,821 | 24 | 380,422 | 31 | 289,811 | 26 | 230,426 | 36 | 170,030 | 30 | 131,070 | 31 |
| Deferred tax liabilities | 393 | 100 | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 13,119 | 8 | 12,113 | 102 | 6,011 | 1 | 5,928 | 14 | 5,220 | 4 | 5,006 | 1 |
| | 505,503 | 22 | 413,620 | 33 | 310,812 | 21 | 257,874 | 38 | 186,768 | 30 | 143,672 | 25 |
| Net Assets | 26,347 | 10 | 23,890 | 26 | 18,913 | 14 | 16,563 | 20 | 13,781 | 24 | 11,080 | 21 |
| Represented by: | | | | | | | | | | | | |
| Share capital | 10,027 | - | 10,027 | - | 10,027 | 11 | 9,034 | 12 | 8,030 | 15 | 6,983 | 5 |
| Reserves | 8,588 | 18 | 7,289 | 105 | 3,551 | 29 | 2,760 | 34 | 2,058 | 49 | 1,380 | 31 |
| Unappropriated profit | 6,942 | 17 | 5,958 | 38 | 4,330 | 17 | 3,700 | 14 | 3,235 | 36 | 2,377 | 71 |
| Surplus on revaluation of investments | 790 | 28 | 616 | (39) | 1,005 | (6) | 1,069 | 133 | 458 | 35 | 340 | 262 |
| | 26,347 | 10 | 23,890 | 26 | 18,913 | 14 | 16,563 | 20 | 13,781 | 24 | 11,080 | 21 |
| | | | | | | | | | | | | |
| Profit & Loss Account | | | | | | | | | | | | |
| | 2015 | 15 Vs 14 % | 2014 | 14 Vs 13 % | 2013 | 13 Vs 12 % | 2012 | 12 Vs 11 % | 2011 | 11 Vs 10 % | 2010 | 10 Vs 09 % |
| Return on financings/investments and placements | 33,114 | 15 | 28,803 | 24 | 23,171 | 6 | 21,837 | 21 | 18,032 | 47 | 12,290 | 22 |
| Return on deposits and other dues expensed | (14,897) | (4) | (15,440) | 23 | (12,526) | 10 | (11,385) | 31 | (8,666) | 31 | (6,606) | 33 |
| Net spread earned | 18,217 | 36 | 13,363 | 26 | 10,645 | 2 | 10,452 | 12 | 9,366 | 65 | 5,684 | 11 |
| Provisions | (563) | 21 | (467) | 602 | (93) | (79) | (451) | (68) | (1,389) | (7) | (1,497) | (2) |
| Net spread after provision | 17,654 | 37 | 12,896 | 22 | 10,552 | 6 | 10,001 | 25 | 7,977 | 91 | 4,187 | 16 |
| Fee, commission, forex and other income | 3,626 | 9 | 3,323 | 69 | 1,962 | 39 | 1,413 | 5 | 1,347 | (34) | 2,056 | 54 |
| Dividend income and capital gain | 971 | (32) | 1,432 | (7) | 1,539 | 56 | 986 | (15) | 1,158 | 176 | 419 | 58 |
| Income before operating expenses | 22,251 | 26 | 17,651 | 26 | 14,053 | 13 | 12,400 | 18 | 10,482 | 57 | 6,662 | 28 |
| Administrative and operating expenses | (13,799) | 28 | (10,753) | 28 | (8,406) | 17 | (7,170) | 17 | (6,126) | 35 | (4,536) | 31 |
| Profit before taxation | 8,452 | 23 | 6,898 | 22 | 5,647 | 8 | 5,230 | 20 | 4,356 | 105 | 2,126 | 22 |
| Taxation | (3,429) | 47 | (2,328) | 38 | (1,690) | (2) | (1,722) | 78 | (965) | 102 | (477) | (33) |
| Profit after taxation | 5,023 | 10 | 4,570 | 16 | 3,957 | 13 | 3,508 | 3 | 3,391 | 106 | 1,649 | 61 |



Six Years' Vertical Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

| Statement of Financial Position | | | | | | | | | | |
|---|----------|------|----------|------|----------|------|----------|------|---------|------|
| Assets | 2015 | % | 2014 | % | 2013 | % | 2012 | % | 2011 | % |
| Cash and balances with treasury banks | 43,686 | 8 | 29,729 | 7 | 28,583 | 9 | 19,125 | 7 | 16,641 | 8 |
| Balances with other banks | 11,175 | 2 | 5,501 | 1 | 3,554 | 1 | 3,851 | 1 | 2,348 | 1 |
| Due from financial & other institutions | 170,474 | 32 | 90,766 | 21 | 7,443 | 2 | 500 | - | 4,065 | 2 |
| Investments | 76,910 | 14 | 114,089 | 26 | 151,614 | 46 | 152,460 | 56 | 98,489 | 49 |
| Islamic financings and related assets | 207,569 | 39 | 175,712 | 40 | 127,623 | 39 | 88,678 | 32 | 70,377 | 34 |
| Operating fixed assets | 8,057 | 2 | 6,273 | 1 | 5,595 | 2 | 4,898 | 2 | 3,985 | 3 |
| Deferred tax asset | - | - | 815 | - | 131 | - | 546 | - | 801 | - |
| Other assets | 13,979 | 3 | 14,625 | 4 | 5,182 | 1 | 4,378 | 2 | 3,843 | 2 |
| | 531,850 | 100 | 437,510 | 100 | 329,725 | 100 | 274,436 | 100 | 200,549 | 100 |
| Liabilities | | | | | | | | | | |
| Bills payable | 6,560 | 1 | 5,620 | 1 | 3,615 | 1 | 3,059 | 1 | 2,282 | 1 |
| Due to financial institutions | 13,610 | 3 | 15,465 | 4 | 11,375 | 3 | 18,461 | 7 | 9,236 | 5 |
| Deposits and other accounts | 471,821 | 89 | 380,422 | 87 | 289,811 | 88 | 230,426 | 84 | 170,030 | 84 |
| Deferred tax liabilities | 393 | - | - | - | - | - | - | - | - | - |
| Other liabilities | 13,119 | 2 | 12,113 | 3 | 6,011 | 2 | 5,928 | 2 | 5,220 | 3 |
| | 505,503 | 95 | 413,620 | 95 | 310,812 | 94 | 257,874 | 94 | 186,768 | 93 |
| Net Assets | 26,347 | 5 | 23,890 | 5 | 18,913 | 6 | 16,563 | 6 | 13,781 | 7 |
| Represented by: | | | | | | | | | | |
| Share capital | 10,027 | 2 | 10,027 | 2 | 10,027 | 3 | 9,034 | 3 | 8,030 | 4 |
| Reserves | 8,588 | 2 | 7,289 | 2 | 3,551 | 1 | 2,760 | 1 | 2,058 | 1 |
| Unappropriate profit | 6,942 | 1 | 5,958 | 1 | 4,330 | 2 | 3,700 | 2 | 3,235 | 2 |
| Surplus on revaluation of investment | 790 | - | 616 | - | 1,005 | - | 1,069 | - | 458 | - |
| | 26,347 | 5 | 23,890 | 5 | 18,913 | 6 | 16,563 | 6 | 13,781 | 7 |
| Profit & Loss Account | | | | | | | | | | |
| | 2015 | % | 2014 | % | 2013 | % | 2012 | % | 2011 | % |
| Return on financings/investments and placements | 33,114 | 88 | 28,803 | 86 | 23,171 | 87 | 21,837 | 90 | 18,032 | 88 |
| Return to deposits and other dues expensed | (14,897) | (40) | (15,440) | (46) | (12,526) | (47) | (11,385) | (47) | (8,666) | (42) |
| Net Spread Earned | 18,217 | 48 | 13,363 | 40 | 10,645 | 40 | 10,452 | 43 | 9,366 | 46 |
| Provisions | (563) | (1) | (467) | (1) | (93) | - | (451) | (2) | (1,389) | (7) |
| Net Spread after Provision | 17,654 | 47 | 12,896 | 39 | 10,552 | 40 | 10,001 | 41 | 7,977 | 39 |
| Fee, comminssion, forex and other income | 3,626 | 10 | 3,323 | 10 | 1,962 | 7 | 1,413 | 6 | 1,347 | 6 |
| Dividend income and capital gain | 971 | 2 | 1,432 | 4 | 1,539 | 6 | 986 | 4 | 1,158 | 6 |
| Income before operating expenses | 22,251 | 59 | 17,651 | 53 | 14,053 | 53 | 12,400 | 51 | 10,482 | 51 |
| Administrative and operating expenses | (13,799) | (37) | (10,753) | (32) | (8,406) | (32) | (7,170) | (30) | (6,126) | (30) |
| Profit before taxation | 8,452 | 22 | 6,898 | 21 | 5,647 | 21 | 5,230 | 21 | 4,356 | 21 |
| Taxation | (3,429) | (9) | (2,328) | (7) | (1,690) | (6) | (1,722) | (7) | (965) | (5) |
| Profit after taxation | 5,023 | 13 | 4,570 | 14 | 3,957 | 15 | 3,508 | 14 | 3,391 | 16 |

Financial Analysis

Statement of Financial Position

Total assets of the Bank crossed half a trillion mark and reached Rs 532 billion (\$5.1 billion) as at December 31, 2015 as compared to Rs 438 billion as at December 31, 2014, representing a growth of 22%.

Deposit base of the Bank also grew by an impressive 24% from Rs 380 billion to Rs 472 billion. This was more than double the overall growth rate of deposits in Pakistan's banking industry – which was 11.5%. This huge growth was contributed mainly by the extensive branch network, quality of service and excellent brand image of the Bank. The deposit mix of the Bank also improved with CASA contributing 72% to the mix as compared to 71% a year ago.

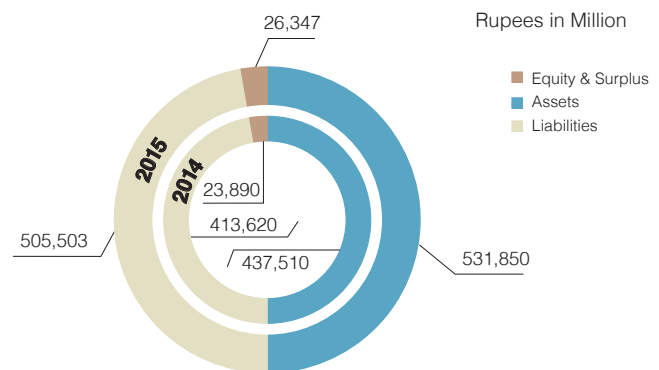
Notwithstanding the low demand for financing, both short and long term, the Bank was able to increase its financing portfolio by Rs 32 billion to register a growth of 18% during the year. This was more than twice the average financing growth in the banking industry, which was 7% only. The portfolio is well diversified by sector, and maturities are also comfortably balanced with 61% in short-term (upto one year) and 39% in long-term. Advance to deposits ratio (ADR) of the Bank now stands at 44%.

Portfolio infection at 3.27% (NPL ratio) is one of the lowest in the Pakistani Banking industry and reflects the Bank's prudent lending strategy backed by a sound risk infrastructure and rigorous

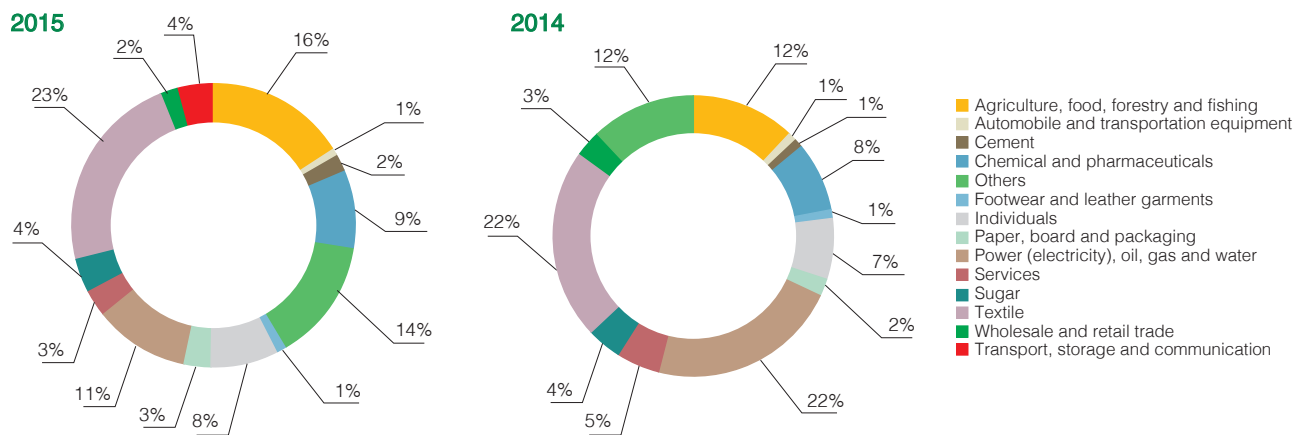
remedial and recovery efforts. Notwithstanding the low NPL, the Board, in keeping with its very prudent approach, maintained coverage ratio at 116% in 2015 which is one of the highest in the banking industry. The investment and due from FI portfolio increased to Rs 247 billion from Rs 205 billion last year, a growth of 21%.

The Bank remains a well-capitalized institution with its equity rising to Rs 25.6 billion from Rs 23.3 billion a year earlier, despite the fact that a healthy cash dividend of Rs 3 billion was paid during the year.

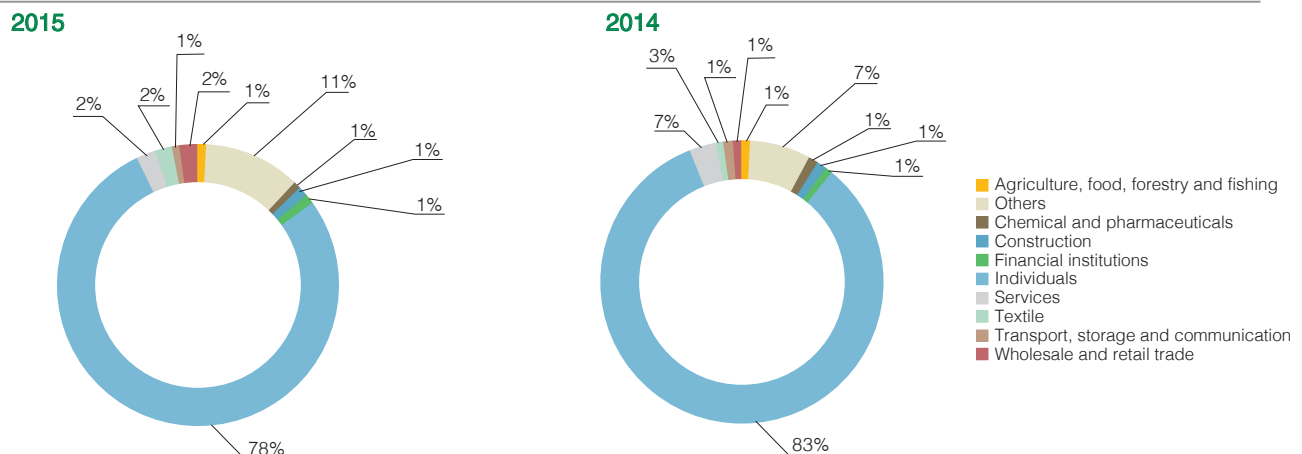
Statement of Financial Position



Islamic Financing and Related Assets (Gross)



Deposits





Profit and Loss Account

The Bank posted profit after tax of Rs 5.02 billion as compared to Rs 4.57 billion last year, an increase of 10%. Earnings per share increased to Rs 5.01 per share from Rs 4.56 per share. Income from financings, investment and placement increased by 15% from Rs 28.8 billion to Rs 33.1 billion. This increase is mainly due to incremental earning assets.

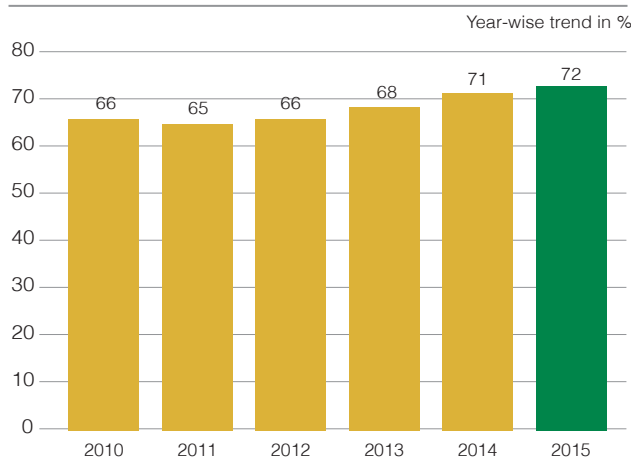
The return on deposits decreased to Rs 14.9 billion from Rs 15.4 billion, mainly due to improvement in deposit mix in the current year.

Trade finance business increased from Rs 376 billion to Rs 461 billion, a growth of 23%, despite the lower prices of oil and commodities in the international market. The trade business is supported by the Bank's growing network of correspondent banking relationships around the world and improved service quality. Fee, commission and brokerage income increased by 27% to reach Rs 2 billion as against Rs 1.6 billion last year, mainly due to increase in trade volume.

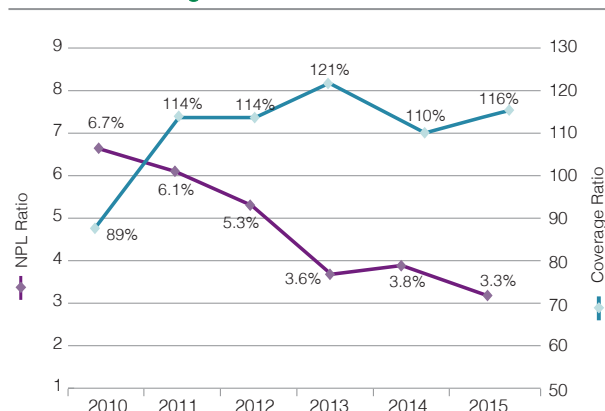
Administrative and operating expenses increased to Rs 13.8 billion from Rs 10.8 billion, a rise of 28%. The rise in expenses is primarily due to increase in staff expenses, rent and associated costs as a result of addition of 123 new branches during the year – an investment which has reaped fruits for the Bank, as evident from the strong growth in deposits and profits over the years. With a network of 551 branches as compared to 428 branches last year, Meezan Bank became the 7th largest bank in Pakistan in terms of branch network.

The Bank's market share amongst the full-fledged dedicated Islamic Banks operating in Pakistan is approximately 55% while its share of the Islamic Banking industry as a whole, including Islamic Banking windows of conventional banks in Pakistan is 35%.

CASA to Total Deposit

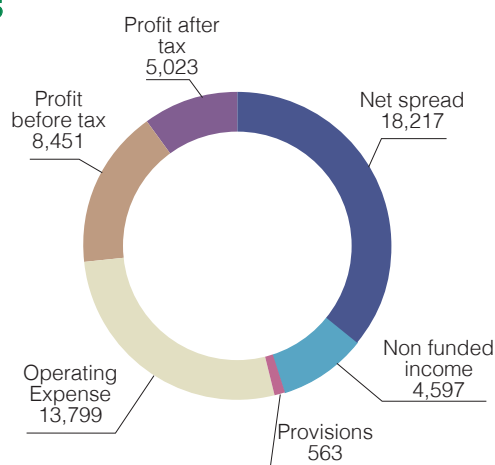


NPL and Coverage Ratios

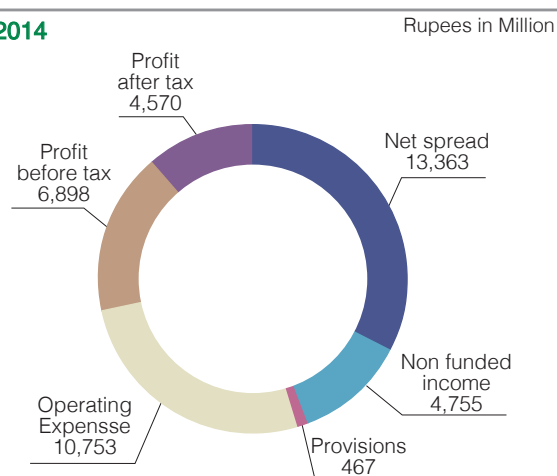


Profit and Loss

2015



2014



DuPont Analysis

| Description | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------------|-------|-------|-------|-------|-------|-------|
| Profit Margin - % | 13.3 | 13.6 | 14.8 | 14.5 | 16.5 | 11.2 |
| Asset Turnover | 0.08 | 0.09 | 0.09 | 0.10 | 0.12 | 0.11 |
| Equity Multiplier - Times | 19.85 | 18.63 | 18.09 | 16.48 | 14.77 | 14.07 |
| Return on Equity (ROE) - % | 20.57 | 22.20 | 23.69 | 24.34 | 28.18 | 16.64 |

Calendar of Major Events

| | |
|---|--------------------|
| Incorporation of the Bank | January 27, 1997 |
| Commencement of Business of the Bank | September 29, 1997 |
| Issuance of Scheduled Islamic Commercial Bank license | January 31, 2002 |
| Commencement of Operations as Scheduled Islamic Commercial Bank | March 20, 2002 |

Financial Calendar

2015

| | |
|---|-----------------------------|
| 1 st Quarter Results issued on | April 22, 2015 |
| 2 nd Quarter Results issued on | July 28, 2015 |
| 3 rd Quarter Results issued on | October 20, 2015 |
| Annual Results issued on | February 22, 2016 |
| 20 th Annual General Meeting | Scheduled on March 29, 2016 |

2014

| | |
|---|-------------------|
| 1 st Quarter Results Issued on | April 24, 2014 |
| 2 nd Quarter Result Issued on | July 28, 2014 |
| 3 rd Quarter Result Issued on | October 21, 2014 |
| Annual Results Issued on | February 18, 2015 |
| 19 th Annual General Meeting | March 27, 2015 |

Details of the Board meetings held outside Pakistan during 2015

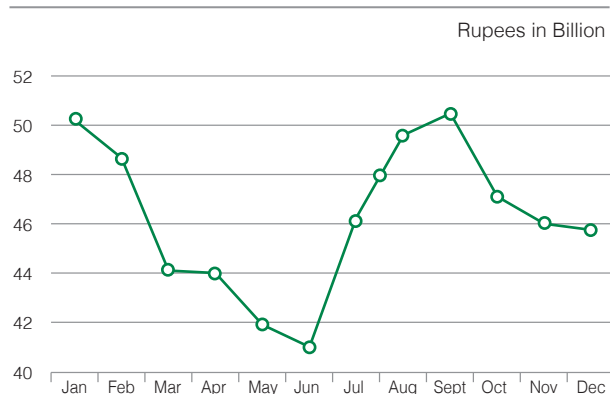
A total of five meetings were held during the year, out of which two meetings were held in Dubai, U.A.E. to approve the unaudited accounts of the Bank for the 1st quarterly period ended March 31, 2015 and half-yearly period ended June 30, 2015.

Issues raised in last AGM

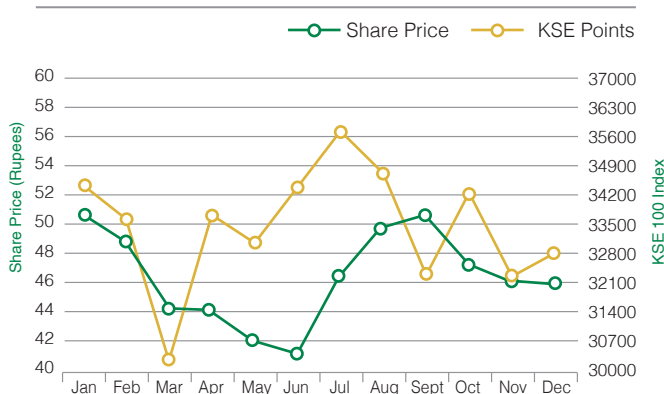
The Annual General Meeting was held on March 27, 2015 at Meezan House, the Bank's Head Office in Karachi. None of the participants raised any issues, and as such, there was no need for any further action in this matter.

Monthly Market Statistics of Meezan Bank's Share during 2015

Market Capitalisation



Share Price Sensitivity





Investors' Grievance Policy

Meezan Bank has established a robust grievance reporting mechanism which seeks to resolve any complaints or unattended issues if, despite all vigilance, do occur. The mechanism put in place allows for such matters to be reported electronically, in writing or over the phone.

To ensure that the stakeholder may register their complaints conveniently, a multitude of online forms is available on Meezan Bank's Corporate website (www.meezanbank.com).

The Investor Complaints Form, on submission, is sent directly to the Office of the Company Secretary. Similarly, a general complaints form for reporting and resolution of business-related complaints sends registered issues to relevant departments. A dedicated email address (complaints@meezanbank.com) is also in place for the express purpose of reporting issues if the stakeholder feels the need to email rather than use online forms.

Furthermore, grievances may also be lodged by calling the Bank's Call Center (UAN: 111-331-331 & 111-331-332), which is functional round the clock, where officers are available to assist stakeholders with their queries and complaints.

Directors' Qualification

Members of Meezan Bank's Board are experienced and qualified professionals who bring a diverse range of professional and technical expertise to the organization. Being cognizant of the importance of Directors' certification according to clause xi of Code of Corporate Governance, Meezan Bank has made appropriate arrangements to ensure all directors of the Bank gain the requisite certifications in the current year.

Evaluation of the Board of Directors

The Board of Directors of Meezan Bank sets the Bank's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, the Board of Directors has developed criteria for its performance evaluation which reflect the Bank's overall performance.

The Board of Directors discusses strategic objectives, budgetary expenses and projected national and international macroeconomic indicators to ensure that the Bank's business strategy stays aligned with the macroeconomic indicators. The Board of Directors and its subcommittees are competent and experienced, representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization.

The Board of Directors is keen to ensure that it reviews the effectiveness of its performance periodically. To that end, all individual Board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. A committee of Directors is designated to collate individual responses and present them to the Board for deliberation and discussion.

This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors, and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank to new heights of success is discharged effectively and efficiently.

Shareholders

Shareholding Structure

| | Rs. in Million | % |
|---|----------------|---------------|
| Noor Financial Investment Co. Kuwait | 4,924 | 49.11 |
| Pakistan Kuwait Investment Company (Pvt.) Ltd | 3,008 | 30.00 |
| Islamic Development Bank Jeddah | 935 | 9.32 |
| Others | 1,160 | 11.57 |
| Paid up Capital | 10,027 | 100.00 |



Noor Financial Investment Company

is a Kuwaiti investment company engaged in investment and financial activities primarily in Kuwait, the Middle East, Asia and other emerging markets. The company was established as the financing arm of the National Industries Group (NIG), which is one of the largest private sector industrial groups in Kuwait.

Noor provides a broad range of financial services through its investment banking department. These activities/services broadly include private equity, investment strategy & implementation, mergers & acquisition advisory, valuations, hedging & risk management, local/ foreign listing, long-term financial planning and innovative structuring. The asset management department of the company also engages in managing proprietary and client portfolios of quoted and unquoted securities, real estate and funds in Kuwait, GCC and the MENA region.



Pakistan Kuwait Investment Company (Private) Limited (PKIC)

a joint venture between the Governments of Pakistan and Kuwait was established in 1979. PKIC is one of the most respected and profitable institutions in Pakistan. The company, operating for over 30 years in Pakistan, is engaged in investment and development banking activities in Pakistan. PKIC is the first financial institution in Pakistan that has been rated AAA (triple A) for the long-term by both PACRA and JCR-VIS Credit Rating Company, an affiliate of Japan Credit Rating Company.



Islamic Development Bank (IDB)

is located in Jeddah and is an International Financial Institution established in 1975 in pursuance of a declaration by the Conference of Finance Ministers of Muslim countries to foster economic development and social progress in member (Islamic) countries. IDB has an equity of approximately USD 9 billion and enjoys presence in 56 member countries. The Bank participates in equity capital and grants loans for productive projects and enterprises besides providing financial assistance in other forms for economic and social development.

نہیں

کل

آج

بلکہ

ربا سے آزادی حاصل کریں میزان بینک کا انتخاب کریں

پاکستان کا پہلا اور سب سے بڑا اسلامی بینک

پروڈکٹس اور سروسز کی وسیع ترین رینج

پاکستان کا سب سے زیادہ اعزازات حاصل کرنے والا اسلامی بینک

آج ہی اپنا اکاؤنٹ کھلوانے کے لیے
ہماری ویب سائٹ کے ذریعے آن لائن درخواست دیجئے۔



Our Institution

| | |
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Corporate Profile

Meezan Bank, Pakistan's first and largest Islamic bank, is one of the fastest growing financial institutions in the banking sector of the country. Founded with the Vision of establishing 'Islamic banking as banking of first choice', the Bank commenced operations in 2002, after being issued the first ever Islamic commercial banking license by the State Bank of Pakistan.

Meezan Bank is a publicly listed company sponsored by leading financial institutions from Pakistan and the Middle East. The Bank offers a complete range of Islamic banking products and services through a retail banking network of 551 branches in 143 cities, making it the 7th largest banking network in Pakistan.

Meezan Bank has a strong Shariah-compliance setup that comprises of a dedicated Product Development and Shariah Compliance Department, a Resident Shariah Baord Member and a Shariah Supervisory Board comprising of internationally renowned Shariah scholars. The Bank is well-recognized for its product development capability, Islamic banking research and advisory services, at both national and international levels.

Credit Rating

| | 2015 | 2014 |
|------------|------|------|
| Long Term | AA | AA |
| Short Term | A1+ | A1+ |

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan, has reaffirmed the Bank's long-term entity rating of AA (Double A) and short-term rating at A1+ (A One Plus) with stable outlook. The short-term rating of A1+ is the highest standard in short-term rating. The rating indicates sound performance indicators of the Bank. Meezan Bank is the only full-fledged Islamic bank with AA credit rating in the Islamic banking industry in Pakistan.

Awards and Recognition

2015

Global Islamic Finance Awards (GIFA)

Shariah Authenticity Award

Islamic Finance News (IFN)

Best Islamic Retail Bank - Global Award

3rd Best Overall Islamic Bank

– Global Award

Best Islamic Bank in Pakistan

Pakistan Deal of the Year

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Investment Bank

Best Sukuk House in Pakistan

Best Islamic Trade Finance Deal

Global Finance

Best Islamic Financial Institution in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

The Banker

Top Islamic Bank in Pakistan

South Asian Financial Disclosure Index

Rankings

Leading Islamic Bank of the region

Ranked 10th in the top 15 global Islamic banks

CFA Society of Pakistan

Islamic Bank of the Year

Corporate Finance House of the Year

MasterCard Innovation Forum 2015

Best Shariah Compliant Product

– MasterCard, Titanium Debit Card

South Asian Federation of Accountants

(SAFA)

Best Presented Accounts Award – Private

Sector Bank

ICAP & ICMAP

Best Corporate Report Award – Banking

Sector

Pakistan Observer

Largest Islamic Bank

2014

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Musharakah Deal of the Year

AsiaMoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

Islamic Bank of the Year

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Sukuk House, Pakistan

Best Deal, Pakistan

Highly Commended - Best Islamic

Structured Trade Finance

Highly Commended Best Deal – Pakistan

ICAP & ICMAP

Corporate Report Award – Banking Sector

South Asian Federation of Accountants

(SAFA)

Best Presented Accounts Award

– Private Sector Banks

The Banker

Top Islamic Bank in Pakistan

Rozee.pk

Top Employer in the Islamic Banking

Industry

2013

AsiaMoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

Islamic Bank of the Year

Corporate Finance House of the Year

(Fixed Income)

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Ijarah Deal of the Year

Pakistan Deal of the Year

Global Islamic Finance Awards (GIFA)

Best Research and Development in

Islamic Finance

Global Finance

Best Islamic Financial Institution in Pakistan

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Highly Commended Best Islamic Deal

Pakistan

2012

CFA Association Pakistan

Islamic Bank of the Year

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Deal - Pakistan

Highly Commended Deal - Pakistan

Global Finance

Best Islamic Financial Institution in Pakistan

Islamic Finance News (IFN)

Best Deals of the Year

AsiaMoney

Best Islamic Bank in Pakistan

ICAP & ICMAP

Corporate Report Award – Banking Sector

2011

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Deal - Pakistan

Global Finance

Best Islamic Financial Institution in Pakistan

2010

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

Global Finance

Best Islamic Financial Institution in Pakistan

2009

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

Global Finance

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

Corporate Report Award – Banking Sector

2008

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

Global Finance

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

Corporate Report Award – Banking Sector

2007

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan



Mr. Irfan Siddiqui receiving 'Largest Islamic Bank' award from the President of Pakistan, H.E. Mr. Mamnoon Hussain at the Pakistan Observer's Round Table Conference on Islamic Banking & Finance held in Islamabad.



Mr. Syed Amir Ali, Group Head Corporate & Investment Banking receiving global award for 'Best Islamic Retail Bank' at the IFN Awards ceremony held in Kuala Lumpur, Malaysia.



Mr. Shabbir Hamza Khandwala, Chief Financial Officer & Group Head Finance receiving Corporate Annual Report Award by ICAP & ICMAP.



میزان

Meezan, the Arabic word for 'Balance' has been taken from Surah Al-Rahman.

At Meezan Bank, we believe in maintaining a balance between the needs of our shareholders, our customers, our staff and other stakeholders. This approach will Insha'Allah help us achieve our Vision of 'providing a strong foundation for establishing a fair and just society for mankind'.

1997



Establishment of
Al Meezan
Investment Bank

Riba-Free Certificates
of Islamic Investment
launched

2002



Al Meezan
Investment Bank
acquires Pakistan
operations of Societe
Generale and is
issued the



first Islamic Commercial
Banking license by SBP.
Now a full-fledged
scheduled commercial bank, it is
renamed as
Meezan Bank

Deposit base stood
at Rs. 5.08 billion



Pakistan's first
Shariah-compliant
Auto Finance product
is launched



Islamic Export Refinance
scheme is introduced
in coordination with SBP

SME operations start as an
independent business unit

2003



Al Meezan Investment
Management Ltd.
becomes a subsidiary of
Meezan Bank through
acquisition of majority shares

Branch network reaches
10 branches nationwide
while the deposit base
grows to Rs. 7.7 billion



Pakistan's first
Shariah-compliant
Housing finance
product is launched

2004

Meezan Bank acts as the
Shariah Structuring Advisor
for the historic transaction
of international
Sukuk offering for USD 600
million under a mandate
awarded by the
Government of Pakistan

Deposit base grows to
Rs.13.7 billion

Number of branches
reaches 16



A 24/7 Call Center
is established

ATM/Debit Cards and
ATMs are introduced

Online Banking
is launched
across all branches

SBP establishes a dedicated
Islamic Banking Department
and constitutes a Shariah Board

2005



Meezan Bank wins
Best Islamic Bank
in Pakistan



Dollar Mudarabah Certificates
and Special Musharakah
Certificates launched for
liquidity management and
inter-bank market

Deposit base grows to
Rs. 22 billion
Number of branches
reaches 28

Meezan Islamic Institution
Deposit Account launched
as a product tailored for
Islamic Financial
Institutions enabling them
to manage their excess
liquidity through a
checking account with
Meezan Bank

2006



BANKING
introduced for the first
time in Pakistan

Deposit base grows to
Rs. 34 billion

Number of branches
reaches 62 in 21 cities



The Institute of
Chartered Accountants
of Pakistan



The Institute of
Cost & Management
Accountants of Pakistan

Corporate Report Award



Best Islamic Bank
in Pakistan

Internet Banking launched



2007



Branch network
reaches the
milestone number of
100 branches
in 31 cities



Import/Export business reaches
Rs. 70 billion

Deposit base grows to
Rs. 54 billion

Best Islamic Bank in Pakistan



Introduction of Istisna
financing for working capital
needs of customers



2008



Branch Network expands
to 40 cities

Deposit base grows to
Rs. 70 billion

Introduction of Tijarah
financing allowing
customers to raise funds
for financing of stocks
of finished goods

Dedicated Islamic Banking
Training Centers established
in 3 cities



The Institute of
Chartered Accountants
of Pakistan



The Institute of
Cost & Management
Accountants of Pakistan

Corporate Report
Award



Best Islamic Bank in
Pakistan
Best Deal of the Year



Launch of first
Government of Pakistan
Ijarah Sukuk

2009



Deposit base crosses
Rs.100 billion

Bank handles more than
Rs.100 billion of Import/
Export business



Meezan VISA Debit
Cards launched

ASIAMONEY

Best Islamic Bank in
Pakistan



Islamic Bank of the Year



The Institute of
Chartered Accountants
of Pakistan

Corporate Report Award



Best Islamic Bank
in Pakistan



Profit/Return earned on
financing and investment
activities exceed
Rs. 10 billion



Implementation of
new core banking
application T24



2010



Total deposits reach
Rs. 131 billion
Import/ Export
Business volume
Rs. 143 billion



Best Islamic Bank
in Pakistan



38 Islamic Banking seminars
held in 23 cities, attended by
over 4,400 participants

Launch of Wakalah based
financing product for the
development of partnerships
between Islamic and
Microfinance banks

Meezan
Business
Plus

and Meezan Euro Savings
Account as well as Meezan
Pound Savings Account
launched

Meezan Bank stands
among the top three
auto-finance providers in
the country

2011

275
Branches
83
Cities

9th largest bank in Pakistan in terms of branch network



Meezan House inaugurated

Total assets cross Rs. 200 billion

Meezan Bank becomes the Advisor and Lead Arranger for the first ever short-term Sukuk

Launch of **Meezan LaptopEase**

Home remittance service available at all branches



Islamic Bank of the Year



Best Islamic Bank in Pakistan
Best Islamic Trade Finance Bank in Pakistan
Best Islamic Deal Pakistan



Best Islamic Bank in Pakistan
Best Deal of the Year



Best Islamic Financial Institution in Pakistan

Technical services and support agreement with



in Sri Lanka

110 Customers, Appreciation Days and 27 Islamic Banking seminars held across the country

Launch of Running Musharakah for working capital requirements of corporate customers

2012

10th years of Corporate Banking
310 Branches
90 Cities



Islamic Bank of the Year



The Institute of Chartered Accountants of Pakistan



The Institute of Cost & Management Accountants of Pakistan



Best Islamic Bank in Pakistan
Best Islamic Trade Finance Bank in Pakistan
Best Islamic Retail Bank in Pakistan
Best Islamic Deal - Pakistan



Best Deals of the Year - Pakistan



Best Islamic Bank in Pakistan

Total deposits cross Rs. 230 billion



Launch of Meezan Visa Platinum Debit Card



Launch of Meezan Premium Banking & Premium Banking Centers

Launch of Mock Branches for staff training



Launched

Batch Hiring of over 550 employees

Official **facebook** Page crosses 85,000 Fans

2013

Over 350 Branches
Over 100 Cities

8th largest bank in Pakistan in terms of branch network

Total deposits reach Rs. 289 billion



Best Islamic Bank in Pakistan



Islamic Bank of the Year
Corporate Finance House of the Year (Fixed Income)



Best Islamic Bank in Pakistan
Deals of the Year-Pakistan



Government of Pakistan nominates Mr. Irfan Siddiqui and Dr. Imran Usmani as members of Steering committee of Islamic banking

Agreement with Ethical Finance Limited for establishing first Islamic commercial bank in Republic of Mauritius



Best Islamic Bank in Pakistan
Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan
Highly Commended Best Islamic Deal Pakistan



Best Research and Development in Islamic Finance

Launch of SMS Banking

Official **facebook** Page crosses 130,000 Fans

2014

428 Branches
117 Cities



Meezan Bank acquires HSBC Pakistan

Total deposits reach Rs. 380 billion



Best Islamic Bank in Pakistan



Islamic Bank of the Year



Best Islamic Bank in Pakistan
Musharakah Deal of the Year



Best Islamic Bank in Pakistan
Best Islamic Retail Bank in Pakistan
Best Islamic Trade Finance Bank in Pakistan
Sukuk House Pakistan
Best Deal, Pakistan
Best Islamic Structured Trade Finance Deal-Highly Commended, Pakistan



Mobile Banking App Launched

Launch of



Corporate Internet banking



Meezan Titanium MasterCard Debit Card Launched

2015

7th largest bank in terms of branch network
551 Branches
143 Cities

Meezan Bank acquires Pakistan operations of HSBC Oman



Agreement Signing with Karandaz Pakistan

Total deposits reach Rs. 472 billion



Meezan Upaisa - World's First Islamic Branchless Banking Service



Shariah Authenticity Award



Islamic Bank of the Year
Corporate Finance House of the year



Best Islamic Retail Bank
Best Islamic Bank in Pakistan
3rd Best Overall Islamic Bank
Pakistan Deal of the Year

Best Islamic Financial Institution in Pakistan



Best Islamic Bank, Pakistan
Best Islamic Retail Bank, Pakistan
Best Islamic Trade Finance Bank, Pakistan
Best Islamic Investment Bank, Pakistan
Best Sukuk House, Pakistan
Best Islamic Trade Finance Deal, Pakistan

Best Shariah-compliant Product Award



Centers of Excellence in Islamic Finance established at IBA, LUMS and IMSciences (Peshawar)

Meezan Bank's First Hajj booths at Hajj Camp

Accidental Death and Permanent Disability and ATM Cash Withdrawal Takaful coverage (Islamic Insurance) of up to Rs 1 million for all account holders



Online Account Opening Form Launched

Board of Directors

Riyadh S. A. A. Edrees Chairman

Mr. Riyadh S.A.A. Edrees has been a Director of Meezan Bank since October 2012. He is the Chairman of the Board and also the Chairman of Human Resources and Remuneration Committee. He has also previously served as the Vice Chairman of Meezan Bank.

Mr. Riyadh S.A.A. Edrees holds a B.Sc. degree in Chemical Engineering from Newcastle Upon Tyne University, U.K. and M.Sc. in Chemical Engineering from Kuwait University. His skills and experience encompass a wide range of industries and various roles including Executive Manager at Investment & Mega Projects National Industries Group Holding, Assistant Lecturer at Kuwait University, Vice Chairman at Gas & Oil Fields Services Co. (GOFSCO), Vice President and Board member at Eastern United Petroleum Services Kuwait, Director at Sajaa Gas Private Limited Co. UAE, Board member at K-Electric, Kuwait Ceramic Company Kuwait, United Gas Transmissions Company Limited Co. UAE and Kuwait Rock Company.

Directorships and other recent offices held:

- Deputy CEO Investment & Mega Projects, National Industries Group Holding
- Chairman, Privatization Holding Co. Kuwait
- Vice Chairman, Middle East Complex for Eng, Electronics and Heavy Industries Co. Jordan
- Board Member, Ikarus Petroleum Industries Kuwait
- Board Member, Saudi International Petrochemical Company (SIPCHEM) KSA
- Board Member, Noor Financial Investment Co. Kuwait
- Board Member, Airport International Group Jordan
- Board Member, Investment Committee of Bunyah Fund of the Kuwait Investment Co. Bahrain
- Advisory Board Member, sZOL-U.K.
- Advisory Board Member, Cleantech I & II Zouk Venture Limited U.K.
- Advisory Board Member, Markaz Energy Fund Kuwait.

Faisal A. A. A. Al-Nassar

Mr. Faisal A.A.A. Al-Nassar has been a Director of Meezan Bank since March 2015. He is a Board member and also the Chairman of the Risk Management Committee of the Board.

Mr. Faisal A.A.A. Al-Nassar has a Bachelors degree in Accounting and Finance from Kuwait University and has held many senior management positions in the finance industry including Corporate Affairs Executive Manager at National Industries Group Holding Co., Auditor for government agencies in Kuwait Bureau of Accountancy and Head of Taxation Department, Ministry of Finance, Kuwait.

Directorships and other recent offices held:

- Deputy Chief Executive Officer, Finance and

Administration at National Industries Group Holding Co.

- Chairman and CEO, Al Durra National Real Estate Company
- Chairman, Noor Executive Committee
- Chairman, Shorfat al Safwain KSA
- Chairman, Durrat Alshameya Investment in KSA
- Chairman, Director and Chairman Audit Committee, Abu Dhabi Marina Real Estate Investment Company
- Vice Chairman, Director, Noor Al Salehia Real Estate
- Director, Noor Financial Investment Company
- Director, Noor Audit Committee
- Director, Noortel
- Director, Gas & Oilfield Services Company (GOFSCO)
- Director, Investment Committee and Arabic Investment Group, Egypt
- Director, Kuwait Finance House-Central Bank of Kuwait

Bader H. A. M. A. Al-Rabiah

Mr. Bader H.A.M.A. Al-Rabiah has been a Director of Meezan Bank since November 2015.

Mr. Bader H.A.M.A. Al-Rabiah has a strong academic background in accounting and a focused experience in investments honed over the past 12 years. He was involved in establishing the Real Estate Investment Department at Noor Financial Investment Company and served as the Chairman at Arab Investment, Real Estate and Agricultural Development Group, Egypt.

Directorships and other recent offices held:

- Chairman & CEO Noor Salhia Real Estate Company
- Chairman, Palms Agro Production
- Director and Chairman of the Audit Committee, Osoul Investment Company
- Director, Noor Financial Investment Co.
- Director, International Hotels Group
- Reserve Director, Kuwait Finance House

Rana Ahmed Humayun

Mr. Rana Ahmed Humayun has been a Director of Meezan Bank since July 2003.

Mr. Rana Ahmed Humayun holds a Bachelors of Commerce from St. Patrick's (Govt.) College, Karachi, and MBA from University College of Wales –Aberystwyth. He is also a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and has held various senior management positions including General Manager at Oman ORIX Leasing Company S.A.O.G., General Manager at ORIX Leasing Pakistan Limited, Chief Operating Officer at National Development Leasing Corporation Limited, Special Assistant to Chief Executive at Standard Chartered Pakistan, Vice President, Investment Banking Group at Muslim Commercial Bank Limited, Controllor at Deutsche Bank, A.G., Deputy Manager, Finance & Treasury at Faysal Islamic Bank of Bahrain, E.C., Chief Accountant at National Development Leasing

Corporation Limited and Managing Partner at Karachi Textile Industries. He is also a former Director of Arabian Sea Country Club Ltd., The General Tyre & Rubber Company of Pakistan Ltd., News VIS Credit Information Services (Pvt.) Ltd., Falcon Greenwood (Pvt.) Ltd and Fayzan Manufacturing Modaraba.

Directorships and other recent offices held:

- Deputy General Manager, Pakistan Kuwait Investment Company (Pvt.) Ltd.
- Director, Pak-Kuwait Takaful Co. (Pvt.) Ltd.
- Director, Merak Holdings (Pvt.) Ltd.
- Director, Merak Cuisine (Pvt.) Ltd.

Alaa A. Al-Sarawi

Mr. Alaa A. Al-Sarawi has been a Director of Meezan Bank since January 2009. He is also a member of the Risk Management Committee of the Board.

Mr. Alaa A. Al-Sarawi holds a Bachelors of Business Administration, Minor in Government from Eastern Washington University in 1995 and a Diploma in Accounting from Kuwait Business College in 1990. He has held various senior management positions including Investment Supervisor at Boubyan Bank from Feb 2005 to Feb 2007, Senior Investment Manager at Al-Ahlia Investment Company from Apr 2001 to Jan 2005 and Senior Investment Officer at Wafra International Investment Company from May 1999 to Mar 2001. Mr. Alaa A. Al-Sarawi did the Investment Trainee Program at the Kuwait Investment Authority and the overseas assignment with JP Morgan N.Y. in 1996.

Directorships and other recent offices held:

- Senior Investment Manager, Hedge Funds Section, Alternative Investments Sector, Kuwait Investment Authority (Mar 2007 – Present)
- Director, Arabian Sea Enterprises Limited (2015 – Present)
- Director, Arabian Gulf Enterprises Limited (2015 – Present)
- Director, Meezan Bank Limited (Jan 2009 – Present)

Syeda Azra Mujtaba

Mrs. Syeda Azra Mujtaba has been a Director of Meezan Bank since January 2015. She is also a member of the Audit Committee of the Board.

Mrs. Syeda Azra Mujtaba holds an M.Sc. degree from Quaid-e-Azam University, Islamabad and a Bachelor's degree from St. Joseph's College, University of Karachi. She has served as Additional Finance Secretary, Ministry of Finance, Govt. of Pakistan. She has also held various senior management positions including Member (SP&S) at FBR (HQ) - Islamabad, Member Directing Staff at National Defence University - Islamabad, Chief (HRM Wing) Federal Board of Revenue - Islamabad, Commissioner (TFC/IP) in large Taxpayer Unit, FBR - Islamabad, Chief in Federal Board of Revenue (HQ), Commercial Counselor, Embassy of

Pakistan - Italy, Deputy Secretary at Prime Minister's Secretariat - Islamabad and Additional Director at Central Board of Revenue - Islamabad. Furthermore, she has served as Deputy Commissioner and Income Tax Officer in different regions and cities of Pakistan. Her extensive career also includes services as the Director of Sui Southern Gas Company Limited and Pakistan Steel Mills.

Muhammad Zarrug Rajab

Mr. Muhammad Zarrug Rajab has been a Director of Meezan Bank since 2015.

He holds a Bachelors degree in Commerce from Libyan University and is a Fellow Chartered Accountant (England & Wales). He has held various senior management positions including Director at Bahrain Islamic Bank (BISB), Board Member at BISB Bahrain and Al Meezan Investments Pakistan and at Islamic Development Bank Jeddah. He has also held the prestigious positions of Auditor General of Libya, Minister of Treasury Libya and Governor of Libyan Central Bank.

Mohammad Abdul Aleem

Mr. Mohammad Abdul Aleem is a Fellow Chartered Accountant (FCA) and a Fellow Cost & Management Accountant (FCMA). He has worked for 16 years in Senior positions with Engro Corporation Ltd and Esso Singapore. Thereafter, he has worked for another 14 years with British American Tobacco Group UK (BAT) in Pakistan and Overseas. For over 10 years he served as CEO of BAT operations in Cambodia, Mauritius and Indian Ocean.

Since 2004, he has served in Senior positions with large Government owned organizations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Limited. Currently, he is the CEO/ Secretary General of Overseas Investors Chamber of Commerce & Industry.

He is also serving on the Boards of Meezan Bank Ltd. and Dawood Hercules Corporation Ltd. he joined the Engro Board in 2015.

Noorur Rahman Abid

Mr. Noorur Rahman Abid has been a Director of Meezan Bank since January 2014. He is also a member of the Audit Committee and Human Resources and Remuneration Committee of the Board.

Mr. Noorur Rahman Abid is a Fellow Chartered Accountant from Institute of Chartered Accountants in England and Wales and has held several senior management positions including Assurance Leader for Ernst & Young Middle East and North Africa, Engagement Partner for audits of a large wholesale bank based on Bahrain as well as the largest Investment bank based in Bahrain, Chairman of Auditing Standards Committee and Deputy Chairman of Accounting and Auditing Standards Board of AAOIFI (Accounting and Auditing Organization for Islamic

Financial Institutions). He played an instrumental role in promoting several successful initiatives, including the Islamic Banking Center of Excellence in Bahrain and was declared winner of the World Islamic Banking Conference 2012 Industry Leadership Award in recognition of his contribution to Islamic Banking.

Directorships and other recent offices held:

- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutes
- Kuwait Finance House, Kuwait.
- Kuwait Finance House, Bahrain.
- Member of Audit Committee, VC Bank, Bahrain
- Director, Al Shaheer Corporation Ltd

Talal S. A. Al-Shehab

Mr. Talal S. A. Al-Shehab has been a Director of Meezan Bank since November 2015.

Mr. Talal S. A. Al-Shehab holds a Bachelors degree in Accounting and Auditing from Kuwait University, Certificate in Credit Management from Institute of Banking Studies and American Business Accounting Certificate from Kuwait Association for Accountants. He started his career in the Taxation Department in the Ministry of Finance, Kuwait and has held senior management positions including Manager of Corporate Banking Division at Ahli United Bank and Corporate Finance Manager at Warba Investment Company.

Directorships and other recent offices held:

- Acting CEO, Al-Masar Leasing and Investment Company
- Chairman and Acting CEO, Priority Automobile Company
- Chairman, National Information Technology Company
- Director, Al-Reyada Finance & Investment Company
- Director, Unicapta Consultant Company
- Director, Marsa Abu Dhabi R/E Investment Company
- Independent Board Member, Amar Finance & Investment Company

Irfan Siddiqui

President & CEO

Mr. Irfan Siddiqui is the founding President and Chief Executive Officer of Meezan Bank. He is also a member of the Human Resource and Remuneration Committee of the Board.

Mr. Irfan Siddiqui holds a Foundation Course in Accountancy from Sunderland, U.K. and is a Fellow Chartered Accountant from Institute of Chartered Accountants England and Wales. He has held several senior management positions including Chief Executive Officer at Al-Meezan Investment Bank Limited, General Manager at Pakistan Kuwait Investment Company, Manager Finance and Operation at Abu Dhabi

Investment Company and Senior Business Analyst at Exxon Chemical (Pakistan) Ltd.

Directorships and other recent offices held:

- Member of Government of Pakistan Steering Committee for 'Promotion of Islamic Banking in Pakistan'
- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Chairman, IBP Sub Committees for Academic Board and Finance Committee

Ariful Islam

Deputy CEO & Executive Director

Mr. Ariful Islam has been a Director of Meezan Bank since 1999. He is the Bank's Deputy CEO, and an Executive Board member. He is a member of the Risk Management Committee of the Board as well as a member of several Management Committees of the Bank.

Mr. Ariful Islam holds a Foundation Course in Accounting from City of London Polytechnic and is an Associate Member of the Institute of Chartered Accountants in England and Wales as well as an Associate Member of the Institute of Chartered Accountants in Pakistan. He has held several senior management positions including Executive Vice President & Regional Manager South at Faysal Bank Limited, Senior Executive Vice President & Head of Investment Banking at Muslim Commercial Bank Limited and Manager Planning & Internal Audit at Pakistan Petroleum Limited.

Directorships and other recent offices held:

- Chairman of the Board and Chairman Audit Committee, Al-Meezan Investment Management Limited
- Director, Atlas Battery Limited



Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani

Chairman

Justice (Retd.) Muhammad Taqi Usmani is a renowned figure in the field of Shariah, particularly in Islamic Finance. He currently holds advisory positions in a number of financial institutions practicing Islamic Banking and Finance.

Justice (Retd.) Muhammad Taqi Usmani has vast experience in Islamic Shariah, teaching various subjects on Islam for more than 50 years. He has served as a Judge in the Shariat Appellate Bench, Supreme Court of Pakistan from 1982 to 2002. He is also the Editor of the magazine Albalagh (a weekly publication of Jamia Darul Uloom, Karachi) as well as an active contributor of articles in leading Pakistani newspapers.

Justice (Retd.) Muhammad Taqi Usmani graduated from Punjab University, Pakistan in 1970 and also holds an LL.B from Karachi University, Pakistan. Prior to these, he completed the Takhassus course, which is the specialization course of Islamic Fiqh and Fatwa (Islamic Jurisprudence) from Jamia Darul Uloom Karachi, Pakistan.

In March 2004, His Highness Sheikh Mohammad Bin Rashid Al Maktoum (Dubai Crown Prince and UAE Minister of Defense) presented a special award to Justice (Retd.) Muhammad Taqi Usmani in recognition of his lifetime service and achievement in Islamic Finance at the occasion of International Islamic Finance Forum, Dubai, which is one of the biggest events in the Islamic Finance Industry.

Current Board Memberships:

- Vice President and Shaikul-Hadith, Jamia Darul Uloom, Karachi
- Chairman, International Shariah Standard Council set up by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain.
- Member, Islamic Fiqh Academy of Rabita-al-'Alam-e-Islami, Makkah
- Permanent Member International Islamic Fiqh Academy, Jeddah, sponsored by OIC
- Chairman Centre for Islamic Economics Pakistan since 1991
- Chairman Shariah Board Central Bank of Bahrain
- Chairman Shariah Board Abu Dhabi Islamic Bank, U.A.E.
- Chairman Shariah Board Meezan Bank Ltd., Karachi, Pakistan
- Chairman Shariah Board International Islamic Rating Agency, Bahrain
- Chairman Shariah Board Pak-Kuwait Takaful, Karachi
- Chairman Shariah Board Pak-Qatar Takaful, Karachi
- Chairman Shariah Board JS Investments Islamic Fund, Karachi
- Chairman Shariah Board of JS Islamic Pension Savings Fund
- Chairman Shariah Board Arif Habib Investments – Pakistan International Islamic Fund, Karachi
- Member Shariah Board Arcapita Investment Fund, Bahrain
- Member Unified Shariah Board Islamic Development Bank Jeddah
- Member Shariah Board Guidance Financial Group, USA

Awards Received

| | |
|---|------|
| His Highness King Abdullah (of Jordan) Award | 2011 |
| Wisamul Istiqlal Award presented by His Highness King Abdullah of Jordan | 2010 |
| His Highness Prince Muhammad bin Raashid Aal Maktoum Award | 2004 |
| Lifetime Achievement Award presented by the Islamic Business and Finance Magazine | 2011 |
| IDB Prize in Islamic Banking and Finance | 2014 |

Sheikh Essam M. Ishaq

Board Member

Born in Bahrain, Sheikh Essam M. Ishaq graduated from McGill University, Montreal, Canada and also studied Shariah with a number of Sheikhs in the traditional manner.

He is a member of the High Council of Islamic Affairs of the Government of Bahrain and holds various Shariah positions in many social, commercial and educational institutions. Currently he also teaches Fiqh, Aqeeda and Tafseer courses in various Centres of Islamic Studies, supervised by the Ministry of Islamic Affairs in Bahrain.

He holds memberships of the following institutions:

- The Governance Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- The Shariah Supervisory Committee of the Maldives Monetary Authority (MMA), Maldives
- The Shariah Panel of International Islamic Financial Market (IIFM), Bahrain
- The International Advisory Panel of Islamic Banking and Finance Institute Malaysia (IBFIM), Malaysia

In addition to membership of the Shariah Supervisory Boards of a number of local, regional and international Islamic Financial Institutions (IFIs), he is the Chairman of Shariah Supervisory Boards of the following IFIs:

- The Family Bank for Microfinance, Bahrain
- Seera Islamic Bank for Investments, Bahrain
- Investment Dar Bank, Bahrain

Furthermore, Sheikh Essam is Chairman of the Muslim Educational Society, Vice Chair & Shariah Advisor for Discover Islam Centre & member of the Board of Trustees of Al- Iman Islamic Schools, Bahrain.

Dr. Muhammad Imran Ashraf Usmani

Resident Shariah Board Member

Dr. Mufti Muhammad Imran Ashraf Usmani, son of Justice (Retd.) Mufti Muhammad Taqi Usmani, graduated with specialization in Islamic Fiqh (Islamic jurisprudence) from Jamia Darul-Uloom, Karachi, where he has been teaching Fiqh since 1990. He also holds an LL.B and Ph.D. in Islamic finance. He is a member of the administration board of Jamia Darul-Uloom, Karachi. Presently Dr. Usmani is the Resident Shariah Board Member at Meezan Bank and is responsible for Research and Product Development of Islamic banking products, advisory for Shariah-compliant banking and supervision of Shariah Audit & Compliance.

Dr. Usmani has served as an advisor / member of Shariah Boards of several renowned institutions since 1997 including the State Bank of Pakistan, HSBC - Amanah Finance, UBS - Switzerland, Guidance Financial Group USA, Lloyds TSB Bank - UK, Japan Bank for International Cooperation (JABIC), Credit Suisse Switzerland, RBS Global, Old Mutual Albarakah Equity & Balanced Funds South Africa, AIG Takaful, ACR ReTakaful Malaysia, Capitas Group USA, Bank of London and Middle East Kuwait, BMI Bank Bahrain, Al Khaliji Bank Qatar, Sarasin Bank Switzerland, DCD Group Dubai and other mutual and property funds, Takaful Companies and international Sukuk etc. He is also an Executive Committee Member of AAOIFI (Dubai) and Shariah Supervisory Board of International Islamic Financial Market (IIFM) Bahrain and International Center for Education in Islamic Finance (INCEIF) Malaysia, Institute of Business Administration (IBA), Karachi and Center for Islamic Economics (CIE), Karachi.

Dr. Usmani is the author of numerous publications related to Islamic finance and other Shariah related subjects. He has presented papers in numerous national and international seminars and has delivered lectures at academic institutions including Harvard, LSE, LUMS and IBA.

Corporate Information

Board of Directors

Riyadh S. A. A. Edrees
Faisal A. A. A. Al-Nassar
Bader H. A. M. A. Al-Rabiah
Rana Ahmed Humayun
Alaa A. Al-Sarawi
Syeda Azra Mujtaba
Muhammad Zarrug Rajab
Mohammad Abdul Aleem
Noorur Rahman Abid
Talal S. A. Al-Shehab
Irfan Siddiqui
Ariful Islam

Chairman

President & CEO
Deputy CEO & Executive Director

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani
Sheikh Essam M. Ishaq
Dr. Muhammad Imran Ashraf Usmani

Chairman

Resident Shariah Board Member

Auditors

A. F. Ferguson & Co.

Chief Financial Officer

Shabbir Hamza Khandwala

Company Secretary

Tasnimul Haq Farooqui

Registered Office

Meezan House C-25, Estate Avenue,
SITE, Karachi-Pakistan.

Shares Registrar

THK Associates (Pvt.) Ltd.
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road,
Karachi-75530, Pakistan.
Ph: (92-21) 111-000-322,
Fax: (92-21) 35655595

Contacts

PABX: (92-21) 38103500
24/7 Call Centre: 111-331-331 & 111-331-332
Email: info@meezanbank.com
Website: www.meezanbank.com
Social Media:
www.facebook.com/MeezanBank
www.linkedin.com/company/meezan-bank-ltd
www.twitter.com/MeezanBankLtd



Board Committees

Human Resources and Remuneration Committee

Mr. Riyadh S. A. A. Edrees (Chairman)
Mr. Noorur Rahman Abid
Mr. Irfan Siddiqui (President & CEO)

Terms of Reference

The BHRRC Committee is responsible to ensure that the Bank manages its Human Resources in the light of best practices of the industry, Bank's Strategic Plan, detailed Business Plans and the Annual Budgets. Responsibilities of the HR Committee include reviewing and recommending Human Resources management policies to the Board of Directors in the light of local and international best practices; recommending to the Board the selection, evaluation, compensation (including retirement benefit), and succession planning of key personnel, as well as monitoring the training activities of the Bank to ensure that staff are adequately trained for the job they are expected to perform.

Risk Management Committee

Mr. Faisal A.A.A. Al-Nassar (Chairman)
Mrs. Syeda Azra Mujtaba
Mr. Ariful Islam (Deputy CEO)

Terms of Reference

The RMC is responsible for assessing Bank's policies on all major risk categories including credit, market, liquidity and operational risk and adequacy of the risk management function of the Bank. It reviews adequacy of the Bank's capital in accordance with laid down rules and regulations as per Basel Accord. It also reviews techniques developed and implemented to measure the Bank's risk exposure. Its purpose also includes to evaluate the risk profile and appetite of the Bank and to ensure that systems are in place for monitoring overall risk of the Bank. It also reviews exception reports highlighting deviations from the approved policies. It also deliberates upon risk related reports including early warning signals of potential risks emerging from Bank's activities.

Audit Committee

Mr. Mohammad Abdul Aleem (Chairman)
Mr. Noorur Rahman Abid
Mr. Alaa A. Al-Sarawi

Terms of Reference

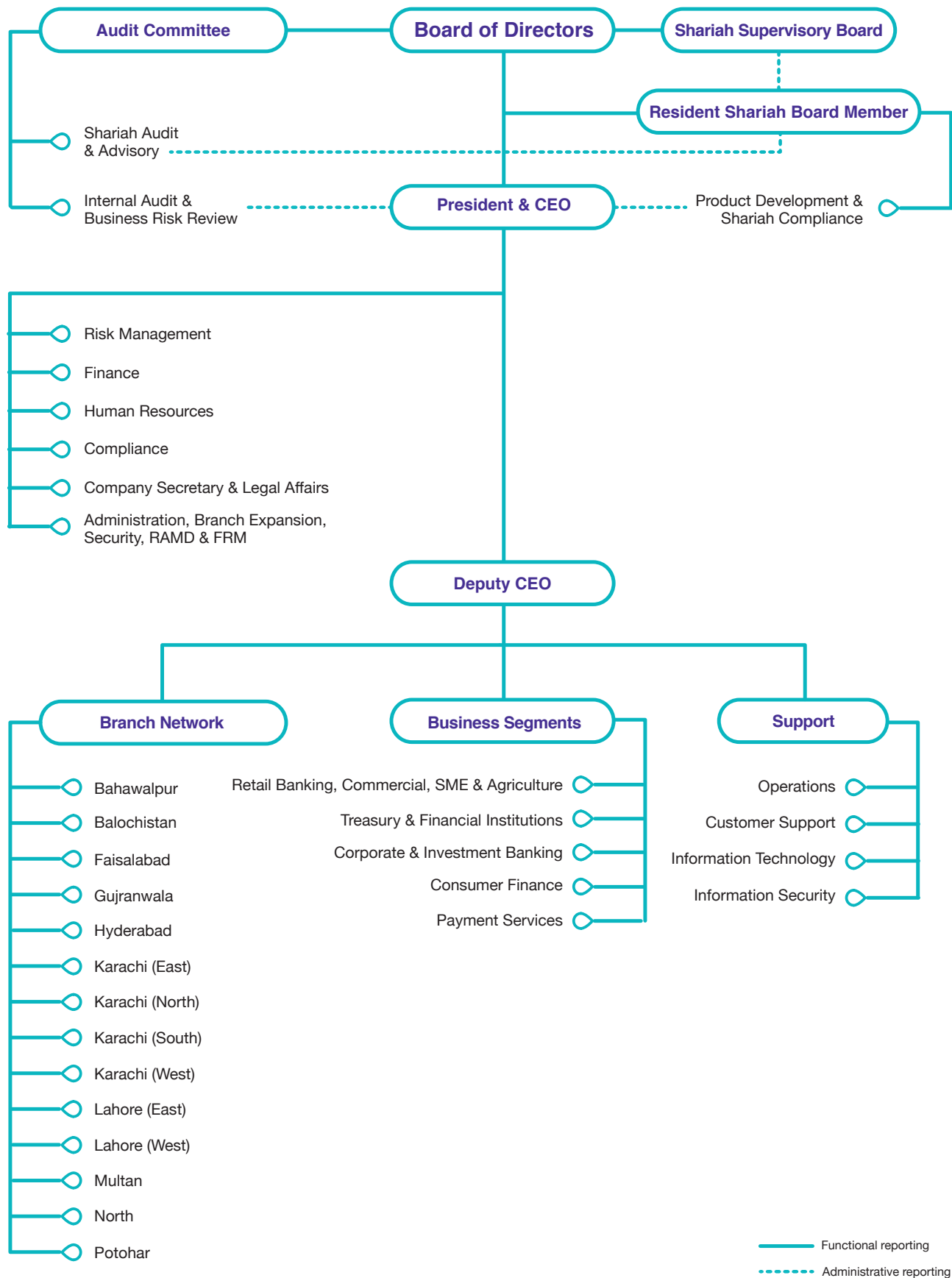
The Audit Committee is responsible for determination of appropriate measures for safeguarding the Bank's assets; review of quarterly, half-yearly and annual financial statements; review of management letter issued by external auditors and management's response thereto; review of the scope and extent of internal audit; consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto; ascertaining that the internal control systems are adequate and effective; determination of compliance with relevant statutory requirements; monitoring compliance with the best practices of corporate governance and identification of significant violations thereof and oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank and consideration of any other issue or matter as may be assigned by the Board of Directors.

Dates and Attendance of Board Committees during 2015

| Name of Director | No. of Meetings Attended | Risk Management Committee | | | | Human Resources and Remuneration Committee | | | | Audit Committee | | | | |
|-------------------------------|--------------------------|---------------------------|-----------|-----------|-----------|--|-----------|-----------|-----------|-----------------|-----------|-----------|-----------|-----------|
| | | 17-Feb-15 | 20-Apr-15 | 27-Jul-15 | 19-Oct-15 | 17-Feb-15 | 21-Apr-15 | 26-Jul-15 | 08-Oct-15 | 12-Jan-15 | 17-Feb-15 | 20-Apr-15 | 26-Jul-15 | 12-Oct-15 |
| Mr. Riyadh S. A. A. Edrees | 2/2 | P | P | - | - | | | | | | | | | |
| Mr. Faisal A.A.A. Al - Nassar | 2/2 | - | - | P | P | | | | | | | | | |
| Mr. Alaa A. Al-Sarawi | 4/4 | P | P | P | P | | | | | | | | | |
| Mr. Ariful Islam | 4/4 | P | P | P | P | | | | | | | | | |
| Mr. Riyadh S.A.A Edrees | 4/4 | | | | | P | P | P | P | | | | | |
| Mr. Noorur Rahman Abid | 4/4 | | | | | P | P | P | P | | | | | |
| Mr. Irfan Siddiqui | 4/4 | | | | | P | P | P | P | | | | | |
| Mr. Muhammad Abdul Aleem | 5/5 | | | | | | | | | P | P | P | P | P |
| Mrs. Syeda Azra Mujtaba | 3/4 | | | | | | | | | N/A | P | P | Absent | P |
| Mr. Noorur Rahman Abid | 5/5 | | | | | | | | | P | P | P | P | P |

* Mr. Faisal A.A.A. Al-Nassar was appointed as new member & Chairman-Risk Management Committee on 21st April, 2015 in place of Mr. Riyadh S. A. A. Edrees.

Organization Structure





Management Team

Head Office

| | |
|-------------------------|---|
| Irfan Siddiqui | President & CEO |
| Ariful Islam | Deputy CEO & Executive Director |
| Arshad Majeed | Payment Services |
| Ijaz Farooq | Retail Banking, Commercial, SME & Agriculture |
| Muhammad Shoaib Qureshi | Consumer Finance |
| Shabbir Hamza Khandwala | Finance |
| Faizur Rehman | Information Technology |
| Muhammad Abdullah Ahmed | Treasury & Financial Institutions |
| Muhammad Raza | Customer Support |
| Munawar Rizvi | Administration, Branch Expansion, Security, Remedial Asset Management & FRM |
| Syed Amir Ali | Corporate & Investment Banking |
| Syed Tariq Hassan | Risk Management |
| Zia ul Hassan | Operations |
| Ahmed Ali Siddiqui | Product Development & Shariah Compliance |
| Tasnimul Haq Farooqui | Company Secretary & Legal Affairs |
| Ebrahim Yakooob | Internal Audit & Business Risk Review |
| Khalid Zaman Khan | Human Resources |
| Muhammad Ismail | Compliance |

Regions

| | |
|----------------------|---|
| Muhammad Saleem Khan | General Manager – North Region |
| Aasim Salim | General Manager – Lahore East Region |
| Anwar Ul Haq | General Manager – Faisalabad Region |
| Kazi Muhammad Aamir | General Manager – Karachi East Region |
| Muhammad Abid | General Manager – Karachi West Region |
| Nisar Ahmed Kiani | Regional Manager – Potohar Region |
| Syed Salman Ahmed | Regional Manager – Lahore West Region |
| Aamir Ali Durrani | Regional Manager – Balochistan Region |
| Khalid Masood | Regional Manager – Bahawalpur Region |
| Mashkoor A.G. Khan | Regional Manager – Karachi South Region |
| Mateen Mahmood | Regional Manager – Karachi North Region |
| Moazzam Saeed Khan | Regional Manager – Gujranwala Region |
| Rahim Bux Memon | Regional Manager – Hyderabad Region |
| Muhammad Tufail | Regional Manager – Multan Region |

Resident Shariah Board Member

Dr. Muhammad Imran Ashraf Usmani

Management Committees

Asset Liability Management Committee

President & CEO – Chairman
Deputy CEO – Alternate Chair
Chief Financial Officer & Group Head Finance
Group Head Retail, Commercial
SME & Agriculture Finance
Group Head Consumer Finance & Special Projects
Group Head Corporate & Investment Banking
Group Head Risk Management
Group Head Treasury & Financial Institution

Terms of Reference

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation, evaluating asset classes, and taking decisions with regards to risks and rewards associated with purchasing and selling of these assets. Market and Liquidity risks are examined based on stress testing exercises and gap analysis while considering the overall economic environment of the country. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across all assets and liabilities to ensure that the overall profitability of the Bank is maximized. This is mainly performed by alterations in the profit rates offered across different deposit products. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

Business Continuity Steering Committee

Deputy CEO – Chairman
Group Head Risk Management
Group Head Operations
Group Head Retail, Commercial
SME & Agriculture Finance
Head of Administration
Head of Compliance
Manager IT Disaster Recovery
BCM Manager

Terms of Reference

The BCSC is responsible to ensure that adequate business continuity / disaster recovery plans are prepared, tested and that decision making authority in the event of a crisis is clearly defined. The BCSC reviews and recommends Business Continuity Plan for approval of the Board. It facilitates in execution of Business Continuity Plan as and when invoked and resumption of critical business activities. The Committee steers BCP project(s), their implementation and guide on project direction to ensure organizational requirements are met. It is also responsible to review findings of mock drills/ actual disasters and to facilitate in removal of identified gaps.

Business Review Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
Group Head Consumer Finance & Special Projects
Group Head Retail, Commercial
SME & Agriculture Finance
Group Head Payment Services
Group Head Treasury & Financial Institution
Group Head Corporate & Investment Banking
Group Head Operations
Group Head Consumer Support
Group Head Information Technology
Group Head Risk Management
Group Head Administration Branch Expansion,
Security, RAMD & FRM
Head of Product Development & Shariah Compliance

Terms of Reference

The purpose of the Business Review Committee is to provide strategic direction to all business units of the Bank; monitor the performance of various departments against agreed objectives and identify and address operational bottlenecks in business processes. The Committee achieves the above objectives by ensuring collaboration and cooperation among all stakeholders in the Bank for achieving the annual targets and strategic objectives. It also advises the management on new business opportunities outside the Bank's current set of activities. BRC also reviews the SWOT analysis of the Bank and identifies the criteria and framework for benchmarking the Bank in line with best industry practices.

Credit Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
Group Head Risk Management
Group Head Retail, Commercial
SME & Agriculture Finance
Group Head Corporate and Investment Banking
Group Head Treasury & Financial Institution
Head of Credit Risk

Terms of Reference

The Credit Risk Management Committee (CRMC) is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements & internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures.



Management Committees

Disciplinary Action Committee

Group Head Consumer Finance &
Special Projects - Chairman
Group Head Administration, Branch Expansion,
Security, RAMD & FRM
Group Head Risk Management
Head of Human Resource
Head of Internal Audit & BRR

Terms of Reference

The purpose of the Disciplinary Action Committee (DAC) is to take action on any violation of policies & procedures, acts of fraud & forgery, breaches of discipline and code of conduct, ethics & business practices, law of the land and statutory regulations of SBP by employees.

Disciplinary Action Review Committee

Deputy CEO – Chairman
Head of Learning, Innovation and Corporate
Communication
Head of Legal

Terms of Reference

The purpose of DARC is to review the appeals of the staff against whom DAC has already taken disciplinary action. The DARC is formed with a view to ensure a fresh review of each appeal filed against the DAC decision.

Internal Controls & Operational Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
Group Head Risk Management
Group Head Retail, Commercial
SME & Agriculture Finance
Group Head Operations
Group Head Information Technology
Head Internal Audit & BRR
Head of Compliance
Head of Product Development & Shariah Compliance

Terms of Reference

The key functions of ICORC include reviewing adequacy of controls and systems to meet regulatory requirements, Shariah guidelines and business plan of the Bank and to guide for corrective measures to remove internal control gaps. The Committee evaluates overall management information system and facilitates for its accuracy and standardization. The ICORC reviews reports on major actual/ attempted fraud, forgery and dacoity incidents and steps taken to mitigate such incidents in future. The Committee reviews reports on major/ recurring audit observations. The Committee ensures that policies and procedures in all key risk areas of the banking business are in place. It deliberates on reports regarding deviations and lapses vis-à-vis internal policies, applicable shariah and regulatory guidelines. The Committee is also responsible to oversee money laundering and financing terrorism risks and take necessary action.

IT Steering Committee

Deputy CEO - Chairman
Group Head Information Technology
Group Head Operations
Group Head Payment Services
Group Head Retail, Commercial
SME & Agriculture Finance
Group Head Corporate & Investment Banking
Head of Product Development & Shariah Compliance
Manager Information Security

Terms of Reference

The primary role of the ITSC is to identify, prioritize, and oversee IT plans and projects. The Committee does this by working with the Information Technology department to establish overall priorities and provide general direction for IT initiatives by identifying and sponsoring projects that support the Bank's business plan. The ITSC also assists the Bank's Senior Management, including the IT Head, in effectively utilizing IT resources to meet the business and operational needs of the Bank, as well as in resolving conflicts in demand for IT services and resources.

Investment Committee

Deputy CEO - Chairman
Chief Financial Officer & Group Head Finance
Chief Executive Officer - Al-Meezan
Investment Management Limited
Chief Investment Officer - Al-Meezan
Investment Management Limited

Terms of Reference

The objective of the investment committee is to ensure that Bank's investments in listed equity securities are made in compliance with the (i) Investment Policy of the Bank; (ii) limits prescribed under Prudential Regulations issued by State Bank of Pakistan; and (iii) directives of Shariah Supervisory Board of the Bank. The Investment Committee reviews the performance of equity investment portfolio through its regular meetings and discussions wherein the members also discuss the forgoing investments and future strategies in line with investment policy and market dynamics.

SWOT Analysis

Being aware of the environment in which one operates, as well as of one's own strengths and weaknesses, is a key element in the success or failure of any business. Meezan Bank's management is cognizant of the fact that the economy and the banking industry are in a state of flux and regularly conducts SWOT analysis of the organization to capitalize on its strengths and work on its weaknesses in view of the opportunities available in its environment and the threats that it needs to overcome. A SWOT summary of the business as it stands today is given below:

S

STRENGTHS

- Pakistan's largest Islamic bank
- Largest market share of Pakistan's Islamic banking sector
- Comprehensive menu of truly Shariah-compliant products and services
- Dedicated Shariah Supervisory Board comprising of world-renowned Shariah scholars
- Dedicated department for development of Shariah-compliant products, research and Shariah audit
- Strong financial indicators

W

WEAKNESSES

- Limited opportunities for investment of surplus liquidity
- Limited availability of human resources with Islamic banking knowledge

O

OPPORTUNITIES

- Increasing awareness about Islamic financial services and demand for Shariah-compliant products and services
- Growing local and international Islamic Banking market
- Significant potential for market penetration

T

THREATS

- Macro-economic challenges
- Conventional Banks entering Islamic banking Market
- Misconceptions and misunderstandings among the general public about Islamic banking

Risk and Opportunity Report

Amongst all, a major concern that haunts all entities, irrespective of the nature and size of business is the missed development opportunities that arise when necessary risks are not taken. Pursuing opportunities requires taking risks, which most are often reluctant to do so, because of the fear of the potential negative consequences. The Banking industry is no exception and hence by its very nature of business, is exposed to commercial and financial risks including credit, concentration, liquidity, market, rate of return and equity investment risks.

Key Sources of Uncertainty

Rapidly changing environment brings with it number of uncertainties namely declining inflation mainly due to continuous decrease in global oil prices, inadequate availability of energy for industrial consumption, pressure on foreign exchange rate and more importantly reducing interest rates scenario. Significant decline in discount rate hitting the lowest level witnessed during last four decades has its serious implications on profitability of banking sector as a whole. Level of implementation of power policy by the government and fate of Pak- China Economic Corridor will have its direct bearing on assets booking for banks. Lack of necessary take-off in financing on account of uncertain domestic environment causing excess liquidity with banks leading to higher level of investments in government papers by conventional banks. Meezan Bank being an Islamic bank has limited options to place its excess liquidity with government/ central bank through Shariah compliant instruments.

Meezan Bank continued to explore opportunities to achieve its strategic objectives while ensuring proper risk mitigates in place. Under the overall supervision of the Board of Directors and Shariah Supervisory Board, various business units of the Bank continued to explore new business opportunities in close coordination with Risk Management, Compliance, PDSC, Information Technology and Operations departments, keeping in mind the relevant risk-reward trade-off. While searching for new business opportunities and revising/improving its internal processes, the Bank is fully cognizant of strategic, Shariah non-compliance, regulatory and reputational risks as well as risks arising from people, processes, systems and external events.

The Bank already has in place a well established Risk Management Framework established by the Board of Directors with scrupulous oversight by the Board and Management Committees and governed by policies, procedural manuals, systems, tools and techniques, management information system and necessary organizational structure. These tools not only help the Bank in identification, assessment, reporting and management of both conventional risks and risks peculiar to Meezan Bank being an Islamic Bank but also in ascertaining that all manageable risks are well taken care of. Risk Management strategies for various risk types and business continuity plan and IT disaster recovery arrangements are in place to mitigate actual and potential risks. The byproduct of the above raises the Bank's risk management methodology from being "crisis fighters" to "proactive and systematic risk managers".

A major mile stone was the launch of Branchless Banking; a significantly cheaper alternative to traditional branch-based banking that allows financial institutions and other commercial players to offer financial services outside bank premises and has the potential to substantially increase the financial services outreach to the un-banked communities. The Bank continued to strengthen its technology infrastructure thereby improving customer experience and catering banking needs. A state of the art IT data center will pave a long way in serving customers of the Bank with utmost care and accuracy.

Acknowledging the fact that awareness is the best tool to strengthen controls against risks and capture opportunities in a profound manner, the Bank conducted full-fledged workshops on interpersonal and hard core skills throughout the country with all relevant stakeholders and was able to effectively train employees.

The launch of Consumer Ease financing facility catering durable goods as well as the Commercial Vehicles – Ijarah demonstrates that the Bank continuously explores to avail itself of new business opportunities. The Bank further expanded its Alternate Distribution Channels and outreach to its customers while enhancing service quality standards by improved internal service quality measures, and implementation of auto complaint escalation system

Materiality Approach

While managing various risks, the Bank also focuses on materiality concept. Resources are diversified to high risky areas while minor risks are managed through transfer and outsourcing strategy. The Bank manages all its critical operations on its own. The Bank defines its risk appetite as the level of risk it is prepared to take while pursuing its business strategy recognizing a range of possible outcomes as business plans are implemented. Meezan Bank's risk appetite is expressed both in qualitative and quantitative terms to allow tracking of performance in line with strategic plan, business environment and stakeholder requirements. The Bank emphasized on diversified risk assessment tools and techniques and risk mitigates to better deal with the opportunities that it comes across. These actions have helped the Bank in significantly expanding its deposit base, financing portfolio and branch network without exposing itself to unwarranted risks. The Bank will continue upon enhancing business opportunities coupled with proper risk mitigates to serve its widening customer base Insha'Allah.

Business Continuity Plan

The Business Continuity Plan (BCP) is an essential part of any organization's response planning. It sets out how the business will respond to disaster events and how it manages return to 'business as usual' in the quickest possible time afterwards. Meezan Bank has in place a comprehensive BCP framework with clear set of governance framework. It sets out the agreed arrangements for bringing disaster events under control and necessary resources for maintaining critical business functions. Having a BCM framework in place helps the Bank to ensure safety of human resources and resumption of Mission Critical Activities from an Alternate Processing Site in case the Primary Site is not accessible or available. It also enables to minimize potential loss of revenue, ensures compliance with regulatory/legal/contractual requirements and minimizes the impact that a disaster or interruption can have on customer goodwill. In Meezan Bank a comprehensive IT Disaster Recovery has been established with the approval of the Board of Directors. In addition to the Master BCP document, scope of BCP framework has been further strengthened by putting in place comprehensive BCP documents for branch network. IT DR plan has been tested thoroughly. Evacuation and mock drills have been conducted. Further, the Bank has also been able to structure & setup Alternate Processing Sites at three different locations within Karachi with the overall objective to ensure resumption of MCAs under various disaster scenarios.

Products and Services

Meezan Bank offers a diverse range of Shariah-compliant deposit products through its 551 branches across 143 cities in Pakistan. All products of the Bank are approved by the Shariah Supervisory Board and are completely Riba-Free.

In addition to SMS banking, VISA Debit cards (Silver, Gold Platinum and Premium), MasterCard Titanium Debit Card, free online banking, free internet banking, free pay order & free chequebook, the Bank also provides free accidental death and permanent disability coverage to all its deposit customers (current and saving account) maintaining a monthly average balance of Rs. 10,000/-or more.

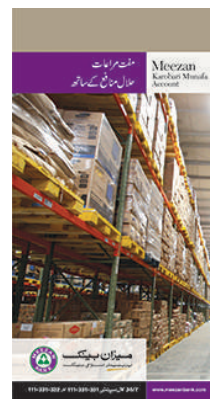
Meezan Rupee Current Account

This is a checking account that works on the basis of 'Qard' and provides the convenience of conducting day-to-day transactions. There is no restriction on withdrawals or numbers of transactions and there is no deduction of service charges if the balance maintained is low.



Karobari Munafa Account

Meezan Bank's Karobari Munafa Account is a savings account where profit is calculated on daily balance and credited into the account on a monthly basis. The minimum investment required for opening an account is Rs.1 million. There is no restriction on withdrawals or numbers of transactions and there is no deduction of service charges if the balance maintained is low.



Meezan Rupee Savings Account

Meezan Bank's Rupee Savings Account provides monthly profit along with a variety of free packaged benefits. Profit is calculated on daily balance and credited into the account on a monthly basis. Minimum investment required for opening an account is Rs.100 and there is no deduction of service charges if the balance maintained is low.



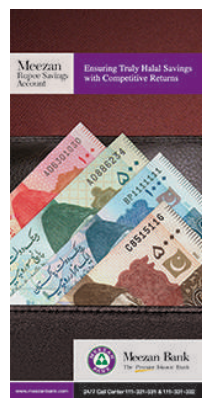
Meezan Business Plus Account

Meezan Business Plus is a savings account very suitable for use as a business account. The minimum investment required for opening an account is Rs.100. Customer can avail a large number of free services including free SMS Alert service, free inter-city clearing, etc. There is no restriction on withdrawals or numbers of transactions and there is no deduction of service charges if the balance maintained is low.



Meezan Bachat Account

Meezan Bachat Account is a savings account that offers a higher expected profit. The minimum investment required for opening an account is Rs. 50,000. Profit is calculated with a higher weightage for account balance up to Rs. 25 million. There is no restriction on withdrawals or numbers of transactions and there is no deduction of service charges if the balance maintained is low.



Meezan Kids Club Account

Meezan Kids Club Account is introduced for children under the age of 12 years to cultivate the habit of saving in the early years. The account can be opened from Rs. 500. On opening the account with Rs. 10,000 father/guardian is entitled to get free accidental Takaful coverage for one year. The profit is paid on monthly basis. VISA Debit card fee is waived for the first year. Exciting gifts are given to Kids Club members on account opening.



Meezan Teens Club Account

Meezan Teens Club Account is Pakistan's first teens account designed to cater the requirements of the age group of 12 to 18 years. Teens Club account can be opened from Rs. 1,000. On opening the account with Rs. 10,000 father/ guardian is entitled to free educational Takaful coverage for one year. The profit is paid on monthly basis. VISA Debit card fee is waived for the first year. Exciting account opening gifts await the Teens Club members.



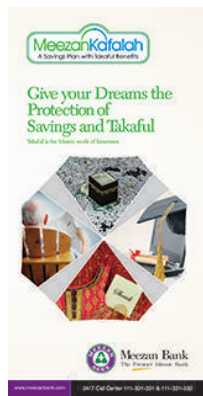
Meezan Asaan Current Account

Meezan Asaan Current Account provides swift and hassle-free account opening process, since there is no requirement of submitting any proof of income document for opening this account. Account works on the basis of "Qard" and can be opened with a minimum investment of Rs. 100/- and a valid CNIC. There is a restriction on maximum withdrawal amount of Rs. 500,000 and above and maximum credit balance of Rs. 500,000 and above.



Meezan Kafalah

Meezan Kafalah is a savings plan with complimentary Takaful coverage through which customers can save their future plans such as education or wedding of their child, going for Hajj, planning for old age etc. Meezan Kafalah is a Shariah-compliant alternative to bancassurance with easy exit option at any time. An individual can start his plan with monthly contribution as low as Rs. 2,000 only. Plans are available from 3 to 15 years.



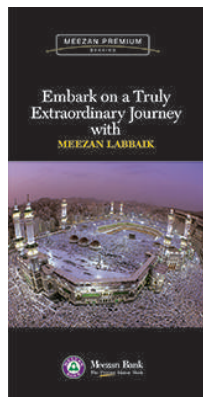
Meezan Asaan Saving Account

Meezan Asaan Saving Account provides swift and hassle-free account opening process, since there is no requirement of submitting any proof of income document for opening this account. Account works on the basis of "Mudarabah" and can be opened with a minimum investment of Rs. 100/- and a valid CNIC. There is a restriction on maximum withdrawal amount of Rs. 500,000 and above and maximum credit balance of Rs. 500,000 and above.



Meezan Labbaik

Meezan Labbaik facilitates customers who wish to perform Hajj & Umrah via renowned agents on Bank's panel. Customers have multiple Travel Aasaan payment options allowing them to decide when and how they want to pay off the plan. Alternatively, customers can also avail Mudarabah based Labbaik Savings Aasaan Account in which customers can save for the Hajj & Umrah of their parents, spouse, children or other family members on some future date. Customers can also apply for Hajj through the Bank branches on the Govt. Hajj Scheme as announced by the Government of Pakistan.



Monthly Mudarabah Certificate

The Monthly Mudarabah Certificate is a short-term deposit product for an investment period of one month only. Profit is paid on maturity with re-investment option available on a continuous basis. Minimum investment required is Rs. 100,000. Pre-mature withdrawal can be made as per the approved schedule.



Foreign Currency Current Account

Meezan Foreign Currency Current Account is a Qarz based account that can be opened with just USD/ Pound/Euro 100. There is no deduction of service charges if the balance is low.



Certificates of Islamic Investment

Certificates of Islamic Investment are Term Deposit certificates for investment periods ranging from 3 months to 5 years with profit payment on monthly, quarterly and maturity basis. Minimum investment required is Rs. 50,000 for profit payment option of quarterly and at maturity. To receive monthly profit payment, a minimum investment of Rs. 200,000 is required. There is no limit on maximum investment. Pre-mature withdrawal can be made as per the approved schedule.



Meezan Amdan Certificate

Meezan Amdan Certificate is a Term Deposit certificate that offers a higher expected monthly profit to investors for periods of 51/2 & 7 years. It is ideal for those individuals and organizations that need a regular stream of monthly income. Minimum investment required is Rs.100,000 for regular customers, while for widows and senior citizens the minimum investment is Rs. 50,000. Pre-mature withdrawal can be made as per the approved schedule.



Dollar Mudarabah Certificate

Dollar Mudarabah Certificate is a foreign currency Term Deposit certificate through which the customers can invest US Dollars for defined periods ranging from 3 months to 3 years and earn profit six-monthly or at maturity. Minimum investment required is USD 10,000 and there is no maximum investment limit. Pre-mature withdrawals can be made as per the approved schedule.



Takaful Coverage

In line with our customer focused strategy, Meezan Bank is offering Takaful coverage to all of its accountholders in case of accidental death or permanent disability. Customers maintaining an average monthly balance of Rs. 10,000 and above, are entitled to a Takaful cover of upto Rs. 1 million. In addition, ATM cash withdrawal Takaful Coverage, on the amount withdrawn from any ATM, is offered to all the accountholders, in case money is snatched within the radius of 1.5 kms and 30 minutes.



Online Banking

Meezan Bank offers free Online Banking facility on all Pak Rupee Accounts to its Online Banking customers. This enables the Bank's customers to access their accounts and conduct banking transactions from any of Meezan Bank's 551 branches nationwide, regardless of which branch or city they have their account in. This facility provides great convenience for depositing and withdrawing cash, making pay orders and availing numerous other banking services.



Meezan Upaisa

Meezan Upaisa is a joint venture of Ufone and Meezan Bank and is the world's first Islamic Branchless Banking platform that enables customers to send money, perform bill payments and top-up transactions through Shariah-compliant banking system. The services include the following key features:

- Sending Money - Meezan Upaisa offers send money transaction to its customers with competitive pricing. Customers just need to present their Original CNIC to send money to any person pan Pakistan.
- Bill Payments - Customers can pay their utility, internet bills at any Meezan Upaisa Retailer without any extra charges.
- Top Ups - Customers can top up their mobile credits for any teleco of their choice. In addition, postpaid bills can also be paid through Meezan Upaisa Retailers and is supported by a digital receipt of the transaction performed.



Meezan Premium Banking

Meezan Premium Banking is the Bank's Shariah-compliant priority banking service developed to address the needs of high net worth customers. Premium Banking customers enjoy special privileges such as:

- Meezan Visa Platinum Debit Card – a very prestigious card, offering discounts at selected retail outlets, restaurants and hotels across the country.
- Access to International CIP lounges at Karachi, Lahore, Multan, Sialkot and Islamabad airports.
- Dedicated Premium Banking Centers at Karachi, Lahore, Sialkot, Faisalabad and Islamabad.
- Premium Phone Banking – a dedicated Call Center exclusively for Premium Banking customers.
- Fee waivers on selected banking services.



Internet Banking

Meezan's Internet Banking facility provides customers global access to their account 24 hours a day, 7 days a week. The Internet Banking facility offers a suite of features such as account statement views, payment of utility bills with QuickPay service, funds transfer facility, check status of cheques, log and track complaints, and initiate request for check books, pay orders, and stop payment.



Mobile Banking App

Designed for the customer on the move, the app is available to download through Google Play and Apple App Stores. Compatible with all major Android and iOS versions, the App allows customers to view account activity, pay bills, top-up mobile phone credits and transfer funds in a fast, convenient and a secure way.



Meezan WebPay

Shopping has never been more convenient than with Meezan WebPay. The service allows all Debit Card holders to shop and purchase with online retailers over the internet by activating a time bound session offering maximum control and security for their online purchases.



Meezan ATM Network

Meezan Bank offers a nationwide network of over 490 ATMs located at its branches and at prominent off-site locations across the country. The Bank also offers access to more than 7,000 ATM locations country-wide via 1-Link and MNET networks.



Meezan QuickPay

Meezan QuickPay allows customers to pay utility and postpaid mobile bills and top-up prepaid balance through Meezan Bank's ATMs, Internet banking & Mobile App, meaning that they no longer have to wait in queues to pay these bills.



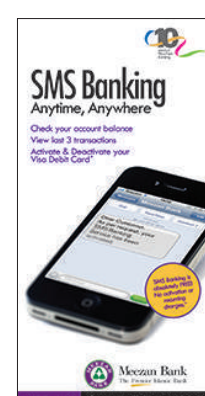
Meezan VISA Debit Card

Meezan VISA Debit Card provides convenience to customers to access their money anytime and anywhere, at all outlets and ATMs displaying the VISA symbol. Meezan VISA Debit Card is accepted at more than 30 million retail outlets and 2.3 million ATMs worldwide. With Meezan VISA Debit Card, customers have access to the money in their account wherever they are, whenever they want, wherever they see the VISA symbol.



SMS Banking

Meezan SMS Banking is an interactive service that allows our customers to access their account on demand anytime, anywhere from their mobile phone. It's not only simple and easy but also free to use.



Meezan MasterCard Titanium Debit Card

Meezan MasterCard Titanium Debit Card is the first Titanium debit card launched in Pakistan. The debit card comes packed with benefits for the frequent traveler offering free access to airport lounges across the Middle East, coupled with a wide array of exclusive offers and discounts within Pakistan and worldwide.



SMS Alerts

Meezan Bank's SMS Alerts service keeps customers informed about SMS Alerts activities in their accounts; enabling them to keep track of their financial transactions. Once the customer signs-up for SMS Alerts, he/she will receive an SMS whenever there is a debit or credit transaction in their account. The SMS will provide transaction details and the latest account balance.



Car Ijarah

Based on Ijarah principle, Car Ijarah is an auto finance facility. It is a car rental agreement under which the Bank purchases a new/used car of the customer's choice and rents it out for a period of 1 to 7 years, agreed at the time of the contract. Rental payments start after delivery of vehicle to the customer. The Bank also provides Takaful cover of the car and free accidental death coverage up to Rs. 400,000.



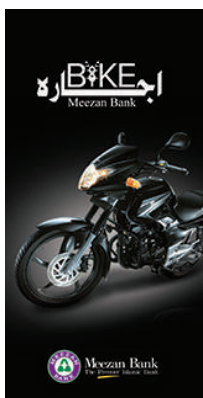
Commercial Vehicles Ijarah

Meezan Commercial Vehicles- Ijarah offers financing facility to logistics, transport, distribution, passenger transportation companies. Meezan Commercial Vehicles-Ijarah offers financing facility in all types of commercial vehicles from small trucks, vans, coasters to large trucks, prime movers, buses, earth moving equipment etc. It provides customer oriented solutions that can meet the specific requirements of SME and Corporate entities.



Bike Ijarah

Based on Ijarah principle, Meezan Bike Ijarah is a Shariah-compliant solution under which bank purchases the bike and rents it out to the customer for a period of 1 to 3 years, agreed at the time of the contract. Rental payments start after delivery of vehicle to the customer. The facility includes full comprehensive Takaful cover as well.



Corporate Products

Meezan Bank offers a large variety of products to its Corporate, Commercial and SME Customers based on their financial requirements. Following is a list of the generic products that are used to offer financing solutions to the customers however different variants of these products are being used at Meezan Bank for offering complete solution for all the financing needs of the customer.

Murabaha

Meezan Bank offers a convenient and easy to use solution for financing raw material and inventory requirements of the customer through Islamic mode of Murabaha. Murabaha is a sale transaction where the seller discloses the cost and profit to the buyer at the time of execution of sale. Murabaha is a short term Islamic facility for meeting asset based working capital requirement of customers where instead of providing a loan, Meezan Bank sells the required asset to the customer on spot or deferred basis.

Istisna

Meezan Bank offers an Istisna based solution to finance complete working capital requirements of its customers. Istisna is a type of sale transaction where the buyer places an order with the seller to manufacture certain asset and the sale is completed upon delivery of the asset to the buyer. Under this facility Meezan Bank provides funds to customers for manufacturing certain assets for the Bank and then, upon delivery, sells the assets in the market.

Tijarah

This is a working capital solution especially for those customers who sell their inventory on credit and require funds for operations during the credit period. In Tijarah, the Bank purchases the finished goods from the customer and after taking the delivery, sells the goods in the market.

Ijarah

Meezan Bank provides Ijarah based products to provide flexible solution for meeting long term financing requirements of the customers. Ijarah technically means to give something on rent. The Bank uses this product for medium and long term financing purposes where the Bank acquires the asset required by the customer and then leases it to the customer for a fixed period. This product is used for the financing of assets such as plant, machinery, generators, equipment etc.

Meezan Consumer Ease

Meezan Consumer Ease – Durable Goods Financing is first ever Shariah-compliant limit based financing facility, which allows customers to purchase laptops, generators and various consumer durable items such as LED TVs, air conditioners, washing machines, mobile phones etc. on easy and affordable monthly installments. A one-time limit approval makes the process simple and hassle-free for the customer, making him/her eligible for multiple financing facilities for Riba-free goods. The Consumer Ease products are based on Shariah concept of Musawamah, which is a general and regular kind of sale.



Easy Home

Based on the principle of Diminishing Musharakah, Easy Home is a Shariah-compliant home financing facility, in which a customer can buy or build a house, renovate an existing house or replace the conventional house loan with Easy Home facility. With flexible financing tailored to support the customer's need, Meezan Easy Home provides one of the best home financing options in the country with a hassle-free process and a quick turn-around time.



Running Musharakah

This is a Shirkul-aqd based financing facility offered to the customers where the Bank participates in the operating activities of the customer and shares profit and loss as per the actual performance of the business. This product is also used as a viable financing solution for Service Industry and Travel Agents whose financing needs are generally not addressed by other Asset backed products.

Diminishing Musharakah

This is a medium and long term financing product, where the Bank and the customer jointly purchase an asset and create joint ownership in the asset. The Bank then leases its share in the asset to the customer while the customer purchases units of ownership in the asset from the Bank at periodic intervals. Upon purchase of all the units the customer becomes the owner of the asset. This mode is used for financing of fixed assets such as land, factory, building etc.

Structured Finance Solutions

In order to provide solutions to unique financing requirements of the customers such as project financing, CAPEX and BMR requirements, short term retail sukuks etc, Meezan Bank offers specialized hybrid solutions that are specifically developed as per the special financing requirement of the customer.

Shariah-compliant range of Trade Financing Solutions

Import Financing

Meezan Bank offers a comprehensive solution for all the import related financing requirement of its customers. Some of the major import financing products are as follows:

Letter of Credit Services

In order to facilitate imports of customers, Meezan Bank offers letter of credit establishment services on Wakalah basis at competitive rates and unmatched service quality.

Short-term Import Financing

Meezan Bank offers flexible and convenient import financing facility on the basis of Musawamah/ Murabaha. If the customer wants to finance its letter of credit, the Bank appoints the customer as its agent to import the goods and customer establishes the LC as an agent of the Bank. Upon receiving possession of the goods, the Bank sells the goods to the customer on a deferred payment bases.

Finance against Imported Merchandise

Meezan Bank also offers finance against imported merchandise facilities to its customers on the basis of Musawamah/Murabaha. Under this facility, the Bank appoints the customer as its agent to import the goods and the customer establishes the LC as an agent of the Bank. Upon receiving possession of the goods, the Bank sells the goods to the customer on deferred payment bases and then keeps the same goods under its pledge for securing the payment obligations of the customer.

Hedging Facilities

In order to hedge the risk of foreign currency price fluctuations, Meezan Bank offers a Shariah-compliant hedging facility on the basis of Wa'ad.

Long term Import Financing

Meezan Bank offers long term import finance facilities on the

basis of Ijarah or Diminishing Musharakah where the customer imports the asset either as the Bank's agent (in case of Ijarah) or as the Bank's partner (in case of Diminishing Musharakah). Upon receipt of the asset, the asset is leased to the customer for a specified period as per the rules of Ijarah.

Export Financing

Meezan Bank also offers a full range product menu for exporters where all the requirements of the exporters can be fulfilled under one roof in a convenient manner. Some of the major facilities for exporters are as follows:

Hedging Facilities

In order to hedge the risk of foreign currency price fluctuations, Meezan Bank offers Shariah-compliant hedging facility on the basis of Wa'ad.

Salam & Murabaha as alternative to Export Bill Discounting

In order to provide financing for the immediate financing needs of the exporters Meezan Bank offers a Shariah-compliant alternative to export bill discounting where instead of providing loan against the export order, Meezan Bank keeps the export bill as security and extends a fresh Murabaha financing facility to the customer or purchases FCY against Pak rupees from the customer on Salam basis at spot rates to cater to the financing requirements of the customer.

Guarantee Services:

In order to facilitate trade, Meezan Bank offers Shariah-compliant guarantee facility to its customers where the Bank provides different types of payment and performance guarantees on behalf of the customer.

Meezan eBiz

Meezan eBiz allows customers to execute critical banking transactions in real time over the internet while maintaining the security of information exchanged over this channel. With the help of Meezan eBiz, customers can view their account balances, account details, account statements as well as efficiently conduct their day-to-day transactions such as fund transfers, IBFT, salary payments, bill payments, payment orders etc via an automated, secure and versatile electronic processing platform.



Meezan eBiz+

Meezan eBiz+ is a customized Cash Management solution that allows corporate customers to not only electronically manage their banking relationship, but also reduce operational overhead by outsourcing the management of collections and payments. Each installation is tailor-made to meet customers' specific requirements including Host to Host integration with customer ERP system. The functionalities available in addition to the features offered by eBiz+ include:



- Managing collections through customized deposit slip, e-collections, Payment Vouchers and Direct Debit
- Managing payment electronically, such as funds transfer, IBFT, Pay-order issuance, RTGS, Corporate cheques issuance as well as dividends issuance
- Advance level customized reports and e-alerts (email, SMS, SFTP)
- Online real time MIS which can be downloaded into multiple formats for auto-reconciliation





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Chairman's Review



“I would like to congratulate the management team of the Bank to have consistently outpaced industry growth by between 2 to 3 times the industry average year on year. We remain committed to Pakistan and the investment required to maintain this growth trajectory in future.”

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

I feel privileged and honored to assume the role of Chairman of Meezan Bank and would like to thank our outgoing Chairman Sheikh Ebrahim Bin Khalifa Al-Khalifa for his stewardship, as the Chairman of the Board since the inception of the Bank, and for bringing the Bank to the level it is today. Alhamdulillah, I am now pleased to present the Annual Report of the Bank for the year 2015.

The Bank crossed a number of important milestones during the year. Notable among these was the record number of new branches opened, 123 - which was more than double the highest number of branches opened in any previous year. This is a significant investment by the Bank and reflects the confidence the Board of Directors has in Pakistan and its future prospects. With the addition of these new branches Meezan Bank has a total of 551 branches ideally located in 143 cities or towns, and is a significant step in actualizing our Vision of establishing 'Islamic banking as banking of first choice.'

Another exciting new milestone is the launch of Meezan Upaisa, Pakistan's first Islamic Branchless Banking proposition, in collaboration with Ufone – one of the leading telecommunications operators in the country. Launched with a large, countrywide network of agents, access to this product is now available in every nook and corner of the country. This new product targets the largely unbanked segment of the population that does not have access to financial services, and supports the Government's objective of increasing Financial Inclusion in Pakistan. With this launch we go yet another step in realizing our Vision.

Despite the challenges that arise as a result of the substantial reduction in interest rates by the State Bank of Pakistan, we are very optimistic about the future of the country. Firstly, the China Pakistan Economic Corridor (CPEC) is now a reality and is expected to bring significant investment in infrastructure, especially roads and power, which in turn will spur other services and industries. Secondly, the changing geo-political environment in the Region bodes well for Pakistan and it remains to be seen how the Government is able to capitalize on the opportunities that arise as a result of the newly lifted sanctions from Iran and CPEC. Also, low oil prices have reduced the pressure on the Current Account and inflation is also at historic lows as a result. This situation is expected to continue for the short to medium term and places Pakistan in a fortuitous position.

Meezan Bank is now the 7th largest bank in the country in terms of branch network and I would like to congratulate the management team of the Bank to have consistently outpaced industry growth by between 2 to 3 times the industry average year on year. We remain

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

committed to Pakistan and the investment required to maintain this growth trajectory in future.

I would like to take this opportunity to congratulate the State Bank of Pakistan on being recognized as the 'Best Central Bank in Promoting Islamic Finance' by Islamic Finance News – Malaysia. This award clearly reflects on the commitment of State Bank towards the implementation of Islamic banking in Pakistan.

I would like to express my gratitude to the State Bank of Pakistan, Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country.

I would also like to express my gratitude to our shareholders, members of Shariah Supervisory Board and my fellow Board members as well as all members of the Meezan team who worked determinedly to chart the course that has taken Meezan Bank to be the leading Islamic financial institution of the country.

I would also like to thank the people of Pakistan for bestowing their trust upon Meezan Bank and to the cause of Islamic banking. It is their trust in Islamic banking that has led to the growth and success of the Riba-free financial system in this country.



Riyadh S. A. A. Edrees
Chairman

February 22, 2016

میزان بینک کے چیئرمین کی حیثیت سے اپنی ذمہ داریاں نبھانا میرے لئے نہایت فخر اور اعزاز کی بات ہے۔ میں اپنے سبکدوش ہونے والے چیئرمین شیخ ابراہیم بن خلیفہ الخلیفہ کا شکریہ ادا کرنا چاہتا ہوں جنہوں نے بینک کے قیام کے وقت سے بطور بورڈ کے چیئرمین کے بہترین قیادت فراہم کی اور بینک کو اس مقام تک لائے جس پر آج بینک قائم ہے۔ الحمد للہ، مجھے بینک کی سالانہ رپورٹ برائے 2015 پیش کرتے ہوئے نہایت خوش محسوس ہو رہی ہے۔

میزان بینک نے 2015 کے دوران بہت سے اہم سنگ میل طے کیے ہیں۔ ان میں سب سے زیادہ قابل ذکر 123 نئی برانچوں کا کھولا جانا ہے جو کہ ہمارے لیے ریکارڈ ہے اور پچھلے کسی سال نئی کھولی گئی برانچوں سے دو گنا زیادہ ہے۔ بینک کی اس اہم سرمایہ کاری سے بورڈ آف ڈائریکٹرز کے پاکستان کے مستقبل کے امکانات اور اس پر اعتماد کی عکاسی ہوتی ہے۔ ان نئی برانچوں کے اضافے سے اب 143 شہروں اور قصبوں میں میزان بینک کی برانچوں کی کل تعداد 551 ہو گئی ہے اور یہ ہمارے 'اسلامی بینکاری کو پہلا انتخاب' بنانے کے نظریے کے فروغ میں ایک اہم قدم ہے۔

اس سال کا ایک اور اہم سنگ میل اسلامی برانچ لیس بینکنگ کی سہولت ہے جو کہ میزان بینک نے ملک کی بڑی ٹیلی کمیونیکیشن کمپنی یونین کے اشتراک سے طے کیا ہے۔ ملک بھر میں ایجنٹس کے وسیع نیٹ ورک کے باعث یہ پروڈکٹ ملک کے کونے کونے میں دستیاب ہے۔ یہ نئی سہولت اس طبقے کے لئے ہے جن کی بینکوں اور مالیاتی اداروں کی خدمات تک رسائی نہیں ہے۔ اس سہولت کی بدولت حکومت پاکستان کے بینکنگ کی خدمات استعمال نہ کرنے والے افراد کو ان خدمات کی فراہمی میں اضافے کے مقصد کو بھی تقویت ملی ہے۔ یہ سہولت متعارف کروا کر ہم نے اپنے نظریے کے حصول کی جانب ایک اور قدم بڑھایا ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے منافع کی شرح میں کمی کے باعث سامنے آنے والے چیلنجوں کے باوجود ہر ملک کے مستقبل کے لئے بہت پُر امید ہیں۔ سب سے پہلے تو پاک چین اقتصادی راہداری (CPEC) اب ایک حقیقت ہے اور اس سے بنیادی ڈھانچے (انفراسٹرکچر)، بالخصوص سڑکوں اور بجلی کے شعبوں میں بڑی سرمایہ کاری متوقع ہے، جس کے نتیجے میں دیگر صنعتوں کو بھی ترقی ملے گی۔ مزید برآں یہ کہ علاقے کے بدلنے ہوئے جغرافیائی و سیاسی ماحول سے پاکستان پر مثبت اثرات مرتب ہوئے ہیں اور اب یہ دیکھنا ہے کہ CPEC اور ایران سے اٹھائی جانے والی پابندیوں کے نتیجے میں پیدا ہونے والے مواقع سے حکومت کس طرح فائدہ اٹھاتی ہے۔ اس کے علاوہ تیل کی قیمتوں میں کمی کے باعث کرنٹ اکاؤنٹ پر ڈاؤن کم ہوا ہے اور افراط زر کی شرح میں تاریخی کمی آئی ہے۔ توقع ہے کہ یہ صورت حال مختصر سے درمیان مدت تک جاری رہے گی اور پاکستان کے لئے خوش آئند ہوگی۔

نیٹ ورک کے حوالے سے میزان بینک اب پاکستان کا سواواں بڑا بینک بن چکا ہے۔ میں بینک کی انتظامیہ کو مبارکباد پیش کرتا ہوں جس نے بینکنگ انڈسٹری میں ہونے والی ترقی کی شرح کے مقابلے میں مسلسل دو سے تین گنا بہتر کارکردگی کا مظاہرہ کیا۔ ہم اس ترقی کی رفتار کو برقرار رکھنے کے لیے پاکستان میں سرمایہ کاری کرنے کے لیے پوری طرح تیار ہیں۔

میں اسلامک فننس نیوز، ملائیشیا کی جانب سے 'اسلامک فننس کو فروغ دینے والے بہترین سینٹرل بینک' کا ایوارڈ ملنے پر اسٹیٹ بینک آف پاکستان کو مبارکباد پیش کرتا ہوں۔ یہ ایوارڈ اسٹیٹ بینک آف پاکستان کی جانب سے پاکستان میں اسلامی بینکاری کے قیام کے لئے ان کے عزم کی عکاسی کرتا ہے۔

میں پاکستان میں قابل عمل اسلامی مالیاتی نظام قائم کرنے کے عزم پر اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سیکیورٹیز اینڈ اینچیف کیمنٹس آف پاکستان کا بھی شکریہ ادا کرتا ہوں۔

میں میزان بینک کے حصص یافتگان، شریعہ پروانہ زری بورڈ کے اراکین اور بورڈ کے اراکین کے ساتھ ساتھ میزان ٹیم کا بھی شکریہ ادا کرتا ہوں، جن کی محنت اور توجہ کے باعث میزان بینک ملک کا سب سے بڑا اسلامی مالیاتی ادارہ بن چکا ہے۔

میں پاکستان کے لوگوں کا بھی شکریہ ادا کرتا ہوں جنہوں نے میزان بینک اور اسلامی بینکاری پر اعتماد کا اظہار کیا۔ یہ انہی کے اعتماد کا نتیجہ ہے کہ ملک میں رہا سے پاک مالیاتی نظام کو ترقی اور کامیابی ملی ہے۔



ریاض ایس. اے. اے. اور لیس
چیئرمین

22 فروری، 2016

Directors' Report to the Members

On behalf of the Board of Directors, we are pleased to present the nineteenth Annual Report and audited financial statements, setting out the detailed financial results of the Bank for the financial year ended December 31, 2015.

Alhamdulillah, Meezan Bank, having completed thirteen years of operations as a full-fledged Islamic commercial bank, is not only the largest Islamic bank but also one of the leading commercial banks in Pakistan. During this period the Bank has the distinction of being the fastest growing bank in the industry and we are grateful for the blessing of Allah and the commendable team effort that has allowed us to become the dominant leader of the Islamic Banking industry. With a network of 551 branches in 143 cities, Meezan Bank now stands as the 7th largest bank in Pakistan in terms of branch network among both conventional and Islamic banks. Throughout this journey the Bank has remained committed to its Vision of establishing 'Islamic banking as banking of first choice'.

The Bank completed the acquisition of Pakistan operations of HSBC Bank Oman S.A.O.G (HBON) - comprising a single branch – during the year. This is the third such acquisition for Meezan Bank, having previously successfully acquired and converted the Pakistan's banking operations of HSBC Bank Middle East Ltd. and Pakistan's banking operations of Societe Generale in 2014 and 2002 respectively.

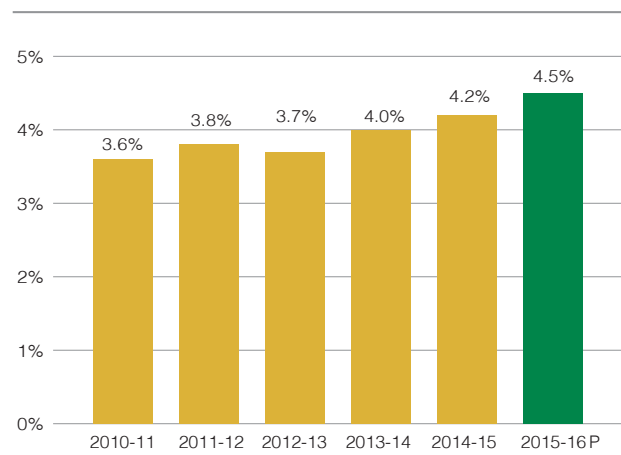
A major milestone achieved during the year was the launch of the first ever Islamic Branchless Banking in Pakistan, Meezan UPaisa, to expand Islamic banking footprint to customers who may not otherwise have access to formal banking services. Meezan UPaisa is available at the counters of thousands of agents in Pakistan and enables customers to send or receive money, pay utility bills and top-up their mobile. This initiative was launched in collaboration with Ufone, a leading Mobile Operator in Pakistan and Meezan Bank. Ufone is a wholly owned subsidiary of PTCL, which is part of the Etisalat group UAE.



Economic Overview

The year 2015 turned out to be a year of some big milestones following the economic stability achieved last year. The signing of US\$46 billion investment and financing agreement under the China Pakistan Economic Corridor (CPEC) marked one major achievement in the year. CPEC should go a long way to take economic growth to 6-7% levels in the medium-term by focusing on the issue of energy deficit and infrastructure spending. In addition, rating upgrade by Moody's to B from Caa1 and outlook upgrade by S&P renewed positive sentiment in the economy. The realization of investment inflows stemming from the China-Pakistan Economic Corridor is expected to strengthen the external sector outlook over the medium to long term.

GDP Growth Rate



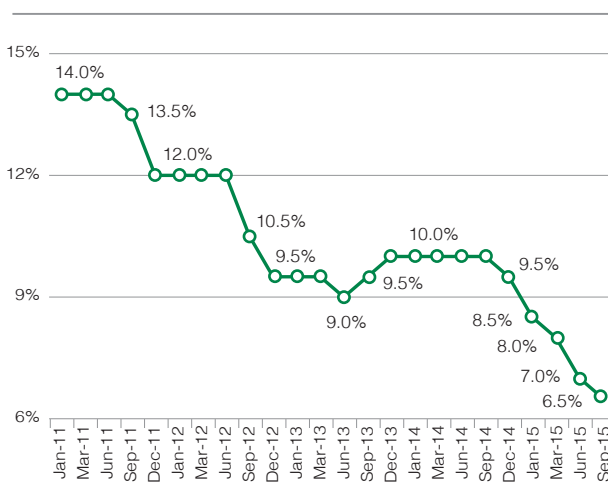
The Government of Pakistan re-entered the international bond market again, raising US\$500 million through a Eurobond issue. The issue was well received by investors.

Low oil prices and higher remittances from Pakistanis working abroad led to improvement in foreign exchange reserves that crossed an all-time high of US\$21 billion.

Consistent decline in global oil prices improved the outlook of external account, although the government did not pass on the complete impact of the same domestically due to fiscal concerns. Shortfall in tax collection in 3Q16 led to imposition of additional taxes (worth Rs 40 billion) by year-end. Despite tough fiscal position, the IMF program continued smoothly.

Due to a low oil price environment, inflation is also considerably lower, averaging at 2.5% in 2015 compared to 7.2% in 2014. This gave room for cumulative 300 bps cut in discount rate by State Bank of Pakistan (SBP) in 2015 to over 22 years low of 6.5%. Both low inflation and low interest rate environment are expected to boost large scale manufacturing sector growth, which grew by 3.4% in FY15 compared to 4.5% in FY14. GDP growth recorded 4.2% during the year, up from 4.0% in 2014, led by agriculture sector growth of 2.9%, up from 2.7% in FY14. Services sector growth also improved to 5% from 4.4% in 2014.

Discount Rates

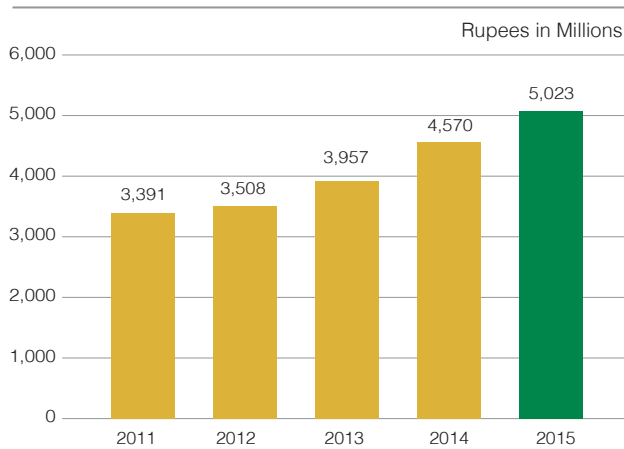




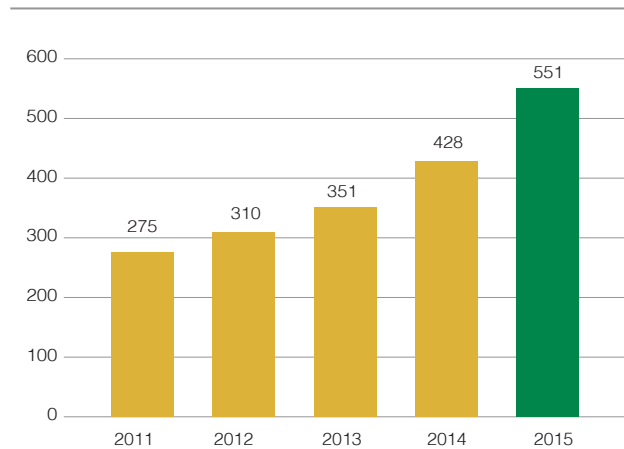
Our Performance

Alhamdulillah, notwithstanding the lower discount rate scenario as mentioned above, Meezan Bank not only maintained its position as the leading Islamic bank but also became the 7th largest bank in Pakistan in terms of branch network with 551 branches in 143 cities as compared to 428 branches in 117 cities a year ago. The Bank opened 123 branches during the year which is the highest in its history. The Bank has demonstrated all round growth with an asset base of Rs 532 billion, as of December 31, 2015 an increase of 22% from Rs 438 billion in 2014. Profit after tax increased to Rs 5.02 billion from Rs 4.57 billion earned in the previous year, reflecting an increase of Rs 452 million i.e. 10%.

Profit After Tax

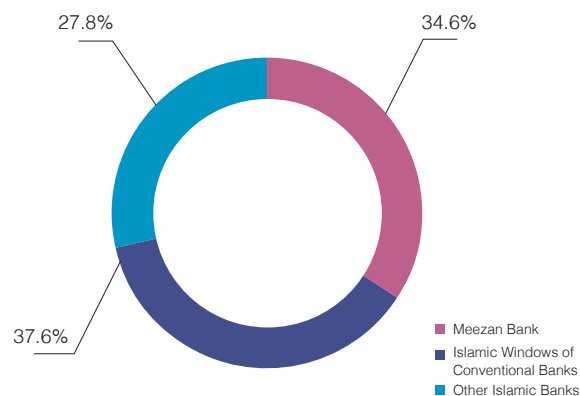


Branch Network

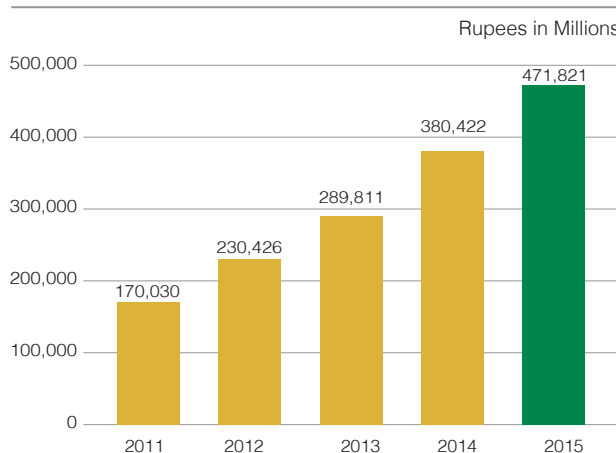


Islamic Banking has taken strong roots in Pakistan with Meezan Bank as the market leader offering a complete range of Islamic banking products and services. The Bank's market share amongst the full-fledged dedicated Islamic banks operating in Pakistan is approximately 55%. Meezan's market share for the Islamic Banking industry as a whole, including Islamic Banking windows of conventional banks in Pakistan is 35%.

Share of Meezan Bank in Islamic Banking Industry-Based on deposits



Deposits



The Bank achieved strong growth in deposits which increased by 24%, closing the year at Rs 472 billion from Rs 380 billion. The average deposit growth rate in the banking industry was 11.5% while the Bank's deposits growth rate was more than double the industry average. This performance is especially impressive in light of the fact that the current account in the deposit mix improved from 31% in 2014 to 32% in the 2015. Bank's average CASA (Current and Saving Account) deposits during the year stood at 71% of total deposits.

The Bank maintained its growth in financings portfolio, which jumped to Rs 208 billion from Rs 176 billion last year - a growth of Rs 32 billion, i.e. 18%. This growth is more than twice of the average financing growth in the banking industry which was 7% only. The Bank has achieved this growth despite challenging economic circumstances and crowding out of private sector financing due to government borrowing. Advance to deposits ratio (ADR) of the Bank now stands at 44%. You will also be delighted to know that the ratio of non-performing financings to total financing (NPL ratio) is 3.27% which is one of the lowest in the banking industry and reflects the Bank's prudent financing strategy backed by a sound risk infrastructure and rigorous remedial and recovery efforts. The Bank maintains a very comfortable level of provisions against its non-performing

financings with coverage ratio of 116%. The focus is to build a high quality and well-diversified portfolio targeting top tier corporate, commercial and retail clients.

The availability of limited investment avenues and managing liquidity has always been a challenge for Islamic banks. In order to address the liquidity challenges faced by Islamic banks, the State Bank of Pakistan conducted an auction of GOP Ijarah sukuk in December 2015. The issue was heavily oversubscribed and closed with a cut-off yield 50 bps lower than the 6 month T-bill rate. Another auction for GOP Ijarah fixed rate Sukuk of 3 years tenure, for Rs 100 billion was held in February 2016 and was heavily oversubscribed which led to cut-off yield of 6.1%.

The SBP's Open Market Operations (OMO) for Islamic banks has also helped to address the chronic excess liquidity management problem faced by Islamic banks. The OMO uses a Bai Muajjal structure that has been approved by both the Shariah Board of the SBP and also the Meezan Bank Shariah Supervisory Board. During the year, the Bank was able to deploy Rs 148 billion with the SBP / Government of Pakistan (GOP). We are confident

that these positive measures will be a big help to all Islamic banks.

Total trade (import and export business) handled by the Bank also grew by impressive 23% to Rs 461 billion in 2015 despite lower oil and commodity prices internationally. An extensive network of correspondent banks and significant foreign exchange lines with international banks has allowed the Bank to compete aggressively for trade business.

Administrative and operating expenses increased to Rs 13.8 billion from Rs 10.8 billion, a rise of 28%. The rise in expenses is primarily due to increase in staff expenses, rent and associated costs as a result of addition of 123 new branches during the year – an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years.

The Bank remains a well-capitalized institution with its equity rising to Rs 25.6 billion from Rs 23.3 billion a year earlier, notwithstanding the fact that a healthy cash dividend of Rs 3 billion was paid during the year.

The key business results achieved in 2015 are as under:

| Key Business Results | 2015 | 2014 | Growth |
|------------------------------------|-----------------|-----------------|--------|
| Branch Network | 551 Branches | 428 Branches | 29% ↑ |
| Presence | 143 Cities | 117 Cities | 22% ↑ |
| Financings | 208 Billion | 176 Billion | 18% ↑ |
| Deposits | Rs 472 Billion | Rs 380 Billion | 24% ↑ |
| Total Assets | Rs 532 Billion | Rs 438 Billion | 22% ↑ |
| Profit After Tax | Rs 5.02 Billion | Rs 4.57 Billion | 10% ↑ |
| Equity | Rs 25.6 Billion | Rs 23.3 Billion | 10% ↑ |
| Trade Business (Import and Export) | Rs 461 Billion | Rs 376 Billion | 23% ↑ |

Financial Results

Rs in Million

| PROFIT AND LOSS ACCOUNT | 2015 | 2014 |
|--|---------------|---------------|
| Profit / return earned on financings, investments and placements | 33,114 | 28,803 |
| Return on deposits and other dues expensed | (14,897) | (15,440) |
| Net spread before provisions | 18,217 | 13,363 |
| Provision against non-performing financings and investments | (563) | (467) |
| Net spread after provisions | 17,654 | 12,896 |
| Fee, commission and brokerage income | 1,987 | 1,569 |
| Income from dealing in foreign currencies | 1,471 | 1,626 |
| Dividend income | 629 | 284 |
| Capital gain on investments | 342 | 1,149 |
| Other income | 168 | 127 |
| Income before expenses | 22,251 | 17,651 |
| Administrative and other expenses | (13,799) | (10,753) |
| Profit before taxation | 8,452 | 6,898 |
| Taxation | (3,429) | (2,328) |
| Profit after taxation | 5,023 | 4,570 |

The Islamic Banking industry continues to grow with six full-fledged Islamic banks and sixteen Islamic windows of conventional banks presently operating in Pakistan. Islamic banks now account for almost 13% (2014: 12%) of the total banking industry in terms of deposits. This augurs well for the Islamic Banking sector and we are confident that the existing Islamic banks and the new players will further increase their market share in the coming years.

The Board, representing the shareholders of the Bank, reiterates its commitment to Pakistan in general and Meezan Bank in particular, to meet all its present and future capital needs.

Earning Per Share

Due to increase in profitability, the Earnings per Share increased from Rs 4.56 to Rs 5.01 per share reflecting an increase of 10%.

Dividend

The Board has now recommended the cash dividend of Rs 1.25 per share (12.5%) for the year 2015. This declaration, together with the earlier interim cash dividend of 17.5% paid in the third quarter of 2015, brings the total payout for the year to Rs 3 per share (30%). Last year cash dividend payout was 27.5% and thus the Bank maintained its unbroken payout record since the date of listing on the Stock Exchange.

Credit Rating

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has reaffirmed the Bank's long-term entity rating of AA (Double A) and short-term rating at A1+ (A One Plus) with stable outlook. The short-term rating of A1+ is the highest standard in short-term rating. The rating indicates high credit quality and sound performance indicators of the Bank. Meezan Bank is the only Islamic bank in Pakistan with AA and A1+ credit rating.

Corporate Awards and Recognition

Meezan Bank won the following prestigious awards during the year:

- Shariah Authenticity Award
- **Global Islamic Finance Awards (GIFA)**
- Best Islamic Retail Bank
- 3rd Best Overall Islamic Bank
- Best Islamic Bank in Pakistan
- Pakistan Deal of the Year
- **Islamic Finance News (IFN)**
- Best Islamic Bank in Pakistan
- Best Islamic Retail Bank in Pakistan
- Best Islamic Trade Finance Bank in Pakistan
- Best Islamic Investment Bank
- Best Sukuk House in Pakistan
- Best Islamic Trade Finance Deal
- **Asset Triple A**
- Best Islamic Financial Institution in Pakistan
- **Global Finance**
- Best Islamic Bank in Pakistan
- **Asiamoney**
- Top Islamic Bank in Pakistan
- **The Banker**
- Islamic Bank of the Year
- Corporate Finance House of the Year
- **CFA Society of Pakistan**

- Best Shariah Compliant Product
- MasterCard Titanium Debit Card
- **MasterCard Innovation Forum 2015**
- Best Corporate Reports Award (Securing 3rd position)– Banking Sector
- **ICAP and ICMAP**
- Certificate of Merit in Private Sector Banks category - 'Best Presented Accounts Award'
- **South Asian Federation of Accountants (SAFA)**
- Leading Islamic Bank of the region
- Ranked 10th in the top 15 global Islamic banks
- **South Asian Financial Disclosure Index**

Corporate Social Responsibility

Keeping the Islamic principles of Ihsan in mind, Corporate Social Responsibility is an integral element of Meezan Bank's value system. As a socially responsible organization, the Bank recognizes that we are part of the community at large and that there is a strong need to contribute to the society and support those in need, be it financial or non financial basis. The Bank remains committed to serving the society both directly and indirectly and in this regard has contributed in various ways and means. The disclosure required under Company's Corporate Social Responsibility (General Order, 2009) has been duly made in the Annual Report.

Corporate and Financial Reporting Framework

The Board of Directors is fully cognizant of its responsibility under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and adopted by the State Bank of Pakistan. The following statements are a manifestation of its commitment towards high standards of Corporate Governance and continuous organizational improvement.

1. The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of account of the Bank have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. The accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure from these has been adequately disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal controls system and its monitoring lies with the Board. An Audit Committee has been formed for this purpose that meets periodically and independently throughout the year with the management and also the internal and external auditors to discuss the effectiveness of internal controls system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate variances from the budget.
6. There are no doubts upon the Bank's ability to continue as a going concern, Insha'Allah.
7. There has been no material departure from the best practices of Corporate Governance as detailed in the rule book of Pakistan Stock Exchange.
8. Key operating and financial data for the last six years in

summarized form, categories and pattern of shareholding as required by the Companies Ordinance, 1984 are annexed to the report.

9. The value of investments of the Bank's recognized Provident Fund and Gratuity Fund as at December 31, 2015 are as under:

- Staff Provident Fund Rs 1,670.92 million
- Staff Gratuity Fund Rs 590.99 million

10. During the year, an orientation course was held for the Board of Directors of the Bank.

11. The purchase and sale of shares by the Directors, Chief Executive, Chief Financial Officer, Head of Internal Audit and Company Secretary during the year and pattern of shareholding is included in the report.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange (formerly Karachi Stock Exchange) in the rule book of Pakistan Stock Exchange relevant for the year ended December 31, 2015 have been adopted by the Bank and have been duly complied with. A statement to this effect is annexed with the report.

Risk Management Framework

Risk Management Framework in Meezan Bank is based on sound organizational structure, policy and procedural framework, risk assessment techniques, tools and reporting structure closely aligned with the Bank's strategic direction. Risk Management activities broadly take place simultaneously at different hierarchy levels i.e. strategic, macro and micro. The overall responsibility of risk management rests with the Board of Directors and it has constituted Risk Management Committee comprising of Board members with clear terms of reference.

Under the guidance of the Board, the scope of Risk Management Group (RMG) has been broadened over the period, mainly focusing on establishing and improving upon policies, procedures, limit structure, systems, detailed risk assessment, frequent monitoring, multilevel reporting of risk categories and increase level of awareness about risk management principles and practices. These improvements are in line with applicable Shariah guidelines, regulatory requirements including Basel accord, best industry practices and commensurate with significant growth of the Bank.

Specialized committees comprising of senior management team members with relevant experience and expertise perform their functions in line with overall strategy set by the Board so as to ensure that exposures are within risk appetite. The committees include:

1. **Credit Risk Management Committee (CRMC)**
2. **Asset Liability Management Committee (ALCO)**
3. **Internal Controls and Operational Risk Management Committee (ICORC)**

The CRMC is responsible to oversee that credit risk activities are in line with Board approved policies, regulatory requirements and industry practices. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions. ALCO reviews market, liquidity and country risk exposures, assets and liabilities maturity profile, sets pricing and takes decisions for sound liquidity management. The ICORC ensures that adequate internal controls and systems are in place thereby ensuring operating efficiency.

Assets quality is being ensured through comprehensive financing policies and procedures, appropriately delegated financing approval authorities, optimal risk-reward trade off, diversification, adequate collateral coverage and documentation and periodic reviews. The Bank applies stress testing and value at risk techniques for market risk assessment. Day-to-day liquidity management is done through cash flow matching, meeting regulatory reserve requirement and maintain adequate liquid assets. Contingency funding plan for managing liquidity crisis is in place. Operational risk is managed through standing operating procedures, deployment of necessary human resources, training and development, segregation of duties, strengthening maker, checker and approving mechanism, early warning signals, system based reports, business continuity and disaster recovery plans.

Under RMG, full-fledged credit risk function caters corporate, investment banking, commercial & SME, agriculture, consumer and financial institutions business segments. The coverage of RMG in credit assessment of individual customers has been further enhanced by four-eye principle, system based limits structuring and deployment of risk officers in the field. Country wide training and awareness sessions were conducted on end to end financing processes. The role of market risk function in monitoring of treasury activities has been strengthened with various limits structuring, their monitoring, reporting and system improvements. Loss data reporting, risk and control self assessment, enhanced coverage of key risk indicators, documenting and improving upon processes through risk identification and mitigates reflects upon continuous improvements in operational risk management framework. Coverage of business continuity plans has been further strengthened at branch level. System-based information reports from risk perspective and risk modules will bring RMG at an advantageous position in identification, assessment, reporting and managing risks.

Statement of Internal Controls

The Board is pleased to endorse the statement made by the management relating to internal controls. The management's statement on internal controls is included in the annual report.

Pattern of Shareholding

The pattern of Shareholding as at December 31, 2015 is annexed with the report.

Directors

Following the expiry of the three year term of the previous Board of Directors, an election was held on November 17, 2015 and a new Board was constituted. The Board would like to thank and place on record its deepest appreciation for the valuable services rendered by the founding Chairman, H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa. H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa had long term association with the Bank since its formation. The Board welcomes Mr. Riyadh S.A.A. Edrees as the new Chairman of the Board. The Board also congratulates all elected directors and welcomes the new directors on the Board.

The record of Board meetings held during the year and attended by the Directors is as follows:



| Name of Directors | No. of Meetings held | No. of Meetings Attended |
|---|----------------------|--------------------------|
| Mr. Riyadh S.A.A. Edrees - Chairman | 5 | 5 |
| Mr. Bader H.A.M.A. Al-Rabiah* | 1 | 1 |
| Mr. Faisal A.A.A. Al -Nassar** | 4 | 4 |
| Mr. Rana Ahmed Humayun | 5 | 5 |
| Mr. Alaa A. Al - Sarawi | 5 | 5 |
| Mrs. Syeda Azra Mujtaba**** | 5 | 3 |
| Mr. Muhammad Zarug Rajab | 5 | 1 |
| Mr. Mohammad Abdul Aleem | 5 | 4 |
| Mr. Noorur Rahman Abid | 5 | 5 |
| Mr. Talal S.A. Al-Shehab*** | 1 | 0 |
| Mr. Irfan Siddiqui - President & CEO | 5 | 5 |
| Mr. Ariful Islam - Deputy CEO | 5 | 5 |
| H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa (Ex Chairman)* | 4 | 4 |

*H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa retired and Mr. Bader H.A.M.A. Al-Rabiah was elected in Election held on November 17, 2015.

** Mr. Faisal A.A.A. Al - Nassar was appointed as Director on March 13, 2015 to fill the casual vacancy.

***Mr. Talal S.A. Al-Shehab was elected as Director in Election held on November 17, 2015.

**** Mrs. Syeda Azra Mujtaba was appointed as Director on January 21, 2015 to fill casual vacancy.

The attendance in meetings of Committees formed by the Board held during the year is included in the annual report.

The Bank has a policy in place for dealing with conflicts of interest relating to members of the Board. Under this policy, any Director who has a business interest in a matter being presented at a Board meeting does not participate in neither the discussion nor the decision on that matter. The policy is applied consistently and there was no breach of this policy during the year.

Auditors

The present auditors, A.F. Ferguson & Co., Chartered Accountants (a member firm of the PwC network) retire and being eligible offer themselves for reappointment. As required under Code of Corporate Governance, the Audit Committee has recommended the appointment of A.F. Ferguson & Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2016.

Future Outlook and Strategy

2016 will be a challenging year for the banking industry in the back-drop of the lower interest rates and lower oil and commodity prices. The Government's focus on economic reforms - power, public sector enterprises performance, infrastructure investment together with positive sentiment surrounding the CPEC projects-would provide material boost in Foreign Direct Investment (FDI) and help to sustain Pakistan's long-term growth prospects. Our focus will be on maintaining the growth momentum and asset quality due to the aforementioned improvements in the economy. Efforts are also underway to target new market segments and

improve efficiency and productivity by leveraging on the substantial investment in technology made by the Bank in recent years.

The Bank remains committed to its Vision to 'establish Islamic banking as banking of first choice' and the launch of Meezan UPaisa, the First ever Islamic Branchless Banking offering in Pakistan is a significant step in achieving that Vision.

As the Bank expands, sourcing and retaining the right quality of human resource is an increasingly significant challenge. Accordingly, the Bank has enhanced the physical infrastructure of its learning and development facilities. The Learning and Development department is focused to produce highly professional training content in 2016. Moreover, Bank-wide Training Needs Analysis activity is also being carried out.

Islamic Banking has a good future in Pakistan and its share in the country's banking industry is increasing every year. Meezan Bank continues to play its pioneering role in Islamic banking and would contribute to the growth of Islamic banking in Pakistan. We welcome new players to this segment as this would bring more representation and help further evolve the Islamic banking industry. The Board is confident that the Bank will Insha'Allah continue to play its leadership role in evolving Islamic Banking Industry in Pakistan.

Acknowledgement

The landmark achievements of Meezan Bank would not have been possible without the proactive support of our diversified customer base, for which we remain indebted to them. We sincerely thank each one of our team members for their hard work and commitment. May Allah Almighty bestow His blessings on our entire team and their families.

We would like to express our gratitude to the State Bank of Pakistan, Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country. We also congratulate the State Bank of Pakistan (SBP) for being voted as the best central bank for promoting Islamic finance by a poll conducted by 'International Finance News' – an arm of Red Money Group, Malaysia.

We would also like to thank our Board members, shareholders and the members of the Shariah Supervisory Board for their unrelenting efforts towards establishing Meezan Bank as the premier Islamic bank. May Allah Almighty give us the strength and wisdom to further expand our vision of making Islamic banking as banking of first choice.

On behalf of the Board.

Riyadh S.A.A. Edrees
Chairman

Irfan Siddiqui
President & CEO

February 22, 2016

Annexure to the Directors' Report

For the year ended December 31, 2015

The purchase and sale of shares by the Directors, Chief Executive, Chief Financial Officer (CFO) and Company Secretary, their spouses and minor children during the year are given below:

| | Number of Shares as at Jan. 01, 2015 | Number of Shares purchased during the year | Number of Shares sold during the year | Bonus Shares allotted during the year | Number of Shares as at Dec. 31, 2015 |
|--------------------------------|---|---|--|--|---|
| NAME OF DIRECTORS | | | | | |
| Mr. Mohammad Abdul Aleem | 184,325 | - | - | - | 184,325 |
| Mr. Noorur Rahman Abid | 1,857,683 | 1,000,000 | - | - | 2,857,683 |
| Mr. Irfan Siddiqui | 3,218,067 | - | - | - | 3,218,067 |
| Mr. Ariful Islam | 1,798,393 | - | - | - | 1,798,393 |
| CHIEF FINANCIAL OFFICER | | | | | |
| Mr. Shabbir Hamza Khandwala | 554,131 | - | - | - | 554,131 |
| HEAD OF INTERNAL AUDIT | | | | | |
| Mr. Ebrahim Yakoob | - | - | - | - | - |
| COMPANY SECRETARY | | | | | |
| Mr. Tasnimul Haq Farooqui | - | - | - | - | - |

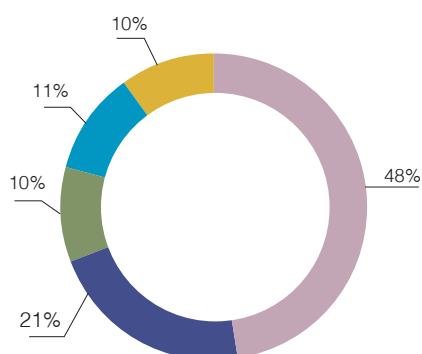
Note:- Ex-Chairman, H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa sold 2,500,000 shares of Meezan Bank Limited before retiring from the Directorship of the Bank i.e. November 17, 2015.



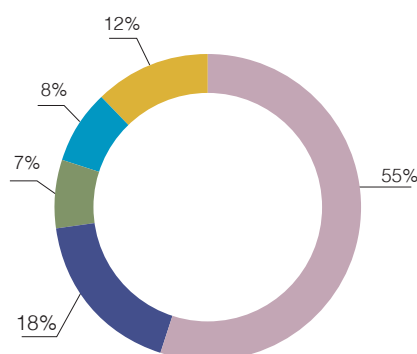
Statement of Value Added and Distributed

| Value Added | 2015 Rupees in '000 | % | 2014 Rupees in '000 | % |
|--|------------------------|---------|------------------------|---------|
| Profit / return on Islamic financings, investments and placements - net of provision | 32,550,567 | 104.3% | 28,336,555 | 100.2% |
| Fee, commission and brokerage income | 1,987,212 | 6.4% | 1,569,327 | 5.5% |
| Dividend income | 628,661 | 2.0% | 283,633 | 1.0% |
| Income from dealing in foreign currencies | 1,471,337 | 4.7% | 1,626,363 | 5.8% |
| Capital Gain on sale of securities and other income | 509,510 | 1.6% | 1,275,561 | 4.5% |
| | 37,147,287 | | 33,091,439 | |
| Administrative and other expenses | (5,930,542) | (19.0%) | (4,808,397) | (17.0%) |
| | 31,216,745 | 100% | 28,283,042 | 100% |
| Value allocated as follows: | | | | |
| To Depositors / Financial Institutions Return on deposits and other dues expensed | 14,897,149 | 48% | 15,440,250 | 55% |
| To Employees Salaries, allowances & other benefits | 6,722,803 | 21% | 5,017,273 | 18% |
| To Shareholders Cash Dividend | 3,008,213 | 10% | 2,005,476 | 7% |
| To Government Income tax | 3,428,744 | 11% | 2,328,448 | 8% |
| To Expansion Depreciation & Amortisation | 1,145,540 | 4% | 926,985 | 3% |
| Retained in Business | 2,014,296 | 6% | 2,564,610 | 9% |
| | 3,159,836 | 10% | 3,491,595 | 12% |
| | 31,216,745 | 100% | 28,283,042 | 100% |

Statement of Value Added & Distributed 2015



Statement of Value Added & Distributed 2014



■ To Depositors/Financial Institutions ■ To Employees ■ To Shareholders ■ To Government ■ To Expansion

Allocation of Income and Expenses to Remunerative Depositors' Pool

For the year ended December 31, 2015

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | Rupees in '000 | |
| Income from financing activities | 13,089,136 | 11,182,696 |
| Income from investments | 6,564,430 | 10,221,741 |
| Income from placements with financial institutions | 12,754,602 | 6,170,411 |
| Other income attributable to pools | 1,635,969 | 1,758,015 |
| Total Income | 34,044,137 | 29,332,863 |
| Less: Administrative Expenses / other charges directly attributable to pools (Note) | (471,227) | (348,991) |
| Less: Profit distributed to other special pools (including IERS and special musharakah pool) | (3,006,533) | (2,674,909) |
| Gross distributable Income | 30,566,377 | 26,308,963 |
| Mudarib (Bank) share of profit before Hiba | 10,547,211 | 9,479,334 |
| Less: Hiba from Mudarib (Bank) share | (1,714,865) | (3,608,825) |
| Net Mudarib (Bank) share of profit | 8,832,346 | 5,870,509 |
| Rab-ul-Maal share of profit | 21,734,031 | 20,438,454 |
| Rab-ul-Maal share of profit is distributed as follows: | | |
| Remunerative depositors' profit share in mudarabah pools | 14,478,558 | 14,733,780 |
| Bank's equity in mudarabah pool | 7,255,473 | 5,704,674 |
| | 21,734,031 | 20,438,454 |

The Bank maintains following four remunerative general pools:

| Type of general pool | Income earned | Mudarib share of profit | Hiba from Mudarib (Bank) share | Net Mudarib (Bank) share of profit | Remunerative depositors' share in Mudarabah pool |
|------------------------|-------------------|-------------------------|--------------------------------|------------------------------------|--|
| 2015 Rupees in '000 | | | | | |
| Rupee deposit pool | 30,018,385 | 10,317,995 | 1,714,865 | 8,603,130 | 21,415,255 |
| Dollar deposit pool | 502,915 | 207,985 | - | 207,985 | 294,930 |
| Pound deposit pool | 31,326 | 15,165 | - | 15,165 | 16,161 |
| Euro deposit pool | 13,751 | 6,066 | - | 6,066 | 7,685 |
| | 30,566,377 | 10,547,211 | 1,714,865 | 8,832,346 | 21,734,031 |
| 2014 Rupees in '000 | | | | | |
| Rupee deposit pool | 25,807,915 | 9,246,054 | 3,608,825 | 5,637,229 | 20,170,686 |
| Dollar deposit pool | 440,444 | 204,129 | - | 204,129 | 236,315 |
| Pound deposit pool | 35,070 | 17,972 | - | 17,972 | 17,098 |
| Euro deposit pool | 25,534 | 11,179 | - | 11,179 | 14,355 |
| | 26,308,963 | 9,479,334 | 3,608,825 | 5,870,509 | 20,438,454 |

Note: Administrative and operating expenses are paid by the Bank and not charged to the depositors' pool as per the guidelines of mudarabah.

Business and Operations Review

Business Review

Meezan Bank, in its fourteenth year of operations, is not only the largest Islamic Bank in Pakistan but is also now the 7th largest commercial bank in the country in terms of branch network, with 551 branches in 143 cities.

The Bank added 123 branches to its network this year, the highest number in its history. The Bank's continuous expansion has enabled it to serve customers in every part of the country, commensurate with its Vision to 'establish Islamic banking as banking of first choice'. Some of the significant achievements during the year include:

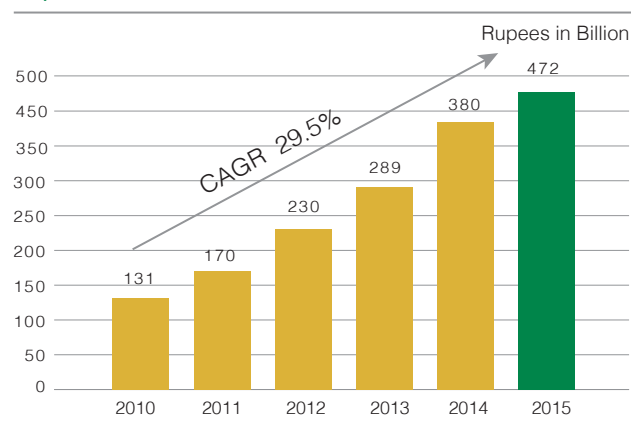
- Acquisition of HSBC Bank Oman S.A.O.G. - Pakistan Branch
- Growth in Deposit base by an impressive 24% against overall industry growth of 11.5%
- Increase in Net Financing portfolio to Rs 208 billion
- Launch of first ever Islamic Branchless Banking- Meezan Upaisa
- Launch of Corporate Vendor and Distributor Finance Program – a joint venture with Karandaz Pakistan

The acquisition of HSBC Bank Oman S.A.O.G (HBON) Pakistan operations is the third acquisition for Meezan Bank, having successfully acquired and converted to Islamic banking the operations of Societe Generale in Pakistan and HSBC Pakistan in 2002 and 2014 respectively. During this period, the growth of Meezan Bank has largely been organic, while the three acquisitions over the past fourteen years have added fifteen branches to the Bank's network.

The extensive branch network, superior service and

excellent brand image of the Bank allowed the deposit base to grow by 24% in 2015 to Rs. 472 billion from Rs. 380 billion last year. Total assets of the Bank grew by 22% to Rs. 532 billion (\$5.1 billion) as at December 31, 2015 from Rs. 437 billion as at December 31, 2014. Total equity of the Bank now stands at Rs. 25.6 billion, up from Rs. 23.3 billion a year earlier.

Deposits



The Bank's increased focus on building its financing portfolio while maintaining high credit quality and industry diversification yielded positive results. The financing portfolio (net of provisions) closed at Rs. 208 billion, up from Rs. 176 billion a year earlier, a growth of 18.4%, outpacing the banking industry that grew by 7%. The portfolio is well diversified by sector and maturities are comfortably balanced with 61% in the



FTC Branch, Karachi - Meezan Bank's 1st Branch



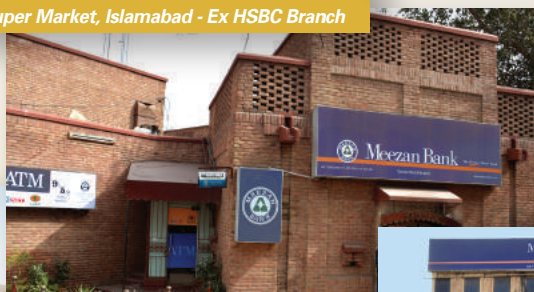
Jinnah Super Market, Islamabad - Ex HSBC Branch



Badar Comm. Branch, Karachi - Meezan Bank's 551st Branch



Main Branch, Multan



Serena Branch, Faisalabad



Gulberg Branch, Lahore



Clifton Branch, Karachi

short term (upto one year) and 39% in the long term. Advances to Deposits Ratio (ADR) of the Bank now stands at 44%. The Bank's Non Performing Loan (NPL) ratio of 3.27% is one of the lowest in the Pakistani banking industry and reflects the Bank's prudent financing strategy, sound risk infrastructure and rigorous remedial and recovery efforts. Notwithstanding the low NPL, the Board, in keeping with its prudent approach, maintained coverage ratio at 116% in 2015 which is one of the highest in the banking industry.

A significant development during 2015 was the launch of Meezan UPaisa, the first Islamic Branchless Banking proposition in Pakistan. This initiative was launched as a joint collaboration between Meezan Bank and Ufone, a leading Mobile Operator in Pakistan. Ufone is a wholly owned subsidiary of PTCL, which is part of the Etisalat group UAE. The primary objective of this initiative is to expand the outreach of the Islamic banking system to those segments of the country's population that are essentially unbanked, so that its benefits may be availed by a much wider section of the economy. The product is available through a nationwide network of agents and the initial response from the public has been very encouraging. Meezan UPaisa will Insha'Allah play a significant role in increasing financial inclusion, allowing those who otherwise do not have access to the financial system to avail banking products and services.



The Bank also signed a Corporate Vendor and Distributor Finance Program Agreement with Karandaaz Pakistan, designed specifically to meet the working capital and long term finance requirements of supply chain business partners (suppliers and distributors) of large and medium sized corporate entities. Karandaaz Pakistan (www.karandaaz.com.pk) is a private company established to promote access to finance for small businesses and promote financial inclusion for individuals through technology-enabled digital solutions. The company has financial and

institutional support from leading international development finance institutions, principally UKAid's Department for International Development and Bill & Melinda Gates Foundation. The Consultative Group to Assist the Poor (CGAP), a member of the World Bank Group, managed the start-up phase of the Company and continues to provide technical support.

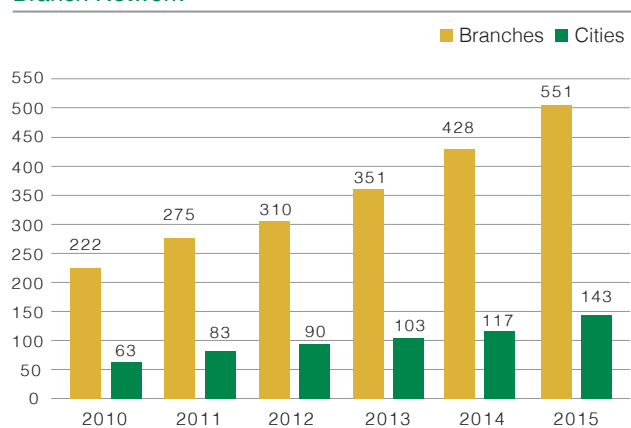


Retail Banking

Meezan Bank offers a wide range of deposit products – current, savings and term deposit accounts – all designed with flexible features to meet the needs of its customers in a Shariah-compliant manner. The Bank's diverse range of deposit products has enabled it to develop a large, well diversified and stable deposit base. The Bank is a market leader in offering innovative Shariah-compliant products and services, and this is evident from the exponential growth in both its customer and deposit base.

The Bank added 123 new branches to its network, the highest in a single year, thus growing the network to 551 branches across 143 cities in the country with almost a million customers. Meezan Bank now has the 7th largest banking network in Pakistan. Continuous expansion of the network has enabled the Bank to serve customers in all parts of the country, commensurate with its Vision to 'establish Islamic banking as banking of first choice'.

Branch Network



The modern banking customer expects a much more robust retail experience from banks as compared to only a few years ago when there was little proliferation of technology-based platforms. Recognizing this fact, Meezan Bank has focused on employing technology in providing its customers with services that make their transactions easier and more immediate, thus providing them a quality banking experience. To that end, Meezan Bank has become Pakistan's first bank to introduce Online Account Opening, a definitive step ahead

Meezan Bank's focus on technology-driven solutions has allowed it to explore various new areas which were traditionally not associated with the mainstream banking industry. Meezan Bank can now reach out to its customers and serve them in many ways, improving customer satisfaction and strengthening their relationship with Meezan Bank.

Meezan Asaan Account

The Riba-free Meezan Asaan Current and Saving Accounts are two important additions to the Bank's product menu, designed to allow Pakistani citizens with limited proof of source of income to open accounts. Both these accounts can be opened with an initial deposit of only Rs. 100/- and a valid identity document. Asaan Current and Saving Accounts are available to resident Pakistani nationals and over 37,000 accounts



میزان آسان
کرنٹ اکاؤنٹ

اب اکاؤنٹ کھلوانا ہوا بہت آسان
صرف شناختی کارڈ سے کھولیں اپنا میزبان آسان اکاؤنٹ

اکاؤنٹ صرف 100 روپے سے کھولا جاسکتا ہے
زیادہ سے زیادہ پیبلنس کی حد 500,000 روپے
مفت پے آرڈر
مفت آن لائن بینکنگ

have been opened since their launch in September 2015.

Wealth Management

Meezan Bank's Wealth Management unit was established in 2013 with the aim of providing value added products and services to the Bank's regular as well as high net worth customers. This unit caters to the various investment needs of customers by identifying investment opportunities for them, providing them investment advice and educating them about the various products offered by the Bank. This unit also provides tax-efficient investment strategies to the customers.

Meezan Kafalah

Meezan Kafalah is the Shariah-compliant alternative to Bancassurance and Bancatakaful, which is another first from Meezan Bank's platform. Meezan Kafalah has received very good response from retail customers since it is designed to meet their long-term saving objectives with the added advantage of Takaful (Islamic insurance) cover.

By the end of 2015, the Bank had provided Takaful coverage of a total amount of Rs. 6 billion to more than 18,000 customers.

Meezan Premium Banking

Meezan Bank's Premium Banking caters to the needs of its high net worth customers and provides them with exclusive services and value added benefits, ranging from personalized banking services to discounts and privileges. As at 31st December 2015, Premium Banking deposits stood at Rs. 123.9 billion which constitutes over 26% of the Bank's total deposits.



Some of the benefits currently being offered under Meezan Premium Banking are:

- Meezan Visa Platinum Debit Card, a prestigious card offering discounts at selected retail outlets, restaurants and hotels across the country
- Access to International CIP lounges at Karachi, Lahore, Multan, Sialkot and Islamabad airports
- Personalized service at any Meezan Bank branch in Pakistan
- Dedicated Premium Banking Centers in major cities
- Private conference rooms for short business meetings at the Bank's Premium Banking Centers
- Premium Phone Banking – a dedicated Call Center exclusively for Premium Banking customers
- Fee waivers on selected banking services

Alternate Distribution Channels

Meezan Bank offers an alternative to traditional 'brick and mortar' branch banking through its ATMs, Call Centre, Internet Banking, Mobile Banking, SMS Alerts and Debit Cards, often referred to as Alternate Distribution Channels (ADC). During 2015, the Bank added 300,000 new subscribers to its ADC channels and a total of 84 million transactions were carried out, 44% more than the previous year.

Meezan Bank is committed to improving the quality of its customer experience and to enhance the menu of its ADC products. To that end, 138 new ATMs were added to the Bank's ATM network during 2015, taking the total number of ATMs to 490. In addition to basic banking facilities, Meezan ATMs also offer Inter-Bank Funds Transfer and Third-Party Funds Transfer features along with free utility bill payments and mobile top-ups. Customers can also invest or redeem their mutual fund investments with the Bank's Asset Management Company, Al Meezan Investment Management Limited.

Meezan Bank's Call Centre handled more than 1.2 million calls during 2015 and provided 24/7 service to customers to get information about their accounts as well as to conduct banking transactions such as requisition of pay orders and cheque books, WebPay session activation and product related inquiries.

Meezan Bank was honored with the 'Best Shariah-compliant Product' award at the MasterCard Innovation Forum 2015 event held at Kuala Lumpur, Malaysia. The award recognizes the success of Meezan Bank's MasterCard Titanium Debit Card, globally offering higher cash withdrawal limits, complimentary access at Middle Eastern airport lounges and discounts at retail outlets across Pakistan.

Meezan Bank's Gold and Silver Visa Debit Cards continued to gain popularity among customers with the number of cards growing to 625,000 with a 40% increase in POS transactions compared to 2014.

Meezan Bank launched its WebPay service during the year. This service

allows the Bank's debit card holders to shop on the internet conveniently and safely. This feature of online payments is offered on debit cards by only a handful of banking institutions, making Meezan Bank the first Islamic Bank in Pakistan to offer the complete transaction suite to its debit card holders. Over 25,000 e-commerce transactions valuing at Rs. 140 million were conducted in 2015.

Meezan Bank's Internet Banking is a reliable and convenient facility that allows customers to conduct banking transactions from home or when on the go. Customers also enjoy a number of value-added services including third-party funds transfer, utility bill payments, mobile top-ups and managing their mutual fund investments with the Bank's Asset Management subsidiary.

Meezan Bank's Mobile App (for Smart phones) designed for customers on the move, allows them to transfer funds, pay bills of over 16 utility companies, top-up mobile phone credit, and view their account balance and activity, all on a user-friendly interface conveniently and with the security of industry-leading safety standards. With over 80,000 downloads, the App has been amongst the most trending applications in its category on both Google and Apple App Stores.





Meezan Bank's SMS Alerts Service is a popular service with over 160,000 new customers added during the year, taking the total to over 500,000 registered users, a growth of 46%. SMS Alerts Service plays a vital role in instantly updating customers on any activity in their account, which also serves as a useful security tool by allowing customers to identify any possible unauthorized activity in their accounts.

Meezan Bank constantly strives to launch new and innovative ADC products and services to make banking easier for its customers.



Figures in thousands

Cash Management

The Bank offers two Cash Management products:

Meezan eBiz

Meezan eBiz is an internet banking portal specially designed for businesses and allows its customers to securely execute various banking transactions without having to leave their office. The facility allows customers to view their account statements and also efficiently conduct day-to-day transactions such as fund transfers, salary payments, bill payments, payment order requests etc.



Meezan eBiz+

Meezan eBiz+ is a customized Cash Management solution which allows Corporate, Commercial and SME customers to not only electronically manage their banking relationship, but also reduce their operational burden by outsourcing the management of collections and payments. Each Cash Management mandate is tailor-made to meet customers' specific requirements. Functionality available in eBiz+, in addition to the features available in eBiz, includes:

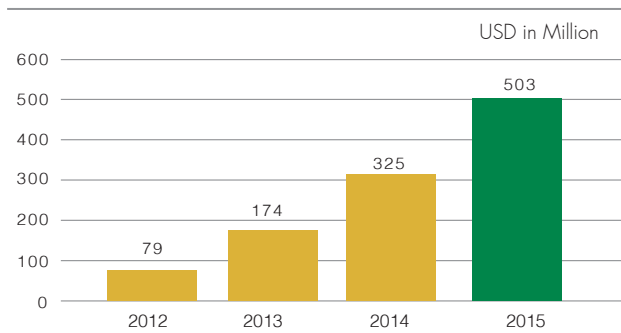
- Management of collections through branches as well as electronic channels
- Management of payments such as fund transfers, pay order issuance, RTGS, IBFT, corporate cheques issuance as well as dividends issuance
- Host-to-host integration
- Dissemination of advanced-level customized reports and e-alerts (through email and SMS)

Cash management mandates have been signed with over 200 multinational and local companies and the Bank is confident that its customers will greatly benefit from this offering.

Home Remittance

Focusing on the elements that contribute in improving the banking experience of customers has allowed the Bank's Home Remittance business volume to grow by an impressive 55% in 2015. This improvement has elevated the Bank's ranking from 8th to 6th position in terms of transactions and dollar volume among 26 Pakistan Remittance Initiative Member Banks. The Bank has implemented a new, state-of-the-art remittance system that seamlessly integrates with all partner international Money Transfer Organizations.

Remittance Volume



Branchless Banking

Almost 70% of Pakistan's population remains unbanked due to reasons such as lack of access to a physical branch network, hesitation to avail banking facilities in order to avoid Riba, stringent KYC and other requirements. Recognizing that financial inclusion of this large segment of the country's population, by giving it access to Islamic Banking, would be a major step forward in realizing Meezan Bank's Vision of establishing 'Islamic banking as banking of first choice', Meezan Bank launched Meezan UPaisa in collaboration with Ufone, a leading Mobile Operator in Pakistan. Ufone is a wholly owned subsidiary of PTCL, which is part of the Etisalat group, UAE.

UPaisa is the first Islamic Branchless Banking product. Launched through a nationwide network of agents, this product brings Riba-free digital financial services within the reach of almost every citizen of the country.



Corporate Banking

Meezan Bank provides a full range of financial services to a large number of corporate clients including multinationals and public sector entities, by partnering with them to build long-term relationships. These services include traditional products required by the companies for managing their cash flows and trade needs as well as more sophisticated and innovative solutions for management of corporate risks and large-scale investments. By drawing on the expertise of in-house product specialists and Shariah scholars working under the guidance of its Shariah Supervisory Board, the Bank is capable of providing Shariah-compliant financing solutions to meet the working capital finance, import finance, export re-finance, long-term finance and project financing needs as well as documentary credit requirements of its customers.

The Corporate Banking relationship teams work closely

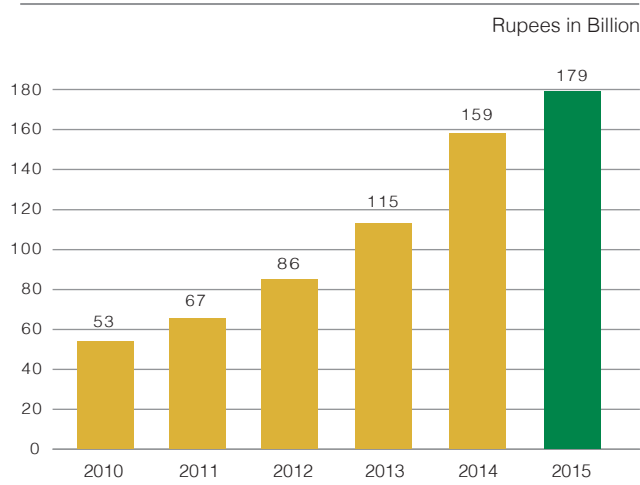
with Treasury, Cash Management, Investment Banking, Commercial Banking and Consumer Banking departments to develop and deliver suitable value-added products that fulfill the diverse business needs of the Bank's corporate clients.

Despite the business challenges faced by the banking industry during the year such as low private sector credit off-take, decline in overall textile exports, decline in commodity prices and fluctuating foreign exchange rates, the Bank was able to perform well in terms of the following:

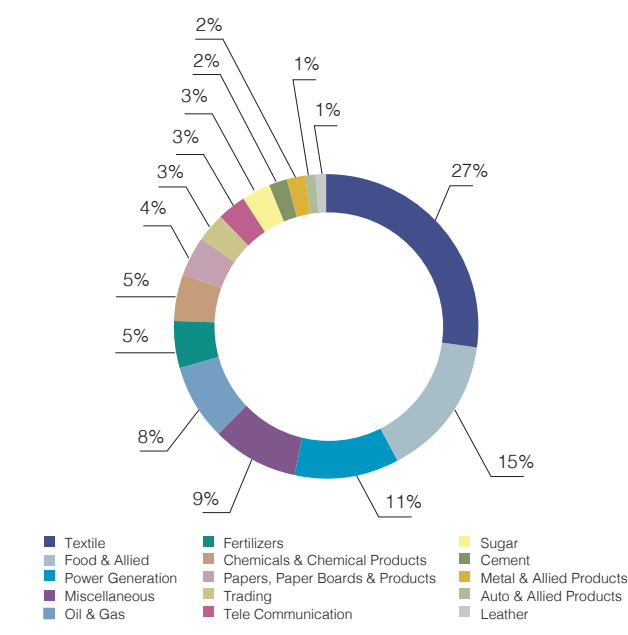
Corporate Assets

The Bank grew its corporate financing portfolio to Rs. 179 billion in 2015 against Rs. 159 billion in 2014, a growth of 13%. The focused development strategy adopted by the Bank to vigilantly build a healthy and well diversified portfolio has resulted in the corporate

Corporate Assets



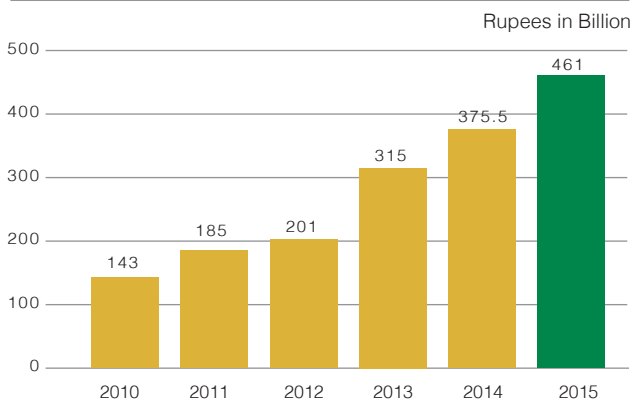
Corporate Banking Portfolio



assets book of the Bank growing at a CAGR of 28% since 2010.

Trade Business

The Bank's trade business performed tremendously well in 2015 in both volume and income and registered growth of 23% and 15% respectively. The overall volume in 2015 reached over Rs. 461 billion.



Over two-thirds of the Bank's trade business originates from corporate clients. The corporate trade business of the Bank grew to an all-time high of Rs. 317 billion in 2015 compared to Rs. 258 billion in the previous year. Over the last 5 years, this business has grown at a CAGR of 27%.

Investment Banking

Meezan Bank provides a wide range of advisory services and financing solutions including on- and off-balance sheet structured finance, project finance, syndications and Sukuk to cater to both short and long term financing needs of its clientele through Shariah-compliant modes with a team of highly qualified and experienced professionals including ACAs, ACCAs, CFA charterholders and MBAs.

The Bank advised and arranged Investment Banking deals of over Rs. 390 billion during the last 10 years and has clearly established itself as a market leader in providing Islamic advisory and arrangement services. During 2015, the Bank successfully worked on syndicated financing transactions of over Rs. 190 billion for a diverse range of clients including Sindh Engro Coal Mining Company Limited, Frontier Works Organization (M9 Motorway), Engro Power Gen Thar (Pvt.) Limited, Sui Northern Gas Pipeline Limited, Pakistan Mobile Communications Limited, Sui Southern Gas Company, Tapal Wind Energy Limited and Master Wind Energy Limited. Another key achievement during the year was the structuring and arrangement of Rs. 22 billion Rated, Listed & Secured Diminishing Musharaka Sukuk for K-Electric, which was awarded 'Pakistan Deal of the Year' by Islamic Finance News of REDmoney Group, Malaysia.

Meezan Bank's efforts in Islamic finance have been acknowledged by numerous local and international bodies. A recent accolade by the CFA Society Pakistan, declaring Meezan Bank as the 'Corporate Finance House of the Year (Fixed Income) – 2014', coupled with 'Best Sukuk House' and 'Best Islamic Investment Bank' awards by The Asset – Triple A Islamic Finance Awards 2015, are a testimony to the Bank's expertise in


Investment Banking Awards 2015




Major Investment Banking Transactions



Sindh Engro Coal Mining Company Limited
Syndicated Project Finance Facility
Rs. 52,000 Million
Lead Arranger



Frontier Works Organization (M9)
Syndicated Project Finance Facility
Rs. 25,200 Million
Mandated Lead Arranger, Financial Advisor & Shariah Advisor





Engro PowerGen Thar Limited
Syndicated Project Finance Facility
Rs. 22,000 Million
Lead Arranger




K - Electric
Rated Listed Retail Sukuk
Rs. 22,000 Million
Mandated Lead Arranger & Shariah Structuring Advisor

Sul Northern Gas Pipeline Limited
Syndicated Term Finance Facility
Rs. 17,700 Million
Mandated Lead Arranger





Mobilink Pakistan Mobile Communications Limited
Syndicated Term Finance Facility
Rs. 16,000 Million
Financial Advisor & Lead Arranger





Sul Southern Gas Company
Syndicated Term Finance Facility
Rs. 15,000 Million
Mandated Lead Arranger





Tapal Wind Energy Limited
Syndicated Project Finance Facility
Rs. 6,400 Million
Lead Advisor, Arranger & Shariah Advisor



Master Wind Energy Limited
Syndicated Project Finance Facility
Rs. 5,456 Million
Mandated Lead Advisor, Arranger & Shariah Advisor





Lalpir Power Limited
Short-term Sukuk
Rs. 2,000 Million
Advisor & Arranger

Peshawar Particle Board
Syndicated Term Finance Facility
Rs. 1,350 Million
Lead Advisor & Arranger

Fatima Fertilizer Limited
(Formerly DH Fertilizers Limited)
Syndicated Term Finance Facility
Rs. 4,466 Million
Financial Advisor & Lead Arranger



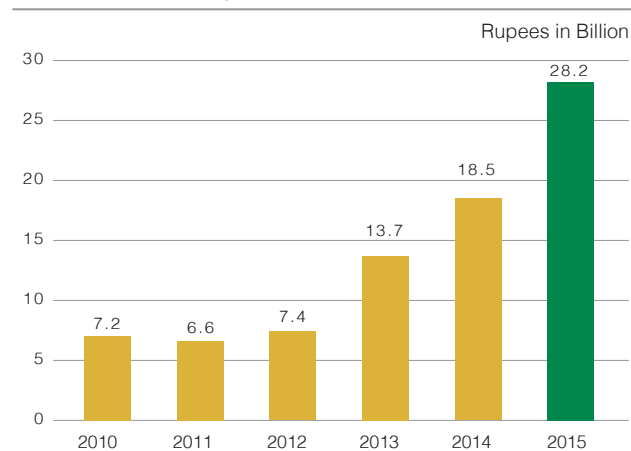
Commercial Banking (Including Small & Medium Enterprises and Agriculture Finance)

The Small and Medium Enterprises (SME) segment represents the backbone of Pakistan's economy and is a key contributor towards achieving sustainable economic growth. Meezan Bank has employed a dedicated team to cater to the banking needs of this segment of the economy.

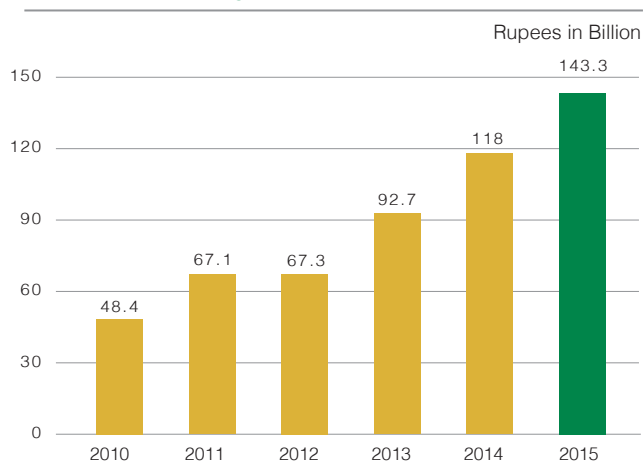
The Bank's Commercial Banking business grew by 52% in 2015, bringing the year-end portfolio to Rs. 28.2 billion, significantly exceeding the Bank's target for this business segment. Trade business volumes for this segment also grew by 21% to Rs. 143 billion.

Although the Bank is a comparatively new entrant in the field of Agriculture Finance, disbursements of Rs. 1.25 billion in this segment also surpassed the budgeted targets. The impeding factors such as sharp decline in oil prices, sluggish commodity prices, energy shortages and industry-specific issues posed serious challenges to growth; but despite the challenges, this segment has registered reasonable growth.

Commercial Banking Assets



Commercial Banking Trade Business

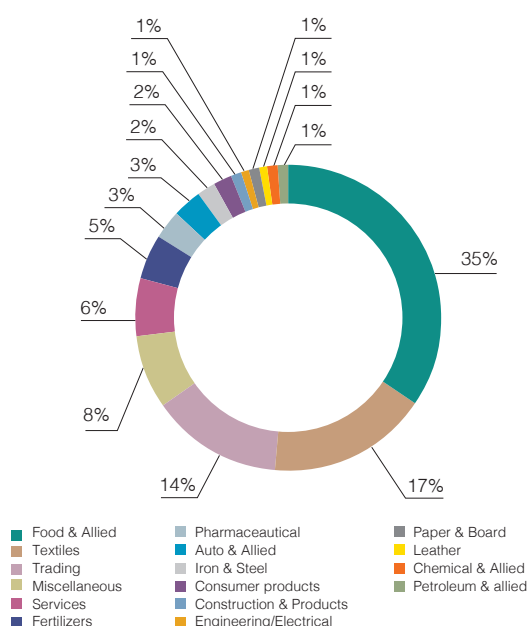


The Bank cultivated several new relationships and successfully developed long-term business ties with well-reputed companies in rice, wheat, sugar, edible oil and fertilizer sectors, contributing both to the financing portfolio and profitability. The Bank worked under a strategy of diversifying the financing portfolio of this segment and avoid concentration risk.

Meezan Bank has also entered into a Vendor and Distributor Financing Program with Karandaaz Pakistan, a private company that promotes access to finance for small businesses through a commercially directed investment platform. The company has financial and institutional support from leading international development finance institutions; principally the United Kingdom Department for International Development (UKAid) and Bill & Melinda Gates Foundation. The Consultative Group to Assist the Poor (CGAP), a member of the World Bank Group, managed the start-up phase of the company and continues to provide technical support.

Objective of the Vendor and Distributor Financing Program is to provide risk capital to small and medium enterprises by providing short term and long term funded facilities to the clients. Vendors and distributors of Corporate clients through cash flow based lending model. Meezan Bank is keen to facilitate small and medium size customers through this structured financing program by taking leverage from its existing Corporate Portfolio and intends to deploy Rs. 5 billion over the next two years through this program. The Bank anticipates that this program will provide healthy returns and also contribute towards the society by strengthening the small scale industries in Pakistan.

Commercial Banking Portfolio



The non-performing portion of this portfolio remained under strict vigilance and continued its downward trend, moving down to 4% in 2015 from 5% last year, indicating both an improvement in credit quality and the success of the focused monitoring and recovery efforts.

Consumer Finance

Meezan Bank is the pioneer in providing Shariah-compliant consumer financing in the country and offers various consumer asset products to its customers. These products are explained more fully below:

Car Ijarah (Auto Finance)

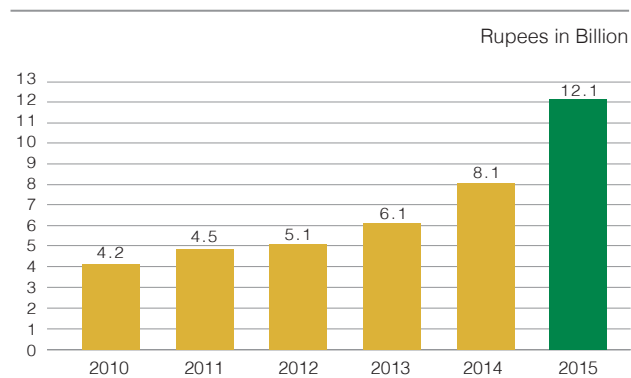


The automobile industry witnessed a growth of 16% during 2015 with car sales standing at 168,209 units compared to 141,418 units last year. A major reason for this increase was a high demand for Toyota Corolla which launched a new design this year. Another reason is the ongoing self-employment scheme by Government of Punjab which has resulted in growing demand for Suzuki Bolan and Ravi, both doubling their sales during the year. The reduction in financing cost due to a reduction in the SBP discount rate, further incentivized customers to avail car financing. Pak Suzuki, Indus Motors and Honda remained key industry players.

Meezan Bank is one of the top two banks in the auto finance market of the country. The Bank's auto finance business, 14 years after its launch has a portfolio outstanding of Rs. 12.1 billion with over 12,000 active contracts that comprise new, used and imported vehicles. The Bank disbursed Rs. 8.3 billion during the year, growing the portfolio by a healthy 58%.

The Bank has remained active in implementing a number of changes and improvements in the overall infrastructure, product features as well as management of the Car Ijarah business, such as enhancing its focus on cross selling, capitalizing on Meezan Bank's nationwide presence through its extensive branch network and forming new alliances with Takaful providers

Car Ijarah Portfolio

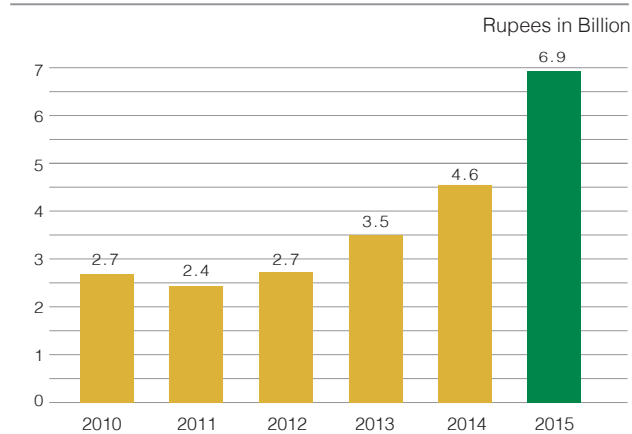


Easy Home (Housing Finance)



In 2015, Meezan Bank completed twelve years of uninterrupted operations in the home mortgage business. From 2004 to 2015, the Bank disbursed an aggregate amount of Rs. 16 billion to over 3,600 customers and is now among the leading national housing finance providers. As of 31st December 2015, the Bank's housing portfolio stood at Rs. 6.92 billion.

Easy Home Portfolio



Meezan Consumer Ease (Consumer Durables Finance)

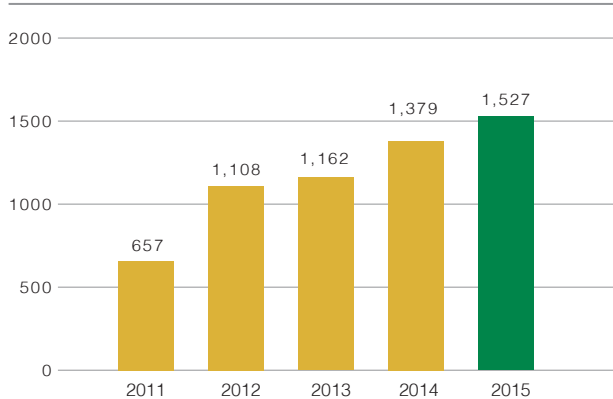


The Bank has extended financing for more than 5,800 laptops and generators to individual customers and its prudent credit criteria have contributed towards a healthy portfolio. Capitalizing on its experience in this market, the Bank consolidated its position as the key player in consumer durables financing in the country by adding a comprehensive range of home appliances to its popular laptop and generator financing products, under the umbrella of 'Meezan Consumer Ease'. This is the first ever Shariah-compliant limit-based financing product introduced in the country.

Under this facility, an individual can apply for a financing limit for purchasing consumer durables. The Bank approves the total amount of financing that a customer can take. Once the limit is approved, the customer can purchase items of choice from the comprehensive range of products offered by the Bank through its approved suppliers, and repay their price to the Bank over a period of 3 to 24 months in easy installments.

The Bank's expansion into the consumer durables market has further consolidated its position as the premier Islamic bank and has taken it yet another step closer to achieving its Vision of establishing 'Islamic banking as banking of first choice'.

Consumer Ease Cases disbursed each year



Meezan Labbaik (Hajj and Umrah Finance)



Meezan Labbaik Hajj and Umrah product was initiated by the Bank as a Corporate Social Responsibility initiative, and over the years it has gained popularity among both existing and walk-in customers. To date, more than 3,500 pilgrims have been facilitated through this platform. The Bank completed seven years of operations of Labbaik in 2015 and during the year, 314 customers performed Umrah and 246 customers performed Hajj through Meezan Labbaik's agents Dar Al Eiman and Universal Brothers.

Labbaik facilitates customers who wish to perform Hajj or Umrah through carefully selected packages of well-reputed travel agents on the Bank's panel. The Bank's role in Labbaik is that of a sales and funds collection agent.

Meezan Labbaik provides the following three options to its customers:

Travel Aasaan Upfront Plan: Customers pay the full price of the selected package upfront and travel immediately, after completion of all travel arrangements.

Travel Aasaan Installment Plan: Customers make an initial down-payment and travel immediately after completion of all travel arrangements. The remaining cost is to be paid in 12 equal monthly installments with no additional charges.

Labbaik Savings Aasaan: Customers plan to perform Hajj or Umrah at a later time, ranging from 6 months to 20 years ahead, and save to pay for the journey by saving money in a Mudarabah based deposit account that accrues profit every month.

An important addition to Labbaik in 2015 was enrollment in Government of Pakistan's Hajj Scheme, in which customers can file Hajj applications through any Meezan Bank branch and be eligible for ballot, under the Government's Hajj Scheme (conducted by the Ministry). In its first year of enrollment in this scheme, the Bank collected 17,699 Hajj applications, representing 7th position among 10 banks on the panel of Ministry of Religious Affairs and Inter-Faith Harmony. Purpose-built Hajj booths were set up in 10 cities to facilitate pilgrims.

Treasury and Financial Institutions

Meezan Bank has one of the most well-equipped treasuries in the country's banking sector, both in terms of people and systems. The Bank offers a wide range of Shariah-compliant products that not only serves the foreign exchange needs of its clients but also makes effective utilization of excess liquidity to generate profits that are paid as returns to depositors.

Meezan Bank's Foreign Exchange Trading desk is responsible for effective management of the Bank's foreign exchange risk. The Bank's Treasury is an active market-maker known for providing foreign exchange

liquidity and stability in the volatile inter-bank market. The Bank is the forerunner in the development of the Islamic Outright market, which allows effective cash flow management in a Shariah-compliant manner. Foreign Exchange Trading desk's activity enables Treasury Marketing Unit (TMU) with competitive pricing which in turn results in generating generous foreign exchange flows. Competitive pricing is also one of the major reasons Meezan Bank has been so successful in boosting its overall trade business. With the rapid growth of the Bank, its trading desk has started facilitating other inter-bank counterparts in hedging their G7 exposure.

The Dollar-Rupee exchange rate saw high volatility during the year; however, the Foreign Exchange Trading desk at Meezan Bank was instrumental not only in managing the Bank's exchange rate risk in a prudent and profitable manner, but also contributing to the national interest by bringing stability to the rates. The trading desk facilitated the Bank's clientele in times of extreme rate uncertainty through lean and aggressive pricing provided to Treasury Marketing Unit. This has helped not only in retaining existing business, but has also boosted the overall Trade volume of the Bank.

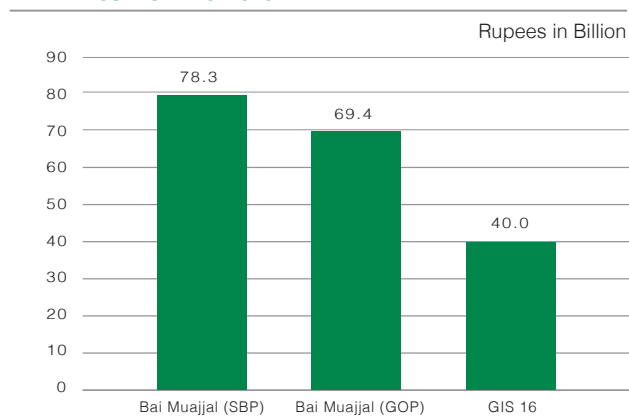
Treasury Marketing Unit has consistently contributed to non-funded income through its excellent salesmanship, aggressive pricing and customer-centric focus, and the year 2015 was no different. The year proved to be a tough one because of the exchange rate movement, but TMU was successful in bringing new clientele to the Bank while retaining the existing customer base. There were a number of big ticket items dealt at TMU desk including both spot and forward of OMCs, telecom companies etc. This year there was further refinement in the product guidelines for Bai Salam through concerted efforts with the SBP, which has greatly helped addressing the needs of clients. TMU has greatly increased its sale of Fixed Income securities, i.e. GOP Ijarah Sukuk, and in doing so, has created greater awareness of Islamic instruments in the minds of customers.

Asset and Liability Management (ALM) desk of the Bank is responsible for managing the Bank's liquidity as well as asset and liability mismatches. This unit has been instrumental in maintaining the growth as well as profitability of the Bank by prudently locking the liquidity for longer tenure at market prevalent rate. The discount rate reduced by 300 bps during the year; however, ALM was successful in deploying the liquidity under Bai Muajjal with SBP and other banks for tenure of one year at the onset of 2015.

ALM was also able to defer its Government of Pakistan Ijarah Sukuk (GIS) maturity of approximately Rs. 69 billion for one year through Bai Muajjal with Government of Pakistan (GOP). Through deferment of GIS, the Bank was able to avoid the shortfall in Statutory Liquidity Requirement (SLR) and lock-in the profit rate on the Bai Muajjal with GOP.

Issuance of risk-free Shariah-compliant government securities remains a challenge, and going forward, it is expected that more assets will be allocated by the Government for Sukuk issuance; hence developing a level-playing platform for the Islamic banking industry.

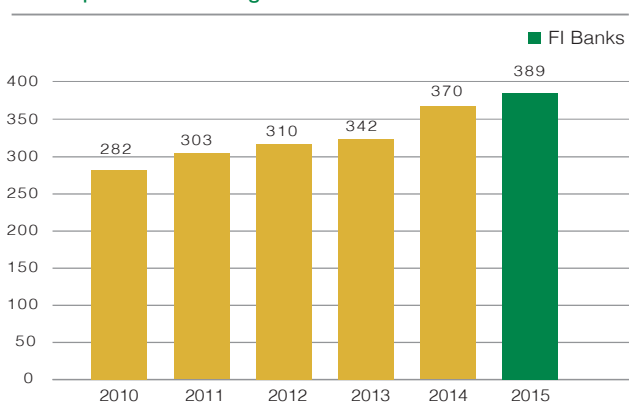
ALM Investment Portfolio



The Bank improved the guarantee-issuing process being followed by its Financial Institutions and Correspondent Banking unit, reducing its overall turn-around-time and making it more attractive for foreign banks to choose Meezan Bank for their guarantee transactions in Pakistan. Relationships were also established with robust financial institutions which strengthened the Bank's goodwill in the market.

The Bank also enlisted the nascent Takaful windows of conventional insurance companies on its approved panel, enabling its customers to avail Shariah-compliant insurance solutions from reputable companies in the market for their general insurance needs.

Correspondent Banking Network



The Bank's Correspondent Banking network grew to 389 banks. This large network has strengthened Meezan Bank's presence internationally and enables it to provide banking support to its customers across the globe.



AI Meezan Investment Management Limited

Asset Management

The asset management business of Meezan Bank is managed by its subsidiary, AI Meezan Investment Management Limited (AI Meezan). The company has been in operation since 1995 and has one of the longest and most consistent track records among private sector companies managing mutual funds in Pakistan. It also has the distinction of being the only asset management company in Pakistan with the exclusive mandate of providing Shariah-compliant investment solutions to its investors. Apart from asset management, AI Meezan is also licensed to render Investment Advisory Services and manage Voluntary Pension Schemes.

In 2015, AI Meezan completed 20 years of Fund Management operations. The company has always focused on serving its clients with professionalism and service excellence. This is evident in the fact that over two decades, AI Meezan has managed to develop a healthy investor base of around 39,000 customers who have entrusted the company with providing them unique investment options and competitive returns.

Since its inception, the company has grown considerably and has recorded to its credit multiple achievements. With Assets Under Management (AUMs) crossing Rs. 66 billion in December 2015, AI Meezan is the largest private sector asset management company of the country. Its AUMs represent around 14.6% of the total mutual funds industry and 55.2% of the Shariah-compliant mutual funds industry. AI Meezan has the distinction of managing the largest private sector equity fund and the largest Voluntary Pension Fund in Pakistan.

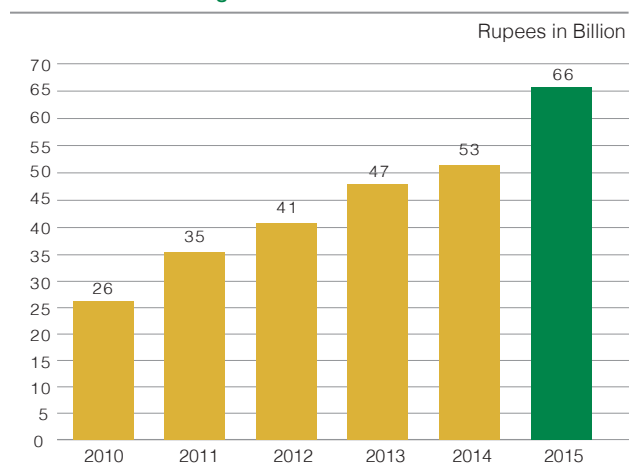
AI Meezan also received multiple accolades during 2015 as detailed below:

- 'Best Islamic Asset Management House of the Year' award by The Asset Triple A Islamic Finance Awards 2015
- 'Best Investment Management Company Pakistan 2015' award by Wealth & Finance International
- 'Meezan Islamic Income Fund' won best Fund performance over 5 years by Lipper Fund Awards
- 'Best Islamic Asset Management Company – Pakistan', 'Best Shariah Compliant Asset Management Company – Pakistan' and 'Best Discretionary Portfolio Manager – Pakistan' by APAC Insider's Investment Awards 2016

In light of AI Meezan's performance, the company was awarded the highest Management Quality Rating in the industry of AM2+ by JCR-VIS Credit Rating Company.

AUMs of AI Meezan have recorded an average annual growth of 20.3% during the last five years. Yearly growth of Assets under Management by AI Meezan is presented next in graphical form.

Funds Under Management of Al Meezan



The Product Development team at Al Meezan works proactively to introduce new Shariah-compliant investment structures while the Product Development and Shariah Compliance team of Meezan Bank ensures Shariah-compliance of funds under management of Al Meezan.

During the year, Al Meezan successfully launched Meezan Gold Fund (MGF), the country's first ever Shariah-compliant commodity fund which trades in physically-deliverable gold-based contracts. Moreover, two additional plans, namely Meezan Asset Allocation Plan - I (MAAP-I) and Meezan Asset Allocation Plan - II (MAAP-II) were introduced during the same period that have generated considerable investor interest and enthusiasm. These plans utilize a dynamic asset allocation strategy which aims at providing lucrative returns to unit holders over a predefined investment horizon.

The company's product offering was further enhanced through the launch of multiple Savings Plans, which provide an added incentive of Takaful coverage to investors. Furthermore, Al Meezan continued its commitment as a responsible corporate citizen by engaging in Corporate Social Responsibility (CSR) initiatives such as joining hands with The Indus Hospital, Karachi to launch Meezan Indus Hospital Support Plan (MIHSP) during 2015. This CSR initiative is the first of its kind by any asset management company in Pakistan and aims at facilitating the philanthropic health care institute in providing state of the art medical facilities for the underprivileged sections of the society.

A recent addition to the product portfolio includes a series of Asset Allocation Plans, and so far three such plans have been launched. Additionally, a dedicated Asset Allocation Fund is also in the pipeline.

The fund-wise break up of assets under management along with return on these funds since inception and for calendar year 2015, are as presented next:

| Islamic Mutual Funds | Type | Net Assets - Rs. million (December 31, 2015) | Annualized Return since Inception till December 31, 2015 | CY15 |
|--|--------------------------|--|--|--------|
| Equity | | | | |
| Al Meezan Mutual Fund (AMMF) | Equity | 4,260 | 16.75% | 10.21% |
| Meezan Islamic Fund (MIF) | Equity | 27,610 | 21.05% | 12.66% |
| KSE Meezan Index Fund (KMIF) | Equity Index Tracker | 880 | 22.45% | 7.06% |
| Fixed Income | | | | |
| Meezan Islamic Income Fund (MIIF) | Income | 9,936 | 9.89% | 7.64% |
| Meezan Cash Fund (MCF) | Money Market | 3,292 | 8.81% | 6.06% |
| Meezan Sovereign Fund (MSF) | Income | 10,517 | 9.12% | 7.22% |
| Balanced | | | | |
| Meezan Balanced Fund (MBF) | Balanced | 4,523 | 16.13% | 9.50% |
| Capital Preservation* (Fund of Funds) | | | | |
| Meezan Capital Preservation Fund - II | Capital Preservation | 2,229 | 7.93% | 5.59% |
| Meezan Capital Preservation Fund - III | Capital Preservation | 3,380 | 9.91% | 6.34% |
| Fund of Funds Scheme | | | | |
| Meezan Financial Planning Fund of Fund | Fund of Fund | | | |
| Aggressive | | 392 | 18.26% | 10.55% |
| Moderate | | 310 | 14.92% | 10.42% |
| Conservative | | 237 | 11.03% | 9.33% |
| MCPPI | | 1,549 | 7.52% | 5.42% |
| MCPPII | | 3,087 | 1.91% | 1.83% |
| MAAP-I* | | 1,201 | N/A | -0.95% |
| MAAP-II** | | 686 | N/A | 0.68% |
| Commodity Scheme | | | | |
| Meezan Gold Fund*** | Commodity | 119 | N/A | -5.23% |
| Pension Fund Scheme | | | | |
| Meezan Tahaffuz Pension Fund | Voluntary Pension Scheme | | | |
| Equity Sub fund | | 3,179 | 18.96% | 16.50% |
| Debt Sub Fund | | 1,549 | 8.49% | 6.29% |
| Money Market sub fund | | 363 | 8.47% | 6.44% |
| Total | | 66,227 | | |

* Launched in July 2015

** Launched in November 2015

***Launched in August 2015

Operations Review

For an organization to deliver products and services which consistently meet the demands of its customers, it needs to have an efficient support functions infrastructure. At Meezan Bank, the support units work together to ensure that all transactions undertaken by the Bank are in accordance with the directives of its Resident Shariah Board Member and the Shariah Supervisory Board (SSB) as well as with the Bank's Policies and Procedures. Following is a brief introduction of the support units and their role in the organization.

Service Quality

The Bank has a dedicated Service Quality department which is a centralized unit composed of a dedicated team of individuals who ensure that quality in service is delivered and maintained uniformly at all levels throughout the Bank's network. A comprehensive set of service benchmarks are in place against which actual performance is measured. Continuous improvement in service delivery is an on-going process and is an integral part of the Bank's culture.

The Bank has robust Internal Service Measures (ISMs) in place to ensure uniformity in service delivery across the organization. ISMs help evaluate the performance of Branches and Head Office departments on a common and clearly defined scale. The Bank also uses evaluation techniques such as mystery shopping, customer satisfaction surveys and surprise visits by the Service Quality department staff. These activities are carried out to obtain an unbiased picture of the Bank's overall performance and provide feedback for improving the Bank's service culture to ensure that the standards of service that have been defined internally are being met. Special attention is given to obtaining customers' feedback about the various products and services of the Bank. This feedback enables the Bank to fine-tune its offerings to better suit the customers' needs.

The Bank also has a Centralized Complaint Investigation and Management Unit (CCU) that handles customer queries and problems and ensures that complaints are addressed within strictly monitored timelines. The Dispute Resolution Unit, an addition to CCU, has been established to ensure that all transaction disputes are handled fairly and efficiently.



Information Technology (IT)

Meezan Bank maintains a strong focus on using technology to improve operating efficiencies, reduce its operational costs and improve the customers' banking experience. During 2015, the Bank's various technology-related initiatives enabled its business segments to launch several new products and services, while at the same time reducing the system's vulnerability to external threats and ensuring a very high degree of system availability. A few prominent initiatives are mentioned below:

Disaster Recovery Readiness and Testing

The Bank conducted several Disaster Recovery (DR) drills at regular intervals to ensure that its DR plan works seamlessly and the operational readiness of the Bank does not get compromised in a disaster-scale contingency. The objective of these drills is to ensure that the Bank can continue 'business as usual' even in case of a disaster, with minimal downtime and as per the Disaster Recovery Policy of the Bank. The Disaster Recovery plans of the Bank comply with the requirement of State Bank of Pakistan.

Project Management Office

The strategic initiative of establishing a Project Management Office (PMO) was rolled out during 2014. The PMO is a centralized body for planning, monitoring and controlling projects-based initiatives within the organization. PMO acts as a central coordinator between the various stakeholders, project sponsors and senior management to ensure successful implementation of complex and time critical projects. Establishment of the PMO proved to be a good initiative since the PMO contributed towards successful and timely implementation of several important internal projects.

Intranet Portal

The Bank's Intranet Portal, Meezan World, is an important tool that has enhanced staff engagement by providing a platform to collaborate, access and share information.

The portal is gradually establishing itself as a useful resource within the Bank. One important contribution of the portal this year was that it became the central repository for all policy and procedure documents within the organization, providing easy access to updated and current policies and SOPs. The portal also serves as a popular platform for sharing both local and international news and information about the financial industry.

Certain business workflows have also been implemented through the portal, improving the efficiency of the processes by making them paperless and improving process turn-around-time by eliminating physical movement of documents.

Meezan Bank's plans towards digitization

The use of technology has had a profound effect on the way organizations do business. Consumers are adapting to the use of digital technologies in many aspects of their daily lives, like booking flights and holidays, buying books and household items, and increasingly shopping for groceries and other goods via digital channels. Once a credible digital banking proposition exists, customers quickly adapt to it. With more and more customers getting tech-savvy and experiencing the benefits and convenience of digital commercial transactions, the importance of banks providing their products and services to customers through digital channels becomes increasingly critical.

Meezan Bank employs the use of technology to facilitate customers in conducting their banking transactions, enhancing its customer outreach and improving its internal processes and workflows. Towards this end, the Bank has worked on various initiatives and continues to explore new technology-based propositions to improve the quality of its customers' banking experience, thus enhancing its competitive advantage.

Product Development and Shariah Compliance (PDSC)

Meezan Bank has a very strong focus on ensuring that all its products, services, processes, policies and procedures are fully compliant with Islamic Shariah. To be able to continually meet this objective, a dedicated unit named 'Product Development and Shariah Compliance' (PDSC) was formally established in 2005. This department also provides a centralized hub for innovative research and product development activities, finding practical and Shariah-compliant solutions for different financial needs, Islamic banking trainings and Shariah-compliance exercises. PDSC works under the guidance and direct supervision of the Bank's Resident Shariah Board Member, Dr. Muhammad Imran Ashraf Usmani and the Shariah Supervisory Board (SSB) of the Bank. The department carries out diversified functions which include:

- Facilitating new research and product development activities
- Refining existing products and procedures
- Providing Islamic banking trainings to new and existing staff members
- Conducting regular Shariah reviews of branches and departments
- Coordinating with the Bank's Shariah Supervisory Board
- Facilitating learning programmes of Islamic banking at universities and business schools

The Bank has achieved such success and recognition in its research and product development activities that the practices and procedures adopted by Meezan Bank are largely accepted as the benchmarks of Islamic banking industry, not only locally but also internationally.

Product Development and Structuring

The Bank has a dedicated product development and structuring team that works with clients, Shariah scholars, lawyers, law firms and accountants to develop client-specific solutions to enable clients to obtain Shariah-compliant financing facilities. More than 2,000 such cases were processed during the year. The Bank's staff also visited over 180 clients to gain hands-on understanding of their business processes so as to develop Shariah-compliant financing solutions that suit the customers' needs.

Detailed guidelines were developed for converting foreign Import Murabaha procedure into Import Musawamah in order to bring it in line with the directives of the Bank's Shariah Supervisory Board. Refinements in pricing mechanism of Running Musharakah product were also made to make the product more convenient for the customers. The process of taking delivery of goods in Istisna transactions was also modified as advised by the Shariah Supervisory Board.

On the corporate banking side, the Bank continued its efforts to increase Shirkatul Aqd-based financings, as a result of which the quantum of Running Musharakah transactions continued to rise and the total Running Musharakah financing at year-end stood at approximately Rs. 48 billion, which is now 23% of the Bank's total financing portfolio. A sample of major financing solutions developed by the product structuring team is as follows:

- Provided Running Musharakah-based solution to support wheat purchase operations of Punjab Food Department and supported other food and commodity purchasing government entities such as TCP, PASCO etc. through different products and services
- Worked on 18 syndicated/structured transactions involving hybrids of various structures such as Ijarah, Diminishing Musharakah, etc.
- Developed a hybrid product structure to finance the coal mining operations of Sindh Engro Coal Mining Company in Thatta
- Provided structured finance solutions for establishment of wind and coal power generating units for Engro Powergen, FFBL Power Company Limited, Master Wind Energy Limited etc.
- Supported the infrastructure development activities of the Government by working on a structured syndicated solution for financing development of M9 Motorway

Meezan Bank's Contributions Towards the Islamic Banking Industry of Pakistan

Meezan Bank structured the first ever Bai Muajjal transaction with Ministry of Finance amounting to over Rs. 180 billion. The Bank also played a leading role in structuring and documentation for issuance of GOP Ijarah Sukkuk over Jinnah International Airport worth more than Rs. 300 billion. These two initiatives helped the industry in addressing its liquidity issues.

Apart from the above mentioned special projects, Meezan Bank continued to play an active role in coordinating with the State Bank of Pakistan for various

matters pertaining to the industry such as the launch of Islamic Benchmark Rate, launch of Islamic LTTF Scheme, launch of Islamic Discount window, development of Shariah Governance Framework for the Islamic Finance industry and revision of Islamic Export Refinance scheme. The Bank's President and the Resident Shariah Board Member, both being members of the Prime Minister's Steering Committee for Islamic Banking and Finance, played an important role in suggesting strategies and action points for development of the industry.

Internal Training

Meezan Bank runs a rigorous training plan for its staff to enhance their knowledge and skills about Islamic banking. The learning initiatives include basic Orientation for all new staff, specialized functional modules on various business products and processes, Certificate programs on Islamic banking as well as refresher programs. During the year more than 120 sessions were held where knowledge pertaining to Islamic banking was extended to more than 2200 employees of the Bank. Apart from the routine training sessions such as Islamic Banking certification, Six Days Advance level courses on Islamic finance and refreshers on various Shariah-related topics, the Bank also arranged special sessions for function-specific teams to enhance the understanding of Islamic banking products and working policies.

External Training

(Customer & Public Awareness Initiatives)

Meezan Bank regularly arranges public awareness events on Islamic banking across various cities and in various institutes of Pakistan. This year, the Bank organized over 40 knowledge dissemination sessions in 20 cities, benefitting over 5,500 people and also supported institutions such as Centre for Islamic Economics (CIE), SBP and National Institute of Banking and Finance (NIBAF) in conducting Islamic banking training sessions. Staff of Meezan Bank taught Islamic banking courses and degree programs at different institutes, including IBA-Karachi, Sheikh Zayed Islamic Centre and Commecs, as their personal contribution towards spreading knowledge about Islamic finance.

The Bank also provided support to Journal of Islamic Banking and Finance to revamp the journal's positioning as one of the most referred journals of Islamic Finance in the world and was actively involved in improvement of quality in all publications of the journal during the year.

The Bank executed MoUs during the year with IBA, LUMS and IMSciences to establish Centres of Excellence in Islamic Finance under the guidance of State Bank of Pakistan. Areas of collaboration include curriculum revision and development, jointly arranged executive trainings, joint research on Islamic finance and human capital development.

Shariah Audit & Islamic Financial Advisory

Shariah Audit

Meezan Bank has a Shariah Audit function in place to ensure that all its operations are carried out in compliance with Shariah rules and principles as prescribed by the Shariah Board, Resident Shariah Board Member and State Bank of Pakistan, as well as to ensure that the system of internal Shariah controls is conceptually sound and effectively implemented. To ensure efficiency of Shariah controls, the Shariah Audit function focuses on the following areas:

- Evaluation and assessment of Shariah control systems in place
- Identification of Shariah-compliant returns; eradication of non-Shariah-compliant income, if any
- Assessment of employees' understanding of general Islamic banking principles and Bank's products
- Conducting on-site training sessions with staff to enhance their Islamic banking knowledge; training sessions on 'How to improve Shariah Audit rating' were also conducted at branches across the country
- Evaluation of Treasury operations on an ongoing basis to help ensure Shariah-compliance
- Conducting monthly reviews of pool management, profit calculation and distribution process
- Implementation of Quality Assurance and review to bring best practices and standardization to Shariah Audit activities

Islamic Financial Advisory

Meezan Bank regularly facilitates banking and non-banking financial institutions, including mutual funds, stock exchanges, Takaful companies and other corporate entities, both locally and internationally, in developing Shariah-compliant products for their business needs.

In the area of Capital Markets, the Bank launched the KMI All Share Index in collaboration with Karachi Stock Exchange (KSE), State Bank of Pakistan (SBP), Securities & Exchange Commission of Pakistan (SECP) and Mutual Funds Association of Pakistan (MUFAP).

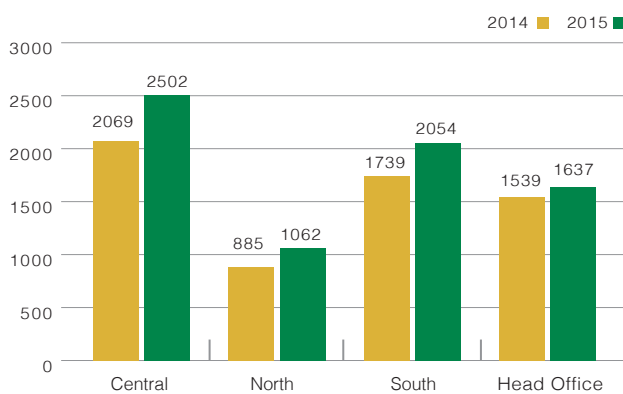
The Bank offers distance learning programs on Islamic Finance to external professionals and students through an internally established unit 'International Institute of Islamic Bankers' (IIIB) – Pakistan's first institute accredited by Finance Accreditation Agency (FAA), Malaysia. This unit's flagship course 'Certification in Islamic Banking and Finance' is a four month e-learning certification program comprising of a practical case study-based interactive course, designed by experienced industry professionals and endorsed and supervised by the Bank's Resident Shariah Board Member, Dr. Imran Ashraf Usmani. The Bank plans to introduce further courses on Shariah Audit and Islamic Capital Markets which would add to the technical knowledge and capabilities of industry professionals and would pave the way for further growth and development of the Islamic financial system in Pakistan.

Human Resource

Meezan Bank has been expanding at a fast pace for more than a decade, and this expansion poses unique challenges in attracting and retaining quality human resource. Being fundamentally different in its Vision from conventional financial institutions, a significant aspect of Meezan Bank's talent acquisition practices is the selection of not just the most technically proficient individuals but also those who have the indispensable quality of understanding and internalizing the cultural imperatives and ethos of the organization.

The Bank launched an extensive recruitment and training initiative, targeting both seasoned professionals and fresh talent. As a result of this exercise, staff strength of the Bank, net of attrition, grew by 16% in 2015.

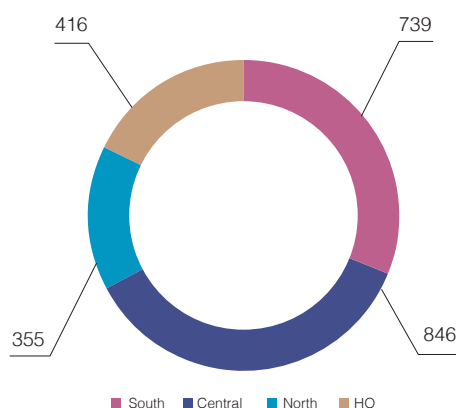
Headcount at a Glance



Meezan Bank has always focused on process improvement in all areas of its operations. The conventional recruitment approach was therefore altered to meet staffing needs at a high speed and the initiative of recruitment through social media was launched since it has the intrinsic characteristics of time and cost effectiveness. Consequently, numerous key positions were filled through this approach.

The Bank ran on-campus recruitment drives across the country, which resulted in induction of quality talent from some of the country's best business schools.

Joinings During 2015

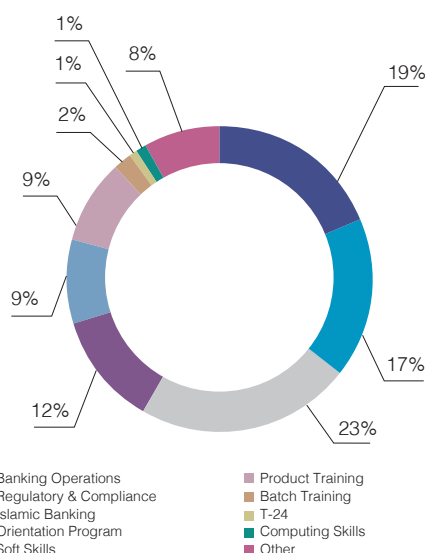


Learning and Development

The Bank provides learning opportunities to its staff through in-house, external and international training programs to improve their knowledge and skills. The Bank has four dedicated learning centers located at Karachi, Lahore, Islamabad and Multan where learning sessions are conducted round the year under an organized learning calendar developed to address the learning needs of the staff at each Region. In addition to classroom-style learning facilities, the Bank also has mock branches at Karachi, Lahore and Islamabad where technical training programs are conducted on a regular basis. The Learning facilities are also equipped with libraries which help employees stay abreast of developments in the field of banking. The Bank has also employed a robust Distance Learning System through which video-based training courses are rolled out to the staff who can complete them from either home or office.

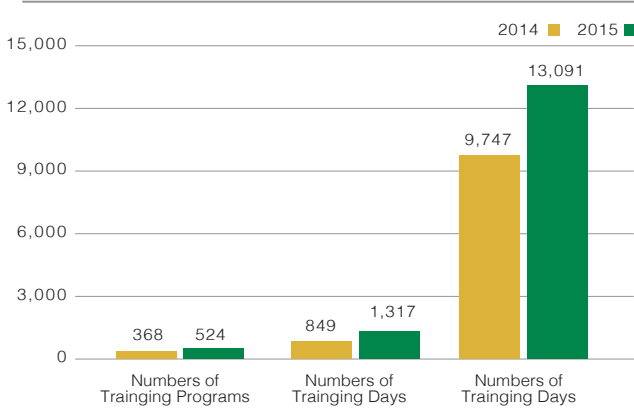
During the year, a total of 400 in-house learning programs were conducted, benefitting 12,809 learning participants encompassing 732 learning days. Similarly, 124 external local and international learning opportunities were provided to the Bank's staff, benefitting 282 participants encompassing 587 learning days. Four full-length video courses and two knowledge testing initiatives were rolled out on the Distance Learning System. Additionally, more than 10 short videos about various products and services were also rolled out to augment the knowledge of the staff.

Learning Volume - Subject wise



In order to keep pace with the Bank's exponential growth rate, the need to hire and train fresh graduates in line with the best global practices has been a high priority of the Bank. Banking Service Officers (BSO), who represent a major portion of branch-banking staff, were hired and trained through rigorous classroom and on-the-job learning programs and placed at branches across the country as well as in departments at the Bank's Head Office.

Training at Meezan Bank - 2015 vs. 2014



The Bank rolled out the third program of its Summer Internship initiative in which students from highly reputable universities were taken on-board and given specific, project-based assignments at the Bank as a part of the internship program of their respective universities.

Meezan Bank is always on the lookout to implement the latest technology to improve its processes. This year, the Bank implemented OMR (Optical Mark Recognition) to automatically grade thousands of written tests taken during training sessions, instead of grading these manually. This process saved hundreds of man-hours and enabled the Bank to include knowledge testing with all its major training programs.

Operations

Meezan Bank's Operations department works as a partner of all business units and is responsible for end-to-end operations of Retail Banking, Trade Finance, Credit Administration, Centralized operations, Debit Cards, Cash Houses, Treasury and Capital Market operations, Mutual Funds, Reconciliation, SWIFT and Central Bank Reporting. The primary function of the Operations department is to ensure that all transactions are accurately processed in line with Bank's internal policies, procedures and SOPs as well as Shariah guidelines, SBP regulations and all related legal requirements. Proper alignment of operations capabilities with overall organizational goals and objectives has a significant impact on business performance, and consequently, on competitive strength. Cognizant of this fact, Meezan Bank has developed its Operations function into a strong, resilient and effective business partner for revenue generating functions, thus providing the needed impetus to its efforts of establishing Islamic banking as banking of first choice. To achieve this end, the Bank has focused on continuous reengineering of policies, procedures, service level agreements and turnaround time (TAT), thus enhancing operational efficiency and improving effective utilization of resources.

A major milestone achieved by Meezan Bank in 2015 was the successful launch of Online Account Opening Form. Meezan Bank is the first bank in Pakistan's banking industry to provide this facility. Through this initiative, individuals can fill an online form, providing

the information required for opening an account with the Bank. A subsequent visit to the branch is then required only to complete the final formalities. The purpose of this facility is to ease the customers' interaction with the Bank, and is ideally suited to capture the younger generation's interest which has adopted internet as a lifestyle. The system in place allows for faster processing times, greater accuracy and lower costs due to automated processing, and further enhances Meezan Bank's image as one of the leading banks in the country.

بہتر نہیں بہترین انتخاب!

رہا سے آزادی حاصل کریں میزان بینک کا انتخاب کریں

پاکستان کا پہلا اور سب سے بڑا اسلامی بینک

پروڈکٹس اور سروسز کی وسیع ترین رینج

پاکستان کا سب سے زیادہ اعزازات حاصل کرنے والا اسلامی بینک

آج ہی اپنا اکاؤنٹ کھولیں۔
آن لائن درخواست کے لئے ہماری ویب سائٹ ملاحظہ کریں۔

Marketing & Corporate Communication

The Bank launched several initiatives focused on enhancing its brand image, increasing its visibility to existing and potential customers and highlighting the various milestones that it achieved during the year.

Key Marketing Campaigns

The marketing campaigns listed below utilized Press, Radio and Social Digital Media.

- *Corporate TVC* campaign during ICC Cricket World Cup 2015, which was one of the most viewed events in Pakistan
- *Riba se Azaadi* campaign during Ramadan to emphasize the importance of banking without Riba
- *Performance of 2015* – highlighting the 500 branches milestone and the position of 7th largest bank in the country
- *Awareness campaign* about Free Takaful coverage for all account holders



Major Marketing and Public Relation Activities

- The Bank sponsored and participated in more than 25 public events nationwide that provided excellent marketing mileage and increased its brand visibility among general public.
- The Bank continued its initiative of designing and producing informative calendars for distribution to its existing and potential customers. This year the Bank printed its calendars in English as well as in Urdu in order to facilitate customers of those areas of the country where Urdu is the more common medium of exchange. This calendar is also made available in digital form on the Bank's website.
- Interviews of the Bank's senior management team were arranged in print and television to promote understanding about Islamic banking among the general public.
- The Bank has adopted the practice of distribution of Ramadan cards instead of the conventional Eid cards in order to highlight the importance of this holy month.
- The Bank regularly disseminates information to its customers and general public about its achievements as well as business and operational milestones through official Press Releases in print, electronic and social media channels as well as covering them for internal and external audience through its official newsletter – PAGES and its intranet portal 'Meezan World'.
- The Bank's Annual Report is also a comprehensive document which comprises of financial highlights and accomplishments of the past year. The reporting format complies with the guidelines laid down by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).



Corporate Social Responsibility

As a socially responsible organization, Meezan Bank believes in creating value for its stakeholders and society simultaneously, in a manner that is integrally linked to its values and the Islamic principle of Ihsan. The Bank recognizes that it is a part of the community at large and that there is a strong need to contribute to the society and support those in need, be it on financial or non-financial basis. Throughout 2015, the Bank partnered with various organizations to design and implement initiatives, primarily in the healthcare and education sectors, benefitting the society.

Education

The role of education as the key to progress, for both individuals and the country, is indisputable. The benefits of good quality education are visible at individual as well as societal levels as these lay the foundation of success for future generations. Meezan Bank's focus on providing quality education to the youth has rooted itself firmly as an extension of its values and as part of its business strategy. Organizational partnerships and initiatives such as National Talent Hunt Program have consequently integrated education into our CSR programmes.

Three of our most recent and also the most ambitious projects are mentioned below:

Centers for Excellence in Islamic Finance at Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IMSciences (Peshawar)



Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IM Sciences are among Pakistan's leading private sector institutions. Meezan Bank entered into cause-related partnerships with these institutions in order to help foster the learning and development of Islamic banking and finance across the country through the support to their newly established Centres for Excellence in Islamic Finance. With an altruistic motivation to support the cause of Shariah-compliant banking services and awareness about them, these collaborations focus on various joint activities including development and launch of training programs on Islamic banking and finance, co-authoring of case studies and research papers, and participation of Meezan Bank's employees as guest speakers in executive programs at these educational institutions. This contribution plays an instrumental role in the promotion of ethical practices across the country, as we aim to equip students with adequate Islamic knowledge and professional skills.

IBA National Talent Hunt Program



Meezan Bank's partnership with Institute of Business Administration (IBA) for the National Talent Hunt Program to select meritorious, yet needy students of various Intermediate Boards of the country entered its seventh successive year in 2015. Meezan Bank facilitated IBA in the selection process by providing its branches as well as its talent management resources (HR) for interviews at provincial and federal capitals of the country. A total of 25 students were selected and given admission in IBA out of the 68 students who were shortlisted following the Orientation Program and Admission Test.

Healthcare

Meezan Bank strongly supports individuals' right to access quality healthcare, irrespective of income level. The Bank has partnered with several not-for-profit health organizations, aiming to reinforce its commitment to

sustainability and responsibility to the social environment it operates in. Through these partnerships, the Bank aims to play a role in not only providing healthcare access to all but also raising the standards of healthcare.

The Indus Hospital



Since its inception in 2005, the Indus Hospital has been running an unparalleled and unique health care business model, whereby it provides premium healthcare at no cost at all to low income populations. Meezan Bank supported the Indus Hospital by holding a voluntary Blood Donation Drive at Meezan House, the Bank's Head Office, under its Corporate Social Responsibility (CSR) initiatives in which large number of staff members of the Bank from both the Head Office and the branches participated with great enthusiasm.

The Bank has signed a Memorandum of Understanding with Indus Hospital under which Meezan Bank would support Indus Hospital in its Zakat collection drive. Additionally, in order to help their financial donation drive, the Bank is now the custodian for their donation deposit boxes which have been placed at major Meezan Branches. The amount collected from these collection boxes is directly deposited to these organizations' main collection accounts through Meezan Bank's free online banking service.

Shaukat Khanum Memorial Cancer Hospital



Shaukat Khanum Memorial Cancer Hospital and Research Centre has established itself as a center of excellence providing comprehensive care, free of cost, to thousands of cancer patients in Pakistan. Meezan Bank joined hands with the SKMCH in 2010, when an MOU was signed, whereby the Bank has placed collection boxes in all Meezan Bank branches within Sindh and Baluchistan. Under this agreement, the collected amount is directly deposited to the hospital's main collection account through Meezan Bank's free online banking service. The initiative has shown extremely positive results as the collection from these boxes has increased significantly, especially in those areas where the hospital did not have prominent presence or donation collection channels.

Sind Institute of Urology Transplant



SIUT is a one-of-its-kind center for kidney transplantation in Pakistan and has been providing free medical treatment for kidney and liver diseases to patients, predominantly from the rural and poorer urban strata with virtually no access to medical facilities. SIUT's extensive facilities, which house state-of-the-art equipment, enable them to provide free treatment to Pakistanis. Meezan Bank contributed to SIUT by raising their awareness amongst the Meezan Bank customer population through information leaflets and banners strategically placed within the branches.

Sustainability Report

As Meezan Bank continues to grow as a nationwide leader in Islamic banking, it stands aware of its responsibility for developing and implementing sustainable business practices that fully meet the expectations that the society has from a responsible corporate citizen. Meezan Bank's consciousness of its responsibility towards society and stakeholders is also expressed in its Vision and Mission statements.

Stakeholders



Meezan Bank's stakeholders are the people and organizations that affect or are affected by its operations. Organizations do not operate in isolation from society and the Bank's stakeholders have a legitimate interest in the way it operates.

Stakeholder Engagement

Stakeholder relationships are long-term relationships which should be handled professionally and with sincerity. Meezan Bank engages its stakeholders through numerous channels, while maintaining focus on its Mission to optimize 'stakeholders' value through an organizational culture based on learning, fairness, respect for individual enterprise and performance.

Institutional Investors

Meezan Bank holds regulatory and internal meetings with its Institutional Investors in the form of Board of Director meetings and Board Committee meetings, which are planned and announced on a periodic basis.

Shareholders

Shareholders engagement is ensured through Annual General Meeting held every year, which all shareholders are invited to attend. This meeting provides the Shareholders an opportunity to interact with the Bank's senior management and share their suggestions, concerns and views.

Customers & Public

Meezan Bank's customers include individual and corporate depositors, large corporations as well as Small & Medium Enterprises. The Bank ensures that all customer

segments are engaged through numerous forums and via multiple channels. To achieve this, the Bank regularly conducts a number of activities during the year for its customers as well as the general public, such as Islamic banking seminars, workshops, local get-togethers on new branch openings and occasion based activities.

- **Islamic Banking Seminars & Workshops** are conducted across the country on a regular basis in order to enhance awareness and dispel common confusions about Islamic banking. As the nation's premier Islamic financial services provider, Meezan Bank is well-positioned to provide Islamic financial expertise to diverse segments and thereby promote the cause of Islamic banking as a whole. The Islamic banking seminars and workshops are open-to-public local events that are attended by residents and traders of the locality as well as members of local trade bodies and chambers. The Bank strives to familiarize people with the key concepts of Islamic finance. The seminars serve to increase the range of benefits for the customers by giving the staff of Meezan Bank an opportunity to interact, understand and get feedback from them for further improvement of Meezan Bank's products and services. In 2015, around 40 Islamic banking seminars and workshops were conducted nationwide that were attended by 5,500 participants.
- **Branch Opening Events** offer another opportunity where all staff of a new branch meet the residents and businessmen of the locality. This event adds value by giving a jump-start to the business activities as well as giving the potential customers an opportunity to meet the new branch team and start developing a better understanding of the concepts of Islamic banking and the products and services that Meezan Bank offers.
- **Independence Day Celebrations are hosted across the country** including the Bank's Head Office, Branches and Regional offices. Customers are invited with their friends and families to visit their branch and interact with branch staff. These events further emphasize the inculcation of positive image-building in our children as well as giving Meezan Bank's staff the opportunity to connect with customers and their families, hence strengthening the Bank's relationship with its customers.

Employees

Meezan Bank values its human resource as its most valuable assets. The Bank aims to foster a relationship of trust and loyalty among its employees by building a myriad of potential exchange relationships that encourage a sense of camaraderie with the organization. Meezan Bank uses various means to ensure that its employees stay motivated and committed to the cause of Islamic banking and are groomed to develop into better professionals as well as productive members of the society. Some of the initiatives undertaken by the Bank for its staff are:

■ Employee Satisfaction Survey

This survey is an on-going practice and is conducted on a nationwide basis every year to gauge employees' level of job satisfaction. The Bank considers this as an important source of management information to drive initiatives for improved performance and innovation.

■ Appreciation of Achievements

Academic and professional achievements are milestones in an individual's career. Meezan Bank acknowledges the outstanding performance of its team members in order to boost employee morale and to create a positive work environment. The Bank recognizes its employees and teams via internal email circulations and publication in Meezan Bank's quarterly newsletter. It also follows the practice of making the published research work of its employees available to all staff in electronic form. Additionally, the Bank distributes service awards on yearly basis to staff members who complete 5 and 10 years of service.

■ Staff get-togethers

The Bank supports a culture of valuing and appreciating its staff and makes efforts to ensure that their quality of working relationships is improved through regular interactions in the form of staff gatherings at both local and regional levels. Keeping up with the aim of finding an improved fit between its employees' needs and organisation's benefits, the senior management team of Meezan Bank held four days of discussions in its offshore strategy meeting during 2015. The meeting, in addition to providing a venue for exchange of creative ideas also proved to be an effective team-building initiative.



The Bank also organized a Family Day at its Head Office for employees and their families in an effort to encourage positive relationship building between the Bank, its employees and their families. This first-of-its-kind event attracted more than 500 participants including employees and their families who took part in various activities at the event.



The Consumer Business units of Easy Home and Car Ijarah organized the third Consumer Conference at a

hill station in the North Region to celebrate its achievements, develop future business strategy and to review internal service measures to achieve high standards of customer service.

■ Bank's Intranet Portal

The Bank considers effective internal communication as a prerequisite for its success and strives to nurture mutually beneficial relations between its employees and the organization. Keeping up with this aim of empowering collaboration and boosting productivity among the employees, Meezan Bank has become the first bank in Pakistan to launch a comprehensive intranet portal - Meezan World, based on the latest platform of IBM WebSphere and IBM Connections. The Portal has the capacity to build workflows, facilitate project & document management, initiate discussions and also serve as Business Continuity Planning tool, allowing employees to work from any Meezan office, in case of an emergency.

Internal & External Communication Channels

The Bank disseminates information about its various achievements, activities and initiatives to the external world by engaging internal staff and external stakeholders through the Annual Report, regular Press Releases, publication of the quarterly newsletter-PAGES, direct customer communications and social media channels. The Bank also engages customers by arranging its visibility and accessibility on public discussion forums, seminars and electronic & print media.

Recruitment & Succession Planning



Meezan Bank aims to strengthen its capabilities and secure customers primarily through recruitment of skilled professionals. The Bank believes that a sustainable and resilient organizational hierarchy forms the foundation for sustainable growth. Meezan Bank's Human Resources department is a key player in developing policies for retaining and managing human capital at the Bank.

The recruitment process is transparent and is detailed in the Human Resource Manual accessible to all staff via the Intranet. Meezan Bank uses, where applicable, all available media for job advertisement as part of its recruitment process, including the Bank's corporate website, social media channels: Facebook & LinkedIn, and print advertising in prominent local newspapers. The Bank's management encourages existing employees to apply for vacant positions to allow staff to grow professionally. Towards this end, internal searches are conducted to fill vacant slots within the organization as well.

In 2015, the Bank recruited staff through batch hiring across the country for the positions of Branch Service

Officers who are responsible for managing day-to-day operational tasks in the branches. All the batches were hired under a transparent and merit-driven process.

The department also ensures implementation of the Bank's succession planning. The policy and procedure for design and implementation of succession planning is anchored by the Bank's top management and facilitated by the HR department. Successors are identified on the basis of their potential as well as their performance and experience.

Employment of Special Persons

Meezan Bank embraces diversity and fully realizes its societal responsibilities as a corporate citizen. The Bank operates under its corporate philosophy of providing merit-based support to people with disabilities, providing them livelihood and self-reliance opportunities. The Bank has hired people who face challenges such as lack of speech, inadequate or no hearing and physical deformity. These persons have been placed in jobs where they can be productive despite the challenges they face.

Learning & Development



Staff Training

Meezan Bank offers an extensive range of training opportunities to employees for their professional development. Training includes technical training courses and workshops as well as specialized soft skills trainings.

- The internal learning programs are managed under an organized learning calendar through a large pool of internal trainers whereas externally offered opportunities are used for developing and enhancing specialized technical as well as soft skills.
- The Bank has created mock branches at Karachi, Lahore and Islamabad for providing training on the T24 Core Banking system as well as Microsoft Excel, Word etc. The mock branch at Karachi is also equipped with an ATM for hands-on ATM-related trainings. The mock branches enable the staff to get trained in a simulated branch environment to equip them with the practical elements of their day-to-day core banking systems related work.

Health & Recreation



Meezan Bank demonstrates a strong commitment to improving the health and well-being of its employees through a workplace wellness program that not only focuses on providing a pleasant working environment to its staff but also encourages participation in healthy

activities during the workday. The Bank believes in promoting a healthy lifestyle for its employees to create a healthier, more productive workforce. The following activities evidence the Bank's commitment to adopting healthy habits and in making Meezan Bank an excellent workplace.

Medical Benefits & Health Facilities

The Bank recognizes the importance of medical assistance benefits that give peace of mind to individuals and enables them to focus on their professional responsibilities without having to worry about financial risks in the event of a medical problem. Hospitalization coverage therefore forms an integral component of the total compensation package offered by Meezan Bank. In keeping with its stated compensation philosophy of offering a balanced and competitive remuneration package for attracting and retaining talent, Meezan Bank has instituted outpatient, hospitalization and maternity benefit plans for its employees by providing coverage for these eventualities.

The Bank encourages a healthy lifestyle for its employees by providing both male and female employees access to independent and modern gymnasium facilities and separate recreational areas at Meezan House along with a 1,200 sqft swimming pool. The facilities are supported by specialized swimming and fitness trainers to assist the staff in their exercise and diet routine. The Bank also provides professionally and hygienically cooked meals at a subsidized cost to its staff at the Head Office cafeteria which is prepared in an on-location kitchen. Along with these subsidized meals, the staff is also provided with multiple coffee areas for free refreshments throughout the day.



Day Care Facility for Working Parents

In order to facilitate working parents at Meezan Bank, a Day Care Centre has been recently established at its Head Office located in Karachi. Equipped with all the key requirements, this facility caters to children aged 2 months to 3 years. The child friendly environment gives an opportunity to many determined women who want to contribute to the cause of Islamic banking while maintaining a balance with their responsibilities at home.



Company Sports

Meezan Bank organizes a variety of sports activities for its employees. Cricket, a national favourite, is promoted within the organization and financial industry through participation of Meezan Bank's Cricket Team in local cricket tournaments. The Bank regularly organizes Cricket tournaments for inter-department, inter-branch and inter-region teams that travel and compete within the country.



Safety Measures



Employees

The Bank has invested in protecting its employees through the following means:

- Medical and Life Takaful coverage
- Shuttle transportation with security at subsidized cost for travelling to and from Meezan House (Head Office)
- High-tech security systems and security guards are deployed at the Bank's premises
- A well-designed fire fighting system, with availability of trained fire fighters at the location.
- Regular fire and evacuation drills are conducted to help employees become aware of the steps in case of an emergency. The Bank has trained and assigned a team to provide assistance to staff in the case of a fire or natural calamity

Customers

Safety measures have been taken to protect customers using ATMs and other ADC channels by implementing the following:

- Installation of locks and cameras in all ATM rooms with 24/7 recording
- Anti-skimming devices have been installed on all ATMs
- ATM-safe-usage-guidelines are displayed on all ATM screens for customers before they undertake a transaction
- The Meezan Internet Banking website is encrypted with 256 bit encryption

- Two-factor authentication for funds-transfer transactions on Internet Banking
- Recording of all customer calls to the Call Centre
- IVR Transactions are secured via a separate Telephone Banking PIN (T-PIN)
- Meezan Bank's SMS alerts service keeps the customers constantly updated of any activity (Debit or Credit) in their account

Selection of Business Partners



Meezan Bank ensures that its business partners are selected and approved through a detailed review and selection process. The Bank's procurement team is empowered to finalize the best supplier and service provider based on quality, costing, historic performance and market reputation. The process is reviewed by the Internal Audit team to ensure compliance to the approved internal processes as well as market norms.

Service Quality Monitoring



Meezan Bank has Pakistan's largest Islamic banking branch network of 551 branches in 143 cities. The branches work under defined operational procedures which are constantly reviewed and monitored through the Service Quality department and Shariah Audits conducted by the PDSC department. Service Quality Controllers are in place to review and report branch activity and results and to support branch staff in ensuring delivery of a pleasant and professional banking experience to its customers. Furthermore, branches are incentivised to enhance their Service Quality and Shariah-compliance delivery through Service Champion Awards and Shariah Audit Rating Awards. These are mentioned and highlighted via MIS, internal announcements through Bank's quarterly Newsletter and the intranet portal.

Conservation of Energy & Resources



Energy

An integral part of Meezan Bank's branding is its branch signage which is the most commonly visible image of the Bank. The Bank has designed an elegant and

energy-efficient signage in which only a small portion is lit at night, thereby using less electricity, yet enhancing its aesthetic appeal. After the redesigning, the overall energy consumption has decreased by approximately 35%. Keeping in mind that Meezan Bank has over 550 branches across Pakistan; this contributes significantly in reducing the overall energy consumption by the Bank.

Meezan Bank constantly takes energy-saving measures at its Head Office. The Head Office building has been constructed using glass panels and atriums which allow natural light to come in throughout the day, thereby almost eliminating the need for artificial lighting in large sections of the building during working hours. The energy-conserving centralized cooling system also contributes to reduced electricity consumption in the office building.

The Bank has installed 115 energy efficient ATMs in collaboration with TouchPoint, distributor of Diebold energy-efficient ATMs. This initiative is part of the Bank's focus on providing technologically advanced facilities to its customers along with reducing the usage of diesel and electricity.

Natural Resources and Process Efficiency

Meezan Bank has taken initiatives to promote a paperless environment to ensure the initial implementation of a digital office. The Bank is striving to improve its working efficiency and control the operating expenses resulting from photocopy and printed papers. To this end, the following steps have been taken:

- Implementation of electronic process flows for certain HR related processes
- Implementation of an electronic IT helpdesk and document repository system

The Administration department of the Bank has a tracking system in place for photocopied documents made at the Head Office. This system enables the department to control the wastage resulting from photocopies.

Implementation of Centralized Account Opening Workflow

Due to unprecedented growth in branch network and future expansion plans, the Bank strategically implemented Centralized Account Opening (CAO) Workflow to streamline the document movement between branches and Head Office along with digital archiving of account opening form and documentation and introduction of paperless environment through electronic account opening form. This has resulted in savings in terms of both cost and time and has increased overall efficiency.

Consumer Protection Measures



The Bank has taken the following measures to provide financial risk coverage to its deposit account holders and Consumer Finance customers:

- Takaful Coverage for 'Accidental Death and Permanent Disability' and 'ATM Cash Withdrawal Theft' to all deposit account holders who are maintaining an average monthly balance of Rs. 10,000/- or more.
- The critical need of Life Takaful Coverage has been addressed for Housing Finance customers by providing a completely Shariah-compliant Life Takaful cover. In the event of death of a customer, the Takaful benefit covers the outstanding amount payable to the Bank. The Takaful cover is also available in case of customer's natural or accidental disability. The Life Takaful cover provides great comfort to the Bank's Housing finance customers as well as their family members.
- The Bank facilitates its Laptop Financing customers by providing free of cost Takaful coverage during the financing tenure of the Laptop. Theft and damage to laptop are covered by the Bank's approved Takaful company for which the Bank pays the premium.
- The Bank's auto and motorcycle finance operates under the Ijarah model under which the Bank takes responsibility for comprehensive Takaful coverage of the vehicle over the complete financing period along with providing the additional facilities of Tracker with free monitoring and accidental death coverage to the customers.

Business Ethics & Anti-Corruption Measures



Meezan Bank has a comprehensive Code of Conduct and Standard of Ethics as part of its Human Resource Policy. The Bank's Disciplinary Action Committee (DAC) takes action on any violation of policies & procedures, acts of fraud & forgery, breaches of discipline and code of conduct, ethics & business practices, law of the land and any statutory regulations by an employee. Appeals of the staff against whom DAC takes disciplinary actions are reviewed by an independent Disciplinary Action Review Committee, which has been formed with a view to ensure a fresh review of each appeal filed against the DAC decision.

Furthermore, to ensure dignified and healthy work environment, the Bank has also established an Anti-Harassment Committee that deals with the instances of sexual harassment reported either verbally or in writing.



Report of the Board Audit Committee

Board Audit Committee (BAC) comprises of three non-executive directors having vast experience and knowledge of finance and accounting. The chairman and one other member are independent directors. Bank has adopted Committee of Sponsoring Organizations (COSO) Integrated Internal Control Framework and the charter of Internal Audit & BRR department (IAD) provides complete independence to Head - IAD alongwith free access to BAC.

BAC has been proactively focusing on effectiveness of internal controls, risk management and governance processes. During year 2015, five BAC meetings were held and following major activities were performed by BAC in accordance with its approved terms of reference.

- BAC reviewed quarterly, half yearly and annual financial statements of the Bank and recommended the same for approval of the Board.
- BAC reviewed management letters issued by the external auditors and management's response thereto and held discussions with external auditors on major observations. BAC also recommended the appointment of external auditors and their fees to the Board.
- BAC reviewed and approved the scope and extent of the work to be performed by Internal Audit (IAD) and Shariah audit. BAC also reviewed adequacy of resources as per the scope.
- BAC reviewed major high risk observations of internal audit and Shariah audit alongwith monitoring of its timely compliance.
- BAC reviewed major findings of internal investigations with respect to fraud & forgery and whistle blowing along with management's action thereto. BAC also reviewed annual review report of fraud, forgeries and robberies.
- BAC reviewed related party transactions and recommended the same for Board's approval.
- BAC reviewed Compliance and AML Activity Report, Institutional Risk Assessment Framework (IRAF) - Self Assessment Questionnaire and SBP inspection reports alongwith monitoring of its compliance status.
- BAC reviewed various new polices and / or revision in existing polices and recommended the same for Board's approval.
- BAC reviewed and had an oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the bank.
- BAC conducted self assessment of its performance to review compliance with SECP code of corporate governance. Self assessment report was also presented to the Board.
- BAC reviewed statement on internal control system and recommended the same for endorsement by the Board.

A blue ink signature of Mohammad Abdul Aleem, written in a cursive style.

Mohammad Abdul Aleem
Chairman-BAC

Shariah Supervisory Board Report - 2015

الحمد لله رب العالمين، والصلاة والسلام
على خاتم الأنبياء والمرسلين، محمد المصطفى
الأمين، وعلى آله وأصحابه أجمعين، وبعد:

By the Grace of Allah, the year under review was the fourteenth year of Islamic commercial banking for Meezan Bank Limited. During the year, the Shariah Supervisory Board (SSB) of Meezan Bank held three meetings to review various products, concepts, transactions, processes and their Shariah-compliance, referred to them by the Resident Shariah Board Member.

As part of the Shariah Governance Framework, a full-fledged Product Development & Shariah Compliance department (PDSC) is working under the guidance of Resident Shariah Board Member. The role of this function is to facilitate new research & product development activities, refine existing products & procedures, conduct Islamic banking trainings, conduct Shariah-compliance reviews of each class of transactions, the relevant documentation and process flows on test check basis and to provide secretarial services to the Bank's Shariah Supervisory Board. In addition, a separate Shariah Audit & Advisory Department is working under the Board Audit Committee in order to review the overall level of Shariah-compliance in the Bank's activities which submits the report to Shariah Board for information, review and determining appropriate corrective actions.

Following were the major developments that took place during the year:

Research and New Product Development

Alhamdulillah, the SSB is very pleased by the Bank's initiative to launch Meezan Upaisa - the first Islamic Branchless Banking to enhance the outreach of Islamic banking to all segments of the society.

During this year, the SSB approved the conversion plan of Pakistan banking operations of HSBC Bank Oman S.A.O.G (HBON Branch Business), pursuant to which the Bank acquired Pakistan operations of HSBC Bank Oman S.A.O.G (HBON Branch Business). In order to resolve the issue of determining the exact cost of goods in Foreign Import Murabaha transactions, the SSB advised the Bank to convert the Foreign Import Murabaha based products to Musawamah which was later implemented by the Bank under the supervision of RSBM.

The SSB appreciates the efforts of PDSC team for conducting around 180 customer and industry visits to understand the business model and reviewing more than 2000 different types of transactions as per the guidance of RSBM/SSB. In addition to above, structuring and documentation of around 18 syndicated transactions were reviewed by PDSC under the supervision of RSBM. It is also worth mentioning that 100% physical inspection was done for taking delivery in Istisna and Tijarah transactions.

It is encouraging to mention that several Government Institutions like Pakistan Agricultural Storage & Services

Corporation Ltd.(PASSCO), Trading Corporation of Pakistan (Pvt.) Ltd (TCP), Punjab Food Department, etc, have used Shariah-compliant financing products and services of Meezan Bank limited to meet their financing needs which also include the biggest Running Musharakah disbursement of Rs 9.5bn to Punjab Food Department. To facilitate the coal mining operations of Sindh Engro Coal Mining Company the bank provided a hybrid of Istisna-Ijarah-Salam based solution. The Bank also actively supported the establishment of different wind and coal power generating units like Engro Powergen Limited, FFBL Power Limited, Master Wind Energy Limited etc by providing structured finance solutions on the concepts of Diminishing Musharakah and Ijarah. The Bank also keenly supported the infrastructure development activities of the Government by working on a structured syndicated solution for financing development of M9 Motorway. We would like to appreciate that Meezan Bank has entered into Musharakah/Wakalah based relationship with Karandaaz (a member of the World Bank Group) to support Small and Medium sized organizations in Pakistan through different Shariah-compliant vendor financing agreements. It is encouraging to note that as members of the Steering Committee for the Promotion of Islamic Banking and Finance created by the Finance Minister, the CEO and RSBM of the Bank are actively contributing in the Committee with the Vision of establishing Islamic banking as banking of first choice

Training & Development

We are pleased to inform that the Bank is actively pursuing the cause of training its human resources about various aspects of Islamic Banking and Finance which is evident from the fact that during the year around 120 Islamic banking training sessions were conducted where knowledge pertaining to Islamic banking was extended to more than 2200 employees of the Bank. Other than the training to internal staff the Bank also conducted approx 40 seminars which were attended by more than 5500 participants representing customers, general public and professionals.

In addition to the trainings provided to the staff by PDSC, the SSB also had a meeting with the BOD where a brief talk over commitment to cause and values of Islamic banking was made by SSB members to the BOD. Furthermore SSB is satisfied with the level of awareness, capacity and sensitization of the staff and management and the BOD in appreciating the importance of Shariah-compliance in the products and processes of the Bank

Shariah Advisory and Industry support

The SSB is also pleased to share that the Bank is actively supporting capacity building activities of the industry by extending its support to institutions including National Institute of Banking and Finance (NIBAF) and Centre for Islamic Economics (CIE) in conducting Islamic banking training sessions. The Bank also supported various Islamic banking courses, sessions and degree programs in different institutes and organizations including IBA – Karachi, Sheikh Zayed Islamic Centre, Commecs, COMSATS (Lahore), Peshawar University, AJK University Muzafarabad, Wah University etc.

During the year the Bank worked actively to structure

the Bai Muajjal transaction with Ministry of Finance and to structure the issuance of GOP Ijarah Sukuk over Jinnah International Airport to address the liquidity concerns of the industry.

It is also worth mentioning that Bank has entered into MOUs with IBA, LUMS and IM Sciences (Peshawar) for the support and launch of Centre of Excellence in Islamic Banking and Finance.

During the year, the Bank also facilitated AMIM and NAFA in the launch of 3 funds and 4 plans.

In the area of Capital Markets, the Bank has contributed towards the launch of the KMI - All Share Index in collaboration with Karachi Stock Exchange (KSE), State Bank of Pakistan (SBP), Securities & Exchange Commission of Pakistan (SECP) and mutual fund industry of Pakistan in November 2015.

Review of Assets

The Bank primarily used Murabaha, Ijarah, Diminishing Musharakah, Musawamah, Istisna, Tijarah, Musharakah and Salam for its financing activities during the year.

It is worth mentioning that the Bank has moved towards diversification in the usage of various financing products and has reduced the reliance on Murabaha, as is evident from Bank's financing portfolio. In this context it is extremely encouraging to witness a growth of 6% in Musharakah based financing in total financing portfolio. Share of Diminishing Musharakah and Musawamah increased by 5%, while the share of Istisna, Murabaha and Ijarah stood at 13%, 10% and 7% of the total financing portfolio. The Bank's total financing portfolio reached Rs. 215.775 billion (gross) as of December 31, 2015.

| Financing Modes | 2014 % | 2015 % | Growth/(Decline) % |
|---------------------------------|--------|--------|--------------------|
| Diminishing Musharakah | 25 | 30 | 5 |
| Murabaha | 15 | 10 | (5) |
| Musawamah | 1 | 6 | 5 |
| Istisna | 22 | 13 | (9) |
| Musharakah & Running Musharakah | 16 | 22 | 6 |
| Ijarah | 6 | 7 | 1 |
| Salam – Bill | 3.6 | 3.4 | (0.2) |
| Tijarah | 1 | 2.5 | 1.5 |
| Salam – Commodity | 6 | 2 | (4) |
| Others | 4.4 | 4.1 | (0.3) |
| Total | 100 | 100 | - |

Review of Liabilities

On the liability side, the Bank offered different Shariah-compliant deposit products based on the mode of 'Mudarabah' & 'Qard' and it is encouraging that Total deposits of the Bank increased by 24% and reached a sum of Rs.471.820 billion as at December 31, 2015.

Throughout the year, the process of allocation of assets and funds to various deposit pools; announcement of overall profit sharing ratios for Mudarabah-based deposits; monthly allocation of weightages and distribution of income to deposit accounts was monitored and reviewed in accordance with Meezan Bank's Pool Management guidelines, and SBP Pool Management guidelines.

Shariah Audit Department

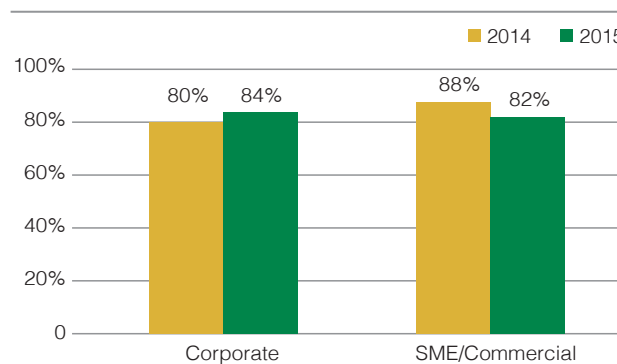
As part of the Shariah Governance Framework, a separate Shariah Audit Department under reporting of Board of Directors' Audit Committee is formed and effectively in place which will play a significant role towards accomplishment of the objective of ensuring Shariah compliance by evaluating the adherence to Shariah guidelines prescribed by Shariah Supervisory Board, Resident Shariah Board Member and Shariah guidelines of IBD-SBP in activities undertaken by the Bank. The Shariah Audit function keeps a continuous check on all activities starting right from the time of opening of a branch and goes hand in hand at each step of product offering till the stage of final profit distribution to the customers.

Shariah Audit of 412 branches, Area offices, Consumer & Corporate hubs and head office departments was conducted as a part of the Bank's efforts to strengthen the internal Shariah controls mechanism. Shariah evaluation of Area offices was introduced this year for evaluating the level of Shariah-compliance and reviewing the effectiveness of Shariah control mechanism at the Area Offices.

During the year 2015, direct payment for Murabaha financings to Corporate and SME/Commercial customers was maintained at 83%. It is highly recommended that efforts be continued to increase this percentage of direct payment of Murabaha transaction.

Summary of Direct Payment in Murabaha Financing for Meezan Bank

| | 2014 | 2015 | Growth/(Decline) |
|---------------------|------|------|------------------|
| Overall Portfolio | 83% | 83% | - |
| Segment wise | | | |
| Corporate | 80% | 84% | 4% |
| SME/Commercial | 88% | 82% | (6)% |



Charity

During the year an amount of Rs 47.76 million was transferred to the Charity Payable Account, this includes Rs. 1.53 million to eliminate the non-compliant income portion identified during Shariah audit, Rs 2.67 million to purify the dividend income earned from the investment made in the Shariah-compliant stocks by the Bank and Rs. 43.27 million transferred to charity payable account in the normal course of business on account of non-timely payments by customers in various financial transactions. Moreover, an amount of Rs. 49.58 million was disbursed from the Charity Account after approval of the Resident Shariah Board Member. Details of Charity are available in note # 19.4.

Recommendation

Based on the review of various transactions and operations of the Bank, it is recommended that:

- The Bank should evaluate the possibility of offering its products, services and network in the international market so as to make more people benefit from Islamic banking.
- Due care regarding the mindset and commitment towards the cause of Islamic banking should be taken during the process of hiring of new staff.
- The Bank should continue its policy of expansion to spread Islamic banking and in this regard continue its focus on employees' training related to Islamic banking products and services offered by the Bank with specific focus on front line staff so as to ensure customer satisfaction towards Shariah understanding.
- The Bank should increase the frequency of awareness sessions to public and customers.
- The Bank should pursue with State Bank of Pakistan for launch of Islamic LTFF, Islamic Benchmark Rate and Islamic Discount window.
- While being the largest and fastest growing Islamic bank, the Bank should focus more on the establishment, dependence and implementation of systems to ensure Shariah-compliance in every aspect of its operations and minimize its dependence on individuals to ensure smooth running of business in a Shariah-compliant manner.
- We recommend that Bank should focus more on supporting business and trade activities like warehouse receipt financing and vendor financing etc
- It is highly recommended that Bank should make more efforts in enhancing their coordination with the scholars through sharing the concepts of Islamic banking & finance and providing them with opportunities to see Meezan Bank's working so that the message of Islamic banking & finance can be passed to the masses through them in an efficient manner.

Conclusion

As per the charter of the Bank, it is mandatory on the management and employees to ensure application of Shariah principles and guidelines issued by the Shariah Supervisory Board and Resident Shariah Board Member and to ensure Shariah-compliance in all activities of the Bank. The prime responsibility for ensuring Shariah-compliance of the Bank's operations thus lies with the Board of Directors and Executive management.

Based on the extensive reviews of sample cases for each class of transaction, related documentation, processes, profit distribution mechanism for the depositors by PDSC Department, review of Internal Shariah Audit report and management's representation made in this regard, in our opinion, the Bank complies with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Supervisory Board, Resident Shariah Board Member of Meezan Bank and guidelines issued by Shariah Board of SBP related to Shariah-compliance. The non-compliant income identified during the review is being transferred to the Charity Account through a well-defined system and being utilized properly in accordance with the instructions of SSB.

Based on the strength and capacity of the full fledged PDSC department and policies / guidelines for the Shariah-compliance issued at the Bank, we are of the opinion that an effective mechanism is in place to ensure Shariah-compliance in overall operations of the Bank.

May Allah bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh.



Dr. Muhammad Imran Ashraf Usmani
Resident Shariah Board Member



Sheikh Essam M. Ishaq
Member Shariah Supervisory Board



Justice (Retd.) Muhammad Taqi Usmani
Chairman Shariah Supervisory Board

Dated: 13th Jamadi-ul-Awwal 1437 H / February 22, 2016

چیرینی / صدقات و خیرات

رواں سال کل 47.78 ملین روپے چیرینی واجب الاداء اکاؤنٹ میں منتقل کئے گئے۔ اس میں 1.53 ملین روپے کی مشترکہ آمدنی کی شہادت شریعہ آڈٹ کے دوران ہوئی، 2.67 ملین روپے کی چیرینی اسٹاک انکمپنچ میں کی گئی شریعہ کمپلائنسٹ انٹرنیشنل سے حاصل شدہ آمدنی کو purify کرنے کے لئے کی گئی اور 43.27 ملین روپے چیرینی واجب الاداء اکاؤنٹ میں ٹرانسفر کئے گئے جو رزروہ کے حوالی معاملات میں کسٹمرز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 49.58 ملین روپے ریزٹریٹ شریعہ بورڈ ممبر سے منظوری کے بعد چیرینی سٹاکز اکاؤنٹ سے ادا کئے گئے۔ چیرینی سے متعلق تفصیلات نوٹ نمبر 19.4 میں مذکور ہیں۔

تجاویز

متعدد فتوہ کا جائزہ لینے کی بنیاد پر درج ذیل امور تجویز کئے جاتے ہیں:

- بینک کو اپنی سرسبز اور پراکٹس بین الاقوامی سطح پر حصارف کروانی جائیں تاکہ مزید لوگ اسلامی بینکاری سے مستفید ہوں۔
- نئے ملازمین کو ملازمت فراہم کرتے ہوئے ان میں اسلامی بینکاری کے مقاصد تک پہنچنے کے عزم و ہمت کو خصوصی طور پر مد نظر رکھنا ضروری ہے۔
- بینک کو چاہئے کہ اسلامی بینکاری کی توسیع کے مقصد سے اپنے آپ کو مسلسل درست دینے کی پالیسی جاری رکھے اور اس سلسلے میں وہ اپنے ملازمین کی تربیت کی طرف اپنی توجہ مبذول رکھے۔ اسلامی بینکاری کی پراکٹس اور بینک کی طرف سے پیش کردہ خدمات کے بارے میں ملازمین (اور خصوصاً فرنٹ آفس کے ملازمین) کا معیار معلومات مزید بڑھانا اور ان کی مزید تربیت کا انتظام کرنا نہایت اہم ہے۔
- بینک کو چاہئے کہ اسلامی بینکاری سے متعلق شعور بڑھانے کیلئے عوام اور کسٹمرز کے لئے ترجیحی سیشن منعقد کروائے۔
- بینک کو چاہئے کہ اسٹیٹ بینک آف پاکستان کو Islamic LTFF اور اسلامک فنانسنگ مارک ریٹ اور اسلامک ڈسکاؤنٹ ریٹ کے آغاز کرنے پر زور دے۔
- سب سے بڑے اور سب سے زیادہ تجویز سے پھیلتے ہوئے بینک ہونے کے باوجود، بینک کو چاہئے کہ شرعی احکامات کے نفاذ کی لئے قابل مبرورہ سسٹم کے خدو کو یقینی بنائے تاکہ افراد پر احاد کرنے کی بجائے گھپہ فراڈ سسٹم کے ذریعہ تجویز سے تجارتی سرگرمیوں کی انجام دہی شرعی اصولوں کے مطابق ممکن ہو سکے۔
- ہم مشورہ دیتے ہیں کہ بینک اپنی توجہ ایسے کاروبار کی طرف موڑ کرے جس میں بینک حقیقی طور تجارتی سرگرمیوں میں شامل ہو، جن میں Warehouse Receipt اور Vendor Financing جیسی معاشی سرگرمیاں قابل ذکر ہیں۔
- اس بات کا پرزور مشورہ دیا جاتا ہے کہ بینک علماء کرام کے ساتھ اسلامی بینکاری اور فنانس کے سلسلے میں مزید رواج قائم کرے اور ان کو اس بات کا موقع مہیا کرے کہ وہ میزبان بینک کے معاملات کو پرکھیں تاکہ اسلامی بینکاری اور فنانس کی آگاہی اور اس کا پیغام ایک بڑے طبقہ تک مؤثر انداز میں یا آسانی پہنچ سکے۔

خلاصہ حکام

بینک کے چارٹر کے تحت تمام انتظامیہ اور ملازمین کے لئے ضروری ہے کہ وہ شریعہ سپروائزری بورڈ اور ریزٹریٹ شریعہ بورڈ ممبر کی طرف سے جاری کردہ بینک کے تمام معاملات سے متعلق ہدایات پر عمل درآمد کو یقینی بنائیں۔ بینک کے معاملات کے شریعت کے مطابق ہونے کی بنیادی ذمہ داری بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ پر عائد ہوتی ہے۔

PDSC کی جانب سے بینک کے انجام کردہ مختلف فتوہ کے جائزے، ان کے متعلقہ دستاویزات کی جانچ پڑتال، ڈیپازٹرز کو تقسیم ہونے والے نفع کے طریقہ کار کا مشاہدہ، ان کے متعلق شریعہ آڈٹ رپورٹ اور انتظامیہ کی دی گئی رائے کے جائزہ کی بنیاد پر ہماری رائے میں رواں سال میں بینک کی طرف سے کئے گئے فتوہ اسلامی شریعہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزبان بینک کے شریعہ سپروائزری بورڈ، ریزٹریٹ شریعہ بورڈ ممبر اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو غیر شرعی آمدنی پائی گئی وہ ایک نظام کے تحت چیرینی اکاؤنٹ میں منتقل کی جارہی ہے جس کو شریعہ بورڈ کی ہدایات کے مطابق مدت کی مدت میں خرچ کیا جاتا ہے۔

PDSC کی صلاحیت اور استعداد اور بینک کی طرف سے جاری کردہ شریعہ کمپلائنس کی ہدایات اور احکامات کے جائزے کے بعد ہماری رائے میں بینک میں تمام شعبوں کی نگرانی اور شریعہ کمپلائنس کو یقینی بنانے کے لئے ایک مؤثر نظام موجود ہے۔

اللہ تعالیٰ سے دعا ہے کہ وہ ہماری رہنمائی ان راہوں کی طرف کرے جو اس کی رضا کا باعث ہوں، ہمیں دنیا اور آخرت میں کامیابیوں سے نوازے اور ہماری تلطیوں اور خطاؤں سے درگزر فرمائے۔ آمین۔

والسلام علیکم ورحمتہ اللہ وبرکاتہ

ڈاکٹر محمد عمران اشرف عثمانی

ریزٹریٹ شریعہ بورڈ ممبر

شیخ عصام محمد اسحاق

ممبر شریعہ سپروائزری بورڈ

جسٹس (ر) محمد تقی عثمانی

تجزیاتی شریعہ سپروائزری بورڈ

۱۳ جمادی الاول ۱۴۳۷ھ / ۲۲ فروری ۲۰۱۶ء

قرض پر مبنی ہیں۔ برطانیہ 31 دسمبر 2015ء بینک کے ڈپازٹس میں 24 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈیپازٹ Rs. 471.820 ارب روپے تک پہنچ چکا ہے۔

رواں سال بینک میں ڈپازٹ سائیز سے متعلق انعام دے گئے مختلف امور یعنی مختلف اجاڑوں اور فنڈز کو مختلف پوزیٹری طرف منسوب کرنا، مضاربہ کی بنیاد پر جمع شدہ رقم کے مجموعی طبع کے تناسب کا اعلان کرنا، ماہانہ Weightages متعین کرنا، ڈپازٹرز کے درمیان منافع کی تقسیم کرنا، منافع کی صحیح تقسیم کی عمرانی اور اس کا تجربہ میزان بینک کی پول منجسٹ سے متعلق ہدایات اور اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق کیا گیا۔

شرعی آڈٹ

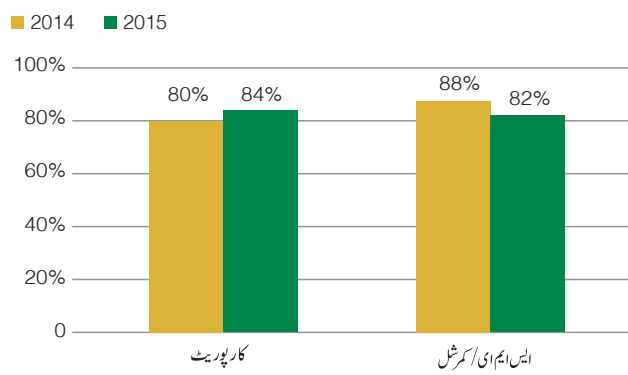
شرعی گورننس فریم ورک کی ہدایات کے مطابق مستقل شرعی آڈٹ ڈپارٹمنٹ کی تشکیل دی گئی ہے جو بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کے زیر نگرانی تہدیدی سے کام کر رہا ہے اور شرعی کمپلائنس کی یقین دہانی کے لئے تمام شرعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شرعی سپروائزر دی بورڈ، ریویژنٹ شرعی بورڈ، مضاربہ اور اسلامک بینکنگ ڈپارٹمنٹ اسٹیٹ بینک آف پاکستان کی طرف سے دی گئی ہیں۔ شرعی آڈٹ ڈپارٹمنٹ برانچ کے کھلنے سے لے کر طبع کے فیسر تک پہنچنے تک کے تمام تر معاملات اور مختلف پروڈکٹس کی انعام دی کے ہر ہر مرحلہ کی مکمل جانچ پڑتال کرتا ہے۔

اس سال میزان بینک کی کل 412 برانچوں، امیریا آفسز، Consumer اور Corporate Hubs اور ہیڈ آفس ڈپارٹمنٹس کا آڈٹ کیا گیا تاکہ شرعی اصولوں کی تعمیل کا داخلی نظم اور طریقہ کار کو مضبوط کیا جاسکے۔ امیریا آفسز کے جائزے کا بھی اس سال آغاز کیا گیا تاکہ شرعی اصولوں کی تعمیل اور شرعی کنٹرول کا جائزہ لیا جاسکے۔

2015 کے دوران کارپوریٹ اور SMEs کے ساتھ کیے جانے والے مراعاتی کے معیروں میں سپائیز کو کی گئی براہ راست ادائیگیوں کا تناسب 83 فیصد رہا۔ اس بات پر انتہائی زور دیا جاتا ہے کہ اس بات کی مزید کوشش کی جائے کہ مراعاتی میں براہ راست ادائیگیوں کے تناسب میں اضافہ ہو۔

مراعاتی فنانسنگ میں براہ راست ادائیگیوں کا خلاصہ

| شرح ترقی/تنزیل | 2015 | 2014 |
|-------------------|------|------|
| مجموعی پورٹ فولیو | 83% | 83% |
| کارپوریٹ | 84% | 80% |
| ایس ایم ای/اکرشل | 82% | 88% |



کے معاملات اور حکومت پاکستان کے جناح ٹریڈنگ کے اوپر مضبوطی کے دوبارہ اجراء کے سلسلے میں بھرپور تعاون کیا تاکہ اسلامی مالیاتی اداروں کی لیکویڈیٹی کے مسائل کو حل کیا جاسکے۔

میزان بینک نے IMSciences Peshawar اور LUMS، IBA Karachi کے ساتھ معاہدہ کیا جس کی رو سے میزان بینک ان یونیورسٹیز کو اسلامک بینکنگ کے سینٹر فار ایکسیلنس کے قیام اور اس کے اجراء کے لئے تعاون کرے گا۔

دوران سال، میزان بینک نے AMIM اور NAFA کو تین فنڈز اور چار پلان کے اجراء میں تعاون فراہم کیا۔

اسلامی کچھل مارکٹ کے میدان میں میزان بینک نے نومبر 2015 میں جاری ہونے والے آل شیئرز انڈیکس کے اجراء میں کراچی اسٹاک ایکچینج، اسٹیٹ بینک آف پاکستان، سیکرٹری ایکچینج ٹریڈنگ آف پاکستان اور پاکستان کے پینچل فنڈ کے اداروں کے ساتھ تعاون کیا۔

اجاڑوں کا جائزہ

موجودہ سال میں میزان بینک نے بنیادی طور پر مراعاتی، اجارہ، مشارکہ متناقصہ، مساومہ، استصناع، اجارہ، مشارکہ اور مسلم کی بنیاد پر حوالی سہولیات فراہم کیں۔

یہ بات حوصلہ افزا ہے کہ بینک نے اسلام بھی مراعاتی پر انحصار کرنے کے بجائے کئی دیگر طریق حوالی کا اختیار کیا جیسا کہ حوالی تناسب سے واضح ہے۔ یہ صورت حال واقعہ حوصلہ کن ہے کہ مشارکہ کے تناسب میں کل حوالی سرگرمیوں کا 6 فیصد تک کا اضافہ ہوا۔ مشارکہ متناقصہ اور مساومہ کے تناسب میں 5 فیصد تک کا اضافہ ہوا جبکہ استصناع، مراعاتی اور اجارہ کا تناسب بالترتیب 10، 13 اور 7 فیصد رہا۔ بینک کا مجموعی حوالی پورٹ فولیو (برطانیہ 31 دسمبر 2015) 215.775 ارب تک پہنچ چکا ہے۔

| شرعی طریقہ تمویل | 2014 % | 2015 % | شرح ترقی/تنزیل |
|-----------------------|--------|--------|----------------|
| مشارکہ متناقصہ | 25 | 30 | 5 |
| مراعاتی | 15 | 10 | (5) |
| مساومہ | 1 | 6 | 5 |
| استصناع | 22 | 13 | (9) |
| مشارکہ اور رنگ مشارکہ | 16 | 22 | 6 |
| اجارہ | 6 | 7 | 1 |
| سلم - بل | 3.6 | 3.4 | (0.2) |
| تجارہ | 1 | 2.5 | 1.5 |
| سلم - کموڈٹی | 6 | 2 | (4) |
| دیگر | 4.4 | 4.1 | (0.3) |
| ٹوٹل | 100 | 100 | - |

ڈپازٹس کا جائزہ

بینک نے اپنی ڈپازٹ سائیز پر کئی ایسی شرعا جائز ڈپازٹ پروڈکٹس وضع کی ہیں جو مضاربہ اور

شریعی سپروائزری بورڈ رپورٹ 2015 (اردو ترجمہ)

الحمد لله رب العالمین، و الصلاة و السلام
على خاتم الأنبياء والمرسلین، محمد المصطفی
الأمین، و علی آلہ و أصحابہ أجمعین، و بعد:

الحمد لله، میزبان بینک لمیٹڈ کے اسلامی بینکاری کے چودہویں سال کا تجزیہ آپ کے سامنے ہے۔ دوران سال میزبان بینک کے شریعی سپروائزری بورڈ کی طرف سے تین اجلاس کا انعقاد کیا گیا جن میں ریویژنٹ شریعی بورڈ ممبر کی طرف سے تجویز کردہ مختلف پروڈکٹس، مقبوضہ طرق قبول، اداران کے عملی انعقاد کو جانچا گیا۔

شریعی گورننس فریم ورک کے مطابق مقبوضہ جانچ پڑتال کے طریقہ کار کو موثر بنانے کیلئے ایک مستقل شعبہ ”پروڈکٹ ڈیولپمنٹ اینڈ شریعی کنٹریل“ (PDSC) ریویژنٹ شریعی بورڈ ممبر کی زیر نگرانی کام کر رہا ہے۔ اس شعبے کی ذمہ داریوں میں فی پروڈکٹس کی تحقیق و تہقیق، موجودہ پروڈکٹس اور طریقہ عمل میں مزید بہتری، اسلامی بینکاری کی تربیت، قیام مالی معاملات میں شریعی اصولوں کی پاسداری، متعلقہ دستاویزات اور طرق قبول کا نمونہ جاتی جائزہ اور شریعی سپروائزری بورڈ کی معاونت کرنا ہے۔ مزید برآں، ایک مستقل شریعی آڈٹ اور ایڈوائزری ڈیپارٹمنٹ بورڈ آڈٹ کمیٹی کے تحت کام کر رہا ہے جو مجموعی طور پر بینک میں رائج تمام معاملات بشمول مالیات، انتظامات اور بینک میں اسلامی ماحول کے قیام کے لئے تجویز کردہ شریعی اصولوں کی تعمیل کا جائزہ لیتا ہے اور اپنی رپورٹ اور کارگر شریعی بورڈ کے جائزے اور مختلف معاملات میں اصلاحات کی تعلیم کے لئے پیش کرتا ہے۔

رواں سال بینک میں درج ذیل اہم امور انجام پائے:

فی پروڈکٹس کی تیاری اور تحقیق

الحمد لله، شریعی سپروائزری بورڈ بینک کی طرف سے ”میزبان یو پی سی“ کے اجراء پر سرور ہے، جو کہ دنیا کی پہلی اسلامی برانچ ٹیس بینکنگ ہے اور جس کے ذریعے معاشرے کے مزید شعبوں میں اسلامی بینکاری کو تقویت ملے گی۔

رواں سال شریعی سپروائزری بورڈ نے HSBC Bank Oman S.A.O.G. کے معاملات کو اسلامی اصولوں میں ڈھالنے اور میزبان بینک کے ساتھ منظم کرنے کے منصوبے کو منظور کیا، جس کے نتیجے میں میزبان بینک نے ”الٹی ایس بی سی بینک عمان“ کے پاکستان کے بزنس کو حاصل کیا۔

بین الاقوامی درآمدات میں مراہقہ کے معاملات میں اشیاء کی حقیقی لاگت کے تعین کے مسئلہ کو حل کرنے کے لئے، شریعی سپروائزری بورڈ نے یہ تمام معاملات مراہقہ کی بجائے مساومہ میں تبدیل کرنے کی تجویز دی جسے بعد ازاں ریویژنٹ شریعی بورڈ ممبر کی نگرانی میں نافذ کیا گیا۔

شریعی سپروائزری بورڈ PDSC ممبران کی کاوشوں کو سراہتا ہے جنہوں نے دوران سال تقریباً 180 گھنٹوں سے ملاقاتیں کیں اور ان کے کاروبار کا مشاہدہ کیا تا کہ ان کے معاملات کے طریقہ کار کو عملی طور پر سمجھ سکیں اور اس کے ساتھ ساتھ 2000 سے زائد مختلف معاملات کا ریویژنٹ شریعی بورڈ ممبر اور شریعی بورڈ کی ہدایات کے مطابق جائزہ بھی لیا۔ مزید یہ کہ PDSC ممبران نے تقریباً 18 سے زائد سند کیلئے معاملات کی کاندہی کا روئی اور عملی ڈھانچہ کا ریویژنٹ شریعی بورڈ ممبر کی زیر نگرانی جائزہ لیا۔ قابلِ تحسین بات یہ ہے کہ استعناع اور تہارہ کے 100 فیصد معاملات میں بینک کے فنانس نے بزنس ٹیس خود یا اگر خریدی گئی اشیاء پر قبضہ حاصل کیا۔

یہ بات کافی حوصلہ افزا ہے کہ کچھ حکومتی ادارے جیسا کہ پاکستان انگریجیٹس انڈسٹریز کارپوریشن (PASSCO)، ٹریڈنگ کارپوریشن آف پاکستان (TCP)، پنجاب فوڈ ڈیپارٹمنٹ وغیرہ نے اپنی قبولی ضروریات کو پورا کرنے کے لئے شریعی طرق قبول کی بنیاد پر میزبان بینک کی مرتب کردہ مختلف پروڈکٹس اور سرسز کا انتخاب کیا۔ ان معاملات میں سب سے بڑا معاملہ پنجاب فوڈ ڈیپارٹمنٹ کے ساتھ کیا گیا جس میں 9.5 ملین روپے رنگ مشارک کے ضمن میں پنجاب فوڈ کو دیئے گئے۔ سندھ ایگرو کولمانٹنگ کمپنی (SECMC) کو کوئٹہ کی کان کنی کی سہولت فراہم کرنے کے لئے بینک نے اصنعاء و اجارہ اور مسلم پر مشتمل حل پیش کیا۔ بینک نے مختلف دھندل (WINDS) پاور جنریٹنگ اور کول (COAL) پاور جنریٹنگ پلانٹس کے قیام اور ان کی قبولی ضروریات کو اسلامی اصولوں پر منظم کرنے کے لئے بھرپور تعاون کیا جیسا کہ ایگرو پاور جین لمیٹڈ (EPL)، FFBL، پاور لمیٹڈ اور ماسٹر ونڈ انرٹی لمیٹڈ (MWEL) وغیرہ کو مشارک متعلقہ ادارہ کی بنیاد پر منظم طرق قبول کے حل فراہم کئے۔ اسی طرح بینک نے حکومت کو انٹرنسز بکری ترقی کے لئے سند کیلئے طرق قبول کے حل فراہم کئے اور اسی ضمن میں M9 موزوں سے کی فائنانسنگ کی ضرورت کو پورا کرنے کے لئے سند کیلئے فرائز کیشن کو مرتب کیا گیا۔ ہم اس بات کو بھی سراہتے ہیں کہ میزبان بینک نے مشارک ا و کال کی بنیاد پر کرناڈا (Karandaaz) کمپنی (جو کہ ورلڈ بینک گروپ کا ممبر ہے) سے حلقہ قائم کیا تا کہ چھوٹے اور درمیانے درجے کے کاروباروں کو شریعی اصولوں پر مرتب کردہ مالیاتی سہولیات فراہم کی جاسکیں۔ اسی طرح وزیر خزانہ صاحب کی ہدایت پر اسلامی بینکاری اور فائنانس کی ترقی کے لئے جو Steering Committee قائم کی گئی ہے اس کے ممبر کی حیثیت سے جناب سی ای او اور جناب ریویژنٹ شریعی بورڈ ممبر اسلامی بینکاری کو بینکنگ کے پہلے انتخاب کے طور پر نافذ کرنے کے لئے نہایت فعال کردار ادا کر رہے ہیں جو کہ قابلِ تحسین ہے۔

ٹریڈنگ اور ڈیپارٹمنٹ

یہ بات بڑی خوش آئند ہے کہ بینک اپنے عملے کو اسلامی بینکاری اور فائنانس کی بھرپور تربیت دے رہا ہے جس کا مشاہدہ اس بات سے کیا جاسکتا ہے کہ دوران سال بینک نے تقریباً 120 تربیتی اجلاس منعقد کیں جن میں 2200 سے زائد بینک کے ملازمین کو اسلامی بینکاری کے متعلق تربیت فراہم کی گئی۔ اپنے عملہ کی تربیت کے ساتھ ساتھ بینک نے تقریباً 40 سینئر ایجنسی منعقد کئے جن میں 5500 سے زائد افراد شمولی گھنٹوں میں عام الناس اور دیگر پرفیکشنسٹس نے شرکت کی۔

اس کے علاوہ، شریعی سپروائزری بورڈ کی ایک نشست بورڈ آف ڈائریکٹرز کے ساتھ بھی ہوئی جس میں شریعی سپروائزری بورڈ نے اپنی گفتگو میں بورڈ آف ڈائریکٹرز کو اسلامی بینکاری کے مقاصد اور اس کے اقدار کی تعمیل کے لئے بڑا عزم رہنے کی تلقین کی۔ شریعی سپروائزری بورڈ نے بینک کے عملے، انتظامیہ اور بورڈ آف ڈائریکٹرز کی طرف سے اسلامی بینکاری سے متعلق آگاہی اور مختلف طرق قبول سے متعلق شریعی احکامات کی تعمیل کے معیار اور جذبے سے مطمئن ہے۔

شرعی ایڈوائیزری اور اسلامک بینکنگ انٹرنی کے لیے خدمات

یہ بات بڑی قابلِ تحسین ہے کہ میزبان بینک دیگر اداروں کی صلاحیتوں میں اضافہ اور تربیت میں پیش پیش رہا جن میں ٹیکس انسٹیٹیوٹ آف بینکنگ اینڈ فائنانس (NIBAF) اور سینٹر فار اسلامک انکس (CIE) کی تربیتی نشستیں شامل ہیں۔ بینک نے اسلامی بینکاری سے متعلق مختلف کورسز، تربیتی نشستوں اور ڈگری پروگرامز کے انعقاد کے لئے کئی اداروں کے ساتھ تعاون کیا جن میں IBA Karahi، شیخ زید اسلامک سینٹر، کاکس، COMSATS، پشاور یونیورسٹی، AJK یونیورسٹی، گلبرگ یونیورسٹی، یونیورسٹی سمیت دیگر کئی ادارے شامل ہیں۔

دوران سال میزبان بینک نے فائنانس آف فائنانس کے ساتھ اسلامی مالیاتی اداروں کے بیچ موبائل

Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2015

| | 2015 | 2014 |
|--|----------------|----------|
| | Rupees in '000 | |
| Opening Balance as of January 01 | 11,899 | 51,858 |
| Additions during the year | | |
| - Received from customers on delayed payment | 43,562 | 26,618 |
| - Dividend purification amount | 2,666 | 2,654 |
| - Non-shariah compliant income | 1,526 | 1,785 |
| - Profit on charity saving account | 775 | 2,193 |
| | 48,529 | 33,250 |
| | 60,428 | 85,108 |
| Less: Distribution of Charity | | |
| Education | (40,427) | (55,409) |
| Health | (7,200) | (15,300) |
| Islamic Microfinance | (1,950) | (400) |
| Environmental | - | (100) |
| Relief & Disaster Recovery | - | (2,000) |
| | (49,577) | (73,209) |
| Closing Balance as at December 31 | 10,851 | 11,899 |

Note:

Details of charity payments of Rs 100,000 and above are disclosed in note 19.4.1 to the financial statements of the Bank.

Statement of Inventory

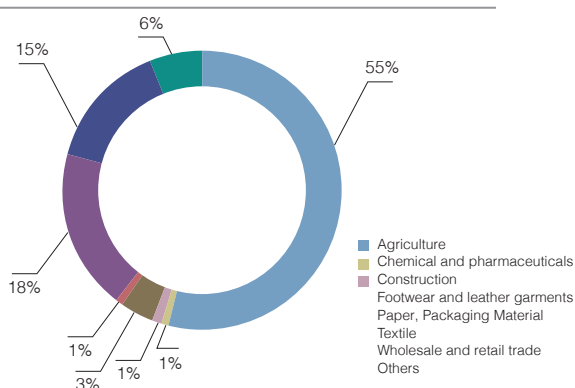
Meezan Bank provides financing through various modes including Murabaha, Musawamah, Istisna, Tijarah, Salam, etc. Under these modes, the Bank either purchases the goods to be financed or gets them manufactured. It then sells the goods to the customer on spot/ deferred price.

This statement also signifies the difference of Islamic modes of financing that is based on trade of real assets and goods. It also demonstrates the exposure that the Bank takes in different sectors.

The goods lying unsold at the date of the financial statements are carried as inventory in the financial statements of the Bank. The sector wise detail of inventory held by the Bank as at December 31, 2015 is as follows:

| Sector | Nature of Inventory | Amount in Rs. '000' 2015 | Amount in Rs. '000' 2014 |
|-------------------------------|---|--------------------------|--------------------------|
| Agriculture | Corn, Sugar, Soya bean, Canola, Rice (Grain, Paddy) | 8,037,316 | 12,582,304 |
| Chemical and pharmaceuticals | Chemicals, Medicines | 174,150 | 207,594 |
| Construction | Iron & Steel, Sanitary items & Fittings | 508,015 | 2,203,893 |
| Footwear and leather garments | Finished Leather | 39,830 | 101,920 |
| Paper, Packaging Material | Packing Material | 36,811 | 71,606 |
| Textile | Cotton (Raw Cotton, Bales, Fabric, Yarn), Bed sheets, Garments | 2,674,912 | 2,242,797 |
| Wholesale and retail trade | Rock Phosphate, Coal, Fertilizer, Caps and Corks, Nestle Products | 2,196,410 | 528,370 |
| Others | Poultry Feed, Float Glass, Polypropylene grains, Olein Oil | 860,538 | 100,732 |
| Total | | 14,527,982 | 18,039,216 |

Sector-wise Breakup



AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Meezan Bank Limited** ('the Bank') for the year ended December 31, 2015 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Islamabad Stock Exchange Limited and the Lahore Stock Exchange Limited have merged) where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2015.


Chartered Accountants
Dated: February 29, 2016
Karachi

Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 5.19 of Listing of Companies and Securities Regulations in Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Bank has applied the principles contained in the Code in the following manner:

1. The Bank encourages representation of independent, non-executive directors and directors representing minority interests on the Board of Directors. As at December 31, 2015 the Board included:

| Category | Names |
|--------------------------|--|
| Independent Directors | Mr. Mohammad Abdul Aleem Mr. Noorur Rahman Abid Mr. Talal S.A. Al-Shehab |
| Executive Directors | Mr. Irfan Siddiqui Mr. Ariful Islam |
| Non- Executive Directors | Mr. Riyadh S. A. A. Edrees Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. Al-Rabiah Mr. Rana Ahmed Humayun Mr. Alaa A. Al-Sarawi Mrs. Azra Mujtaba Mr. Muhammad Zarrug Rajab |

During the year, all the directors were elected in the Extra Ordinary General Meeting of shareholders held on November 17, 2015. The SBP has granted clearance / in principle clearance for all the directors subsequent to year end.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies in Pakistan including the Bank.
3. All the resident Directors of the Bank are registered as taxpayers and, to the best of our knowledge, none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred on the Board upon resignation of Mr. Abdullateef A. Al-Asfour in December 2014 which was filled up by the Board within 90 days in February 2015. The approval from State Bank of Pakistan for this appointment was received on March 13, 2015.
5. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the Meetings were appropriately recorded and circulated.
9. The Bank is in compliance in respect of completion of training requirements of at least four directors till December 31, 2015. During the year, one director claimed exemption from the training requirement having complied with the minimum education and experience criteria. The management will arrange training of the remaining directors before June 30, 2016.
10. To comply with the directives of State Bank of Pakistan's BPRD circular No. 05 of 2015, the Board had approved the appointment of new Head of Internal Audit, which occurred due to rotation of Key Executives as per above circular



after recommendation of Audit Committee. Except for that there was no new appointment of CFO and Company Secretary during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are Non-Executive Directors and the Chairman of the Committee is an Independent Non-Executive Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Bank and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resources and Remuneration Committee. It comprises of three members, of whom two are Non-Executive Directors and the Chairman of the committee is a Non-Executive Director.
18. The Board has set up an effective internal audit function comprising of professionals, who are experienced for the purpose and are conversant with the policies and procedures of the Bank.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program at the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of Interim/Final Results and business decisions, which may materially affect the market price of the Bank's securities, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the Karachi Stock Exchange (now "Pakistan Stock Exchange").
23. We confirm that all other material principles included in the Code have been complied with.

A blue ink signature of Irfan Siddiqui, consisting of a large, stylized loop followed by a series of smaller, connected strokes.

Irfan Siddiqui
President & CEO

February 22, 2016

Statement of Internal Controls

The statement is presented to comply with the requirement of State Bank of Pakistan (SBP) circular no. BSD 7 dated May 27, 2004 "Guidelines on Internal Controls" and SBP's OSED Circular No.01 dated February 07, 2014 "Instructions on Internal Controls over Financial Reporting (ICFR)".

The management of the Bank is responsible for establishing and maintaining an adequate and effective system of internal controls which has the main objectives of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The control activities are being closely monitored across the Bank through Compliance, Shariah and Internal Audit departments, which covers all banking activities in general and key risk areas in particular. In addition to performing the above responsibility, the Board of Directors has also formed an Audit Committee which has direct oversight responsibility to ensure the independence of the internal and external audit function. The Audit Committee meets at least once every quarter to discuss the scope and results of the work performed by the Compliance, Shariah and Internal Audit departments. The Audit Committee also meets with external auditors prior to approval of half-yearly and annual results of the Bank.

Based on observation and weaknesses found and identified by the auditors both internal and external and the Compliance and Shariah audit teams, improvements are brought about by the management in internal controls to ensure non-recurrence of those exceptions and elimination of such weaknesses to the maximum possible level.

While the Internal Controls System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Accordingly even an effective internal control system can provide reasonable but not absolute assurance that the system's objective will be achieved.

Alhamdulillah, the Bank had successfully completed all stages of its ICFR program during 2014 and has been granted exemption from the requirement of submission of Auditor issued Long Form Report through SBP OSED letter /SU-12/017(01)/358/15 dated January 05, 2015. The Bank is now required to only submit annual assessment report on efficacy of ICFR duly signed by Chairman, Audit Committee. Having successfully achieved closure on ICFR, the Bank remains cognizant of its responsibility to continuously improve and with this view continues to strengthen its system of Internal Controls on an on-going basis.

Based on the above, the Board of Directors endorses the management's evaluation of Internal Controls.

On behalf of the Board.



Ariful Islam
Deputy CEO



Irfan Siddiqui
President & CEO

February 22, 2016



Notice of 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the Members of Meezan Bank Limited will be held Insha'Allah on Tuesday, March 29, 2016 at 9:00 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on November 17, 2015.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank for the year ended December 31, 2015 together with the Auditors' and Directors' Reports thereon.
3. To appoint auditors of the Bank for the year ending December 31, 2016 and to fix their remuneration. The present auditors, A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash dividend @ Rupees 1.25 per share i.e. 12.5% be and is hereby approved resulting in total cash dividend @ Rupees 3 per share i.e. 30% as Rupees 1.75 per share i.e. 17.5% interim dividend was paid during the year.

SPECIAL BUSINESS

5. To approve the remuneration paid/payable to the Non-Executive Directors of the Bank for the year ended December 31, 2015 for attending Board Meetings and Meetings of the Committees formed by the Board, for the year ended December 31, 2015 and to pass the following resolution as an Ordinary Resolution:

“Resolved that the remuneration paid/payable to the Non-Executive Directors of the Bank for the year ended December 31, 2015 for attending Board Meetings and Meetings of the Committees formed by the Board, as disclosed in note 36 of the Audited Financial Statements of the Bank for the year ended December 31, 2015, be and is hereby approved.”

6. To transact any other business with the permission of the chair.

A Statement under section 160 (1) (b) of the Companies Ordinance, 1984 pertaining to special business is enclosed.

By Order of the Board

Tasnimul Haq Farooqui
Company Secretary

Karachi
March 08, 2016

Notes:

- i) The Members' Register will remain closed from March 21, 2016 to March 29, 2016 (both days inclusive) to determine the names of members entitled to receive the 12.5% cash dividend and attend and vote in the meeting.
- ii) A member eligible to attend and vote at this meeting may appoint any person as proxy to attend and vote in the meeting. Proxies in order to be effective must be received at the Registered Office not less than forty eight (48) hours before the holding of the meeting.
- iii) An individual beneficial owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card along with the participant ID numbers and sub account numbers with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her Computerized National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.

For Information of the Members:

- iv) The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rate are prescribed for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as per law.

To enable the Bank to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into Active Tax-Payers List (ATL), despite the fact that they are filers are advised to make sure that their names are entered into ATL, before the date of book closure for cash dividend, otherwise tax on their cash dividend will be deducted as non-filer.

All shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Shares Registrar, in writing as follows:

| Folio /CDS | Total Shares | Principal Shareholder | | Joint Shareholder | |
|------------|--------------|-----------------------|---|-------------------|---|
| | | Name and CNIC No. | Shareholding Proportion (No. of Shares) | Name and CNIC No. | Shareholding Proportion (No. of Shares) |

The required information must reach our Shares Registrar by the close of business (5:00 pm) on March 18, 2016; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide valid exemption certificate under section 159 (1) of the Income Tax Ordinance, 2001 latest by March 18, 2016 to our Shares Registrar as required vide FBR clarification letter No. 1(43)DG (WHT)/2008-Vol.II-66417-R dated May 12, 2015.

- v) As per directives to the listed companies by Securities and Exchange Commission of Pakistan (SECP), the Dividend Warrants should bear CNIC number of the registered member(s), except in the case of minor (s) and corporate member(s). Accordingly, all those shareholders holding shares in physical form who have not yet recorded their CNIC No. contact our Shares Registrar, THK Associates (Pvt.) Ltd., Second Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi. Phone No. 111-000-322, along with copy of valid CNIC. The shareholders who are maintaining their accounts with Participants/Brokers also update their record and provide valid CNIC to the respective Participants/ Brokers.

The corporate members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificate to Company's Share Registrar.

- vi) In order to make the process of payment of cash dividend more efficient, SECP vide its Circular No. 8(4) SM/CDC 2008 dated April 05, 2013 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay.



Accordingly, shareholders holding shares in physical form are requested to send their bank account details to our shares registrar THK Associates (Pvt.) Ltd., Second Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi. The shareholders who are maintaining their accounts with Participants/Brokers are advised to provide their mandate to the concerned Participants/Brokers.

- vii) Annual Accounts of the Bank for the financial year ended December 31, 2015 have been provided on the Company's website-www.meezanbank.com
- viii) Members are hereby informed that pursuant to SECP's S.R.O. 787(I)/2014 dated September 8, 2014, the Bank has made available on its website, a request form, through which members may use to communicate their email address along with copy of CNIC and consent for electronic transmission of Audited Financial Statements and Notice. Shareholders who want to avail this facility are requested to submit duly filled request form along with copy of CNIC to our Shares Registrar, THK Associates (Pvt.) Ltd., Second Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the resolution contained in item (5), of the Notice pertaining to the special business to be transacted at the Annual General Meeting of the Bank to be held on March 29, 2016.

I) Directors' Remuneration

The remuneration paid/payable to the non-executive directors was approved by the Board of Directors in terms of Article 52 of the Articles of Association of the Bank. The remuneration requires approval (which is permissible on post facto basis) of the shareholders in Annual General Meeting in terms of requirements of the Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistan.

The non-executive directors are interested in the payment of remuneration and the remaining members of the Board have no interest in the matter.

Role of Chairman

The Chairman of the Board of Directors ensures that the organization keeps true to its long-term Vision. Responsible for leadership of the Board, the Chairman ensures that the Board plays an effective role in fulfilling all its responsibilities. The Chairman's role entails the following:

- Ensure that all members of the Board may participate in all meetings and have the opportunity to explain their opinion.
- Ensure that dissent of directors, if any, is properly recorded in the minutes.
- Ensure that minutes truly reflect what transpired during the meeting.
- Ensure that the Board discharges its role effectively and swiftly in line with regulatory requirements
- Ensure that the Board subcommittees perform their designated functions with due diligence

Role of President & CEO

The President & CEO's role constitutes an absolutely engaged position, demanding complete involvement and shepherding of the organization. The role entails the following:

- Ensure execution of the strategy developed by the Board
- Ensure that the Bank maintains its business position and brand image as the leading Islamic bank of the country
- Efficiently allocate and manage organizational resources and budgets to ensure achievement of short- and mid-term objectives that contribute to the attainment of the long-term strategic goals
- Establish a system of checks and controls to support the fast-paced growth of the Bank
- Provide liaison between the Board and the Bank's management to ensure alignment of managerial efforts with Board's directives
- Foster a culture of professionalism and high ethical standards within the Bank
- Provide an enabling environment within the Bank to facilitate promulgation of a culture of true Islamic values
- Facilitate an organizational culture of development of innovative products and services to service the growing needs of a diverse range of customers

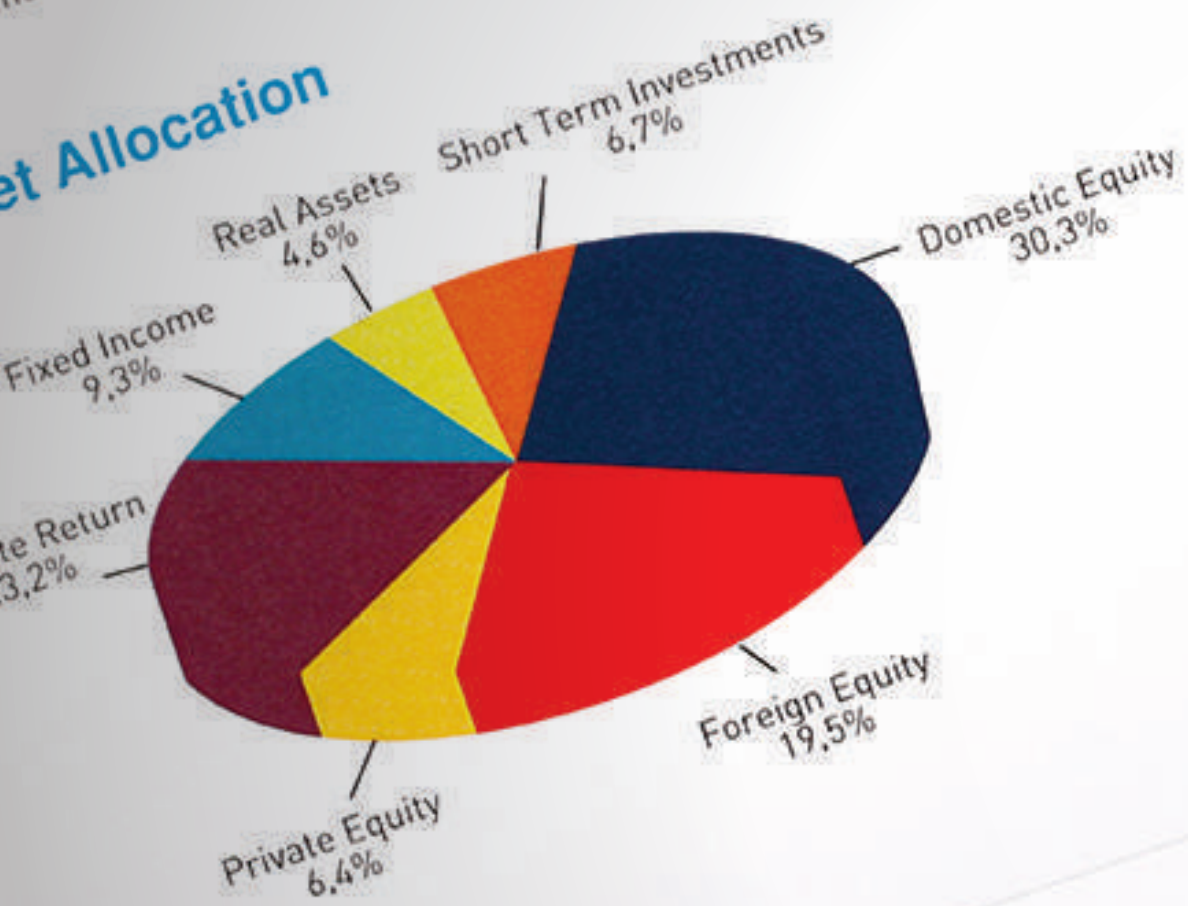
President & CEO's Performance Review

The President & CEO of Meezan Bank is responsible for supervising and leading the strategic and managerial affairs of the Bank. Various elements of the President & CEO's performance are monitored continuously and discussed periodically by the Board. As leader of the organization and executor of the strategy approved by the Board to further the interests of all stakeholders of the Bank, the President & CEO is evaluated on parameters such as financial performance and profitability, budget allocation and utilization of resources, organizational expansion, sustainability of product lines, credit ratings and inculcation of the desired organizational culture which is conducive to professional and ethical excellence.





Asset Allocation



Growth (Year/Year)



Profit (Billions)





Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Meezan Bank Limited** (the bank) as at December 31, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the un-audited certified returns from the branches except for twenty seven branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the bank's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of Islamic financing and related assets covered more than sixty percent of the total Islamic financing and related assets of the bank, we report that:

- (a) in our opinion, proper books of account have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the bank and the transactions of the bank which have come to our notice have been within the powers of the bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2015, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.


Chartered Accountants

Engagement Partner: **Salman Hussain**

Dated: February 29, 2016

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Anis Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35755864-71; Fax: +92 (42) 35755872
Islamabad: FIA Building, 3rd Floor, 49 Blue Area, Fazi-ul-Haq Road, P.O. Box 9021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320; +93 (799) 315320



Statement of Financial Position

As at December 31, 2015

| | Note | 2015 | 2014 (Restated) |
|--|------|----------------|--------------------|
| | | Rupees in '000 | |
| ASSETS | | | |
| Cash and balances with treasury banks | 8 | 43,685,636 | 29,728,764 |
| Balances with other banks | 9 | 11,175,060 | 5,501,077 |
| Due from financial and other institutions | 10 | 170,474,422 | 90,766,297 |
| Investments - net | 11 | 76,909,951 | 114,089,252 |
| Islamic financing and related assets - net | 12 | 207,568,823 | 175,711,942 |
| Operating fixed assets | 13 | 8,056,743 | 6,273,239 |
| Deferred tax assets | 14 | - | 815,464 |
| Other assets - net | 15 | 13,979,299 | 14,624,233 |
| | | 531,849,934 | 437,510,268 |
| LIABILITIES | | | |
| Bills payable | 16 | 6,560,324 | 5,619,826 |
| Due to financial institutions | 17 | 13,609,551 | 15,465,418 |
| Deposits and other accounts | 18 | 471,820,959 | 380,421,569 |
| Sub-ordinated loans | | - | - |
| Liabilities against assets subject to finance leases | | - | - |
| Deferred tax liabilities | 14 | 393,121 | - |
| Other liabilities | 19 | 13,118,869 | 12,113,125 |
| | | 505,502,824 | 413,619,938 |
| NET ASSETS | | 26,347,110 | 23,890,330 |
| REPRESENTED BY | | | |
| Share capital | 20 | 10,027,379 | 10,027,379 |
| Reserves | 21 | 8,587,363 | 7,288,754 |
| Unappropriated profit | | 6,942,042 | 5,958,587 |
| | | 25,556,784 | 23,274,720 |
| Surplus on revaluation of investments - net of tax | 22 | 790,326 | 615,610 |
| | | 26,347,110 | 23,890,330 |
| CONTINGENCIES AND COMMITMENTS | 23 | | |

The annexed notes 1 to 46 and Annexure 1 form an integral part of these financial statements.

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Mohammad
Abdul Aleem
Director

Muhammad
Zarrug Rajab
Director

Profit and Loss Account

For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|--|------|----------------|------------|
| | | Rupees in '000 | |
| Profit / return earned on Islamic financings, investments and placements | 24 | 33,113,741 | 28,803,059 |
| Profit on deposits and other dues expensed | 25 | 14,897,149 | 15,440,250 |
| Net spread earned | | 18,216,592 | 13,362,809 |
| Provision against non-performing Islamic financing and related assets - net | 12.9 | 425,908 | 545,764 |
| Provision / (reversal of provision) against diminution in the value of investments | 11.8 | 121,093 | (83,857) |
| Provision against off balance sheet obligations | 19.3 | 16,173 | 4,897 |
| Reversal of provision against amounts due from financial institutions | 10.7 | - | (300) |
| Bad debts written off directly | | - | - |
| | | 563,174 | 466,504 |
| Net spread after provisions | | 17,653,418 | 12,896,305 |
| OTHER INCOME | | | |
| Fee, commission and brokerage income | | 1,987,212 | 1,569,327 |
| Dividend income | | 628,661 | 283,633 |
| Income from dealing in foreign currencies | | 1,471,337 | 1,626,363 |
| Capital gain on sale of investments - net | 26 | 342,136 | 1,148,499 |
| Other income | 27 | 167,374 | 127,062 |
| Total other income | | 4,596,720 | 4,754,884 |
| | | 22,250,138 | 17,651,189 |
| OTHER EXPENSES | | | |
| Administrative expenses | 28 | 13,560,648 | 10,459,934 |
| Other provisions | | 59,152 | 96,288 |
| Other charges | 29 | 4,067 | 49,433 |
| Workers Welfare Fund | | 175,018 | 147,000 |
| Total other expenses | | 13,798,885 | 10,752,655 |
| | | 8,451,253 | 6,898,534 |
| Extraordinary / unusual items | | - | - |
| PROFIT BEFORE TAXATION | | 8,451,253 | 6,898,534 |
| Taxation - Current | 30 | 2,394,558 | 2,223,292 |
| - Prior years | | 459,143 | - |
| - Deferred | | 575,043 | 105,156 |
| | | 3,428,744 | 2,328,448 |
| PROFIT AFTER TAXATION | | 5,022,509 | 4,570,086 |
| | | Rupees | |
| Basic and diluted earnings per share | 31 | 5.01 | 4.56 |

The annexed notes 1 to 46 and Annexure 1 form an integral part of these financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad
Abdul Aleem
Director



Muhammad
Zarrug Rajab
Director



Statement of Comprehensive Income

For the year ended December 31, 2015

| | 2015 | 2014 |
|--|------------------|------------------|
| | Rupees in '000 | |
| Profit after taxation for the year | 5,022,509 | 4,570,086 |
| Other comprehensive income | | |
| Item that may not be reclassified to profit and loss account | | |
| Remeasurements of defined benefit plan | (40,521) | (33,046) |
| Tax on remeasurements of defined benefit plan | 14,182 | 11,566 |
| Comprehensive income transferred to statement of changes in equity | 4,996,170 | 4,548,606 |
| Components of comprehensive income not reflected in equity | | |
| Surplus / (deficit) on revaluation of investments | 345,335 | (582,249) |
| Deferred tax on revaluation of investments | (170,619) | 192,766 |
| Total comprehensive income | 5,170,886 | 4,159,123 |

The annexed notes 1 to 46 and Annexure 1 form an integral part of these financial statements.

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Mohammad
Abdul Aleem
Director

Muhammad
Zarrug Rajab
Director

Cash Flow Statement

For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|--|------|----------------|---------------|
| | | Rupees in '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 8,451,253 | 6,898,534 |
| Less: Dividend income | | (628,661) | (283,633) |
| | | 7,822,592 | 6,614,901 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 998,318 | 816,394 |
| Amortisation | | 147,222 | 110,591 |
| Provision against non-performing Islamic financing and related assets | | 425,908 | 545,764 |
| Provision / (reversal of provision) against diminution in the value of investments | | 121,093 | (83,857) |
| Charge for defined benefit plan | | 397,923 | 120,435 |
| Reversal of provision against amounts due from financial institutions | | - | (300) |
| Gain on sale of operating fixed assets | | (50,167) | (36,061) |
| | | 2,040,297 | 1,472,966 |
| | | 9,862,889 | 8,087,867 |
| (Increase) / decrease in operating assets | | | |
| Due from financial and other institutions | | (79,708,125) | (83,323,265) |
| Islamic financing and related assets | | (32,282,789) | (41,193,277) |
| Other assets | | 944,524 | (1,165,052) |
| | | (111,046,390) | (125,681,594) |
| Increase / (decrease) in operating liabilities | | | |
| Bills payable | | 926,569 | 1,192,661 |
| Due to financial institutions | | (3,065,979) | 4,089,920 |
| Deposits and other accounts | | 91,389,805 | 68,963,668 |
| Other liabilities | | (2,596,277) | 1,746,424 |
| | | 86,654,118 | 75,992,673 |
| Contribution to defined benefit plan | | (14,529,383) | (41,601,054) |
| Income tax paid | | (123,481) | (108,525) |
| | | (2,054,850) | (2,707,695) |
| Net cash used in operating activities | | (16,707,714) | (44,417,274) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net investments in: | | | |
| - available for sale securities | | 35,829,603 | 33,512,056 |
| - listed associated undertakings | | 1,573,940 | 3,516,358 |
| - unlisted associated undertakings | | - | (2,125) |
| Dividends received | | 624,197 | 283,817 |
| Investments in operating fixed assets | | (2,960,350) | (1,588,122) |
| Net cash inflow on acquisition | | 4,194,641 | 13,717,942 |
| Proceeds from sale of fixed assets | | 84,666 | 75,264 |
| Net cash generated from investing activities | | 39,346,697 | 49,515,190 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (3,008,128) | (2,004,935) |
| Net cash used in financing activities | | (3,008,128) | (2,004,935) |
| Increase in cash and cash equivalents | | 19,630,855 | 3,092,981 |
| Cash and cash equivalents at the beginning of the year | 32 | 35,229,841 | 32,136,860 |
| Cash and cash equivalents at the end of the year | 32 | 54,860,696 | 35,229,841 |

The annexed notes 1 to 46 and Annexure 1 form an integral part of these financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad
Abdul Aleem
Director



Muhammad
Zarrug Rajab
Director



Statement of Changes in Equity

For the year ended December 31, 2015

| | Share capital | Capital reserves | | Revenue reserves | Unappropriated profit | Total |
|--|----------------|--------------------|--|------------------|-----------------------|-------------|
| | | Statutory reserve* | Non - Distributable Capital Reserve - Gain on Bargain Purchase | General reserve | | |
| | Rupees in '000 | | | | | |
| Balance as at January 1, 2014 | 10,027,379 | 3,484,531 | - | 66,766 | 4,329,474 | 17,908,150 |
| Profit after taxation for the year | - | - | - | - | 4,570,086 | 4,570,086 |
| Other comprehensive income for the year | | | | | | |
| Remeasurements of defined benefit plan | - | - | - | - | (33,046) | (33,046) |
| Tax on remeasurements of defined benefit plan | - | - | - | - | 11,566 | 11,566 |
| | - | - | - | - | (21,480) | (21,480) |
| Transactions with owners recognised directly in equity | | | | | | |
| Final cash dividend for the year 2013 | - | - | - | - | (501,369) | (501,369) |
| Interim cash dividend for the year 2014 | - | - | - | - | (1,504,107) | (1,504,107) |
| | - | - | - | - | (2,005,476) | (2,005,476) |
| Gain on bargain purchase - Restated (note 4.1) | - | - | 2,823,440 | - | - | 2,823,440 |
| Transfer to statutory reserve | - | 914,017 | - | - | (914,017) | - |
| Balance as at December 31, 2014 - Restated | 10,027,379 | 4,398,548 | 2,823,440 | 66,766 | 5,958,587 | 23,274,720 |
| Profit after taxation for the year | - | - | - | - | 5,022,509 | 5,022,509 |
| Other comprehensive income for the year | | | | | | |
| Remeasurements of defined benefit plan | - | - | - | - | (40,521) | (40,521) |
| Tax on remeasurements of defined benefit plan | - | - | - | - | 14,182 | 14,182 |
| | - | - | - | - | (26,339) | (26,339) |
| Transactions with owners recognised directly in equity | | | | | | |
| Final cash dividend for the year 2014 | - | - | - | - | (1,253,422) | (1,253,422) |
| Interim cash dividend for the year 2015 | - | - | - | - | (1,754,791) | (1,754,791) |
| | - | - | - | - | (3,008,213) | (3,008,213) |
| Gain on bargain purchase (note 4.2) | - | - | 294,107 | - | - | 294,107 |
| Transfer to statutory reserve | - | 1,004,502 | - | - | (1,004,502) | - |
| Balance as at December 31, 2015 | 10,027,379 | 5,403,050 | 3,117,547 | 66,766 | 6,942,042 | 25,556,784 |

* This represents reserve created under section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 46 and Annexure 1 form an integral part of these financial statements.

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Mohammad
Abdul Aleem
Director

Muhammad
Zarrug Rajab
Director

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Ordinance, 1984, and its shares are quoted on the Karachi Stock Exchange (now "Pakistan Stock Exchange"). The Bank was registered as an 'Investment Finance Company' on August 08, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3 The Bank was operating through five hundred and fifty one branches as at December 31, 2015 (2014: four hundred and twenty eight). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan. The Bank acquired HSBC Bank Middle East Limited - Pakistan branches last year, while during the current year the Bank has acquired the Pakistan operations of HSBC Bank Oman S.A.O.G (HBON Branch Business).
- 1.4 Based on the financial statements of the Bank for the year ended December 31, 2014, the JCR - VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as "AA" and the short-term rating as "A1+" with stable outlook.
- 1.5 The Securities and Exchange Commission of Pakistan (SECP) vide its letter no. EMD/233/01/2002-1191 dated March 31, 2015 has granted exemption to the Bank from the preparation of consolidated financial statements of the Bank and its subsidiary company namely Al-Meezan Investment Management Limited (AMIML) for the year ended December 31, 2015, subject to the following conditions:
 - (i) It must be disclosed at conspicuous place in the annual financial statements of the Bank that annual audited financial statements of the subsidiary shall be available for inspection at the registered office of the Bank and would be available to the members on request without any cost; and
 - (ii) Annual Financial statements of the Bank must also disclose information regarding nature of auditors' qualification in the last audited financial statements of the subsidiary, if any.

The required information and disclosures relating to AMIML are given in note 11.9 to these financial statements.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah and Export Refinance under Islamic Export Refinance Scheme of the State Bank of Pakistan as briefly explained in note 7.3.

The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Shariah Advisor of the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



- 3.2 The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 IFRS 8 "Operating Segments" is effective for the Bank's accounting period beginning on or after January 01, 2009. All Banking Companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.
- 3.4 The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented and Balance Sheet shall be renamed as 'Statement of Financial Position'. The surplus / (deficit) on revaluation of available for sale (AFS) securities is now required to be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.
- 3.5 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these financial statements.
- 3.6 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**
- IFRS 13 fair value measurement was made applicable from period beginning on or after January 01, 2015 vide SECP circular 633(I)/2014 which resulted in additional disclosure as given in note 37.3 to these financial statements.
- There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.
- 3.7 **Standards, interpretations and amendments to published approved accounting standards that are not yet effective:**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2016:

| | Effective date (accounting periods beginning on or after) |
|---|---|
| - IFRS 15, 'Revenue from contracts' | 1-Jan-18 |
| - IFRS 14 – Regulatory Deferral Accounts | 1-Jan-16 |
| - IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment) | 1-Jan-16 |
| - IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of acceptable Method of Depreciation and Amortization (Amendment) | 1-Jan-16 |
| - Annual improvements 2014; IFRS 5, 'Non-current assets held for sale and discontinued operations'. IFRS 7, 'Financial instruments: disclosures'. IAS 19, 'Employee benefits'. | 1-Jan-16 |

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The management is in the process of assessing the impact of above standards on the financial statements of the Bank.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 01, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

4 BUSINESS COMBINATION

4.1 Acquisition of HSBC Bank Middle East Limited - Pakistan Branches Operations (HSBC ME)

Last year, the Bank completed the acquisition of HSBC Bank Middle East Limited - Pakistan branches (HSBC ME). This was effective from the close of business on October 17, 2014 under an agreement dated May 09, 2014. The management believed that the acquisition of the HSBC is a materialization of the Bank's strategy for promoting shariah compliant banking and targeting high profile customer base. The proposal for the acquisition and the scheme for amalgamation were approved by the Board of Directors and the shareholders of the Bank in their meetings held on April 23, 2014 and June 18, 2014 respectively.

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. The SBP vide its letter no. BPRD (R&P-02)/625-110/2014/24946 dated December 19, 2014 has given exemption to the Bank from recognition of Intangible assets on the business combination. Further, IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. However, adjustments arising consequent to completion of accounting for business combination under IFRS 3 are required to be incorporated in the financial statements with effect from the acquisition date. In the financial statements for the year ended December 31, 2014, the Bank had recorded the assets and liabilities of HSBC ME on provisional values which have been finalised in the current year.

The fair values and carrying amounts of assets and liabilities acquired are as follows:

| | Carrying Amounts as at October 17, 2014 | Fair Value Adjustment | Fair Value as at October 17, 2014 |
|---------------------------------------|--|--------------------------|---|
| | Rupees in '000 | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 12,221,592 | - | 12,221,592 |
| Balances with other banks | 1,496,350 | - | 1,496,350 |
| Financings | 7,441,561 | - | 7,441,561 |
| Operating fixed assets | 56,391 | - | 56,391 |
| Deferred tax asset - net | 312,015 | 284,900 | 596,915 |
| Other assets | 8,457,570 | (272,337) | 8,185,233 |
| | 29,985,479 | 12,563 | 29,998,042 |
| LIABILITIES | | | |
| Bills payable | 812,447 | - | 812,447 |
| Deposits and other accounts | 21,647,382 | - | 21,647,382 |
| Other liabilities | 475,886 | - | 475,886 |
| | 22,935,715 | - | 22,935,715 |
| Net assets acquired | 7,049,764 | 12,563 | 7,062,327 |

Details of the fair values of the net assets acquired, purchase consideration and gain on bargain purchase are as follows:

| | October 17, 2014 Rupees in '000 |
|-----------------------------------|---------------------------------------|
| Fair value of net assets acquired | 7,062,327 |
| Purchase Consideration | (4,238,887) |
| Gain on bargain purchase | 2,823,440 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



In compliance with the SBP's instruction issued vide letter no. BPRD (R&P-02) / 625-110-2014-11729 dated September 22, 2014, the management has recognised the amount of gain on bargain purchase through the statement of changes in equity as 'Non-Distributable Capital Reserve'. This gain as per the above-mentioned SBP's letter may become available for distribution as stock dividend only with prior approval of the SBP. Further, the Bank may, before distribution of the gain as stock dividend, adjust any subsequent provisions / deficit assessed by the Bank or recommended by the Banking Inspection Department of the SBP in subsequent inspections in the acquired portfolio of the HSBC (which will be adjusted against this reserve).

The fair value of the gross contractual receivables representing financings as at the acquisition date amounts to Rs 7,441 million. Gross contractual amounts for the aforementioned receivables due is Rs 8,663 million. The management believes that out of the total gross contractual receivables, a gross contractual amount of Rs 1,222 million is expected to be uncollectable.

4.2 Acquisition of HSBC Bank Oman S.A.O.G. - Pakistan Branch (HBON) Operations

During the current year, the Bank completed the acquisition of HSBC Bank Oman S.A.O.G. - Pakistan Branch (HBON). This is effective from the close of business on November 06, 2015 under an agreement dated June 25, 2015.

The proposal for the acquisition and the scheme for amalgamation were approved by the Board of Directors and the shareholders of the Bank in their meetings held on October 21, 2014 and September 29, 2015 respectively. For the purposes of these financial statements, the Bank has incorporated the balances relating to HBON at their carrying values as appearing in the audited financial statements of HBON on the close of business on November 06, 2015.

These balances are detailed below:

| | November 06, 2015 |
|---------------------------------------|----------------------|
| | Rupees in '000 |
| ASSETS | |
| Cash and balances with treasury banks | 8,501 |
| Balances with other banks | 9,411 |
| Operating fixed assets | 3,193 |
| Other assets | 4,177,748 |
| | 4,198,853 |
| LIABILITIES | |
| Bills payable | 13,929 |
| Borrowings | 1,210,112 |
| Deposits and other accounts | 9,585 |
| Other liabilities | 9,687 |
| | 1,243,313 |
| Net assets acquired | 2,955,540 |

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. The SBP vide its letter no. BPRD (R&P-02)/625-114/2015/23895 dated October 28, 2015 has given exemption to the Bank from recognition of Intangible assets on the business combination. The fair valuation exercise of recorded assets and liabilities will be completed within the period specified under IFRS 3.

Details of the carrying values of the net assets acquired, purchase consideration and gain on bargain purchase are as follows:

| | November 06, 2015 |
|---------------------------------------|----------------------|
| | Rupees in '000 |
| Carrying value of net assets acquired | 2,955,540 |
| Purchase Consideration | (2,661,433) |
| Gain on bargain purchase | 294,107 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

Under IFRS 3 (revised) a bargain purchase represents an economic gain, which should be immediately recognised by the acquirer. In compliance with the SBP's instruction issued vide letter no. BPRD (R&P-02)/625-114/2015/23895 dated October 28, 2015, the management has recognised the amount of gain on bargain purchase through the statement of changes in equity as 'Non-Distributable Capital Reserve', instead of recognising it in the profit and loss account which is required under IFRS 3 (revised). This gain as per the afore-mentioned SBP's letter may become available for distribution as stock dividend only with prior approval of the SBP. Further, the Bank may, before distribution of the gain as stock dividend, adjust any subsequent provisions / deficit assessed by the Bank or recommended by the Banking Inspection Department of the SBP in subsequent inspections in the acquired portfolio of the HSBC (which will be adjusted against this reserve). The receipt of the capital balance and the payment of purchase consideration will be made through the State Bank of Pakistan.

Further, as noted above, the above gain does not incorporate the adjustments which will be recorded after completion of the fair value exercise of recorded assets and liabilities.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Bank financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- (a) Classification of investments in accordance with the Bank's policy (notes 7.4 and 11).
- (b) Provision against non-performing Islamic financing and related assets (notes 7.3.2 and 12).
- (c) Impairment of investments in equity instruments of subsidiary, associates and non associate entities (notes 7.4.5 and 11).
- (d) Accounting for defined benefit plan (notes 7.11 and 34).
- (e) Depreciation / amortisation of operating fixed assets (notes 7.5 and 13).
- (f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 7.7, 14, 19 and 30).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

6 BASIS OF MEASUREMENT

6.1 These financial statements have been prepared under the historical cost convention except that certain investments and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and employees compensated leave absences are carried at present value.

6.2 Functional and Presentation Currency

These financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency.

6.3 Rounding off

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

7.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

Notes to and forming part of the Financial Statements

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7.2 Due to / from financial and other institutions

Bai Muajjal

In Bai Muajjal, the Bank sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Bank invests in the shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

Musharaka from State Bank of Pakistan under IERS

Under IERS, the Bank accepts funds from the SBP under shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

7.3 Islamic financing and related assets

Murabaha

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Ijarah

In Ijarah financing, the Bank provides the asset on pre-agreed rentals for specific tenors to the customers.

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed alongwith profit is paid back to the Bank.

Tijarah

In Tijarah financing, the Bank purchases specific goods / commodities on cash basis from its customers for onward sale by the customer on behalf of the Bank and on subsequent sale, the financed amount alongwith profit is paid back by the customer to the Bank.

Diminishing Musharakah

In Diminishing Musharakah financing, the Bank enters into Musharakah based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharakah share and also periodically purchases Bank's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah Period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

In Bai Muajjal financing, the Bank sells Shariah compliant sukuk on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

Service Ijarah

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

Musawwamah

In Musawwamah financing, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

- 7.3.1 Islamic financing and related assets are stated net of specific and general provisions against non-performing Islamic financing and related assets which are charged to the profit and loss account.

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financings are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

7.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

The Bank determines provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP.

General provision

In accordance with the Prudential Regulations issued by the SBP, the Bank maintains general provisions as follows:

| | Secured | Unsecured |
|-----------------------------|---------|-----------|
| Consumer financings | 1.5% | 5.0% |
| Small enterprise financings | 1.0% | 2.0% |

In addition to the above mentioned requirements, the Bank has also created the general provision in respect of financings against potential losses present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank.

The net provisions made / reversed during the year is charged to profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

7.3.3 Inventories

The Bank values its inventories at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale.

7.4 Investments

7.4.1 Classification

The Bank classifies its investments as follows:

- Held for trading

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



- **Held to maturity**

These are investments with fixed or determinable payments and maturity that the Bank has the positive intent and ability to hold till maturity.

- **Available for sale**

These are investments, which do not fall under 'held for trading' or 'held to maturity' categories.

- **Associates**

Associates are all entities over which the Bank has significant influence but not control.

- **Subsidiary**

Subsidiary is an entity over which the Bank has control.

7.4.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date on which the Bank commits to purchase or sell the investments.

7.4.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

7.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- **Held for trading**

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the net profit and loss for the year.

- **Held to maturity**

These are measured at amortised cost using the effective profit rate method, less any impairment loss recognised to reflect irrecoverable amount.

- **Available for sale**

In accordance with the requirements specified by the SBP, quoted securities (other than those classified as 'held to maturity' and 'investments in associates and subsidiary'), are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the Statement of Comprehensive Income but is kept in a separate account which is shown in the Statement of Financial Position below equity.

- **Investments in associates and subsidiary**

Investment in associates and subsidiary is carried at cost less accumulated impairment losses, if any.

7.4.5 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position below equity is removed

Notes to and forming part of the Financial Statements

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therefrom and is recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investment in associates and subsidiary

In respect of investment in associates and subsidiary, the Bank reviews their carrying values at each reporting date to assess whether there is an indication of impairment.

Such indication may include significant and prolonged decline in the market value, significant changes with an adverse impact on the entity, carrying amount of net assets in excess of market capitalisation etc. Management also takes into account that these investments are held for long term and therefore considers decline of up to 40% in value (applying significant decline criteria) and up to 12 months (for applying prolonged criteria) for the purposes of assessing significant and prolonged decline for listed investments. However, any threshold should be justifiable in view of other factors present for the entity. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the profit and loss account.

7.4.6 Cost of investment is determined on moving average basis.

7.5 Operating fixed assets

7.5.1 Tangible assets

Tangible operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 20,000 or less are not capitalised and are charged off in the month of purchase. Profit or loss on disposal of fixed assets is included in the profit and loss account currently.

7.5.2 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses, if any.

7.5.3 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the profit and loss account as and when incurred.

7.5.4 Depreciation / amortisation

Depreciation / amortisation is charged to the profit and loss account by applying the straight line method with the rates specified in notes 13.2 and 13.4 whereby the depreciable value of an asset is written off over its estimated service life. The Bank charges depreciation / amortisation from the month of acquisition and upto the month preceding the disposal.

7.5.5 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

7.5.6 Useful lives and residual values

Useful lives and residual values are reviewed at each Statement of Financial Position date and adjusted if impact on depreciation / amortisation is significant.

7.5.7 Impairment

The Bank assesses at each Statement of Financial Position date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the profit and loss account.

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For the year ended December 31, 2015



7.6 Ijarah Assets (IFAS 2)

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue.

- Depreciation

The Bank charges depreciation from the date of recognition of Ijarah of respective assets to mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

- Ijarah Rentals

Ijarah rentals outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortized cost.

- Impairment

Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

7.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or below equity, in which case it is recognised in equity or below equity.

Current

The charge for current taxation is based on expected taxable income for the year at the current rates of taxation, after taking into consideration available tax credits, rebates, tax losses, etc. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

7.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are stated at the lower of the financing amount and their market value at the time of acquisition. The Bank carries out periodic valuation of these assets and any decline in their value below the recognised amount is charged to the profit and loss account. These assets are disclosed in other assets as specified by the SBP.

7.9 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. No profit or loss is passed on to current account depositors. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 50% of their profit as Incentive profits (Hiba).

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Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

7.10 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to Bank's customers and liquidity management respectively under the Musharakah / Mudaraba modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool alongwith related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Bank has given General Hiba to the depositors of PKR General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of Bank's Shariah Advisor. However, Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank as its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of PKR, USD, GBP and Euro. The Bank maintains General Pools (PKR, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools

For General Pools (PKR, USD, EUR, GBP), the Bank allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in the note 41.1.1.1. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank of Pakistan, Bai Muajjal with Government of Pakistan are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Due to limited investment options in USD, GBP and EURO pool, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

IERS Pools

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools

The FI pool assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pool comprise of Musharakah/Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Equity Pools

All other assets including fixed assets, exposure in shares, PKR Bai-Salam financings and subsidized financings to Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Bank as Mudarib in the general pools is responsible to finance costs/assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

7.11 Staff retirement benefits

Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on December 31, 2015.

During the current year a new End of Service unfunded defined benefit has been approved by the Board of Directors for the

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



benefit of the founding President and Chief Executive Officer of the Bank. The defined benefit obligation has been calculated by an independent actuary using the projected unit credit method. The valuation has been carried out on December 31, 2015.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

Defined contribution plan

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

7.12 Compensated absences

The Bank recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Statement of Financial Position. The provision has been recognised on the basis of actuarial valuation conducted as at December 31, 2015, on the basis of projected unit credit method.

7.13 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Statement of Financial Position are considered as non adjusting event and are recorded in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

7.14 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward contracts are reported in Rupees at exchange rates prevalent on the Statement of Financial Position date.

Forward contracts other than contracts with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contracts. Forward contracts with the SBP relating to foreign currency deposit are valued at spot rate prevailing at the Statement of Financial Position date. Exchange gains and losses are included in profit and loss account currently.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, acceptances and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

Translation gains and losses are included in the profit and loss account.

7.15 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each date of Statement of Financial Position and are adjusted to reflect the current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

7.16 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

7.17 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

7.18 Revenue recognition

- i) Profit on Murabaha and Commodity Murabaha is recognised on an accrual basis. Profit on murabaha transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date.
- ii) The Bank follows the finance method in recognising income on Ijarah contracts written upto December 31, 2008. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the mustajir.
- iii) Rental on Ijarah contracts written subsequent to December 31, 2008 under Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) are recognised as income on an accrual basis.
- iv) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- v) Profit on Diminishing Musharakah financings is recognised on an accrual basis.
- vi) Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vii) Profit on Tijarah and Istisna financings is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- viii) Profit on Service Ijarah is recognised on an accrual basis.
- ix) Profit on Sukuks is recognised on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield / profit method.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 200,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.
- xi) Dividend income is recognised when the Bank's right to receive dividend is established.
- xii) Gain or loss on sale of investments is included in the profit and loss account.
- xiii) Gain or loss on disposal of operating fixed assets, Ijarah assets and musharaka assets, if any, is taken to the profit and loss account in the period in which they arise.
- xiv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as permitted by the SBP, except where, in the opinion of the management, it would not be prudent to do so.

7.19 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Bank's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss account.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognised in the profit and loss account.

Acquisition of Non-Controlling Interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Bank. The excess of fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognised in equity.

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7.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

7.20.1 Business segments

Corporate Finance

Corporate Finance includes investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Retail Banking

It includes retail financings, deposits and banking services offered to its retail customers and small and medium enterprises.

Corporate and Commercial Banking

It includes project finance, export finance, trade finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers.

Agency Services

It includes depository receipts, custody, issuer and paying agents.

Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

7.20.2 Geographical segments

The Bank operates only in Pakistan.

7.21 Impairment

The carrying amount of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

| | Note | 2015 | 2014 |
|--|------|-------------------|-------------------|
| | | Rupees in '000 | |
| 8 CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| - local currency | | 10,796,938 | 7,304,820 |
| - foreign currencies | | 1,706,594 | 1,214,052 |
| With the State Bank of Pakistan in | | | |
| - local currency current accounts | 8.1 | 15,508,004 | 9,852,651 |
| - foreign currency current accounts | 8.1 | 3,038,669 | 2,623,520 |
| With the National Bank of Pakistan in | | | |
| - local currency current accounts | | 12,635,431 | 8,733,721 |
| | | <u>43,685,636</u> | <u>29,728,764</u> |

8.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|---|------|-------------------|------------------|
| | | Rupees in '000 | |
| 9 BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| - in current accounts | | 1,978,004 | 1,539,136 |
| - on deposit accounts / term deposit receipts | 9.1 | 4,000,000 | 2,000,000 |
| Outside Pakistan | | | |
| - in current accounts | | 2,089,623 | 852,178 |
| - in deposit accounts | 9.2 | 3,107,433 | 1,109,763 |
| | | <u>11,175,060</u> | <u>5,501,077</u> |

9.1 This carries profit at the rate of 6.5% per annum (2014: 9.5% per annum) and is due to mature by December 2016 (2014: January 2015).

9.2 The return on these balances is around 0.09% (2014: 0.14%) per annum.

| | Note | 2015 | 2014 |
|--|------|--------------------|-------------------|
| | | Rupees in '000 | |
| 10 DUE FROM FINANCIAL AND OTHER INSTITUTIONS | | | |
| Bai Muajjal: | | | |
| With Other Banks | 10.1 | 21,885,385 | 39,177,807 |
| With State Bank of Pakistan | 10.2 | 78,334,591 | 51,603,990 |
| With Government of Pakistan (through State Bank of Pakistan) | 10.3 | 69,394,946 | - |
| | 10.4 | 169,614,922 | 90,781,797 |
| Musharakah | 10.5 | 875,000 | - |
| Commodity Murabaha | | 26,066 | 26,066 |
| | | <u>170,515,988</u> | <u>90,807,863</u> |
| Provision against non-performing amounts due from financial and other institutions | 10.7 | (41,566) | (41,566) |
| | | <u>170,474,422</u> | <u>90,766,297</u> |

10.1 The average return on this financing is 7.39% (2014: 9.37%) per annum. The balances have maturities ranging between January 2016 to April 2016 (2014: January 2015 to June 2015).

10.2 The average return on this financing is 8.05% (2014: 9.53%) per annum. The balances have maturities ranging between February 2016 to March 2016 (2014: October 2015 to December 2015).

10.3 The average return on this financing is 5.99% per annum. The balances will mature in November 2016.

| | 2015 | 2014 |
|---|--------------------|-------------------|
| Rupees in '000 | | |
| 10.4 Bai Muajjal Placements | 181,671,755 | 97,533,990 |
| Less: Deferred income | (5,182,971) | (5,111,793) |
| Profit receivable shown in other assets | (6,873,862) | (1,640,400) |
| Bai Muajjal Placements | <u>169,614,922</u> | <u>90,781,797</u> |

10.5 The average return on this product is 5.86% (2014: Nil) per annum. The balances will mature in January 2016.

| | 2015 | 2014 |
|---|--------------------|-------------------|
| Rupees in '000 | | |
| 10.6 Particulars of due from financial and other institutions | | |
| In local currency | 170,474,422 | 90,766,297 |
| In foreign currencies | - | - |
| | <u>170,474,422</u> | <u>90,766,297</u> |

10.7 Provision against amounts due from financial and other institutions

| | | |
|-----------------|---------------|---------------|
| Opening balance | 41,566 | 41,866 |
| Less: Reversals | - | (300) |
| Closing balance | <u>41,566</u> | <u>41,566</u> |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



11 INVESTMENTS

11.1 Investments by types

| Note | 2015 | | | 2014 | | |
|--|------------------|---------------------|------------|------------------|---------------------|-------------|
| | Held by the Bank | Given as collateral | Total | Held by the Bank | Given as collateral | Total |
| Rupees in '000 | | | | | | |
| Available for sale securities | | | | | | |
| - Sukuks | 70,191,432 | - | 70,191,432 | 107,139,301 | - | 107,139,301 |
| - Shares / Units | 4,021,496 | - | 4,021,496 | 2,903,230 | - | 2,903,230 |
| 11.4 | 74,212,928 | - | 74,212,928 | 110,042,531 | - | 110,042,531 |
| In related parties | | | | | | |
| Subsidiary (unlisted) | | | | | | |
| - Shares | 63,050 | - | 63,050 | 63,050 | - | 63,050 |
| 11.5 | | | | | | |
| Associates (listed) | | | | | | |
| - Units of funds | 1,835,346 | - | 1,835,346 | 3,409,286 | - | 3,409,286 |
| 11.6 | | | | | | |
| Associates (unlisted) | | | | | | |
| - Shares | 28,125 | - | 28,125 | 28,125 | - | 28,125 |
| 11.7 | | | | | | |
| Investments at cost / carrying value | 76,139,449 | - | 76,139,449 | 113,542,992 | - | 113,542,992 |
| Less: Provision for diminution in value of investments and impairment | (445,385) | - | (445,385) | (324,292) | - | (324,292) |
| 11.8 | | | | | | |
| Investments net of provision | 75,694,064 | - | 75,694,064 | 113,218,700 | - | 113,218,700 |
| Surplus on revaluation of investments classified as 'available for sale' | 1,215,887 | - | 1,215,887 | 870,552 | - | 870,552 |
| 22 | | | | | | |
| Total investments at market value | 76,909,951 | - | 76,909,951 | 114,089,252 | - | 114,089,252 |

| | Note | 2015 | 2014 |
|--|------|----------------|-------------|
| | | Rupees in '000 | |
| 11.2 Investments by segments | | | |
| Federal Government Securities | | | |
| GOP Ijarah Sukuk | 11.4 | 48,183,702 | 88,715,134 |
| Sukuk certificates / bonds | | | |
| Sukuk Certificates | 11.4 | 14,515,543 | 11,708,002 |
| Global Sukuk Bonds | 11.4 | 7,492,187 | 6,716,165 |
| Fully paid up ordinary shares | | | |
| Listed companies | 11.4 | 3,432,671 | 2,463,424 |
| Unlisted companies | | | |
| - subsidiary | 11.5 | 63,050 | 63,050 |
| - associates | 11.7 | 28,125 | 28,125 |
| - others | 11.4 | 513,825 | 389,806 |
| Units of open end funds | | | |
| - associates | 11.6 | 1,835,346 | 3,409,286 |
| - others | 11.4 | 75,000 | 50,000 |
| Total investments at cost / carrying value | | 76,139,449 | 113,542,992 |
| Less: Provision for diminution in value of investments and impairment | 11.8 | (445,385) | (324,292) |
| Investments net of provision | | 75,694,064 | 113,218,700 |
| Surplus on revaluation of investments classified as 'available for sale' | 22 | 1,215,887 | 870,552 |
| Total investments at market value | | 76,909,951 | 114,089,252 |

11.3 Investments in Al-Meezan Investment Management Limited (subsidiary), Meezan Balanced Fund (associate), Al-Meezan Mutual Fund (associate) and Meezan Islamic Fund (associate) form part of strategic investment of the Bank.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

11.4 Quality of available for sale securities

The Bank holds investments in ordinary shares (nominal value of Rs 10 each, unless stated otherwise), sukuk certificates and other securities in the following investees:

| Name of the investee | | 2015 | 2014 | 2015 | 2014 | 2015 | | 2014 | |
|--|--------|--|------------|----------------|-----------|-----------------|--|------------------------|--|
| | Note | Number of shares / units / certificates | | Cost | | Market value | Entity rating long term / short term | Cost / Market value | Entity rating long term / short term |
| | | | | Rupees in '000 | | Rupees in '000 | | | |
| Ordinary shares | | | | | | | | | |
| Automobile and parts | | | | | | | | | |
| Agriauto Industries Limited | 11.4.1 | 84,042 | 84,042 | 5,279 | 5,279 | 17,397 | Unrated | 12,606 | Unrated |
| Pak Suzuki Motor Company Limited | | 164,860 | 119,860 | 37,885 | 19,591 | 81,655 | Unrated | 44,482 | Unrated |
| Honda Atlas Cars | | 562,000 | 166,500 | 104,590 | 22,425 | 134,284 | Unrated | 32,997 | Unrated |
| Indus Motor Company Limited | | 47,400 | 20,000 | 41,991 | 11,236 | 47,954 | Unrated | 17,606 | Unrated |
| Construction and materials (cement) | | | | | | | | | |
| Attock Cement Pakistan Limited | | 282,200 | - | 48,017 | - | 47,339 | Unrated | - | Not Applicable |
| D.G. Khan Cement Company Limited | | 1,423,546 | 1,358,546 | 144,074 | 92,115 | 210,101 | Unrated | 150,160 | Unrated |
| Fauji Cement Company Limited | | 3,844,500 | 3,519,500 | 69,115 | 57,333 | 141,554 | Unrated | 90,944 | Unrated |
| Lucky Cement Company Limited | | 575,615 | 573,015 | 240,947 | 167,280 | 284,953 | Unrated | 286,668 | Unrated |
| Kohat Cement Limited | | 351,400 | 276,400 | 51,253 | 36,915 | 84,645 | Unrated | 52,756 | Unrated |
| Pioneer Cement Limited | | 325,000 | 275,000 | 18,269 | 13,761 | 29,530 | Unrated | 23,543 | Unrated |
| Maple Leaf Cement Factory Limited | | 550,000 | - | 32,133 | - | 41,019 | A / A1 | - | Not Applicable |
| Cherat Cement Company Limited | | 238,000 | - | 21,615 | - | 21,463 | A / A1 | - | Not Applicable |
| Electricity | | | | | | | | | |
| The Hub Power Company Limited | | 3,237,390 | 3,237,390 | 140,195 | 140,195 | 332,156 | AA+ / A1+ | 253,682 | AA+/A1+ |
| Pakgen Power Limited | | 787,500 | - | 22,559 | - | 23,176 | AA / A1+ | - | Not Applicable |
| K-Electric Limited | | 9,500,000 | - | 72,627 | - | 70,680 | AA / A1 | - | Not Applicable |
| Lal Pir Power Limited | | 1,559,500 | - | 50,954 | - | 46,380 | AA+ / A1+ | - | Not Applicable |
| Oil and gas | | | | | | | | | |
| Mari Petroleum Company Limited | | 312,600 | 277,600 | 123,367 | 98,867 | 217,926 | Unrated | 131,985 | Unrated |
| Pakistan State Oil Company Limited | | 723,790 | 663,791 | 173,228 | 148,873 | 235,789 | AA / A1 | 237,577 | AA+ / A1+ |
| Pakistan Oilfields Limited | | 880,626 | 660,626 | 370,554 | 310,281 | 236,025 | Unrated | 250,615 | Unrated |
| Oil and Gas Development Company Limited | | - | 1,039,065 | - | 235,040 | - | Not Applicable | 213,912 | AAA/A+ |
| Pakistan Petroleum Limited | | 846,647 | 1,246,648 | 153,871 | 226,568 | 103,130 | Unrated | 220,058 | Unrated |
| Sui Northern Gas Pipeline Limited | | - | 700,000 | - | 16,192 | - | Not Applicable | 20,097 | AA/ A1+ |
| Attock Refinery Limited | | 54,900 | 18,900 | 11,566 | 4,014 | 11,632 | AA / A1+ | 3,549 | AA/ A1+ |
| Hascol Petroleum Limited | | 26,760 | - | 2,461 | - | 3,860 | A+ / A1 | - | Not Applicable |
| Chemicals | | | | | | | | | |
| Engro Corporation Limited | | 615,800 | 200,000 | 165,102 | 43,184 | 172,048 | AA / A1+ | 44,302 | AA |
| Fauji Fertilizer Bin Qasim Limited | | - | 648,000 | - | 25,095 | - | Not Applicable | 29,296 | Unrated |
| Fauji Fertilizer Company Limited | | 903,248 | 2,003,250 | 96,143 | 213,229 | 106,565 | Unrated | 234,601 | Unrated |
| ICI Pakistan Limited | | 104,965 | 102,865 | 34,026 | 33,086 | 50,805 | Unrated | 47,571 | Unrated |
| Fatima Fertilizer Company Limited | | 1,634,000 | - | 61,334 | - | 73,089 | AA- / A1 | - | Not Applicable |
| Ghani Gases Limited | | 100,000 | - | 2,657 | - | 2,644 | Unrated | - | Not Applicable |
| General industries | | | | | | | | | |
| Packages Limited | | 666,879 | 523,879 | 280,633 | 190,067 | 388,197 | AA / A1+ | 355,344 | AA/A1+ |
| Cherat Packaging Limited | | 92,900 | - | 28,965 | - | 28,159 | Unrated | - | Not Applicable |
| The Searle Company Limited | | 266,080 | - | 85,712 | - | 105,296 | Unrated | - | Not Applicable |
| Abbot Laboratories | | 25,000 | - | 16,509 | - | 15,875 | Unrated | - | Not Applicable |
| Ferozsons Laboratories | | 70,550 | - | 52,227 | - | 78,035 | Unrated | - | Not Applicable |
| Personal goods (textile) | | | | | | | | | |
| Nishat Mills Limited | | 1,879,100 | 1,874,000 | 182,905 | 182,555 | 178,270 | AA / A1+ | 226,735 | AA/A1+ |
| Fixed line telecommunication | | | | | | | | | |
| Pakistan Telecommunication Company Limited (A) | | 5,439,899 | 4,328,399 | 88,049 | 106,950 | 89,704 | Unrated | 99,683 | Unrated |
| Food Producers | | | | | | | | | |
| Engro Foods Limited | | 290,250 | 471,250 | 35,917 | 51,815 | 42,548 | A+ | 51,149 | A+ |
| Al-Shaheer Corporation | | 324,000 | - | 23,626 | - | 20,146 | Unrated | - | Not Applicable |
| Jute | | | | | | | | | |
| Thal Limited | 11.4.1 | 69,100 | 55,000 | 15,152 | 11,478 | 17,505 | Unrated | 14,797 | Unrated |
| Electrical Goods | | | | | | | | | |
| Pak Elektron Limited | | 1,770,500 | - | 122,055 | - | 110,727 | A / A1 | - | Not Applicable |
| Engineering | | | | | | | | | |
| Crescent Steel & Allied Products Limited | | 661,875 | - | 73,403 | - | 82,317 | Unrated | - | Not Applicable |
| K.S.B Pumps Company Limited | | 31,000 | - | 7,929 | - | 7,920 | Unrated | - | Not Applicable |
| Real Estate Investment Trust | | | | | | | | | |
| Dolmen City REIT | | 8,712,120 | - | 95,833 | - | 93,481 | RR1 | - | Not Applicable |
| Miscellaneous | | | | | | | | | |
| Shifa International Hospitals | | 85,000 | - | 27,944 | - | 26,095 | Unrated | - | Not Applicable |
| | | 50,120,542 | 24,443,526 | 3,432,671 | 2,463,424 | 4,112,074 | | | |

Notes to and forming part of the Financial Statements

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| Name of the investee | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
|--|---------|--|------------|----------------|------------------------|--|--|
| | Note | Number of shares / units / certificates | | Cost | Cost / Market value | Entity rating long term / short term | Cost / Market value Entity rating long term / short term |
| | | | | Rupees in '000 | | Rupees in '000 | |
| Ordinary shares - unlisted (others) | | | | | | | |
| Sapphire Electric Company Limited - at cost * | | 21,201,068 | 21,201,068 | 318,864 | 318,864 | A+/A1 | 318,864 |
| S.W.I.F.T. SCRL - at cost | | 5 | 5 | 3,342 | 3,342 | Unrated | 3,342 |
| Fatima Energy Limited *** | | 19,161,883 | 6,760,000 | 191,619 | 67,600 | Unrated | 67,600 |
| | | 40,362,956 | 27,961,073 | 513,825 | 389,806 | | 389,806 |
| Units of open end fund | | | | | | | |
| Atlas Islamic Income Fund | | 98,894 | 98,894 | 50,000 | 50,000 | AA-(f) | 51,555 |
| NIT Islamic Equity Fund | | 2,500,000 | - | 25,000 | - | Not Applicable | - |
| | | 2,598,894 | 98,894 | 75,000 | 50,000 | - | 51,555 |
| GOP Sukuk | | | | | | | |
| Ijarah Sukuk Nine | | - | 232,302 | - | 23,230,410 | Not Applicable | 23,260,399 |
| Ijarah Sukuk Ten | | - | 111,755 | - | 11,181,446 | Not Applicable | 11,194,498 |
| Ijarah Sukuk Eleven | | - | 101,850 | - | 10,186,089 | Not Applicable | 10,210,463 |
| Ijarah Sukuk Twelve | | - | 169,802 | - | 16,996,204 | Not Applicable | 17,020,952 |
| Ijarah Sukuk Thirteen | | - | 163,433 | - | 16,344,585 | Not Applicable | 16,377,621 |
| Ijarah Sukuk Fourteen | 11.4.19 | 81,691 | 107,764 | 8,175,437 | 10,776,400 | Govt. Guaranteed | 10,800,108 |
| Ijarah Sukuk Sixteen | 11.4.20 | 400,000 | - | 40,008,265 | - | Govt. Guaranteed | - |
| | | 481,691 | 886,906 | 48,183,702 | 88,715,134 | | 88,864,041 |
| Sukuk Certificates | | | | | | | |
| WAPDA Second Sukuk Certificates | 11.4.2 | 346,000 | 346,000 | 576,667 | 865,000 | Govt. Guaranteed | 869,325 |
| Pakistan International Airlines - at cost | 11.4.3 | 300,000 | 300,000 | 1,500,000 | 1,500,000 | Govt. Guaranteed | 1,500,000 |
| Sui Southern Gas Company Limited I - at cost | 11.4.4 | 180,000 | 180,000 | 675,000 | 900,000 | AA-/A1+ | 900,000 |
| Sui Southern Gas Company Limited II - at cost | 11.4.5 | 100,000 | 100,000 | 416,667 | 500,000 | AA-/A1+ | 500,000 |
| Sui Southern Gas Company Limited III- at cost** | 11.4.6 | 400,000 | 400,000 | 2,000,000 | 2,000,000 | AA-/A1+ | 2,000,000 |
| Sui Southern Gas Company Limited IV- at cost** | 11.4.7 | 46,154 | - | 230,769 | - | AA-/A1+ | - |
| Engro Fertilizers Limited I - at cost | | - | 150,000 | - | 750,000 | Not Applicable | 750,000 |
| Engro Fertilizers Limited II - at cost | 11.4.8 | 100,000 | 100,000 | 475,000 | 500,000 | AA-/A1+ | 500,000 |
| Quetta Textile Mills Limited - at cost | 11.4.9 | 30,000 | 30,000 | 74,483 | 82,759 | Unrated | 82,759 |
| Arzoo Textile Mills Limited - at cost | 11.4.10 | 10,000 | 10,000 | 50,000 | 50,000 | Unrated | 50,000 |
| Sitara Peroxide Limited - at cost | 11.4.11 | 30,000 | 30,000 | 78,944 | 99,364 | Unrated | 99,364 |
| Liberty Power Tech Limited - at cost | 11.4.12 | 18,140,480 | 18,140,480 | 1,254,510 | 1,438,783 | A+ | 1,438,783 |
| Maple Leaf Cement Factory Limited - at cost | 11.4.13 | 40,000 | 40,000 | 67,075 | 108,325 | A/A1 | 108,325 |
| Amreli Steel Limited - at cost | 11.4.14 | 50,000 | 50,000 | 95,000 | 190,000 | A- | 190,000 |
| Ghani Glass Limited - at cost | | - | 100,000 | - | 306,380 | Unrated | 306,380 |
| Lalpur Power Limited - at cost | 11.4.15 | 290,000 | 200,000 | 1,450,000 | 1,000,000 | AA/A1+ | 1,000,000 |
| Pakistan Mobile Communications Limited - at cost | 11.4.16 | 560,000 | 243,478 | 2,800,000 | 1,217,391 | AA- | 1,217,391 |
| Albaraka Bank (Pakistan) Limited - at cost | 11.4.17 | 200 | 200 | 171,428 | 200,000 | A | 200,000 |
| K-Electric Limited - at cost | 11.4.18 | 520,000 | - | 2,600,000 | - | AA- | - |
| | | 21,142,834 | 20,420,158 | 14,515,543 | 11,708,002 | | 11,712,327 |
| Global Sukuk Bonds | | | | | | | |
| Wakala Global Sukuk | 11.4.21 | 725 | 725 | 75,936 | 72,847 | A3 | 74,713 |
| Abu Dhabi Sukuk Bonds | | - | 5,000 | - | 508,698 | Not Applicable | 514,484 |
| First Gulf Bank Sukuk | 11.4.22 | 5,000 | 5,000 | 532,327 | 518,585 | A2 | 527,639 |
| Saudi Electric Company Sukuk - 5 years | 11.4.23 | 5,000 | 5,000 | 529,196 | 511,878 | A1 | 507,440 |
| Saudi Electric Company Sukuk - 10 years | 11.4.24 | 5,000 | 5,000 | 552,758 | 534,742 | A1 | 533,399 |
| State of Qatar Sukuk - 10 years | 11.4.25 | 5,000 | 5,000 | 533,541 | 513,192 | AA2 | 510,424 |
| Qatar Islamic Bank I | 11.4.26 | 10,000 | 10,000 | 1,048,405 | 1,006,323 | A+ | 1,019,461 |
| Qatar Islamic Bank II | 11.4.27 | 5,000 | - | 520,143 | - | A+ | - |
| Republic of Indonesia Sukuk I | 11.4.28 | 5,000 | 5,000 | 523,705 | 502,416 | BAA3 | 475,604 |
| Republic of Indonesia Sukuk II | 11.4.29 | 5,000 | 5,000 | 526,208 | 505,095 | BAA3 | 500,657 |
| Republic of Indonesia Sukuk III | 11.4.30 | 5,000 | - | 524,099 | - | BAA3 | - |
| Sime Darby Berhad Global Sukuk - 5 years | 11.4.31 | 5,000 | 5,000 | 523,901 | 502,694 | A3 | 498,678 |
| Sime Darby Berhad Global Sukuk - 10 years | 11.4.32 | 5,000 | 5,000 | 527,875 | 506,980 | A3 | 490,583 |
| Hazine MV Sukuk I | 11.4.33 | 5,000 | 5,000 | 521,937 | 499,960 | BAA3 | 500,049 |
| Luxembourg Sukuk | 11.4.34 | 250 | 250 | 28,607 | 30,529 | AAA | 30,673 |
| Hong Kong Sukuk | 11.4.35 | 5,000 | 5,000 | 523,549 | 502,226 | AAA | 505,169 |
| | | 70,975 | 65,975 | 7,492,187 | 6,716,165 | | 6,688,973 |
| | | | | 74,212,928 | 110,042,531 | | 110,853,417 |

* The Chief Executive of Sapphire Electric Company Limited is Mr. Shahid Abdullah.

** These sukuk are in the process of being issued to the Bank.

*** The Chief Executive of Fatima Energy Limited is Mr. Fazal Ahmed Sheikh.

Notes to and forming part of the Financial Statements

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11.4.1 The nominal value of these shares is Rs 5 each.

| | Name of the security | Profit rate | Profit payment | Face value per certificate | Maturity date |
|---------|---|---|----------------|----------------------------|--------------------|
| 11.4.2 | WAPDA Second Sukuk | 6 months KIBOR minus 0.25% | Semi-annually | Rs 1,667 | July 13, 2017 |
| 11.4.3 | Pakistan International Airlines* | Not applicable | Semi-annually | Rs 5,000 | October 20, 2014 |
| 11.4.4 | Sui Southern Gas Company Limited I | 3 months KIBOR plus 0.75% | Quarterly | Rs 3,750 | May 17, 2017 |
| 11.4.5 | Sui Southern Gas Company Limited II | 3 months KIBOR plus 0.70% | Quarterly | Rs 4,167 | May 28, 2018 |
| 11.4.6 | Sui Southern Gas Company Limited III | 3 months KIBOR plus 0.40% | Quarterly | Rs 5,000 | October 30, 2019 |
| 11.4.7 | Sui Southern Gas Company Limited IV | 6 months KIBOR plus 0.5% | Semi-annually | Rs 5,000 | December 15, 2022 |
| 11.4.8 | Engro Fertilizers Limited II | 6 months KIBOR plus 1.75% | Semi-annually | Rs 4,750 | July 09, 2019 |
| 11.4.9 | Quetta Textile Mills Limited | 3 months KIBOR plus 3.00% | Quarterly | Rs 2,483 | March 26, 2020 |
| 11.4.10 | Arzoo Textile Mills Limited | Not applicable | Semi-annually | Rs 5,000 | April 14, 2014 |
| 11.4.11 | Sitara Peroxide Limited | 1 month KIBOR plus 1.00% | Monthly | Rs 2,631 | August 19, 2016 |
| 11.4.12 | Liberty Power Tech Limited | 3 months KIBOR plus 3.00% | Quarterly | Rs 69 | January 1, 2021 |
| 11.4.13 | Maple Leaf Cement Factory Limited | 3 months KIBOR plus 1.00% | Quarterly | Rs 1,677 | December 3, 2018 |
| 11.4.14 | Amreli Steel Limited | 3 months KIBOR plus 2.5% | Quarterly | Rs 1,900 | December 9, 2017 |
| 11.4.15 | Lalpir Power Limited | 6 months KIBOR plus 0.25% | Semi-annually | Rs 5,000 | February 18, 2016 |
| 11.4.16 | Pakistan Mobile Communications Limited | 3 months KIBOR plus 0.88% | Quarterly | Rs 5,000 | December 22, 2019 |
| 11.4.17 | Albaraka Islamic Bank B.S.C.(E.C) | 6 months KIBOR plus 1.25% | Semi-annually | Rs 857,142 | September 26, 2021 |
| 11.4.18 | K-Electric Limited | 3 months KIBOR plus 1% | Quarterly | Rs 5,000 | June 17, 2022 |
| 11.4.19 | GOP Ijarah Sukuk - XIV | Weighted average yield of 6 months treasury bills minus 30 basis points | Semi-annually | Rs 100,000 | March 28, 2016 |
| 11.4.20 | GOP Ijarah Sukuk - XVI | Weighted average yield of 6 months treasury bills minus 50 basis points | Semi-annually | Rs 100,000 | December 18, 2018 |
| 11.4.21 | Wakala Global Sukuk | 2.991 % p.a. | Semi-annually | USD 1,000 | July 6, 2016 |
| 11.4.22 | First Gulf Bank Sukuk | 4.046 % p.a. | Semi-annually | USD 1,000 | January 18, 2017 |
| 11.4.23 | Saudi Electric Company Sukuk - 5 years | 2.665 % p.a. | Semi-annually | USD 1,000 | April 3, 2017 |
| 11.4.24 | Saudi Electric Company Sukuk - 10 years | 4.211 % p.a. | Semi-annually | USD 1,000 | April 3, 2022 |
| 11.4.25 | State Of Qatar Sukuk - 10 years | 3.241 % p.a. | Semi-annually | USD 1,000 | January 18, 2023 |
| 11.4.26 | Qatar Islamic Bank -I | 2.5 % p.a. | Semi-annually | USD 1,000 | October 10, 2017 |
| 11.4.27 | Qatar Islamic Bank -II | 2.754 % p.a. | Semi-annually | USD 1,000 | October 27, 2020 |
| 11.4.28 | Republic of Indonesia Sukuk I | 3.3 % p.a. | Semi-annually | USD 1,000 | November 21, 2022 |
| 11.4.29 | Republic of Indonesia Sukuk II | 4.35 % p.a. | Semi-annually | USD 1,000 | September 10, 2024 |
| 11.4.30 | Republic of Indonesia Sukuk III | 4.325 % p.a. | Semi-annually | USD 1,000 | May 28, 2025 |
| 11.4.31 | Sime Darby Berhad Global Sukuk - 5 years | 2.053 % p.a. | Semi-annually | USD 1,000 | January 29, 2018 |
| 11.4.32 | Sime Darby Berhad Global Sukuk - 10 years | 3.29 % p.a. | Semi-annually | USD 1,000 | January 29, 2023 |
| 11.4.33 | Hazine MV Sukuk I | 2.803 % p.a. | Semi-annually | USD 1,000 | March 26, 2018 |
| 11.4.34 | Luxembourg Sukuk | 0.44 % p.a. | Semi-annually | EUR 1,000 | October 7, 2019 |
| 11.4.35 | Hong Kong Sukuk | 2.005 % p.a. | Semi-annually | USD 1,000 | September 18, 2019 |

*The maturity date of Sukuk was October 20, 2014. All the profits due has been received as per the terms and conditions of the Sukuk. The restructuring exercise of the Sukuk is currently underway however, profit payments are being received at a negotiated rate and recorded on receipt basis. The Sukuk carries guarantee from the Government of Pakistan.



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For the year ended December 31, 2015

11.5 Subsidiary (unlisted)

| Particulars | Note | 2015 | 2014 | 2015 | 2014 | Percentage of equity holding | Break up value per share | Latest available audited financial statements | Name of the chief executive |
|---|--------|------------------|-----------|----------------|--------|------------------------------|--------------------------|---|-----------------------------|
| | | Number of Shares | | Rupees in '000 | | % | Rupees | | |
| Al-Meezan Investment Management Limited (ordinary shares) | 11.5.1 | 3,250,000 | 3,250,000 | 63,050 | 63,050 | 65 | 544.89 | June 30, 2015 | Mr. Muhammad Shoaib |
| | | | | 63,050 | 63,050 | | | | |

11.5.1 The nominal value of these shares is Rs 100 each. These shares are placed in custody account with the Central Depository Company of Pakistan Limited. These shares cannot be sold without the prior approval of the SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

11.6 Associates (listed)

The Bank holds investments in units of Rs 50 each, unless stated otherwise, in the following listed investee entities:

| Name of the investee entity | Note | 2015 | 2014 | | 2015 | 2014 |
|---------------------------------------|--------|-----------------|------------|---------------------------------------|---------------------|-----------|
| | | Number of units | | Percentage of direct equity holding % | Cost Rupees in '000 | |
| Units of open end funds | | | | | | |
| Meezan Balanced Fund | 11.6.1 | 18,886,746 | 18,886,746 | Open end fund | 161,345 | 161,345 |
| Al-Meezan Mutual Fund | 11.6.1 | 10,336,191 | 9,921,033 | Open end fund | 46,957 | 46,957 |
| Meezan Islamic Fund | | 15,675,049 | 15,675,049 | Open end fund | 277,752 | 277,752 |
| KSE Meezan Index Fund | | 2,113,224 | 2,113,224 | Open end fund | 100,000 | 100,000 |
| Meezan Capital Preservation Fund - II | | 3,964,321 | - | Open end fund | 200,000 | - |
| Meezan Gold Fund | | 1,000,000 | - | Open end fund | 50,000 | - |
| Meezan Sovereign Fund | | 21,593,102 | 61,005,560 | Open end fund | 999,292 | 2,823,232 |
| | | | | | 1,835,346 | 3,409,286 |

11.6.1 The nominal value of these units is Rs 10 each.

11.6.2 The above associates are incorporated in Pakistan.

11.6.3 Investments in listed associates have a market value of Rs 2,907 million (2014: Rs 4,580 million).

11.7 Associates (unlisted)

The Bank holds investments in ordinary shares of Rs 10 each, unless stated otherwise, in the following unlisted investee companies:

| Name of the investee | 2015 | 2014 | 2015 | 2014 | Percentage of equity holding | Break up value per share | Latest available audited financial statements | Name of the chief executive |
|------------------------------------|------------------|-----------|----------------|--------|------------------------------|--------------------------|---|-----------------------------|
| | Number of shares | | Rupees in '000 | | % | Rupees | | |
| Pak Kuwait Takaful Company Limited | 2,812,500 | 2,812,500 | 28,125 | 28,125 | 6.25% | 1.28 | December 31, 2014 | Mr. Aziz Kapadia |
| Total | | | 28,125 | 28,125 | | | | |

11.7.1 The above associates are incorporated in Pakistan.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

11.8 Provision / (reversal of provision) against diminution in the value of investments.

| | 2015 | | | 2014 | | |
|-------------------------------------|----------------|----------|----------|------------|-----------|-----------|
| | Associates | Others | Total | Associates | Others | Total |
| | Rupees in '000 | | | | | |
| Opening balance | 13,186 | 311,106 | 324,292 | 28,186 | 393,963 | 422,149 |
| Charge / (reversal) for the year | | | | | | |
| - on associates (unlisted) | 11,328 | - | 11,328 | (1,000) | - | (1,000) |
| - on available for sale investments | | | | | | |
| - charge for the year | - | 163,280 | 163,280 | - | 101,045 | 101,045 |
| - reversal for the year | - | (53,515) | (53,515) | - | (183,902) | (183,902) |
| | 11,328 | 109,765 | 121,093 | (1,000) | (82,857) | (83,857) |
| Write-off against provision | - | - | - | (14,000) | - | (14,000) |
| Closing balance | 24,514 | 420,871 | 445,385 | 13,186 | 311,106 | 324,292 |

11.8.1 Particulars of provision in respect of type and segment

| | 2015 | 2014 |
|--|----------------|---------|
| | Rupees in '000 | |
| Associates - unlisted | | |
| Fully paid up-ordinary shares | 24,514 | 13,186 |
| Other - Available for sale securities | | |
| Fully paid up-ordinary shares | 189,841 | 59,666 |
| Sukuks | 231,030 | 251,440 |
| | 445,385 | 324,292 |

11.9 An extract of the reviewed statement of financial position of the Bank's subsidiary Al-Meezan Investment Management Limited as at December 31, 2015 is as follows:

| | 2015 | 2014 |
|---|----------------|-----------|
| | Unaudited | Unaudited |
| | Rupees in '000 | |
| STATEMENT OF FINANCIAL POSITION | | |
| ASSETS | | |
| Investments - at fair value through profit or loss | 2,823,740 | 2,449,069 |
| Receivable from related parties | 125,196 | 109,729 |
| Operating fixed assets | 104,692 | 86,383 |
| Prepayments, other receivables and long term deposits | 21,034 | 25,720 |
| Deferred taxation - net | 36,386 | 50,360 |
| Cash and bank balances | 52,288 | 55,487 |
| | 3,163,336 | 2,776,748 |
| EQUITY | | |
| Share capital | 500,000 | 500,000 |
| Unappropriated profit | 2,198,922 | 1,899,434 |
| | 2,698,922 | 2,399,434 |
| LIABILITIES | | |
| Creditors, accrued expenses and other liabilities | 431,581 | 358,126 |
| Taxation | 32,833 | 19,188 |
| | 3,163,336 | 2,776,748 |

The unaudited profit and loss account for the twelve months period ended December 31, 2015 is as follows:

| | For the twelve months period ended | |
|---------------------------------|------------------------------------|-----------|
| | 2015 | 2014 |
| | Unaudited | Unaudited |
| | Rupees in '000 | |
| PROFIT AND LOSS ACCOUNT | | |
| Operating income | 1,018,553 | 783,625 |
| Other operating income | 396,763 | 562,793 |
| Operating expenses | (635,600) | (530,889) |
| Financial charges and provision | - | (12,686) |
| Profit before taxation | 779,716 | 802,843 |
| Taxation | (179,325) | (129,386) |
| Profit after taxation | 600,391 | 673,457 |

Notes to and forming part of the Financial Statements

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11.9.1 The financial statements of the subsidiary company as at December 31, 2015 were reviewed by its statutory auditors who have expressed an unqualified conclusion thereon.

11.9.2 The annual audited financial statements of the subsidiary are available for inspection at the registered office of the Bank and would be available to the members on request without any cost.

| | Note | 2015 | 2014 |
|--|--------|--------------------|--------------------|
| | | Rupees in '000 | |
| 12 ISLAMIC FINANCING AND RELATED ASSETS | | | |
| In Pakistan | | | |
| - Murabaha financings | 12.1 | 12,197,556 | 16,759,330 |
| - Advances against Murabaha | | 1,848,265 | 3,126,233 |
| - Murabaha inventory | | 5,762,536 | 6,836,095 |
| - Financing under Islamic Export Refinance - Murabaha | 12.2 | 595,214 | 621,295 |
| - Advances against future Islamic Export Refinance - Murabaha | | 232,432 | 206,196 |
| - Net investment in Ijarah | | 238,011 | 262,539 |
| - Net book value of assets / investment in Ijarah under IFAS-2 | | 13,610,087 | 9,987,968 |
| | 12.3 | 13,848,098 | 10,250,507 |
| - Advances against future Ijarah | | 1,773,507 | 1,272,858 |
| - Istisna financings | | 777,841 | 5,353,073 |
| - Istisna advance | | 19,316,205 | 30,119,434 |
| - Istisna inventory | | 1,358,024 | 549,204 |
| - Financing under Islamic Export Refinance - Istisna | | 387,235 | 411,792 |
| - Financing under Islamic Export Refinance - Istisna - Inventory | | 818,114 | 144,939 |
| - Advances against Islamic Export Refinance - Istisna | | 6,348,823 | 4,239,117 |
| - Financing under Islamic Export Refinance - Musawammah | | 434,393 | - |
| - Advances against Islamic Export Refinance - Musawammah | | 60,000 | - |
| - Running Musharakah financings | | 42,315,235 | 23,215,324 |
| - Financing under Islamic Export Refinance - Running Musharakah | | 6,030,000 | 5,520,154 |
| - Diminishing Musharakah financings - Housing | | 6,918,394 | 4,546,072 |
| - Diminishing Musharakah financings - Others | | 51,538,252 | 36,692,929 |
| - Advances against Diminishing Musharakah | | 6,632,827 | 4,522,833 |
| - Tijarah financings | | 278,911 | 477,802 |
| - Tijarah inventory | | 4,237,102 | 1,121,191 |
| - Financing under Islamic Export Refinance - Tijarah | | 129,600 | 170,700 |
| - Financing under Islamic Export Refinance - Tijarah - Inventory | | 685,800 | 484,700 |
| - Financings against bills - Salam | | 7,343,900 | 6,656,647 |
| - Financings against bills - Murabaha - Advance | | 1,738 | 1,738 |
| - Salam Financing - Inventory | | - | 7,402,272 |
| - Salam Financing - Advances | | 5,000,000 | 3,000,055 |
| - Bai Muajjal financings | 12.4 | 863,631 | 376,596 |
| - Advances against future Service Ijarah | | 770,456 | 1,103,412 |
| - Musawammah financings | 12.5 | 7,827,479 | 905,100 |
| - Advances against Musawammah | | 2,396,596 | - |
| - Musawammah Inventory | | 1,666,407 | 1,500,815 |
| - Labbaik (Qard for Hajj and Umrah) | | 4,725 | 7,796 |
| - Staff financings | 12.6 | 2,183,244 | 1,550,862 |
| - Other financings | 12.12 | 3,193,123 | 4,138,477 |
| Gross Islamic financing and related assets | | 215,775,663 | 183,285,548 |
| Less: Provision against non-performing Islamic financings | 12.9 | (8,206,840) | (7,573,606) |
| Islamic financing and related assets - net of provision | 12.7 | 207,568,823 | 175,711,942 |
| 12.1 Murabaha receivable - gross | 12.1.1 | 12,709,277 | 17,476,680 |
| Less: Deferred murabaha income | | (141,759) | (275,959) |
| Profit receivable shown in other assets | | (369,962) | (441,391) |
| Murabaha financings | | 12,197,556 | 16,759,330 |
| 12.1.1 Murabaha sale price | | 12,709,277 | 17,476,680 |
| Murabaha purchase price | | (12,197,556) | (16,759,330) |
| | | 511,721 | 717,350 |

Notes to and forming part of the Financial Statements

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| | 2015 | 2014 |
|--|----------------|----------------|
| | Rupees in '000 | |
| 12.2 Financing under Islamic Export Refinance - Murabaha - gross | 613,268 | 649,732 |
| Less: Deferred income | (5,693) | (11,114) |
| Profit receivable shown in other assets | (12,361) | (17,323) |
| Financing under Islamic Export Refinance - Murabaha | <u>595,214</u> | <u>621,295</u> |

12.3 Net investment in Ijarah including net book value of assets / investments under Ijarah in IFAS-2

| | 2015 | | | |
|--|-------------------------|---|-----------------|-------------------|
| | Not later than one year | Later than one and less than five years | Over five years | Total |
| | Rupees in '000 | | | |
| Ijarah rentals receivable | 8,623,904 | 9,886,893 | 174,430 | 18,685,227 |
| Residual value | 920,506 | 4,307,346 | 30,626 | 5,258,478 |
| Minimum Ijarah payments | 9,544,410 | 14,194,239 | 205,056 | 23,943,705 |
| Less: Profits for future periods | (3,559,268) | (6,387,926) | (148,413) | (10,095,607) |
| Present value of minimum Ijarah payments | <u>5,985,142</u> | <u>7,806,313</u> | <u>56,643</u> | <u>13,848,098</u> |

| | 2014 | | | |
|--|-------------------------|---|-----------------|-------------------|
| | Not later than one year | Later than one and less than five years | Over five years | Total |
| | Rupees in '000 | | | |
| Ijarah rentals receivable | 6,772,448 | 6,630,050 | 161,464 | 13,563,962 |
| Residual value | 670,201 | 2,956,186 | 13,726 | 3,640,113 |
| Minimum Ijarah payments | 7,442,649 | 9,586,236 | 175,190 | 17,204,075 |
| Less: Profits for future periods | (2,428,181) | (4,397,132) | (128,255) | (6,953,568) |
| Present value of minimum Ijarah payments | <u>5,014,468</u> | <u>5,189,104</u> | <u>46,935</u> | <u>10,250,507</u> |

12.3.1 Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs 8,152 million (2014: Rs 6,246 million).

| | 2015 | 2014 |
|---|------------------|----------------|
| | Rupees in '000 | |
| 12.4 Bai Muajjal financings - gross | 898,512 | 390,729 |
| Less: Deferred income | (20,945) | (13,656) |
| Profit receivable shown in other assets | (13,936) | (477) |
| Bai Muajjal financings | <u>863,631</u> | <u>376,596</u> |
| 12.5 Musawammah financings - gross | 8,100,048 | 962,334 |
| Less: Deferred income | (180,515) | (45,064) |
| Profit receivable shown in other assets | (92,054) | (12,170) |
| Musawammah financings | <u>7,827,479</u> | <u>905,100</u> |

12.6 This includes Rs 252 million (2014: Rs 212 million) representing mark up free financings to staff advanced under the Bank's Human Resource Policies.

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| | 2015 | 2014 |
|---|--------------------|--------------------|
| | Rupees in '000 | |
| 12.7 Particulars of Islamic financing and related assets - net | | |
| 12.7.1 In | | |
| - local currency | 196,817,472 | 146,224,464 |
| - foreign currencies | 10,751,351 | 29,487,478 |
| | <u>207,568,823</u> | <u>175,711,942</u> |
| 12.7.2 Short-term (for upto one year) | 125,599,472 | 122,276,943 |
| Long-term (for over one year) | 81,969,351 | 53,434,999 |
| | <u>207,568,823</u> | <u>175,711,942</u> |

12.8 Islamic financing and related assets include Rs 7,064 million (2014: Rs 6,912 million) which have been placed under non-performing status as detailed below:

| | 2015 | | | | |
|-----------------------------------|------------------|----------|------------------|--------------------|------------------|
| Category of classification | Domestic | Overseas | Total | Provision required | Provision held |
| | Rupees in '000 | | | | |
| Other Assets Especially Mentioned | 1,544 | - | 1,544 | - | - |
| Substandard | 227,927 | - | 227,927 | 54,401 | 54,401 |
| Doubtful | 62,832 | - | 62,832 | 25,755 | 25,755 |
| Loss | 6,772,079 | - | 6,772,079 | 6,759,912 | 6,759,912 |
| | <u>7,064,382</u> | <u>-</u> | <u>7,064,382</u> | <u>6,840,068</u> | <u>6,840,068</u> |
| | 2014 | | | | |
| Category of classification | Domestic | Overseas | Total | Provision required | Provision held |
| | Rupees in '000 | | | | |
| Other Assets Especially Mentioned | 9,860 | - | 9,860 | 68 | 68 |
| Substandard | 221,543 | - | 221,543 | 45,468 | 45,468 |
| Doubtful | 753,051 | - | 753,051 | 371,665 | 371,665 |
| Loss | 5,927,924 | - | 5,927,924 | 5,867,889 | 5,867,889 |
| | <u>6,912,378</u> | <u>-</u> | <u>6,912,378</u> | <u>6,285,090</u> | <u>6,285,090</u> |

12.9 Particulars of provision against non-performing Islamic financing and related assets:

| | | 2015 | | |
|--------------------------------|-------|------------------|------------------|------------------|
| | Note | Specific | General | Total |
| | | Rupees in '000 | | |
| Opening balance | | 6,285,090 | 1,288,516 | 7,573,606 |
| Charge for the year | | 604,014 | 78,256 | 682,270 |
| Less: Reversals | | (256,362) | - | (256,362) |
| | | 347,652 | 78,256 | 425,908 |
| Transferred during the period* | | 207,661 | - | 207,661 |
| Amount written off | 12.10 | (335) | - | (335) |
| Closing balance | | <u>6,840,068</u> | <u>1,366,772</u> | <u>8,206,840</u> |

* This represents balances transferred from HSBC Bank Oman S.A.O.G.- Pakistan branch on acquisition of HSBC Bank Oman S.A.O.G - Pakistan branch operations.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| | Note | 2014 | | |
|--------------------------------|-------|----------------|-----------|-----------|
| | | Specific | General | Total |
| | | Rupees in '000 | | |
| Opening balance | | 4,608,918 | 1,242,923 | 5,851,841 |
| Charge for the year | | 765,109 | 27,022 | 792,131 |
| Less: Reversals | | (246,367) | - | (246,367) |
| | | 518,742 | 27,022 | 545,764 |
| Transferred during the period* | | 1,203,020 | 18,571 | 1,221,591 |
| Amount written off | 12.10 | (45,590) | - | (45,590) |
| Closing balance | | 6,285,090 | 1,288,516 | 7,573,606 |

* This represents balances transferred from HSBC Bank Middle East Limited - Pakistan branches on acquisition of HSBC Bank Middle East Limited - Pakistan branches operations.

12.9.1 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 1,125 million (2014: Rs 1,125 million) against financings made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

12.9.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The accumulated benefit availed as at December 31, 2015 amounts to Rs 25.3 million (2014: Rs 32 million). The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2015 amounts to Rs 16.4 million (2014: Rs 20.8 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

12.9.3 Particulars of provision against non-performing financings:

| | 2015 | | |
|-----------------------|----------------|-----------|-----------|
| | Specific | General | Total |
| | Rupees in '000 | | |
| In local currency | 6,638,401 | 1,366,772 | 8,005,173 |
| In foreign currencies | 201,667 | - | 201,667 |
| | 6,840,068 | 1,366,772 | 8,206,840 |

| | 2014 | | |
|-----------------------|----------------|-----------|-----------|
| | Specific | General | Total |
| | Rupees in '000 | | |
| In local currency | 6,091,323 | 1,288,516 | 7,379,839 |
| In foreign currencies | 193,767 | - | 193,767 |
| | 6,285,090 | 1,288,516 | 7,573,606 |

2015 2014
Rupees in '000

12.10 Particulars of write offs

| | | |
|---|-----|--------|
| Against provisions | 335 | 45,590 |
| Directly charged to the profit and loss account | - | - |
| | 335 | 45,590 |
| Write offs Rs 500,000 and above | - | 45,290 |
| Write offs below Rs 500,000 | 335 | 300 |
| | 335 | 45,590 |

Notes to and forming part of the Financial Statements

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12.10.1 Details of financings written off of Rs 500,000 and above

In term of sub-section(3) of section 33 A of the Banking Companies Ordinance, 1962, the statement in respect of written off financings or any other financial relief of five hundred thousand rupees or above allowed to any person is required to be disclosed. The details of financial relief allowed during the year is given as Annexure 1.

12.11 Particulars of financings to directors, associated companies etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons.

| | Note | 2015 | 2014 |
|--------------------------------------|---------|----------------|-----------|
| | | Rupees in '000 | |
| Balance at the beginning of the year | | 1,585,605 | 1,263,670 |
| Disbursements during the year | | 961,387 | 652,897 |
| Repayments during the year | | (324,727) | (330,962) |
| Balance at the end of the year | 12.11.1 | 2,222,265 | 1,585,605 |

Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members.

| | Note | 2015 | 2014 |
|--------------------------------------|---------|----------------|-----------|
| | | Rupees in '000 | |
| Balance at the beginning of the year | | - | 156,420 |
| Disbursements during the year | | 8,029,117 | - |
| Repayments during the year | | (7,084,730) | (156,420) |
| Balance at the end of the year | 12.11.2 | 944,387 | - |

Debts due by subsidiary companies, controlled firms, managed mudarabas and other related parties.

| | 2015 | 2014 |
|--------------------------------------|----------------|-----------|
| | Rupees in '000 | |
| Balance at the beginning of the year | - | 200,000 |
| Disbursements during the year | - | 100,000 |
| Repayments during the year | - | (300,000) |
| Balance at the end of the year | - | - |

12.11.1 These include loans given by the Bank to its employees as per the terms of their employment. The maximum total amount of financings including temporary financings granted during the year was Rs 2,222 million (2014: Rs 1,586 million). The maximum amount has been calculated by reference to the month end balance.

12.11.2 This represents Istisna and Running Mushahrakah facility to The Atlas Battery Limited, Engro Foods Limited and Engro Polymer and Chemicals Limited - associated companies (2014: Murabaha facility to The General Tyre and Rubber Company of Pakistan Limited - an associated company).

12.11.3 Financings to Executives and a Director

| | Executives | | Director | |
|-------------------------------|----------------|-----------|----------|------|
| | 2015 | 2014 | 2015 | 2014 |
| | Rupees in '000 | | | |
| Opening balance | 985,807 | 713,101 | - | - |
| Disbursements during the year | 645,828 | 406,009 | - | - |
| Repayments during the year | (130,404) | (133,303) | - | - |
| Closing balance | 1,501,231 | 985,807 | - | - |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

12.12 This includes financings transferred from HSBC - Middle East and HSBC Bank Oman S.A.O.G - Pakistan branch operations consequent to acquisition of HSBC - Pakistan Operations (2014: HSBC - Middle East).

| 13 | OPERATING FIXED ASSETS | Note | 2015 | 2014 |
|------|---|------|----------------|-----------|
| | | | Rupees in '000 | |
| | Capital work-in-progress | 13.1 | 425,560 | 195,815 |
| | Property and equipment | 13.2 | 7,177,915 | 5,581,937 |
| | | | 7,603,475 | 5,777,752 |
| | Intangible assets | 13.4 | 453,268 | 495,487 |
| | | | 8,056,743 | 6,273,239 |
| 13.1 | Capital work-in-progress | | | |
| | - Land and building (including advances to suppliers and contractors for building renovation) | | 190,656 | 30,490 |
| | - Advances for computer hardware | | 21,679 | 47,596 |
| | - Advances for purchase of vehicles | | 81,474 | 19,840 |
| | - Advances for computer software | | 7,291 | 29,257 |
| | - Advances for other office machines | | 111,796 | 53,478 |
| | - Advances for furniture and fixtures | | 12,664 | 15,154 |
| | | | 425,560 | 195,815 |

13.2 Property and equipment

| | 2015 | | | | | | | |
|---|-----------------------|--------------------------------------|-------------------------|--------------------------|--------------------------------------|-------------------------|--|------------------------|
| | COST | | | ACCUMULATED DEPRECIATION | | | Net book value as at December 31, 2015 | Rate of depreciation % |
| | As at January 1, 2015 | Additions / Transfers* / (deletions) | As at December 31, 2015 | As at January 1, 2015 | Charge / Transfers* / (on deletions) | As at December 31, 2015 | | |
| | Rupees in '000 | | | | | | | |
| Leasehold land | 939,417 | - | 939,417 | - | - | - | 939,417 | |
| Buildings on lease hold land | 1,296,993 | 11,958 | 1,308,951 | 244,596 | 60,242 | 304,838 | 1,004,113 | 5 |
| Leasehold improvements | 3,030,346 | 1,166,575 6,827 (35,762) | 4,167,986 | 1,099,912 | 310,072 6,778 (31,830) | 1,384,932 | 2,783,054 | 10 |
| Furniture and fixtures | 434,319 | 86,244 2,285 (12,166) | 510,682 | 209,850 | 40,707 1,943 (11,128) | 241,372 | 269,310 | 10 |
| Electrical, office and computer equipment | 2,798,614 | 1,028,685 18,067 (81,721) | 3,763,645 | 1,826,512 | 421,178 15,265 (78,859) | 2,184,096 | 1,579,549 | 10, 20 and 33 |
| Vehicles | 769,224 | 332,140 555 (125,801) | 976,118 | 306,106 | 166,119 555 (99,134) | 373,646 | 602,472 | 20 |
| | 9,268,913 | 2,625,602 27,734 (255,450) | 11,666,799 | 3,686,976 | 998,318 24,541 (220,951) | 4,488,884 | 7,177,915 | |

* These represent assets acquired from HSBC Oman S.A.O.G Pakistan Branch on acquisition of HSBC Oman S.A.O.G Pakistan branch operations.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



| | 2014 | | | | | | Net book value as at December 31, 2014 | Rate of depreciation % |
|---|-----------------------|---------------------------------------|-------------------------|--------------------------|---------------------------------------|-------------------------|--|------------------------|
| | COST | | | ACCUMULATED DEPRECIATION | | | | |
| | As at January 1, 2014 | Additions / Transfers** / (deletions) | As at December 31, 2014 | As at January 1, 2014 | Charge / Transfers** / (on deletions) | As at December 31, 2014 | | |
| | Rupees in '000 | | | | | | | |
| Leasehold land | 916,844 | 22,573 | 939,417 | - | - | - | 939,417 | |
| Buildings on lease hold land | 1,295,402 | 1,591 | 1,296,993 | 180,252 | 64,344 | 244,596 | 1,052,397 | 5 |
| Leasehold improvements | 2,232,449 | 579,016 221,552 (2,671) | 3,030,346 | 667,420 | 240,323 193,433 (1,264) | 1,099,912 | 1,930,434 | 10 |
| Furniture and fixtures | 312,539 | 50,942 71,651 (813) | 434,319 | 114,323 | 33,469 62,538 (480) | 209,850 | 224,469 | 10 |
| Electrical, office and computer equipment | 2,207,703 | 364,817 259,380 (33,286) | 2,798,614 | 1,265,058 | 342,673 248,422 (29,641) | 1,826,512 | 972,102 | 10, 20 & 33 |
| Vehicles | 612,849 | 245,601 16,096 (105,322) | 769,224 | 234,130 | 135,585 7,895 (71,504) | 306,106 | 463,118 | 20 |
| | 7,577,786 | 1,264,540 568,679 (142,092) | 9,268,913 | 2,461,183 | 816,394 512,288 (102,889) | 3,686,976 | 5,581,937 | |

**These represent assets acquired from HSBC Bank Middle East Limited - Pakistan Branches on acquisition of HSBC Bank Middle East Limited - Pakistan branches operations.

13.3 Property and equipment - Movement of net book value

| | Leasehold land | Buildings on leasehold land | Leasehold improvements | Furniture and fixtures | Electrical, office and computer equipments | Vehicles | Total |
|--|-------------------|-----------------------------------|---------------------------|---------------------------|---|-----------|-----------|
| | Rupees in '000 | | | | | | |
| At January 1, 2014 | | | | | | | |
| Cost | 916,844 | 1,295,402 | 2,232,449 | 312,539 | 2,207,703 | 612,849 | 7,577,786 |
| Accumulated depreciation | - | 180,252 | 667,420 | 114,323 | 1,265,058 | 234,130 | 2,461,183 |
| Net book value | 916,844 | 1,115,150 | 1,565,029 | 198,216 | 942,645 | 378,719 | 5,116,603 |
| Year ended December 31, 2014 | | | | | | | |
| Additions | 22,573 | 1,591 | 579,016 | 50,942 | 364,817 | 245,601 | 1,264,540 |
| Net book value of transfers | - | - | 28,119 | 9,113 | 10,958 | 8,201 | 56,391 |
| Net book value of disposals | - | - | (1,407) | (333) | (3,645) | (33,818) | (39,203) |
| Depreciation charge | - | (64,344) | (240,323) | (33,469) | (342,673) | (135,585) | (816,394) |
| Net book value as at December 31, 2014 | 939,417 | 1,052,397 | 1,930,434 | 224,469 | 972,102 | 463,118 | 5,581,937 |
| Year ended December 31, 2015 | | | | | | | |
| Additions | - | 11,958 | 1,166,575 | 86,244 | 1,028,685 | 332,140 | 2,625,602 |
| Net book value of transfers | - | - | 49 | 342 | 2,802 | - | 3,193 |
| Net book value of disposals | - | - | (3,932) | (1,038) | (2,862) | (26,667) | (34,499) |
| Depreciation charge | - | (60,242) | (310,072) | (40,707) | (421,178) | (166,119) | (998,318) |
| Net book value as at December 31, 2015 | 939,417 | 1,004,113 | 2,783,054 | 269,310 | 1,579,549 | 602,472 | 7,177,915 |

13.3.1 Included in cost of property and equipment are fully depreciated items which are still in use aggregating to Rs 1,928 million (2014: Rs 1,669 million).

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

13.3.2 Details of disposal of fixed assets to executives or other persons having cost more than Rs 1 million or net book value of Rs 250,000 or above are as follows:

| Description | Cost | Accumulated depreciation | Net book value | Sale proceeds | Mode of disposal | Particulars of purchaser |
|--|-------|--------------------------|----------------|---------------|------------------|---|
| Rupees in '000 | | | | | | |
| Items having book value in aggregate more than Rs 250,000 or cost more than Rs 1,000,000 | | | | | | |
| Vehicles | | | | | | |
| Suzuki Swift | 959 | 559 | 400 | 598 | MBL Staff Policy | Mr. Kunwar Zeeshan Shahid - Executive (Ex-Employee) |
| Honda Civic | 2,388 | 756 | 1,632 | 1,875 | MBL Staff Policy | Mr. Munawar Rizvi - Executive |
| Honda Civic | 2,067 | 1,378 | 689 | 1,059 | MBL Staff Policy | Mr. Sher Afsar Khan - Executive (Ex-Employee) |
| Honda Civic | 1,879 | 1,879 | - | 564 | MBL Staff Policy | Mr. Iqbal Ahmed - Executive (Ex-Employee) |
| Honda Civic | 1,879 | 1,879 | - | 564 | MBL Staff Policy | Mr. Nisar Ahmed Kiani - Executive |
| Honda Civic | 1,851 | 1,851 | - | 555 | MBL Staff Policy | Mr. Tasnimul Haq Farooqui - Executive |
| Toyota Corolla | 2,088 | 1,113 | 975 | 1,278 | MBL Staff Policy | Mr. Ghaffar Memon - Executive (Ex-Employee) |
| Toyota Corolla | 1,608 | 1,098 | 510 | 696 | MBL Staff Policy | Mr. Riaz Ahmed - Executive |
| Toyota Corolla | 1,554 | 1,114 | 440 | 779 | MBL Staff Policy | Mr. Ather Hassan - Executive |
| Toyota Corolla | 1,529 | 1,223 | 306 | 679 | MBL Staff Policy | Mr. Kamal Hussain - Executive |
| Toyota Corolla | 1,209 | 1,209 | - | 363 | MBL Staff Policy | Mr. Kazi Muhammad Iftikhar - Executive |
| Honda City | 1,626 | 976 | 650 | 973 | MBL Staff Policy | Mr. Zafar Kaleem - Executive (Ex-Employee) |
| Honda City | 1,480 | 1,011 | 469 | 816 | MBL Staff Policy | Mr. Omer Salimullah - Executive |
| Honda City | 1,388 | 1,319 | 69 | 442 | MBL Staff Policy | Mr. Imtiaz Ahmed - Executive |
| Honda City | 1,322 | 1,146 | 176 | 539 | MBL Staff Policy | Mr. Ameen Khowaja - Executive |
| Honda City | 1,319 | 1,319 | - | 396 | MBL Staff Policy | Mr. Maqbali Khan Maqbool - Executive |
| Honda City | 1,290 | 1,268 | 22 | 72 | MBL Staff Policy | Mr. Shoaeb Muhammad Shaikh - Executive |
| Honda City | 1,279 | 1,279 | - | 384 | MBL Staff Policy | Mr. Amir Khurshid Abbasi - Executive |
| Honda City | 1,258 | 1,258 | - | 377 | MBL Staff Policy | Mr. Sadiq Ur Rehman - Executive |
| Honda City | 1,255 | 1,255 | - | 377 | MBL Staff Policy | Mr. Syed Mubeen Ahmed - Executive |
| Honda City | 1,254 | 1,254 | - | 376 | MBL Staff Policy | Mr. Imran ul Haq Qureshi - Executive |
| Honda City | 1,239 | 1,239 | - | 372 | MBL Staff Policy | Mr. Syed Muhammad Zaki - Executive |
| Honda City | 1,238 | 1,238 | - | 371 | MBL Staff Policy | Mr. Afzal Mujtaba - Executive |
| Honda City | 1,238 | 1,238 | - | 371 | MBL Staff Policy | Mr. Tahir Mahmood Afzal Raja - Executive |
| Honda City | 1,232 | 1,232 | - | 370 | MBL Staff Policy | Mr. Muhammad Hafeez - Executive |
| Honda City | 1,209 | 1,209 | - | 363 | MBL Staff Policy | Mr. Muhammad Saadaat Khan - Executive |
| Mercedes Benz | 8,704 | 8,559 | 145 | 2,872 | MBL Staff Policy | Mr. Ariful Islam - Deputy Chief Executive Officer |
| Suzuki Cultus | 990 | 478 | 512 | 660 | MBL Staff Policy | Mr. Bilal Ahmed Qazi - Ex- Employee |
| Suzuki Cultus | 919 | 628 | 291 | 497 | MBL Staff Policy | Mr. Moez Yayah Bohra - Executive |
| Suzuki Cultus | 879 | 659 | 220 | 404 | MBL Staff Policy | Mr. Altaf Hasan Khan - Executive |
| Suzuki Cultus | 879 | 557 | 322 | 479 | MBL Staff Policy | Mr. Faisal Qamar - Executive |
| Suzuki Cultus | 878 | 746 | 132 | 395 | MBL Staff Policy | Mr. Syed Muhammad Fahad - Executive (Ex-Employee) |
| Suzuki Cultus | 878 | 732 | 146 | 370 | MBL Staff Policy | Mr. Tariq Mehraj - Executive |
| Suzuki Cultus | 870 | 708 | 162 | 381 | MBL Staff Policy | Mr. Farhan Ul Haq Usmani - Executive |
| Suzuki Cultus | 870 | 708 | 162 | 392 | MBL Staff Policy | Mr. Ali Nawaz Khan - Executive |
| Suzuki Cultus | 859 | 687 | 172 | 392 | MBL Staff Policy | Mr. Aneeq Ejaz Qureshi - Executive |
| Suzuki Cultus | 859 | 573 | 286 | 467 | MBL Staff Policy | Mr. Wise Ur Rehman - Executive |
| Suzuki Cultus | 830 | 788 | 42 | 279 | MBL Staff Policy | Mr. Muhammad Hisham - Executive |
| Suzuki Cultus | 830 | 788 | 42 | 249 | MBL Staff Policy | Mr. Muhammad Akram - Executive |
| Suzuki Cultus | 815 | 815 | - | 245 | MBL Staff Policy | Mr. Imran Asghar - Executive |
| Suzuki Cultus | 808 | 808 | - | 251 | MBL Staff Policy | Mr. Asad Amin - Executive |
| Suzuki Cultus | 805 | 805 | - | 242 | MBL Staff Policy | Mr. Syed Mashood Ali Shah - Executive |
| Suzuki Cultus | 798 | 718 | 80 | 273 | MBL Staff Policy | Mr. Omair Muhammad Khan - Executive (Ex-Employee) |
| Suzuki Cultus | 798 | 798 | - | 239 | MBL Staff Policy | Mr. Muhammad Asad Ullah - Executive |

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| Description | Cost | Accumulated depreciation | Net book value | Sale proceeds | Mode of disposal | Particulars of purchaser |
|----------------|---------|--------------------------|----------------|---------------|------------------|---|
| Rupees in '000 | | | | | | |
| Suzuki Cultus | 798 | 798 | - | 239 | MBL Staff Policy | Mr. Atique Ahmed Siddiqui - Executive |
| Suzuki Cultus | 798 | 785 | 13 | 239 | MBL Staff Policy | Mr. Muhammad Sohail Amjad - Executive |
| Suzuki Cultus | 796 | 796 | - | 239 | MBL Staff Policy | Mr. Shoaib ul Hassan - Executive |
| Suzuki Cultus | 795 | 795 | - | 239 | MBL Staff Policy | Mr. Ahmad Bilal - Executive |
| Suzuki Cultus | 784 | 784 | - | 235 | MBL Staff Policy | Mr. Umar Sultan - Executive |
| Suzuki Cultus | 784 | 784 | - | 235 | MBL Staff Policy | Mr. Mian Fawad Shah - Executive |
| Suzuki Cultus | 783 | 783 | - | 235 | MBL Staff Policy | Mr. Muhammad Sameer - Executive |
| Suzuki Cultus | 783 | 731 | 52 | 235 | MBL Staff Policy | Mr. Ghulam Qadir - Executive |
| Suzuki Cultus | 772 | 772 | - | 232 | MBL Staff Policy | Mr. Noor Muhammad Mazahir Executive - (Ex-Employee) |
| Suzuki Cultus | 759 | 759 | - | 228 | MBL Staff Policy | Mr. Muhammad Shahzad - Executive |
| Suzuki Cultus | 759 | 759 | - | 228 | MBL Staff Policy | Mr. Arshad Hamid Kiani - Executive |
| Suzuki Cultus | 759 | 759 | - | 228 | MBL Staff Policy | Mr. Faisal Hayat Khan - Executive |
| Suzuki Cultus | 759 | 759 | - | 228 | MBL Staff Policy | Mr. Mukhtar Ahmed - Executive |
| Suzuki Cultus | 759 | 759 | - | 228 | MBL Staff Policy | Mr. Qazi Ghulam Raza - Executive |
| Suzuki Cultus | 748 | 748 | - | 224 | MBL Staff Policy | Mr. Muhammad Arif Gurmani - Executive |
| Suzuki Alto | 470 | 470 | - | 387 | MBL Staff Policy | Mr. Muhammad Shahzad Ali Charania Executive |
| Honda City | 1,495 | 623 | 872 | 1,242 | Negotiation | Mr. Faisal Raza |
| Honda City | 1,346 | 920 | 426 | 1,117 | Negotiation | M/s Isha Enterprise |
| Honda City | 1,346 | 987 | 359 | 1,088 | Negotiation | Mr. Abrar Hussain |
| Honda City | 1,310 | 1,136 | 174 | 1,098 | Negotiation | Mr. Khurram Imtiaz |
| Honda City | 1,295 | 1,273 | 22 | 1,025 | Negotiation | Mr. Naveed Hassan |
| Honda Civic | 1,065 | 1,065 | - | 710 | Negotiation | Mr. Muhammad Ali |
| Toyota Corolla | 1,389 | 1,389 | - | 1,053 | Negotiation | Mr. Abrar Hussain |
| Toyota Corolla | 1,286 | 1,072 | 214 | 983 | Negotiation | Mr. Shah Fahad |
| Suzuki Swift | 1,029 | 309 | 720 | 1,039 | Negotiation | Mr. Syed Riaz Ahmed |
| Suzuki Cultus | 1,000 | 317 | 683 | 828 | Negotiation | Mr. Abrar Hussain |
| Suzuki Cultus | 999 | 433 | 566 | 774 | Negotiation | Mr. Usman Shahid |
| Suzuki Cultus | 999 | 433 | 566 | 693 | Negotiation | Mr. Sultan Hassan |
| Suzuki Cultus | 990 | 462 | 528 | 789 | Negotiation | Mr. Abid Ansar |
| Suzuki Cultus | 980 | 376 | 604 | 802 | Negotiation | Mr. Shah Fahad |
| Suzuki Cultus | 980 | 425 | 555 | 738 | Negotiation | Mr. Usman Shahid |
| Suzuki Cultus | 975 | 569 | 406 | 751 | Negotiation | Mr. Usman Shahid |
| Suzuki Cultus | 959 | 518 | 441 | 778 | Negotiation | Mr. Abid Ansar |
| Suzuki Cultus | 959 | 607 | 352 | 766 | Negotiation | Mr. Sheeraz Khan |
| Suzuki Cultus | 959 | 464 | 495 | 745 | Negotiation | Mr. Abrar Hussain |
| Suzuki Cultus | 959 | 495 | 464 | 798 | Negotiation | Mr. Abid Ansar |
| Suzuki Cultus | 959 | 464 | 495 | 667 | Negotiation | Mr. Abrar Hussain |
| Suzuki Cultus | 959 | 495 | 464 | 727 | Negotiation | Mr. Rana Khalil ur Rehman |
| Suzuki Cultus | 959 | 464 | 495 | 777 | Negotiation | Mr. Zahid Qadri |
| Suzuki Cultus | 955 | 446 | 509 | 693 | Negotiation | Mr. Rana Khalil ur Rehman |
| Suzuki Cultus | 939 | 501 | 438 | 656 | Negotiation | Mr. Abrar Hussain |
| Suzuki Cultus | 919 | 643 | 276 | 660 | Negotiation | Mr. Usman Shahid |
| Suzuki Cultus | 919 | 536 | 383 | 769 | Negotiation | Mr. Abid Ansar |
| Suzuki Cultus | 911 | 564 | 347 | 738 | Negotiation | Mr. Abid Ansar |
| Suzuki Cultus | 899 | 524 | 375 | 738 | Negotiation | Mr. Usman Shahid |
| Suzuki Cultus | 879 | 557 | 322 | 782 | Negotiation | Mr. Abrar Hussain |
| Suzuki Cultus | 855 | 584 | 271 | 692 | Negotiation | Mr. Shah Fahad |
| Toyota Corolla | 1,753 | 233 | 1,520 | 1,750 | Insurance Claim | Pak Kuwait Takaful Company Limited - Associated Company |
| Suzuki Cultus | 1,001 | 384 | 617 | 900 | Insurance Claim | Pak Kuwait Takaful Company Limited - Associated Company |
| Suzuki Cultus | 999 | 283 | 716 | 880 | Insurance Claim | Pak Kuwait Takaful Company Limited - Associated Company |
| | 110,239 | 85,447 | 24,792 | 57,821 | | |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| Description | Cost | Accumulated depreciation | Net book value | Sale proceeds | Mode of disposal | Particulars of purchaser |
|--|---------|--------------------------|----------------|---------------|------------------|---|
| Rupees in '000 | | | | | | |
| Furniture and Fixtures | 2,318 | 2,318 | - | 9 | Negotiation | Dilawar & Brothers |
| Electrical, office and computer equipments | | | | | | |
| Computer Equipment | 6,366 | 6,366 | - | 2 | Negotiation | Dilawar & Brothers |
| Computer Equipment | 1,256 | 1,256 | - | 11 | Negotiation | AS Computers |
| Office Equipment | 3,560 | 3,560 | - | 1,152 | Negotiation | Rajab Ali Co. |
| Office Equipment | 3,241 | 3,241 | - | 8 | Negotiation | Muhammad Siddiq & Brothers |
| Office Equipment | 1,076 | 1,076 | - | 41 | Negotiation | A.K. Traders |
| | 15,499 | 15,499 | - | 1,214 | | |
| Leasehold Improvements | | | | | | |
| Civil Works | 1,491 | 497 | 994 | 534 | Insurance Claim | Pak Kuwait Takaful Company Limited - Associated Company |
| Civil Works | 4,185 | 4,185 | - | 9 | Negotiation | Dilawar & Brothers |
| Civil Works | 5,285 | 5,285 | - | 203 | Negotiation | A.K. Traders |
| Civil Works | 16,715 | 16,715 | - | 52 | Negotiation | Majid Furniture |
| | 27,676 | 26,682 | 994 | 798 | | |
| | 155,732 | 129,946 | 25,786 | 59,842 | | |
| Items having book value in less than Rs 250,000 or cost less than Rs 1,000,000 | | | | | | |
| Furniture and Fixtures | 9,848 | 8,810 | 1,038 | 1,000 | | |
| Leasehold improvements | 8,086 | 5,147 | 2,939 | 2,597 | | |
| Electrical, office and computer equipment | 66,222 | 63,360 | 2,862 | 9,594 | | |
| Vehicles | 15,562 | 13,688 | 1,874 | 11,633 | | |
| | 255,450 | 220,951 | 34,499 | 84,666 | | |

13.4 Intangible assets

| | COST | | | ACCUMULATED AMORTISATION | | | Net book value as at December 31, 2015 | Rate of amortisation |
|-------------------|-----------------------|---------------------------|-------------------------|--------------------------|----------------------------------|-------------------------|--|----------------------|
| | As at January 1, 2015 | Additions during the year | As at December 31, 2015 | As at January 1, 2015 | Amortisation charge for the year | As at December 31, 2015 | | |
| | Rupees in '000 | | | | | | | |
| Computer software | 874,033 | 105,003 | 979,036 | 378,546 | 147,222 | 525,768 | 453,268 | 20 |
| 2014 | 511,577 | 362,456 | 874,033 | 267,955 | 110,591 | 378,546 | 495,487 | 20 |

13.5 Intangible assets - Movement of net book value

| | Year ended December 31, 2014 | | | | Year ended December 31, 2015 | | |
|-------------------|--------------------------------------|--------------------------|----------------------------------|--|------------------------------|----------------------------------|--|
| | Net book value as at January 1, 2014 | Addition during the year | Amortisation charge for the year | Net book value as at December 31, 2014 | Addition during the year | Amortisation charge for the year | Net book value as at December 31, 2015 |
| Rupees in '000 | | | | | | | |
| Computer software | 243,622 | 362,456 | 110,591 | 495,487 | 105,003 | 147,222 | 453,268 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



| 14 | DEFERRED TAX ASSET / (LIABILITY) | Note | 2015 | 2014 (Restated) |
|------|--|--------|----------------|--------------------|
| | | | | Rupees in '000 |
| | Deferred credits arising due to: | | | |
| | Excess of accounting book values over tax written down values of owned assets | | (769,710) | (553,604) |
| | Surplus on revaluation of available for sale investments | | (425,561) | (254,942) |
| | Deferred debits arising due to: | | | |
| | Provision against non-performing Islamic financing and related assets | | 168,219 | 658,188 |
| | Provision for diminution in value of investments | | 107,708 | 63,983 |
| | Income not accrued due to non-culmination of Islamic financings | | 441,074 | 581,196 |
| | Provision against non-banking assets acquired in satisfaction of claims and other assets | | 85,149 | 35,743 |
| | Losses brought forward from HSBC ME | | - | 284,900 |
| | | | (393,121) | 815,464 |
| 15 | OTHER ASSETS | | | |
| | Profit / return accrued in local currency | | 9,425,986 | 5,486,947 |
| | Profit / return accrued in foreign currencies | | 84,699 | 194,788 |
| | Advances, deposits, advance rent and other prepayments | 15.1 | 1,041,880 | 900,212 |
| | Dividends receivable | | 7,061 | 2,597 |
| | Stamps | | 3,998 | 7,670 |
| | Security deposits | | 95,198 | 88,947 |
| | Unrealised gain on forward foreign exchange contracts - net | 15.2 | 281,220 | 258,767 |
| | Non-Banking assets acquired in satisfaction of claims | 15.3 | 291,557 | 280,421 |
| | Advance for Investments | | 33,000 | 43,019 |
| | Receivable from SBP on account of settlement of capital of HSBC - ME | 4.1 | - | 7,453,848 |
| | Receivable from SBP on account of settlement of capital of HSBC Bank | | | |
| | Oman S.A.O.G - Pakistan branch operations | 4.2 | 2,661,433 | - |
| | Others | | 234,123 | 168,012 |
| | | | 14,160,155 | 14,885,228 |
| | Provision against other assets | 15.4 | (180,856) | (260,995) |
| | | | 13,979,299 | 14,624,233 |
| 15.1 | This includes prepaid rent and prepaid insurance aggregating Rs 501 million (2014: Rs 420 million) and Rs 325 million (2014: Rs 240 million) respectively which are being amortised over a period of one year. | | | |
| 15.2 | This is net of loss of Rs 396 million (2014: Rs 755 million) on forward foreign exchange contracts. | | | |
| 15.3 | The market value of the non-banking assets acquired in satisfaction of claims amount to Rs 267.958 million (2014: Rs 228 million). | | | |
| 15.4 | Provision against other assets | Note | 2015 | 2014 |
| | | | Rupees in '000 | |
| | Opening balance | | 260,995 | 178,252 |
| | Charge for the year | | 28,481 | 152,600 |
| | Reversals during the year | | (6,174) | (56,312) |
| | Amount written off | | (3,893) | (13,545) |
| | Amount adjusted upon conversion | 15.4.1 | (89,047) | - |
| | Amount adjusted and transferred to charity | 15.4.2 | (9,506) | - |
| | Closing balance | | 180,856 | 260,995 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

15.4.1 This represents provision adjusted amounting to Rs 89.047 million against accrued income on conventional products transferred from HSBC Pakistan Operations which has been successfully converted and made part of Shariah Compliant products. As per the Shariah Supervisory Board Guidelines of the Bank, the accrued income on conventional products cannot be claimed by the Bank unless the transaction is converted into a shariah compliant transaction and the income is earned on a permissible mode of finance by the Bank. Accordingly, the Bank has recovered the due amounts through shariah compliant products.

15.4.2 This represents accrued income on conventional products amounting to Rs 9.506 million which was recovered from customers who did not opt for conversion of their loans into Shariah Compliant products. The amount has been transferred to charity account.

As no financial relief was provided to the customers in the cases referred to in notes 15.4.1 and 15.4.2, they have not been included in Annexure 1.

| 16 | BILLS PAYABLE | Note | 2015 | 2014 |
|---------------|---|--------|-------------------|-------------------|
| | | | Rupees in '000 | |
| | In Pakistan | | 6,560,324 | 5,619,826 |
| | Outside Pakistan | | - | - |
| | | | <u>6,560,324</u> | <u>5,619,826</u> |
| 17 | DUE TO FINANCIAL INSTITUTIONS | | | |
| | In Pakistan | | 13,609,551 | 15,465,418 |
| | Outside Pakistan | | - | - |
| | | | <u>13,609,551</u> | <u>15,465,418</u> |
| 17.1 | Particulars of due to financial institutions with respect to currencies | | | |
| | In local currency | | 13,609,551 | 15,465,418 |
| | In foreign currencies | | - | - |
| | | | <u>13,609,551</u> | <u>15,465,418</u> |
| 17.2 | Details of due to financial institutions secured / unsecured | | | |
| | Secured | | | |
| | Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme | 17.2.1 | 13,598,206 | 10,765,765 |
| | Other Financial institution | 17.2.2 | 4,548 | - |
| | Unsecured | | | |
| | Overdrawn nostro accounts | | 6,797 | 99,653 |
| | Other Musharakah / Mudarabas | | - | 4,600,000 |
| | | | <u>13,609,551</u> | <u>15,465,418</u> |
| 17.2.1 | These Musharakah are on a profit and loss sharing basis maturing between January 2, 2016 to June 28, 2016 (2014: January 4, 2015 to June 29, 2015) and are secured against demand promissory notes executed in favour of the SBP. A limit of Rs 17,200 million (2014: Rs 12,500 million) has been allocated to the Bank by the SBP under Islamic Export Refinance Scheme. | | | |
| 17.2.2 | These Musharakah are on a profit and loss sharing basis maturing in December 2020. A limit of USD 10 million has been allocated to Meezan Bank Limited under the agreement with Karandaz. | | | |
| 17.3 | Particulars of due to financial institutions | | 2015 | 2014 |
| | | | Rupees in '000 | |
| | Short - term | | 13,605,003 | 15,465,418 |
| | Long - term | | 4,548 | - |
| | | | <u>13,609,551</u> | <u>15,465,418</u> |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



| 18 | DEPOSITS AND OTHER ACCOUNTS | Note | 2015 | 2014 |
|-------------|---|--------------|----------------|-------------|
| | | | Rupees in '000 | |
| | Customers | | | |
| | - Fixed deposits | | 131,769,647 | 107,700,592 |
| | - Savings deposits | | 184,622,913 | 149,365,058 |
| | - Current accounts - non-remunerative | | 148,226,202 | 117,999,206 |
| | - Margin | | 1,055,262 | 605,419 |
| | | | 465,674,024 | 375,670,275 |
| | Financial institutions | | | |
| | - Remunerative deposits | | 5,672,624 | 4,639,557 |
| | - Non-remunerative deposits | | 474,311 | 111,737 |
| | | | 6,146,935 | 4,751,294 |
| | | | 471,820,959 | 380,421,569 |
| 18.1 | Particulars of deposits | | | |
| | In | | | |
| | - local currency | | | |
| | Mudaraba based deposits | | 304,257,489 | 245,569,572 |
| | Qard based deposits | | 140,990,481 | 111,030,510 |
| | | | 445,247,970 | 356,600,082 |
| | - foreign currencies | | | |
| | Mudaraba based deposits | | 18,693,148 | 16,696,520 |
| | Qard based deposits | | 7,879,841 | 7,124,967 |
| | | | 26,572,989 | 23,821,487 |
| | | | 471,820,959 | 380,421,569 |
| 19 | OTHER LIABILITIES | | | |
| | Return on deposits and other dues | | | |
| | - payable in local currency | 19.1 | 2,215,427 | 2,419,688 |
| | - payable in foreign currencies | | 46,430 | 36,349 |
| | Unearned commission | | 14,038 | 12,662 |
| | Accrued expenses | 19.2 | 2,151,902 | 1,700,580 |
| | Current taxation (provision less payments) | | 413,493 | 91,747 |
| | Unclaimed dividends | | 5,063 | 4,978 |
| | Payable to defined benefit plan | 34.2 & 34.15 | 438,444 | 123,481 |
| | Provision against off-balance sheet obligations | 19.3 | 55,169 | 38,996 |
| | Security deposits against Ijarah | | 3,871,830 | 2,486,525 |
| | Charity payable | 19.4 | 4,903 | 421 |
| | Payable on account of credit murabaha | | 90,307 | 22,719 |
| | Advance against future diminishing musharaka | | 46,906 | 106,715 |
| | Payable to HSBC ME - Purchase consideration | | - | 4,238,887 |
| | - HSBC group entities | 19.5 | 23,445 | 257,875 |
| | Payable to HSBC Bank Oman S.A.O.G. - Purchase consideration | 4.2 | 2,661,433 | - |
| | Withholding taxes payable | | 87,510 | 63,973 |
| | Workers Welfare Fund payable | | 505,453 | 330,408 |
| | Others | | 487,116 | 177,121 |
| | | | 13,118,869 | 12,113,125 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

19.1 This includes Rs 94 million (2014: Rs 92 million) in respect of return accrued on borrowings from the SBP under the Islamic Export Refinance Scheme.

19.2 This includes Rs 6.3 million (2014: Rs 12 million) in respect of amount payable to Al-Meezan Investment Management Limited (Subsidiary).

| 19.3 | Provision against off-balance sheet obligations | Note | 2015 | 2014 |
|------|---|--------|----------------|----------|
| | | | Rupees in '000 | |
| | Opening balance | | 38,996 | 34,099 |
| | Charge for the year | | 16,173 | 4,897 |
| | Closing balance | | 55,169 | 38,996 |
| 19.4 | Reconciliation of charity payable | | | |
| | Opening balance | | 421 | 36,140 |
| | Additions during the year | | 47,754 | 31,057 |
| | Less: Transferred to charity savings account (included in deposits and other accounts) | 19.4.1 | (43,272) | (66,776) |
| | Closing balance | | 4,903 | 421 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



19.4.1 Charity paid through charity savings account during the year was Rs 49.6 million (2014: Rs 73 million). Charity in excess of Rs 100,000 was paid to the following individuals / organizations:

| | 2015 | 2014 |
|---|----------------|--------|
| | Rupees in '000 | |
| Afzal Memorial Thalassemia Foundation | - | 300 |
| The Aga Khan University - Financial Assistance Program | 10,000 | 10,000 |
| Akhawat Foundation | 150 | 400 |
| Alamgir Welfare Trust International | 300 | 200 |
| Baqai Institute of Diabetology and Endocrinology | 100 | 500 |
| Burhani Blood Bank and Thalassemia Centre | - | 250 |
| Child Aid Association | 150 | - |
| Eye Donor Organization (EDO) Taxila | 150 | - |
| Creek General Hospital | - | 200 |
| Fatimid Foundation Kidney Centre | 150 | 100 |
| Gulbahao | - | 100 |
| Hands | - | 500 |
| Health Oriented Preventive Education | - | 100 |
| Helping Hand For Relief & Development | - | 1,000 |
| Institute of Business Administration - National Talent Hunt Program | 13,459 | 17,284 |
| Ihsan Trust - Related party | 18,000 | 35,000 |
| Jamal Noor Hospital | 100 | 500 |
| Kiran Foundation | - | 500 |
| Karachi Education Initiative | 2,368 | - |
| Karigar Training Institute | 300 | - |
| Layton Rahmatulla Benevolent Trust | - | 300 |
| Marie Adelaide Leprosy Foundation | 100 | 200 |
| Memon Health and Education Foundation | - | 500 |
| Muslim Aid Trust Pakistan | - | 1,000 |
| Muslim Welfare Centre | 200 | 200 |
| Noor Eli Trust | 200 | - |
| National Institute of Blood Diseases | - | 300 |
| Omair Sana Foundation | - | 300 |
| Pakistan Association of Blind | - | 100 |
| Pakistan Kidney Institute / Shifa Foundation | 100 | 200 |
| Patients Aid Foundation - Jinnah Hospital | 500 | 250 |
| Pakistan Red Crescent Society (for Ultra Sound machine) | 150 | - |
| Pakistan Disabled Foundation | 100 | - |
| Pakistan Association of Deaf | 200 | - |
| Poor Patients Aid Society- Civil Hospital Karachi | 100 | - |
| Professional Education Foundation | - | 125 |
| Rashid Memorial Welfare Organization | - | 1,000 |
| Roshni Homes Trust | - | 200 |
| Rotary Humanitarian Trust- Hawksbay School | 1,000 | - |
| Shifa Foundation-Falahee Clinic Islamabad | - | 200 |
| SINA Trust | 200 | - |
| Society For Heart Care | 1,000 | - |
| The Indus Hospital | 500 | 1,000 |
| The Kidney Centre | - | 200 |
| Trust Jamiat Taleem Ul Quran | - | 200 |
| | 49,577 | 73,209 |

19.4.2 The balance in Charity savings account was Rs 6 million at December 31, 2015 (2014: Rs 12 million).

19.4.3 Charity was not paid to any individual / organization in which a director or his spouse had any interest at any time during the year.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

19.5 This represents amount payable to HSBC group entities which were transferred to the Bank consequent to acquisition of HSBC - Pakistan Operations.

20 SHARE CAPITAL

20.1 Authorised capital

| 2015 (Number of Shares) | 2014 | | 2015 Rupees in '000 | 2014 |
|----------------------------|---------------|-------------------------------|------------------------|------------|
| 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs 10 each | 15,000,000 | 15,000,000 |

20.2 Issued, subscribed and paid-up capital

| 2015 (Number of Shares) | 2014 | | 2015 Rupees in '000 | 2014 |
|----------------------------|---------------|------------------------|------------------------|------------|
| | | Ordinary shares | | |
| 456,353,635 | 456,353,635 | Fully paid in cash | 4,563,536 | 4,563,536 |
| 546,384,260 | 546,384,260 | Issued as bonus shares | 5,463,843 | 5,463,843 |
| 1,002,737,895 | 1,002,737,895 | | 10,027,379 | 10,027,379 |

Shareholders having more than 10% shareholding as at December 31, 2015 are as follows:

| 20.3 Name of shareholders | Number of shares held | Percentage of shareholding |
|--|-----------------------|----------------------------|
| Noor Financial Investment Company Kuwait | 492,484,377 | 49.11% |
| Pakistan Kuwait Investment Company (Private) Limited | 300,821,365 | 30% |

21 RESERVES

| | Note | 2015 | 2014 (Restated) |
|--|------|----------------|--------------------|
| | | Rupees in '000 | |
| Statutory reserve | 21.1 | 5,403,050 | 4,398,548 |
| Non Distributable Capital Reserve - Gain on Bargain Purchase | | 3,117,547 | 2,823,440 |
| General reserve | | 66,766 | 66,766 |
| | | 8,587,363 | 7,288,754 |

21.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred each year to a reserve fund till such time the reserve fund (together with the share premium account) is equal to the amount of the paid up capital.

22 SURPLUS ON REVALUATION OF INVESTMENTS

| | 2015 | 2014 |
|--------------------------------------|----------------|-----------|
| | Rupees in '000 | |
| Quoted shares / units of mutual fund | 869,774 | 744,512 |
| Other securities | 346,113 | 126,040 |
| | 1,215,887 | 870,552 |
| Less: Deferred tax liability | (425,561) | (254,942) |
| | 790,326 | 615,610 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



| 23 | CONTINGENCIES AND COMMITMENTS | Note | 2015 | 2014 |
|------|--|--------|----------------|------------|
| | | | Rupees in '000 | |
| 23.1 | Direct credit substitutes | | | |
| | Guarantees favoring | | | |
| | - Banks | | - | 65,264 |
| 23.2 | Transaction related contingent liabilities | | | |
| | Guarantees favoring | | | |
| | - Government | | 9,936,461 | 12,782,424 |
| | - Banks | | 227,332 | 203,386 |
| | - Others | | 2,436,550 | 1,197,434 |
| | | | 12,600,343 | 14,183,244 |
| 23.3 | Trade related contingent liabilities | | | |
| | Import letters of credit | | 29,373,250 | 22,011,518 |
| | Acceptances | | 4,049,357 | 2,662,307 |
| | | | 33,422,607 | 24,673,825 |
| 23.4 | Commitments in respect of forward exchange contracts | | | |
| | Purchases | | 68,362,309 | 49,068,758 |
| | Sales | | 74,532,767 | 65,208,080 |
| 23.5 | Commitments for the acquisition of operating fixed assets | | 294,082 | 27,584 |
| 23.6 | Commitments in respect of Islamic financing and related assets | 23.6.1 | 106,606,261 | 86,587,543 |
| | 23.6.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitment do not attract any significant penalty or expense if the facility is unilaterally withdrawn. | | | |
| | | | 2015 | 2014 |
| | | | Rupees in '000 | |
| 23.7 | Other commitments | | | |
| | Bills for collection (inland) | | 151,175 | 128,131 |
| | Bills for collection (foreign) | | 30,956,046 | 20,589,736 |
| | | | 31,107,221 | 20,717,867 |
| 24 | PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS, INVESTMENTS AND PLACEMENTS | | | |
| | On financings to | | | |
| | - Customers | | 13,751,428 | 12,343,431 |
| | On investments in | | | |
| | - Available for sale securities | | 6,599,485 | 10,209,350 |
| | - Held for trading securities | | 493 | 80,167 |
| | On deposits with financial institutions | | 12,762,335 | 6,170,111 |
| | | | 33,113,741 | 28,803,059 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| 25 | PROFIT ON DEPOSITS AND OTHER DUES EXPENSED | Note | 2015 | 2014 |
|------|---|-----------------|-------------------|-------------------|
| | | | Rupees in '000 | |
| | Deposits and other accounts | | 14,388,690 | 14,549,218 |
| | Other short term Musharakahs / Mudarabas | 25.1 | 508,459 | 891,032 |
| | | | <u>14,897,149</u> | <u>15,440,250</u> |
| 25.1 | This includes Rs 454 million (2014: Rs 643 million) paid / payable to the SBP under Islamic Export Refinance Scheme. | | | |
| 26 | CAPITAL GAIN ON SALE OF INVESTMENTS - NET | Note | 2015 | 2014 |
| | | | Rupees in '000 | |
| | Shares / units of mutual funds - listed | | 291,449 | 892,527 |
| | Sukuks | | 50,687 | 255,972 |
| | | | <u>342,136</u> | <u>1,148,499</u> |
| 27 | OTHER INCOME | | | |
| | Gain on termination of Ijarah financings | | 69,635 | 60,418 |
| | Gain on termination of diminishing musharakah financings | | 9,937 | 9,726 |
| | Gain on sale of operating fixed assets | | 50,167 | 36,061 |
| | Gain on disposal of non-banking assets | | 59 | 10,468 |
| | Others | 27.1 | 37,576 | 10,389 |
| | | | <u>167,374</u> | <u>127,062</u> |
| 27.1 | This includes recoveries against loans written off by HSBC ME prior to its acquisition by the Bank amounting Rs 27.706 million. | | | |
| 28 | ADMINISTRATIVE EXPENSES | Note | 2015 | 2014 |
| | | | Rupees in '000 | |
| | Salaries, allowances and other employee benefit | 28.1, 28.4 & 36 | 6,355,417 | 4,756,341 |
| | Charge for defined benefit plan | 34.5 | 185,959 | 120,435 |
| | Contribution to defined contribution plan | 35 | 181,427 | 140,497 |
| | Non - executive directors' fees | 36 | 35,379 | 27,676 |
| | Rent, electricity, taxes, insurance, etc. | | 2,083,707 | 1,574,433 |
| | Depreciation | 13.2 | 998,318 | 816,394 |
| | Amortisation | 13.4 | 147,222 | 110,591 |
| | Communication | | 371,392 | 309,556 |
| | Stationery and printing | | 305,812 | 235,439 |
| | Repairs and maintenance | | 481,469 | 353,890 |
| | Security charges including cash transportation charges | | 494,580 | 359,430 |
| | Local transportation and car running | | 223,428 | 299,973 |
| | Fees, subscription and clearing charges | 28.2 | 334,119 | 260,147 |
| | Entertainment | | 44,934 | 34,511 |
| | Office supplies | | 151,183 | 110,703 |
| | Hardware and software maintenance | | 190,601 | 134,059 |
| | Advertisement and publicity | | 232,420 | 250,181 |
| | Travelling | | 90,033 | 64,865 |
| | Brokerage, commission and bank charges | | 118,608 | 98,555 |
| | Legal and professional charges | 28.3 | 16,294 | 16,963 |
| | Auditors' remuneration | 28.5 | 12,574 | 15,302 |
| | Takaful and tracker expenses on Ijarah | | 486,468 | 351,046 |
| | Donation | | - | 788 |
| | Others | | 19,304 | 18,159 |
| | | | <u>13,560,648</u> | <u>10,459,934</u> |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



- 28.1 This includes remuneration to Shariah Advisor amounting to Rs 10.2 million (2014: Rs 9.4 million).
- 28.2 This includes portfolio management fee to Al-Meezan Investment Management Limited (related party) amounting to Rs 16.7 million (2014: Rs 23 million).
- 28.3 This includes remuneration to Shariah Board amounting to Rs 1 million (2014: Rs 1 million).
- 28.4 The Bank has performance bonus policy for all employees including the President & Chief Executive Officer and Deputy Chief Executive Officer. The aggregate amount determined for eligible employees in respect of the bonus relating to all Executives and for the President & CEO and Deputy CEO of the Bank amounted to Rs 473.77 million (2014: Rs 385 million), Rs 73.99 million (2014: Rs 79.28 million) and Rs 49.31 million (2014: Rs 52.83 million).

28.5 Auditors' remuneration

| | 2015 | 2014 |
|---|----------------|--------|
| | Rupees in '000 | |
| Audit fee | 3,300 | 3,000 |
| Fee for interim review | 950 | 850 |
| Special certifications and sundry advisory services | 5,471 | 5,790 |
| Tax services | 1,365 | 3,871 |
| | 11,086 | 13,511 |
| Sindh sales tax on services | 665 | 676 |
| Out of pocket expenses | 823 | 1,115 |
| | 12,574 | 15,302 |

29 OTHER CHARGES

| | | |
|---|-------|--------|
| Penalties imposed by the State Bank of Pakistan | 4,067 | 49,433 |
|---|-------|--------|

30 TAXATION

| | | |
|-------------------|-----------|-----------|
| Current | | |
| - for the year | 2,394,558 | 2,223,292 |
| - for prior years | (3,780) | - |
| | 2,390,778 | 2,223,292 |
| Deferred | | |
| - for the year | 575,043 | 105,156 |
| - for prior years | 462,923 | - |
| | 3,428,744 | 2,328,448 |

30.1 Relationship between tax expense and accounting profit

| | | |
|--|-----------|-----------|
| Profit before taxation | 8,451,253 | 6,898,534 |
| Effects of: | | |
| - Tax calculated at the applicable rate of 35% | 2,957,939 | 2,414,487 |
| - Income chargeable to tax at reduced rate | - | (189,193) |
| - Prior year charge | 459,143 | - |
| - Permanent differences | 10,584 | 90,058 |
| - Others | 1,078 | 13,096 |
| Tax charge for the year | 3,428,744 | 2,328,448 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| 31 | BASIC AND DILUTED EARNINGS PER SHARE | Note | 2015 | 2014 |
|----|--|------|----------------|---------------|
| | | | Rupees in '000 | |
| | Profit after taxation for the year | | 5,022,509 | 4,570,086 |
| | | | Number | |
| | Weighted average number of ordinary shares | 20.2 | 1,002,737,895 | 1,002,737,895 |
| | | | Rupees | |
| | Basic earnings per share | 31.1 | 5.01 | 4.56 |

31.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2015 and 2014.

| 32 | CASH AND CASH EQUIVALENTS | Note | 2015 | 2014 |
|----|---------------------------------------|------|----------------|------------|
| | | | Rupees in '000 | |
| | Cash and balances with treasury banks | 8 | 43,685,636 | 29,728,764 |
| | Balances with other banks | 9 | 11,175,060 | 5,501,077 |
| | | | 54,860,696 | 35,229,841 |

| 33 | STAFF STRENGTH | | | |
|----|--|--|-------|-------|
| | Permanent | | 6,005 | 5,114 |
| | Contractual basis | | 1,315 | 1,207 |
| | Bank's own staff strength at the end of the year | | 7,320 | 6,321 |
| | Outsourced | | 1,261 | 1,108 |
| | Total staff strength | | 8,581 | 7,429 |

34 DEFINED BENEFIT PLAN

34.1 General Description

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2002 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's trust deed.

34.2 The amount recognised in the Statement of financial position (in respect of the gratuity scheme) are determined as follows:

| | 2015 | 2014 |
|--|----------------|-----------|
| | Rupees in '000 | |
| Present value of defined benefit obligations | 817,468 | 574,550 |
| Fair value of plan assets | (590,988) | (451,069) |
| | 226,480 | 123,481 |

34.3 Plan assets consist (in respect of the gratuity scheme) of the following:

| | 2015 | | 2014 | |
|--|----------------|------|----------------|------|
| | Rupees in '000 | % | Rupees in '000 | % |
| Meezan Aamdan Certificates | 430,718 | 73% | 303,204 | 67% |
| Meezan Capital Preservation Fund | 151,552 | 26% | 145,538 | 32% |
| Savings account with Meezan Bank Limited | 8,718 | 1% | 2,327 | 1% |
| | 590,988 | 100% | 451,069 | 100% |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



34.4 The movement in the defined benefit obligation (in respect of the gratuity scheme) over the year is as follows:

| | 2015 | | |
|--|-----------------------------|---------------------------|-----------|
| | Present value of obligation | Fair value of plan assets | Total |
| | Rupees in '000 | | |
| At January 01 | 574,550 | (451,069) | 123,481 |
| Current service cost | 178,396 | - | 178,396 |
| Return expense / (income) | 67,751 | (60,188) | 7,563 |
| | 820,697 | (511,257) | 309,440 |
| Remeasurements: | | | |
| - Return on plan assets, excluding amounts included in interest expense / (income) | - | 789 | 789 |
| - (Gain) / loss from change in demographic assumptions | - | - | - |
| - (Gain) / loss from change in financial assumptions | - | - | - |
| - Experience (gains) / losses | 39,732 | - | 39,732 |
| | 39,732 | 789 | 40,521 |
| | 860,429 | (510,468) | 349,961 |
| Contribution | - | (123,481) | (123,481) |
| Benefit payments | (42,961) | 42,961 | - |
| At December 31 | 817,468 | (590,988) | 226,480 |

| | 2014 | | |
|--|-----------------------------|---------------------------|-----------|
| | Present value of obligation | Fair value of plan assets | Total |
| | Rupees in '000 | | |
| At January 01 | 410,819 | (332,294) | 78,525 |
| Current service cost | 117,281 | - | 117,281 |
| Return expense / (income) | 50,814 | (47,660) | 3,154 |
| | 578,914 | (379,954) | 198,960 |
| Remeasurements: | | | |
| - Return on plan assets, excluding amounts included in interest expense / (income) | - | (2,475) | (2,475) |
| - (Gain) / loss from change in demographic assumptions | - | - | - |
| - (Gain) / loss from change in financial assumptions | - | - | - |
| - Experience (gains) / losses | 35,521 | - | 35,521 |
| | 35,521 | (2,475) | 33,046 |
| | 614,435 | (382,429) | 232,006 |
| Contribution | - | (108,525) | (108,525) |
| Benefit payments | (39,885) | 39,885 | - |
| At December 31 | 574,550 | (451,069) | 123,481 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| 34.5 | Charge for defined benefit plan (in respect of the gratuity scheme) | 2015 | 2014 |
|------|---|----------------|----------------|
| | | Rupees in '000 | |
| | Current service cost | 178,396 | 117,281 |
| | Net return cost | 7,563 | 3,154 |
| | | <u>185,959</u> | <u>120,435</u> |

34.6 The plan assets and defined benefit obligations (in respect of the gratuity scheme) are based in Pakistan.

| 34.7 | Principal actuarial assumptions (in respect of the gratuity scheme) | 2015 | 2014 |
|------|---|------------|------------|
| | Discount rate | 10.00% p.a | 12.25% p.a |
| | Expected rate of salary increase | 10.00% p.a | 12.25% p.a |
| | Expected rate of return on investments | 10.00% p.a | 12.25% p.a |
| | Normal retirement age | 60 years | 60 years |

34.8 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

34.9 The sensitivity of the defined benefit obligation (in respect of the gratuity scheme) to changes in the weighted principal assumptions is:

| Impact on defined benefit obligation - Increase / (Decrease) | | | |
|--|----------------------|----------------------------------|----------------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| | | Rupees in '000 | |
| Discount rate | 1.0% | (82,284) | 98,502 |
| Salary growth rate | 1.0% | 101,426 | (86,064) |
| | | Increase by 1 year in assumption | Decrease by 1 year in assumption |
| Life expectancy / Withdrawal rate | | - | - |

Methodology followed for calculating sensitivities

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

34.10 The weighted average duration of the defined benefit obligation (in respect of the gratuity scheme) is 11.06 years.

34.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

| At December 31, 2015 | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|----------------------|------------------|-------------------|-------------------|------------------|------------------|
| | Rupees in '000 | | | | |
| Gratuity | <u>113,425</u> | <u>36,464</u> | <u>154,694</u> | <u>3,578,496</u> | <u>3,883,079</u> |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



| 34.12 | Historical information (in respect of Gratuity Scheme) | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------|--|----------------|-----------|-----------|-----------|-----------|
| | | Rupees in '000 | | | | |
| | Defined benefit obligation | 817,468 | 574,550 | 410,819 | 300,392 | 247,137 |
| | Fair value of plan assets | (590,988) | (451,069) | (332,294) | (246,677) | (175,060) |
| | Deficit | 226,480 | 123,481 | 78,525 | 53,715 | 72,077 |
| | Remeasurements of plan liabilities | (39,732) | (35,521) | (32,941) | 18,496 | (1,640) |
| | Remeasurements of plan assets | (789) | 2,475 | (25,763) | 7,173 | 2,101 |

34.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected Gratuity Expense for the next year works out to Rs 210.902 million as per the actuarial valuation report of the Bank as of December 31, 2015.

34.14 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

| | |
|-----------------------------------|---|
| Asset volatility | The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, current investment strategy manages this risk adequately. |
| Changes in bond yields | A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings. |
| Inflation risk | The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to offset inflationary impacts. |
| Life expectancy / Withdrawal rate | The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities. |

34.15 End of Service Defined Benefit

As noted in note 7.11 to these financial statements, the Bank has introduced a End of Service unfunded defined benefit for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The present value of defined benefit obligation / charge recognised in respect of this benefit amounts to Rs 211.964 million.

The principal actuarial assumptions comprise of discount rate of 10 percent and salary increase rate of 12 percent. The retirement age used by the actuary is 63 years. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 7.895 million (in case the discount rate is increased) and Rs 8.279 million (in case the discount rate is decreased). The sensitivity of the defined benefit obligation due to change in life expectancy / withdrawal rates would be lower by Rs 0.242 million (in case of ten percent increase in assumption) and higher by Rs 0.246 million (in case of ten percent decrease in assumption). These sensitivities are calculated using the same methodology as explained in note 34.9.

34.16 The disclosure made in notes 34.1 to 34.15 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2015.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

35 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

| | 2015 | 2014 |
|---------------------------------|----------------|----------------|
| | Rupees in '000 | |
| Contribution from the Bank | 181,427 | 140,497 |
| Contribution from the employees | 181,427 | 140,497 |
| | <u>362,854</u> | <u>280,994</u> |

36 COMPENSATION OF DIRECTORS AND EXECUTIVES

| | President and Chief Executive | | Directors | | Executives | |
|---|-------------------------------|---------------|---------------|---------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Rupees in '000 | | | | | |
| Fees* | - | - | 35,379 | 27,676 | - | - |
| Managerial remuneration | 38,018 | 33,944 | 25,332 | 22,618 | 1,165,591 | 826,570 |
| Charge for gratuity scheme | 2,715 | 2,425 | 1,809 | 1,616 | 64,674 | 51,405 |
| Contribution to defined contribution plan | 3,259 | 2,909 | 2,171 | 1,939 | 80,665 | 57,623 |
| House rent | 14,664 | 13,093 | 9,771 | 8,724 | 389,778 | 277,589 |
| Utilities | 3,259 | 2,909 | 2,171 | 1,939 | 86,622 | 61,689 |
| Medical | 3,525 | 2,986 | 2,444 | 2,188 | 86,622 | 61,689 |
| Conveyance | 1,393 | 1,777 | 1,271 | 2,083 | - | - |
| Others | 1,156 | 1,138 | 1,251 | 986 | - | - |
| | <u>67,989</u> | <u>61,181</u> | <u>81,599</u> | <u>69,769</u> | <u>1,873,952</u> | <u>1,336,565</u> |
| Number of persons | <u>1</u> | <u>1</u> | <u>11</u> | <u>9</u> | <u>857</u> | <u>582</u> |

* This includes amounts charged in these financial statements as fees to ten (2014: eight) non-executive directors.

- 36.1 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 36.2 The Chief Executive Officer, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Bank's cars.
- 36.3 In addition to above, all Executives, including the President & Chief Executive Officer and Deputy Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 28.4 to these financial statements and the benefit for End of Service Benefit for the founding President and Chief Executive Officer was approved during the year and the related expense is disclosed in note 34.15 to these financial statements.

Notes to and forming part of the Financial Statements

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37 FAIR VALUE OF FINANCIAL INSTRUMENTS

- 37.1 The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in subsidiaries and associates is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets, other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Bank's accounting policy as stated in note 7.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

| 37.2 Off-balance sheet financial instruments | 2015 | | 2014 | |
|--|----------------|------------|------------|------------|
| | Book value | Fair value | Book value | Fair value |
| | Rupees in '000 | | | |
| Forward purchase of foreign exchange - net | 69,014,794 | 68,957,448 | 50,183,098 | 49,449,274 |
| Forward sale of foreign exchange - net | 75,470,316 | 75,131,750 | 66,583,855 | 67,576,446 |

- 37.3 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

| Recurring Fair Value Measurements | 2015 | | | |
|--|----------------|------------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | |
| Investments - Net | | | | |
| Financial Assets | | | | |
| Available for sale securities | | | | |
| Ordinary shares - listed | 4,112,074 | - | - | 4,112,074 |
| Units of open end fund | 75,528 | - | - | 75,528 |
| GOP Sukuks | - | 48,653,776 | - | 48,653,776 |
| WAPDA Sukuks | - | 579,550 | - | 579,550 |
| Global Sukuk Bonds | 7,365,343 | - | - | 7,365,343 |
| Forward purchase of foreign exchange contracts | - | 68,957,448 | - | 68,957,448 |
| Forward sale of foreign exchange contracts | - | 75,131,750 | - | 75,131,750 |

Notes to and forming part of the Financial Statements

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Investment in associates (listed - mutual funds) have market value of Rs 2,907 million as disclosed in note 11.6.3 to the financial statements which is being valued under level 2. These are carried at cost in the financial statements in accordance with the bank's accounting policy.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares, units of open end mutual fund and global sukuk bonds classified as available for sale.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GOP ijarah sukuks and WAPDA sukuks classified as available for sale.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques used in determination of fair values within level 2

| Item | Valuation approach and input used |
|------------------------------------|--|
| GOP Sukuks WAPDA Sukuks | The fair value of GOP Ijarah Sukuks and WAPDA sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 8 different pre-defined / approved dealers / brokers. |
| Forward foreign exchange contracts | The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan. |

38 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

| | 2015 | | | | | |
|------------------------------------|----------------------|----------------------|-------------------|-----------------------|--------------------|--------------|
| | Corporate finance | Trading and sales | Retail banking | Commercial banking | Agency services | Total |
| | Rupees in '000 | | | | | |
| Total income | 1,360,106 | 21,002,649 | 4,181,638 | 11,154,779 | 11,289 | 37,710,461 |
| Total expenses | (1,144,081) | (18,400,776) | (3,511,420) | (9,627,724) | (3,951) | (32,687,952) |
| Net income | 216,025 | 2,601,873 | 670,218 | 1,527,055 | 7,338 | 5,022,509 |
| Segment assets | 14,284,514 | 294,130,649 | 45,025,419 | 178,409,352 | - | 531,849,934 |
| Segment non performing assets | 270,502 | 625,953 | 1,955,659 | 5,416,484 | - | 8,268,598 |
| Segment provision held* | 231,029 | 214,356 | 1,729,975 | 6,657,724 | - | 8,833,084 |
| Segment liabilities | 3,325,858 | 1,929,990 | 484,331,334 | 15,915,642 | - | 505,502,824 |
| Segment return on assets (ROA) (%) | 1.68% | 0.98% | 1.86% | 0.89% | - | - |
| Segment cost of funds (%) | 3.49% | 3.49% | 3.49% | 3.49% | - | - |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



| | 2014 | | | | | |
|------------------------------------|-------------------|-------------------|----------------|--------------------|-----------------|--------------|
| | Corporate finance | Trading and sales | Retail banking | Commercial banking | Agency services | Total |
| | Rupees in '000 | | | | | |
| Total income | 919,894 | 18,908,916 | 3,475,920 | 10,239,670 | 13,543 | 33,557,943 |
| Total expenses | (782,158) | (16,428,958) | (2,877,471) | (8,894,530) | (4,740) | (28,987,857) |
| Net income | 137,736 | 2,479,958 | 598,449 | 1,345,140 | 8,803 | 4,570,086 |
| Segment assets - restated | 11,456,562 | 234,673,116 | 27,020,721 | 164,359,869 | - | 437,510,268 |
| Segment non performing assets | 340,448 | 338,406 | 934,489 | 6,274,585 | - | 7,887,928 |
| Segment provision held* | 251,440 | 72,852 | 948,325 | 6,886,276 | - | 8,158,893 |
| Segment liabilities - restated | 383,081 | 17,620,140 | 393,359,933 | 2,256,784 | - | 413,619,938 |
| Segment return on assets (ROA) (%) | 1.42% | 1.16% | 2.55% | 0.99% | - | - |
| Segment cost of funds (%) | 4.71% | 4.71% | 4.71% | 4.71% | - | - |

*Includes General Provision

39 RELATED PARTY TRANSACTIONS

39.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds, directors and key management personnel and their close family members.

39.2 Banking transactions with related parties are entered in the normal course of business.

39.3 Subsidiary company

- Al-Meezan Investment Management Limited

39.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

39.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end are as follows:

| | Total | | Subsidiary | | Associates | | Key Management Personnel / Directors | | Other Related Parties | |
|---|-------------|-----------|------------|-----------|-------------|-----------|--------------------------------------|---------|-----------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Rupees in '000 | | | | | | | | | | |
| Islamic financing and related assets | | | | | | | | | | |
| At January 01 | - | 356,420 | - | 200,000 | - | 156,420 | - | - | - | - |
| Addition during the year | 8,029,117 | 100,000 | - | 100,000 | 8,029,117 | - | - | - | - | - |
| Deletion during the year | (7,084,730) | (456,420) | - | (300,000) | (7,084,730) | (156,420) | - | - | - | - |
| At December 31 | 944,387 | - | - | - | 944,387 | - | - | - | - | - |
| Deposits | | | | | | | | | | |
| At December 31 | 3,439,189 | 2,121,481 | 21,486 | 6,867 | 1,561,102 | 575,888 | 160,650 | 174,125 | 1,695,951 | 1,364,601 |

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

Notes to and forming part of the Financial Statements

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| | Total | | Subsidiary | | Associates | | Key Management Personnel / Directors | | Other Related Parties | |
|---|-----------|---------|------------|---------|------------|---------|--------------------------------------|---------|-----------------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Rupees in '000 | | | | | | | | | | |
| Balances | | | | | | | | | | |
| Profit receivable on financing | 38,684 | - | - | - | 38,684 | - | - | - | - | - |
| Dividend receivable | 3,079 | - | - | - | 3,079 | - | - | - | - | - |
| Transfer agency fee receivable | 7,767 | 1,000 | 7,767 | 1,000 | - | - | - | - | - | - |
| Payable to defined benefit plan | 438,444 | 123,481 | - | - | - | - | 211,964 | - | 226,480 | 123,481 |
| Accrued expenses | 6,273 | 12,337 | 6,273 | 12,337 | - | - | - | - | - | - |
| Letters of guarantee (unfunded) | 337,300 | 100 | 100 | 100 | 337,200 | - | - | - | - | - |
| Letters of credit (unfunded) | 735,909 | - | - | - | 735,909 | - | - | - | - | - |
| Transactions, income and expenses | | | | | | | | | | |
| Profit earned on financing | 406,570 | 19,586 | - | 12,557 | 406,570 | 7,029 | - | - | - | - |
| Return on deposits / borrowing expensed | 149,219 | 447,875 | 1,371 | 1,547 | 29,311 | 326,366 | 3,191 | 6,937 | 115,346 | 113,025 |
| Dividend income earned | 452,618 | 97,500 | 195,000 | 97,500 | 257,618 | - | - | - | - | - |
| Investments made | 1,810,912 | 3,125 | - | - | 1,810,912 | 3,125 | - | - | - | - |
| Capital gain (net) | 201,694 | 600,699 | - | - | 201,694 | 600,699 | - | - | - | - |
| Write off against provision for diminution in the value of investment | - | 14,000 | - | - | - | 14,000 | - | - | - | - |
| Reversal of provision against diminution in value of investments | - | 1,000 | - | - | - | 1,000 | - | - | - | - |
| Charge for diminution in value of investments | 11,328 | - | - | - | 11,328 | - | - | - | - | - |
| Charge for defined benefit plan | 226,480 | 153,479 | - | - | - | - | - | - | 226,480 | 153,479 |
| Contribution to defined contribution plan | 181,427 | 140,497 | - | - | - | - | - | - | 181,427 | 140,497 |
| Contribution to staff benevolent fund | 10,000 | 10,000 | - | - | - | - | - | - | 10,000 | 10,000 |
| Fees expensed | 16,769 | 22,887 | 16,769 | 22,887 | - | - | - | - | - | - |
| Fees and other income earned | 114,535 | 108,051 | 113,619 | 108,051 | 916 | - | - | - | - | - |
| Charity paid | 18,000 | 35,000 | - | - | - | - | - | - | 18,000 | 35,000 |
| Premiums paid | 22,519 | 56,661 | - | - | 22,519 | 56,661 | - | - | - | - |
| Claims received | 53,565 | 45,669 | - | - | 53,565 | 45,669 | - | - | - | - |
| Remuneration to key management personnel: | | | | | | | | | | |
| - Salaries and benefits (excluding end of service benefit) (notes 36 & 28.4) | 237,514 | 235,387 | - | - | - | - | 237,514 | 235,387 | - | - |
| - End of service benefit charge for the founding President (note 34.15) | 211,964 | - | - | - | - | - | 211,964 | - | - | - |
| Fees to non-executive directors (note 36) | 35,379 | 27,676 | - | - | - | - | 35,379 | 27,676 | - | - |
| Proceeds from sale of fixed assets having net book value of Rs 0.145 million (2014: Rs 7.556 million) (note 13.3.2) | 2,872 | 8,500 | - | 8,500 | - | - | 2,872 | - | - | - |

39.6 Associates - Key information

Assets
Liabilities
Operating revenue
Profit after tax

| 2015 (Unaudited) | | |
|------------------|---------|------------|
| Mutual funds * | Others | Total |
| Rupees in '000 | | |
| 52,026,945 | 857,872 | 52,884,817 |
| 1,116,248 | 800,100 | 1,916,348 |
| 5,369,886 | 98,688 | 5,468,574 |
| 4,794,349 | 21,599 | 4,815,948 |

* Information is based on the reviewed financial information as at December 31, 2015.

Notes to and forming part of the Financial Statements

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40 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) introduced guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated February 04, 2014. These guidelines are based on the requirements of Basel III which were introduced by the SBP in August 2013 for implementation by the banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. The SBP vide its BPRD Circular No. 11 of 2014 dated November 05, 2014 has specified the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of the SBP's circular.

40.1 Capital structure

Under Basel III framework, Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after regulatory deductions for investments in the equity of subsidiary companies engaged in banking and financial activities, reciprocal crossholdings and deficit on revaluation of available for sale investments and deduction for book value of intangibles.
 - b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after regulatory deduction for investments in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and equity investments after deduction of deficit on available for sale investments (upto a maximum of 67%).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

40.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 to 5 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 10.25% as of December 31, 2015 whereas CAR stood at 10.98% at the year ended December 31, 2015.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Major credit risk in respect of on and off-balance sheet exposures are mainly claims on banks, corporates, retail customers, residential mortgages and unquoted associated undertakings and Sukuks. Market risk exposures are mainly in mutual funds, equity and foreign exchange positions. The Bank's potential risk exposures shall remain in these exposure types.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

40.3 Capital Adequacy Ratio (CAR) disclosure

| | 2015 | 2014** |
|--|--------------------|--------------------|
| Particulars | Rupees in '000 | |
| Common Equity Tier 1 capital (CET1): Instruments and reserves | | |
| Fully paid-up capital / capital deposited with the SBP | 10,027,379 | 10,027,379 |
| Balance in share premium account | - | - |
| Reserve for issue of bonus shares | - | - |
| General / Statutory Reserves | 8,587,363 | 7,276,191 |
| Gain / (Losses) on derivatives held as Cash Flow Hedge | - | - |
| Unappropriated profits | 6,942,042 | 5,958,587 |
| Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group) | - | - |
| CET 1 before Regulatory Adjustments | 25,556,784 | 23,262,157 |
| Total regulatory adjustments applied to CET1 (Note 40.3.1) | (797,382) | (938,231) |
| Common Equity Tier 1 | 24,759,402 | 22,323,926 |
| Additional Tier 1 (AT 1) Capital | | |
| Qualifying Additional Tier-1 capital instruments plus any related share premium of which: | - | - |
| - classified as equity | - | - |
| - classified as liabilities | - | - |
| Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties of which: instrument issued by subsidiaries subject to phase out | - | - |
| AT1 before regulatory adjustments | - | - |
| Total of Regulatory Adjustment applied to AT1 capital (Note 40.3.2) | (18,915) | (25,220) |
| Additional Tier 1 capital after regulatory adjustments | - | - |
| Tier 1 Capital (CET1 + admissible AT1) | 24,759,402 | 22,323,926 |
| Tier 2 Capital | | |
| Qualifying Tier 2 capital instruments under Basel III plus any related share premium | - | - |
| Capital instruments subject to phase out arrangement issued | - | - |
| Tier 2 capital instruments issued to third parties by consolidated subsidiaries of which: instruments issued by subsidiaries subject to phase out | - | - |
| General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets | 1,366,772 | 1,288,516 |
| Revaluation Reserves (net of taxes) of which: | | |
| - Revaluation reserves on fixed assets | - | - |
| - Unrealized gains/losses on AFS | 529,518 | 344,742 |
| Foreign Exchange Translation Reserves | - | - |
| Undisclosed/Other Reserves (if any) | - | - |
| T2 before regulatory adjustments | 1,896,290 | 1,633,258 |
| Total regulatory adjustment applied to T2 capital (Note 40.3.3) | (18,915) | (25,220) |
| Tier 2 capital (T2) after regulatory adjustments | 1,877,375 | 1,608,038 |
| Tier 2 capital recognized for capital adequacy | 1,877,375 | 1,608,038 |
| Portion of Additional Tier 1 capital recognized in Tier 2 capital | - | - |
| Total Tier 2 capital admissible for capital adequacy | 1,877,375 | 1,608,038 |
| TOTAL CAPITAL (T1 + admissible T2) | 26,636,777 | 23,931,964 |
| Total Risk Weighted Assets (RWA) {for details refer Note 40.6} | 242,653,197 | 201,442,257 |

** As reported in last year annual financial statements.

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For the year ended December 31, 2015



| Particulars | 2015 | 2014** |
|--|--------|--------|
| Capital Ratios and buffers (in percentage of risk weighted assets) | | |
| CET1 to total RWA | 10.20% | 11.08% |
| Tier-1 capital to total RWA | 10.20% | 11.08% |
| Total capital to total RWA | 10.98% | 11.88% |
| Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) | | |
| of which: | 6.25% | - |
| - capital conservation buffer requirement | 0.25% | - |
| - countercyclical buffer requirement | - | - |
| - D-SIB or G-SIB buffer requirement | - | - |
| CET1 available to meet buffers (as a percentage of risk weighted assets) | 4.20% | 5.58% |
| National minimum capital requirements prescribed by SBP | | |
| CET1 minimum ratio | 6.00% | 5.50% |
| Tier 1 minimum ratio | 7.50% | 7.00% |
| Total capital minimum ratio | 10.00% | 10.00% |
| CCB (Consisting of CET 1 only) | 0.25% | - |
| Total Capital plus CCB | 10.25% | - |

| Particulars | 2015 | | 2014** | |
|--|----------------|--------------------------|----------------|--------------------------|
| | Amount | Pre-Basel III treatment* | Amount | Pre-Basel III treatment* |
| Rupees in '000 | | | | |
| 40.3.1 Common Equity Tier 1 capital: Regulatory adjustments | | | | |
| Goodwill (net of related deferred tax liability) | - | - | - | - |
| All other intangibles (net of any associated deferred tax liability) | 460,559 | - | 524,744 | - |
| Shortfall of provisions against classified assets (Note 39.6.2.1) | - | - | - | - |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | - | - | - | - |
| Defined-benefit pension fund net assets | - | - | - | - |
| Reciprocal cross holdings in CET1 capital instruments | 317,908 | - | 388,267 | - |
| Cash flow hedge reserve | - | - | - | - |
| Investment in own shares / CET1 instruments | - | - | - | - |
| Securitization gain on sale | - | - | - | - |
| Capital shortfall of regulated subsidiaries | - | - | - | - |
| Deficit on account of revaluation from bank's holdings of property / AFS | - | - | - | - |
| Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - | - | - | - |
| Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | - | - | - | - |
| Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | - | - | - | - |
| Amount exceeding 15% threshold of which: | | | | |
| - significant investments in the common stocks of financial entities | - | - | - | - |
| - deferred tax assets arising from temporary differences | - | - | - | - |
| National specific regulatory adjustments applied to CET1 capital | - | - | - | - |
| Investment in TFCs of other banks exceeding the prescribed limit | - | - | - | - |
| Any other deduction specified by SBP | - | - | - | - |
| Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions | 18,915 | 18,915 | 25,220 | 25,220 |
| Total regulatory adjustments applied to CET1 | 797,382 | 18,915 | 938,231 | 25,220 |
| 40.3.2 Additional Tier 1 Capital: regulatory adjustments | | | | |
| Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment) | - | - | - | - |
| Investment in own AT1 capital instruments | - | - | - | - |
| Reciprocal cross holdings in Additional Tier 1 capital instruments | - | - | - | - |

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

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For the year ended December 31, 2015

| Particulars | 2015 | | 2014** | |
|--|---------------|--------------------------|---------------|--------------------------|
| | Amount | Pre-Basel III treatment* | Amount | Pre-Basel III treatment* |
| Rupees in '000 | | | | |
| Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - | - | - | - |
| Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation | - | - | - | - |
| Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital | 18,915 | 18,915 | 25,220 | 25,220 |
| Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | - | - | - | - |
| Total of Regulatory Adjustment applied to AT1 capital | 18,915 | 18,915 | 25,220 | 25,220 |

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

40.3.3 Tier 2 Capital: regulatory adjustments

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital | 18,915 | 18,915 | 25,220 | 25,220 |
| Reciprocal cross holdings in Tier 2 instruments | - | - | - | - |
| Investment in own Tier 2 capital instrument | - | - | - | - |
| Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - | - | - | - |
| Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation | - | - | - | - |
| Amount of Regulatory Adjustment applied to T2 capital | 18,915 | 18,915 | 25,220 | 25,220 |

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

40.3.4 Risk Weighted Assets subject to pre-Basel III treatment

| | 2015 | 2014** |
|--|--------|---------|
| Rupees in '000 | | |
| Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment) | - | - |
| of which: deferred tax assets | - | - |
| of which: Defined-benefit pension fund net assets | - | - |
| of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity | - | - |
| of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity | - | - |
| Amounts below the thresholds for deduction (before risk weighting) | | |
| Non-significant investments in the capital of other financial entities | - | - |
| Significant investments in the common stock of financial entities | 25,220 | 12,610 |
| Deferred tax assets arising from temporary differences (net of related tax liability) | - | 530,564 |

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| | 2015 | 2014** |
|--|----------------|-----------|
| | Rupees in '000 | |
| Applicable caps on the inclusion of provisions in Tier 2 | | |
| Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap) | 1,366,772 | 1,288,516 |
| Cap on inclusion of provisions in Tier 2 under standardized approach | 2,374,684 | 2,085,775 |
| Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | - | - |
| Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | - | - |

** As reported in last year annual financial statements.

40.3.5 Leverage ratio

According to Basel III instructions issued by State Bank of Pakistan (BPRD circular # 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%.

The reason for calculating leverage ratio is to avoid excessive On- and Off-balance sheet leverage in the banking system. A simple, transparent and non-risk based Ratio has been introduced with the following objectives:

- Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

| | 2015 | 2014 |
|---|----------------|-------------|
| | Rupees in '000 | |
| Particulars | | |
| On balance sheet exposures | | |
| 1 On-balance sheet items (excluding unrealised gain on forward contracts) | 532,138,104 | 437,497,476 |
| 2 Forward exchange commitments with positive fair values | 1,035,006 | 1,378,805 |
| Total On balance sheet exposures | 533,173,110 | 438,876,281 |
| Off balance sheet exposures | | |
| 3 Off-balance sheet items | 57,600,804 | 49,987,209 |
| 4 Commitment in respect of forward exchange contracts | 1,199,394 | 1,023,085 |
| Total Off balance sheet exposures | 58,800,198 | 51,010,294 |
| Capital and total exposures | | |
| 5 Tier 1 capital (Note 40.3) | 24,759,402 | 22,323,926 |
| 6 Total exposures | 591,973,308 | 489,886,575 |
| Basel III leverage ratio | 4.18% | 4.56% |

The current year's leverage ratio is 4.18% (2014: 4.56%) where as total tier 1 capital and total exposures are Rs 24,759.402 million (2014: Rs 22,323.926 million) and Rs 591,973.308 million (2014: Rs 489,886.575 million) respectively.

Notes to and forming part of the Financial Statements

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40.4 Capital Structure Reconciliation

40.4.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

| Particulars | Balance sheet as in published financial statements | Under regulatory scope of reporting |
|--|--|--|
| Rupees in '000 | | |
| Assets | | |
| Cash and balances with treasury banks | 43,685,636 | 43,685,636 |
| Balances with other banks | 11,175,060 | 11,175,060 |
| Due from financial and other institutions | 170,474,422 | 170,474,422 |
| Investments | 76,909,951 | 76,909,951 |
| Islamic financing and related assets | 207,568,823 | 207,568,823 |
| Operating fixed assets | 8,056,743 | 8,056,743 |
| Deferred tax assets | - | - |
| Other assets | 13,979,299 | 13,979,299 |
| Total assets | 531,849,934 | 531,849,934 |
| Liabilities and Equity | | |
| Bills payable | 6,560,324 | 6,560,324 |
| Due to financial institutions | 13,609,551 | 13,609,551 |
| Deposits and other accounts | 471,820,959 | 471,820,959 |
| Sub-ordinated loans | - | - |
| Liabilities against assets subject to finance leases | - | - |
| Deferred tax liabilities | 393,121 | 393,121 |
| Other liabilities | 13,118,869 | 13,118,869 |
| Total liabilities | 505,502,824 | 505,502,824 |
| Share capital | 10,027,379 | 10,027,379 |
| Reserves | 8,587,363 | 8,587,363 |
| Unappropriated profit | 6,942,042 | 6,942,042 |
| Minority Interest | - | - |
| Surplus on revaluation of investments - net of tax | 790,326 | 790,326 |
| Total liabilities and equity | 531,849,934 | 531,849,934 |

40.4.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

| Particulars | Reference | Balance sheet as in published financial statements | Under regulatory scope of reporting |
|--|-----------|--|--|
| Rupees in '000 | | | |
| Assets | | | |
| Cash and balances with treasury banks | | 43,685,636 | 43,685,636 |
| Balances with other banks | | 11,175,060 | 11,175,060 |
| Due from financial and other institutions | | 170,474,422 | 170,474,422 |
| Investments | | 76,909,951 | 76,909,951 |
| of which: | | | |
| - non-significant capital investments in capital of other financial institutions exceeding 10% threshold | a | - | - |

Notes to and forming part of the Financial Statements

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| Particulars | Reference | Balance sheet as in published financial statements | Under regulatory scope of reporting |
|---|-----------|--|--|
| Rupees in '000 | | | |
| - significant capital investments in financial sector entities exceeding regulatory threshold | b | - | - |
| - mutual Funds exceeding regulatory threshold | c | - | - |
| - reciprocal crossholding of capital instrument | d | 317,908 | 317,908 |
| - others | e | - | - |
| Islamic financing and related assets | | 207,568,823 | 207,568,823 |
| - shortfall in provisions / excess of total EL amount over eligible provisions under IRB | f | - | - |
| - general provisions reflected in Tier 2 capital | g | 1,366,772 | 1,366,772 |
| Operating fixed assets | | 8,056,743 | 8,056,743 |
| - of which: Intangibles | k | 460,559 | 460,559 |
| Deferred tax assets | | | |
| of which: | | | |
| - DTAs that rely on future profitability excluding those arising from temporary differences | h | - | - |
| - DTAs arising from temporary differences exceeding regulatory threshold | i | - | - |
| Other assets | | 13,979,299 | 13,979,299 |
| of which: | | | |
| - goodwill | j | - | - |
| - defined-benefit pension fund net assets | l | - | - |
| Total assets | | 531,849,934 | 531,849,934 |
| Liabilities and Equity | | | |
| Bills payable | | 6,560,324 | 6,560,324 |
| Due to financial institutions | | 13,609,551 | 13,609,551 |
| Deposits and other accounts | | 471,820,959 | 471,820,959 |
| Sub-ordinated loans of which: | | | |
| - eligible for inclusion in AT1 | m | - | - |
| - eligible for inclusion in Tier 2 | n | - | - |
| Liabilities against assets subject to finance lease | | | |
| Deferred tax liabilities of which: | | 393,121 | 393,121 |
| - DTLs related to goodwill | o | - | - |
| - DTLs related to intangible assets | p | - | - |
| - DTLs related to defined pension fund net assets | q | - | - |
| - other deferred tax liabilities | r | - | - |
| Other liabilities | | 13,118,869 | 13,118,869 |
| Total liabilities | | 505,502,824 | 505,502,824 |
| Share capital | | 10,027,379 | 10,027,379 |
| - of which: amount eligible for CET1 | s | 10,027,379 | 10,027,379 |
| - of which: amount eligible for AT1 | t | - | - |
| Reserves of which: | | 8,587,363 | 8,587,363 |
| - portion eligible for inclusion in CET1 - Statutory reserve | u | 5,403,050 | 5,403,050 |
| - portion eligible for inclusion in CET1 - Gain on Bargain Purchase | | 3,117,547 | 3,117,547 |
| - portion eligible for inclusion in CET1 - General reserve | | 66,766 | 66,766 |
| - portion eligible for inclusion in Tier 2 General reserve | v | - | - |
| Unappropriated profit | w | 6,942,042 | 6,942,042 |
| Minority Interest of which: | | | |
| - portion eligible for inclusion in CET1 | x | - | - |
| - portion eligible for inclusion in AT1 | y | - | - |
| - portion eligible for inclusion in Tier 2 | z | - | - |
| Surplus on revaluation of assets of which: | | 790,326 | 790,326 |
| - Revaluation reserves on Property | | - | - |
| - Unrealized Gains/Losses on AFS | aa | 790,326 | 790,326 |
| - In case of Deficit on revaluation (deduction from CET1) | ab | - | - |
| Total liabilities and Equity | | 531,849,934 | 531,849,934 |

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40.4.3 Basel III Disclosure (with added column) - Step 3

| Particulars | Source based on reference number from step 2 | Component of regulatory capital reported by the bank Rupees in '000 |
|---|--|--|
| Common Equity Tier 1 capital (CET1): Instruments and reserves | | |
| 1 Fully Paid-up Capital | | 10,027,379 |
| 2 Balance in share premium account | (s) | - |
| 3 Reserve for issue of bonus shares | | - |
| 4 General / Statutory Reserves | (u) | 8,587,363 |
| 5 Gain / (Losses) on derivatives held as Cash Flow Hedge | | - |
| 6 Unappropriated / unremitted profits | (w) | 6,942,042 |
| 7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group) | (x) | - |
| 8 CET 1 before Regulatory Adjustments | | 25,556,784 |
| Common Equity Tier 1 capital: Regulatory adjustments | | |
| 9 Goodwill (net of related deferred tax liability) | (j) - (s) | - |
| 10 All other intangibles (net of any associated deferred tax liability) | (k) - (p) | 460,559 |
| 11 Shortfall of provisions against classified assets | (f) | - |
| 12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | (h) - (r) * x% | - |
| 13 Defined-benefit pension fund net assets | (l) - (q) * x% | - |
| 14 Reciprocal cross holdings in CET1 capital instruments | (d) | 317,908 |
| 15 Cash flow hedge reserve | | - |
| 16 Investment in own shares / CET1 instruments | | - |
| 17 Securitization gain on sale | | - |
| 18 Capital shortfall of regulated subsidiaries | | - |
| 19 Deficit on account of revaluation from bank's holdings of property / AFS | (ab) | - |
| 20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | (a) - (ac) - (ae) | - |
| 21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | (b) - (ad) - (af) | - |
| 22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | (i) | - |
| 23 Amount exceeding 15% threshold of which: | | |
| - significant investments in the common stocks of financial entities | | - |
| - deferred tax assets arising from temporary differences | | - |
| 24 National specific regulatory adjustments applied to CET1 capital | | - |
| 25 Investment in TFCs of other banks exceeding the prescribed limit | | - |
| 26 Any other deduction specified by SBP (mention details) | | - |
| 27 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions | | 18,915 |
| 28 Total regulatory adjustments applied to CET1 | | <u>797,382</u> |
| Common Equity Tier 1 | | 24,759,402 |
| Additional Tier 1 (AT 1) Capital | | |
| 29 Qualifying Additional Tier-1 instruments plus any related share premium of which: | | - |
| 30 - Classified as equity | (t) | - |
| 31 - Classified as liabilities | (m) | - |
| 32 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties | (y) | - |
| 33 of which: instrument issued by subsidiaries subject to phase out | | - |
| 34 AT1 before regulatory adjustments | | - |

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| Particulars | Source based on reference number from step 2 | Component of regulatory capital reported by the bank |
|---|--|--|
| | | Rupees in '000 |
| Additional Tier 1 Capital: regulatory adjustments | | |
| 35 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment) | | - |
| 36 Investment in own AT1 capital instruments | | - |
| 37 Reciprocal cross holdings in Additional Tier 1 capital instruments | | - |
| 38 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | (ac) | - |
| 39 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation | (ad) | - |
| 40 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital | | - |
| 41 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | | - |
| 42 Total of Regulatory Adjustment applied to AT1 capital | | - |
| 43 Additional Tier 1 capital | | - |
| 44 Additional Tier 1 capital recognised for capital adequacy | | - |
| Tier 1 Capital (CET1 + admissible AT1) | | 24,759,402 |
| Tier 2 Capital | | |
| 45 Qualifying Tier 2 capital instruments under Basel III | | - |
| 46 Capital instruments subject to phase out arrangement from Tier 2 | (n) | - |
| 47 Tier 2 capital instruments issued to third party by consolidated subsidiaries of which: instruments issued by subsidiaries subject to phase out | (z) | - |
| 48 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets | (g) | 1,366,772 |
| 49 Revaluation Reserves eligible for Tier 2 of which: | | - |
| 50 - portion pertaining to Property | | - |
| 51 - portion pertaining to AFS securities | 67% of (aa) | 529,518 |
| 52 Foreign Exchange Translation Reserves | (v) | - |
| 53 Undisclosed / Other Reserves (if any) | | - |
| 54 T2 before regulatory adjustments | | 1,896,290 |
| Tier 2 Capital: regulatory adjustments | | |
| 55 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital | | 18,915 |
| 56 Reciprocal cross holdings in Tier 2 instruments | | - |
| 57 Investment in own Tier 2 capital instrument | | - |
| 58 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | (ae) | - |
| 59 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation | (af) | - |
| 60 Amount of Regulatory Adjustment applied to T2 capital | | 18,915 |
| 61 Tier 2 capital (T2) | | 1,877,375 |
| 62 Tier 2 capital recognised for capital adequacy | | 1,877,375 |
| 63 Excess Additional Tier 1 capital recognised in Tier 2 capital | | - |
| 64 Total Tier 2 capital admissible for capital adequacy | | 1,877,375 |
| TOTAL CAPITAL (T1 + admissible T2) | | 26,636,777 |

Notes to and forming part of the Financial Statements

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40.5 Main features of regulatory capital instruments

| | Main Features | Common Shares |
|----|---|---|
| 1 | Issuer | Meezan Bank Limited |
| 2 | Unique identifier (e.g KSE Symbol or Bloomberg identifier etc.) | MEBL |
| 3 | Governing law(s) of the instrument | Listing regulations of Karachi Stock Exchange Limited * |
| | Regulatory treatment | |
| 4 | Transitional Basel III rules | Common Equity Tier 1 |
| 5 | Post-transitional Basel III rules | Common Equity Tier 1 |
| 6 | Eligible at solo / group / group and solo | Solo |
| 7 | Instrument type | Ordinary shares |
| 8 | Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date) | 10,027,379 |
| 9 | Par value of instrument | 10 |
| 10 | Accounting classification | Shareholders' equity |
| 11 | Original date of issuance | August 16, 1997 |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | N/A |
| 14 | Issuer call subject to prior supervisory approval | No |
| 15 | Optional call date, contingent call dates and redemption amount | N/A |
| 16 | Subsequent call dates, if applicable | N/A |
| | Coupons / dividends | |
| 17 | Fixed or floating dividend/ coupon | N/A |
| 18 | coupon rate and any related index/ benchmark | N/A |
| 19 | Existence of a dividend stopper | No |
| 20 | Fully discretionary, partially discretionary or mandatory | Fully discretionary |
| 21 | Existence of step up or other incentive to redeem | No |
| 22 | Non-cumulative or cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | N/A |
| 25 | If convertible, fully or partially | N/A |
| 26 | If convertible, conversion rate | N/A |
| 27 | If convertible, mandatory or optional conversion | N/A |
| 28 | If convertible, specify instrument type convertible into | N/A |
| 29 | If convertible, specify issuer of instrument it converts into | N/A |
| 30 | Write-down feature | No |
| 31 | If write-down, write-down trigger(s) | N/A |
| 32 | If write-down, full or partial | N/A |
| 33 | If write-down, permanent or temporary | N/A |
| 34 | If temporary write-down, description of write-up mechanism | N/A |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Residual interest |
| 36 | Non-compliant transitioned features | No |
| 37 | If yes, specify non-compliant features | N/A |

* (Now Pakistan Stock Exchange Limited)

Notes to and forming part of the Financial Statements

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| 40.6 Risk-weighted exposures | Minimum capital requirements | | Risk weighted assets | |
|--|------------------------------|-------------------|----------------------|--------------------|
| | 2015 | 2014 ** | 2015 | 2014 ** |
| | Rupees in '000 | | | |
| Credit Risk | | | | |
| Portfolios subject to on-balance sheet exposure (Simple Approach) | | | | |
| Cash and cash equivalents | - | - | - | - |
| Sovereign | 107,673 | 89,981 | 1,076,729 | 899,811 |
| Public sector entities | 305,669 | 672,705 | 3,056,690 | 6,727,053 |
| Banks | 987,505 | 1,123,486 | 9,875,052 | 11,234,862 |
| Corporate | 13,979,805 | 11,358,069 | 139,798,052 | 113,580,691 |
| Retail | 724,894 | 440,962 | 7,248,944 | 4,409,623 |
| Residential mortgage | 299,357 | 194,663 | 2,993,569 | 1,946,627 |
| Past due loans | 25,170 | 62,251 | 251,703 | 622,509 |
| Operating fixed assets | 759,618 | 574,850 | 7,596,184 | 5,748,495 |
| All other assets | 415,285 | 850,014 | 4,152,851 | 8,500,137 |
| Portfolios subject to off-balance sheet exposure - non market related (Simple approach) | | | | |
| Banks | 91,892 | 104,556 | 918,915 | 1,045,564 |
| Corporate | 1,030,128 | 898,852 | 10,301,279 | 8,988,523 |
| Retail | 18,486 | 3,237 | 184,864 | 32,374 |
| Others | 50,061 | 7,746 | 500,605 | 77,457 |
| Portfolios subject to off-balance sheet exposures - market related (Current exposure method) | | | | |
| Banks | 78,479 | 193,956 | 784,792 | 1,939,556 |
| Customers | 39,528 | 47,511 | 395,277 | 475,108 |
| Equity Exposure Risk in the Banking Book | | | | |
| Unlisted equity investments held in banking book | 77,615 | 60,211 | 776,154 | 602,105 |
| Recognised portion of significant investment | 6,305 | 3,153 | 63,050 | 31,525 |
| Market Risk | | | | |
| Capital Requirement for portfolios subject to Standardised Approach | | | | |
| Interest rate risk | 63,950 | 63,137 | 799,370 | 789,212 |
| Equity position risk | 713,966 | 535,835 | 8,924,575 | 6,697,940 |
| Foreign Exchange risk | 818,537 | 55,884 | 10,231,717 | 698,546 |
| Operational Risk | | | | |
| Capital requirement for operational risk | 2,617,826 | 2,111,563 | 32,722,825 | 26,394,539 |
| Total | 23,211,749 | 19,452,622 | 242,653,197 | 201,442,257 |
| Capital Adequacy Ratio | Required | Actual | Required | Actual ** |
| | December 2015 | | December 2014 | |
| CET1 to total RWA | 6.25%*** | 10.20% | 5.50% | 11.08% |
| Tier 1 capital to total RWA | 7.50% | 10.20% | 7.00% | 11.08% |
| Total capital to total RWA | 10.25%*** | 10.98% | 10.00% | 11.88% |

** As reported in last year annual financial statements.

***Capital adequacy requirement inclusive of Capital Conservation Buffer requirement (CCB).

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41 RISK MANAGEMENT

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.
- The risk management function is independent of the Bank's operations.

Risk management organisation

The Risk Management Committee comprises of two non-executive directors and one executive director. One of the non-executive directors of the Bank chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

| Name of the sub-committee | Chaired by |
|---|--------------------------------|
| Credit Risk Management Committee (CRMC) | President & CEO |
| Asset and Liability Management Committee (ALCO) | President & CEO |
| Internal Controls and Operational Risk Management Committee (ICORC) | Deputy Chief Executive Officer |

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements & internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The ICORC is responsible for reviewing adequacy of controls and systems to meet the regulatory requirements and business plan of the Bank. The Committee evaluates overall management information systems and guides / facilitates for their accuracy and standardisation. The ICORC reviews reports on major actual / attempted fraud, forgery and dacoity incidents and the steps taken to mitigate such incidents in future. The Committee ensures that policies and procedures in all key risk areas of the banking business are in place. It deliberates on reports regarding deviations and lapses vis-à-vis internal and external requirements. The ICORC also reviews reports on loss data and key risk indicators.

The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

41.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Bank. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 189,974.711 million (2014: Rs 166,862.020 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 10.98%.

41.1.1

Segmental information

41.1.1.1 Segment by class of business

| | 2015 | | | | | |
|---|---|------------|--------------------|------------|-------------------------------|------------|
| | Islamic financings and related assets (gross) | | Deposits | | Contingencies and commitments | |
| | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % |
| Agriculture, food, forestry and fishing | 33,864,890 | 15.69 | 1,938,282 | 0.41 | 17,163,092 | 5.25 |
| Automobile and transportation equipment | 2,896,075 | 1.34 | 942,244 | 0.20 | 2,910,876 | 0.89 |
| Cement | 3,539,882 | 1.64 | 737,536 | 0.16 | 2,331,792 | 0.71 |
| Chemical and pharmaceuticals | 19,097,402 | 8.85 | 3,173,237 | 0.67 | 14,077,683 | 4.31 |
| Construction | 689,938 | 0.32 | 6,112,726 | 1.30 | 910,429 | 0.28 |
| Electronics and electrical appliances | 3,216,384 | 1.49 | 2,928,481 | 0.62 | 4,396,877 | 1.34 |
| Exports / imports | 3,410,028 | 1.58 | 2,792,368 | 0.59 | 9,310,625 | 2.85 |
| Financial institutions | 437,092 | 0.20 | 5,875,770 | 1.25 | 143,451,217 | 43.88 |
| Footwear and leather garments | 1,518,816 | 0.70 | 680,326 | 0.14 | 2,314,894 | 0.71 |
| Individuals | 17,861,322 | 8.28 | 366,131,965 | 77.60 | 16,830,557 | 5.14 |
| Insurance | 10,239 | 0.01 | 271,165 | 0.06 | 5,059 | 0.00 |
| Others | 22,992,787 | 10.66 | 44,739,228 | 9.48 | 28,825,964 | 8.82 |
| Paper, board and packaging | 5,514,193 | 2.56 | 515,253 | 0.11 | 2,867,217 | 0.88 |
| Power (electricity), oil, gas and water | 22,822,499 | 10.58 | 485,332 | 0.10 | 11,480,936 | 3.51 |
| Services | 5,498,620 | 2.55 | 9,885,338 | 2.10 | 4,148,684 | 1.27 |
| Sugar | 8,397,530 | 3.89 | 1,684,479 | 0.36 | 4,219,950 | 1.29 |
| Textile | 49,281,856 | 22.84 | 8,784,104 | 1.86 | 50,438,339 | 15.43 |
| Transport, storage and communication | 9,544,463 | 4.42 | 5,539,204 | 1.17 | 6,066,032 | 1.86 |
| Wholesale and retail trade | 5,181,647 | 2.40 | 8,603,921 | 1.82 | 5,175,367 | 1.58 |
| | 215,775,663 | 100 | 471,820,959 | 100 | 326,925,590 | 100 |

| | 2014 | | | | | |
|---|---|------------|--------------------|------------|-------------------------------|------------|
| | Islamic financings and related assets (gross) | | Deposits | | Contingencies and commitments | |
| | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % |
| Agriculture, food, forestry and fishing | 22,667,485 | 12.37 | 771,670 | 0.20 | 13,490,179 | 5.18 |
| Automobile and transportation equipment | 1,982,957 | 1.08 | 238,106 | 0.06 | 3,071,489 | 1.18 |
| Cement | 1,693,669 | 0.92 | 77,138 | 0.02 | 1,532,773 | 0.59 |
| Chemical and pharmaceuticals | 15,510,284 | 8.46 | 2,124,155 | 0.56 | 10,857,419 | 4.17 |
| Construction | 672,879 | 0.37 | 2,962,471 | 0.78 | 688,294 | 0.26 |
| Electronics and electrical appliances | 701,463 | 0.38 | 393,925 | 0.10 | 2,862,636 | 1.10 |
| Exports / imports | 1,217,334 | 0.66 | 1,644,522 | 0.43 | 3,010,871 | 1.16 |
| Financial institutions | 274,183 | 0.15 | 4,751,294 | 1.25 | 116,277,724 | 44.63 |
| Footwear and leather garments | 1,307,611 | 0.71 | 213,071 | 0.06 | 2,293,820 | 0.88 |
| Individuals | 12,211,516 | 6.66 | 316,409,317 | 83.17 | 5,945,615 | 2.28 |
| Insurance | 33,933 | 0.02 | - | - | 17,419 | 0.01 |
| Others | 16,160,164 | 8.83 | 24,293,093 | 6.39 | 23,593,373 | 9.05 |
| Paper, board and packaging | 4,007,342 | 2.20 | 520,338 | 0.14 | 1,893,144 | 0.73 |
| Power (electricity), oil, gas and water | 40,071,833 | 21.86 | 196,295 | 0.05 | 20,239,013 | 7.77 |
| Services | 9,474,570 | 5.17 | 10,603,271 | 2.79 | 5,296,773 | 2.03 |
| Sugar | 6,871,834 | 3.75 | 579,094 | 0.16 | 3,301,310 | 1.27 |
| Textile | 40,855,890 | 22.29 | 4,903,311 | 1.29 | 40,696,588 | 15.62 |
| Transport, storage and communication | 2,543,877 | 1.39 | 4,881,404 | 1.28 | 2,150,277 | 0.82 |
| Wholesale and retail trade | 5,026,724 | 2.73 | 4,859,094 | 1.27 | 3,313,448 | 1.27 |
| | 183,285,548 | 100 | 380,421,569 | 100 | 260,532,165 | 100 |

Notes to and forming part of the Financial Statements

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41.1.1.2 Segmental by sector

| | 2015 | | | | | |
|---------------------|---|------------|--------------------|------------|-------------------------------|------------|
| | Islamic financings and related assets (gross) | | Deposits | | Contingencies and commitments | |
| | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % |
| Public / Government | 29,700,958 | 13.76 | 1,697,285 | 0.36 | - | - |
| Private | 186,074,705 | 86.24 | 470,123,674 | 99.64 | 326,925,590 | 100 |
| | <u>215,775,663</u> | <u>100</u> | <u>471,820,959</u> | <u>100</u> | <u>326,925,590</u> | <u>100</u> |

| | 2014 | | | | | |
|---------------------|---|------------|--------------------|------------|-------------------------------|------------|
| | Islamic financings and related assets (gross) | | Deposits | | Contingencies and commitments | |
| | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % |
| Public / Government | 21,534,231 | 11.75 | 1,555,417 | 0.41 | - | - |
| Private | 161,751,317 | 88.25 | 378,866,152 | 99.59 | 260,532,165 | 100 |
| | <u>183,285,548</u> | <u>100</u> | <u>380,421,569</u> | <u>100</u> | <u>260,532,165</u> | <u>100</u> |

41.1.1.3 Details of non-performing Islamic financings and related assets and specific provisions by class of business segment:

| | 2015 | | 2014 | |
|--|--|--------------------------|--|--------------------------|
| | Classified Islamic financings and related assets | Specific provisions held | Classified Islamic financings and related assets | Specific provisions held |
| | Rupees in '000 | | | |
| Agriculture, forestry, hunting and fishing | 232,560 | 232,560 | - | - |
| Textile | 4,180,864 | 4,177,799 | 3,920,669 | 3,626,111 |
| Chemical and pharmaceuticals | - | - | 94,729 | 62,510 |
| Cement | - | - | - | - |
| Sugar | 108,718 | 113,529 | 111,124 | 113,529 |
| Footwear and leather garments | 108,570 | 108,578 | 116,939 | 115,897 |
| Automobile and transportation equipment | 674,191 | 671,271 | 656,361 | 655,961 |
| Electronics and electrical appliances | - | - | 19,616 | 19,616 |
| Construction | 26,597 | 26,597 | 11,816 | 3,816 |
| Power (electricity), gas and water | 2,796 | 2,796 | 90,591 | 49,747 |
| Wholesale and retail trade | 647,085 | 470,032 | - | - |
| Paper, board and packaging | 29,597 | 29,597 | - | - |
| Exports / imports | 257,452 | 250,202 | 1,875 | 1,875 |
| Individuals | 412,035 | 370,770 | 483,352 | 396,780 |
| Others | 383,917 | 386,337 | 1,405,306 | 1,239,248 |
| | <u>7,064,382</u> | <u>6,840,068</u> | <u>6,912,378</u> | <u>6,285,090</u> |

41.1.1.4 Details of non-performing Islamic financings and related assets and specific provisions by sector:

| | 2015 | | 2014 | |
|---------------------|--|--------------------------|--|--------------------------|
| | Classified Islamic financings and related assets | Specific provisions held | Classified Islamic financings and related assets | Specific provisions held |
| | Rupees in '000 | | | |
| Public / Government | - | - | - | - |
| Private | 7,064,382 | 6,840,068 | 6,912,378 | 6,285,090 |
| | <u>7,064,382</u> | <u>6,840,068</u> | <u>6,912,378</u> | <u>6,285,090</u> |

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41.1.1.5 Geographical segment analysis

| | 2015 | | | |
|----------|------------------------|-----------------------|---------------------|-------------------------------|
| | Profit before taxation | Total assets employed | Net assets employed | Contingencies and commitments |
| | Rupees in '000 | | | |
| Pakistan | 8,451,253 | 531,849,934 | 26,347,110 | 326,925,590 |

| | 2014 | | | |
|----------|------------------------|-----------------------|---------------------|-------------------------------|
| | Profit before taxation | Total assets employed | Net assets employed | Contingencies and commitments |
| | Rupees in '000 | | | |
| Pakistan | 6,898,534 | 437,510,268 | 23,890,330 | 260,532,165 |

41.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on the basis of standardised approach.

The Bank is committed to further strengthen its risk management framework which will enable the Bank to move ahead for adopting Foundation Internal Ratings Based (IRB) approach. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

41.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies which consists of PACRA (Pakistan Credit Rating Agency) and JCR-VIS (Japan Credit Rating Company - Vital Information System) which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

| Exposures | 2015 | | | | |
|------------------------|---------|-------|------------------------|-------|-------|
| | JCR-VIS | PACRA | Standard & Poors (S&P) | Fitch | Moody |
| Corporate | √ | √ | √ | √ | √ |
| Banks | √ | √ | √ | √ | √ |
| Public Sector Entities | √ | √ | - | - | - |

Use of ECAI Ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel II requirements.

Notes to and forming part of the Financial Statements

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41.2.2 Credit exposures subject to standardised approach

| Exposures | 2015 | | | 2014 | | |
|------------------|--------------------|----------------------------------|--------------------|--------------------|----------------------------------|--------------------|
| | Amount Outstanding | Deduction Credit Risk Management | Net amount | Amount Outstanding | Deduction Credit Risk Management | Net amount |
| Rupees in '000 | | | | | | |
| Bank | | | | | | |
| 20% | 28,758,709 | - | 28,758,709 | 40,901,570 | - | 40,901,570 |
| 50% | 8,012,662 | - | 8,012,662 | 5,795,736 | - | 5,795,736 |
| 100% | - | - | - | - | - | - |
| 150% | - | - | - | 85,498 | - | 85,498 |
| Unrated | 584,900 | - | 584,900 | 142,166 | - | 142,166 |
| Corporate | | | | | | |
| 20% | 32,343,104 | - | 32,343,104 | 24,958,162 | - | 24,958,162 |
| 50% | 17,776,489 | - | 17,776,489 | 17,725,083 | - | 17,725,083 |
| 100% | 254,924 | - | 254,924 | 346,172 | - | 346,172 |
| 150% | - | - | - | - | - | - |
| Unrated 1 | 58,610,027 | 2,867,472 | 55,742,555 | 54,993,140 | 2,201,025 | 52,792,115 |
| Unrated 2 | 54,754,966 | - | 54,754,966 | 40,511,505 | - | 40,511,505 |
| Retails | | | | | | |
| 75% | 12,848,637 | 3,183,379 | 9,665,258 | 7,870,759 | 1,991,262 | 5,879,497 |
| Total | 213,944,418 | 6,050,851 | 207,893,567 | 193,329,791 | 4,192,287 | 189,137,504 |

41.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of islamic investment, monthly mudaraba certificate and saving accounts.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Bank to price risk as they are in the form of cash collaterals. Since eligible collaterals for CRM purposes are all in the form of cash collaterals, they generally do not pose risk to the Bank in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The Bank mainly takes the benefit of CRM against its claims on corporate and retail portfolio. Under the standardised approach for on-balance sheet exposures, the corporate portfolio of Rs 163,739.510 million is subject to the CRM of Rs 2,867.472 million whereas a claim on retail portfolio of Rs 12,848.637 million is subject to CRM of Rs 3,183.379 million. The total benefit of Rs 6,050.851 million was availed through CRM against total on-balance sheet exposure of Rs 526,695.370 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs 141,032.873 million is subject to the CRM of Rs 1,183.123 million whereas a claim on retail portfolio of Rs 2,183.585 million is subject to CRM of Rs 634.497 million. Total benefit of Rs 1,817.620 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 152,923.293 million.

Thus in year 2015, total amount of cash collateral used for CRM purposes was Rs 7,868.471 million as against amount of Rs 5,842.575 million in year 2014. The difference in the value of cash collateral is due to the changes in the exposure amounts and resultant amount of cash collateral obtained.

41.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

41.3 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 7.4 to these financial statements.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily;
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax below equity in case of available for sale securities.

Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale. The Bank does not have any held to maturity investments as at December 31, 2015.

41.4 Market risk

Market risk as is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

The Bank uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Bank to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Bank takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily the VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

41.4.1 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. Bank's assets and liabilities in foreign currencies give rise to Foreign exchange risk which has to be managed by the Bank; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

| | 2015 | | | |
|--|--------------------|--------------------|-------------------------|-------------------------------|
| | Assets | Liabilities | Off-balance sheet items | Net foreign currency exposure |
| | Rupees in '000 | | | |
| Pakistan Rupees | 503,596,202 | 473,292,914 | 6,171,105 | 36,474,393 |
| United States Dollars | 26,347,200 | 27,436,819 | (9,142,098) | (10,231,717) |
| Great Britain Pounds | 818,339 | 2,774,469 | 1,967,074 | 10,944 |
| Japanese Yen | 44,658 | 33 | (43,515) | 1,110 |
| Euro | 888,409 | 1,996,315 | 1,116,186 | 8,280 |
| Singapore Dollars | 12,747 | 3 | (11,123) | 1,621 |
| Australian Dollars | 20,074 | 1,253 | (17,628) | 1,193 |
| Canadian Dollars | 22,358 | 952 | (18,850) | 2,556 |
| United Arab Emirates Dirham | 39,408 | 29 | - | 39,379 |
| Swiss Francs | 22,376 | - | (21,151) | 1,225 |
| Saudi Riyal | 4,504 | - | - | 4,504 |
| Swedish Korona | 5,447 | - | - | 5,447 |
| Malaysian Ringgit | 8,017 | - | - | 8,017 |
| Hongkong Dollar | 809 | 37 | - | 772 |
| Chinese Yuan | 19,386 | - | - | 19,386 |
| Total foreign currency exposure | 28,253,732 | 32,209,910 | (6,171,105) | (10,127,283) |
| Total currency exposure | 531,849,934 | 505,502,824 | - | 26,347,110 |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| | 2014 | | | |
|---|--------------------|--------------------|-------------------------|-------------------------------|
| | Assets | Liabilities | Off-balance sheet items | Net foreign currency exposure |
| | Rupees in '000 | | | |
| Pakistan Rupees | 395,553,309 | 388,500,070 | 16,139,323 | 23,192,562 |
| United States Dollars | 40,622,342 | 20,912,757 | (19,067,142) | 642,443 |
| Great Britain Pounds | 546,152 | 2,541,184 | 1,992,724 | (2,308) |
| Japanese Yen | 71,075 | 863 | (69,795) | 417 |
| Euro | 576,305 | 1,663,089 | 1,086,577 | (207) |
| Singapore Dollars | 8,793 | 3 | (9,125) | (335) |
| Australian Dollars | 11,182 | 1,346 | (8,234) | 1,602 |
| Canadian Dollars | 41,677 | 561 | (30,339) | 10,777 |
| United Arab Emirates Dirham | 34,735 | 28 | (13,679) | 21,028 |
| Swiss Francs | 20,576 | - | (20,310) | 266 |
| Saudi Riyal | 3,398 | - | - | 3,398 |
| Swedish Korona | 3,657 | - | - | 3,657 |
| Malaysian Ringgit | 14,369 | - | - | 14,369 |
| Hongkong Dollar | 1,110 | 37 | - | 1,073 |
| Chinese Yuan | 1,588 | - | - | 1,588 |
| Total foreign currency exposure | 41,956,959 | 25,119,868 | (16,139,323) | 697,768 |
| Total currency exposure - restated | 437,510,268 | 413,619,938 | - | 23,890,330 |

41.4.2 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in the value of equity portfolios of the bank. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Bank invests in only Shariah compliant equities as advised by the Shariah advisor.

41.4.3 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on bank's income, and resultant impact is on bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these complemented by the monitoring of sensitivity of the bank's financial assets and liabilities to various scenarios.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.



Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

41.4.4 Mismatch of yield rate sensitive assets and liabilities

| | | 2015 | | | | | | | | | | |
|--|-------|-----------------------|--------------------------|--------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------|--|----------------|
| Effective yield rate % | Total | Exposed to yield risk | | | | | | | | | Non-yield bearing financial instruments | |
| | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years | | |
| | | | | | | | | | | | | Rupees in '000 |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and balances with treasury banks | - | 43,685,636 | - | - | - | - | - | - | - | - | 43,685,636 | |
| Balances with other banks | 0.09 | 11,175,060 | 3,107,433 | - | - | 4,000,000 | - | - | - | - | 4,067,627 | |
| Due from financial and other institutions | 8.21 | 170,474,422 | 1,900,144 | 78,334,591 | 20,844,741 | 69,394,946 | - | - | - | - | - | |
| Investments | 7.24 | 75,007,944 | 3,180,611 | 16,525,090 | 41,338,711 | - | 2,109,928 | 1,045,838 | 1,072,299 | 3,188,186 | 6,547,281 | |
| Islamic financing and related assets | 8.72 | 207,568,823 | 21,296,992 | 33,336,411 | 45,994,330 | 55,986,446 | - | - | - | - | 50,954,644 | |
| Other assets | - | 12,555,597 | - | - | - | - | - | - | - | - | 12,555,597 | |
| | | 520,467,482 | 29,485,180 | 128,196,092 | 108,177,782 | 129,381,392 | 2,109,928 | 1,045,838 | 1,072,299 | 3,188,186 | 117,810,785 | |
| Liabilities | | | | | | | | | | | | |
| Bills payable | - | 6,560,324 | - | - | - | - | - | - | - | - | 6,560,324 | |
| Due to financial institutions | 5.53 | 13,609,551 | 8,816,491 | 962,140 | 3,824,123 | - | - | - | - | - | 6,797 | |
| Deposits and other accounts | 3.46 | 471,820,959 | 323,120,446 | - | - | - | - | - | - | - | 148,700,513 | |
| Other liabilities | - | 5,273,488 | - | - | - | - | - | - | - | - | 5,273,488 | |
| | | 497,264,322 | 331,936,937 | 962,140 | 3,824,123 | - | - | - | - | - | 160,541,122 | |
| On-balance sheet gap | | 23,203,160 | (302,451,757) | 127,233,952 | 104,353,659 | 129,381,392 | 2,109,928 | 1,045,838 | 1,072,299 | 3,188,186 | (42,730,337) | |
| Non financial assets | | | | | | | | | | | | |
| - Investment in subsidiary and associates | | 1,902,007 | | | | | | | | | | |
| - Operating fixed assets | | 8,056,743 | | | | | | | | | | |
| - Other assets | | 1,423,702 | | | | | | | | | | |
| | | 11,382,452 | | | | | | | | | | |
| Non financial liabilities | | | | | | | | | | | | |
| - Other liabilities | | 7,845,381 | | | | | | | | | | |
| - Deferred tax liabilities | | 393,121 | | | | | | | | | | |
| | | 8,238,502 | | | | | | | | | | |
| Total net assets | | 26,347,110 | | | | | | | | | | |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| Forward Lending | - | - | - | - | - | - | - | - | - | - | - | |
| Forward borrowings | - | - | - | - | - | - | - | - | - | - | - | |
| Off-balance sheet gap | - | - | - | - | - | - | - | - | - | - | - | |
| Total yield risk rate sensitivity gap | | | (302,451,757) | 127,233,952 | 104,353,659 | 129,381,392 | 2,109,928 | 1,045,838 | 1,072,299 | 3,188,186 | (42,730,337) | |
| Cumulative yield risk rate sensitivity gap | | | (302,451,757) | (175,217,805) | (70,864,146) | 58,517,246 | 60,627,174 | 61,673,012 | 62,745,311 | 65,933,497 | 23,203,160 | |

| | | 2014 | | | | | | | | | | |
|--|-------|-----------------------|--------------------------|--------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------|--|----------------|
| Effective yield rate % | Total | Exposed to yield risk | | | | | | | | | Non-yield bearing financial instruments | |
| | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years | | |
| | | | | | | | | | | | | Rupees in '000 |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and balances with treasury banks | - | 29,728,764 | - | - | - | - | - | - | - | - | 29,728,764 | |
| Balances with other banks | 0.14 | 5,501,077 | 3,109,763 | - | - | - | - | - | - | - | 2,391,314 | |
| Due from financial and other institutions | 9.54 | 90,766,297 | 5,058,610 | 27,234,222 | 6,869,475 | 51,603,990 | - | - | - | - | - | |
| Investments | 9.84 | 110,588,791 | 5,914,412 | 16,570,185 | 77,939,343 | 508,718 | 72,853 | 2,039,914 | 1,532,125 | 2,562,608 | 3,448,633 | |
| Islamic financing and related assets | 10.39 | 175,711,942 | 18,702,764 | 26,449,813 | 32,147,813 | 40,084,412 | - | - | 125,011 | - | 58,202,129 | |
| Other assets | - | 13,846,307 | - | - | - | - | - | - | - | - | 13,846,307 | |
| | | 426,143,178 | 32,785,549 | 70,254,220 | 116,956,631 | 92,197,120 | 72,853 | 2,039,914 | 1,657,136 | 2,562,608 | 107,617,147 | |
| Liabilities | | | | | | | | | | | | |
| Bills payable | - | 5,619,826 | - | - | - | - | - | - | - | - | 5,619,826 | |
| Due to financial institutions | 8.87 | 15,465,418 | 5,140,651 | 2,471,950 | 7,753,164 | - | - | - | - | - | 99,653 | |
| Deposits and other accounts | 4.57 | 380,421,569 | 262,310,626 | - | - | - | - | - | - | - | 118,110,943 | |
| Other liabilities | - | 11,631,825 | - | - | - | - | - | - | - | - | 11,631,825 | |
| | | 413,138,638 | 267,451,277 | 2,471,950 | 7,753,164 | - | - | - | - | - | 135,462,247 | |
| On-balance sheet gap | | 13,004,540 | (234,665,728) | 67,782,270 | 109,203,467 | 92,197,120 | 72,853 | 2,039,914 | 1,657,136 | 2,562,608 | (27,845,100) | |
| Non financial assets | | | | | | | | | | | | |
| - Investment in subsidiary and associates | | 3,500,461 | | | | | | | | | | |
| - Operating fixed assets | | 6,273,239 | | | | | | | | | | |
| - Deferred tax assets - restated | | 815,464 | | | | | | | | | | |
| - Other assets - restated | | 777,926 | | | | | | | | | | |
| | | 11,367,090 | | | | | | | | | | |
| Non financial liabilities | | | | | | | | | | | | |
| - Other liabilities - restated | | 481,300 | | | | | | | | | | |
| | | 481,300 | | | | | | | | | | |
| Total net assets - restated | | 23,890,330 | | | | | | | | | | |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| Forward Lending | - | - | - | - | - | - | - | - | - | - | - | |
| Forward borrowings | - | - | - | - | - | - | - | - | - | - | - | |
| Off-balance sheet gap | - | - | - | - | - | - | - | - | - | - | - | |
| Total yield risk rate sensitivity gap | | | (234,665,728) | 67,782,270 | 109,203,467 | 92,197,120 | 72,853 | 2,039,914 | 1,657,136 | 2,562,608 | (27,845,100) | |
| Cumulative yield risk rate sensitivity gap | | | (234,665,728) | (166,883,458) | (57,679,991) | 34,517,129 | 34,589,982 | 36,629,896 | 38,287,032 | 40,849,640 | 13,004,540 | |

Notes to and forming part of the Financial Statements

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The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

41.5 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Board of Directors sets bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

41.5.1 Maturities of assets and liabilities

41.5.1.1 Maturities of assets and liabilities based on expected maturities

| 2015 | | | | | | | | | |
|---|-------------------|--------------------|--------------------|-------------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| Total | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years |
| Rupees in '000 | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and balances with treasury banks | 43,685,636 | 43,685,636 | - | - | - | - | - | - | - |
| Balances with other banks | 11,175,060 | 7,175,060 | - | - | 4,000,000 | - | - | - | - |
| Due from financial and other institutions | 170,474,422 | 1,900,145 | 78,334,591 | - | 90,239,686 | - | - | - | - |
| Investments | 76,909,951 | 8,049,536 | 9,899,272 | 222,339 | 550,898 | 4,689,978 | 44,504,547 | 4,927,424 | 3,995,953 |
| Islamic financing and related assets | 207,568,823 | 61,770,502 | 20,830,265 | 32,596,725 | 10,401,980 | 10,577,434 | 13,913,886 | 39,010,970 | 11,230,422 |
| Operating fixed assets | 8,056,743 | - | - | - | 1,418,628 | 993,068 | 993,068 | 1,433,294 | 1,777,211 |
| Deferred tax assets | - | - | - | - | - | - | - | - | - |
| Other assets | 13,979,299 | 4,263,759 | 3,544,245 | 5,316,368 | 854,927 | - | - | - | - |
| | 531,849,934 | 126,844,638 | 112,608,373 | 38,135,432 | 107,466,119 | 16,260,480 | 59,411,501 | 45,371,688 | 17,003,586 |
| | | | | | | | | | 8,748,117 |
| Liabilities | | | | | | | | | |
| Bills payable | 6,560,324 | 6,560,324 | - | - | - | - | - | - | - |
| Due to financial institutions | 13,609,551 | 8,823,288 | 962,140 | 3,819,575 | - | - | - | 4,548 | - |
| Deposits and other accounts | | | | | | | | | |
| - Current accounts | 148,870,349 | 13,844,941 | 11,165,275 | 10,272,053 | 14,589,293 | 20,692,976 | 15,780,255 | 25,159,086 | 37,366,470 |
| - Savings deposits | 191,180,963 | 13,956,212 | 11,088,471 | 10,400,246 | 14,759,172 | 20,857,846 | 15,868,022 | 25,235,891 | 46,514,335 |
| - Fixed deposits | 131,769,647 | 24,926,933 | 19,425,064 | 21,432,742 | 28,696,029 | 6,037,567 | 6,903,621 | 12,203,615 | 12,144,076 |
| | 471,820,959 | 52,728,086 | 41,678,810 | 42,105,041 | 58,044,494 | 47,588,389 | 38,551,898 | 62,598,592 | 96,024,881 |
| Deferred tax liabilities | 393,121 | - | - | - | 98,280 | 98,280 | 98,280 | 98,281 | - |
| Other liabilities | 13,118,869 | 4,070,774 | 2,208,493 | 3,312,740 | 391,874 | 783,747 | 783,747 | 1,567,494 | - |
| | 506,502,824 | 72,182,472 | 44,849,443 | 49,237,356 | 58,534,648 | 48,470,416 | 39,433,925 | 64,268,915 | 96,024,881 |
| | | | | | | | | | 32,500,768 |
| Net assets | 26,347,110 | 54,662,166 | 67,758,930 | (11,101,924) | 48,931,471 | (32,209,936) | 19,977,576 | (18,897,227) | (79,021,295) |
| | | | | | | | | | (23,752,651) |
| Share capital | 10,027,379 | | | | | | | | |
| Reserves | 8,587,363 | | | | | | | | |
| Unappropriated profit | 6,942,042 | | | | | | | | |
| Surplus on revaluation of investments | 790,326 | | | | | | | | |
| | 26,347,110 | | | | | | | | |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



| 2014 | | | | | | | | | |
|---|-------------------|--------------------|--------------------|-------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Total | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years |
| Rupees in '000 | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and balances with treasury banks | 29,728,764 | 29,728,764 | - | - | - | - | - | - | - |
| Balances with other banks | 5,501,077 | 5,501,077 | - | - | - | - | - | - | - |
| Due from financial and other institutions | 90,766,297 | 5,058,610 | 27,234,222 | 6,869,475 | 51,603,990 | - | - | - | - |
| Investments | 114,089,252 | 8,152,824 | 1,434,556 | 27,302,825 | 52,202,306 | 12,221,804 | 4,231,772 | 5,436,051 | 81,331 |
| Islamic financing and related assets | 175,711,942 | 45,088,674 | 23,408,927 | 33,600,567 | 20,178,775 | 8,281,729 | 6,607,294 | 29,446,249 | 1,062,100 |
| Operating fixed assets | 6,273,239 | - | - | - | 857,092 | 661,277 | 661,277 | 1,232,924 | 1,486,403 |
| Deferred tax assets - restated | 815,464 | - | - | 284,900 | 132,641 | 132,641 | 132,641 | - | - |
| Other assets - restated | 14,624,233 | 8,198,916 | 2,129,431 | 3,224,960 | 603,316 | 42,074 | 84,147 | 210,368 | 88,947 |
| | 437,510,268 | 101,728,865 | 54,207,136 | 71,282,727 | 125,578,120 | 21,339,525 | 11,675,058 | 36,332,012 | 2,718,781 |
| Liabilities | | | | | | | | | |
| Bills payable | 5,619,826 | 5,619,826 | - | - | - | - | - | - | - |
| Due to financial institutions | 15,465,418 | 5,240,304 | 2,471,950 | 7,753,164 | - | - | - | - | - |
| Deposits and other accounts | | | | | | | | | |
| - Current accounts | 118,110,943 | 10,984,318 | 8,858,321 | 8,149,655 | 11,574,872 | 16,417,421 | 12,519,760 | 19,960,749 | - |
| - Savings deposits | 153,605,033 | 11,213,167 | 8,909,092 | 8,356,114 | 11,858,309 | 16,758,309 | 12,749,218 | 20,275,864 | 26,112,855 |
| - Fixed deposits | 108,705,593 | 16,677,573 | 17,449,658 | 12,795,569 | 28,598,158 | 4,268,505 | 5,269,660 | 13,492,639 | - |
| | 380,421,569 | 38,875,058 | 35,217,071 | 29,301,338 | 52,031,339 | 37,444,235 | 30,538,638 | 53,729,252 | 26,112,855 |
| Other liabilities - restated | 12,113,125 | 5,677,747 | 1,621,155 | 2,434,745 | 181,424 | 389,949 | 745,548 | 994,870 | 67,687 |
| | 413,619,938 | 55,412,935 | 39,310,176 | 39,489,247 | 52,212,763 | 37,834,184 | 31,284,186 | 54,724,122 | 26,112,855 |
| Net assets - restated | 23,890,330 | 46,315,930 | 14,896,960 | 31,793,480 | 73,365,357 | (16,494,659) | (19,609,128) | (18,392,110) | (23,394,074) |
| Share capital | 10,027,379 | | | | | | | | |
| Reserves - restated | 7,288,754 | | | | | | | | |
| Unappropriated profit | 5,958,587 | | | | | | | | |
| Surplus on revaluation of investments | 615,610 | | | | | | | | |
| | 23,890,330 | | | | | | | | |

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Bank has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 33.5% of current accounts and 22.26% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 66.5% of current accounts and 73.7% of savings accounts are bucketed into maturities of above 1-Year.

41.5.1.2 Maturities of assets and liabilities based on contractual maturities

| 2015 | | | | | | | | | |
|---|-------------------|----------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| Total | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years |
| Rupees in '000 | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and balances with treasury banks | 43,685,636 | 43,685,636 | - | - | - | - | - | - | - |
| Balances with other banks | 11,175,060 | 7,175,060 | - | - | 4,000,000 | - | - | - | - |
| Due from financial and other institutions | 170,474,422 | 1,900,145 | 78,334,591 | - | 90,239,686 | - | - | - | - |
| Investments | 76,909,951 | 7,537,475 | 9,898,607 | 221,277 | 548,740 | 5,004,310 | 44,694,029 | 4,928,228 | 81,332 |
| Islamic financing and related assets | 207,568,823 | 61,770,502 | 20,830,265 | 32,596,725 | 10,401,980 | 10,577,434 | 13,913,886 | 39,010,970 | 7,236,639 |
| Operating fixed assets | 8,056,743 | - | - | - | 1,418,628 | 993,068 | 993,068 | 1,433,294 | 1,441,474 |
| Deferred tax assets | - | - | - | - | - | - | - | - | - |
| Other assets | 13,979,299 | 4,263,759 | 3,544,245 | 5,316,368 | 854,927 | - | - | - | - |
| | 531,849,934 | 126,332,577 | 112,607,708 | 38,134,370 | 107,463,961 | 16,574,812 | 59,600,983 | 45,372,492 | 8,759,445 |
| Liabilities | | | | | | | | | |
| Bills payable | 6,560,324 | 6,560,324 | - | - | - | - | - | - | - |
| Due to financial institutions | 13,609,551 | 8,823,288 | 962,140 | 3,819,575 | - | - | 4,548 | - | - |
| Deposits and other accounts | | | | | | | | | |
| - Current accounts | 148,870,349 | 148,870,349 | - | - | - | - | - | - | - |
| - Savings deposits | 191,180,963 | 191,180,963 | - | - | - | - | - | - | - |
| - Fixed deposits | 131,769,647 | 24,926,933 | 19,425,064 | 21,432,742 | 28,696,029 | 6,037,567 | 6,903,621 | 12,203,615 | - |
| | 471,820,959 | 364,978,245 | 19,425,064 | 21,432,742 | 28,696,029 | 6,037,567 | 6,903,621 | 12,203,615 | - |
| Deferred tax liabilities | 393,121 | - | - | - | 98,280 | 98,280 | 98,280 | - | - |
| Other liabilities | 13,118,869 | 4,070,774 | 2,208,493 | 3,312,740 | 391,874 | 783,747 | 783,747 | 1,567,494 | - |
| | 505,502,824 | 384,432,631 | 22,595,697 | 28,565,057 | 29,186,183 | 6,919,594 | 7,785,648 | 13,873,938 | - |
| Net assets | 26,347,110 | (258,100,054) | 90,012,011 | 9,569,313 | 78,277,778 | 9,655,218 | 51,815,335 | 31,498,554 | 8,759,445 |
| Share capital | 10,027,379 | | | | | | | | |
| Reserves | 8,587,363 | | | | | | | | |
| Unappropriated profit | 6,942,042 | | | | | | | | |
| Surplus on revaluation of investments | 790,326 | | | | | | | | |
| | 26,347,110 | | | | | | | | |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| | 2014 | | | | | | | | | |
|---|-------------------|----------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | Total | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years |
| | Rupees in '000 | | | | | | | | | |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 29,728,764 | 29,728,764 | - | - | - | - | - | - | - | - |
| Balances with other banks | 5,501,077 | 5,501,077 | - | - | - | - | - | - | - | - |
| Due from financial and other institutions | 90,766,297 | 5,058,610 | 27,234,222 | 6,869,475 | 51,603,990 | - | - | - | - | - |
| Investments | 114,089,252 | 8,152,824 | 1,434,556 | 27,302,825 | 52,202,306 | 12,221,801 | 4,231,772 | 5,436,051 | 3,025,786 | 81,331 |
| Islamic financing and related assets | 175,711,942 | 45,088,674 | 23,408,927 | 33,600,567 | 20,178,775 | 8,281,729 | 6,607,294 | 29,446,249 | 8,037,627 | 1,062,100 |
| Operating fixed assets | 6,273,239 | - | - | - | 857,092 | 661,277 | 661,277 | 1,232,924 | 1,374,266 | 1,486,403 |
| Deferred tax assets - restated | 815,464 | - | - | 284,900 | 132,641 | 132,641 | 132,641 | 132,641 | - | - |
| Other assets - restated | 14,624,233 | 8,204,019 | 2,184,784 | 3,308,690 | 837,796 | 88,944 | - | - | - | - |
| | 437,510,268 | 101,733,968 | 54,262,489 | 71,366,457 | 125,812,600 | 21,386,392 | 11,632,984 | 36,247,865 | 12,437,679 | 2,629,834 |
| Liabilities | | | | | | | | | | |
| Bills payable | 5,619,826 | 5,619,826 | - | - | - | - | - | - | - | - |
| Due to financial institutions | 15,465,418 | 5,240,304 | 2,471,950 | 7,753,164 | - | - | - | - | - | - |
| Deposits and other accounts | | | | | | | | | | |
| - Current accounts | 118,110,943 | 118,110,943 | - | - | - | - | - | - | - | - |
| - Savings deposits | 153,605,034 | 153,605,034 | - | - | - | - | - | - | - | - |
| - Fixed deposits | 108,705,592 | 16,677,573 | 17,449,658 | 12,795,569 | 28,598,158 | 4,268,505 | 5,269,660 | 13,492,639 | 10,153,830 | - |
| | 380,421,569 | 288,393,550 | 17,449,658 | 12,795,569 | 28,598,158 | 4,268,505 | 5,269,660 | 13,492,639 | 10,153,830 | - |
| Other liabilities - restated | 12,113,125 | 5,677,747 | 1,621,155 | 2,434,745 | 181,424 | 389,949 | 745,548 | 994,870 | 67,687 | - |
| | 413,619,938 | 304,931,427 | 21,542,763 | 22,983,478 | 28,779,582 | 4,658,454 | 6,015,208 | 14,487,509 | 10,221,517 | - |
| Net assets - restated | 23,890,330 | (203,197,459) | 32,719,726 | 48,382,979 | 97,033,018 | 16,727,938 | 5,617,776 | 21,760,356 | 2,216,162 | 2,629,834 |
| Share capital | 10,027,379 | | | | | | | | | |
| Reserves - restated | 7,288,754 | | | | | | | | | |
| Unappropriated profit | 5,958,587 | | | | | | | | | |
| Surplus on revaluation of investments | 615,610 | | | | | | | | | |
| | 23,890,330 | | | | | | | | | |

Current and Savings deposits have been classified under maturity upto one month as these do not have any contractual maturity.

Operational risk

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Bank over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing 4 eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

42 TRUST ACTIVITIES

The Bank commonly act as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

| Category | Type | Number of IPS account | | Face Value Rupees in '000 | |
|----------------------------|--------------------------|-----------------------|------|---------------------------|-----------|
| | | 2015 | 2014 | 2015 | 2014 |
| Insurance Companies | Government Ijarah Sukuks | 4 | 3 | 318,000 | 2,313,575 |
| Asset Management Companies | Government Ijarah Sukuks | 11 | 4 | - | 8,200 |
| Employee Funds / NGO's | Government Ijarah Sukuks | 11 | 6 | - | 99,200 |
| Individuals | Government Ijarah Sukuks | 16 | 14 | 2,300 | 27,500 |
| Others | Government Ijarah Sukuks | 3 | 3 | 40,000 | 540,000 |
| Related parties | | | | | |
| Associates | Government Ijarah Sukuks | 0 | 7 | - | - |
| Other related parties | Government Ijarah Sukuks | 1 | 4 | 30,000 | 41,700 |
| | | 46 | 41 | 390,300 | 3,030,175 |



For the year ended December 31, 2015

43. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

43.1 The Bank managed following general and specific pools during the year:

| 2015 | | | | | | | |
|---|---|---------------------------|---------------------------------|----------------|---|--|---|
| General remunerative (Saving and Fixed) Depositors' Pools | Profit rate and weightage announcement period | Profit rate return earned | Profit sharing ratio of Mudarib | Mudarib fee | Profit rate return distributed to remunerative deposits (Savings and Fixed) | Percentage of Mudarib share transferred through Hiba | Amount of Mudarib Share transferred through Hiba to remunerative deposits |
| | | | | Rupees in '000 | | | Rupees in '000 |
| PKR Pool | Monthly | 8.36% | 45% | 10,317,995 | 5.22% | 17% | 1,714,865 |
| USD Pool | Monthly | 2.31% | 60% | 207,985 | 0.92% | - | - |
| GBP Pool | Monthly | 1.98% | 60% | 15,165 | 0.79% | - | - |
| EUR Pool | Monthly | 1.39% | 60% | 6,066 | 0.55% | - | - |

| 2014 | | | | | | | |
|---|---|---------------------------|---------------------------------|----------------|---|--|---|
| General remunerative (Saving and Fixed) Depositors' Pools | Profit rate and weightage announcement period | Profit rate return earned | Profit sharing ratio of Mudarib | Mudarib fee | Profit rate return distributed to remunerative deposits (Savings and Fixed) | Percentage of Mudarib share transferred through Hiba | Amount of Mudarib Share transferred through Hiba to remunerative deposits |
| | | | | Rupees in '000 | | | Rupees in '000 |
| PKR Pool | Monthly | 9.47% | 45% to 50% | 9,246,055 | 6.79% | 38% | 3,523,327 |
| USD Pool | Monthly | 2.61% | 60% | 204,128 | 1.04% | - | - |
| GBP Pool | Monthly | 3.97% | 60% | 17,972 | 1.60% | - | - |
| EUR Pool | Monthly | 3.62% | 60% | 11,179 | 1.50% | - | - |

| 2015 | | | | | | | |
|--|---|---------------------------|---------------------------------|-------------|--------------------------------|--|---|
| Specific pools | Profit rate and weightage announcement period | Profit rate return earned | Profit sharing ratio of Mudarib | Mudarib fee | Profit rate return distributed | Percentage of Mudarib share transferred through Hiba | Amount of Mudarib Share transferred through Hiba to remunerative deposits |
| Islamic Export Refinance (IERS) Pool | Monthly | 6.91% | - | - | 4.26% | - | - |
| Inter Bank Musharaka / Mudaraba borrowing Pool | As required | 7.19% | - | - | 6.38% | - | - |
| Special Sharikah Certificate Mudaraba borrowing Pool | As required | 8.22% | - | - | 7.16% | - | - |

Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

| 2014 | | | | | | | |
|--|---|---------------------------|---------------------------------|-------------|--------------------------------|--|---|
| Specific pools | Profit rate and weightage announcement period | Profit rate return earned | Profit sharing ratio of Mudarib | Mudarib fee | Profit rate return distributed | Percentage of Mudarib share transferred through Hiba | Amount of Mudarib Share transferred through Hiba to remunerative deposits |
| Islamic Export Refinance (IERS) Pool | Monthly | 10.05% | - | - | 8.71% | - | - |
| Inter Bank Musharaka / Mudaraba borrowing Pool | As required | 9.51% | - | - | 9.36% | - | - |
| Special Sharikah Certificate Mudaraba borrowing Pool | As required | 9.85% | - | - | 9.20% | - | - |

43.2 Following weightages have been assigned to different major products under the General pools during the year:

| | Percentage to Total Mudaraba based | | Maximum Weightage | Minimum Weightage | Maximum Weightage | Minimum Weightage |
|--|------------------------------------|--------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2015 | 2014 | 2014 |
| PKR Pool | | | | | | |
| Saving Accounts | 21.83% | 21.99% | 0.73 | 0.60 | 0.75 | 0.75 |
| Meezan Bachat Account | 17.71% | 16.49% | 1.11 | 0.60 | 1.17 | 0.58 |
| Karobari Munafa Account | 9.98% | 9.39% | 1.49 | 0.70 | 1.50 | 0.81 |
| Certificate of Islamic Investment Plus | 19.31% | 18.28% | 1.53 | 1.12 | 1.52 | 1.33 |
| Meezan Aamdand Certificate | 11.02% | 12.36% | 1.86 | 1.42 | 1.62 | 1.45 |
| USD Pool | | | | | | |
| Saving Accounts | 3.28% | 3.88% | 0.45 | 0.45 | 0.45 | 0.45 |
| Certificate of Islamic Investment | 1.86% | 1.75% | 1.35 | 0.77 | 1.35 | 0.77 |
| GBP Pool | | | | | | |
| Saving Accounts | 0.41% | 0.45% | 0.27 | 0.27 | 0.27 | 0.27 |
| EUR Pool | | | | | | |
| Saving Accounts | 0.26% | 0.28% | 0.27 | 0.27 | 0.27 | 0.27 |

43.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

| | 2015 | 2014 |
|--|----------------|------------|
| | Rupees in '000 | |
| Profit / return earned on islamic financings, investments and placements | 32,408,168 | 27,574,848 |
| Other Income (including other charges) | 1,635,968 | 1,758,015 |
| Directly related costs attributable to pool | (471,227) | (348,991) |

44 NON-ADJUSTING EVENT

44.1 The Board of Directors in its meeting held on February 22, 2016 has announced final cash dividend of Rs 1.25 per share (12.5%). The financial statements for the year ended December 31, 2015, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2016.

45 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation. There were no significant reclassifications / restatements during the year except for effects of restatement as disclosed in note 4 to these financial statements.

46 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 22, 2016 by the Board of Directors of the Bank.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Mohammad
Abdul Aleem
Director



Muhammad
Zarrug Rajab
Director

Notes to and forming part of the Financial Statements

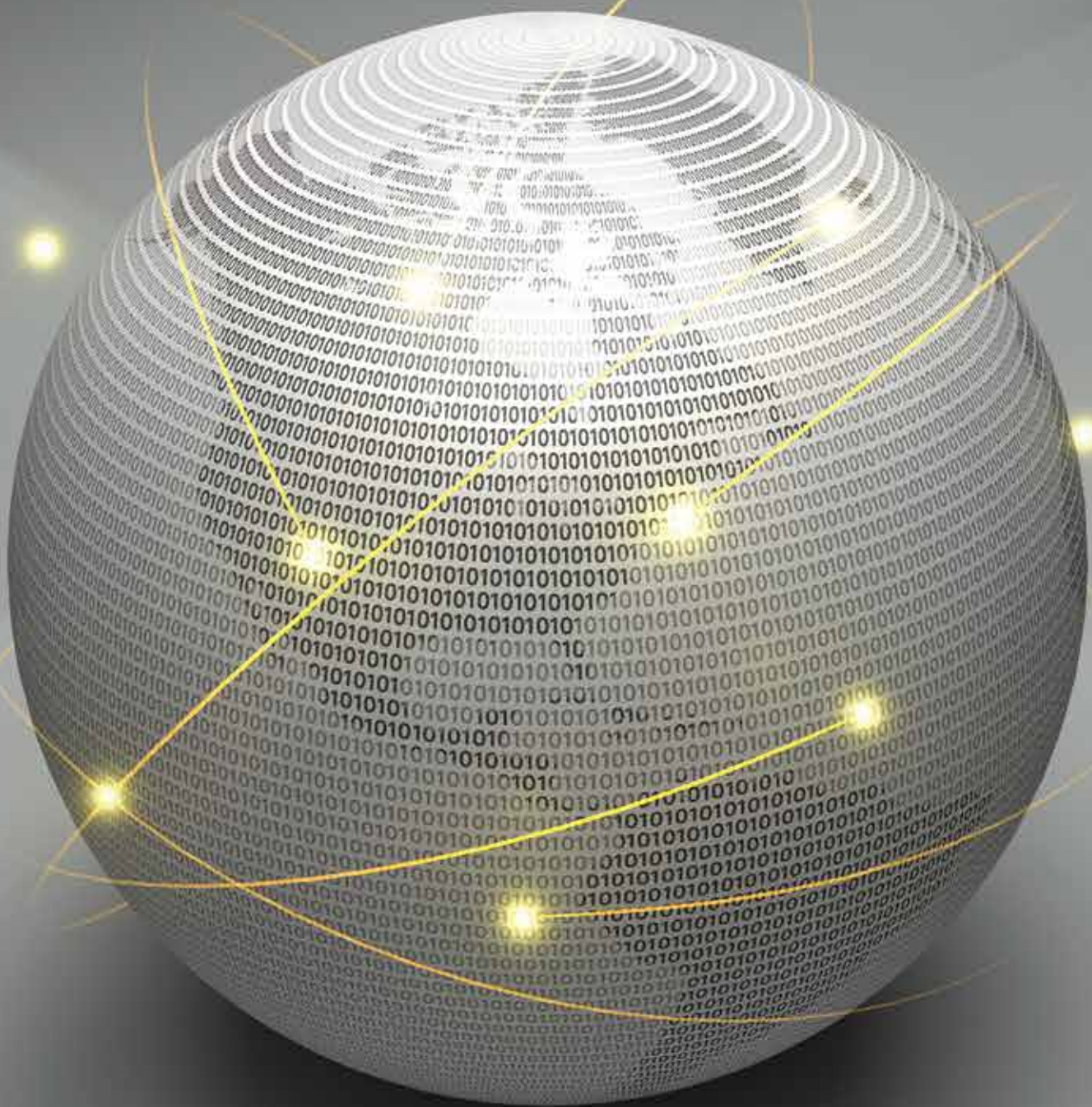
For the year ended December 31, 2015



Annexure 1

Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2015.

| S. No. | Name and address of the borrower | Name of individuals / partners / directors (with CNIC No.) | Father's / Husband's Name | Outstanding liabilities as at January 1, 2015 | | | | Principal written-off | Profit written-off | Other Financial Relief provided | Total (9+10+11) |
|----------------|--|--|---------------------------|---|--------|--------|---------------|-----------------------|--------------------|---------------------------------|-----------------|
| | | | | Principal | Profit | Others | Total (5+6+7) | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Rupees in '000 | | | | | | | | | | | |
| 1 | Nazar Murshad 35202-0308975-5 House No. 769 Block F/2, Wapda Employees Co-Operative Housing Society, Lahore | - | Ch. Abdul Ghani | 2,860 | 1,483 | 288 | 4,631 | - | 1,483 | 288 | 1,771 |
| 2 | Muhammad Shafiq 35202-7943441-1 House No. 27-B Al-Macca Colony Butt Chowk, College Road, Lahore | - | Abdul Sattar | 2,499 | 3,148 | 196 | 5,843 | - | 3,148 | 75 | 3,223 |
| 3 | Saima Sadique Dhaloon 33100-1835504-8 House # P-423/99, Amin Town, Canal Road, Faisalabad. | - | Muhammad Saddique Dhaloon | 1,519 | 621 | 81 | 2,221 | - | 566 | 81 | 647 |
| 4 | Maqbool Ahmad 33100-3969660-7 House # P-145, Faisal Town (Canal Road), Faisalabad. | - | Sardar Muhammad | 3,232 | 805 | 97 | 4,134 | - | 644 | 47 | 691 |
| 5 | Unicorn Pharma C 6/1 B Street 2 Bath Island Clifton, Karachi | Tariq Rafi 42301-5267583-5 | Muhammad Rafi | 335 | 361 | 37 | 733 | 335 | 361 | 37 | 733 |
| 6 | Shahraj Fabrics (Pvt.) Limited 94-C Model Town, Lahore | Rana Khadim Hussain 35202-2968222-7 | Walayat Ali Khan | - | 3,569 | - | 3,569 | - | 3,569 | 255 | 3,824 |
| | | | | 10,445 | 9,987 | 699 | 21,131 | 335 | 9,771 | 783 | 10,889 |



Additional Information

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Pattern of Shareholding

As at December 31, 2015

| | | | | |
|------|---------------|-----------|------------|---------|
| 466 | 1 | 100 | 8990 | 0.0009 |
| 312 | 101 | 500 | 102939 | 0.0103 |
| 207 | 501 | 1000 | 174759 | 0.0174 |
| 464 | 1001 | 5000 | 1233004 | 0.1230 |
| 146 | 5001 | 10000 | 1074064 | 0.1071 |
| 73 | 10001 | 15000 | 911354 | 0.0909 |
| 50 | 15001 | 20000 | 890647 | 0.0888 |
| 36 | 20001 | 25000 | 828387 | 0.0826 |
| 16 | 25001 | 30000 | 444477 | 0.0443 |
| 19 | 30001 | 35000 | 614895 | 0.0613 |
| 12 | 35001 | 40000 | 454260 | 0.0453 |
| 8 | 40001 | 45000 | 337898 | 0.0337 |
| 21 | 45001 | 50000 | 1019434 | 0.1017 |
| 4 | 50001 | 55000 | 210415 | 0.0210 |
| 8 | 55001 | 60000 | 464407 | 0.0463 |
| 4 | 60001 | 65000 | 252145 | 0.0251 |
| 7 | 65001 | 70000 | 479963 | 0.0479 |
| 5 | 70001 | 75000 | 368420 | 0.0367 |
| 10 | 75001 | 80000 | 779419 | 0.0777 |
| 5 | 80001 | 85000 | 412886 | 0.0412 |
| 1 | 85001 | 90000 | 89000 | 0.0089 |
| 4 | 90001 | 95000 | 370671 | 0.0370 |
| 11 | 95001 | 100000 | 1088378 | 0.1085 |
| 5 | 100001 | 105000 | 513697 | 0.0512 |
| 2 | 105001 | 110000 | 216808 | 0.0216 |
| 3 | 110001 | 115000 | 334364 | 0.0333 |
| 6 | 115001 | 120000 | 712316 | 0.0710 |
| 3 | 125001 | 130000 | 384862 | 0.0384 |
| 3 | 130001 | 135000 | 398200 | 0.0397 |
| 1 | 135001 | 140000 | 140000 | 0.0140 |
| 1 | 140001 | 145000 | 141819 | 0.0141 |
| 4 | 145001 | 150000 | 594500 | 0.0593 |
| 1 | 160001 | 165000 | 160844 | 0.0160 |
| 3 | 165001 | 170000 | 506500 | 0.0505 |
| 3 | 170001 | 175000 | 518262 | 0.0517 |
| 1 | 175001 | 180000 | 180000 | 0.0180 |
| 1 | 180001 | 185000 | 184325 | 0.0184 |
| 2 | 185001 | 190000 | 378616 | 0.0378 |
| 2 | 190001 | 195000 | 384842 | 0.0384 |
| 3 | 195001 | 200000 | 597425 | 0.0596 |
| 1 | 200001 | 205000 | 203500 | 0.0203 |
| 1 | 210001 | 215000 | 214500 | 0.0214 |
| 1 | 215001 | 220000 | 216000 | 0.0215 |
| 1 | 220001 | 225000 | 220500 | 0.0220 |
| 2 | 225001 | 230000 | 460000 | 0.0459 |
| 2 | 250001 | 255000 | 503610 | 0.0502 |
| 1 | 265001 | 270000 | 268000 | 0.0267 |
| 2 | 270001 | 275000 | 542991 | 0.0542 |
| 2 | 285001 | 290000 | 574217 | 0.0573 |
| 1 | 290001 | 295000 | 292000 | 0.0291 |
| 1 | 295001 | 300000 | 298475 | 0.0298 |
| 1 | 300001 | 305000 | 302000 | 0.0301 |
| 2 | 305001 | 310000 | 615000 | 0.0613 |
| 1 | 335001 | 340000 | 339000 | 0.0338 |
| 1 | 345001 | 350000 | 350000 | 0.0349 |
| 1 | 355001 | 360000 | 359000 | 0.0358 |
| 2 | 365001 | 370000 | 735695 | 0.0734 |
| 2 | 395001 | 400000 | 795331 | 0.0793 |
| 1 | 415001 | 420000 | 415014 | 0.0414 |
| 1 | 420001 | 425000 | 424000 | 0.0423 |
| 1 | 430001 | 435000 | 434107 | 0.0433 |
| 1 | 445001 | 450000 | 447000 | 0.0446 |
| 1 | 470001 | 475000 | 470281 | 0.0469 |
| 1 | 475001 | 480000 | 477993 | 0.0477 |
| 1 | 500001 | 505000 | 500271 | 0.0499 |
| 1 | 515001 | 520000 | 519506 | 0.0518 |
| 1 | 525001 | 530000 | 526359 | 0.0525 |
| 1 | 530001 | 535000 | 533500 | 0.0532 |
| 1 | 550001 | 555000 | 554131 | 0.0553 |
| 1 | 560001 | 565000 | 560600 | 0.0559 |
| 1 | 610001 | 615000 | 614500 | 0.0613 |
| 1 | 640001 | 645000 | 645000 | 0.0643 |
| 1 | 665001 | 670000 | 665781 | 0.0664 |
| 1 | 700001 | 705000 | 701679 | 0.0700 |
| 1 | 705001 | 710000 | 708751 | 0.0707 |
| 1 | 710001 | 715000 | 710948 | 0.0709 |
| 1 | 715001 | 720000 | 718031 | 0.0716 |
| 1 | 730001 | 735000 | 730846 | 0.0729 |
| 2 | 750001 | 755000 | 1507862 | 0.1504 |
| 2 | 760001 | 765000 | 1521002 | 0.1517 |
| 1 | 790001 | 795000 | 791739 | 0.0790 |
| 1 | 805001 | 810000 | 807197 | 0.0805 |
| 1 | 850001 | 855000 | 852439 | 0.0850 |
| 1 | 875001 | 880000 | 877301 | 0.0875 |
| 1 | 885001 | 890000 | 886000 | 0.0884 |
| 2 | 995001 | 1000000 | 2000000 | 0.1995 |
| 1 | 1050001 | 1055000 | 1051500 | 0.1049 |
| 1 | 1095001 | 1100000 | 1097181 | 0.1094 |
| 1 | 1220001 | 1225000 | 1221511 | 0.1218 |
| 1 | 1300001 | 1305000 | 1303000 | 0.1299 |
| 1 | 1385001 | 1390000 | 1385257 | 0.1381 |
| 1 | 1495001 | 1500000 | 1500000 | 0.1496 |
| 1 | 1645001 | 1650000 | 1650000 | 0.1645 |
| 1 | 1795001 | 1800000 | 1798393 | 0.1793 |
| 1 | 2000001 | 2005000 | 2000572 | 0.1995 |
| 1 | 2085001 | 2090000 | 2086400 | 0.2081 |
| 1 | 2455001 | 2460000 | 2456296 | 0.2450 |
| 1 | 2495001 | 2500000 | 2500000 | 0.2493 |
| 1 | 2910001 | 2915000 | 2911722 | 0.2904 |
| 1 | 3205001 | 3210000 | 3205980 | 0.3197 |
| 1 | 3215001 | 3220000 | 3218067 | 0.3209 |
| 1 | 3625001 | 3630000 | 3628489 | 0.3619 |
| 1 | 4720001 | 4725000 | 4721880 | 0.4709 |
| 1 | 6660001 | 6665000 | 6660675 | 0.6642 |
| 1 | 11150001 | 11155000 | 11150555 | 1.1120 |
| 1 | 13540001 | 13545000 | 13540167 | 1.3503 |
| 1 | 93490001 | 93495000 | 93494659 | 9.3239 |
| 1 | 300820001 | 300825000 | 300821365 | 30.0000 |
| 1 | 492480001 | 492485000 | 492484377 | 49.1140 |
| 2012 | Company Total | | 1002737895 | 100.00 |



Categories of Shareholders

For the year ended December 31, 2015

| Particulars | Number of Shareholders | Shares held | Percentage |
|---|------------------------|----------------------|----------------|
| Directors, Chief Executive, their spouse and minor children" | 4 | 8,058,468 | 0.80% |
| Associated Companies, undertakings and related parties | 6 | 901,218,288 | 89.88% |
| Banks, Development Financial Institutions and Non Banking Finance Companies | 7 | 1,203,961 | 0.12% |
| Insurance Companies | 6 | 3,564,877 | 0.36% |
| Modaraba and Mutual Funds | 24 | 10,710,012 | 1.07% |
| General Public | | | |
| a. Local | 1,793 | 33,659,782 | 3.36% |
| b. Foreign | 55 | 5,198,108 | 0.52% |
| Others | 117 | 39,124,399 | 3.90% |
| Total | 2,012 | 1,002,737,895 | 100.00% |

Additional Information as at December 31, 2015

| Particulars | Number of Shareholders | Shares held | Percentage |
|---|------------------------|----------------------|----------------|
| Associated Companies & Shareholders with more than 10% shareholding | | | |
| Noor Financial Investment Co, Kuwait | 1 | 492,484,377 | 49.11% |
| Pakistan Kuwait Investment Co. (Pvt.) Ltd. | 1 | 300,821,365 | 30.00% |
| Islamic Development Bank, Jeddah | 1 | 93,494,659 | 9.32% |
| Al-Meezan Mutual Fund Ltd. | 1 | 419 | 0.00% |
| CDC Trustee Meezan Islamic Fund | 1 | 13,540,167 | 1.35% |
| CDC Trustee Meezan Balanced Fund | 1 | 877,301 | 0.09% |
| Directors, Chief Executive, their spouse and minor children | | | |
| Mr. Mohammad Abdul Aleem | 1 | 184,325 | 0.02% |
| Mr. Noor Ur Rahman Abid | 1 | 2,857,683 | 0.28% |
| Mr. Irfan Siddiqui | 1 | 3,218,067 | 0.32% |
| Mr. Ariful Islam | 1 | 1,798,393 | 0.18% |
| Executives | 32 | 1,277,436 | 0.13% |
| Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Modaraba, Mutual Funds and other Organizations | | | |
| | 154 | 54,603,249 | 5.45% |
| General Public | 1,816 | 37,580,454 | 3.75% |
| | 2,012 | 1,002,737,895 | 100.00% |

Standards of Ethics, Business Practices & Code of Conduct

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his/her part that may be repugnant, unethical or unlawful.
- Avoid any action on his/her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, the other employees and customers of the Bank.
- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.

- Provide accurate and reliable information in records submitted.

Code of Conduct

Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

Conflict of Interest

It is obligatory that:

- An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager/HRD.
- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company/establishment quoted on a Stock Exchange and the interest is less than 1 percent.

Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false,



forged, misleading information or concealed, hide, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

Know Your Customer, Vendors and Counter Parties

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

Gifts & Entertainment

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

Bribery & Misconduct

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or disfavours to any person in relation to the Bank's affairs or business.
- Offers any advantage to any one as an inducement or reward for any favor/disfavor or otherwise.
- Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee's knowledge is intended to mislead the Bank.
- Take any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
- Pay any cash or near-to-cash benefit to any stake holder of the bank to take undue advantage.

Fraud, Theft or Illegal Activities

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activities committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Money Laundering

The Bank has set its priority not to become implicated, in any way, with individuals or firms involved in criminal activities and money laundering. The employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager/Area Manager/Regional Manager/Compliance Department/Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Courtesy & Manners

Employees of Meezan Bank shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resources Department for their information, record and remedial disciplinary action.

Honesty & Integrity

Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

Participation in Political Organizations

No employee shall take part in, subscribe in aid of, or assist in anyway in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

Ideology of Pakistan

No employee shall express views detrimental to the ideology or integrity of Pakistan.

Direct Representations to the High Govt. & MBI Officials

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block a citizen's redress to the judiciary and other statutory redresses.

Core Values

- Shariah Compliance
- Integrity & Innovation
- Professionalism
- Service Excellence
- Social Responsibility

Meezan Bank's Personality

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

Health & Hygiene

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

Computer, E-mail, Information Security

Meezan Bank computer system contains an e-mail facility, access rights, information and software, which are

intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

Dress Code & Professional Attire

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

Guidelines on Whistle-Blowing

The purpose of these whistle blowing guidelines is to provide a mechanism to bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and/or reputational loss to the bank. The major objectives of whistle blowing policy can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function; and
- To be a source of early warning signal.

Scope

The scope of these guidelines includes, without limitation, disclosure of all types of unlawful acts / orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines bank's operations, financial position, reputation and mission.

Who must blow the whistle and how?

It is the responsibility of each and every stakeholder of the bank, instead of limiting it to a particular department or senior management only, that if any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the bank or could be against the interest of the bank, he/she must immediately report this to Whistle Blowing Unit through various modes including but not limited to MBL website, E-mail, fax, mobile and landline.

Confidentiality & protection of whistle blowers

The whistle blowing mechanism has been designed to ensure complete confidentiality of the entire process and also enables the bank to take immediate corrective measures. Identification of the whistleblower is kept completely confidential except as required by law or who have legitimate right to know. The bank stands committed to protect whistleblowers for whistle blowing and any subsequent harassment or victimization of the whistleblower is not tolerated.



Summary of Information Security Policy

Information Security relates to protection of valuable assets against loss, misuse, disclosure or damage. Each asset has to be reviewed from the perspective of its Confidentiality, Integrity and its Availability to the authorized personnel. A number of factors play a critical role in the successful implementation of information security.

Information Security Policy

The Information Security Policy defines the policies and supporting standards that guides the consistent application of information security and ensures that the interests/information are adequately protected against loss, improper disclosure and unauthorized modification. Meezan Bank's Information Security Policy is based on ISO 27001. The policy comprises of the following domains:

Organization of Information Security

In order to manage information security within the Bank, a framework has been established by the Bank's management to initiate and control the implementation of information security within the organization.

Risk Assessment & Treatment

To review of IT System and Operation for identifying and mitigating the risk that could affect the MBL infrastructure through internal and external attacks. The basis of these assessments is the Confidentiality, Integrity and Availability (CIA) of the information assets and services.

Human Resources Security

This segment of the policy ensures that the Bank's employees, contractors and third party users understand their responsibilities and are suitable for the roles they are considered for, thereby reducing the risk of theft, fraud or misuse of facilities.

Asset Management

To achieve and maintain appropriate protection of the Bank's Information Assets.

Access Control

To control the access to information, information processing facilities and business processes based on business and security requirements.

Cryptography

To protect the confidentiality, authenticity and integrity of

information by Cryptography (The conversion of data into a secret code for transmission over a public network.)

Physical and Environmental Security

To prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

Operations Security

To ensure correct and secure operation of information processing facilities.

Communications Security

To maintain the integrity and availability of information and information processing facilities.

Information Systems Acquisition, Development and Maintenance

To ensure that security measures are always built into and are an integral part of all information systems.

Supplier Management

To ensure the protection of the organization's Information assets that is accessible by IT suppliers for providing IT service delivery.

Information Security Incident Management

To ensure that information security events and weaknesses associated with the Bank's information systems are communicated in a manner that allows timely corrective action to be taken.

Information Security Aspects of Business Continuity Management

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption.

Compliance

To ensure that any law, statutory, regulatory or contractual obligations and security requirements are not breached.

Information Security Trainings and Awareness

Appropriate awareness programs and regular updates in organizational IT security policy and procedures, as relevant for their job function are conducted.

Each of the above domains comprise of multiple processes and controls to ensure promotion of an information security.

Guidelines for Safety of Records of the Company

Comprehensive guidelines are in place at Meezan Bank for ensuring that physical documents are being archived in an organized, efficient and reliable manner. These guidelines encompass detailed processes for preservation, organization, transfer, retrieval and destruction of physical records. The guidelines comprise of the following elements:

General Guidelines

This section deals with the role of the Administration Department in providing an Archive facility outside the branch and provides guidelines on when old records will be transferred to the Archive, Signatories that may authorize retrieval of records, treatment of records under litigation/dispute, type of records that may be kept under fire-proof cabinet, and the convention to be followed for allocating serial numbers to archived records.

Preservation of Old Records

This section deals with maintenance of old records in a secured environment and the procedure for documenting their complete details to facilitate retrieval and destruction after expiry of retention timelines. This section also defines the responsibilities of the Archiving Officer.

Procedures to Handle Records at Archives

These are detailed procedures with clearly allocated

responsibilities of Branch/Head Office Departments and Archiving Officers for transferring/retrieval of records to and from Archives.

Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious transactions, etc. Relevant Branch Manager/Area Manager/Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office Operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager & Operations Manager.

Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

Correspondent Banking Network

| Country | Bank | Country | Bank |
|-------------|---|---------|--|
| Afghanistan | Afghan United Bank Bank Alfalah Limited | | HUA XIA Bank Zhesjiang Chouzhou Commercial Bank Co. Skandinaviska Enskilda Bank AB |
| Albania | Banka Kombetare Tregtare SH A | | Weifang Rural Commercial Bank Co. Ltd. Bank Of New York |
| Argentina | Deutsche Bank | | China Citic Bank (Formerly Citic Industrial Bank) |
| Australia | Bank Of America, N.A. Bank Of Western Australia Commonwealth Bank Of Australia Hsbc Bank J.P.Morgan Chase Bank National Australia Bank Westpac Banking Corporation | | Citibank Na Commerzbank Deutsche Bank Hsbc Bank |
| Austria | Allgemeine Sparkasse Oberösterreich Bank AG Raiffeisen Bank International AG Commerzbank Deutsche Bank Aktiengesellschaft Erste Group Bank AG Oberbank AG Raiffeisenlandesbank Oberoesterreich Ag Unicredit Bank Austria AG Vorarlberger Landes | | Industrial & Commercial Bank of China (ICBC) Industrial Bank Of Korea J.P.Morgan Chase Bank Laiwu City Commercial Bank Co. Ltd. Mizuho Corporate Bank (China) Ltd. Shengjing Bank Co.,Ltd. Société Générale Standard Chartered Bank The Korea Development Bank Wenzhou City Commercial Bank Bank of Cyprus Public Company Limited Hellenic Bank Ltd |
| Bahrain | Al Baraka Islamic Bank Bsc Bank Al Habib Limited BMI Bank Bahrain Turkiye IS Bankasi Citibank Na Gulf International Bank B.S.C. Shamil Bank Of Bahrain Standard Chartered Bank United Bank Limited Woori Bank | Cyprus | Czech Republic |
| Bangladesh | Bank Alfalah Limited Eastern Bank Limited Export Import Bank of Bangladesh Habib Bank Limited HSBC Bank International Finance Investment And Commerce Bank Ltd. Shahjalal Islami Bank Limited Mercantile Bank Limited Social Islami Bank Limited Standard Chartered Bank Woori Bank | | Ceskoslovenska Obchodni Banka Commerzbank HSBC Bank PLC Komerční Banka A.S. Unicredit Bank Czech Republic Danske Bank A/S Nordea Bank Sweden Ab (Publ) Skjern Bank Nordjyske Bank |
| Belarus | Joint Stock Company 'Savings Bank 'Belarusbank' | | Arab International Bank Bank of Alexandria SAE Egyptian Saudi Finance Bank (Now Al Baraka Bank Egypt) Emirates National Bank of Dubai SAE HSBC Bank Egypt Mashreq Bank Limited |
| Belgium | Minsk Transit Bank Bank of America, N.A. Commerzbank Credit Europe Bank Nv Malta Branch Deutsche Bank Dexia Bank SA Habib Bank Limited KBC Bank NV | Egypt | Estonia |
| Botswana | Firststrand Bank Ltd | | Ethiopia |
| Brazil | Banco Do Brasil S.A. Banco Itau BBA SA Deutsche Bank HSBC Bank Brazil S.A. | | Finland |
| Bulgaria | Unicredit Bulbank | | France |
| Canada | Bank Of America, N.A. Canadian Imperial Bank of Canada Habib Canadian Bank Hsbc Bank JPMorgan Chase Bank, N.A. Royal Bank Of Canada Toronto Dominion Bank | | |
| Chile | Banco Itau | | |
| China | Agricultural Bank Of China Bank Of China Bank of Communications Bank of Jiangsu Mega International Commercial Bank | | |



| Country | Bank | Country | Bank |
|-----------|--|---------|--|
| | Landesbank Baden-Wuerttemberg | | J.P.Morgan Chase Bank |
| | Mainzer Volksbank E.G. | | Pt Bank Mandiri (Persero) Tbk |
| | National Bank Of Pakistan | | Pt Bank Sbi Indonesia |
| | National-Bank Ag | | PT. Bank CIMB Niada, TBK |
| | Nordea Bank Sweden Ab (Publ) | | Standard Chartered Bank |
| | Raiffeisenlandesbank Oberoesterreich Ag | | Woori Bank |
| | Sparkasse Dortmund | Iraq | Rasheed Bank |
| | Sparkasse Koelnborn | Ireland | Aib Bank |
| | Landesbank Hesen Thueringen Girozentrale | | Bank Of America, N.A. |
| | SEB AG (Skandinaviska Enskilda Banken) | | Bank Of Ireland International Banking |
| | Sparkasse Westmunsterland | | Citibank |
| | Standard Chartered Bank | | Intesa Sanpolo Bank Ireland PLC |
| | Sumitomo Mitsui Banking Corporation | | National Irish Bank |
| | Unicredit Bank AG | | San Paolo Imi Spa |
| | Volksbank Bocholt Eg | Italy | Banca Delle Marche Spa |
| Greece | WGZ Bank AG | | Banca Di Credito Cooperativo Di Fornacette |
| | Bank Of America, N.A. | | Banca Di Roma |
| | Egnatia Bank S.A. | | Banca Intesa Spa |
| | Geniki Bank (General Bank Of Greece, | | Banca Monte Dei Paschi Di Siena Spa |
| | Socgen Group) | | Banca Nazionale Del Lavoro Spa |
| | Piraeus Bank SA | | Banca Nuova SPA (Banca Popolare Di |
| | Probank Sa | | Vicenza Group) |
| Hong Kong | Axis Bank Limited | | Banca Popolare di Milano |
| | Bank Of America, N.A. | | Banca Popolare dell'Emilia Romagna Società |
| | Citibank Na | | Cooperativa |
| | Commerzbank | | Credito Valtellinese |
| | Commonwealth Bank of Australia | | Banca Popolare Di Sondrio |
| | DBS Bank Ltd. | | Banca Popolare Di Vicenza Scparl |
| | Deutsche Bank | | Banca Ubae Spa |
| | Habib Bank Limited | | Banco Di Napoli |
| | HBZ Finance Limited | | Banco Popolare Di Verona E Novara Scrl |
| | Hsbc Bank | | Banco Popolare Soc. Coop (Formerly Banca |
| | Industrial and Commercial Bank of China | | Popolare Di Novara) |
| | Intesa Sanpolo SPA | | Banco Popolare |
| | J.P.Morgan Chase Bank | | Bank Of America, N.A. |
| | Kbc Bank Nv | | Bayerische Hypo Und Vereinsbank (Hvb) |
| | Kookmin Bank Hong Kong | | Milan |
| | Mashreq Bank Limited | | Bipop Carire Spa |
| | National Bank Of Pakistan | | Cassa Di Risparmio Del Veneto S.P.A. |
| | Skandinaviska Enskilda Banken (Seb Bank) | | Cassa Di Risparmio Di Parma E Piacenza |
| | Standard Chartered Bank | | Cassa Di Risparmio Di Pistoia E Pesca S.P.A. |
| | Sumitomo Mitsui Banking Corporation | | Cassa Di Risparmio Di Venezia S.P.A. |
| | The Bank of New York Mellon | | Cassa Di Risparmio In Bologna S.P.A.-Carisbo |
| | Wells Fargo Bank Na | | Commerzbank |
| | Woori Bank | | Credito Bergamasco S.P.A. |
| Hungary | Central-European International Bank | | Deutsche Bank |
| | Commerzbank | | Hsbc Bank |
| | Deutsche Bank | | ICCREA Banca – Istituto Centrale Del Credito |
| | K & H Bank Nyrt. | | Cooperativo |
| | Raiffeisen Bank ZRT | | Mizuho Corporate Bank Ltd. |
| | Unicredit Bank Hungary Zrt | | Uni Credit Spa |
| India | Axis Bank Limited | | Unione Di Banche Italiane SCPA |
| | Bank Of America, N.A. | | Veneto Banca SCPA |
| | Bank Of Ceylon | Japan | Bank Of America, N.A. |
| | Kotak Mahindra Bank | | Bank Of New York |
| | Bank of Baroda | | Bank of Tokyo Mitsubishi |
| | Citibank Na | | Citibank Na |
| | Deutsche Bank | | Commerzbank |
| | HDFC Bank Limited | | Commonwealth Bank Of Australia |
| | J.P.Morgan Chase Bank | | Deutsche Bank |
| | Jammu and Kashmir Bank | | JP Morgan Chase Bank |
| | Mashreq Bank Limited | | Mizuho Corporate Bank Ltd. |
| | Punjab National Bank | | National Bank Of Pakistan (Tokyo & Osaka) |
| | Standard Chartered Bank | | Société Générale |
| | State Bank of Bikaner and Jaipur | | Standard Chartered Bank |
| | State Bank of India | | State Bank of India |
| Indonesia | Bank Central Asia | | Sumitomo Mitsui Banking Corporation |
| | Bank Of America, N.A. | | U.B.A.F. |
| | Bank Syariah Mandiri | | Wachovia Bank, Na |
| | Deutsche Bank | | Woori Bank |
| | Hsbc Bank | Jersey | AIB Bank (Ci) Limited |

| Country | Bank | Country | Bank | | | |
|-------------|--|----------|---|--|--|---|
| Jordan | Housing Bank For Trade & Finance HSBC | Pakistan | Bank Sohar Habib Bank Limited HSBC Bank Oman Al Baraka Islamic Bank Al Baraka Islamic Bank Bsc Allied Bank Limited Askari Commercial Bank Ltd Bank Al Habib Limited Bank Alfalah Limited Bank Islami Pakistan Bank Of Khyber Bank Of Punjab Burj Bank Ltd. Citibank Na Deutsche Bank Dubai Islamic Bank Faysal Bank | | | |
| Kazakhstan | Jordan Islamic Bank For Finance & Investment | | Habib Bank Limited (Hbl) Habib Metropolitan Bank Industrial & Commercial Bank of China (ICBC) | | | |
| Kenya | SB Sberbank JSC Gulf African Bank Ltd. Habib Canadian Bank Kenya Commercial Bank Limited | | JS Bank Limited Mcb Bank Limited National Bank Of Pakistan Nib Bank Samba Bank Limited Silk Bank Limited Sindh Bank Limited Soneri Bank Limited Standard Chartered Bank Summit Bank Limited United Bank Limited | | | |
| Kuwait | Boubyan Bank (K.S.C) Burgan Bank, Sak Citibank Na HSBC Bank Middle East Commercial Bank Of Kuwait, Sak Kuwait Finance House National Bank Of Kuwait Noor Financial Investment Company | | Papua New Guinea Philippines | Bank of South Pacific Ltd Asian Development Bank (ADB) Banco De Oro Universal Bank Bank of America, N.A. Deutsche Bank HSBC Bank Bank BPH SA Bank Polska Kasa Opieki SA Bank Zachodni WBK SA BRE Bank SA Deutsche Bank HSBC Polska Nordea Bank Sweden Ab (Publ) Société Générale Banco Espirito Santo SA Montepio Geral - Caixa Economica | | |
| Latvia | Unicredit Bank, Latvia Nordea Bank Sweden Ab (Publ) | | Poland | Barwa Bank Doha Bank Qatar Mashreq Bank Limited Standard Chartered Bank Qatar International Islamic Bank United Bank Limited Citibank Na MKB Nextebank Sa Unicredit Bank Czech Republic | | |
| Lebanon | Lebanon And Gulf Bank SAL Byblos Bank S.A.L. | | | Portugal | Alef Bank Bank Of Moscow Bank Otkritie Financia Corporation OJSC Commerzbank Credit Bank of Moscow HSBC Bank International Moscow Bank | |
| Lithuania | Nordea Bank Sweden Ab (Publ) | | | | Saudi Arabia | Al Inma Bank Al Rajhi Bank Bank Al Bilad Bank Al Jazira Banque Saudi Fransi Deutsche Bank Ag, Riyadh Branch Emirates NBD PJSC Gulf International Bank B.S.C. |
| Luxembourg | Societe Generale Bank And Trust | | | | | |
| Macau | HSBC Bank | | | | | |
| Macedonia | NLB Tutunska Banka | | | | | |
| Malaysia | Al Rajhi Banking and Investment Corporation Ambank Berhad Bank Muamalat Malaysia Berhad Bank of America, N.A. Bank of Tokyo Mitsubishi CIMB Bank CIMB Islamic Citibank Na Deutsche Bank Hsbc Bank Industrial and Commercial Bank of China J.P.Morgan Chase Bank Malayan Banking Berhad (Maybank) Rhb Bank Berhad Standard Chartered Bank | | | | | |
| | Credit Europe Bank Nv Malta Branch HSBC Bank | | | | | |
| Malta | Banque Islamique De Mauritanie | | | | | |
| Mauritania | Afrasia Bank | | | | | |
| Mauritius | Hsbc Bank (Mauritius) Limited Mauritius Post And Cooperative Bank Ltd | | | | | |
| Mexico | Banca Del Bajio S.A. Bank of America, N.A. | | | | | |
| Mongolia | Trade & Development Bank of Mongolia | | | | | |
| Morocco | Attijariwafa Bank Banque Marocaine Du Commerce Extérieur Société Générale | | | | | |
| Nepal | Bank of Kathmandu Ltd Himalayan Bank Limited Nabil Nepal Arab Bank Ltd Nepal Industrial And Commercial Bank Ltd | | | | | |
| Netherlands | ABN Amro Bank N.V. Bank Of America, N.A. HSBC Bank PLC Commerzbank Deutsche Bank Finansbank (Holland) N.V. Habib Bank Limited Kbc Bank Nv Rabobank Nederland | | | | | |
| New Zealand | Bank of New Zealand HSBC New Zealand | | | | | |
| Norway | DNB Nor Bank ASA Focus Bank Nordea Bank Sweden Ab (Publ) | | | | | |
| Oman | Bank Dhofar Bank Muscat Bank Nizwa | | | | | |

| Country | Bank | Country | Bank |
|-----------------|---|-------------|--|
| Singapore | Islamic Development Bank | Sri Lanka | Banco de Valencia |
| | JP Morgan Chase Bank | | Bank Of America, N.A. |
| | National Bank Of Pakistan, Riyadh | | Bankia S.A. |
| | National Commercial Bank | | Bilbao Bizkaia Kutxa |
| | Riyadh Bank | | Caxiabank, S.A. |
| | Saudi Hollandi Bank | | Caja De Ahorros De Galicia (Caixa Galicia) |
| | State Bank of India | | Commerzbank |
| | The Saudi British Bank | | Hsbc Bank |
| | Abn Amro Bank | | Amana Bank Limited |
| | Axis Bank Limited | | Axis Bank Limited |
| | Bank Of America, N.A. | | Bank Of Ceylon |
| | Bank Of China | | Deutsche Bank |
| | Bank of Tokyo Mitsubishi | | Habib Bank Limited |
| | CIMB Bank Berhad | | Hatton National Bank |
| | Citibank Na | | Hsbc Bank |
| | Commerzbank | | Mcb Bank |
| | Commonwealth Bank Of Australia | Sweden | Nations Trust Bank PLC |
| | DBS Bank Ltd. | | People's Bank |
| | Deutsche Bank | | Public Bank Berhad |
| | Emirates NBD PJSC | | Sampath Bank PLC |
| | Fortis Bank (Nederland) Nv | | Standard Chartered Bank |
| | Fortis Bank | | Danske Bank A/S |
| | Habib Bank Limited | | Nordea Bank Sweden Ab (Publ) |
| | Hana Bank | | Skandinaviska Enskilda Banken (Seb Bank) |
| | HE Bank of New York | | Svenska Handelsbanken |
| | Hsbc Bank | Switzerland | Swedbank |
| | JP Morgan Chase Bank | | Arab Bank |
| | Kbc Bank Nv | | Banca Popolare Di Sondrio |
| | Mizuho Corporate Bank Ltd | | Banque Cantonale Vaudoise |
| | National Bank Of Kuwait | | Banque De Commerce Et De Placements |
| | Nordea Bank Sweden Ab (Publ) | | Commerzbank (Schweiz) Ag |
| | Pt Bank Mandiri (Persero) Tbk | | Credit Agricole Indosuez |
| | Rabobank Asia Ltd | | Credit Europe Bank (Suisse) SA. |
| | Shinhan Bank | | UBS Switzerland AG |
| | Société Générale | Taiwan | Deutsche Bank |
| Slovak Republic | Standard Chartered Bank | | Habib Bank Ag Zurich |
| | Sumitomo Mitsui Banking Corporation | | Hsbc Private Bank (Suisse) S.A. |
| | U.B.A.F. | | Merrill Lynch Bank (Suisse) S.A. |
| Slovenia | UniCredit Bank AG Singapore | | United Bank AG Zurich |
| | Woori Bank | | Zuercher Kantonalbank |
| | Commerzbank | Tanzania | Bank Of America, N.A. |
| South Africa | CES Koslovenska Obchodna Bank AS | | Bank Of New York |
| | SKB Banka DD | | Chinfon Commercial Bank |
| | Unicredit Bank Czech Republic | | Citibank Na |
| South Korea | Citibank Na | | Deutsche Bank |
| | Commerzbank | | J.P.Morgan Chase Bank |
| | Firststrand Bank Ltd | | Mega International Commercial Bank |
| | Habib Overseas Bank Limited | | Société Générale |
| | HBZ Bank Limited (Habib Bank AG Zurich) | | Standard Chartered Bank |
| | Standard Chartered Bank | | Sumitomo Mitsui Banking Corporation |
| | Bank Of New York | Thailand | Tainan Business Bank |
| | Daegu Bank Ltd., | | Taiwan Cooperative Bank |
| | Deutsche Bank | | Union Bank Of Taiwan |
| | Hana Bank | | Amana Bank Ltd |
| | Hsbc Bank | | Habib African Bank |
| | Industrial Bank Of Korea | | Bangkok Bank Public Company Limited |
| | J.P.Morgan Chase Bank | | Bank Of America, N.A. |
| | Kookmin Bank | | Krung Thai Bank Public Company Limited |
| | Korea Exchange Bank | Tunisia | Citibank Na |
| | Kyongnam Bank | | Deutsche Bank |
| | National Agricultural Cooperative Federation Bank | | Hsbc Bank |
| | National Bank Of Pakistan | | J.P.Morgan Chase Bank |
| | Pusan Bank | | Standard Chartered Bank |
| | Standard Chartered Bank | | Sumitomo Mitsui Banking Corporation |
| | Sumitomo Mitsui Banking Corporation | | Arab Tunisian Bank |
| | U.B.A.F. | | Citibank Na |
| | Wachovia Bank, Na | | Société Tunisienne De Banque |
| | Woori Bank | Turkey | Aktif Yatirim Bankasi A.S |
| Spain | Banco Bilbao Vizcaya Argentaria S.A. | | Al Baraka Turkish Finance House |
| | Banco De Sabadell Sa | | Asya Katilim Bankasi A.S. (Bank Asya) |
| | | | Citibank Na |

| Country | Bank | Country | Bank |
|----------------------|---|---------------|---|
| | Denizbank A S | | Northern Bank Limited (Danske Group) |
| | Habib Bank Limited | | Standard Chartered Bank |
| | Hsbc Bank | | Sumitomo Mitsui Banking Corporation |
| | Kuveyt Turk Evkaf Finans Kurumu A.S | | United Bank UK |
| | OdeabankA.S. | | Woori Bank |
| | Sekerbank T.A.S. | United States | Abacus Federal Savings Bank |
| | Tekstilbank | | ABN Amro Bank |
| | Türkiye Cumhuriyeti Ziraat Bankasi | | American First National Bank |
| | Türkiye Finans Katilim Bankasi As | | Banco Do Brasil S.A. |
| | Türkiye Garanti Bankasi As | | Bangkok Bank Public Company Limited |
| | Türkiye Halk Bankasi As | | Bank Of America, N.A. |
| | Türkiye Is Bankasi As | | Bank Of New York |
| | Türkiye Vakıflar Bankasi T.A.O | | Bank of Tokyo Mitsubishi |
| | Turkland Bank (T-Bank) | | Branch Banking & Trust Co |
| | Yapi Ve Kredi Bankasi A.S. | | Brown Brothers Harriman And Co. |
| Ukraine | Prominvestbank | | California Bank and Trust |
| | JSC The State Export-Import Bank of Ukraine | | Capital One, Na |
| United Arab Emirates | Abu Dhabi Commercial Bank | | Cathay Bank |
| | Abu Dhabi Islamic Bank | | Citibank Na |
| | Ajman Bank | | Commerzbank |
| | Axis Bank Limited | | Commonwealth Bank Of Australia |
| | Commercial Bank of Dubai | | Deutsche Bank |
| | Citibank Na | | Deutsche Bank Trust Company Americas |
| | Credit Europe Bank (Dubai) Ltd. | | Doha Bank |
| | DBS Bank Ltd. | | First Tennessee Bank, N.A. |
| | Deutsche Bank | | Fortis Bank |
| | Dubai Islamic Bank | | Gulf International Bank B.S.C. |
| | Emirates NBD) | | HAB Bank |
| | Emirates Islamic Bank | | Habib Bank Limited |
| | First Gulf Bank | | Hana Bank |
| | Habib Bank Ag Zurich | | Hanmi Bank |
| | Habib Bank Limited | | Hsbc Bank |
| | Hsbc Bank Middle East | | Interbusiness Bank, N.A. |
| | Korea Exchange Bank | | International Finance Corporation (IFC) |
| | Kuwait Turkish Participation Bank Dubai Limited | | Israel Discount Bank Of New York |
| | Mashreq Bank Limited | | JP Morgan Chase Bank |
| | National Bank Of Abu Dhabi | | Keybank National Association |
| | National Bank Of Fujairah | | Malayan Banking Berhad |
| | Noor Bank | | Mashreq Bank Limited |
| | Standard Chartered Bank | | Mizuho Corporate Bank Ltd. |
| | State Bank of India | | National Bank Of Pakistan |
| | Union National Bank | | National City Bank |
| | United Arab Bank | | New York Commercial Bank |
| | United Bank Limited (Ubl) | | Nonghyup Bank |
| United Kingdom | Aib Bank | | Nordea Bank Sweden Ab (Publ) |
| | Bank Mandiri (Europe) Ltd. | | PNC Bank |
| | Bank Of America, N.A. | | Regions Bank |
| | Bank of China | | Société Générale |
| | British Arab Commerical Bank PLC | | Standard Chartered Bank |
| | Skandinaviska Enskilda Banken London | | State Bank of India (California) |
| | Citibank Na | | Sumitomo Mitsui Banking Corporation |
| | Commerzbank | | Suntrust Bank |
| | Commonwealth Bank Of Australia | | U.S. Bank Na |
| | Deutsche Bank | | UniCredit Bank |
| | Emirates NBD PJSC | | Uniti Bank |
| | European Islamic Investment Bank (EIIB) | | United Bank Limited Ag Zurich |
| | Gulf International Bank B.S.C. | | Wells Fargo Bank Na |
| | Habib Bank Ag Zurich | Uruguay | Woori Bank |
| | Habib Bank Limited | Vietnam | Banco Itau |
| | Hsbc Bank | | Deutsche Bank |
| | Jordan International Bank PLC | | J.P.Morgan Chase Bank |
| | JP Morgan Chase Bank | | Vietnam Bank For Agriculture |
| | Kbc Bank Nv | | Woori Bank |
| | Korea Exchange Bank | Yemen | Saba Islamic Bank |
| | Mashreq Bank Limited | | Shamil Bank of Yemen And Bahrain |
| | Merrill Lynch International Bank Limited | | United Bank Limited |
| | Mizuho Corporate Bank Ltd., London | | |
| | National Bank of Abu Dhabi | | |
| | National Westminster Bank Plc | | |
| | Nordea Bank Sweden Ab (Publ) | | |



Branch Network

Alhamdulillah, Meezan Bank has established 551 branches in 143 cities across Pakistan. This is a milestone that is not only the success story of Meezan Bank but also the continuing success story of Islamic banking in Pakistan. With this extensive network, our existing and potential customers are now closer than ever in attaining Islamic banking at their doorstep. All branches provide real time online banking facilities to customers.

As the first and largest dedicated Islamic bank in Pakistan, Meezan Bank's team continues to build on its Vision of establishing 'Islamic banking as banking of first choice'. One of the key objectives of the Bank is to have its footprint strategically placed throughout the country enabling public to avail the benefits of Shariah-compliant banking in their neighbourhood.

The Bank presently operates in the following cities of Pakistan:

| | | |
|------------------|---------------------|---------------------|
| Abbottabad | Jampur | Okara |
| Ahmedpur East | Jaranwala | Pabbi |
| Arifwala | Jhang | Pakpattan |
| Attock | Jhelum | Pattoki |
| Bahawalnagar | Kabirwala | Peshawar |
| Bahawalpur | Kahrora Pakka | Phalia |
| Bannu | Kahuta | Pirmahal |
| Batagram | Kamalia | Pishin |
| Burewala | Kamoki | Qalanderabad |
| Chakwal | Karachi | Qila Saifullah |
| Chamman | Karak | Quetta |
| Charsadda | Kasur | Rahim Yar Khan |
| Chichawatni | Khairpur | Raiwind |
| Chiniot | Khanbela | Rajanpur |
| Chishtian | Khanewal | Rashidabad |
| Chung | Khanpur | Rawalakot |
| Dadu | Kharian | Rawalpindi |
| Dadyal | Khushab | Rawat |
| Daska | Kohat | Sadiqabad |
| Depalpur | Kot Addu | Sahiwal |
| Dera Ghazi Khan | Kot Radha Kishan | Sakrand |
| Dera Ismail Khan | Kotli | Samundri |
| Digri | Kunri | Sanghar |
| Dina | Lahore | Sara-e-Alamgir |
| Dinga | Lalamusa | Sargodha |
| Dukki | Larkana | Shahdadpur |
| Dunyapur | Layyah | Shakargarh |
| Faisalabad | Liaquatpur | Sheikhupura |
| Fatehpur | Lodhran | Shikarpur |
| Fort Abbas | Loralai | Sialkot |
| Gaggo Mandi | Mailsi | Sukkur |
| Ghotki | Mandi Bahauddin | Swabi |
| Gilgit | Mansehra | Swari |
| Gojra | Mardan | Swat |
| Gujar Khan | Mehar | Tando Adam |
| Gujranwala | Mian Channu | Tando Allahyar |
| Gujrat | Mianwali | Tando Mohammad Khan |
| Hafizabad | Mirpur Azad Kashmir | Tarlai |
| Haripur | Mirpurkhas | Taunsa |
| Haronabad | Moro | Taxila |
| Hasilpur | Multan | Timergara |
| Hassanabdal | Muridkay | Toba Tek Singh |
| Havelian | Muslim Bagh | Umerkot |
| Hub (Lasbela) | Muzaffarabad | Vehari |
| Hyderabad | Muzaffargarh | Wah Cantt |
| Islamabad | Narowal | Wazirabad |
| Jacobabad | Nawabshah | Zhob |
| Jalalpur Jattan | Nowshera | |

For 2016, Meezan Bank has planned to expand its Branch Network by 30 branches countrywide. Meezan Bank's mission is to provide its customers dedicated and pure Islamic banking facilities with the greatest of convenience and personalized services. It remains the Bank's endeavour to establish solid foundations of Islamic banking in Pakistan.

Abbottabad

Abbottabad Branch

Plot No. 843-846, Mansehra Road,
Abbottabad
Tel: (92-992) 344701-3

City Abbottabad Branch

Jamal Building, Eidgah Road, Abbottabad
Tel: (92-992) 341990-03

Ahmedpur East

Ahmed Pur East Branch

Property No. 338, Block-IV, Kutchery
Road, Ahmed Pur East
Tel: (92-62) 2273261-2

Arifwala

Arifwala Branch

3-A, Lakkar Mandi, City Road, Arifwala
Tel: (92-457) 834502-3

Attock

Attock Branch

B-143, Fawwara Chowk, Civil Bazar, Attock
Tel: (92-572) 701003-5

Bahawalnagar

Bahawalnagar Branch

Shop No. 12, Grain Market, Minchana-
bad Road, Bahawalnagar
Tel: (92-63) 2271611-2

Bahawalpur

Circular Road Branch,

Circular Road, Near Milad chowk,
Bahawalpur
Tel: (92-62) 2732145-47

Dubai Chowk Branch

Property No. 209-CB, Ahmedpur East
Road, Near Dubai Chowk, Bahawalpur
Tel: (92-62) 2889417-18

Satellite Town Branch

Plot No. 20/D, Street No.30, One Unit
Chowk, Satellite Town, Bahawalpur
Tel: (92-62) 2285303-04, 2285306-07

Shahi Bazar Branch

Property No. 3 BIV-400 Zanana Hospital
Chowk Shahi Bazar, Bahawalpur.
Tel: (92-62) 2730042-43

Bannu

Bannu Branch

Property No. 322-D, 322-D/A, Outside
Qasayban Gate Hospital Road, Bannu
Tel: (92-928) 620841-3

Batagram

Batagram Branch

Khasra No. 3359/971 & 3360/971,
Kahata No. 880/1351 & 881/1351, Sultan
Market, Ajmeera, Batagram
Tel: (92-997) 310850-51

Burewala

Burewala Branch

Multan Road, Opp. College Road, Burewala
Tel: (92-67) 3773751-4

Vehari Bazar Branch

Property 44 Block-F, Vehari Bazar,
Burewala.
Tel: (92-67) 3351112-13

Chakwal

Chakwal Branch

B-VI/4-A, Bab-e-Chakwal, Talagang
Road, Chakwal
Tel: (92-543) 543381-4

Chamman

Chamman Branch

Khasra # 579-580 Jogi Ram Road,
Trunch Bazar, Chamman
Tel: (92 826) 618355

Charsadda

Mardan Road Charsadda Branch

Shop No. 286-287, Khata No.486, Sultan
Building, Main Mardan Road Charsadda
Tel: (92-91)9220171-73

Chichawatni

Chichawatni Branch

Property No. 278-279, Adjacent National
Saving Centre, G.T. Road, Chichawatni
Tel: (92-405) 487601-03

Chiniot

Sharah-e-Quaid-e-Azam Chiniot Branch

P-468, Al-469 II,
Shahrah-e-Quaid-e-Azam, Chiniot
Tel: (92-47) 6331103-4

Chishtian

Chishtian Branch

Plot No. 109, B- Block, Opposite Ghalla
Mandi Gate, Chishtian
Tel: (92-63) 2509301-2

Chung

Chung Multan Road Branch

Main Stop Chung, Main Multan Road,
Chung, Lahore
Tel: (92-42) 35404761- 63

Dadu

Dadu Branch

Ground Floor, Nareja Shopping Centre,
Kutchery Chowk, Near College Road, Dadu
Tel: (92-245) 710816-8

Dadyal

Dadyal Branch

Plot No. 313, Hussain Shopping Centre,
Main Bazar Dadyal, Mirpur Azad Kashmir
Tel: (92-5827) 465881-3

Daska

Daska Branch

Rest House Chowk, Gujranwala Road, Daska
Tel: (92-52) 6612837-41

Depalpur

Depalpur Branch

Khewat No. 2100/2053, Khatooni No.
3159, Kutchery Road Depalpur
Tel: (92 44) 4544550-51

Dera Ghazi Khan

Dera Ghazi Khan Branch

Jampur Road, Dera Ghazi Khan
Tel: (92-64) 2474255-7

Sangham Chowk D.G Khan Branch

Khata No 711, Khasra No 91/12/3,
Mauza Gadai Shumali, Sangham Chowk,
Dera Ghazi Khan
Tel: (92-64) 2460613-15

Dera Ismail Khan

Dera Ismail Khan Branch

East Circular Road, Dera Ismail Khan
Tel: (92-966) 717257-8

Digri

Digri Branch

Survey No. 413, Ward No.B, Tando
Ghulam Ali Road, Digri
Tel: (92-233) 870213-16

Dina

Dina Branch

Al-Bilal Shopping Centre, Main Chowk,
G.T. Road, Dina, Distt. Jhelum
Tel: (92-544) 636119-21

Dinga

Khewat No.1246, Khatooni No.2599,
Khasara # 4165 Fowara Chowk Kharian
Road Dinga
Tel: (053) 7401692-94

Dukki

Dukki Branch

Plot No.329, Nana Sahab, Ziarat Road, Dukki
Tel: (92-824) 666013

Dunyapur

Dunyapur Branch

Khewat No. 189, 225 Khatooni No. 516,
517 Dokota Road Dunyapur
Tel: (92 60) 8304118-19

Faisalabad

Bilal Gunj Market Branch

P-1154, Islam Nagar, Bilal Gunj Market,
Sargodha Road, Faisalabad
Tel: (92-41) 8784051-53

Bhowana Bazar Branch

150-D. Main Bhowana Bazar, Faisalabad
Tel: (92-41) 2633042-4

Canal Road Branch

P-404, 405, Amin Town, Near Kashmir
Bridge, West Canal Road, Faisalabad
Tel: (92-41) 8505438-40

Circular Road Branch

Shop # 6,7,8, Jinnah Market, Circular
Road, Faisalabad.
Tel: (92-41) 2628261-63

Civil Lines Branch

Plot No. 17/K, Civil Lines, Bilal Road,
Faisalabad
Tel: (92-41) 2603471-473

Clock Tower Branch

P-175, Clock Tower, Karkhana Bazar, Faisalabad
Tel: (92-41) 2606085-7

Dijkot Road Branch

Shops No. 68 & 69, Dijkot Road,
Adjacent to Grain Market, Faisalabad
Tel: (92-41) 2416141-4

Ghulam Muhammad Abad Branch

P-317, Alaf Sani Chowk, Main Saddar Bazar,
Ghulam Muhammad Abad, Faisalabad
Tel: (92-41) 2694381- 83

Gole Cloth Katchery Bazar Branch

P-54 Gole Cloth, Katchery Bazar, Faisalabad
Tel: (92-41) 2610373-4

Gulberg Branch

P-307-A, Gulberg Colony, Main Bazar,
Faisalabad
Tel: (92-41) 2541611-13

Hajiabad Branch

Plot No. P-409, Main Sheikhpura Road
Hajiabad Faisalabad
Tel: (92-41) 8846181-83

Jail Road Branch

Plot No.17-B, Jail Road, Faisalabad
Tel: (92-41) 111 852 852

Jaranwala Road Branch

Property No.P-1, Near Hassan Park,
Corner Farid Road, Main Jaranwala
Road, Faisalabad
Tel: (92-41) 2428241-43

Jhang Road Branch

Plot No. S-29-30, Near Ayub Colony,
Opposite Motor Market, Jhang Road,
Faisalabad
Tel: (92-41) 2650854-6

Madina Town Susan Road Branch

Plot No. 98/23, Madina Town, Susan
Road, Faisalabad
Tel: (92-41) 8557141-3

Mansoorabad Branch

Plot No. P-1224 Corner Dipu Bazar, Main
Jhumra Road, Mansoorabad, Faisalabad
Tel: (92-41) 8734400-02

**Millat Chowk Branch**

158-B-1, Gulistan Colony No. 2, Millat Chowk, Faisalabad
Tel: (92-41) 8784346-7

Kotwali Road Branch

P-63, Kotwali Road, Faisalabad
Tel: (92-41) 2602587

Peoples Colony Branch

1/A-II, Peoples Colony-1, Faisalabad
Tel: (92-41) 8555002-4

PMC Branch Branch

P-1, Allied Moor, Opposite Punjab Medical College, Jail Road, Faisalabad.
Tel: (92-41) 8781381-83

Samanabad Branch

Plot No. P-178/1 A, Main Road, Samanabad, Faisalabad
Tel: (92-41) 2663840-2

Sargodha Road Branch

Plot No. 654-656, Near Hafeez Plaza, Ali Town Sargodha Road, Faisalabad
Tel: (92-41) 8785151-3

Satyana Road Branch

P 719, Batala Colony, Main Satyana Road, Faisalabad
Tel: (92-41) 8500715-20

Serena Hotel Branch

Serena Hotel, Club Road, Faisalabad
Tel: (92-41) 2602595-7

Tata Market Branch

Chak No. 212-RB Main Road, Factory Area, Opposite Madina Centre, Tata Market, Faisalabad
Tel: (92-41) 2417555-7

Yarn Market Branch

P-180, Yarn Market, Montgomery Bazar, Faisalabad
Tel: (92-41) 2541501-03

Fatehpur

Khewat No.14, Karor Lal Eisan Road, Fateh Pur
Tel: (0606) 841135-37

Fort Abbas

Khewat No.347/348, Khatooni No.347, Qasba Mandi, Zia-ul-Haq Shaheed Road Fort Abbas
Tel: (063) 2510584-85

Gaggo Mandi

Khasra No.59/3, Khewat No. 56/52, Khatooni No. 218, Opposite Grain Market, Sheikh Fazal Road, Gaggo Mandi
Tel: (067) 3500574-75

Ghotki

Survey No.10, Deh Odharwali Tappo Ghotki
Tel: (0723) 600134-36

Gilgit

Shop No. 433/102, Northern Light Infantry, Welfare Complex Gilgit Baltistan
Tel: (0581) 458039-41

Gojra

Gojra Branch
Al Khalid Shopping Centre, Opposite Surayya Hospital, Tehsil Office Road, Gojra
Tel: (92-46) 3516272-3

Gujar Khan

Gujar Khan Branch
B-III, 215-E, G.T. Road, Gujar Khan
Tel: (92-51) 3515679-83

Gujranwala**Dal Bazar Branch**

Property No. BII-19S-31, Near Chowk Chashma, Dal Bazar, Gujranwala
Tel: (92-55) 4227592-6

D.C Colony Branch

Shops No.UG-08 - UG-11, Commercial Centre, Ravi Block, PGECHS, D.C Colony, Gujranwala
Tel: (92-55) 3782805-07

Hafizabad Road Branch

Khewat # 2116, Khatooni # 2352, Khasra # 20, Mohallah Baghbanpura, Hafizabad Road Gujranwala
Tel: (92-55) 4442104-06

Kashmir Plaza Branch

Kashmir Plaza, Near Ghalla Mandi G.T Road, Gujranwala
Tel: (92-55) 3847205-8

Peoples Colony Branch

13-Y/ 7-SITE-1, Peoples Colony Gujranwala
Tel: (92-55) 4240571-3

Sheikhupura Road Branch

Khewat No. 42, Khatooni No. 43, Khasra No. 182, Mian Sansi, Sheikhupura Road Gujranwala
Tel: (92-55) 4233981-83

Satellite Town Gujranwala Branch

Plot No.40-A, Nursery Chowk, Satellite Town, Gujranwala
Tel: (92-55) 3847191-3

Sialkot Road Branch

Khewat No. 517, Khatooni No. 632, Khasra No. 227, Wania More, Sialkot Road Gujranwala
Tel: (92-55) 3200102-04

Wapda Town Gujranwala Branch

Block No.13, Wapda Town, Gujranwala
Tel: (92-55) 4283902-5

Gujrat**Chowk Pakistan Branch**

Property No. B-II 849-850, Chowk Pakistan, Circular Road, Gujrat
Tel: (92-53) 3522352-4

Gujrat Branch

Amin Fan Building, G.T Road, Gujrat
Tel: (92-53) 3538104-7

Kutchery Chowk Branch

B-1/92, Opposite Bar Room, Kutchery Chowk, Gujrat
Tel: (92-53) 3600751-753

Hafizabad**Hafizabad Branch**

Sagar Road Branch, Hafizabad
Tel: (92-54) 7540811-2

Haripur**Haripur Branch**

Rehana Plaza, G.T. Road, Haripur
Tel: (92-995) 627250-3

Main Bazar Branch

Main Bazar, Near Sheranwala Gate, Haripur
Tel: (92-995) 615103, 615322

Haroonabad**Haroonabad Branch**

14-C, Grain Market, Haroonabad
Tel: (92-63) 2251751-2

Hassan Abdal

Khewat No.1756, Khatooni No.2201, Khasra No.1956 Near Bus Stand Main G.T Road Hassan Abdal
Tel: (057) 2520708-711

Hasilpur**Hasilpur Branch**

68/B, Baldia Road, Hasilpur
Tel: (92-62) 2443300-1

Havelian**Havelian Branch**

Near Old TMA Office, Main Bazar Havelian, Distt. Abbottabad
Tel: (92-992) 811501-3

Hub (Lasbela)**Hub Chowki Branch**

Hub City, District Lasbela, Balochistan
Tel: (92-853) 310252-3

Hyderabad**Auto Bhan Branch**

Shop No 6 & 7, Boulevard Enclave Auto Bhan Road Latifabad No. 3, Hyderabad
Tel: (92-22) 3821291-8

Citizen Colony Branch

Shop No.1-4, Citizen Plaza, Citizen Colony, Jamshoro Road, Hyderabad
Tel: (92-22) 2100904-8

Cloth Market Branch

C/916/918, Guru Nagar, Hyderabad
Tel: (92-22) 2621341-2

Gari Khata Branch

City Survey No. F/1054, Ward - F, Gari Khata, Hyderabad
Tel: (92-22) 2725671-2

Hyderabad Branch

Saddar Bazar Cantonment, Hyderabad
Tel: (92-22) 2782772

Latifabad Branch

3/D Commercial Area, Latifabad No. 7, Hyderabad
Tel: (92-22) 3866964-5

Latifabad-II Branch

Plot No. A/53 Block-B, Unit No. 05, Shah Latifabad, Hyderabad
Tel: (92-22) 3864281-84

Market Road Branch

Market Road Hyderabad, Survey No. 2669, 2669/1, Ward-A, Market Road, Hyderabad
Tel: (92-22) 2638362-6

Qasimabad Branch

Plot No. QEA/R-6/03-4, 11-12, Housing Scheme No. 1, Main Road Qasimabad, Hyderabad
Tel: (92-22) 2670511-5

Station Road Branch

Shop No.F-438/2, F-438/3, Ward "F", Station Road, Hyderabad
Tel: (92-22) 2729791-94

Islamabad**Aabpara Branch**

Plot No. Ramna 6/1-4, Aabpara Market, Sector G-6, Islamabad
Tel: (92-51) 2603061-4

Bani Gala Branch

Khasra No. 631-632, Khewat No. 504, Sadaat Market, Main Bazar Bani Gala Islamabad
Tel: (92-51) 2612790-92

Barakahu Branch

Fazal ul Haq Plaza, Main Murree Road, Baharakahu, Islamabad
Tel: (92-51) 2232881-2

DHA Phase II Branch

Plot No. 7, Sector A, Near Gate No-3, Kalsum Plaza, DHA Phase-II, Islamabad
Tel: (92-51) 5161562-4

E-11 Markaz Branch

Plot No. 02, 03, 04, Square Eleven Plaza,
Islamabad Garden Phase II, Sector
E-11/1 Islamabad.
Tel: (92-51) 2305691-92

F-6 Markaz Branch

Ground & First Floor, Sethi Plaza, Super
Market, F-6 Markaz, Islamabad
Tel: (92-51) 2601791-5

F-7 Jinnah Super Market Branch

Unit No. 14, Plot No. 12-B, F-7 Markaz,
Jinnah Super Market, Islamabad
Tel: (92-51) 2655001-4

F-8 Branch

Panther Plaza, F-8 Markaz, Islamabad
Tel: (92-51) 2817403-5

F-10 Markaz Branch

Plot No. 2-F, F-10 Markaz, Islamabad
Tel: (92-51) 2112762-3

F-11 Branch

Shops No. 2, 3, 9, 10, 11 & 12, Ground Floor,
Sardar Arcade, F-11 Markaz, Islamabad
Tel: (92-51) 2228384-5, 2228388-9

Jinnah Super Branch

Plot No.11, Class-III, Shopping Centre,
Sector F-7/2, Islamabad
Tel: (92-51) 111 852 852

G-8 Branch

Plot No. 40-A , I & T Centre, Jhelum
Road , G – 8/1 , Islamabad.
Tel:(92-51) 2261040 - 41

G-9 Markaz Branch

21-B, G-9 Markaz, Islamabad
Tel: (92-51) 2285849-51

G-11 Branch

Plot No.15, Penorama Arcade,
G-11 Markaz, Islamabad
Tel: (92-51) 2830513-6

G-13 Branch

Plot No 2-A , Qaiser Wasim Plaza, G-13
Markaz, Islamabad
Tel:(92-51)2285849 – 50

G-15 Markaz Branch

Plot No. 18 , Family Plaza, Jammu & Kashmir
Housing Society, G-15 Markaz Islamabad
Tel: (92-51)2328317-8

Ghouri Town Branch

Plot No. 11-12 Sadiq Center Phase V-A
Ghouri Town Islamabad
Tel: (92-51) 2157680-83

I-8 Branch

Plot No. 25, VIP Square, I-8 Markaz, Islamabad
Tel: (92-51) 4861389-92

I-9 Branch

Plot No. 2/A, Industrial Area, I-9, Islamabad
Tel: (92-51) 4859644-7

I-10 Branch

Shop No. 7-10, Ahmadal Plaza, Plot No.
3-I, Sector I-10 Markaz, Islamabad
Tel: (92-51) 4432711-3

I-11 Sabzi Mandi Branch

Plot No.189/A, Sabzi Mandi, I-11, Islamabad
Tel: (92-51) 4100637-40

Jinnah Avenue Branch

Plot No. 37-B, Tahir Plaza, Jinnah
Avenue, Blue Area, Islamabad
Tel: (92-51) 2276712-5, 2801112-5

PWD Branch

Plot No. 786-G, Block-C, Pakistan PWD
Employees Co-operative Housing Society,
Lohi Bher, Islamabad
Tel: (92-51) 5170756-8

74-E Blue Area Branch

Unit No. 03-04 , Plot No.74-East Ajaib
Plaza, Blue Area Islamabad
Tel: (92-51) 2605693-97

Soan Garden Branch

Plot No. SC-17, Ifikhar Shopping Mall,
Main Double Road, Soan Garden
Islamabad
Tel: (92-51) 5739501 - 2

Jacobabad

Survey No.764/1, Old College
Road Ward No.02, Jacobabad
Tel: (92-0722) 650276-78

Jalalpur Jattan

Circular Road Branch
Khewat No.1729/1730 Khatooni No.
2355-2358 2359-2362, Circular Road,
Jalalpur Jattan
Tel: (92 53) 3430313-5

Jampur

Jampur Branch
Indus Highway, Dera Road,
Opposite Nadra Office, Jampur
Tel: (92-604) 569446-8

Jaranwala

P-92, Main Hassan Road, Jaranwala City
Tel: (041) 4312084-85-86

Jhang

Rail Bazar Chowk Branch
P-864, Block-9, Circular Road,
Rail Bazar Chowk, Jhang
Tel: (92-47) 7652203-4

Yousaf Shah Road Branch

P- 5, Yousaf Shah Road, Near Church
Chowk, Jhang
Tel: (92-47) 7652101-3

Jhelum

Jhelum Branch
B-VI-24-S-II, Mehar Plaza, Civil Lines,
Jhelum
Tel: (92-544) 611751-5

Kabirwala

Kabirwala Branch
Property No. 162, Khanewal Road,
Opposite PSO Petrol Pump, Kabirwala
Tel: (92-65) 2400721-3

Kahrer Pakka

Kahrer Pakka Branch
Plot No.107/C/4, Khewat No.27, Dunya
Pur Road, Kahrer Pakka, District Lodhran
Tel: (92-608) 341016-17

Kamoki

G.T Road Kamoki Branch
Main G.T Road, Kamoki
Tel: (92-55) 6810351-3

Karachi

26 Street DHA Karachi Branch
C-38- D, 26 Tauheed Commercial St.,
Phase V, D.H.A, Karachi
Tel: (92-21) 35833182

Abdullah Haroon Road Branch

S/1, Plot No. P.R 2/31/5, Preedy Quarters,
Abdullah Haroon Road, Karachi
Tel: (92-21) 32700143-5

Abul Hasan Isphani Road Branch

Plot No. 25-A, Main Abul Hasan Isphani
Road, Azeem Khan Goth,
Gulshan-e-Iqbal, Block 4-A, Karachi
Tel: (92-21) 34810729-32

Al-Hilal Society Branch

Nafees Arcade, Plot No. SC-14, Chandni
Chowk, KDA Scheme No.7, Main
University Road, Karachi
Tel: (92-21) 34124111-5

Al-Tijarah Centre Branch

S-8, Ground Floor, Al-Tijarah Centre,
Block-6, PECHS, Shahrah-e-Faisal, Karachi
Tel: (92-21) 34169030-4

Alamgir Road Branch

Plot No. Z-484, Block No-3, Bhadrur Yar
Jang Co-operative Housing Society,
Alamgir Road, Karachi
Tel: (92-21) 34140968

Allama Iqbal Road Branch

Plot No. 830-C, Central Commercial
Area, Block 2, PECHS, Allama Iqbal
Road, Karachi
Tel: (92-21) 34373263

Azizabad Branch

Shop Nos. S-3, S-4, S-5, S-6, Plot
No.CS-54, Azizabad, Block 7, Federal B
Area, KDA Scheme No.16, Karachi
Tel: (92-21) 36376211-15

Babar Market Landhi Branch

2-A/167,168 & 169, Babar Market,
Landhi Township, Karachi
Tel: (92-21) 35011071-5

Badar Commercial Branch

Plot No. 15-C, Badar Commercial Street
No.1, DHA Phase V, Karachi
Tel: (92-21) 35161361-65

Bahadurabad Branch

Plot No.28, Adam Arcade, Bihar Muslim
co-operative Housing Society, Bahadur-
abad Karachi
Tel: (92-21) 34145018-21

Baitul Mukkaram Masjid Branch

Shop No. S-3, S-4,Yasir Apartments,-
FL-6,Block No. 16, Gulshan-e-Iqbal,
Karachi
Tel: (92-21) 34839021-3

Baitus Salam Branch

Plot # 22-C, Commercial Street No.03,
Baitus Salam DHA Phase-IV, Karachi
Tel: (92-21) 35805181-85

Baldia Town No.9 Branch

Plot No.ST-21, Saeedabad, Baldia Town
No.9, Karachi
Tel: (92-21) 32819106-10

Baradari North Karachi Branch

Plot No A-45,Sector 11-B, North Karachi
Township, Karachi
Tel: (92-21) 36900930-34

Barkat-e-Hyderi Branch

D-10, Block-H, Scheme No 2, North
Nazimabad, Karachi
Tel: (92-21) 36705073-159-162-146-194-215

Beaumont Plaza Branch

Plot No.4, Shop No.7 & 8, Beaumont
Road, Civil Lines Quarters, Karachi
Tel: (92-21) 35642370-74

Bhittai Colony Korangi Branch

Plot No.395, Block "A", Bhittai Colony,
Korangi, Karachi
Tel: (92-21) 3515-1741-45

Bilawal Chowk Branch

Plot No. Commercial 7/1, Green Belt
Residency, Shop No 4 & 5, Block 2 ,
Scheme 5, Clifton Karachi
Tel: (92-21) 35830628,729,1448, 2083

Bin Qasim National Highway Branch

Survey # 435, Deh Landhi,Taluka Bin
Qasim town,Karachi



Tel: (92-21) 35012365, 35012376

Block -A North Nazimabad Branch

Plot No. SD-1, Block A, KDA Scheme No. 2,
North Nazimabad, Karachi
Tel: (92-21) 36722430-4

Block E North Nazimabad Branch

Plot No. ST-4, Shop # A/D-66 & 67, Block
"E" Hyderi, North Nazimabad, Karachi
Tel: (92-21) 36724294-96

Block-F North Nazimabad Branch

Shop # 9,10,11 & 12 Sub-Plot # SC14-3
Plot No SC-14,Block -F, KDA Scheme
No. 2 ,Samar Residency North Nazima-
bad Karachi
Tel: (92-21) 36723549-554

Block-18, Gulistan-e-Jauhar Branch

Rufi Lacks Drive, Unit No. 34 & 35,
Perfume Chowk, Block-18,
Gulistan-e-Jauhar, Karachi
Tel: (92-21) 34198130-134

Block-3 A Gulistan-e-Jauhar Branch

Palm Residency, Unit # 01, Block- 3A,
Kamran Chowrangi, KDA Scheme-36,
Gulistan-e-Jauhar
Tel: (92-21) 34161921-25

Boat Basin Branch

Shop No. 40-43, Commercial Sub
Plot No. FL-7/C/4 of Plot No. 7, Block
No. 5, Clifton, Karachi
Tel: (92-21) 35870697-8

Bohrapir Branch

Ranchore Quarter, Prince Street,
Bohrapir, Karachi
Tel: (92-21) 32712915-8, 32712909

Boulton Market Branch

Plot No. 8-9/D-I, Serai Quarters, Boulton
Market, M.A. Jinnah Road, Karachi
Tel: (92-21) 32467811-5

Bombay Bazar Branch

Plot No. 105, Shop No. 1 & 2, Mashallah
Terrace, Old Town Quarters, Bombay
Bazar, Karachi
Tel: (92-21) 3246-8701 -05

Buffer Zone Branch

R-914, Sector-15-A/1, Buffer Zone,
North Karachi, Karachi
Tel: (92-21) 36965851-5

Cattle Colony Landhi Branch

Plot No. 45/B, Cattle Colony Landhi,
Karachi
Tel: (92-21) 35135-181- 85

Commercial Avenue Phase VII DHA Branch

Plot No.33-D, Khy-e-Sehar Lane 4,
Commercial Avenue, Phase VII, D.H.A,
Karachi
Tel: (92-21) 35171201-05

Clifton Branch

Shop # 5, 6, Ground Floor, Al-Karam
Centre, BC1, Block-7, Main Clifton
Road, Clifton, Karachi, Add Space Shop #
4, Plot # BC 2, Block 7 Clifton, Kararachi
Tel: (92-21) 35372060-64

Cloth Market Branch

Shop # 14, Ground Floor, Atique Market,
Survey No.1-2, Survey Sheet B.R.2,
Bunder Quarters, Karachi
Tel: (92-21) 32418137-39

Darakhshan Society Malir Branch

Plot No. A-16/1, Darakhshan Society,
Malir Township, Karachi
Tel: (92-21) 34492788, 34493005

DHA Phase II Extension Branch

C-69 & C-71, 12th Commercial Street,
Phase-II (Extension), DHA, Karachi

Tel: (92-21) 35311953-8

DHA Phase I Branch

Ground Floor, Plot No. 119,
DHA Phase I, Korangi Road, Karachi
Tel: (92-21) 35396854-8

DHA IV Branch

Plot No 78, 10th, Commercial Street,
Phase IV, DHA, Karachi
Tel: (92-21) 35314861-4

Dhorajee Branch

Plot # 35/182 C.P & Berar Cooperative
Housing Society Karachi
Tel: (92-21) 34860861-4

Drigh Road Branch

Plot No.26/183 Drigh Road Cantt Bazar
Faisal Base Karachi
Tel: (92-21) 34687172-76

F.B Area Branch

C-12, Block-10, F.B. Area, Karachi
Tel: (92-21) 36805370

Federal B Industrial Area Branch

Plot No. ST-7, Block – 22,
Federal B Industrial Area, Karachi
Tel: (92-21) 36834625-29

FTC Branch

Ground Floor, Block-B, Finance & Trade
Centre, Shahrah-e-Faisal, Karachi
Tel: (92-21) 35650771-5

Garden West Branch

Shop No. 9,10,11 & 12 , Plot Survey
no.130/1 Sheet No. G-R.2, Garden West
Karachi
Tel: (92-21) 32241383-87

Gizri Branch

Plot No. K-7/9 Gizri, Chaudhry
Khalique-uz-Zaman Colony, Bakhshan
Village, Bazar Area, Clifton, Karachi
Tel: (92-21) 35865670-4

Gole Market Nazimabad Branch

Plot No. 2-E/3, Gole Market Nazimabad,
Karachi
Tel: (92-21) 3641 8011-15

Gulbahar Branch

Shop No. G-8, G-9, G-10 and G-11, Sub
Plot No.20/3, Sana Towers, Firdous
Co-operative Housing Society, Golimar
Chowrangi, Nazimabad, Karachi
Tel: (92-21) 36701155-9

Gulbai SITE Area Branch

Plot No. C-25, Gulbai, SITE Area, Karachi
Tel: (92-21) 32594711-5

Gulberg Branch

Plot No. B-1, Block 18, Gulberg, F.B.
Area, Karachi
Tel: (92-21) 36829112-5

Gulshan-e-Iqbal Branch

Shop No. 1, 2, 3 & 4, Plot No.B-41, Block
13-A, Gulshan-e-Iqbal, Karachi
Tel: (021) 4811901-905

Gulshan-e-Hadeed Branch

Plot No.C-27, Sub Sector 8-C/I, Phase I,
Gulshan-e-Hadeed, Steel Town, Karachi
Tel: (92-21) 34712151-155

Block-1, Gulistan-e-Jauhar Branch

Shops No. 1, 2, 3, 7, Ground Floor,
Samrah Arcade, Plot No. SB-04, Block 1,
KDA Scheme No. 36,
Gulistan-e-Jauhar, Karachi
Tel: (92-21) 34013922-6

Gulshan Block 2 Branch

Plot No. SB 08, Gulshan-e-Iqbal Block 2,
Near Rab Medical Centre, Karachi
Tel: (92-21) 34971232

Gulshan Chowrangi Branch

Gulistan-e-Erum, Sub-Plot # 5-A/1-10,
Plot No.FL-5, Block-3, Scheme 24
Gulshan-e-Iqbal, Karachi
Tel: (92-21) 34811849-56, 34810762

Gulshan-e-Iqbal Block 6 Branch

Plot No. FL-6 /1/A-4, Al-Shams Plaza,
Block-6, KDA Scheme No. 24, Rashid
Minhas Road, Gulshan-e-Iqbal, Karachi
Tel: (92-21) 3481-3521-25

Gulistan-e-Jauhar Branch

Plot No ST-19,Block 15, Scheme
36,Gulistan-e-Jauhar, Karachi
Tel: (92-21) 34030251-55

Gulshan-e-Maymar Branch

Flat No. A-102 & shop no. 1 & 2, Sub Plot
no. SB-1 / X / IV,Gulshan-e-Maymar
Karachi
Tel: (92-21) 36350513-4-5

Gulzar-e-Hijri Branch

Plot No.B-14, Al-Memon Welfare
Cooperative Housing Society, Unit
No.1-3, Sector 13-A, Scheme-33
Gulzar-e-Hijri, Karachi
Tel: (92-21) 3465-5860-64

Hub River Road Branch

Building No. 06 Commercial Sector No. 04,
Haroon Bahria Coperative Housing Society,
Hub River Road, Karachi
Tel: (92-21) 32364236-9

Hussainabad Branch

Plot # 1109 & 1110,Block # 3, Ground
Floor,Pakistan Memon Education &
Welfare Society Hussainabad Karachi
Tel: (92-21) 36320461

I.I.Chundrigar Branch

Shop No. 9 & 10, Gul Tower, I.I.Chundigar
Road Karachi
Tel: (92-21) 32423676

Indus Mehran Cooperative Housing

Society Branch
Plot No.14-A , Naclass No.55, Indus
Mehran Co-operative Housing Society
Malir, Karachi
Tel: (92-21) 3449640-44

Jama-e-Millia Malir Branch

Plot No.S-25, Survey No.282,
Gulzar-e-Ibrahim, Jama-e-Millia Malir,
Karachi
Tel: (92-21) 3416-2270-74

Jamshed Road Branch

Plot No. 713/6, Shaheen Tower, Jamshed
Quarters, M.A Jinnah Road, Karachi
Tel: (92-21) 34923281-5

Jodia Bazar Branch

MR5/115-114 Darya Lal Street, Jodia
Bazar, Karachi
Tel: (92-21) 32473326-28

Joffa Towers Branch

SB-23 & 24,Office No. G2, 102-104,
Joffa Towers, Main University Road,
Block-13-C, Gulshan-e-Iqbal, Karachi
Tel: (92-21) 34830141-5

Jubilee Market Branch

Plot No.64, Ghulam Hussain Hidayatullah
Colony, Jubilee Market Karachi
Tel: (92-21) 32720454-58

Katchi Gali No.2 Branch

No. G-1, situated at Katchi Gali No. 2,
Marriot Road, Karachi
Tel: (92-21) 32443526-7

K.A.E.C.H.S Branch

Plot No. SA / 49 (Commercial) Block No. 4,
Karachi Administrative Employees
Co-operative Housing Society LTD. Karachi

Tel: (92-21) 34302920

Karachi Cantt Branch

Shop No.1, Salalah Apartment, Civil Lines Quarters, Dr. Dawood Pota Road, Near Cantt. Station, Karachi
Tel: (92-21) 3562-0180-84

KDLB Branch

2nd Floor, KDLB Building, West Wharf Road, Karachi
Tel: (92-21) -32314103-07

Keamari Branch

Plot No. 29/1, Opposite Jungle Shah College, Keamari Town, Karachi
Tel: (92-21) 32863170-4

Kehkashan Clifton Branch

Building No.BC-1, Ground Floor, Al-Karam Center, Block 7, Clifton, Karachi, Pakistan
Tel: (92-21) 111 000 852

Khadda Market Branch

(Khayaban-e-Shamsheer) Branch
Plot No.4-C, Khadda Market, Khayaban-e-Shamsheer, DHA Phase V, Karachi
Tel: (92-21) 35240811-5

Khadija Market, Block I North Nazimabad Branch

Plot No. SC-4, Shop Nos. 2, 2-A, 3, 4,5 Khadija Market, Block I North Nazimabad Karachi
Tel: (92-21) 3672-2790 - 94

Khalid Bin Waleed Branch

Plot No. 89/N, Muhammadi Terrace, Block-2, Khalid Bin Waleed Road, P.E.C.H.S, Karachi
Tel: (92-21) 34383914-16

Kharadar Branch

Shop No.1, Ground Floor, Al-Fatima Plaza, Paria Street, Ghulam Hussain Kassam Quarters, Kharadar, Karachi
Tel: (92-21) 32316510-4

Khayaban-e-Bokhari Branch

Plot No 22-C, Khayaban-e-Bokhari, Ph-VI, DHA Karachi
Tel: (92-21) 35243561-5

Khayaban-e-Rahat Branch

Plot No. 32 /C, Shop No.1-5, Khayaban-e-Rahat Phase VI, DHA Karachi
Tel: (92-21) 3585-7531-35

Khayaban-e-Sehar Branch

9-C, Shahbaz Commercial. Lane 1, Khayaban-e-Sehar, Phase VI, DHA, Karachi
Tel: (92-21) 35349307-13

Khayaban-e-Shamsheer Branch

23-C, Main Khayaban-e-Shamsheer, Phase V (Ext) DHA, Karachi
Tel: (92-21) 35247600-04

Kh-e-Ittehad Branch

Plot No.124-N, Khayaban-e-Ittehad DHA Phase VI Karachi
Tel: (92-21) 3515-5911-15

Korangi Branch

Plot No. LS-3, ST-3/1, Sector No.15,Korangi Industrial Area, Karachi
Tel: (92-21) 35114324-5

Korangi II Branch

Q 37, Sector 33-A, Main Road Korangi, Karachi
Tel: (92-21) 35059215-16

Korangi Industrial Area II Branch

Plot No.27 & 28, Sector - 16, Korangi Industrial Area, Karachi
Tel: (92-21) 3514-4341-45

Korangi Darul Uloom Branch

Sector 28, Darul Uloom, Main Korangi

Industrial Road, Karachi

Tel: (92-21) 35123134-35, 35123138-40

Lea Market Branch

Plot No. 3/20, Khajoor Bazar, Lea Market, Karachi
Tel: (92-21) 32521650-4

Liaquatabad Branch

No.18, Plot No. 1/19, S.M.Taufiq Road, Liaquatabad, Karachi
Tel: (92-21) 34125673

Liaquat Market Malir Branch

Plot No. LS-38, ST-32 Block-04, Malir Township Liaquat Market Malir, Karachi
Tel: (92-21) 34502880-84

Light House Branch

Plot No. 57, Jahangir Mansion, Shop No.14, Thatia Compound Street, Wadhawal Odharam Quarters, Light House, M.A Jinnah Road, Karachi
Tel: (92-21) 32742775-6

M.A Jinnah Road Branch

M.R2/52, Sheba Centre, M.A Jinnah Road Karachi
Tel: (92-21) 32467032-7036

Marriott Hotel Branch

Marriott Hotel, Abdullah Haroon Road, Karachi
Tel: (92-21) 35683491

Malir Cantt Branch

Army Shopping Complex, Malir Cantt, Karachi
Tel: (92-21) 34196121-25

Maskan Chowrang Branch

Plot No. FL-12/B-41, Allah Noor Apartment, Block 7, KDA Scheme No. 24, Maskan Chowrang, Gulshan-e-Iqbal Karachi
Tel: (92-21) 34835100-04

Mehmoodabad Branch

Plot No. 178 -179, Survey No. 250- 251 Sheet No. MAC-II Mehmoodabad
Tel: (92-21) 35319051 - 055

Metroville SITE Branch

Plot No.E-11, E-12 Block-1 Metroville, SITE Karachi
Tel: (92-21) 36752601-5

Model Colony Branch

Plot No.6, Survey No.N-55, Tina Square Housing Project,Deh Mehran,Tappo, Malir Karachi
Tel: (92-21) 34492445-7

Mohammad Ali Society Branch

Plot # 2-F, Commercial Shop # 2 Fatima Jinnah Street Moulana Muhammad Ali Jauhar Memorial Cooperative housing society Karachi
Tel: (92-21) 34301863-4

Nanakwara Branch

Plot No. WO-1/13, Muhammadi Manzil, Syedna Tahir Saifuddin Road, Paan Mandi, Nanakwara, Karachi
Tel: (92-21) 327141014-105

Nadir House Branch

Nadir House Branch, I.I. Chundrigarh Road Karachi
Tel: (92-21) 32410085-88

Nazimabad No. 3 Branch

3-A-1/13 Nazimabad No. 3, Karachi
Tel: (92-21) 36707431-4

New Challi Branch

Fakhri Trade Centre, Plot No. SR – 6/10, Shahra-e-Liaquat, New Challi, Karachi.
Tel: (92-21) 32602121-126

New Town Branch

Plot No.371 Kutiana Centre, Shop No.10-13, Jamshed Quarters, Karachi
Tel: (92-21) 34943581-5

New Truck Stand Hawksbay Branch

Plot No.F-1/4 to F-1/9, K-28 Phase-I Trans Lyari, Hawksbay Road, Karachi
Tel: (92-21) 32373204-13

New Fruit & Vegetable Market Super Highway Branch

Block No. C-X, New Fruit & Vegetable Market, Super Highway, Karachi
Tel: (92-21) 3687-0190-94

North Karachi Branch

Plot # SA-6 (ST-8),11-C-1 North Karachi
Tel: (92-21) 36965051-55

North Karachi Industrial Area Branch

Plot # 1-A, Sector # 12-C,North Karachi Town ship Karachi
Tel: (92-21) 36963117-121

North Napier Branch

Shop No. 12,Poona wala, Trade Tower,W.O 1/55, Opposite City Court Chabba Gali,Main North Napier Road Karachi
Tel: (92-21) 32713530-34

North Nazimabad Block-M Branch

Plot No. SB-2, Block-M, North Nazimabad, Karachi
Tel: (92-21) 36627054-5

Nursery Branch

Plot No.13-A, Survey Sheet No. 35-P/1, Amber Pride show room No.1, Ground Floor, Block-06 P.E.C.H.S, Nursery, Karachi
Tel: (92-21) 34396510-14

Orangi Town Branch

Plot No. LS-15, Sector 6-E, Orangi Town, Karachi
Tel: (92-21) 36694370-4

Panorama Center Branch

Survey # 248 , Shop # 6 & 6-A Panorama Centre, Staff Line, Fatima Jinnah Road Saddar, Karachi
Tel: (92-21) 335642587-91

P & O Plaza Branch

Ground Floor, P & O Plaza, Opposite Muhammadi House, I.I Chundrigar Road, Karachi
Tel: (92-21) 32467901-5

Pakistan Chowk Branch

Ground Floor, Plot No. 08, Survey Sheet No. RB-5, Pakistan Chowk Arambagh Road, Karachi
Tel: (92-21) 32219651-6

Paposh Nagar Branch

Plot No.18, Row No.1, Block-E, Block No-V, Paposh Nagar Nazimabad Karachi
Tel: (92-21) 36700640-44

PIB Colony Branch

Plot No 390-391, PIB Colony Main Road Karachi
Tel: (92-21) 34191201-205

Plaza Quarters Branch

Plaza Square Karachi, Bombay Building, City Survey No. 37/22, Off M.A. Jinnah Road, Karachi
Tel: (92-21) 32751560, 32751124

PNSC (Lalazar) Branch

37-A, Lalazar Area, Off Moulvi Tamizuddin Khan Road, Karachi
Tel: (92-21) 35636240

Power House Branch

Plot No. R-17, Sector 5-C/4, North Karachi



Tel: (92-21) 36902608-12

Rashid Minhas Road Branch

Ground Floor, Aqsa Tower, Block-C,
Rashid Minhas Road, KDA Scheme
No.33, Karachi
Tel: (92-21) 34978062, 34978064

Razi Road Branch

Plot No 44-A, Nice Trade Orbit, Block 6,
Razi Road, PECHS, Karachi
Tel: (92-21) 34370151-155

Regal Chowk Branch

Shop No. 1-B, Survey No. 273/2,
Sheet A.M (Part -2), Rahman Mansion,
Artillery Maidan Quarter, Frere Road,
Saddar, Karachi
Tel: (92-21) 32701151-5

Saddar Branch

Survey No.70/2, Survey Sheet No.SB-6,
Javeria Gems & Jewels centre, Raja
Ghazanfar Ali Khan Road, Saddar Bazar
Quarters Karachi
Tel: (92-21) 35224601-05

Saeedabad Baldia Town Branch

Plot No.604 & 609/1-A, Sector 5-J,
Saeedabad Baldia Town, Karachi
Tel: (92-21) 32817511-5

Safora Chowk Branch

Shop No. 3, 4, 5 & 6, Ground Floor, Prime
Tower, Plot No. SB-20, Block 7,
KDA Scheme No. 36,
Safora Chowk, Gulistan-e-Jauhar, Karachi
Tel: (92-21) 34660661-5

Sharafabad Branch

Plot No.525, Block-3, Shop No. 1-3,
Ground Floor, Karachi Memon Cooperative
Housing Society, Sharafabad, Karachi
Tel: (92-21) 3494-2941-45

Shaheen Complex Branch

Shaheen Commercial Complex, M.R. Kayani
Road, GPO Box 121, Karachi
Tel: (92-21) 111 852 852

Shahrah-e-Faisal Branch

Shops No. 9,10,11,12 Ground Floor and
Mezzanien Plot No.6/29-A, Sabah
Palace, PECHS, Karachi
Tel: (92-21) 34322184-90

Shahrah-e-Quaideen Branch

Plot # 19/A, Block 2, PECHS, Main
Shahrah-e-Quaideen Road, Karachi
Tel: (92-21) 3418 8601-05

Shahrah-e-Orangi Branch

Plot No. CI-59, Sector 11, Orangi
Township, Orangi, Karachi
Tel: (92-21) 36699621-25

Shadman Karachi Branch

Plot No. ST 21/2A Sec.No 14-B,
Shadman, North Karachi
Tel: (92-21) 36940650-54

Shaheed-e-Millat Road Branch

Plot No. 7-A/228, Block-3, Dehli
Mercentile Muslim Cooperative Housing
Society Ltd, Shaheed-e-Millat Road
Karachi
Tel: (92-21) 34140151-155

Saba Avenue Branch

Plot # 22-C-C, Saba Avenue, DHA Phase
VI, Karachi
Tel: (92-21) 35155901-905

Shah Faisal Colony Branch

CB-33, Al Falah Society, Shah Faisal
Colony, Karachi
Tel: (92-21) 34686271-3

Shamsi Society Malir Halt Branch

Plot No. CM 44 & 45, Ground Floor

Shamsi cooperative Housing Society

Ltd., Malir Halt, Karachi
Tel: (92-21) 34682405-07

Shershah Branch

Plot No. D.283/15 & 16, Quality Godown
Shershah Road, SITE Karachi
Tel: (92-21) 32562411-15

Sidco Centre Branch

Shop No.13, Sidco Centre Din Muham-
mad Wafai Road Karachi
Tel: (92-21) 35224850-54

Shireen Jinnah Colony Branch

Plot No. 4-B,Block No. 1, Clifton Karachi
Tel: (92-21) 35833025, 35836758,
35836780

Sir Syed Road Branch

Plot No. 152-S, Ground Floor, Sir Syed
Road, Block 2, PECHS, Karachi
Tel: (92-21) 35143500-4

SITE Branch

Plot No. B/9-C, Site Area, Karachi
Tel: (92-21) 32550328-31

SITE-II, Super Highway Branch

Showroom # 1 & 2, Plot # D/41-A, SITE-
Super Highway Phase-II, Karachi
Tel: (92-21) 36880342-349

Soldier Bazar Branch

G-2, Ground Floor, Plot No. SOL.B-2/16,
VII-E/100/1, Soldier Bazar Quarters, Karachi
Tel: (92-21) 32290320-24

Stock Exchange Branch

Office # 41, 42 & 43 1st Floor Stock
Exchange Building, I.I Chundrigar Road Karachi
Tel: (92-21) 32470920-8

Super Highway Branch

Highway Trade Centre, Shop # 11-12-13
&14 Block-2, Sector1-A, Super Highway,
Karachi
Tel: (92-21) 36830076-78, 36830045 &
36830107

Tahir Villa Chowranghi Branch

Plot No. 74/1, Block 5, Tahir Villa
Chowranghi, F.B.Area, Karachi
Tel: (92-21) 36364452-54

Tariq Road Branch

Plot No. 138-A, Block No. 02, PECHS,
Tariq Road, Karachi
Tel: (92-21) 34300180-84

Textile Avenue Branch

Plot No. H-6, SITE Survey Sheet No. 21,
Near Site Police Station SITE, Karachi
Tel: (92-21) 32584850-59

Timber Market Branch

Plot No. 03, Main Timber Market,
Siddique Wahab Road Karachi
Tel: (92-21) 32740060 - 64

Urdu Bazar Branch

Shops No. 11 & 12, Anfal Centre,
Plot No. RB-9/1, Rambagh Quarters,
Urdu Bazar, Karachi
Tel: (92-21) 32603031-5

Water Pump Branch

Plot No. BS-13,Block No.14, Federal
B.Area Karachi.
Tel: (92-21) 36332443, 36332523

West Wharf Road Branch

Plot No.14, A & K Chambers West Wharf
Road, Karachi
Tel: (92-21) 32203445-9

Karak

Khasra Nos.615-616-243-236-233-235,
Tehsil Road, Karak
Tel: (092) 7211032-34

Kahuta

Khewat # 15-16 Khatooni # 17-20, Gul
Siraj Plaza Rawalpindi Road Kahuta
Tel: (051) 3313015-16

Kamalia

Khasra No. 4169 - 4191, Muhallah
Mitianwala, Railway Road, Kamalia
Tel: (046) 3413590-94

Kasur

Kasur Branch

216-9, R-IV, Railway Road, Kasur
Tel: (92-492) 2764999

Khairpur

Khairpur Branch

Shop No.1,2,3 Ground Floor
Civic Centre, Mall Road, Khairpur
Tel: (92-243) 715772-73

Khanewal

Khanewal Branch

Plot No. 624-625, Block No. 8, Sir Syed
Road, Khanewal
Tel: (92-65) 2556625-7

Khanpur

Khanpur Branch

Kutchery Road, Khanpur
Tel: (92-68) 5577127-8

Khan Bela

Main K.L.P Road, Khan Bela
Tel: (068) 5580100-101

Kharian

G.T Road Kharian Branch

Ground Floor, Barakat Plaza, Main G.T
Road, Kharian
Tel: (92-537) 533497-8

Khushab

Katha Chowk Khushab Branch

P-4106-27-1, Sargodha Road, Katha
Chowk, Khushab
Tel: (92-454) 711683-4

Kohat

Kohat Branch

1st Floor, Jinnah Municipal Plaza, TMA,
Near King Gate, Bannu Road, Kohat
Tel: (92-922) 523037-40

Kot Addu

Kot Addu Branch

Khewat No. 264/241, Ward No. 2,
Mauza Pirhar Sharqi, G.T.Road,
Kot Addu.
Tel: (92-66) 2240333-37

Kot Radha Kishan

Shop No. 9, Grand City Center, Main
Raiwind Pattoki Road, Kot Radha Kishan
Tel: (049) 2382011

Kotli AJ&K

Mouza Pang Piran, Pindi Road, Kotli AJK
Tel: (05826) 444673-4-5

Kunri

Kunri Branch

Plot No. 12, Survey No. 263,
Station Road, Deh Gorraho, Kunri,
District Umerkot
Tel: (92-238) 558412-15

Lahore

Akbar Chowk Branch

Plot No.46, Block-10 Sector B-1
Township Lahore
Pabx: (92-042) 35201425-26

Al-Saeed Chowk Branch

Al-Saeed Chowk, near Phool Mandi,
Saggian By pass, Jaranwala Road, Tehsil
Ferozwala, District Sheikhpura, Lahore
Tel: (92-42) 37163873-5

Akbari Mandi Branch

Outside Akbari Mandi, Circular Road, Lahore
Tel: (92-42) 37660969-70

Allama Iqbal Town Branch

8, Hunza Block, Allama Iqbal Town, Lahore
Tel: (92-42) 35296701-5

Avian Chowk Branch

H # 44, Nadeem Shaheed Road, Avian
Chowk, Near Pakki Thatti, Samanabad,
Lahore
Tel: (92-42) 37563352-54

Azam Cloth Market Branch

19-Bismillah Block, Azam Cloth Market, Lahore
Tel: (92-42) 37642011-3

Bahria Town Branch

Plot No.68/69-B, Sector-C, Bahria Town Lahore
Tel: (92-42) 35976270-72

Bank Square, Model Town Branch

Ground Floor, Central Commercial Market
Area, Model Town, Lahore
Tel: (92-42) 35915601

Badami Bagh Auto Market Branch

Property No. 355,357 Circular Road,
Outside Kashmiri Gate, Badami Bagh
Auto Market Lahore
Tel: (92-42) 37104010-13

Bedian Road Branch

Khasra No. 3799, Mauza Lidhar, Main
Bedian Road, Lahore
Tel: (92-42) 35749607-10

Bedon Road Branch

Plot No.15 Bedon Road Lahore
Tel: (92-42) 36290273-76

Begum Kot Branch

Plot # 4/A Geya Musa, Begum Kot
Shahdrah, Lahore
Tel: (92-42) 37929103-05

Brandrath Road Branch

46 Brandrath Road, Lahore
Tel: (92-42) 37676388-92

Burki Road Branch

Khasra No.159, Khatooni No.30, Khewat
No.20, Main Burki Road, Adjacent
Paragon City, Lahore
Tel: (92-42) 37167203-4

Bund Road Branch

Property No. SW XI 1-S-1/B/6,
Main Bund, Road, Lahore
Tel: (92-42) 37482671-3

Canal Bank Road Branch

Mughalpura Lahore Branch PlotNo. 125,
StNo. 33, Naya Pul, Punj Pir Road, Canal
Bank Road, Mughalpura, Lahore
Tel: (92-42) 365543-44

Cavalry Ground Branch

72-Commercial Area, Cavalry Ground,
Lahore Cantt
Tel: (92-42) 36619780-3

Chowk Yateem Khana Branch

Bund Road Chowk Yateem Khana Lahore
Tel: (92-42)37467113-16

Chowk Baba Attar Ichra Branch

Plot # SXVIII-44-S-110/A, Ichra II, Chowk
Baba Attar, Lahore
Tel: (92-42) 37534152-54

Chungi Amar Sadhu, Branch

Khasra # 1050, DAR Plaza, Chungi Amar
Sadhu, Main Ferozpur Road, Lahore
Tel: (92-42) 35922114-17

Circular Road Branch

141- Circular Road, Outside ShahAlam
Gate, Lahore
Tel: (92-42) 37642001-4

Civic Centre Johar Town Branch

Property No. 20, Civic Centre, Johar
Town, Lahore
Tel: (92-42) 35189531-3

Cloth Market Branch

F-2332, Rrara Tailian, Near Kashmir
Block, Azam Cloth Market, Lahore
(92-42) 7380461-65

College Road Branch

6-2/C-1, College Road Township, Lahore
Tel: (92-42) 35157184-6

G.T Road Daroghawala Branch

Plot No. 329-F, Main G.T Road,
Daroghawala, Lahore
Tel: (92-42) 36550501-3

DHA Phase I Branch

167- G, DHA Phase I, Lahore
Tel: (92-42) 35742891-2

DHA Phase III Branch

Plot No. 97-Y, DHA Phase III Commercial,
Opposite Sheba Park, Lahore
Tel: (92-42) 35742582-3

DHA Phase IV Branch

210-CCA, Phase-IV DHA, Lahore
Tel: (92-42) 35747761-2

DHA Phase V Branch

Plot No.6 - CCA Phase V, DHA Lahore
Tel: (92-42) 37182334-5

DHA Phase VI Branch

Plot No. 101, Main Boulevard Phase VI
(Commercial), DHA Lahore
Tel: (92-42) 35006026, 042-35006028-9

DHA Phase VIII Branch

Plot No.C-3, Commercial Broadway,
Phase VIII, DHA Lahore
Tel: (92-42) 38107774-75

Doctors Hospital - Johar Town Branch

Plot No.3-A, G-Block,
Doctors Hospital, Johar Town, Lahore
Tel: (92-42) 35453153-55

EME Housing Society Branch

Plot No. 1 & 37, Block-D Commercial,
EME Sector, DHA, Lahore
Tel: (92-42) 37498956-8

Faisal Town Branch

Plot # 16, Block B, Faisal Town, Lahore
Tel: (92-42) 35202116 - 8

Ferozpur Road Branch

Opposite DESCON Head Quarters,
18-KM Main Ferozpur Road, Lahore
Tel: (92-42) 35401873-6

Garhi Shahu Branch

Property No.84, Allama Iqbal Road,
Garhi Shahu, Lahore
Tel: (92-42) 36294191-92

Ghalib Market Branch

64 A-II, Gulberg III, Ghalib Market, Lahore
Tel: (92-42) 35772147-9

Gulberg Branch

60-Main Boulevard Gulberg, Lahore
Tel: (92-42) 35879870-2

Gulshan-e-Ravi Branch

Plot No. 9, Block F, Gulshan-e-Ravi, Lahore
Tel: (92-42) 37404822-5

Haider Road Township Branch

434, A-1, Haider Road Township, Lahore
Tel: (92-42) 35157101-3

Hall Road Branch

S-50-R-19, Hall Road, Lahore

Tel: (92-42) 37211806-8

Ichra Branch

156-Main Ferozepur Road, Ichra, Lahore
Tel: (92-42) 37522989-1

Islampura Branch

Property No. 61, Main Bazar, Islampura,
Lahore
Tel: (92-42) 37117463-4

J-III Johar Town Branch

Plot No. 12, Block- J-III,
Opposite Expo Centre Johar Town, Lahore
Tel: (92-42) 35311862 - 864

Johar Town Branch

63/R-1, M.A Johar Town Branch, Lahore
Tel: (92-42) 35314631-4

Karim Block Branch

Baig Plaza, 21 Commercial Zone, Karim
Block, Allama Iqbal Town, Lahore
Tel: (92-42) 35296701-5

Kahna Nau Ferozpur Road Branch

Khasra # 1508, Hakeem Colony, Mouza
Gujjumatta Tehsil Cantt, Kahna Nau,
Ferozpur Road, Lahore
Tel: (92-42) 35270205-7

Kot Abdul Malik Branch

Mouza Sharqpur Khurd, Kot Abdul Malik
Main Sheikhpura Road, Lahore
Tel: (92-42) 37340743-5

Khayaban-e-Jinnah Road Branch

Plot No. 630/325 Air line Housing
Society, Block B, Phase I, Iqbal Avenue
Cooperative Housing Society, Khaya-
ban-e-Jinnah Road, Lahore
Tel: (92-42) 35955461-63

Khayaban-e-Iqbal Branch

Plot No.34-A, Khayaban-e-Iqbal,
Sector-XX, Phase III-C,DHA, Lahore
Tel: (92-42) 356948833-34-35-38

Liberty Market Branch

Shop # 14-17, Liberty Shopping Centre,
Gulberg III, Lahore
Tel: (92-42) 35760813, 35760814

Main Boulevard Branch

E-44-1-4-COM, Iqbal Park Commercial,
Main Boulevard DHA, Lahore
Tel: (92-42) 36621482-4

McLeod Road Branch

SE-10-R-2/12, Nihal Chand Building,
McLeod Road, Lahore
Tel: (92-42) 36284501-4

Mini Market College Road Gulberg II Branch

Plot No.25-L, College Road, Gulberg II Lahore
Tel:(92-42)35246614-16

Model Town C-Block Lahore Branch

Shop No. 24 & 25, Central Commercial
Market, Model Town, Lahore
Tel: (92-42) 35844202-4

Model Town Link Road Branch

Plot No. 13, Model Town Link Road, Lahore
Tel: (92-42) 35942355-8

Moon Market Allama Iqbal Town Lahore Branch

Plot No. 10, Kashmir Block, Main
Boulevard, Allama Iqbal Town Lahore
Tel: (92-42) 35427936-40

Moti Bazar Branch

Property No. F-2627, Ali Arcade Chowk
Choon Mandi, Moti Bazar Lahore
Tel: (92-42) 37338870-75

Mustafa Abad Branch

Property No. SE-6-R-148, Allama Iqbal Road,
Mustafa Abad, Lahore
Tel: (92-42) 36886051-3

**Mustafa Town Branch**

Property # 15, Mamdot Block, Mustafa Town Scheme, Lahore
Tel: (92-42) 35418031-33

Multan Road Branch

S-94, R-334, Multan Road, Near Social Security Hospital, Multan Chungi, Lahore
Tel: (92-42) 37492383-85

Naseerabad Ferozpur Road Branch

Plot No.405 Naseerabad Gulberg III, Main Ferozpur Road, Lahore
Tel: (92-42) 35441601-3

New Anarkali Bazar Branch

Property No.S-64-R-132-134/2 New Anarkali Bazar Lahore
Tel: (92-42) 37360590-91, 37311977-83

New Fruit Market Branch

Property No.116-117 New Fruit Market Ravi Road Lahore
Tel: (92-42) 37729213-17

New Garden Town Branch

Ground Floor, Ibrahim Centre, 1-Aibak Block, New Garden Town, Lahore
Tel: (92-42) 35941474-7

New Muslim Town Branch

Plot # 15-B New Muslim Town, Ayubia Market, Lahore
Tel: (92-42) 35926800-02

Badami Bagh Branch

35-Peco Road, Badami Bagh, Lahore
Tel: (92-42) 37369610-3

Punjab Cooperative Housing Society Branch

66-F, Phase I, Punjab Co-operative Housing Society, Ghazi Road, Lahore Cantt
Tel: (92-42) 35924683-4

Q-Block DHA Phase II Branch

295-Q Commercial Area, Phase II DHA, Lahore
Tel: (92-42) 35708324-7

Qartaba Chowk Branch

Qartaba Chowk, Temple Road, Rehman Chamber, Lahore
Tel: (92-42) 37112406-10

Quaid-e-Azam Industrial Estate Branch

169 - S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Tel: (92-42) 35215765

Raja Market, New Garden Town, Branch

81-Ahmad Block, Raja Market, New Garden Town, Lahore
Tel: (92-42) 35913345-7

Ravi Road Branch

33, Main Ravi Road, Opposite Bilal Masjid, Lahore
Tel: (92-42) 37706835-7

Riwaz Garden Branch

Plot No.317, Riwarz Garden, Near Chuhburji Lahore
Tel: (92-42) 37242381-84

Sabzazar Branch

Plot No.325, Block - B, Main Boulevard, Sabzazar, Lahore
Tel: (92-42) 35962280-82

Saddar Bazar Branch

Property No. 1184, Dubai Chowk, Main Tufail Road, Saddar Bazar, Lahore
Tel: (92-42)-36622824-6

Samanabad Branch

Plot No. 210, Main Poonch Road, Samanabad, Lahore
Tel: (92-42) 37587213-5

Shad Bagh Branch

13-A, Tajpura Chowk, Near PTCL exchange, Shad Bagh, Lahore
Tel: (92-42) 37600667-9

Shadman Colony Branch

91 Shadman Colony - 1, Shadman, Lahore
Tel: (92-42) 37522976-9

Shahdra Branch

113 G.T. Road, Lahore
Tel: (92-42) 37921266-7

Shahalam Market Branch

D-2050, Fawara Chowk, Inside Shahalam Market, Lahore
Tel: (92-42) 37377340-3

Shahkam Chowk, Canal Road Branch

Plot 47-48, Block B, Mohlanwal Scheme, Shahkam Chowk Canal Road, Lahore
Tel: (92-42) 35966778

Shalimar Garden Branch

Chowk Shalimar Bagh, G.T Road, Baghban Pura, Lahore
Tel: (92-42) 36846584-8

Shalimar Link Road Branch

Khata No. 222, Khatooni No.397, Khasra No.2240, Near Shalimar Hospital Shalimar Link Road Lahore
Tel: (92-42) 36810102-06

Sultan Pura Branch

Property No. 16, Hide Market Sultan Pura Lahore
Tel: (92-42) 36862452-58

T Block Phase II Branch

Plot No. 07, 2-C, CCA-T Block Phase -II Lalik Jan Chowk DHA Lahore
Tel: (92-42) 5707383-86

Thokar Niaz Baig Branch

Ahmed Centre, 1.5 KM Raiwand Road, Lahore
Tel: (92-42) 37516128-30

Tufail Road Branch

Shop No.06, 10-11, 33-34 Cantt Shopping Plaza, Tufail Road Lahore Cantt
Tel: (92-42) 36602701-703

Urdu Bazar Branch

4-Kabeer Street, Urdu Bazar, Lahore
Tel: (92-42) 37116684-7

Valancia Town Branch

Plot No.1-D, Valencia Society Lahore
Tel: (92-42) 35225894-98

Walton Road Branch

E-29/21-A, Bank Stop, Walton Road, Lahore
Tel: (92-42) 36626602-5

WAPDA Town Chowk Branch

Plot No. 429, Block-E, Main Boulevard, P.I.A Employees Co-operative Housing Society, Wapda Town Chowk, Lahore
Tel: (92-42) 35211591-4

Wahdat Road Branch

Plot No.16-A, Wahdat Road Branch, Lahore.
Tel: (92-42) 35912954-56

West Wood Colony Branch

Plot No 24, West Wood Colony, Canal Road, Lahore
Tel: (92-42) 37498592-93

Zafar Ali Road Branch

Plot No.03, Zafar Ali Road, Gulberg V, Lahore
Tel: (92-42) 35775758-59

Zahoor Elahi Road Branch

Building No.3-A, Block A, Gulberg II, Zahoor Elahi Road, Lahore
Tel: (92-42) 111 852 852

Zarrar Shaheed Road Branch

Khasra No. 3939/3296, Block-B, Al-Faisal Town, Zarrar Shaheed Road, Lahore Cantt
Tel: (92-42) 36674862

Lalamusa**Lalamusa Branch**

Col. Plaza, Plot No. 9, Camping Ground, G.T. Road, Lalamusa
Tel: (92-53) 513022, 7513032

Larkana**Larkana Branch**

Property No.1796, Ward No. A, Bank Square, Bunder Road, Larkana
Tel: (92-74) 4055923-5

Layyah**Layyah Branch**

Property No. B-II-174, 175, 176, Chobara Road, Layyah
Tel: (92-606) 412975-7

Liaquatpur

Plot No.150, Rest House Road, Liaquatpur
Tel: (068) 5693263-264

Lodhran**Lodhran Branch**

Plot No. 493-A, A-1, A-2/5H, Ghosia Chowk, Multan Bahawalpur Road, Lodhran
Tel: (92-608) 364797-8

Loralai**Loralai Branch**

Plot No. 1060, Zhob Road, Loralai, Balochistan
Tel: (92-824) 4660103

Mailsi

Khewat No.75/73, Khatooni No.99, Colony Road, Mailsi
Tel: (067) 3750704- 05

Mandi Bahauddin**Mandi Bahauddin Branch**

Plot No. 5/181 Ward No. 5, Outside Ghallah Mandi, Near Tawakli Masjid, Mandi Bahauddin
Tel: (92-546) 520931-3

Katchery Road Branch

Khewat No. 1047-1048, Khatooni No.1055-1056 Katchery Road, Mandi Bahauddin
Tel: (92-546) 500693-4

Mansehra**Lari Adda Branch**

Near Madni Masjid, Lari Adda, Karakoram Highway, Mansehra
Tel: (92-997) 307640-2

Mansehra Branch

Meezan Plaza, Near Markazi Jamia Masjid, Abbottabad Road, Mansehra
Tel: (92-997) 308315-8

Mardan**Mardan Branch**

Bank Road, Mardan
Tel: (92-937) 9230561-3

Par Hoti Branch

Malik Khalid Khan Market, Par Hoti, Mardan
Tel: (92-937) 560013-4

Mehar**Mehar Branch**

Plot No. 151, Khairpur Nathan Shah Road, Mehar
Tel: (92-25)4730913-4

Mian Channu**Mian Channu Branch**

17-B, Ghazi More, G.T. Road, Mian Channu
Tel: (92-65) 2662001-3

Mianwali

Mianwali Branch

Property No. D-3-4/A, Ballo Khel Road,
Mianwali
Tel: (92-459) 233305-9

Mirpur Azad Kashmir

Mirpur Branch

Plot No. 123, Sector F/1, Sultan Plaza,
Kotli Road, Mirpur Azad Kashmir
Tel: (92-5827) 438891-3

Mirpurkhas

Mirpurkhas Branch

Plot No. 15, Ward No. A, Adam Mohallah
Town, Umerkot Road, Mirpurkhas
Tel: (92-233) 876103-8

Satellite Town Branch

Survey No.14/4 - 15/12, Satellite Town,
Near Chandni Chowk Mirpurkhas
Tel: (92-233) 861764-5

Moro

Moro Branch

Property No. 60, Ward 13,
Main Road National Highway, Moro
Tel: (92-242) 411008-14

Multan

Bahawalpur Bypass Chowk Branch

Khewat No. 537/530, Khatooni No.796.
Shaukat Commercial Center Bahawalpur
Road Near Bahawalpur Bypass Chowk,
Multan
Tel: (92-61) 4482702-706

Bosan Road Branch

Chungi No. 9, Lawyers Colony,
Bosan Road, Multan
Tel: (92-61) 6210090-2

Chowk Shaheedan Branch

Property No. 3493, Chowk Shaheedan, Multan
Tel: (92-61) 4502906-9

Chungi No.14 Branch

Ground Floor, Al Makkah Centre Chungi
No.14, Multan
Tel: (92-61) 4577572-4

Gulgasht Branch

437/C Gulgasht Colony, Multan
Tel: (92-61) 6511931-2

Hussain Agahi Branch

Property No. 2560,
Ward No. 10, Hussain Agahi Road, Multan
Tel: (92-61) 4512206-7

Nawan Shaher Branch

Plot No.92,93,94, LMQ Road,
Chowk Nawan Shaher, Multan
Tel: (92-61) 4785604-07

Qadafi Choak Branch

Khatooni No. 1261 , Qadafi Chowk
Masoom Shah Road, Multan
Tel: (92-61) 6780853-54

Rasheed Abad Branch

Khatooni No.1101, Shop No.1, 2, 3
Anees Plaza, Chowk Rasheedabad,
Khanewal Road, Multan
Tel: (92-61) 6305714-6

Shah Rukn-e-Alam Branch

Shop No. 26-27, Block F, Main Market,
T-Chowk, Shah Rukn-e-Alam Colony, Multan
Tel: (92-61) 6784324-5

Sher Shah Road Branch

Property No. 50/A, Opposite Garden Town,
Sher Shah Road, Multan
Tel: (92-61) 6536752-5

University Road Branch

Khewat No.856/833, Khatooni No.1309,
Shalimar Colony Chowk, University
Road, Multan
Tel : (92-61) 6224974-5

Vehari Chowk Branch

Shop Nos. 82,83,84,112, Madni Commer-
cial Center, Near Vehari Chowk, Multan
Tel: (92-61) 6241201-3

Vehari Road Branch

Rehman Commercial Centre, Near Grain
Market, Vehari Road, Multan
Tel: (92-61) 6244153-5

Muridkay

Muridkay Branch

Khewat No. 1061, Khatooni No. 2615,
G.T Road Muridkay District Sheikhpura
Tel: (92-42) 37980131-133

Muslim Bagh

Muslim Bagh Branch

Shop No 40 - 41, School Road, Muslim Bagh
Tel: (92-823) 669592-3

Muzaffarabad

Madina Market Muzaffarabad Branch

Mohallah Madina Market,
Muzaffarabad, AJ&K
Tel: (92-5822) 920457-9, 920458-60

Muzaffarabad Branch

Secretariat Road, Sathra Muzaffarabad,
Azad Jammu & Kashmir
Tel: (92-5822) 920458-60

Muzaffargarh

Muzaffargarh Branch

Property No. 470, Block No. IV, Hakeem
Plaza, Multan Road, Muzaffargarh
Tel: (92-662) 428708-10

Narowal

Kutchary Road Branch

Building No.B-IV/ 4B/ 7, Kutchary Road
Narowal
Tel: (054) 2411703-6

Nawabshah

Nawabshah Branch

Plot No. 573, Ground Floor, Ward-B,
Katcheri Road, Nawabshah
Tel: (92-244) 330902-6

Sanghar Road Branch

Plot No A-17 Survey No. 166/1,166/2,
166/3, Ali Raza Shah Colony, Deh 86,
Nasrat, Sanghar Road Nawabshah
Tel: (92-244) 4361924-25

Nowshera

Nowshera Branch

Ground Floor, Taj Building Main G.T
Road Nowshera Cantt-Pakistan
Tel: (92-3) 613174-5

Okara

Okara II Branch

Khatooni No. 448, Depalpur Chowk, G.T
Road, Okara
Tel: (92-44) 2701106-07

Okara Branch

MA Jinnah Road, Okara
Tel: (92-44) 2521935-7

Pabbi

Pabbi Branch

Khasra No.2080, Main G.T Road, Pabbi
Tel: (92-923) 528401-403

Pakpattan

Pakpattan Branch

College Road, Pakpattan

Tel: (92-457) 352711-13

Pattoki

Pattoki Branch

Shop No. 09-11, Abdullah Centre,
Opposite Ghalla Mandi,
Shahrah-e-Quaid-e-Azam, Pattoki
Tel: (92-49) 4421025-8

Peshawar

Charsadda Road Branch

Property No. 190, Opposite Al Hajj Market,
Mirch Mandi, Charsadda Road, Peshawar
Tel: (92-91) 5270543-5

Chowk Yadgar Branch

Mohmand Plaza, Naz Cinema Road,
Peshawar City, Peshawar
Tel: (92-91) 9213950-2

Dalazak Road Branch

Khata No 46/57, Khasra No 424/398/191,
Malik Plaza, Opposite Muslim College of
Commerce, Iqbal Colony, Main Dalazak
Road, Peshawar
Tel: (92-91) 2245901-3

G.T. Road Branch

Al-Arif House, Near Al-Amin Hotel, GT
Road, Peshawar
Tel: (92-91) 9214001-4

Gulbahar Branch

Plot No. 45, New Nanak Pura Gulbahar,
Peshawar
Tel: (92-91) 2603091-3

Hayatabad Township Branch

Plot No. 08, Bilal Market, Sector D-1,
Phase 1, Hayatabad, Peshawar
Tel: (92-91) 5816163-5

Karkhano Market Branch

Royal Shopping Plaza, Hayatabad,
Peshawar
Tel: (92-91) 5893471-4

Khyber Bazar Branch

Plot No. 78, Shoba Chowk , Khyber
Bazar, Peshawar
Tel: (92-91) 2564019-21

Kohat Road Branch

Khasra No.1493 & 1953, Mauza Achar
Hadbast No.254, Opposite Small
Industrial Estate, Kohat
Road Peshawar
Tel: (92-91) 2320676-576

Saddar Road Branch

6 Saddar Road, Peshawar Cantt.
Peshawar
Tel: (92-91) 9213471-5

University Road Branch

Khattak Plaza, University Road, Peshawar
Tel: (92-91) 5703400-2

Warsak Road Branch

Azam Market. Opp. Peshawar Public School
& College, Warsak Road, Peshawar.
Tel: (92-91) 5201307- 9

Phalia

Khewat # 174, Khatooni # 436, Khasra #
106 Helan Road, Phalia
Tel: (0546) 586273-5

Pir Mahal

Pir Mahal Branch

Plot No. P-10-11, Kousar Abad,
Chak Abadi 779-GB, Qasba Pir Mahal
Tel: (92-46) 3367601-7

Pishin

Khasra No.649-653, Block-1, Bund
Road Pishin
Tel: (92-826) 421015-17



Qalanderabad

Khata No.206, Khatoni No.290, Khasra No.329/2, Shahrah-e-Resham Road, Qalanderabad
Tel: (0992) 370600-02

Qilla Saifullah

Khasra No.27, Intiqal No.59, Jahangir Market Quetta Road, Qilla Saifullah
Tel: (0823) 610206-207, 0823-610234-235

Quetta

Alamdard Road Branch

Khasra # 11690/5518, Alamdard Road, Quetta
Tel: (92-81) 2662502-503

Alamo Chowk Branch

Shop No.17-19, Al-Emirate City Plaza, Alamo Chowk, Air Port Road, Quetta
Tel: (92-81) 2820158-9

Choharmal Road Branch

Shop No: 1-5, Agha Super Complex Choharmal Road Quetta
Pabx:081-2845593-94

Double Road Branch

Khasra No.2, Qithas, Zarghoon Road Quetta
Tel: (92-81) 2440885-86

Hazar Ganji Branch

Plot No. 715-716 A, Truck Stand, Hazar Ganji, Quetta
Tel: (92-81) 2472143, 081-2472167

Liaquat Bazar Branch

Shop No. 1,2 Alazmat Plaza, Masjid Rd. London Street, Quetta
Tel: (92-81) 2840195-6

Mannan Chowk Branch

Mannan Chowk, Jinnah Road, Quetta
Tel: (92-81) 2829470-2

Mission Road Branch

Shop No 1-30/51 & 1-30/52, Mission Road, Opposite Palace Bakery, Quetta
Tel: (92-81) 2832851-5

Sirki Road Branch

Shop No. 1 & 2, Kasi Complex, Sirki Road, Quetta
Tel: (92-81) 2454222-3

Quetta Cantt Branch

Jinnah Welfare Shopping Complex, Jinnah Road Quetta Cantt
Tel: (92-81) 2820889

Suraj Ganj Bazar Branch

Khasra No.292, NRB Plaza, Thana Road, Suraj Ganj Bazar, Quetta
Tel: (92-81) 2831021, 0812-2831022

Rahim Yar Khan

Factory Area Branch

Plot No.21, 22, Shahbaz Pur Road, Factory Area Rahim Yar Khan
Tel: (92-68) 5888603-04

Rahim Yar Khan Branch

17, 18, City Centre, Rahim Yar Khan
Tel: (92-68) 5887603-4

Raiwind

Raiwind Branch

Khasra No. 5024 & 5031, Main Bazar, Opposite Railway Phattak, Raiwind
Tel: (92-42) 35394620-2

Rajanpur

Rajanpur Branch

Khata No.1270, Khasra No.617/1, Jinnah Road, Rajanpur
Tel: (92-604) 688071-72

Rashidabad

Rashidabad Branch

Survey No. 510-511, Deh Daro, Main

Hyderabad Mirpurkhas Road, Rashidabad
Tel: (92-22) 2732153-55

Rawat

Khokhar Mall Plaza , Main G.T Road, Rawat, Islamabad
Tel: (051) 4612346-47

Rawalakot

Rawalakot Branch

Plot No. D-269, D-113, Housing Scheme, Rawalpindi Road, Rawalakot Azad Jammu Kashmir
Tel: (92-5824) 442240-41

Rawalpindi

Adyala Road Branch

Ground Floor, Daulat Plaza, Near Dhaman Morh, Main Adyala Road, Rawalpindi
Tel: (92-51) 5574880-2

Afshan Colony Branch

Khasra No.294, Afshan Colony, Range Road Rawalpindi Cantt
Tel: (92-51) 5142109-11

Bahria Town Branch

Shop No 10, 11 & 12, Bahria Heights - I, Phase - I, Bahria Town, Rawalpindi
Tel: (92-51) 5730171-3

Bahria Town Phase-7 Branch

Plot No.36, Sikandar Arcade, Service Road Spring North, Bahria Town Phase-7 Rawalpindi
Tel: (92-51) 5400373 -75

Bank Road Branch

No. 47/62, Bank Road Saddar, Rawalpindi
Tel: (92-51) 9273404-6

Banni Chowk Branch

Shop Nos. O-383/A, O-383/A-2, O-383/A-3, Kohati Bazar Banni Chowk Rawalpindi
Tel: (92-51) 5556301-2

Bohar Bazar Branch

D-327, Hakim Muhammad Amjal Khan Road, Bohar Bazar, Rawalpindi
Tel: (92-51) 5778875, 5778834

Chah Sultan Chowk Branch

Plot No. NE-4286 - NE-4287 Chah Sultan Chowk, Rawalpindi
Tel: (92-51) 5702491-2

Chaklala Scheme III Branch

Plot No. 38, Bazar Area, Chaklala Housing Scheme No. III, Rawalpindi Cantt
Tel: (92-51) 5766435-8

Chandni Chowk Branch

Umer Farooq Plaza, Block C, Satellite Town, Chandni Chowk, Murree Road, Rawalpindi
Tel: (92-51) 4851046-9

Commercial Market Branch

Plot No. 847-B, Commercial Market, Satellite Town Rawalpindi
Tel: (92-51) 4944203-04

G.T Road Morgah Branch

Khasra No. 1663, Riaz Plaza, G.T Road Morgah More, Rawalpindi.
Tel: (92-51) 5450010-11

G.T Road Tarnol Branch

Khan Malook, Wazir Plaza, G.T. Road, Tarnol, Rawalpindi
Tel: (92-51) 2226406

Gulrez Rawalpindi Branch

Plot No. 75, Hassan Plaza Commercial Area Gulrez Housing Scheme Phase-II Rawalpindi
Tel: (92-51) 5595895-897

Gulzar-e-Quaid Branch

Mangral Plaza, Mauza Gangal, Main Airport Road, Gulzar-e-Quaid, Rawalpindi
Tel: (92-51) 5191802-3

Hamilton Road Branch

Shop No. AA-710 - 713, Hamilton Road, Raja Bazar, Rawalpindi
Tel: (92-51) 5777192 - 194

Jinnah Road Branch

Property No. 167, Commercial Area, Mohan Pura, Jinnah Road - City Saddar Road, Rawalpindi City
Tel: (92-51) 5778511-2

Kallar Syedan Branch

Khewat No.105, Khatooni No.211, Choa Road, Mouza & Tehsil Kallar Syedan, District Rawalpindi
Tel: (92-51) 3572261-263

Kalma Chowk Branch

Ground Floor, Rajco Plaza, Kalma Chowk, Kamal Abad, Rawalpindi
Tel: (92-51) 5684491-2

Khana Pul Branch

Khewat No.1674, Khatooni No.2185, Khasra No.833, Mouza Khana Dak, Tehsil & District Rawalpindi
Tel: (92-51) 4473781-84

Khayaban-e-Sir Syed Branch

Plot # 164-A/1, Sector-I, Area Development Scheme Khayaban-e-Sir Syed Rawalpindi
Tel: (92-51) 4832926-27

Muslim Town Branch

B-IV, 628-629, Chirah Road, Muslim Town, Rawalpindi
Tel: (92-51) 4476013

Peshawar Road Branch

61-A, Chour Chowk, Rawalpindi
Tel: (92-51) 5469543-4

Saidpur Road Branch

Plot No. CA-294/A, Chistiabad, Shabbir Plaza, Near Siddiqui Chowk, Saidpur Road Rawalpindi
Tel: (92-51) 4416215-17

Shamsabad Branch

Khewat # 79,80,89,107/1, Khatooni # 97,100,124,132/1, Khasra # 101,102,103,107,106,104,110 Shamsabad Murree Road Rawalpindi
Tel: (92-51) 4854471-4

Tench Bhatta Branch

Property No. CB-185/185-1-11 Tench Bhatta Rawalpindi Cantt
Tel: (92-51) 5562716-18

Tulsa Road Lalazar Branch

Property No.9-A Main Tulsa Road Lalazar Rawalpindi Cantt
Pabx: 051- 5178189-191

Westridge Branch

Al Farooq Plaza Khasra No.1704-1705, Khewat No.601,606, Khatooni No. 863-868, Moza Chur Harpal Allabad Westridge-III Rawalpindi
Tel: (92-51) 5490250-252

Sadiqabad

FFC Chowk Branch

Rehmat Center, FFC Chowk, K.L.P Road, Sadiqabad
Tel: (92-68) 5786209-10

Sadiqabad Branch

31-D, Main Bazar, Sadiqabad
Tel: (92-68) 5701207-8

Sahiwal

High Street Branch

Khewat # 146, Khatooni # 146, Mission Chowk, High Street Sahiwal
Tel: (92-40) 4222661-62

Sahiwal Branch

276-B-I, Alpha Tower, High Street, Sahiwal
Tel: (92-40) 4465009, 4466592

G.T. Road Sahiwal Branch

Property No. IV-343/334, 343/335, Ghalla Mandi G.T Road, Sahiwal
Tel: (92-40) 4224911-2

Sakrand

Sakrand Branch

Deh.18, Taluka City Sakrand, District, Nawabshah
Tel: (92-244) 322054-57

Samundri

Plot No 1, Commercial Area Development Scheme, Gojra Road, Samundri
Tel: (041) 3420181-85

Sanghar

Sanghar Branch

Property No.124 / A-1, Housing Society Town, Sanghar
Tel: (92-235) 543662-3

Sara-e-Alamgir

Sara-e-Alamgir Branch

Khewat No.92-93, Khatooni No.106-107, Near Mirpur Bus Stand G.T Road, Sara-e-Alamgir
Tel: (92-544) 286103-5

Sargodha

47 Adda Branch

Khewat No.167, Khatooni No.195, Main Canal View Chowk 47 Adda Sargodha
Tel: (92-48) 3212648-9

Gole Chowk Branch

Plot No.123-25, Block No. 10, Gole Chowk, Sargodha
Tel: (92-48) 3700943-45

Muslim Bazar Branch

12-Block Chowk, Muslim Bazar, Sargodha
Tel: (92 48) 3741609-13

Queens Chowk, Sargodha Cantt Branch

Property No 193/1, 194/2, Mansoorabad, Queens Chowk Cantonment Area Sargodha
Tel: (92-48) 3722904-6

Sargodha Branch

91 Civil Lines, University Road, Sargodha
Tel: (92-48) 3741608-10

Satellite Town Branch

Plot No. 34 Block-C, Main Chowk, Satellite Town, Sargodha
Tel: (92-48) 3223731-5

Shahdadpur

Shahdadpur Branch

Property No. 293/1, Ward-C, Station Road, Shahdadpur
Tel: (92-235) 842952-3

Shakargarh

B-IV-942/RH-SH, Railway Road Shakargarh
Tel: (054) 2452180-2

Sheikhupura

Sheikhupura Branch

Civic Center, Sargodha Road, Sheikhupura
Tel: (92-56) 3813360-2

Sialkot

Aziz Shaheed Road Branch

Qayyum Trade Center, Aziz Shaheed Road, Sialkot Cantt
Tel: (92-52) 111 852 852

Gohad Pur Branch

Building No. BI - 25 S-304, Airport Road Gohad Pur Sialkot
Tel: (92-52) 4296054-6

Kashmir Road Branch

Address: Pakka Garha, Kashmir Road Sialkot
Tel: (92-52)-4295301-02

Kutchery Road Branch

Kutchery Road, Sialkot
Tel: (92-52) 4263461

Pasrur Road Branch

Plot No.BXIV-II-S-I/B/RH, Pul Aik, Pasrur Road Sialkot
Tel: (92-52) 3521701-04

Shahabpura Road Branch

Plot No 31-A, Shahabpura Road, Adjacent to Grays of Cambridge Ltd. Sialkot
Tel: (92-52) 3242941-43

Sialkot Cantt. Branch

Property No.1-4 & 5-8, Aziz Shaheed Road, Sialkot Cantt
Tel: (92-52) 4560143-5

Shikarpur

Plot Survey No.5/142, 5/143, 5/144 & 5/158 Circular Road Staurt Gunj, Shikarpur
Tel: (0726) 540341-43

Sukkur

Military Road Branch

Plot No.E-717, Military Road Sukkur.
Tel: (92-71) 5630631- 33

March Bazar Branch

C-45, Station Road, Sukkur
Tel: (92-71) 5620771-3

Sukkur Branch

3-45, Ward-C, Station Road, Sukkur
Tel: (92-71) 5617192-4

Swabi

Swabi Branch

Amjad Mughalbaz Khan Plaza, Near TMA Office Mardan Road, Swabi
Tel: (92-938) 222704-6

Swari

Swari Branch

Khata No.579, Khatoni No.715, Khasra No.2964, Moza Swari, Tehsil Gagra, District Buner
Tel: (92-93) 9555204-5

Swat

Green Chowk Branch

Abasin Tower, Green Chowk, Madyan Road, Mingora Swat
Tel: (92-946) 711581-83

Mingora Branch

Makanbagh Chowk, Mingora Swat
Tel: (92-946) 714316-8

Tando Adam

Tando Adam Branch

Muhammad Chowk, Tando Adam, District Sanghar Tel: (92-235) 576565-66

Tando Allahyar

Tando Allahyar Branch

Survey No. 1610/07, Opposite General Bus Stand, Tando Allahyar

Tel: (92-22) 3892021, 3891242

Tando Mohammad Khan

Tando Mohammad Khan Branch

Shop # 25,26 & 27, Deh Pataar main Hyderabad-Badin Road Tando Mohammad Khan
Tel: (92-22) 3341584-5

Tarlai

Tarlai Branch

Khewat No.88, Khatooni No.168, Khasra No.411/2, Near Tramdi Chowk, Lehtrar Road Tarlai Kalan, Tehsil & District Islamabad.
Tel: (92-51) 2243700 - 701

Taunsa

Taunsa Branch

Property ETO No.347, 348, 349, 350-III, Wahuwa Road, Taunsa
Tel: (92-64) 2601301-03, 2601201-02

Taxila

Taxila Branch

Khewat 17, Khatooni 29, Khasra 403, Nabi Plaza, Chowk Sara-e-Kala, Taxila
Tel: (92-51) 4544119, 4547116

Timergara

Timergara Branch

Al-Imran Hotel G.T Road, Timergara Bazar, Timergara
Tel: (92-945) 825271-3

Toba Tek Singh

Toba Tek Singh

Toba Tek Singh Branch P-103, Farooq Road, Toba Tek Singh
Tel: (92-46) 2513765-6

Umerkot

Umerkot Branch

Survey No.699,115, Shops No.15-17, Gulshan-e-Akber Housing Project Phase II, Mirpurkhas Road, Umerkot
Tel: (92-238) 570409-411

Vehari

Karkhana Bazar Vehari Road Branch

Plot No. 23, Block-A, Karkhana Bazar, Vehari
Tel: (92-67) 3366031-3

Wah Cantt

Wah Cantt Branch

Ground Floor, Mall View Plaza, Mall Road, Wah Cantt
Tel: (92-51) 4530584-6

Wazirabad

Wazirabad Branch

Plot No. I-14S-37, Sialkot Road, Wazirabad Tel: (92-55) 6600313-4

Zhob

Zhob Branch

Patta No. I-46, Market Road, Zhob
Tel: (92-822) 413803

Glossary

AAOIFI

Accounting and Auditing Organization for Islamic Financial Institutions.

Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the words “accepted” above his signature and a designated payment date. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is an Islamic international autonomous non-for-profit corporate body that prepares accounting, auditing, governance, ethics and Shariah standards for Islamic financial institutions and the industry.

Bai al-salam

This term refers to advance payment for goods which are to be delivered later. Normally, no sale can be effected unless the goods are in existence at the time of the bargain, but this type of sale forms an exception to the general rule, provided the goods are defined and the date of delivery is fixed. One of the conditions of this type of contract is advance payment; the parties cannot reserve their option of rescinding it but the option of revoking it on account of a defect in the subject matter is allowed.

Basel II

Basel II is the second of the Basel Committee on Bank Supervision's recommendations, and unlike the first accord, Basel I, where focus was mainly on credit risk, the purpose of Basel II was to create standards and regulations on how much capital financial institutions must put aside. Banks need to put aside capital to reduce the risks associated with their investing and lending practices.

Bills For Collection

A bill of exchange drawn by the exporter usually at a term, on an importer overseas and brought by the exporter to this bank with a request to collect the proceeds.

Breakup Value per share

The total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

CARGAR

An abbreviation for Compound Annual Growth Rate.

Capital Adequacy Ratio (CAR)

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Reserve Ratio (CRR)

Cash Reserve Ratio is the amount of funds that the banks have to keep with the State Bank of Pakistan.

Closed-end funds

Mutual funds with a fixed number of shares (or units). Unlike open-end funds, new shares/units in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can only be purchased (and sold) in the secondary market.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Contingencies

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

Cost/Income Ratio

Operating expenses as a percentage of total income.

Deferred Taxation

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

Diminishing Musharakah

In Diminishing Musharakah, the financier and the client participate either in joint ownership of a property or equipment whereby the share of the financier is divided into a number of units and the client undertakes to purchase these units one by one periodically until he is the sole owner of the property/equipment.

Dividend

A sum of money paid by a company to its shareholders out of its profits (or reserves).

Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio

Dividend per share divided by the market value of share.

Earnings Per Share

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

Equity

The amount of the funds on a company's Balance Sheet contributed by the owners (the stockholders) plus the retained earnings (or minus the losses).

Financial losses and provisions

Amount set aside against identified and possible losses on loans, advances and other credit facilities as a result of their becoming partly or wholly un-collectible.

Fiscal Year

A year as reckoned for taxing or accounting purposes.

Forced Sale Value (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

Government Securities

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

Gross Dividends

The portion of profits distributed to the shareholders including the tax withheld.

Guarantees

An agreement involving a promise by a person (the

guarantor) to fulfill the obligations of another person owning debt if that person fails to perform.

Hibah

Gift

Historical Cost Convention

Recording transactions at the actual value received or paid.

IAS

International Accounting Standards

IFRIC

International Financial Reporting Interpretation Committee

IFRS

International Financial Reporting Standards

Ijara/Ijarah

Letting on lease. Technically, sale of a definite usufruct in exchange for a definite reward. Commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client against an agreed rental.

Impairment allowances

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

Income in suspense

Income suspended on non-performing financings.

Income Spread

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

ISO 27001

ISO/IEC 27001 formally specifies a management system that is intended to bring information security under explicit management control. Being a formal specification means that it mandates specific requirements. Organizations that claim to have adopted ISO/IEC 27001 can therefore be formally audited and certified compliant with the standard.

Istijrar

A recurring or repeat sale for continuous purchase. A master agreement between a buyer and supplier which facilitates purchasing of goods on ongoing basis (such

as monthly) without explicit offer and acceptance each time; the price is fixed either upfront or concluded after a predetermined period which is subject to certain conditions.

Istisna'a/Istisna

This is a kind of sale where a commodity is transacted before it comes into existence. It means: To order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of Istisna comes into existence. But it is necessary for the validity of istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.

Liquid Assets

The assets which are readily convertible into cash without recourse to a court of law.

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of shares as at the year end.

Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

Microfinance

The provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories.

Mudarabah

An agreement between two or more persons whereby one or more of them provide finance, while the others provide entrepreneurship and management to carry on any business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Musawamah

A sale transaction where the cost incurred for the goods being sold by the seller is not disclosed to the buyer.

Musharakah

A partnership contract where all the partners invest funds

as well as work for the partnership.

Net Assets Value Per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Dividends

Dividends net of withholding tax.

Non Performing Loans (NPL)

A financing where the client is not repaying the financier as agreed.

Non Performing Loan-Substandard Category

Where markup/interest or principal is overdue by 90 days or more from the due date.

Nostro

An accounting term used to distinguish an account held for another entity from an account another entity holds.

NPLs to Gross Advances/Loans

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Off Balance Sheet Transactions

Transactions that are not recognized as assets or liabilities in the Balance Sheet but which give rise to contingencies and commitments.

Open-end Fund

A regulated investment company with a pool of assets that regularly sells and redeems its shares.

Pension Fund

A fund from which pensions are paid, accumulated from contributions from employers, employees, or both.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Qardh

A loan given for a good cause in the name of Allah (SWT), in hopes of reward in the Hereafter.

Rabb-ul-Maal

A person who invests capital in a Mudarabah.

Return on Assets (ROA)

Indicator of profitability of the business relative to the value of its assets, calculated by dividing the net profit (profit after tax) to the average total assets for the period.

Return on Average Equity

Net profit for the year, less preference share dividends

if any, expressed as a percentage of average ordinary shareholders' equity.

Revenue Reserve

Reserves set aside for future distribution and investment.

Riba

Riba literally means increase, addition, expansion or growth. It is, however, not every increase, or growth, which has been prohibited by Islam. In the Shariah, Riba technically refers to the premium that must be paid without any consideration. According to the jurists of Islam this definition covers the two types of Riba, namely Riba Al Fadhl and Riba Al Naseah.

Risk Weighted Assets

On Balance Sheet, assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Shareholders' Funds

Total of issued and fully paid share capital and capital and revenue reserves.

Shariah-compliant

An act or activity that complies with the requirements of the Shariah, or Islamic law. The term is often used in the Islamic banking industry as a synonym for "Islamic"—for example, Shariah-compliant financing or Shariah-compliant investment.

Shirkatul-aqd

A partnership created through contract as opposed to co-ownership that may be the result of a joint purchase or agreement or it may result from inheritance or from some other legal situation.

Shukuk/Sukook/Sukuk

Check, certificate of debt, certificates of investment; plural of Saqq.

Subsidiary Company

A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

Takaful

Islamic Insurance. A scheme of mutual support that provides insurance to individuals against hazards of falling into unexpected and dire need.

Tijarah

Sale & Agency based financing facility for customers who

sell finished goods on credit basis. This facility enables customers to sell their finished goods stock, meet their working capital requirements and enjoy the benefits of cash sales.

VaR

Value at Risk is an estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day.

Wakalah

Agency.

Weighted Average Cost of Deposits

Percentage of the total cost expensed on average deposits of the bank for the period.

The Company Secretary
Meezan Bank Limited
Meezan House C-25,
Estate Avenue S.I.T.E.,
Karachi.

I/We _____ of _____ being a member(s) of Meezan Bank Limited and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Investor Account No. / CDC Participant I.D No. _____ and Sub Account No. _____ do hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote and act for me/us on my/our behalf at the 20th Annual General Meeting of Meezan Bank Ltd. to be held on Tuesday, March 29, 2016 at Meezan House C-25, Estate Avenue S.I.T.E., Karachi, and at any adjournment thereof.

Signed this _____ day of _____ 2016.

Witness:

Signature: _____

Name: _____

Address: _____

CNIC or Passport No. _____

Please affix
Rupees five
revenue
stamp

Signature of Member(s)

NOTES:

1. Proxies in order to be effective, must be received by the company not less than 48 hours before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the company.

Please affix
correct
postage

The Company Secretary
Meezan Bank Limited
Meezan House, C-25,
Estate Avenue, SITE,
Karachi, Pakistan.



Meezan Bank
The Premier Islamic Bank

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332
www.meezanbank.com